



# Fourth Quarter Financial Results Fiscal Year 2012 (Ended March 2013)

April 30, 2013

Seiko Epson Corporation

## ■ Disclaimer regarding forward-looking statements

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The foregoing statements regarding future results reflect the Company's expectations based on information available at the time of announcement. The information contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, the competitive environment, market trends, general economic conditions, technological changes, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

## ■ Numerical values presented herein

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Numbers are rounded to the unit indicated.

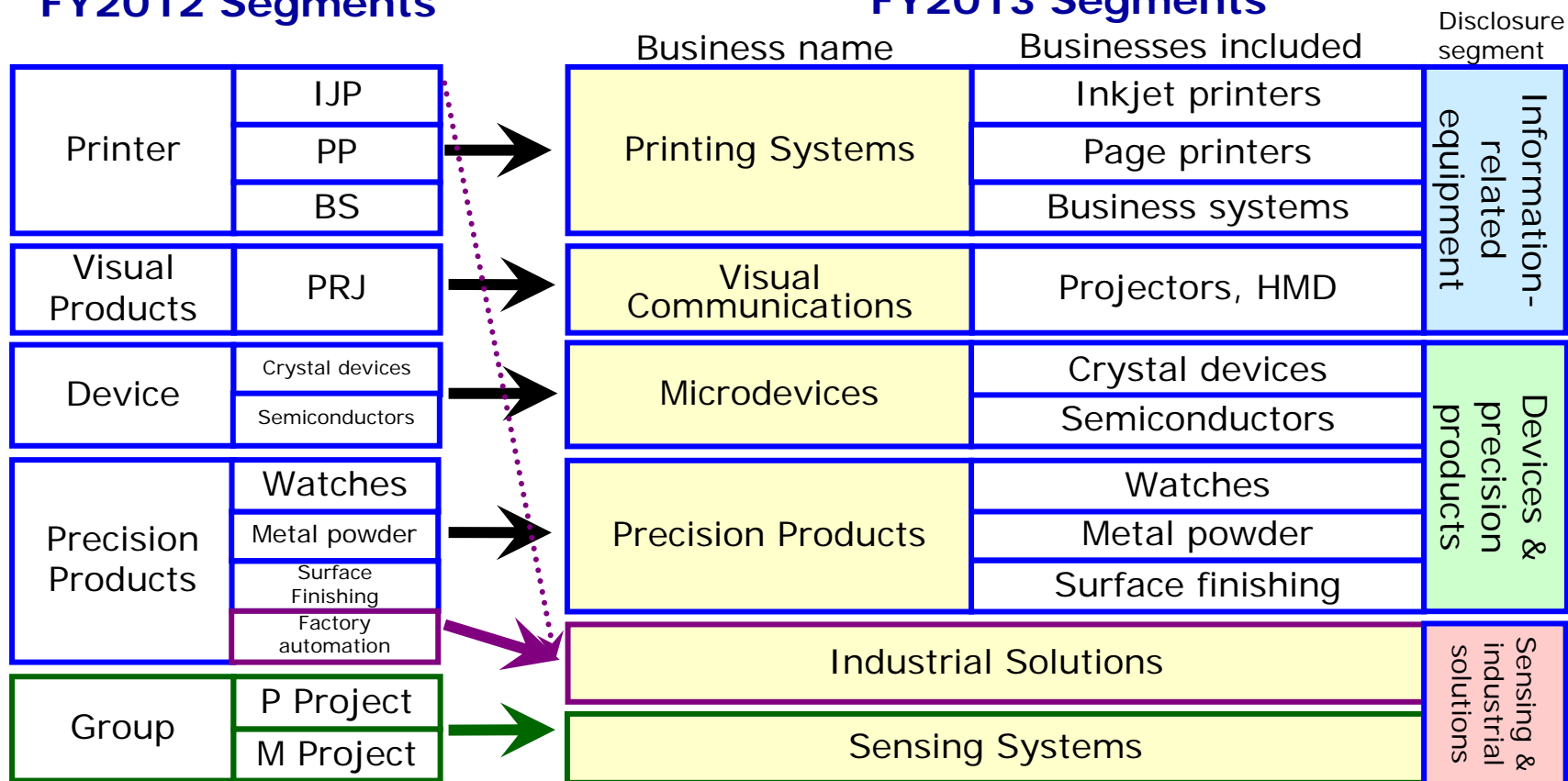
Percentages are rounded off to one decimal place.

# Changes to segment reporting

We redefined future growth areas based on the business strategies outlined in the Updated SE15 Second-Half Mid-Range Business Plan (FY2013-15) and reorganized at the start of fiscal 2013 to more sharply clarify and accelerate initiatives in every business domain.

## FY2012 Segments

## FY2013 Segments



\*P: personal M: motion

- FY2012 financial results are explained based on the segmentation at the time.
- FY2012 segment financials were adjusted for comparison against the FY2013 outlook.

FY2012 Results  
FY2013 Outlook

FY2012  
Q4 Results

# Financial Highlights (Full Year)

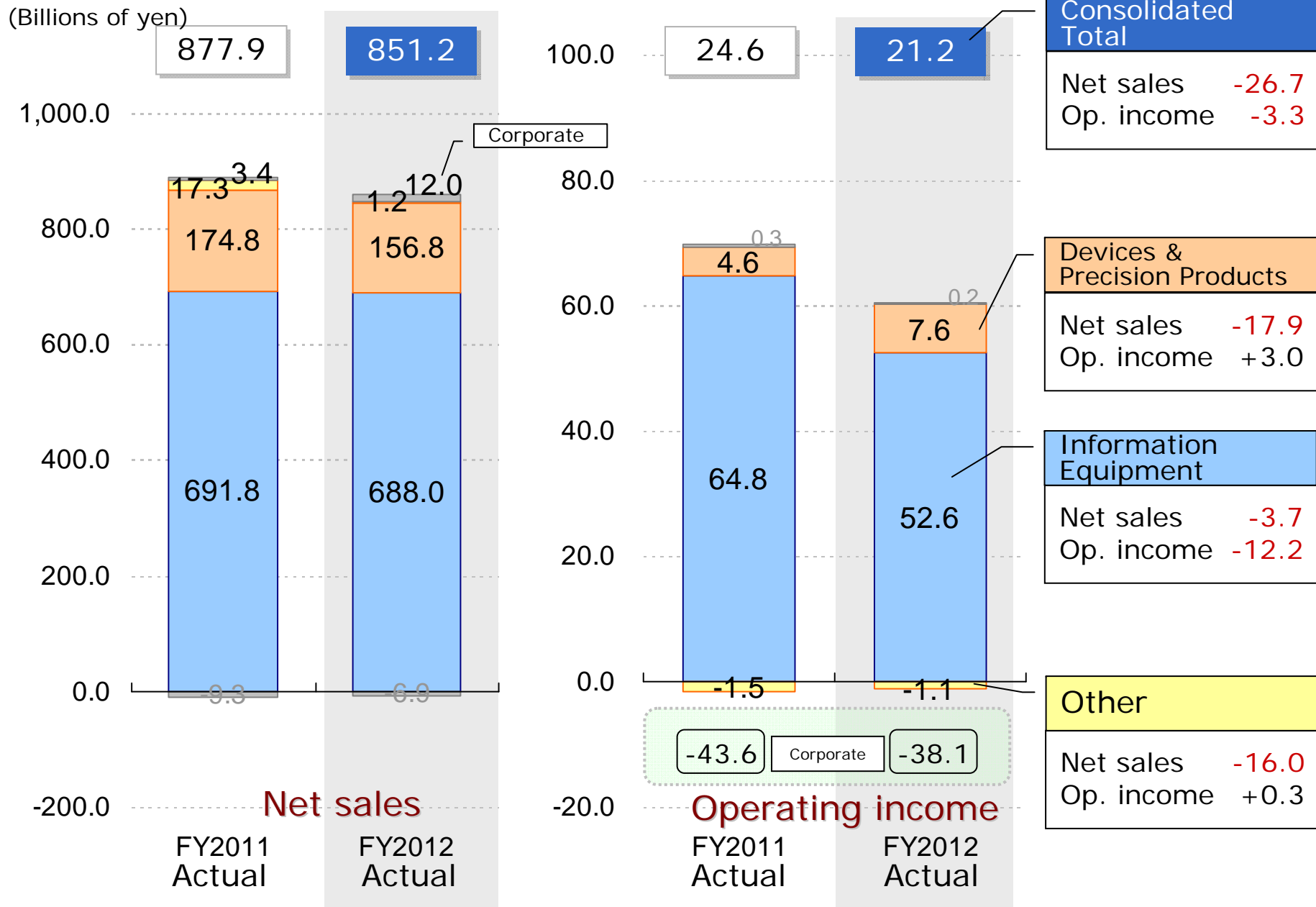


	FY2011		FY2012				Change (amount, %)	
	Actual	%	1/31 outlook	%	Actual	%	Y/Y	Vs. 1/31 outlook
(Billions of yen)								
Net sales	877.9	-	850.0	-	851.2	-	-26.7 -3.0%	+1.2 +0.2%
Operating income	24.6	2.8%	18.0	2.1%	21.2	2.5%	-3.3 -13.7%	+3.2 -18.1%
Ordinary income	27.0	3.1%	16.0	1.9%	17.6	2.1%	-9.3 -34.8%	+1.6 +10.2%
Net income before income taxes	15.6	1.8%	-4.0	-0.5%	-3.4	-0.4%	-19.1 -	+0.5 -
Net income	5.0	0.6%	-15.0	-1.8%	-10.0	-1.2%	-15.1 -	+4.9 -
EPS	¥26.22		-¥83.85		-¥56.41			
Exchange rate	USD	¥79.08	¥79.00		¥83.11			
	EUR	¥108.98	¥102.00		¥107.14			

Previous outlook exchange rate assumptions from Q4 onward  
USD: ¥75.00, EUR: ¥100.00

# FY2012 Business Results

## ► By business segment

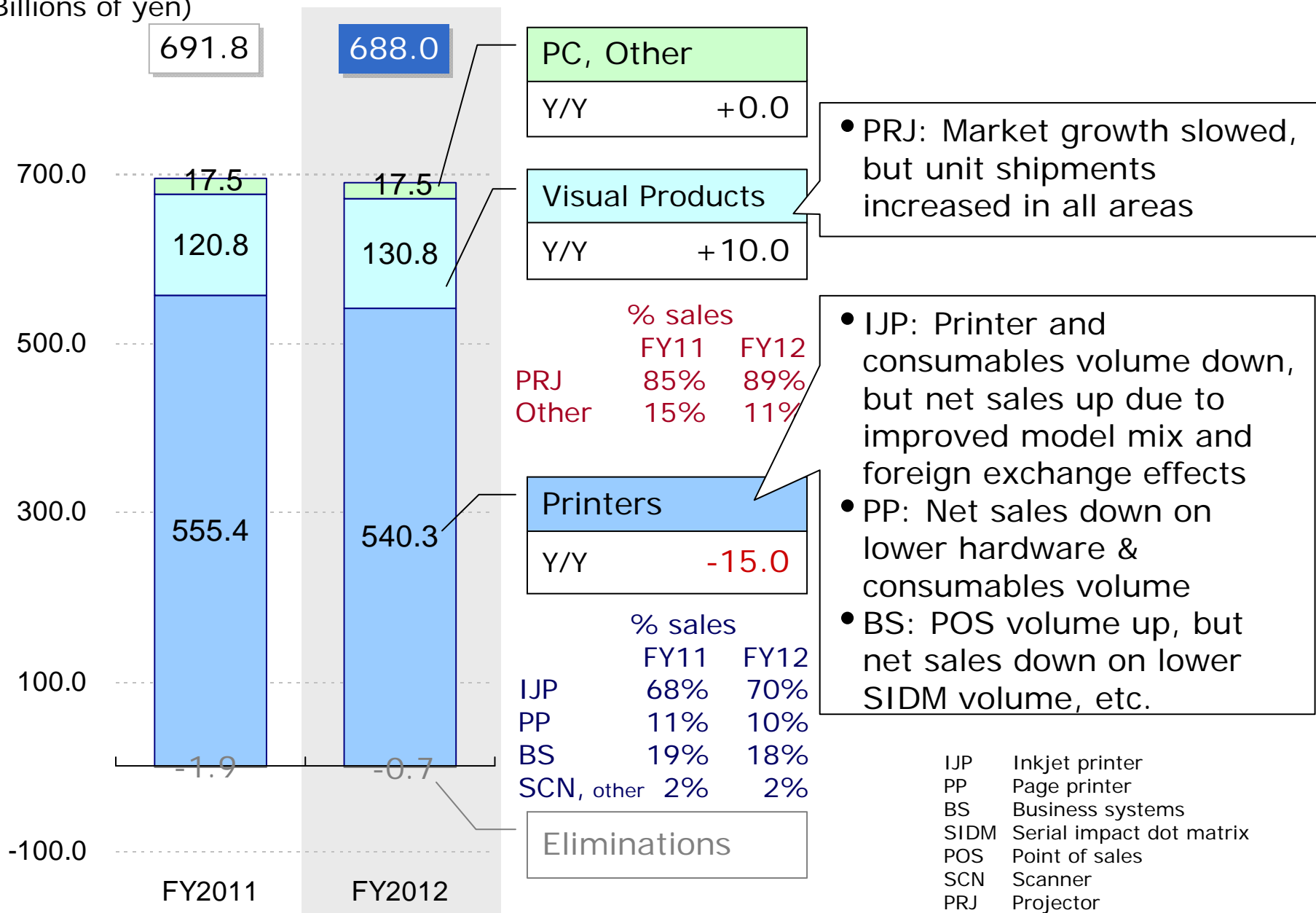


# Net Sales Comparison (Full Year)

## Information Equipment Segment



(Billions of yen)

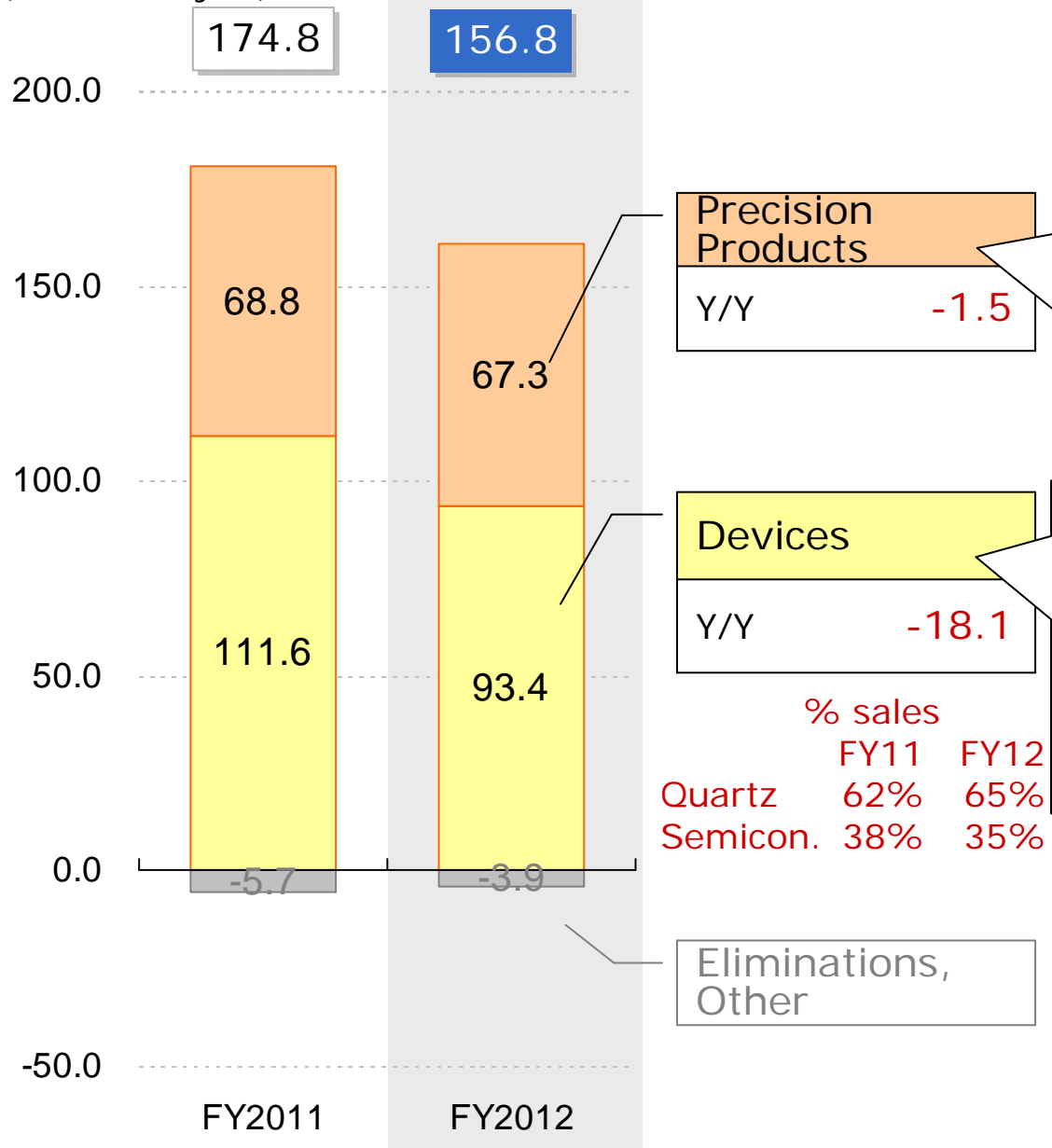


# Net Sales Comparison (Full Year)

## ▶ Devices and Precision Products Segment



(Billions of yen)



Precision Products  
Y/Y -1.5

- Watch: Steady growth
- FA products: IC handler net sales down
- Net sales down on transfer of optical products business

Devices  
Y/Y -18.1

- Quartz: ASPs & volumes down
- Semiconductor: Silicon foundry volume up, net sales down on lower driver and controller volumes

	% sales	
	FY11	FY12
Quartz	62%	65%
Semicon.	38%	35%

Eliminations, Other



## ■ Highlights

- Steady progress on the strategic front
  - ✓ Model mix improved especially in information-related equipment businesses, with expansion of office and high-capacity ink tank models
  - ✓ Right-sized the workforce in devices and precision products
  - ✓ Launched sensing and industrial solutions as a new business field
- Achieved full-year operating income of ¥18 billion at exchange rates used in outlook (¥75=US\$, ¥100=€)
- Achieved inventory reduction plan at exchange rates used in outlook
- Positive free cash flow

Inventory in billions of yen					
	2012/3E	2012/9E	2012/12E	2013/3E	12/9E Change
<b>Inventories</b>	162.2	181.0	179.0	163.5	-17.5
<b>DOS</b>	68	85	79	70	-15

(Unit: billions of yen)			
	Previous Outlook	Actual	Vs. 1/31 outlook
<b>Operating CF</b>	28.0	42.9	+14.9
<b>Investment CF</b>	-43.0	-39.5	+3.4
<b>FCF</b>	-15.0	+3.4	+18.4

**Took a solid first step forward  
heading into FY2013**

# FY2013 Financial Outlook



(Billions of yen)	FY2012		FY2013		Change	
	Full-Year Actual	%	Full-Year Outlook	%	Amount	%
Net sales	851.2	-	910.0	-	+58.7	+6.9%
Operating income	21.2	2.5%	33.0	3.6%	+11.7	+55.3%
Ordinary income	17.6	2.1%	30.0	3.3%	+12.3	+70.2%
Net income before income taxes	-3.4	-0.4%	23.0	2.5%	+26.4	-
Net income	-10.0	-1.2%	13.0	1.4%	+23.0	-
EPS	-¥56.41		¥72.67			
Exchange rate	USD	¥83.11	¥90.00			
	EUR	¥107.14	¥120.00			

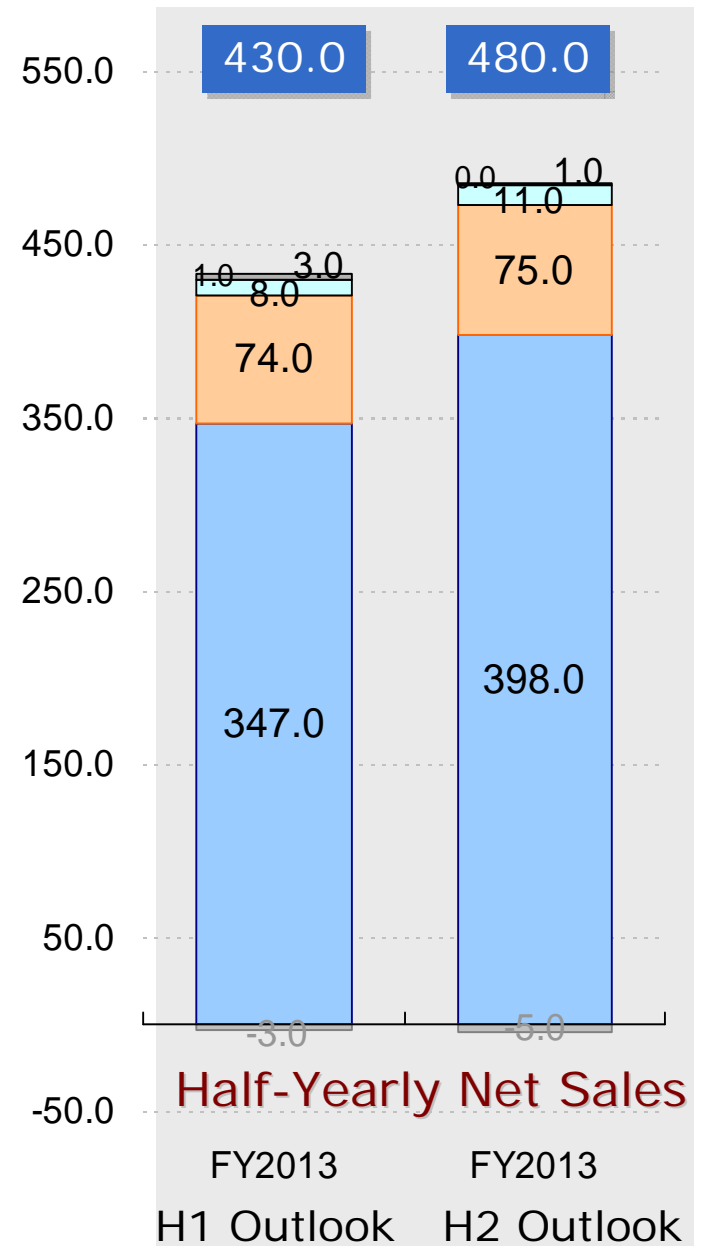
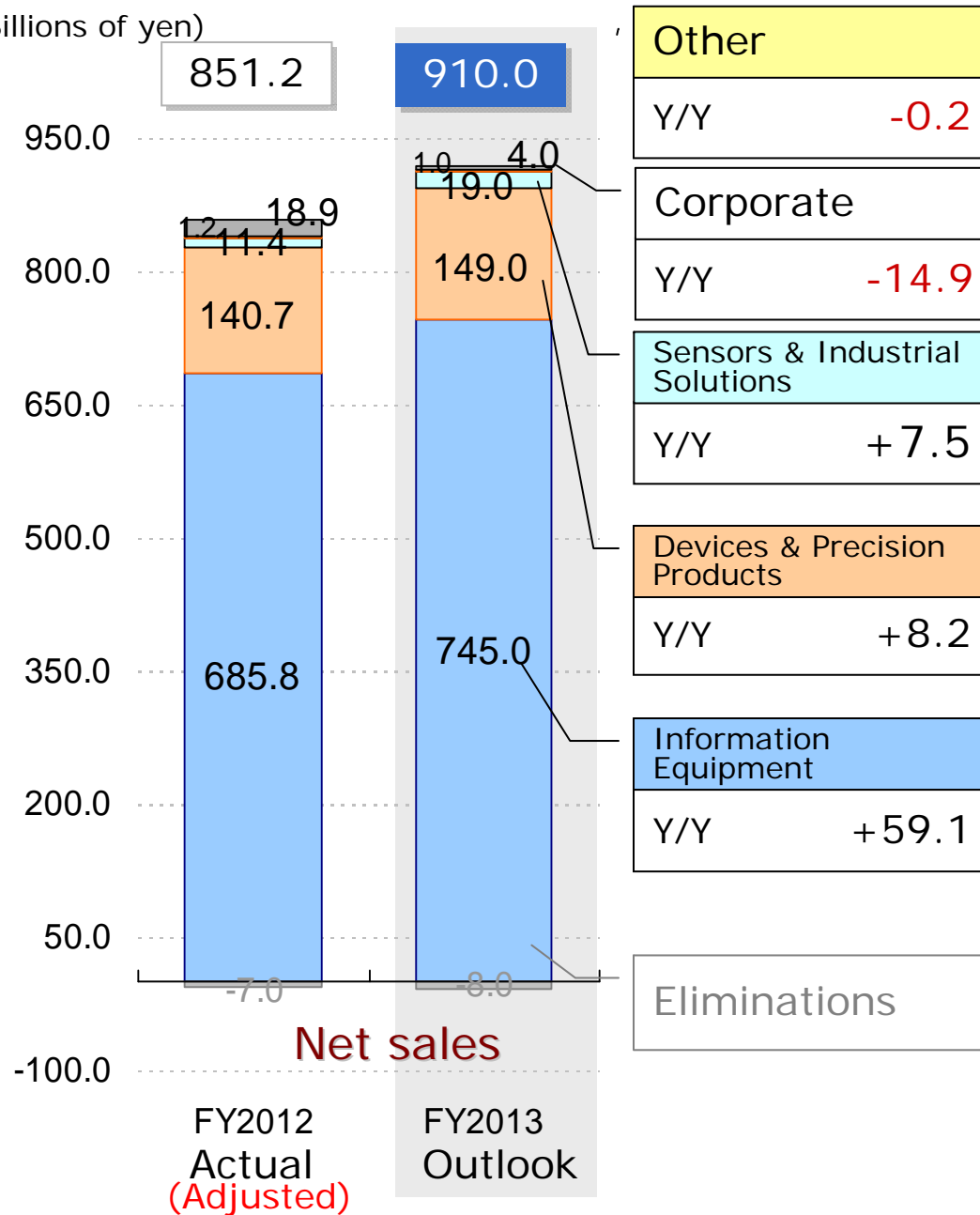
REF: Updated SE15 Second-Half Mid-Range Business Plan (Announced on March 13, 2013)  
 FY2013 Financial targets  
 Net sales: ¥890.0 billion  
 Operating income: ¥30.0 billion  
 (Exchange rate assumptions)  
 USD: ¥85, EUR: ¥115

# FY2013 Financial Outlook (Net Sales)

## ► By business segment

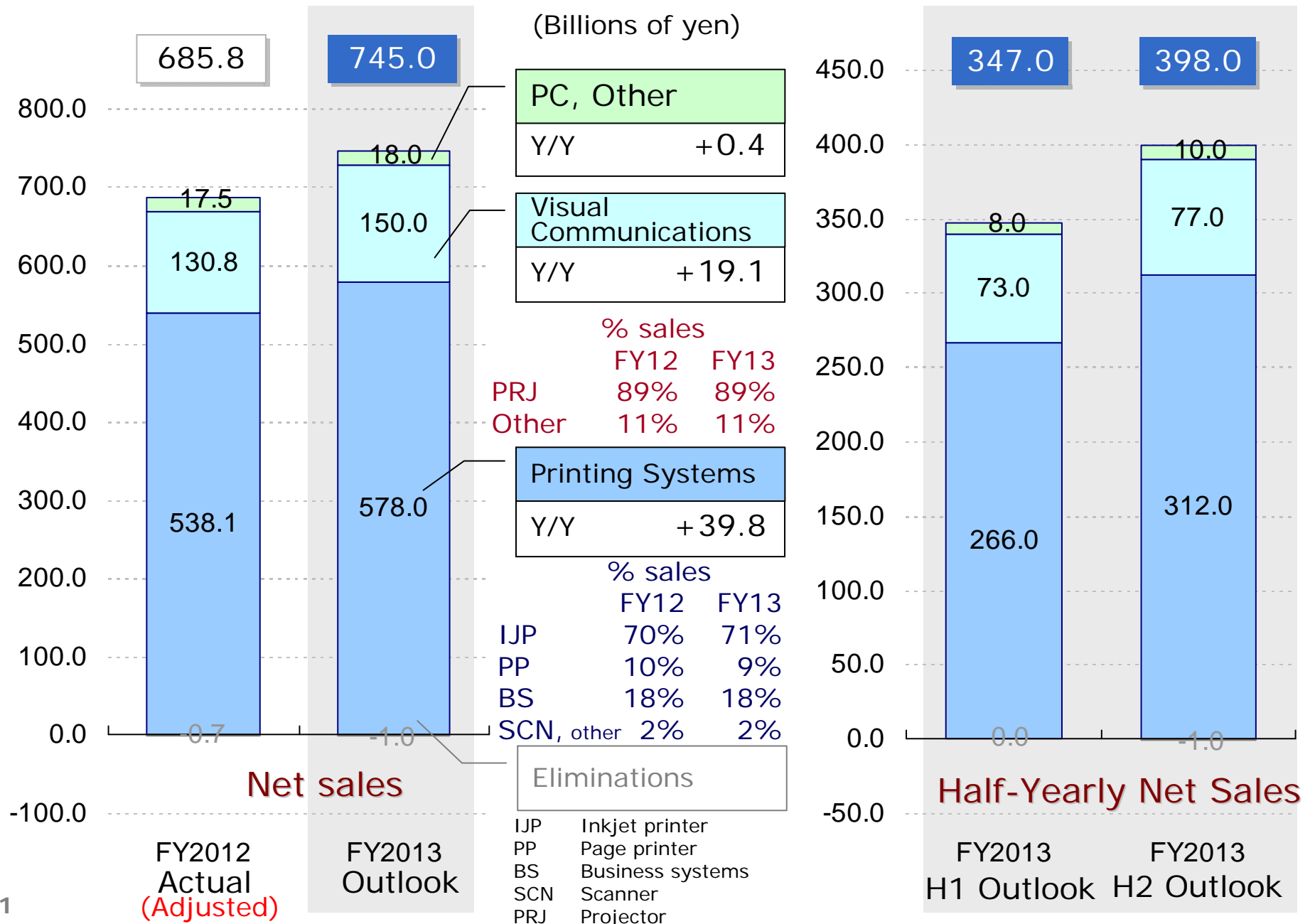


(Billions of yen)



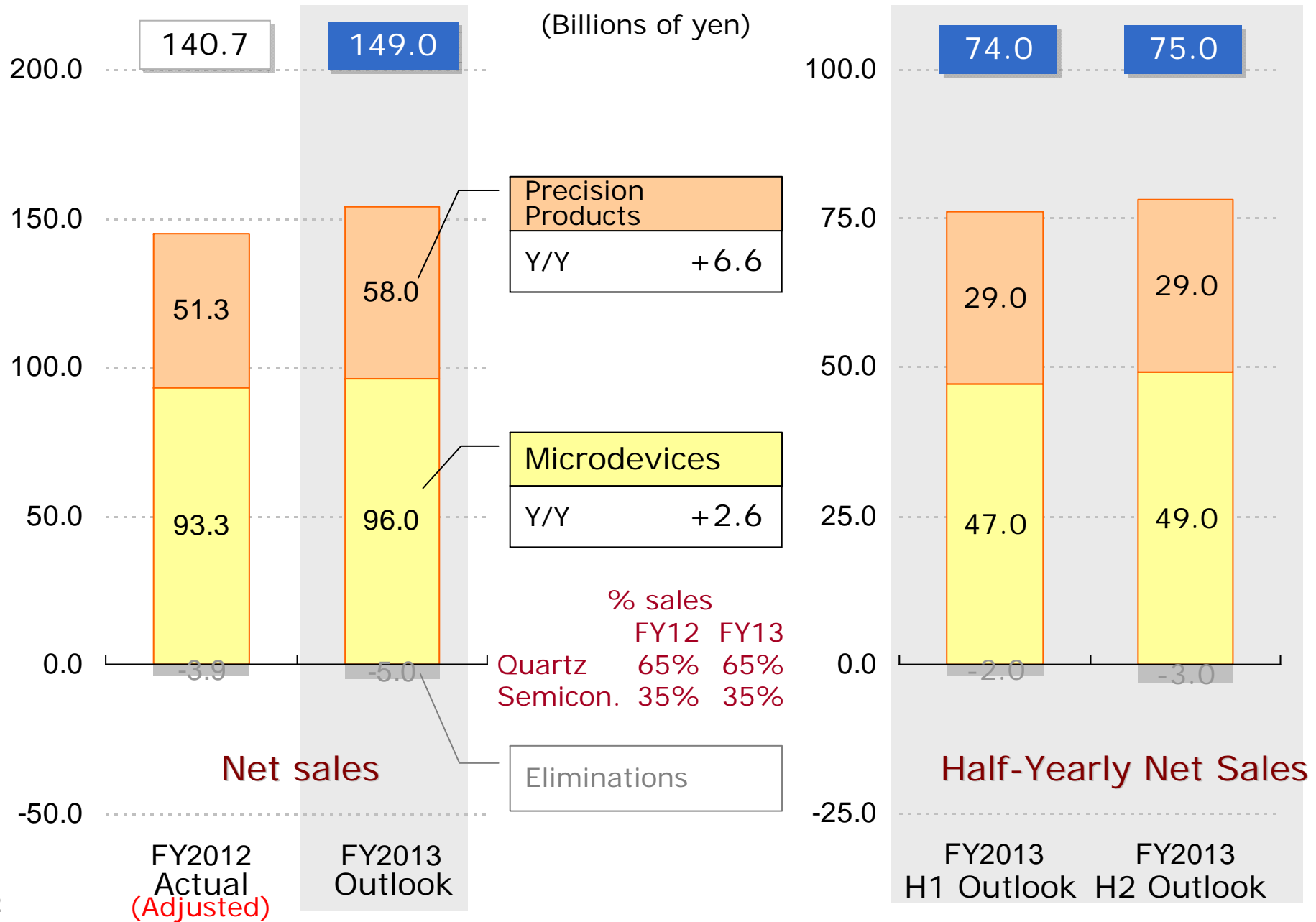
# Net Sales Outlook by Business

## Information Equipment Segment



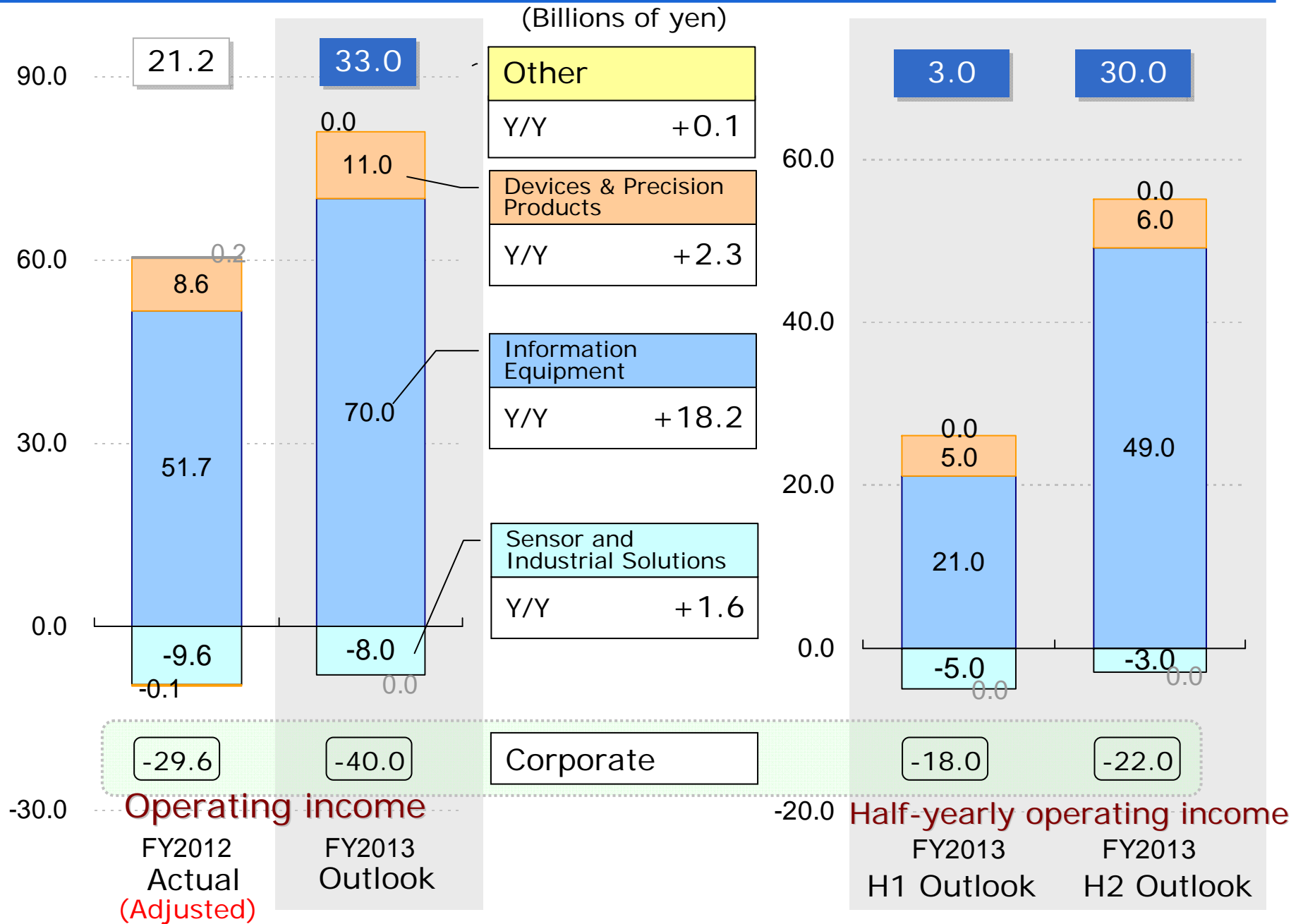
# Net Sales Outlook by Business

## ► Devices & Precision Products Segment



# FY2013 Financial Outlook (Operating Income)

## ► By business segment



# FY2013 Initiatives (1)

Generate steady income while simultaneously realigning in existing business segments and developing new business segments.

## Information-related equipment

### Inkjet Printers

- ✓ Reduce low-end consumer and office models
- ✓ Heighten Epson's presence in the premium zone for consumer inkjets
- ✓ Expand and upgrade lineup of office inkjets featuring new print head
- ✓ Expand high-capacity ink tank models
- ✓ Roll out LFPs for signage in North America & enter the sublimation transfer textile printer market



Signage printer  
SureColor SC-S30650



Sublimation transfer textile printer  
SureColor SC-F6000

Generate steady profit while simultaneously realigning in existing business segments and developing new business segments.

## Information-related equipment

### Business Systems

- ✓ SIDM: Unable to count on steep market growth, earn steady income by capturing new demand in emerging markets and by winning government/ bank tenders
- ✓ TM: Develop non-receipt markets in addition to traditional receipt markets with intelligent modules & color inkjet
- ✓ Achieve steady income growth by proposing new applications

### Projectors

- ✓ Maintain Epson's presence in existing office and education markets
- ✓ Expand domains and enhance profitability by proposing solutions in the high-lumen segment and by building and strengthening the sales network



Generate steady profit while simultaneously realigning in existing business segments and developing new business segments.

## Devices & precision products

### Microdevices

- ✓ Pioneer smaller, higher performance devices by combining QMEMS technology and semiconductors

### Precision Products

- ✓ Leverage unique precision machining technology to create products that others cannot replicate

## Sensing and industrial solutions

### Sensing Systems

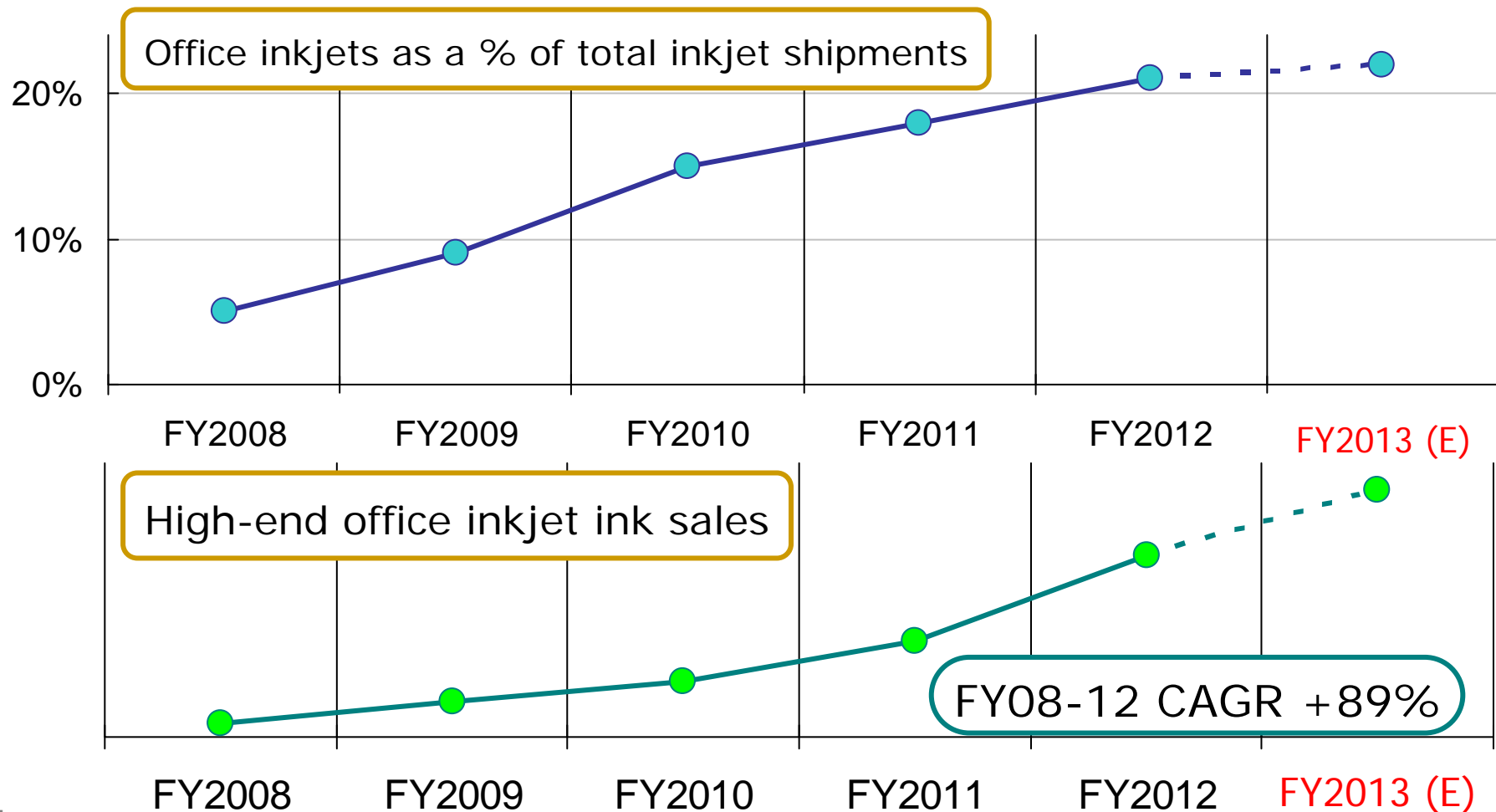
- ✓ Provide value in the health, sports, medical, and equipment and infrastructure monitoring fields by providing innovative tools based on high-precision sensors that capture data on the state of human or infrastructure health and converts that data into visual format for use.

### Industrial Solutions

- ✓ Capture robot demand in emerging markets.
- ✓ Strengthen competitiveness by expanding and upgrading the product lineup in areas such as textile printing and decorative printing.

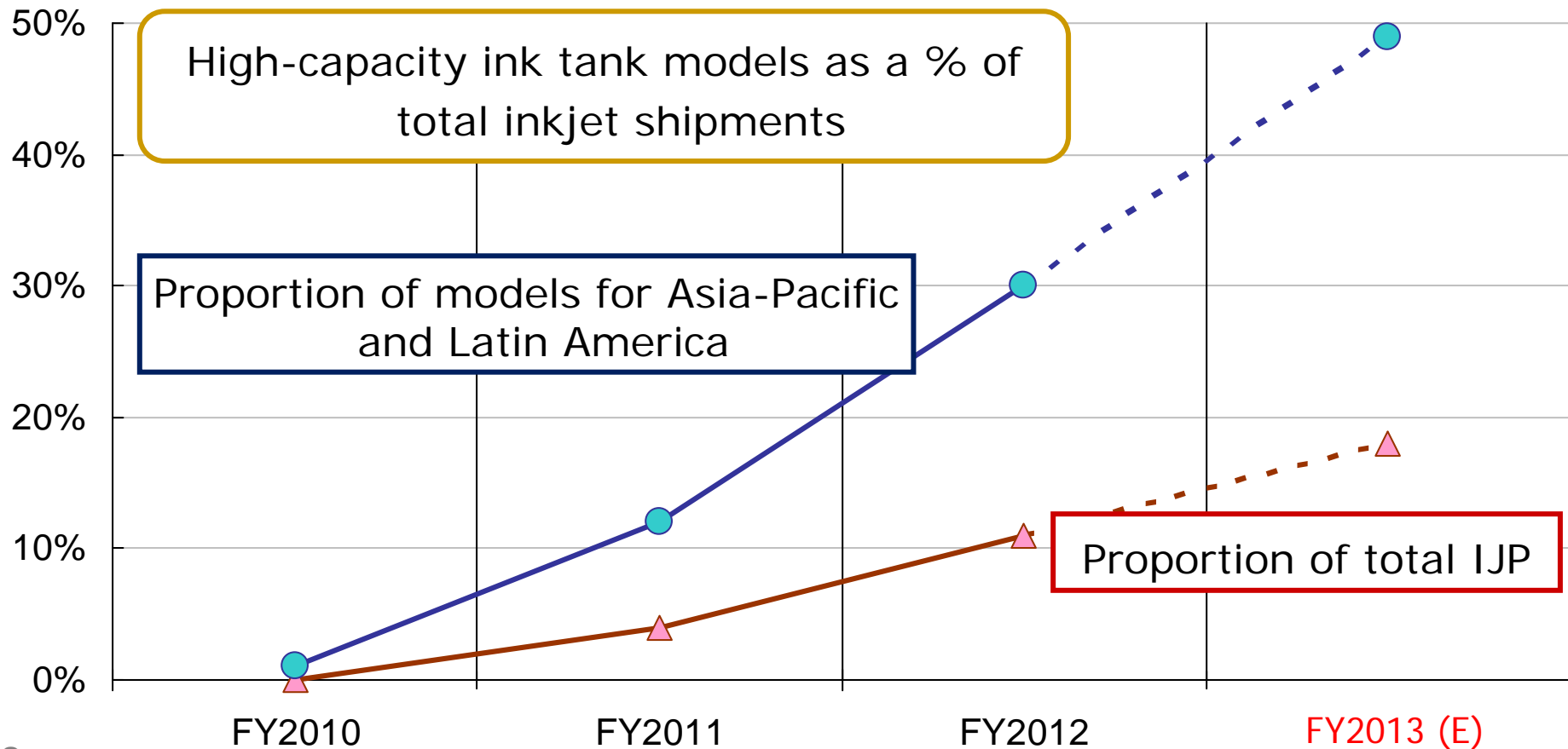
# SE15 Mid-Range Business Plan Progress (1)

- Establish the foundation for mid-term profitability by increasing the install base of office inkjets. Office inkjets accounted for more than 20% of the install base in FY2012. No steep increase in rate of office units in FY2013, but volume will grow steadily and install base will improve with bigger, better lineup.
- Sales of ink for high-end office inkjets to grow at a high rate.



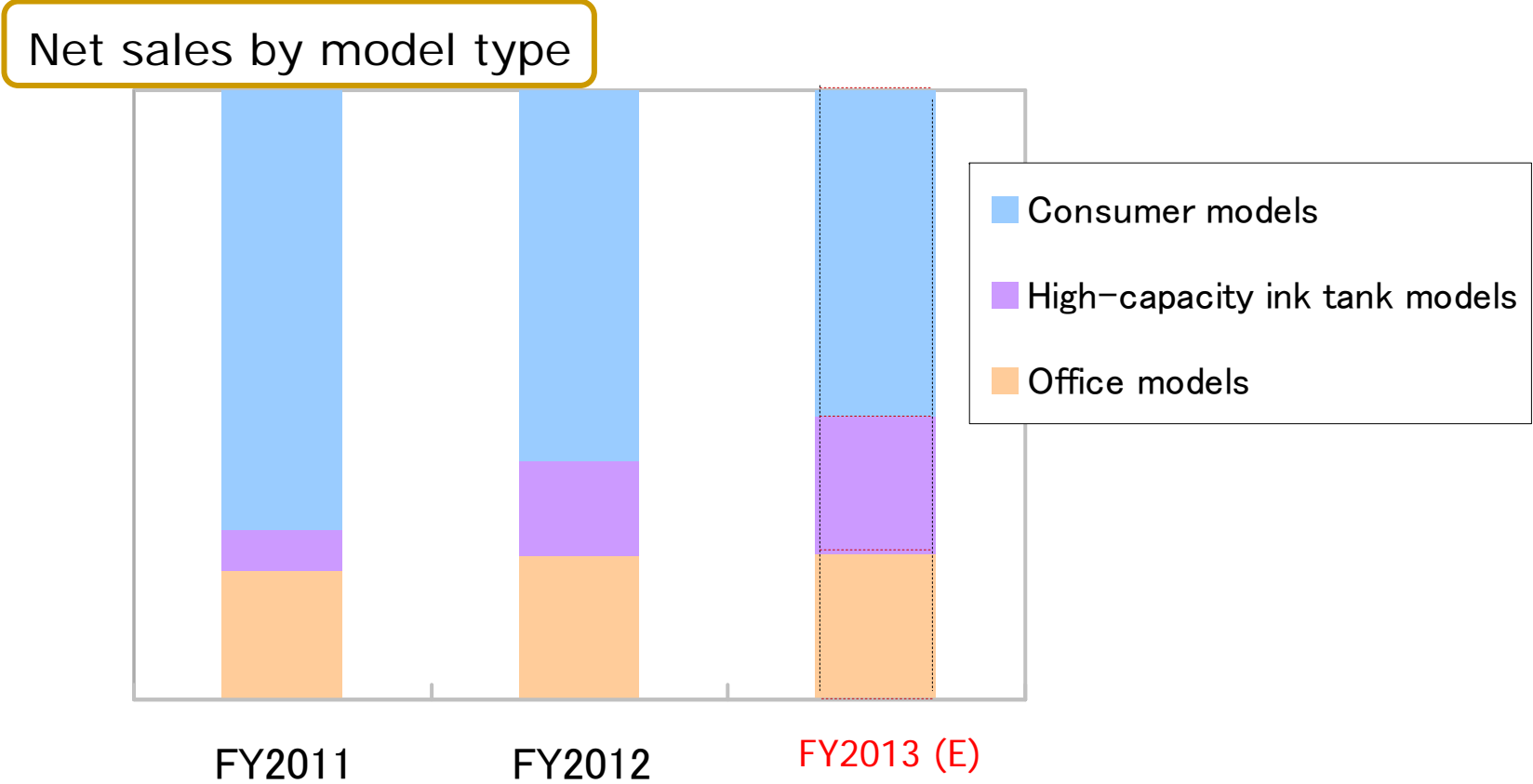
# SE15 Mid-Range Business Plan Progress (2)

- Sales of high-capacity ink tank printers in Asia-Pacific & Latin America are steadily growing. Was more than 40% in 2H/FY12. Plan to increase to nearly 50% in FY13.
- Profit margins heading toward improvement in both regions.



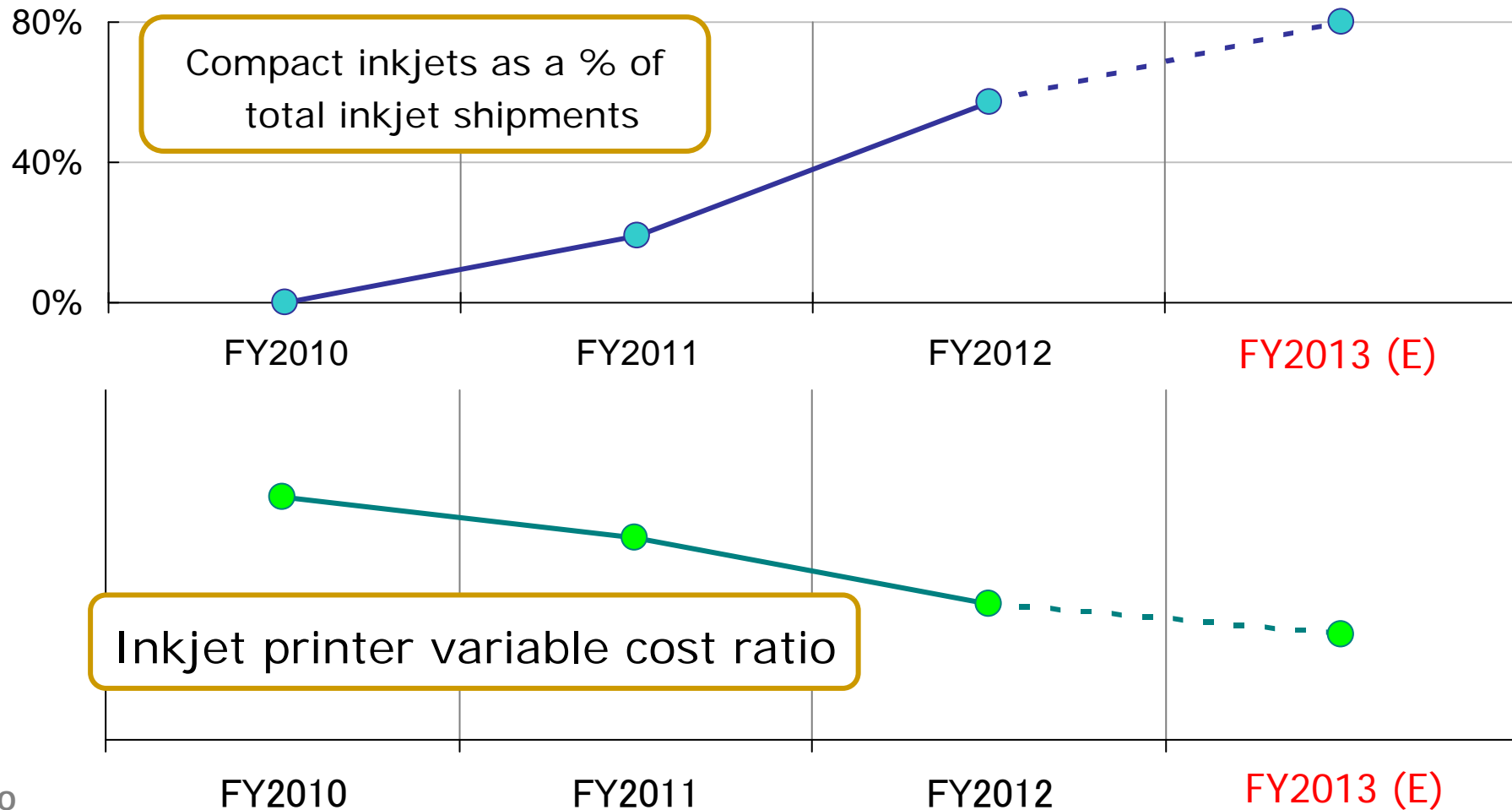
# SE15 Mid-Range Business Plan Progress (3)

- Progress in strategy of promoting office and high-capacity ink tank models illustrated by a growing proportion of these products in total sales
- Clear progress in shifting business model and changing product composition



# SE15 Mid-Range Business Plan Progress (4)

- Compact inkjet models are steadily growing as a % of total inkjet shipments and are a source of increased product competitiveness.
- We are seeing their positive effect on income and expect costs to fall in FY2013, when we ramp up manufacturing of office printers.



FY2012 Results  
FY2013 Outlook

FY2012  
Q4 Results

# Financial Highlights (Fourth Quarter)



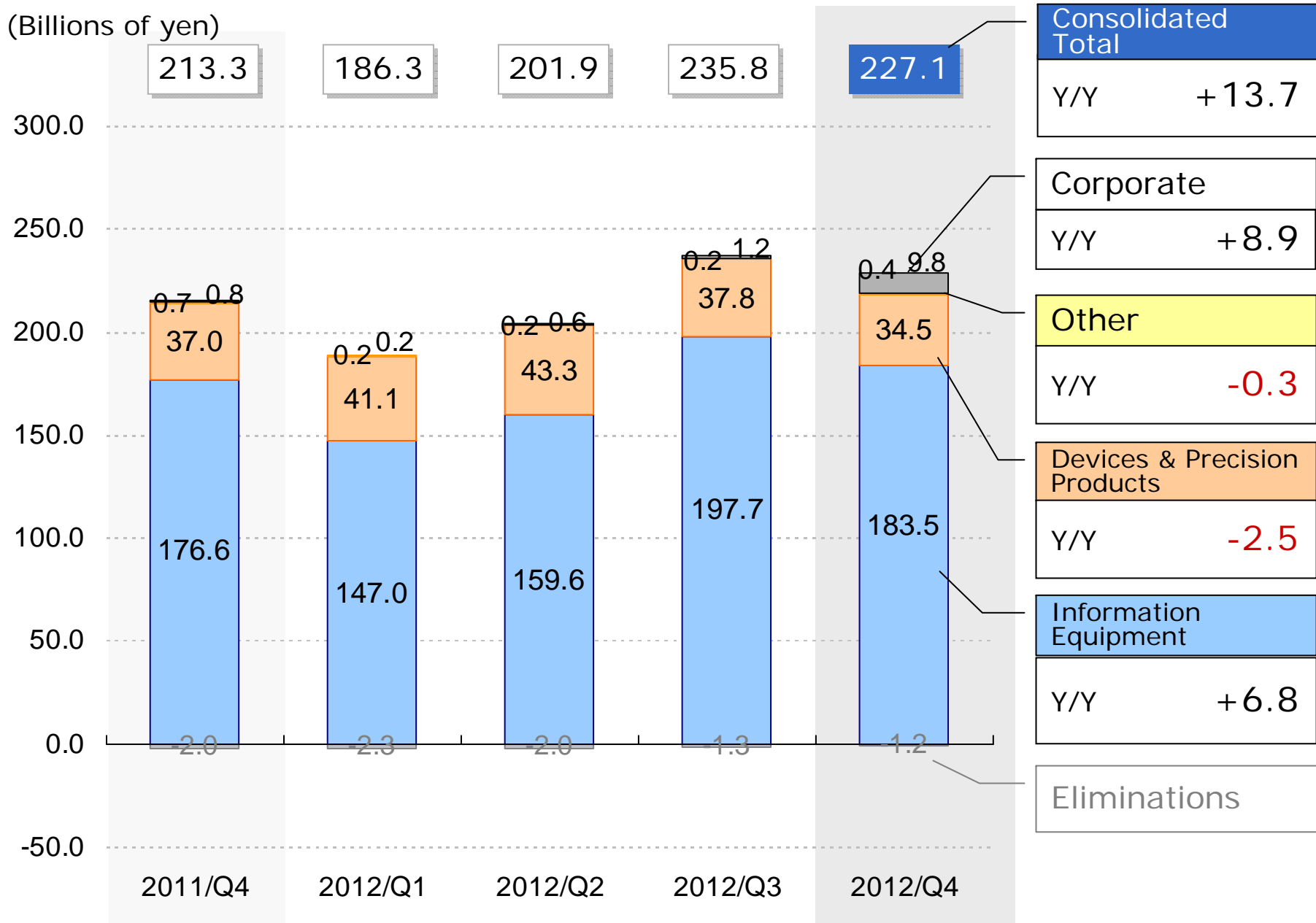
(Billions of yen)		FY2011		FY2012		Change	
		Q4 Actual	%	Q4 Actual	%	Amount	%
Net sales		213.3	-	227.1	-	+13.7	+6.5%
Operating income		3.5	1.7%	9.4	4.2%	+5.9	+168.7%
Ordinary income		5.5	2.6%	5.5	2.4%	-0.0	-0.7%
Net income before income taxes		7.0	3.3%	-0.7	-0.3%	-7.7	-
Quarterly Net Income		4.6	2.2%	2.5	1.1%	-2.1	-45.6%
EPS		¥25.90		¥14.10			
Exchange rate	USD	¥79.28		¥92.42			
	EUR	¥103.98		¥122.05			

# Quarterly Net Sales Trend

## ► By business segment



(Billions of yen)



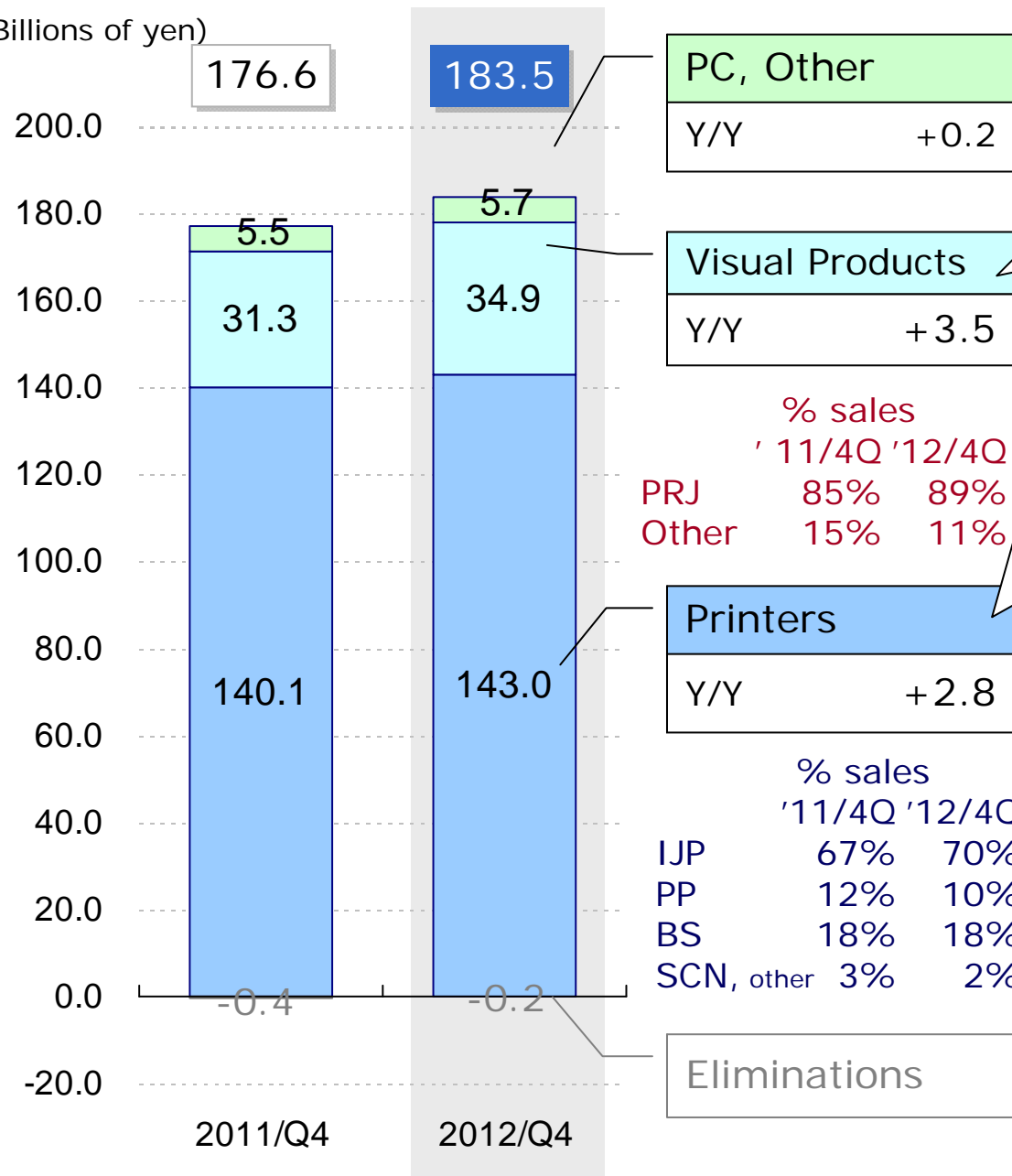


# Quarterly Net Sales Comparison

## Information Equipment Segment



(Billions of yen)



- PRJ: Home & business model volume up; improved model mix

- IJP: Hardware and consumables volume down, but sales up on model mix improvement and yen depreciation

- PP: Hardware and consumables volume down

- BS: SIDM volume down in China, but BS net sales up due to increase in POS product volume in Japan, tender wins in Americas and foreign exchange

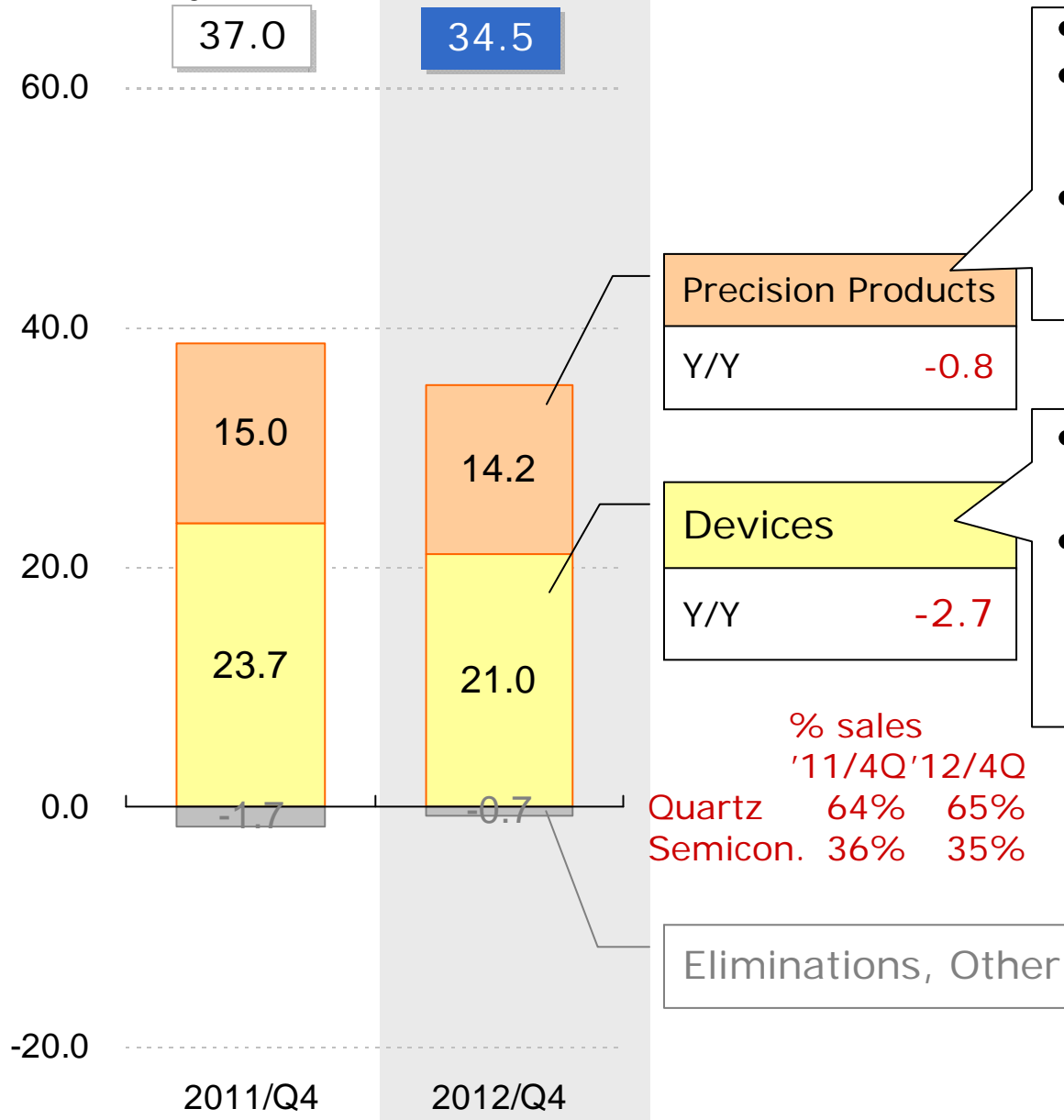
- IJP Inkjet printer
- PP Page printer
- BS Business systems
- SIDM Serial impact dot matrix
- POS Point of sales
- SCN Scanner
- PRJ Projector

# Quarterly Net Sales Comparison

## ► Devices and Precision Products Segment



(Billions of yen)



- Watch: Steady growth
- FA products: Net sales lower mainly due slow demand for IC handlers
- Net sales lost due to transfer of optical products business

Precision Products  
Y/Y -0.8

- Quartz: ASPs & volumes down
- Semiconductors: Silicon foundry volume up, sales down on lower controller and driver volumes

Devices  
Y/Y -2.7

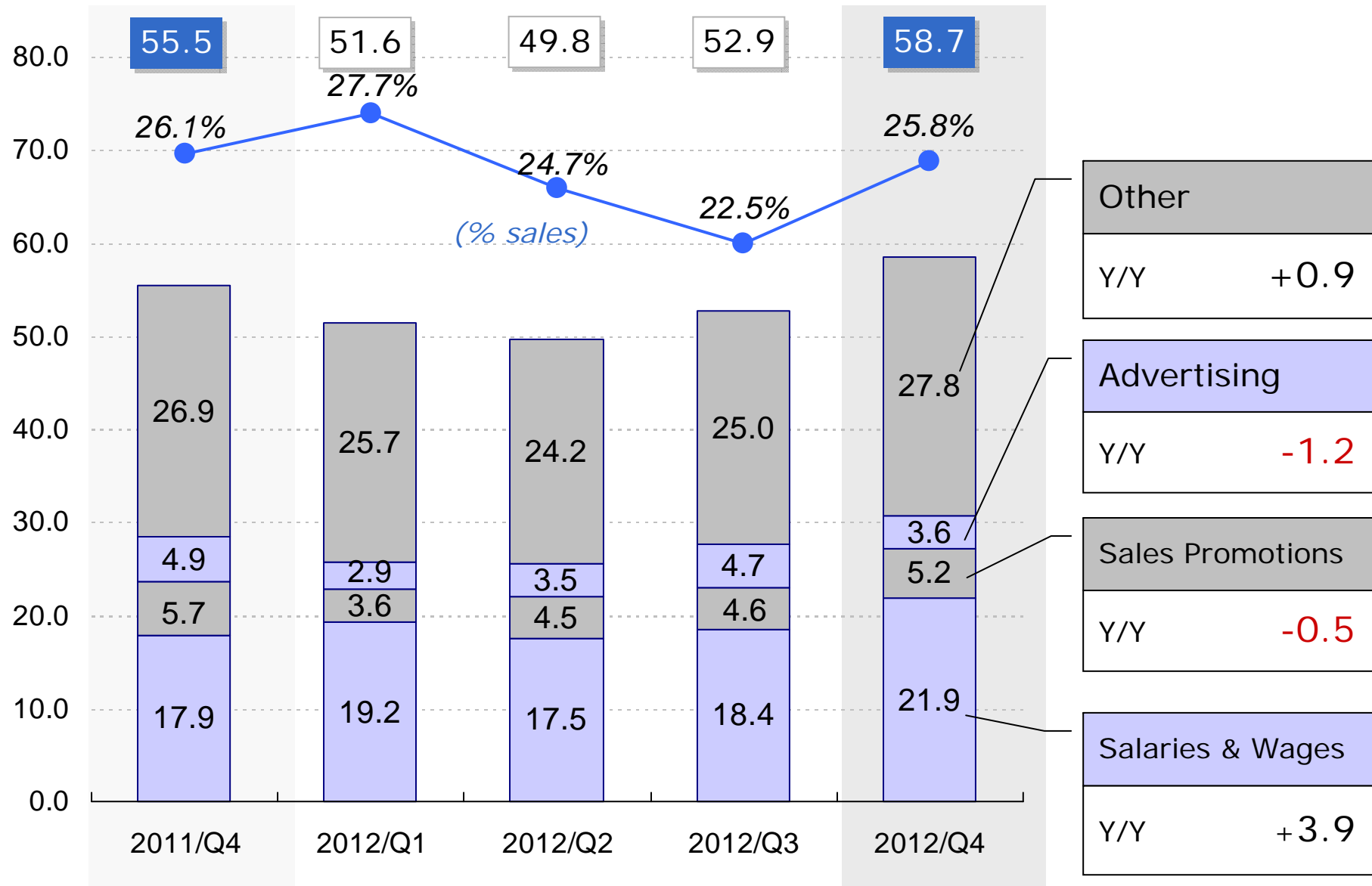
	% sales	
	'11/4Q	'12/4Q
Quartz	64%	65%
Semicon.	36%	35%

Eliminations, Other

# Quarterly Selling, General and Administrative Expenses



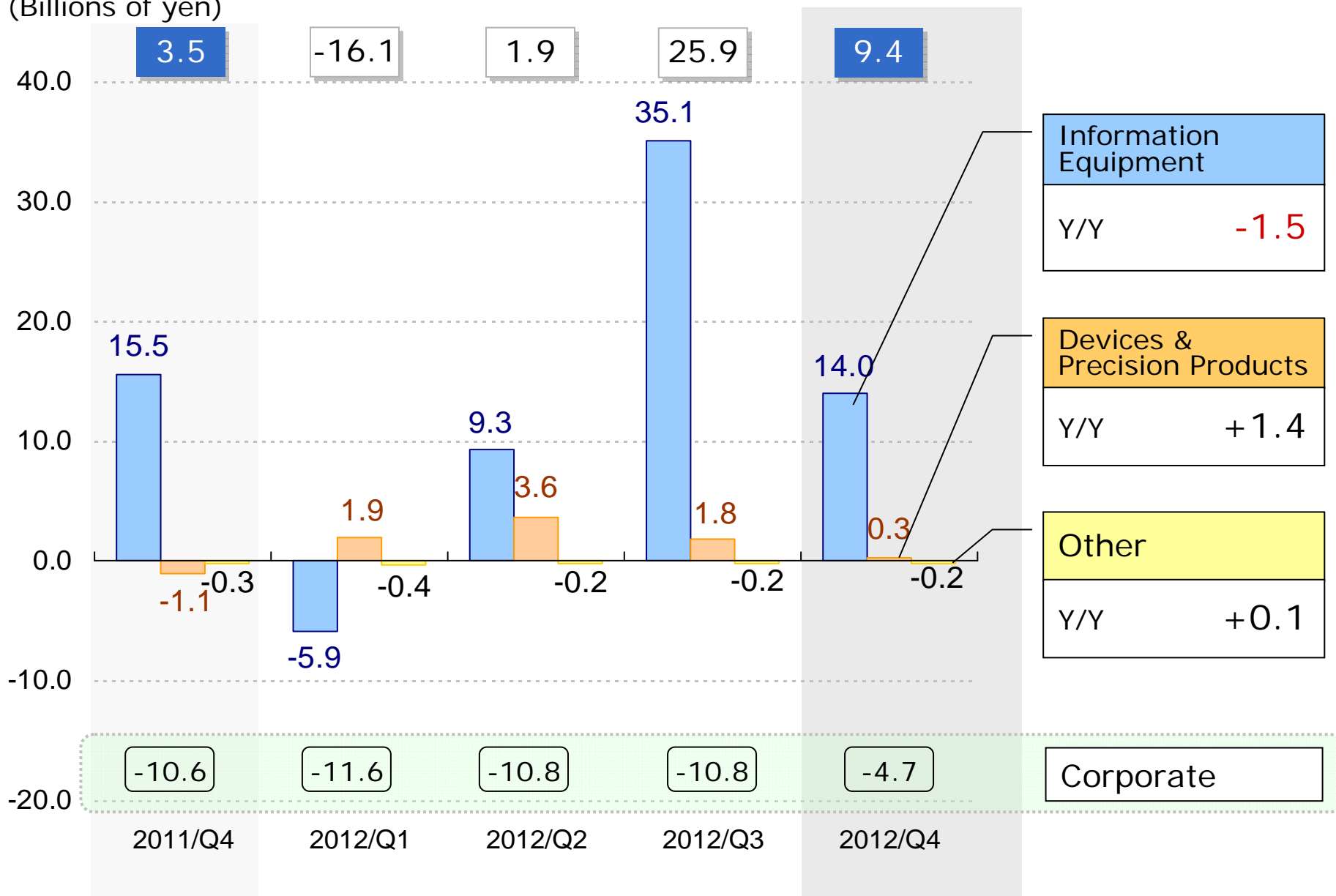
(Billions of yen)



# Quarterly Operating Income

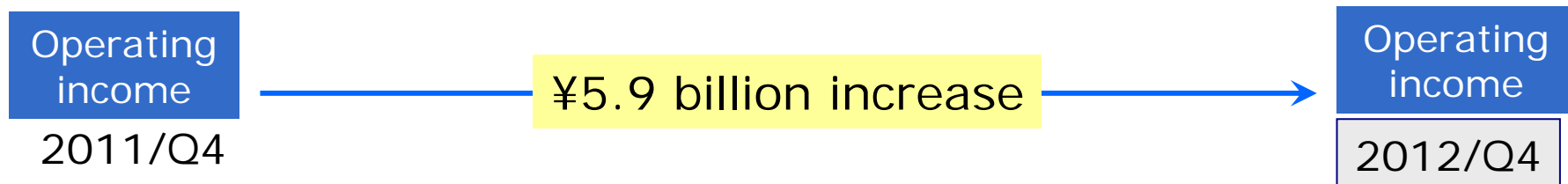
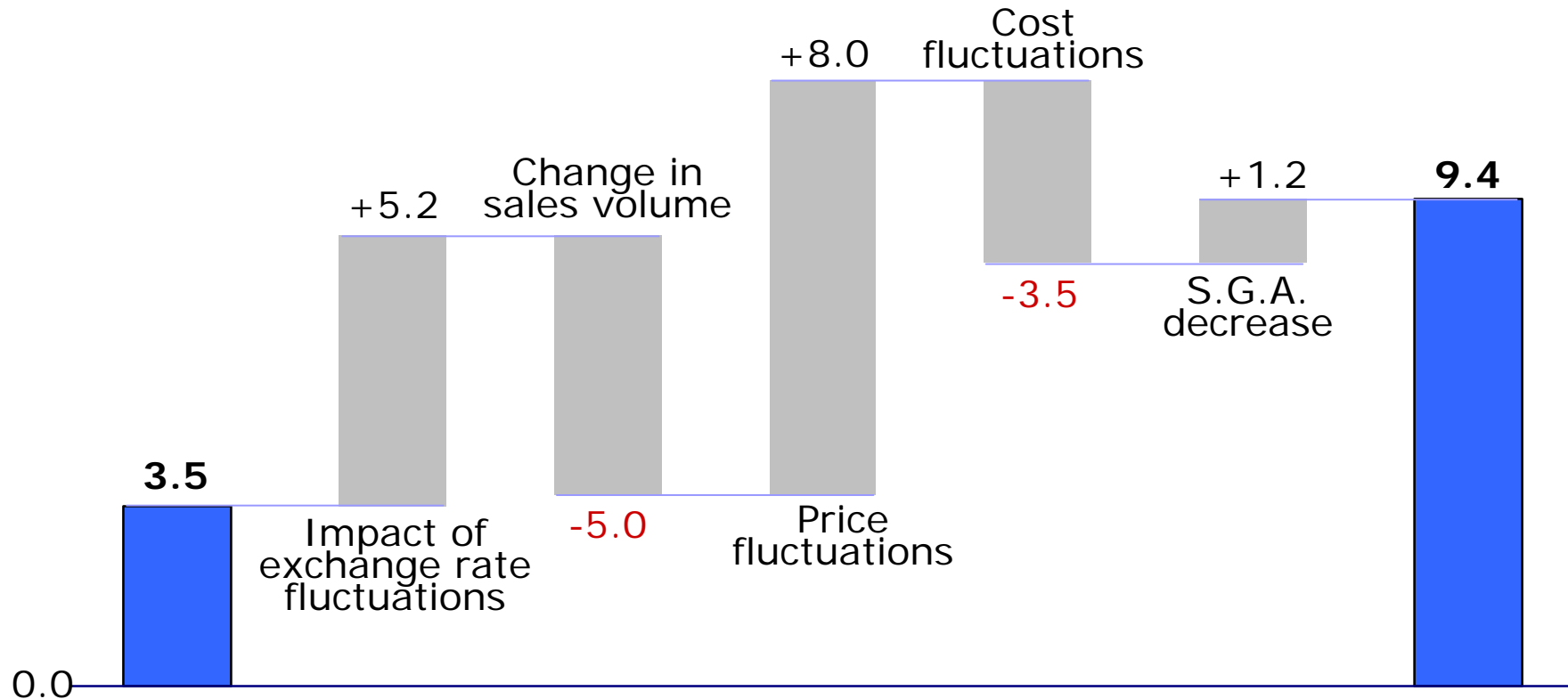
## ► By business segment

(Billions of yen)



# Operating Income Fluctuation Cause Analysis

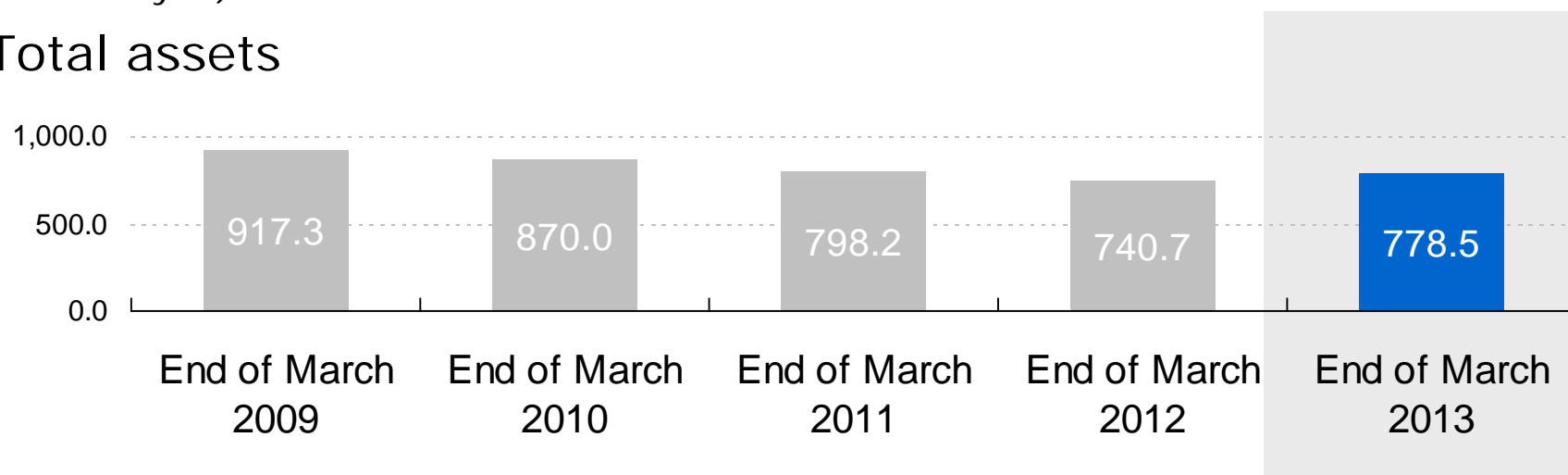
(Billions of yen)



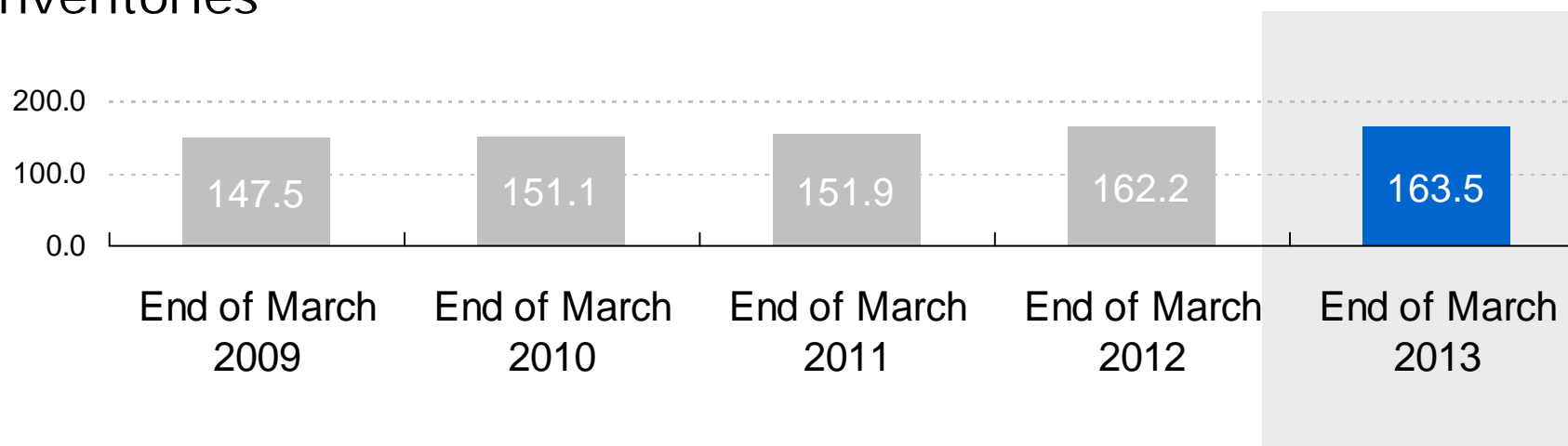
# Statistics of Balance Sheet Items

(Billions of yen)

## Total assets



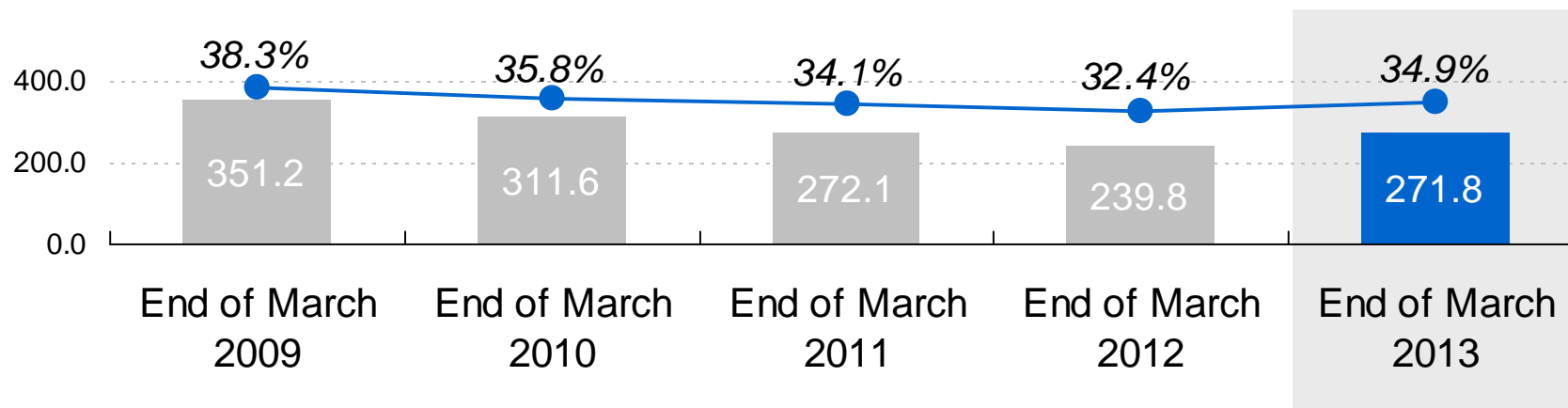
## Inventories



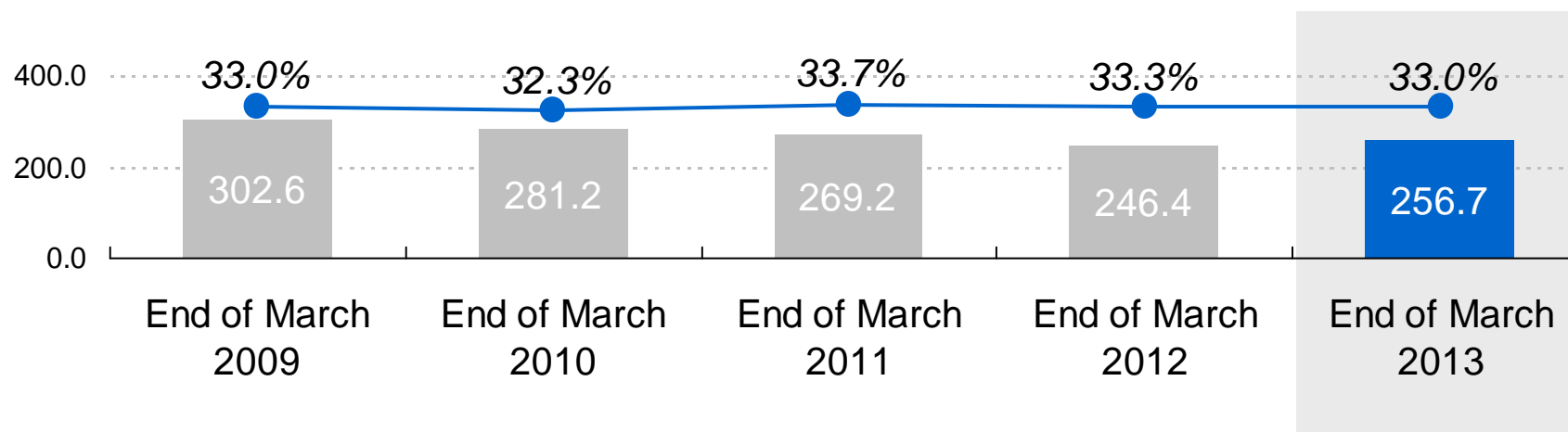
# Statistics of Balance Sheet Items

(Billions of yen)

## Interest-bearing liabilities & ratio of interest-bearing liabilities



## Shareholders' equity & equity ratio

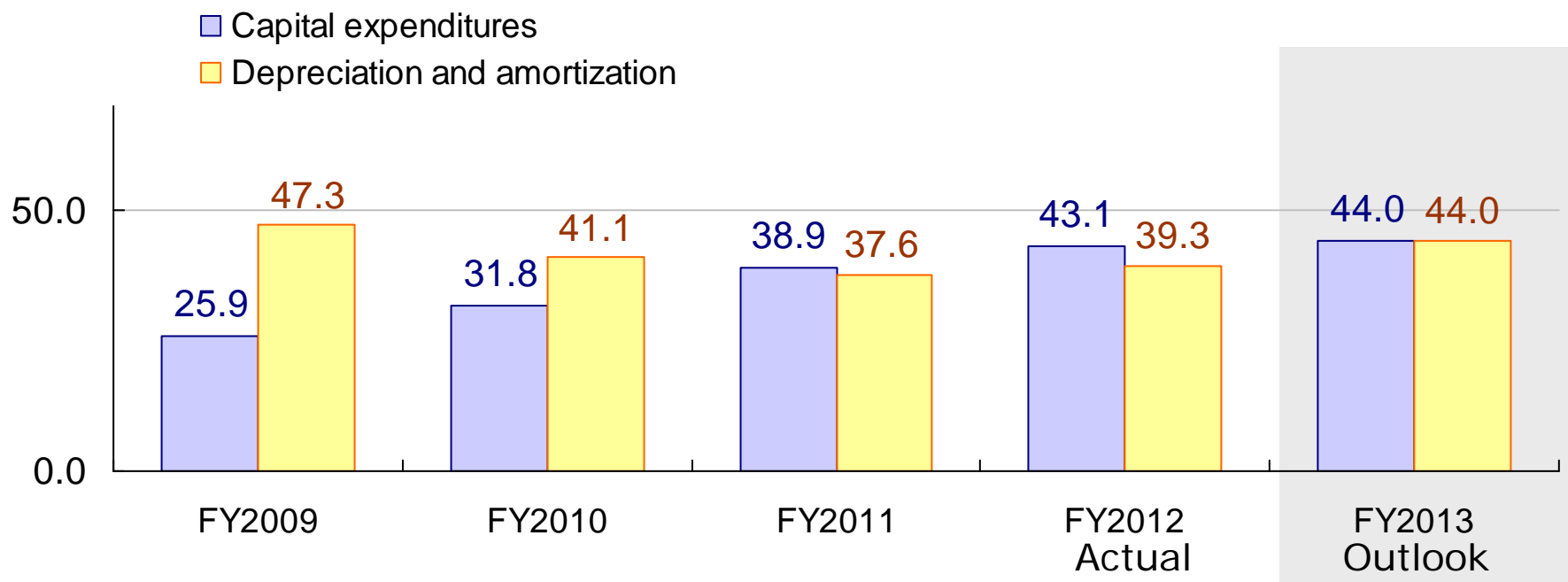


\*Lease obligations are included in interest-bearing liabilities

\*Shareholder equity = total net assets - minority interests in subsidiaries

# Outlook for Capital Expenditure and Depreciation & Amortization Expenses

(Billions of yen)

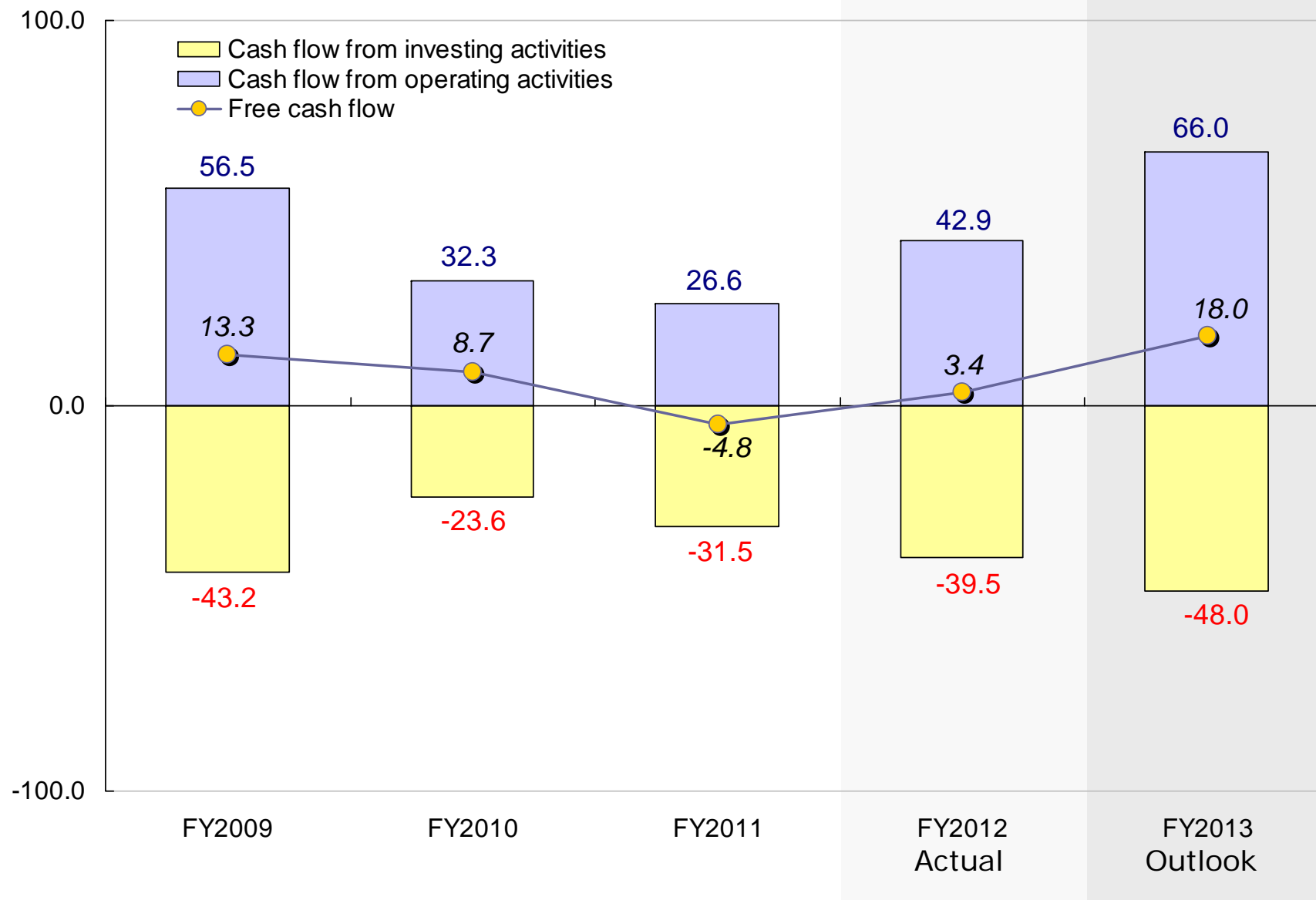


Breakdown by segment	FY2012 Actual		FY2013 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	33.4	26.3	30.0	31.0
Devices & Precision Products	6.7	8.0	11.0	9.0
Sensor & Industrial Solutions	0.5	0.5	1.0	1.0
Other/Corporate	2.4	4.3	2.0	3.0

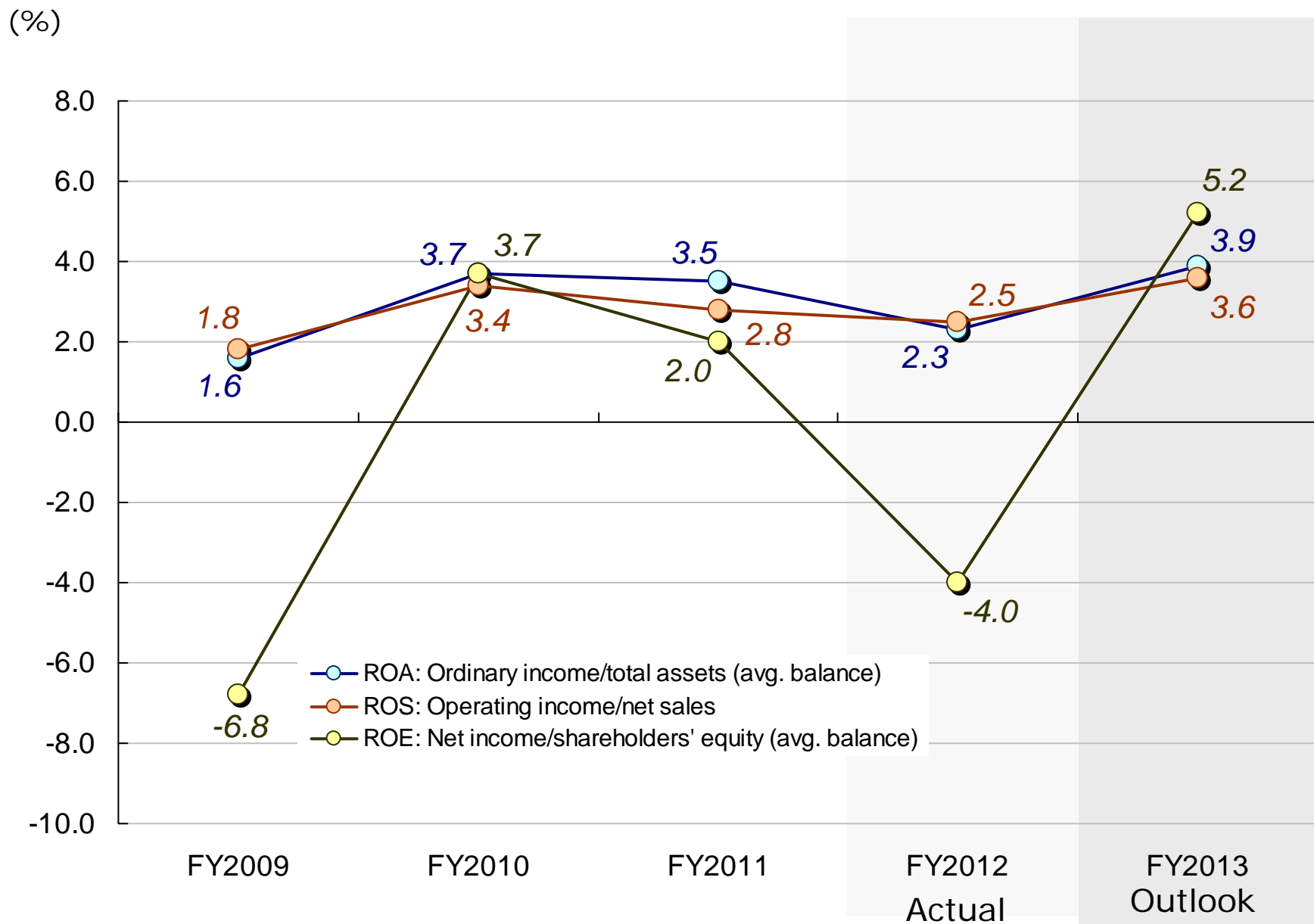


# Free Cash Flow Outlook

(Billions of yen)



# Main Management Indicators



**EPSON**  
EXCEED YOUR VISION