



Second Quarter Financial Results Fiscal Year 2014 (Ending March 2015)

October 31, 2014
Seiko Epson Corp.

■ Disclaimer regarding forward-looking statements

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

Numbers are rounded to the unit indicated.

Percentages are rounded off to one decimal place.

Disclosure of FY2014 Financial Results

- Financial results are presented on an IFRS basis, effective from the 2014 fiscal year.
(Financial results and forecasts are presented on an IFRS basis.)
- FY2013 financial results have also been restated based on IFRS for comparison purposes.

* Business profit is calculated by deducting cost of sales and SGA expenses from revenue. Although not defined in the statement of consolidated comprehensive income, this indicator is very similar to the concept of operating income under J-GAAP. Epson will present this information as a reference, as the Company believes users of financial statements will find it useful when evaluating Epson's financial performance.

1. Overview

2. Details

Financial Highlights (First Half)



(Billions of yen)	FY2013		FY2014				Change (amount, %)	
	Actual	%	7/31 Outlook	%	Actual	%	Y/Y	Vs. previous outlook
Revenue	471.3	-	503.0	-	512.8	-	+41.4 +8.8%	+9.8 +1.9%
Business profit	33.5	7.1%	38.0	7.6%	50.9	9.9%	+17.3 +51.7%	+12.9 +34.0%
Profit from operating activities	30.4	6.5%	69.0	13.7%	78.5	15.3%	+48.1 +158.2%	+9.5 +13.9%
Profit before taxes	29.5	6.3%	69.0	13.7%	80.6	15.7%	+51.0 +173.1%	+11.6 +16.8%
Profit for the period	19.8	4.2%	59.0	11.7%	65.6	12.8%	+45.8 +230.1%	+6.6 +11.3%
EPS	¥110.93		¥329.81		¥366.63			
Exchange rate	USD	¥98.85	¥101.00		¥103.04			
	EUR	¥130.00	¥137.00		¥138.91			

Previous outlook exchange rate assumptions from Q2 onward
 USD: ¥100.00, EUR: ¥135.00

Financial Highlights (Second Quarter)

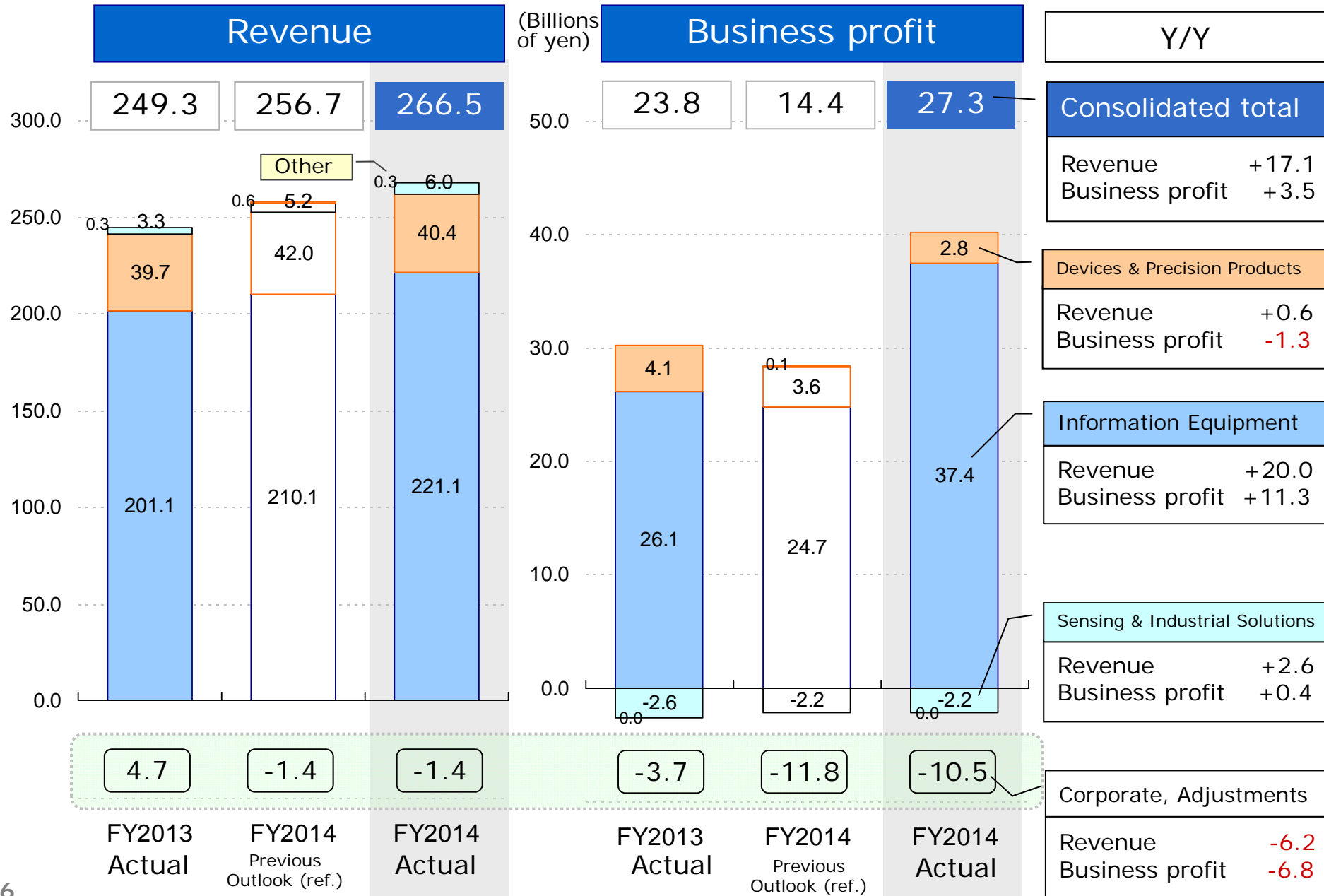


(Billions of yen)	FY2013		FY2014		Change (amount, %)	7/31 Outlook (ref.)	
	Q2 Actual	%	Q2 Actual	%	Y/Y	Q1 results deducted from 1H outlook	%
Revenue	249.3	-	266.5	-	+17.1 +6.9%	256.7	-
Business profit	23.8	9.6%	27.3	10.3%	+3.5 +14.7%	14.4	5.6%
Profit from operating activities	23.0	9.3%	23.9	9.0%	+0.8 +3.8%	14.3	5.6%
Profit before taxes	23.0	9.2%	25.8	9.7%	+2.8 +12.5%	14.2	5.6%
Profit for the period	14.9	6.0%	19.0	7.2%	+4.1 +28.0%	12.4	4.8%
EPS	¥82.90		¥106.18				
Exchange rate	USD	¥98.95	¥103.92			¥100.00	
	EUR	¥131.05	¥137.76			¥135.00	

Previous outlook exchange rate assumptions from Q2 onward
 USD: ¥100.00, EUR: ¥135.00

FY2014 Q2 Financial Results

► By business segment



Main Factors Affecting Q2 Results (Vs the Internal Plan)



◆ Revenue and business profit exceeded our business plan owing to yen depreciation and steady growth in each of the businesses in the information equipment segment.

Overall	<ul style="list-style-type: none">+ Effects of yen depreciation+ Some fixed costs postponed until H2
Information Equipment	<ul style="list-style-type: none">● High-capacity ink tank & commercial printers proceeding as planned+ Strong consumables sales+ POS printer sales strong in Europe & U.S.+ Projector sales strong (set new record for the quarter)
Devices & Precision Products	<ul style="list-style-type: none">- Shipments of crystal devices for consumer electronics decreased- Some semiconductor demand pushed back into H2

* The "+" and "-" indicate the effect on business profit.

FY2014 Financial Outlook



	FY2013		FY2014				Change (amount, %)	
	Results	%	7/31 Outlook	%	Current Outlook	%	Y/Y	Vs. Previous Outlook
(Billions of yen)								
Revenue	1,008.4	-	1,040.0	-	1,060.0	-	+51.5 +5.1%	+20.0 +1.9%
Business profit	90.0	8.9%	92.0	8.8%	105.0	9.9%	+14.9 +16.6%	+13.0 +14.1%
Profit from operating activities	79.5	7.9%	120.0	11.5%	132.0	12.5%	+52.4 +65.9%	+12.0 +10.0%
Profit before taxes	77.9	7.7%	119.0	11.4%	132.0	12.5%	+54.0 +69.3%	+13.0 +10.9%
Profit for the year	84.4	8.4%	100.0	9.6%	111.0	10.5%	+26.5 +31.5%	+11.0 +11.0%
EPS	¥472.03		¥559.00		¥620.50			
Exchange rate	USD	¥100.23	¥100.00		¥102.00			
	EUR	¥134.37	¥136.00		¥137.00			

Current outlook exchange rate assumptions from Q3 onward

USD: ¥100.00

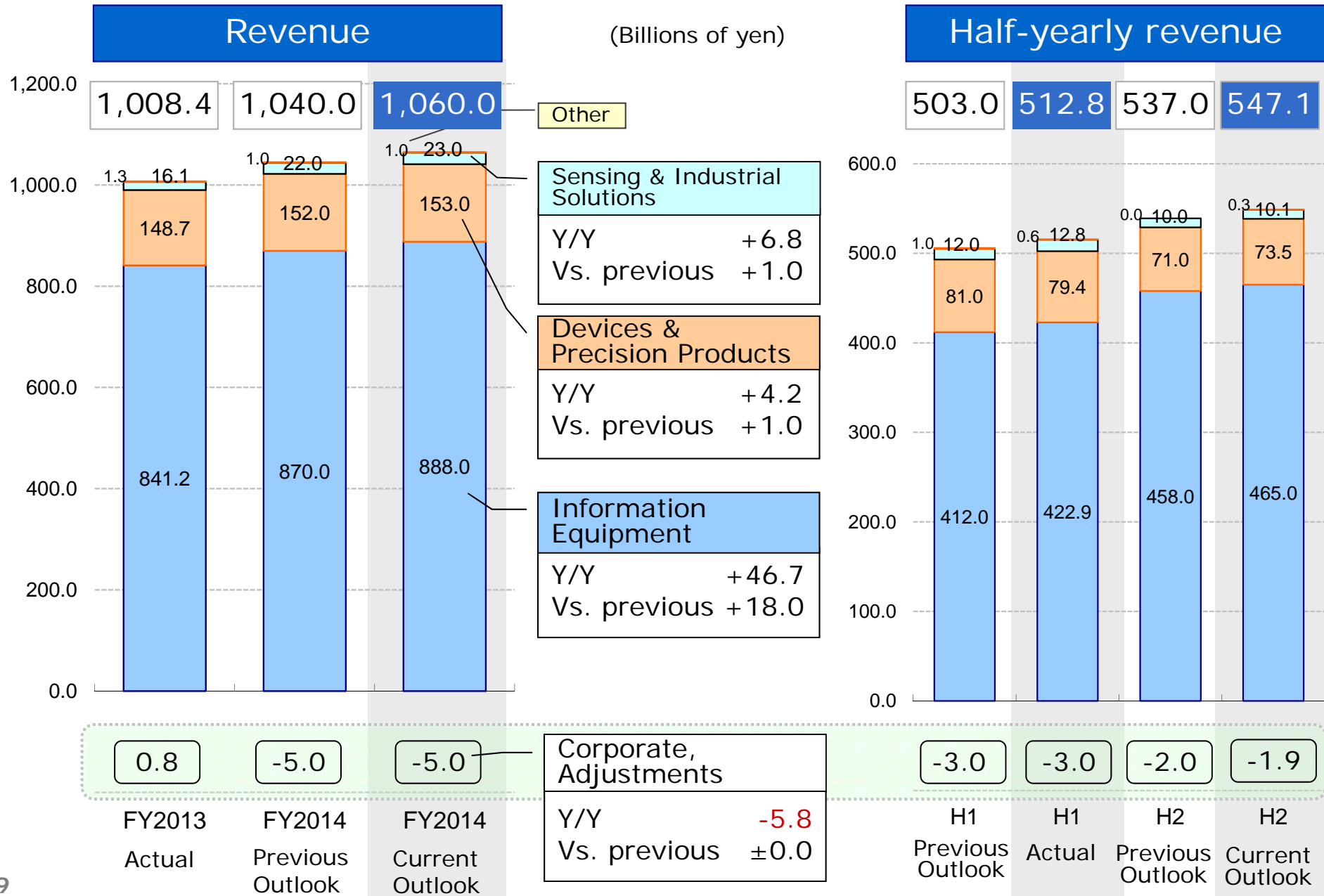
EUR: ¥135.00

Foreign exchange sensitivity (effect of 1-yen depreciation on FY2014 results)

	Revenue	Business profit
USD	Approx. +¥3.8 bil.	Approx. +¥0.3 bil.
EUR	Approx. +¥1.2 bil.	Approx. +¥0.8 bil.

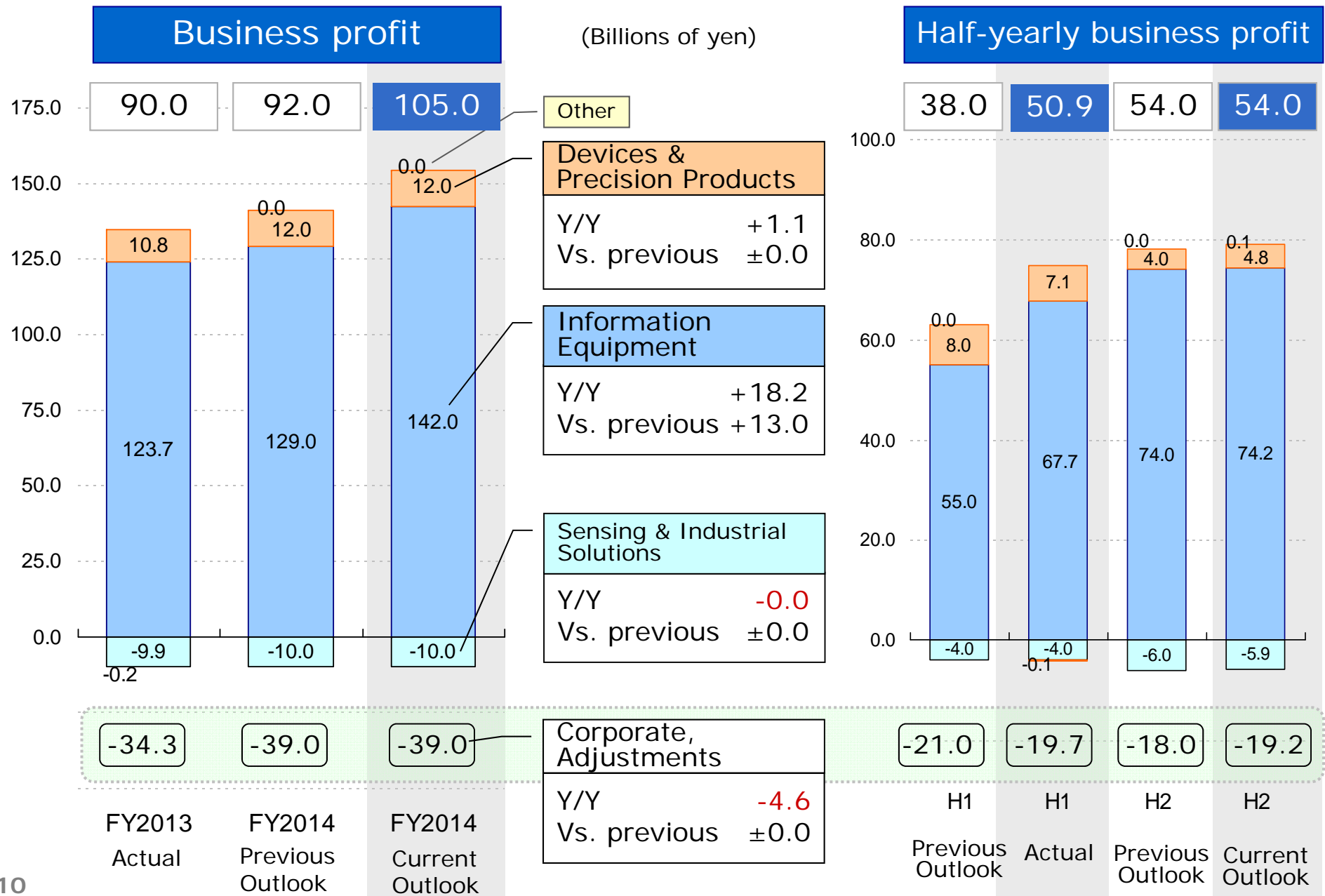
FY2014 Financial Outlook (Revenue)

► By business segment



FY2014 Financial Outlook (Business Profit)

► By business segment



Main Factors Affecting FY2014 Outlook

- ◆ Our strategies under our SE15 mid-range business plan are progressing smoothly and we will stay the course in H2 and beyond
- ◆ The considerations below were factored into the H2 outlook

Overall	<ul style="list-style-type: none"> ● No major changes expected in business environment or plan assumptions - Performance-linked expenses to increase and increase in expenditures postponed until H2
Information Equipment	<ul style="list-style-type: none"> + Unit shipments of high-capacity ink tank models & projectors to increase - Special factors affecting inkjet consumables - Investment in strategic product sales promotions
Devices & Precision Products	<ul style="list-style-type: none"> + Capture demand postponed from H1

* The "+" and "-" indicate the effect on business profit.

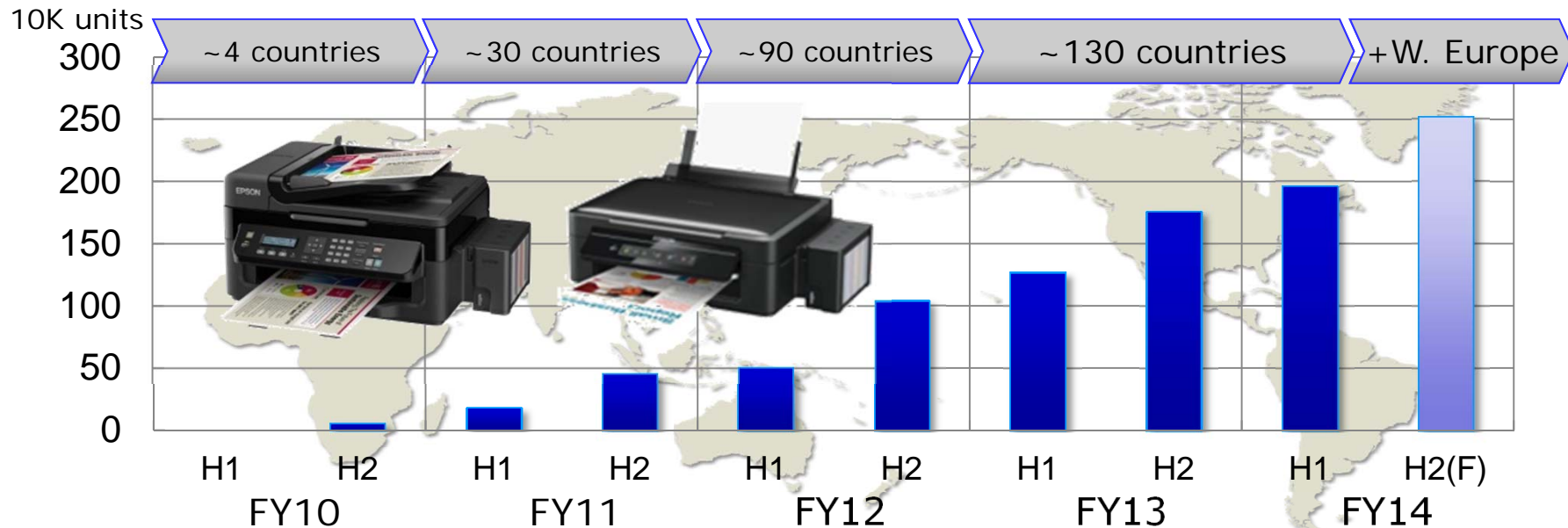
(Billions of yen)

	Revenue			Business Profit		
	Previous Outlook	Current Outlook	Revision	Previous Outlook	Current Outlook	Revision
H1 Results	503.0	512.8	↗	38.0	50.9	↗
H2 Outlook	537.0	547.1	↗	54.0	54.0	→
Full-Year Outlook	1,040.0	1,060.0	↗	92.0	105.0	↗

FY2014 Second Half Initiatives

High-capacity ink tank models

- Solid growth in emerging markets. Began selling in Western Europe in H2.



Managed print services and replaceable ink pack system (RIPS) models

- Orders growing smoothly in Japan and customer response favorable
- Began sales in Western Europe on schedule



Projectors

- Sustain strong sales of business and home projectors in a rebounding market.
- Expand sales of short-throw and other differentiated projectors.



Sensing Systems

- Launch differentiated new products that capitalize on Epson's core technologies.
 - GPS, motion sensing, vital sign monitoring and other sensing technologies
 - Energy-saving technology
 - Watch technology



PULSESENSE
With built-in heart rate sensor



RUNSENSE
For runners, with built-in heart rate sensor



M-Tracer
For Golf

1. Overview

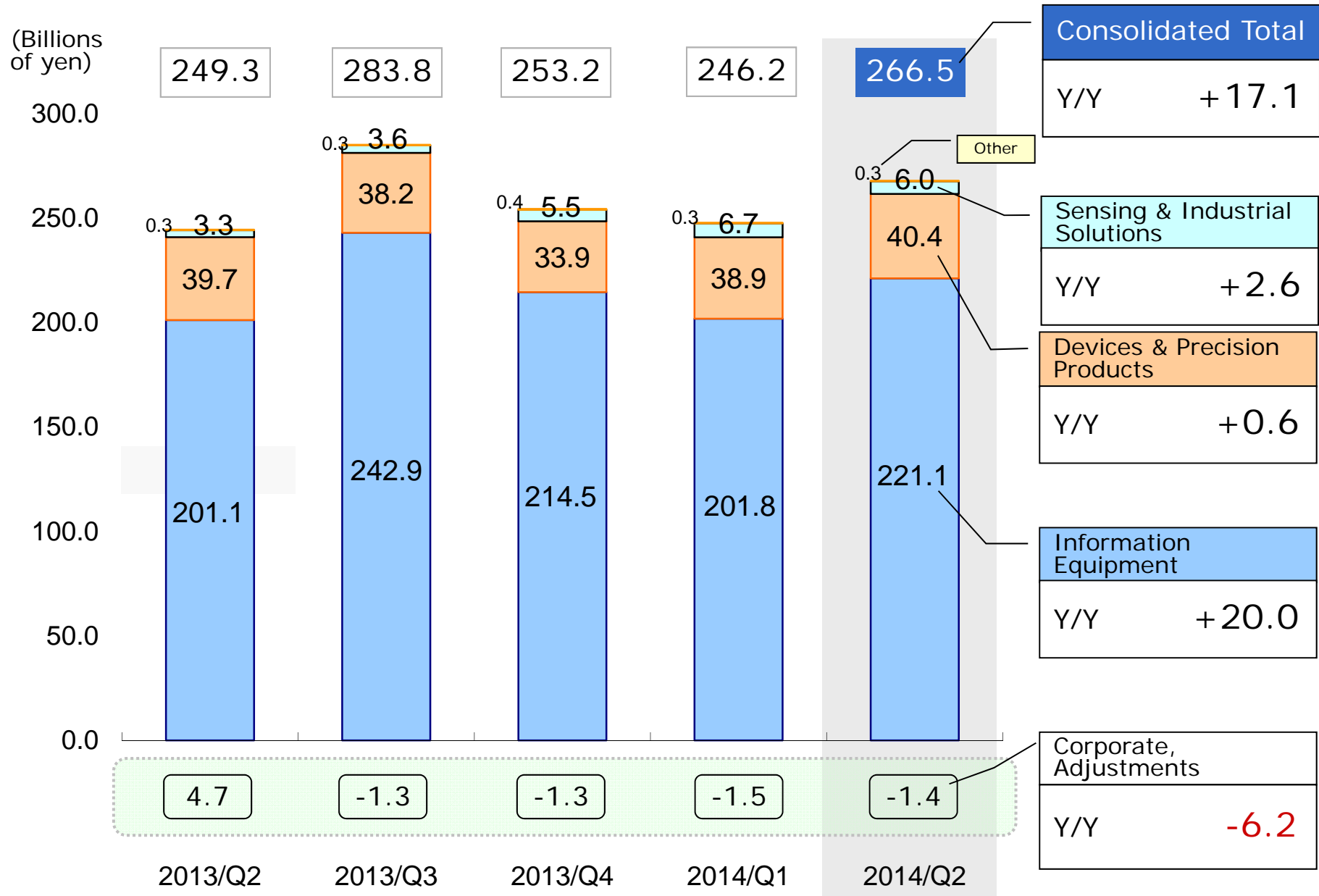
2. Details

1) FY2014 Q2 Financial Results

2) FY2014 Financial Outlook

Quarterly Revenue Trend

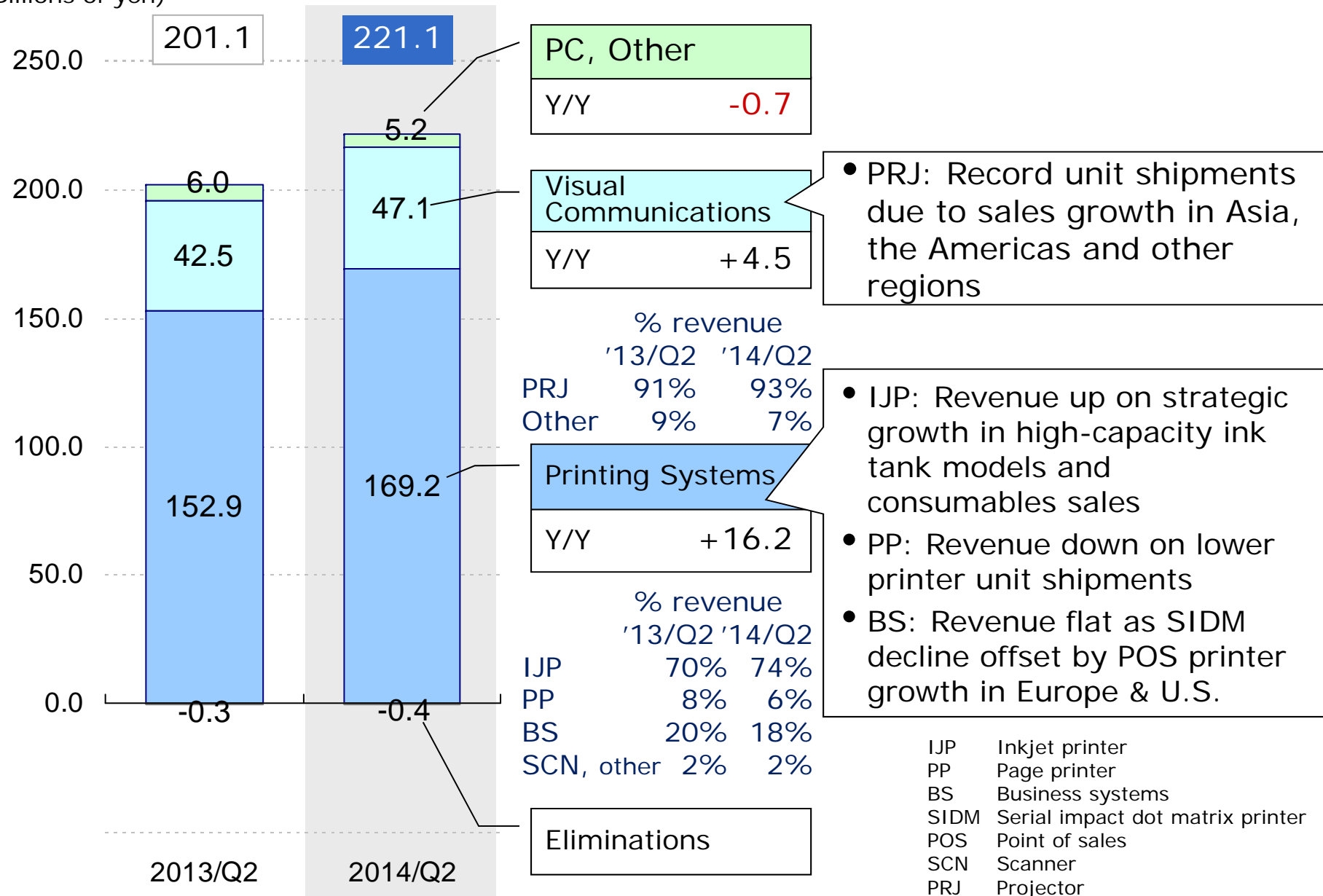
► By business segment



Quarterly Revenue Comparison

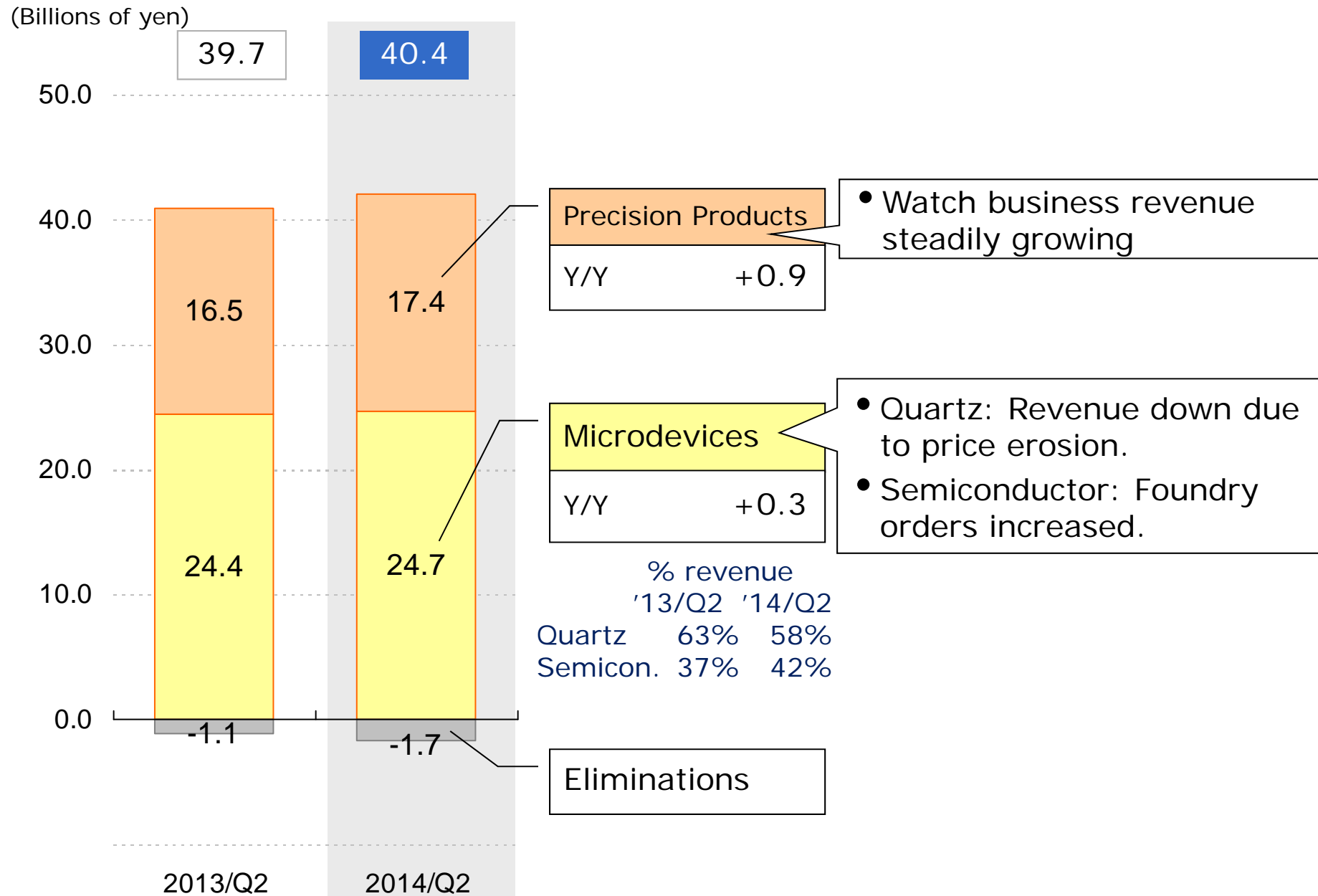
Information Equipment Segment

(Billions of yen)



Quarterly Revenue Comparison

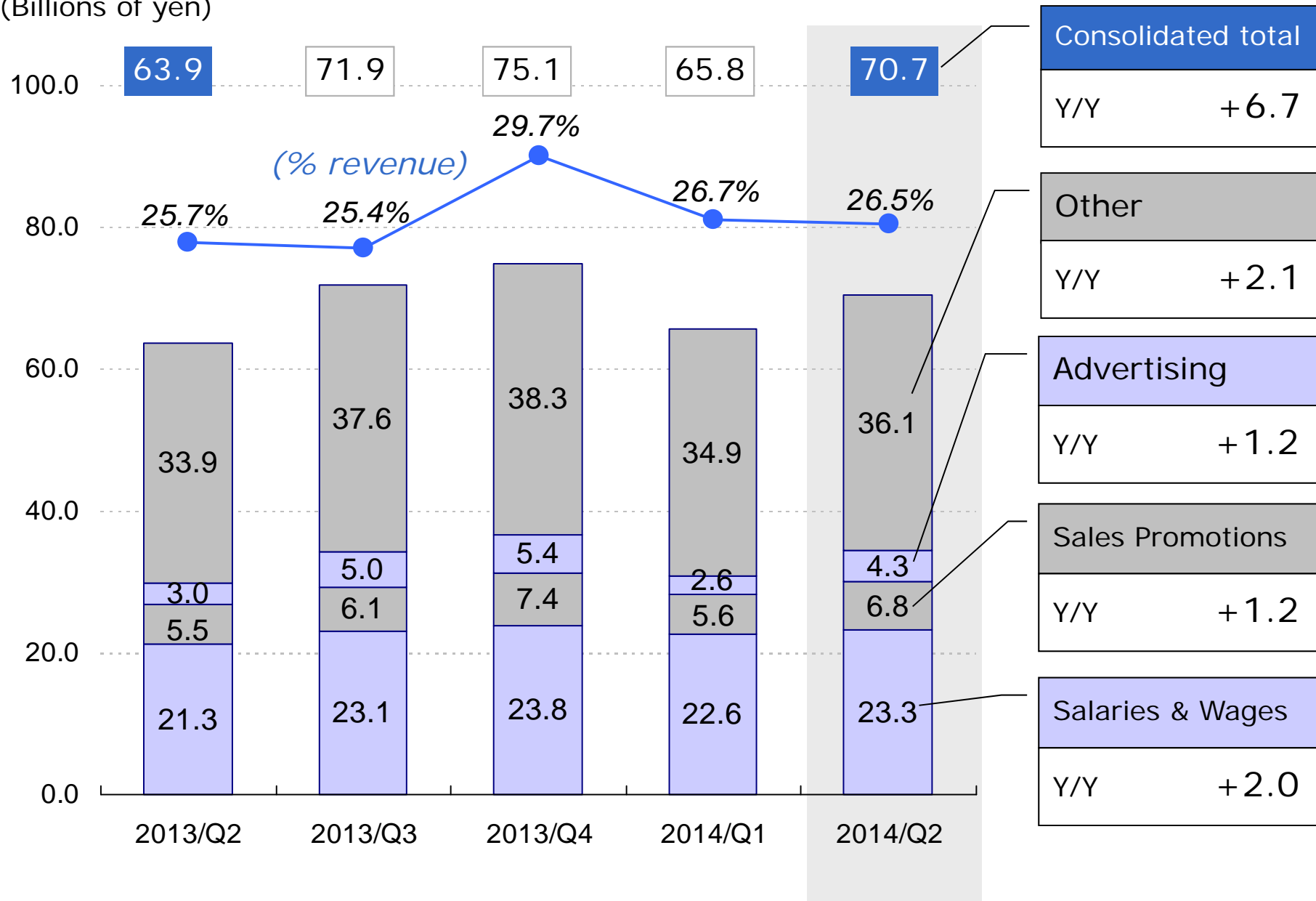
▶ Devices and Precision Products Segment



Quarterly Selling, General and Administrative Expenses



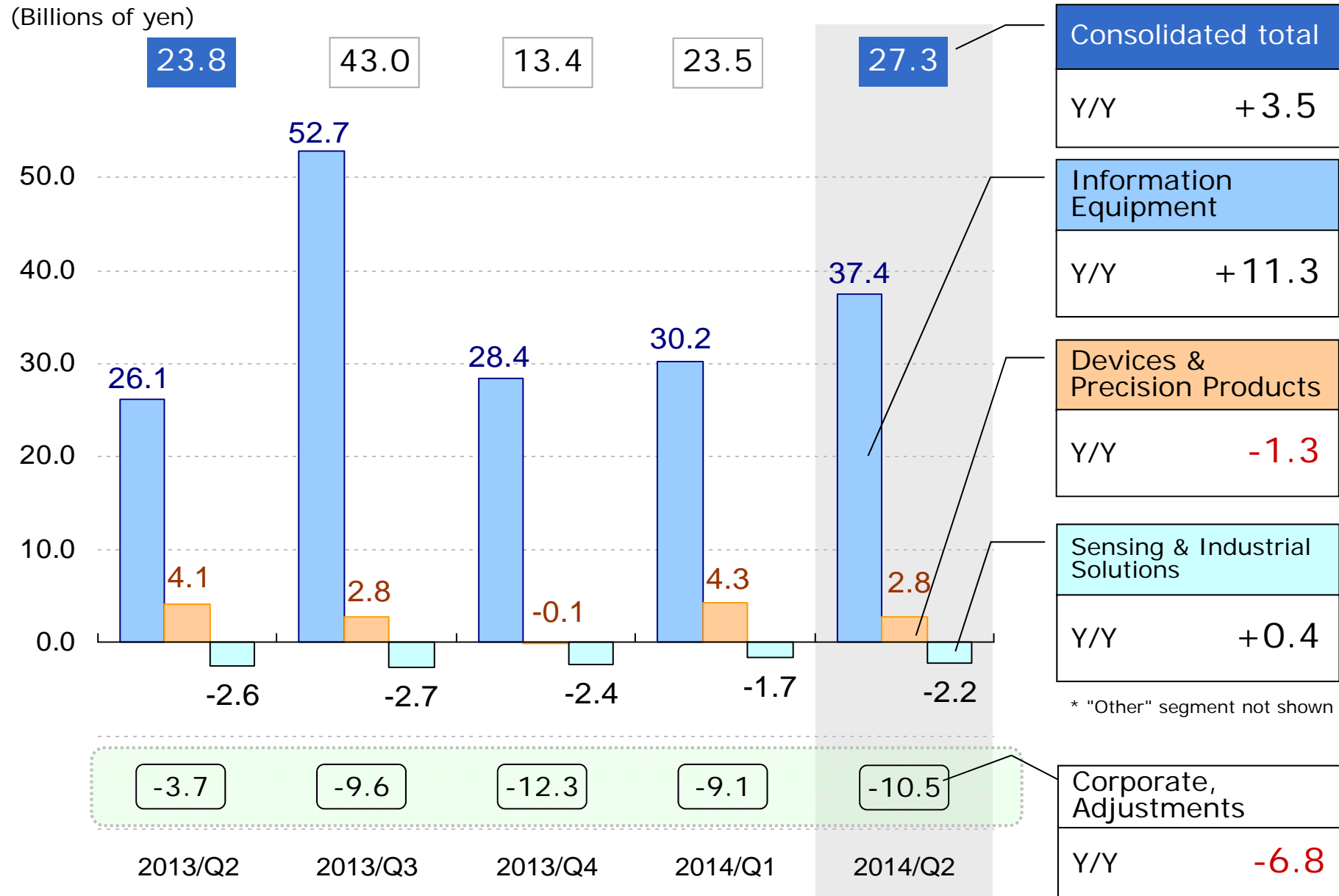
(Billions of yen)



Quarterly Business Profit Trend

► By business segment

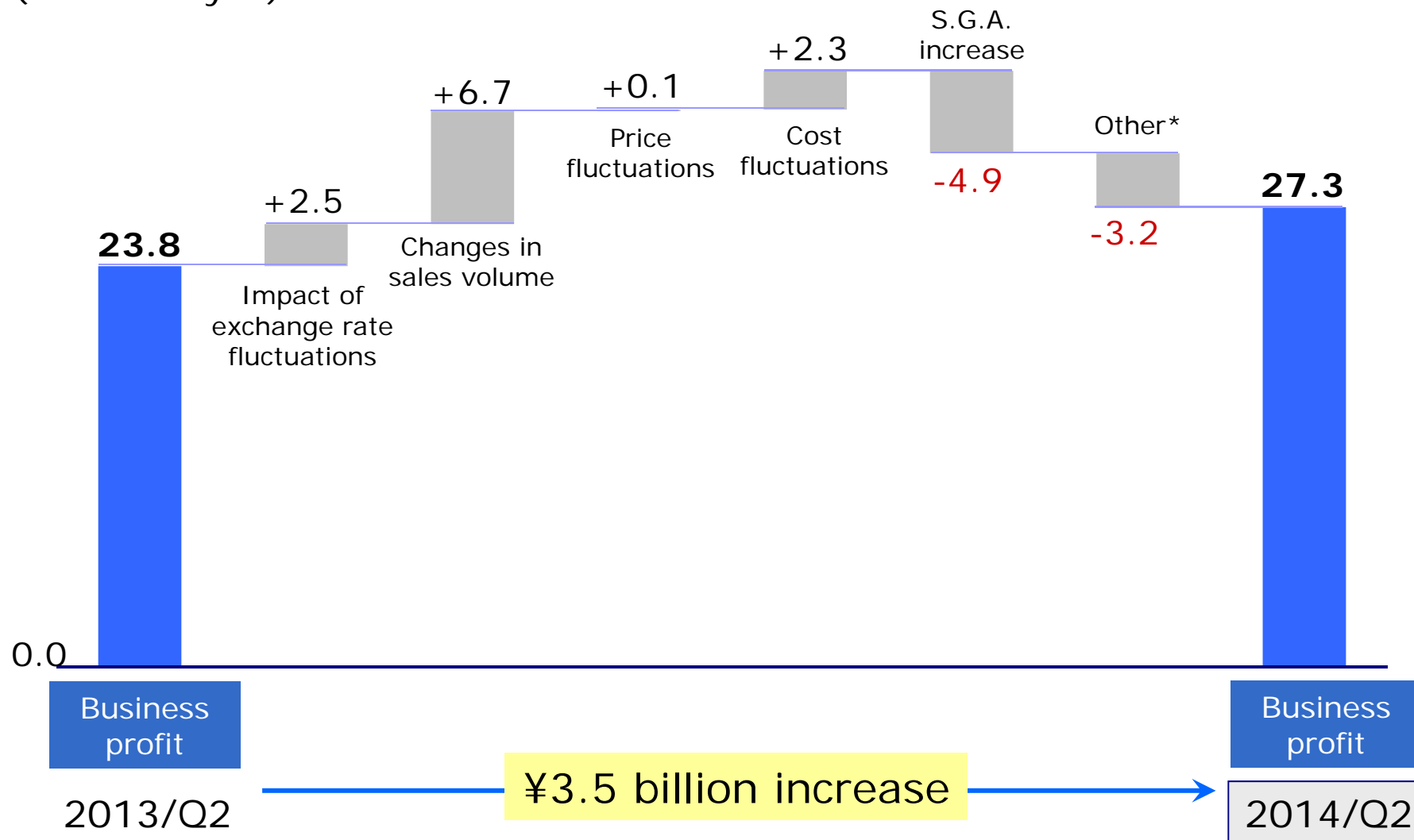
(Billions of yen)



* Business profit calculated by deducting cost of sales and SGA expenses from revenue

Business Profit Fluctuation Cause Analysis

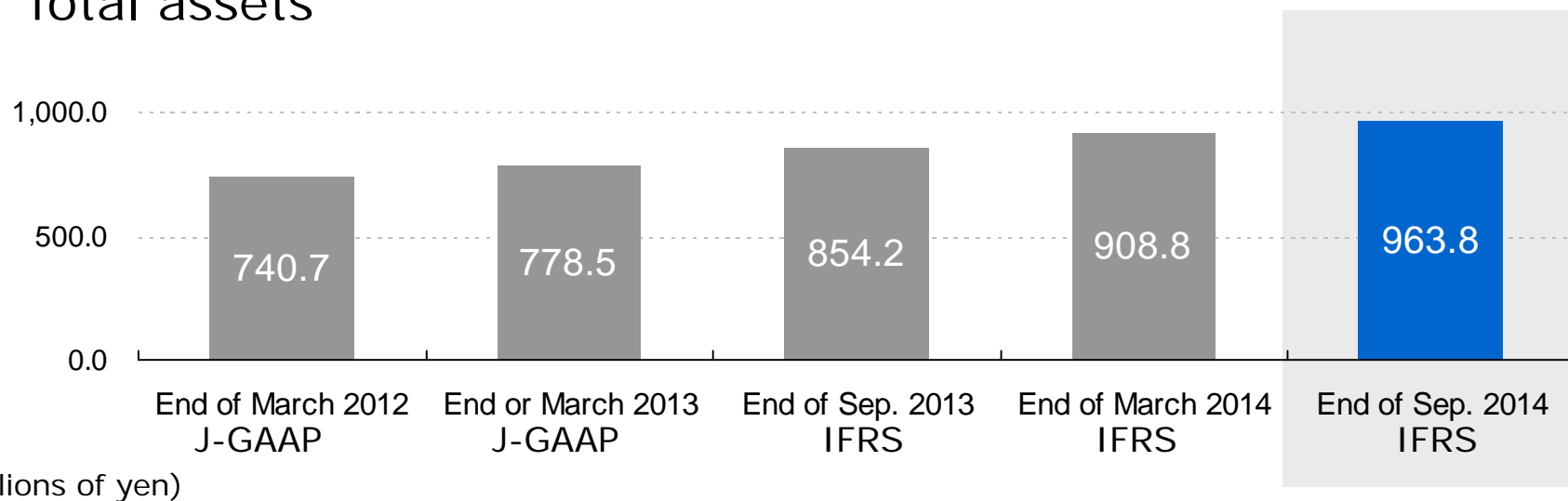
(Billions of yen)



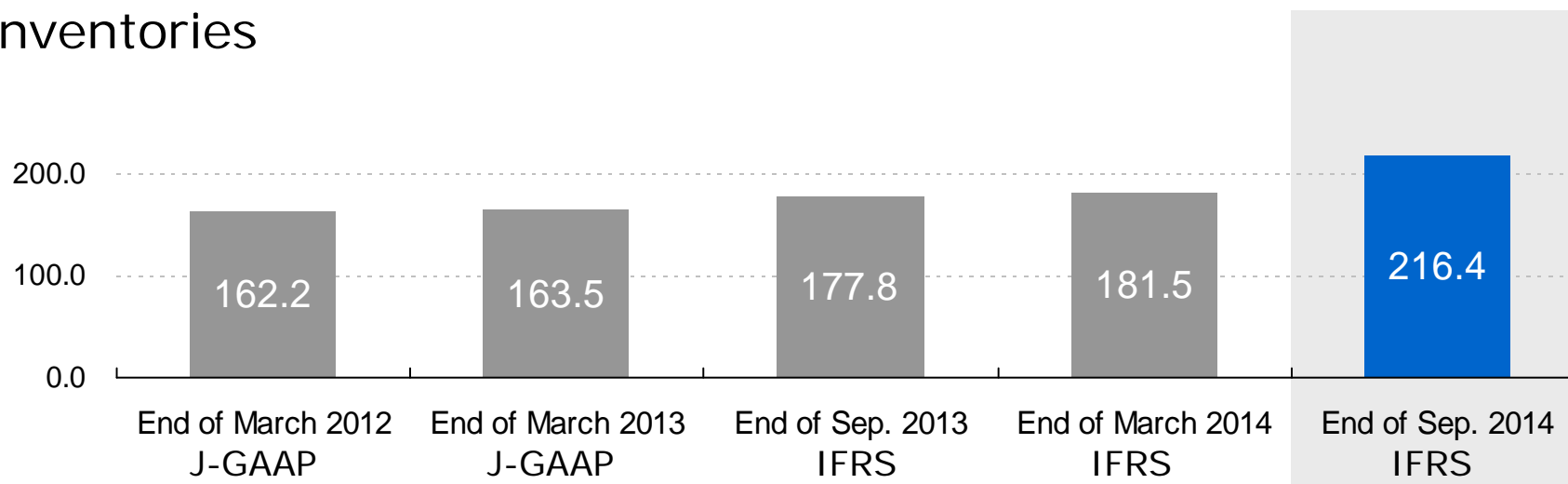
* The corporate and other segments in this comparison include products and businesses that cannot be compared directly with similar items in the previous year.

Statements of Financial Position

Total assets

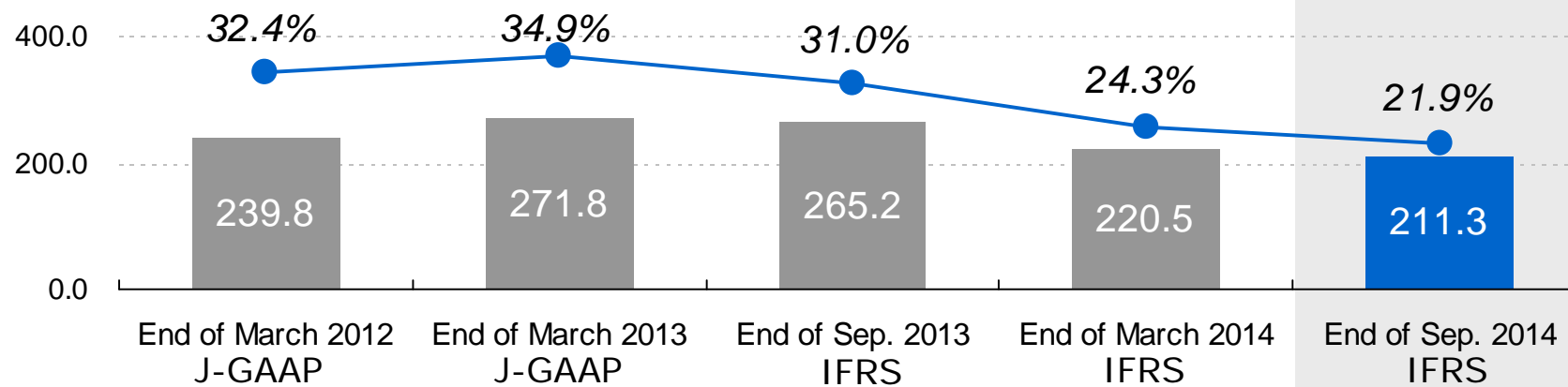


Inventories



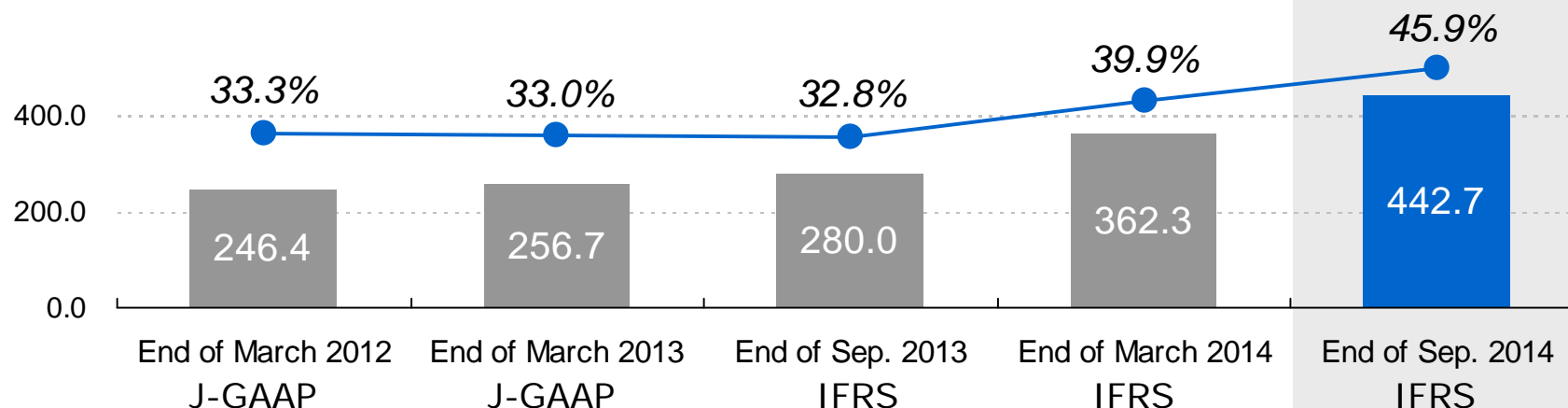
Statements of Financial Position

Interest-bearing liabilities & ratio of interest-bearing liabilities



(Billions of yen)

Equity & equity ratio attributable to owners of the parent company (Shareholder's equity & equity ratio)

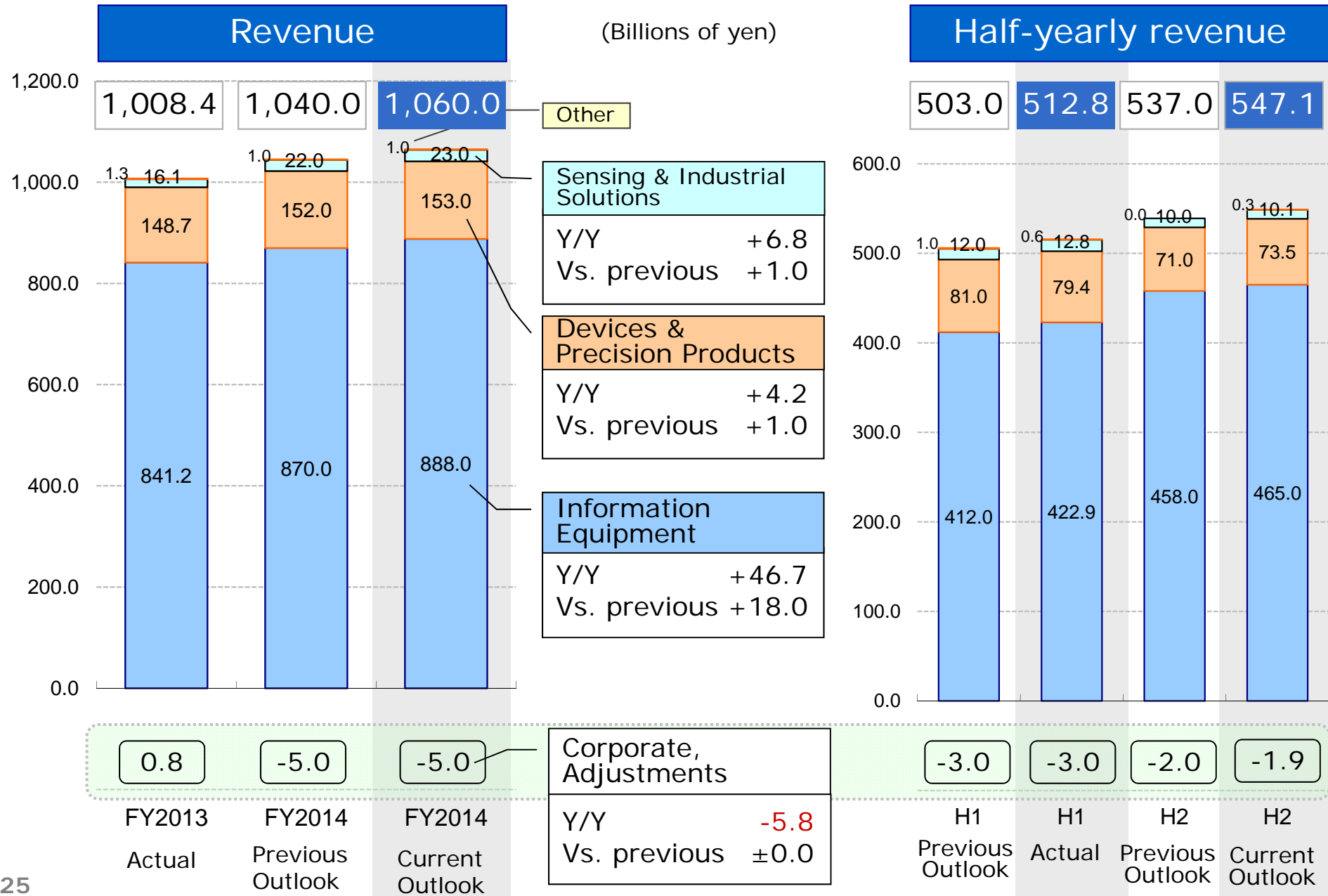


*Interest-bearing liabilities: Includes lease obligations

- 1) FY2014 Q2 Financial Results
- 2) FY2014 Financial Outlook

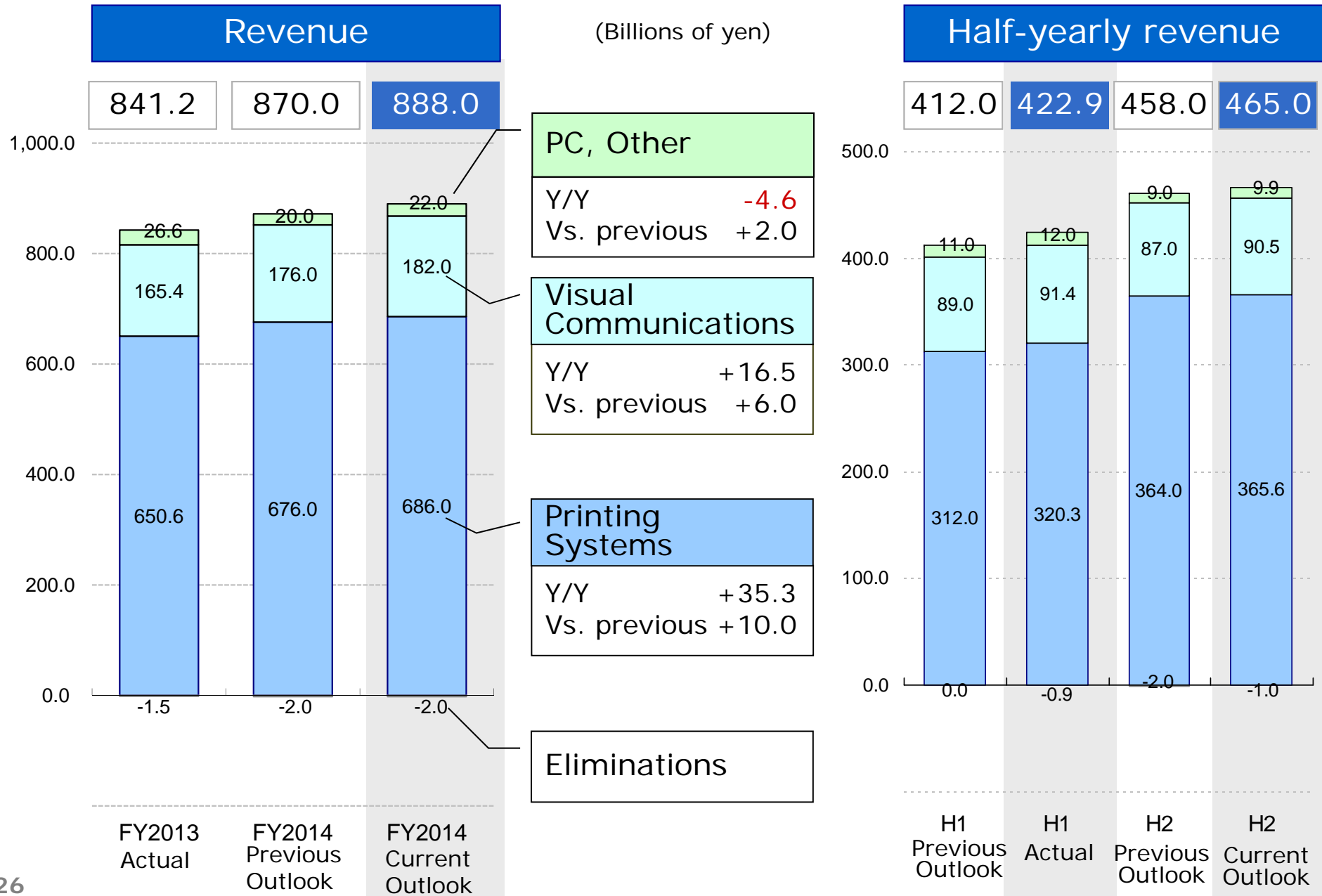
FY2014 Financial Outlook (Revenue)

► By business segment



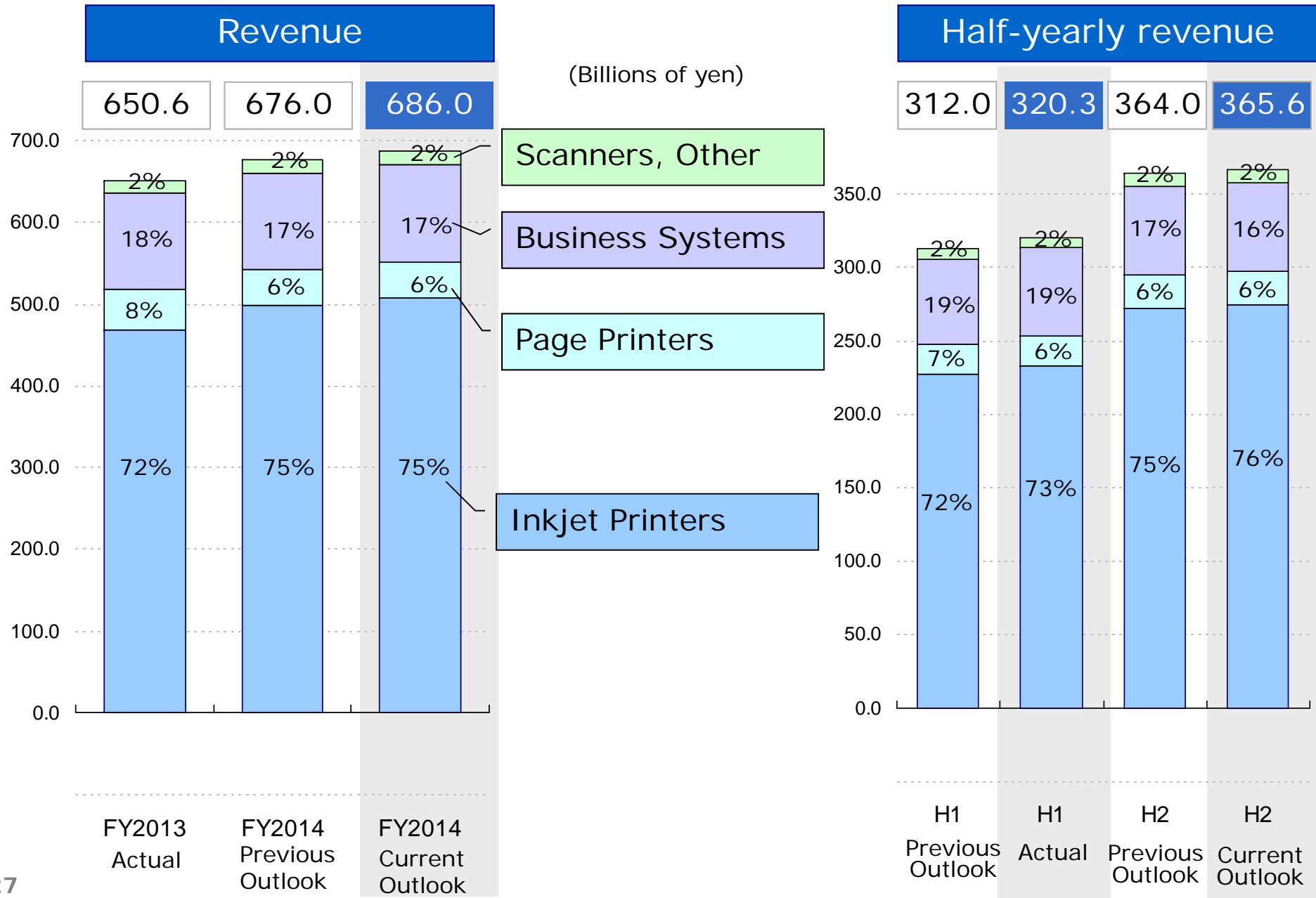
Revenue Outlook by Business

Information Equipment Segment



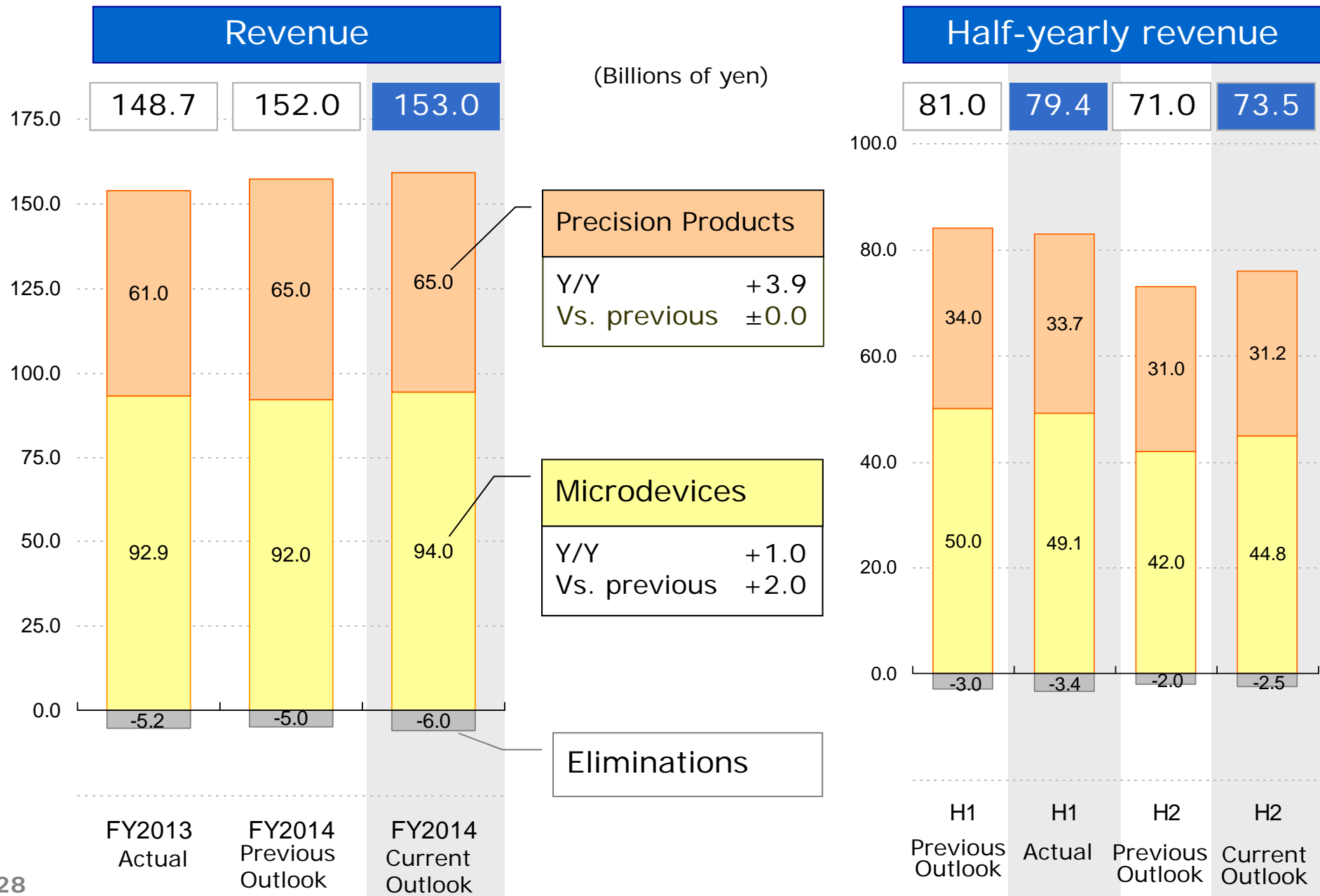
Revenue Outlook by Business

▶ Printing Systems Business



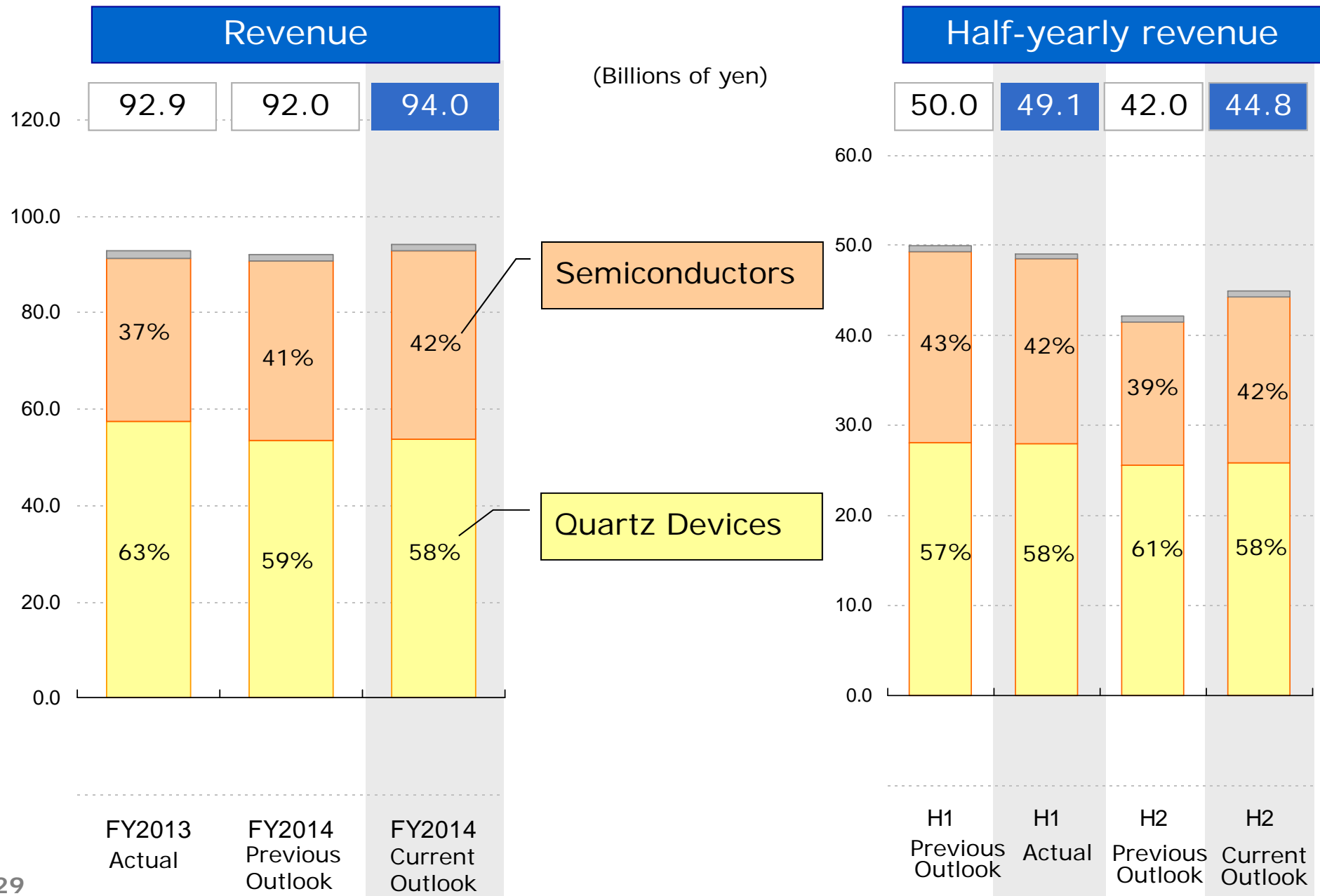
Revenue Outlook by Business

▶ Devices & Precision Products Segment



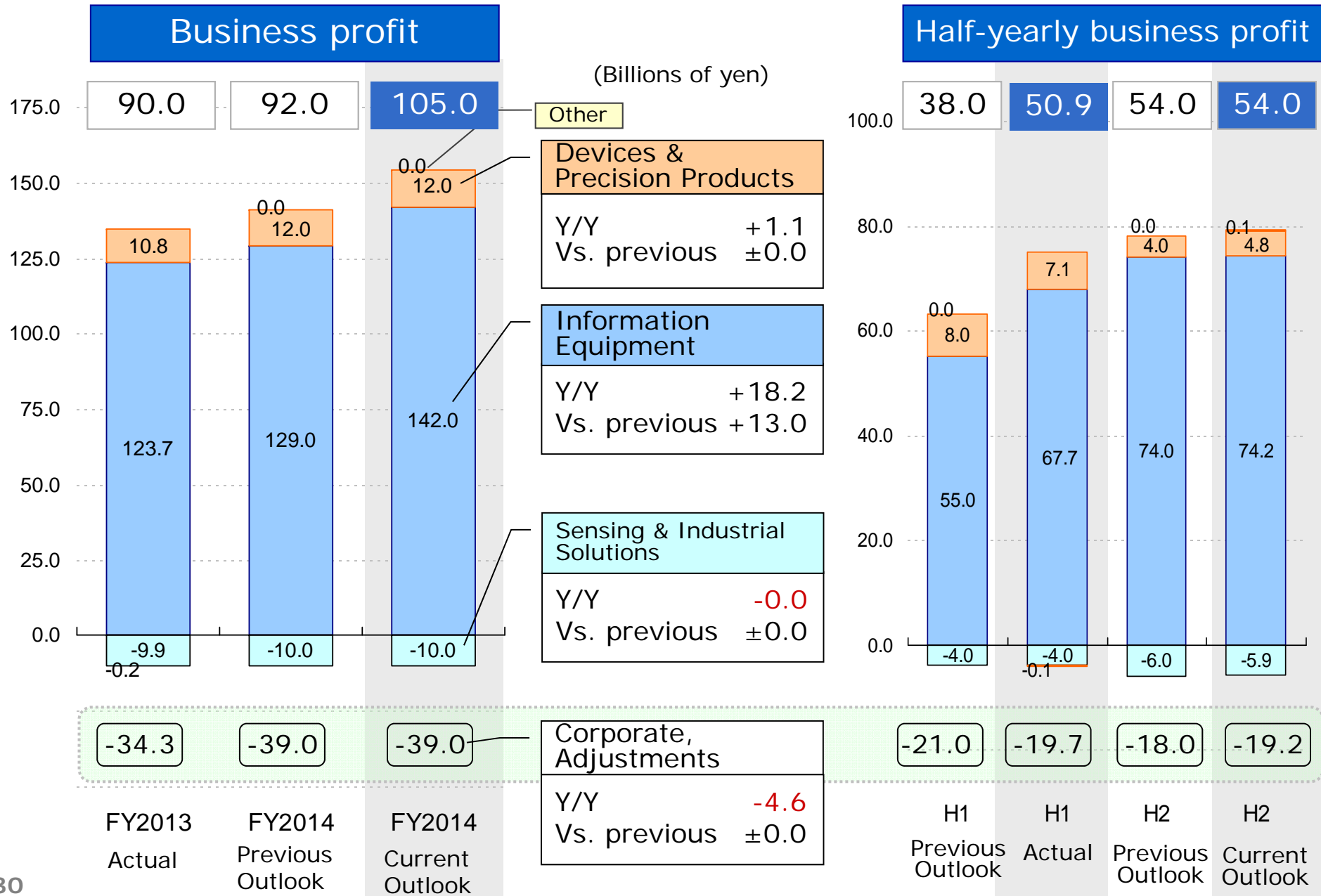
Revenue Outlook by Business

▶ Microdevices Business

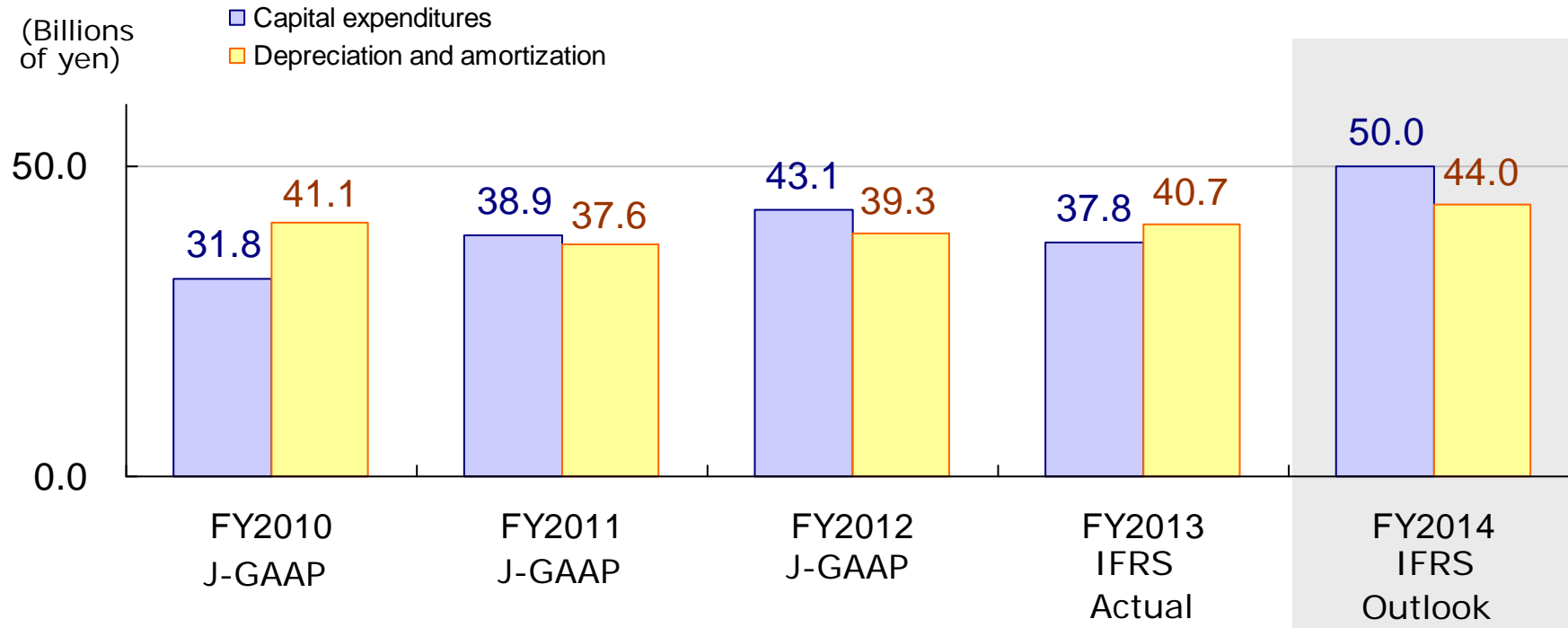


FY2014 Financial Outlook (Business Profit)

► By business segment



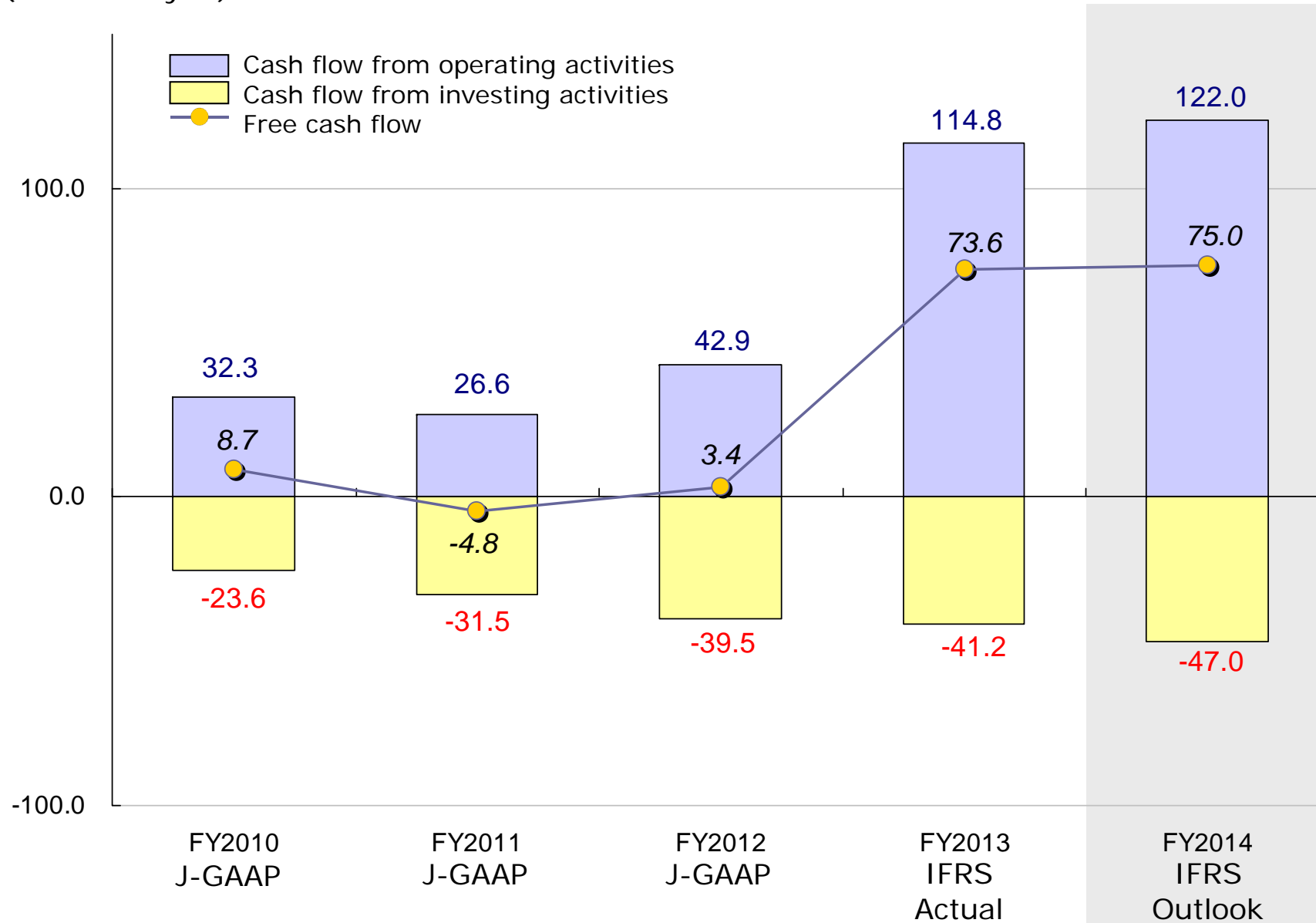
Outlook for Capital Expenditure and Depreciation & Amortization Expenses



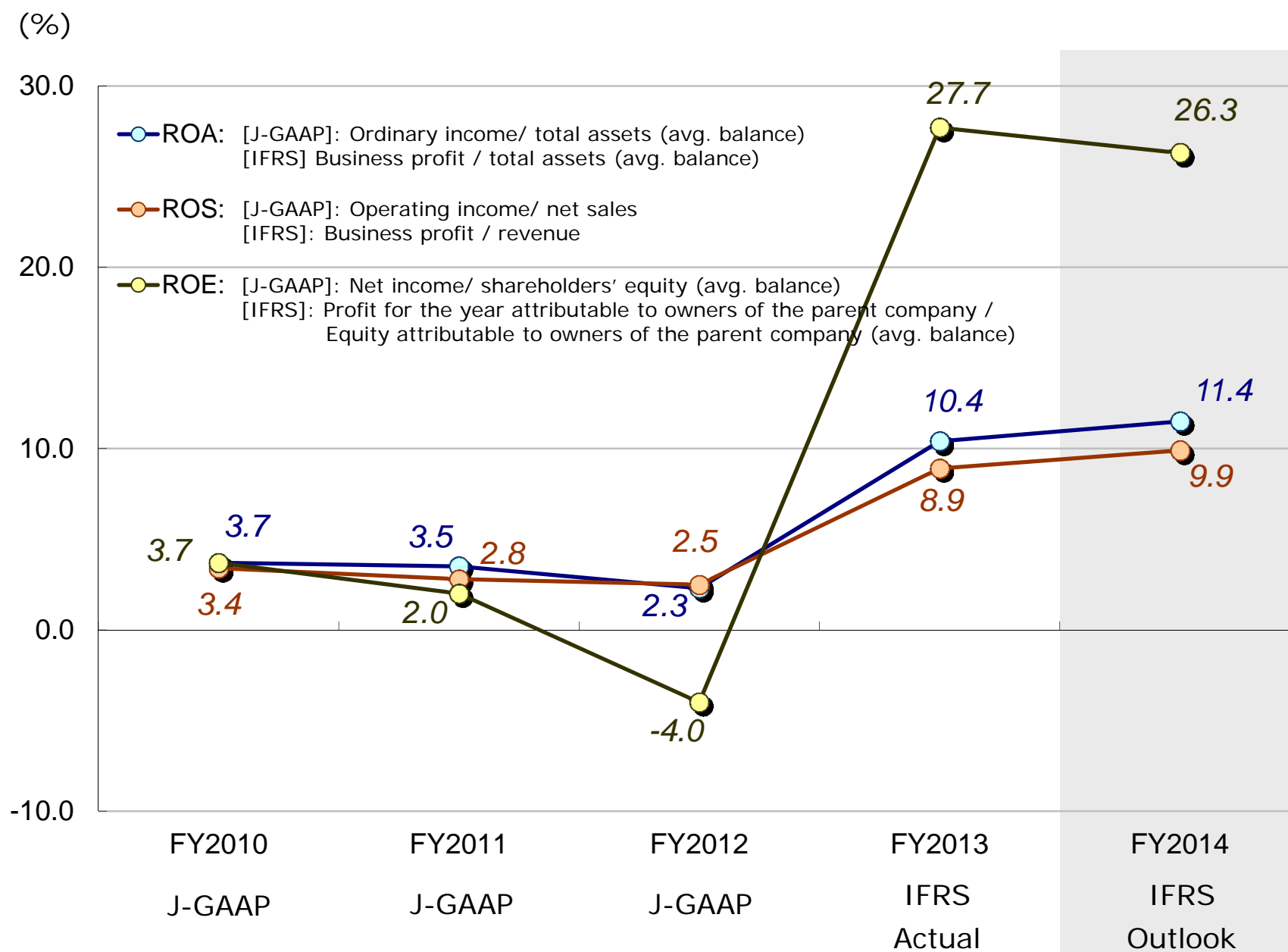
Breakdown by segment	FY2013 Actual		FY2014 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	26.8	27.3	34.0	31.0
Devices & Precision Products	8.0	7.6	9.0	8.0
Sensing & Industrial Solutions	0.8	0.7	2.0	1.0
Other/Corporate	2.0	4.9	5.0	4.0

Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators



EPSON
EXCEED YOUR VISION