



Fourth Quarter Financial Results Fiscal Year 2014 (Ended March 2015)

April 30, 2015

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■ 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.)

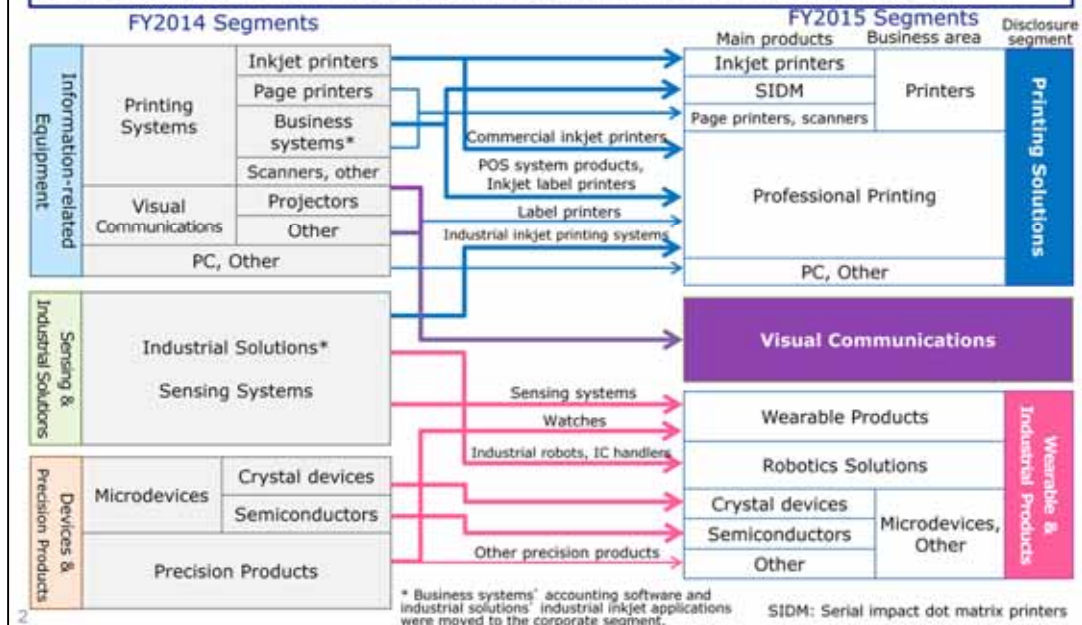
FY2013 financial results have also been restated based on IFRS for comparison purposes.

* 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.

Changes to segment reporting




The organizational change is meant to create the optimum formation so that we will be in a position to finish up the SE15 updated mid-range business plan (FY2013-15), accomplish the FY2015 business plan, and prepare for FY2016 and beyond.



■ Outline of our recent reporting segment changes

- We implemented a major organizational change on April 1 and this brought about a change in the reporting segments.
- The old reporting segments are shown on the left, and the new ones are shown on the right.
- We will be reporting the fiscal 2014 financial results based on the old reporting segments but will be explaining the fiscal 2015 outlook in line with the new segments.



FY2014 Full-Year Financial Results
FY2015 Financial Outlook

FY2014 Q4
Financial Results

Financial Highlights (Full Year)



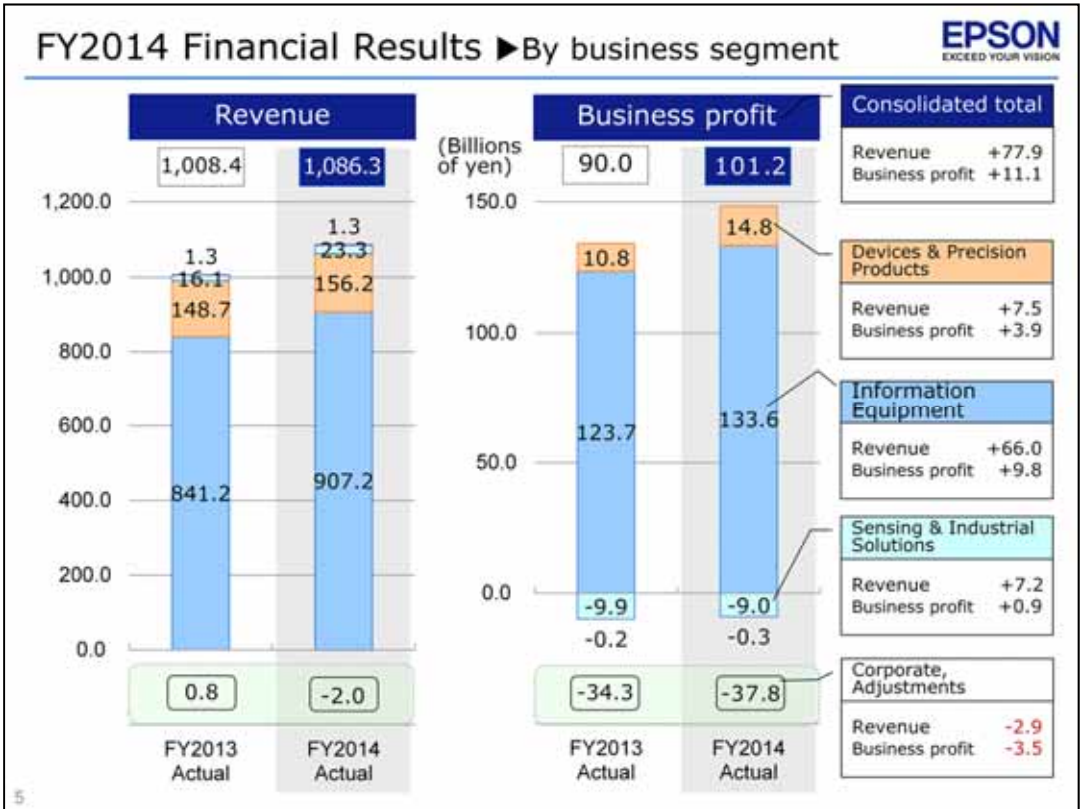
	FY2013		FY2014				Change (amount, %)	
	Actual	%	1/30 Outlook	%	Actual	%	Y/Y	Vs. Previous Outlook
Revenue	1,008.4	-	1,090.0	-	1,086.3	-	+77.9 +7.7%	-3.6 -0.3%
Business profit	90.0	8.9%	105.0	9.6%	101.2	9.3%	+11.1 +12.4%	-3.7 -3.5%
Profit from operating activities	79.5	7.9%	132.0	12.1%	131.3	12.1%	+51.8 +65.2%	-0.6 -0.5%
Profit before taxes	77.9	7.7%	132.0	12.1%	132.5	12.2%	+54.5 +70.0%	+0.5 +0.4%
Profit for the year	84.4	8.4%	111.0	10.2%	112.7	10.4%	+28.3 +33.6%	+1.7 +1.6%
EPS	¥235.35		¥310.25		¥314.61			
Exchange rate	USD	¥100.23	¥109.00		¥109.93		Previous outlook exchange rate assumptions from Q4 onward USD: ¥115.00, EUR: ¥135.00	
	EUR	¥134.37	¥139.00		¥138.77			

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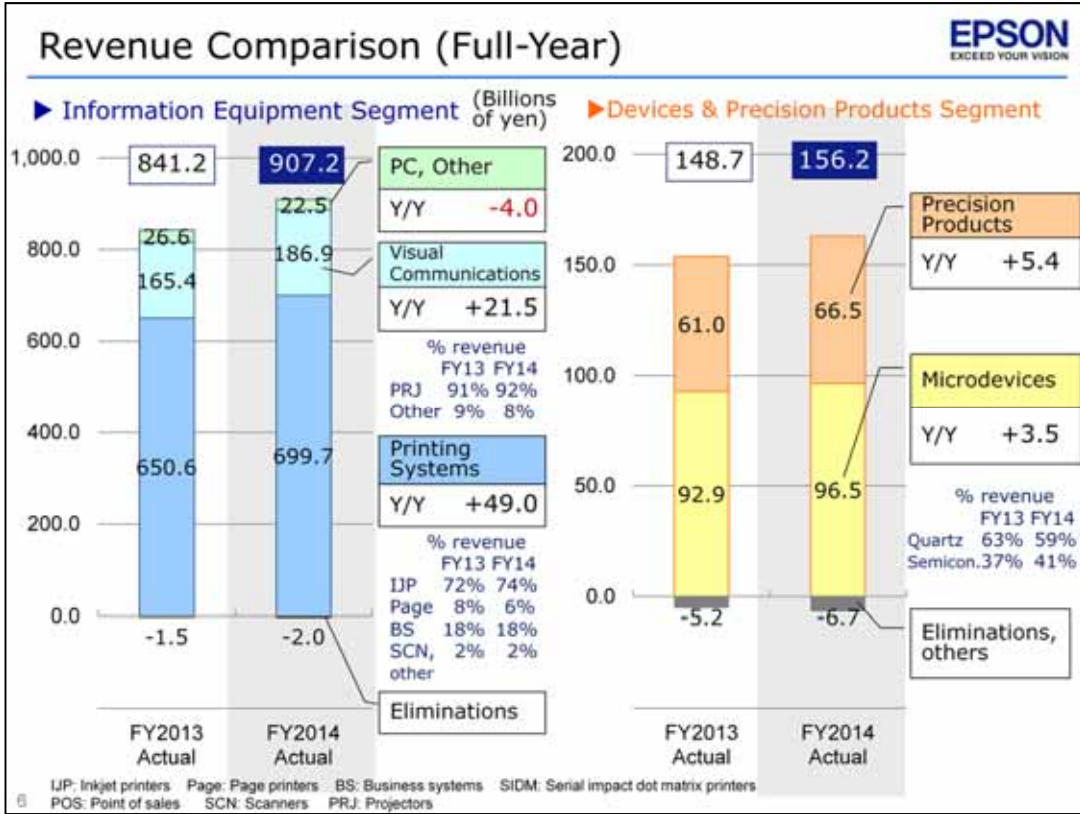
Epson declared a 2-for-1 stock split, effective April 1, 2015.
EPS figures have been split-adjusted (does not include treasury stock).

■ FY2014 full-year financial results

- For the full 2014 fiscal year we recorded 1,086.3 billion yen in revenue, 101.2 billion yen in business profit, and 112.7 billion yen in profit for the year.
- Revenue and business profit were up 7.7% and 12.4% respectively, year over year, but both were slightly lower than the previous outlook.



- Revenue and business profit broken out by segment
- Both information-related equipment and devices & precision products recorded year-over-year revenue and business profit growth.
- Revenue growth narrowed the loss in sensing & industrial solutions.



- Revenue breakdown for the year in the businesses that make up information-related equipment and devices & precision products.

FY2014 Summary



- ◆ Executed strategies based on the SE15 updated mid-range business plan (FY2013-15)
 - ✓ Developed technology, launched new products, adopted new business models for future growth
 - ✓ Strategies and a weaker yen enabled us to achieve revenue and profit growth in every segment, while at the same time aggressively investing in the brand and future growth

Accelerated new business model adoption in IJP

- Grew high-capacity ink tank model unit shipments and launched in Western Europe
- Launched office inkjets with PrecisionCore and managed print services

Accelerated switch from analog to digital in commercial and industrial printing

- Upgraded and expanded inkjets for commercial printing of signs, textiles, photos, etc.
- Expanded the lineup of inkjets for labels

Accelerated a qualitative shift in visual communications

- Expanded our product range including high-added-value projectors and smart glasses

Accelerated efforts in QoL improvement and manufacturing

- Launched succession of new products in personal health and sports markets
- Drove expansion of market for industrial precision assembly robots

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■ FY2014 summary

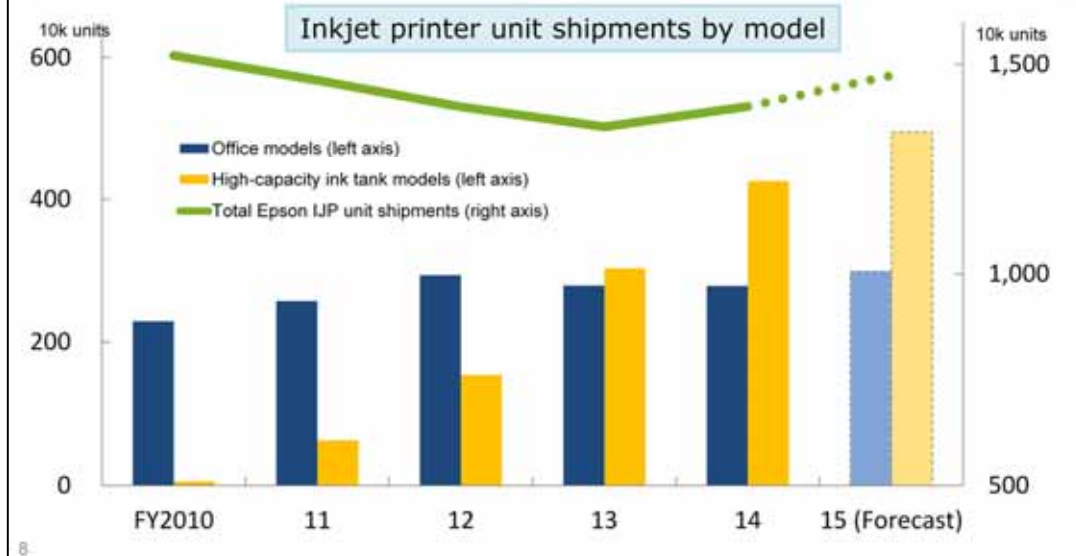
- During the 2014 fiscal year we made significant progress by executing strategies to develop technology, introduce new products, and adopt new business models that will drive future growth.
- The strategic actions that we rolled out, along with the effects of a weaker yen, enabled us to achieve revenue and profit growth in every segment, even while we aggressively invested in future growth.

Progress on SE15 Updated Mid-Range Business Plan



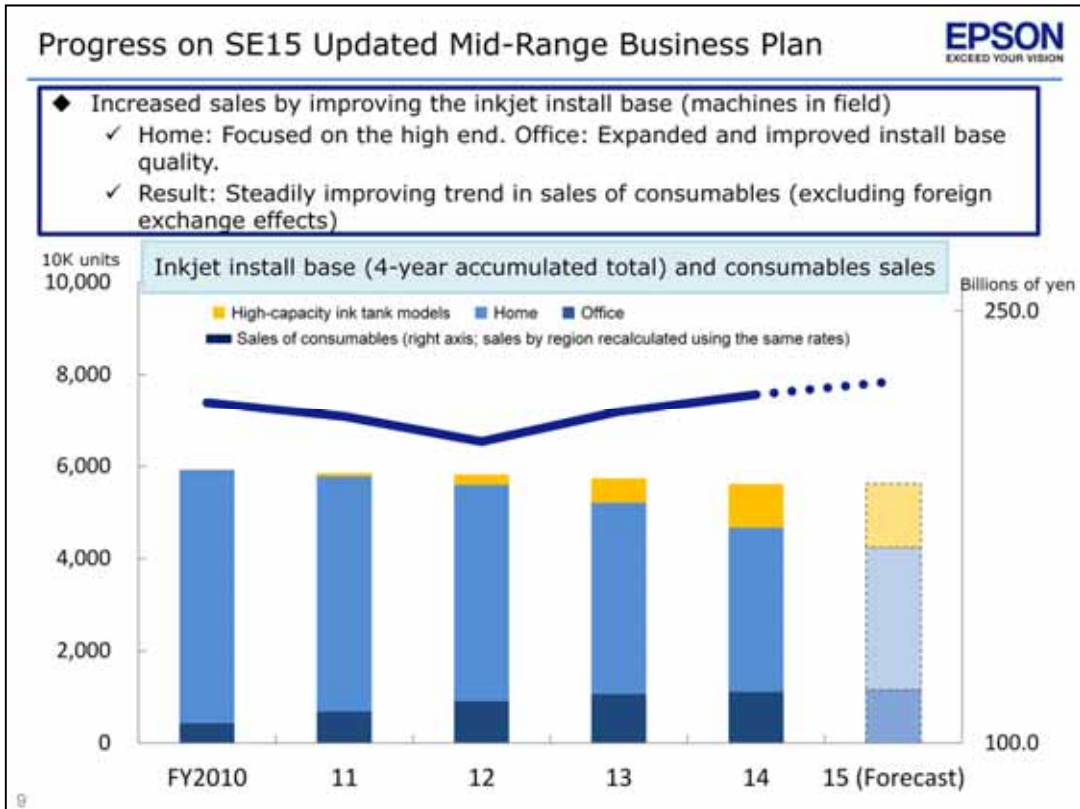
Strategic progress in IJP

- ◆ Strengthened and expanded office lineup with launch of PrecisionCore printhead models
- ◆ Expanded high-capacity ink tank models in emerging markets and launched sales in developed markets



■ Progress on SE15 Updated Mid-Range Business Plan

- We are not seeing steep growth in office printer unit shipments, but we are bolstering the lineup with PrecisionCore models that will generate demand for consumables.
- Unit shipments of high-capacity ink tank printers, on the other hand, are growing steadily and, in fiscal 2014 we achieved year-over-year growth of 40%.
- For the 2015 fiscal year we are forecasting steady unit shipment growth in all areas.



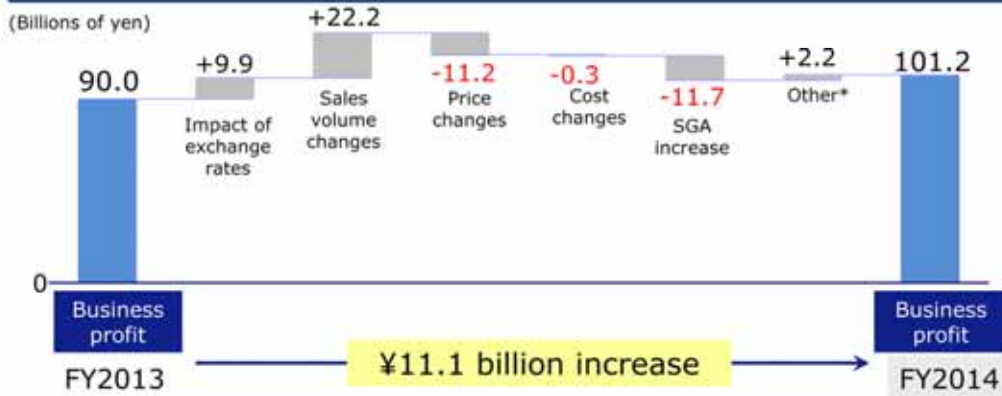
■ Progress on SE15 Updated Mid-Range Business Plan

- We have achieved our aim for consumables, securing an increase in revenue for the second consecutive year.
- What is feeding sales of consumables is a growing install base of high-end home printers, and office printers, both of which generate higher print volume, and we expect sales to grow steadily in the 2015 fiscal year and beyond.
- We see ongoing profit growth fueled by increased sales of high-capacity ink tank printers and the aforementioned expanded sales of consumables.

FY2014 Business Profit Change Cause Analysis



- ◆ Change in sales volume were mainly due to increased sales of high-capacity ink tank printers, projectors and IJP consumables.
- ◆ Changes in the semiconductor and projector product mixes were the main cause of the price change. Inkjet printer prices remained steady overall. Declining ASPs in some regions were offset because high-capacity ink tank printers increased as a %age of total printers.
- ◆ Costs were flat year over year because while variable costs shrank in response to model mix change, depreciations, performance-linked expenses and other costs increased.
- ◆ SGA expenses increased due to aggressive spending on promotions to expand new areas of business.



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

■ FY2014 business profit change cause analysis

- We believe that the results of our strategic actions are generally reflected in the change factors.

FY2015 Financial Outlook



(Billions of yen)	FY2014		FY2015		Change	
	Actual	%	Outlook	%	Amount	%
Revenue	1,086.3	-	1,130.0	-	+43.6	+4.0%
Business profit	101.2	9.3%	102.0	9.0%	+0.7	+0.7%
Profit from operating activities	* 131.3	12.1%	100.0	8.8%	* -31.3	-23.9%
Profit before taxes	132.5	12.2%	100.0	8.8%	-32.5	-24.5%
Profit for the period	112.7	10.4%	70.0	6.2%	-42.7	-37.9%
EPS	¥314.61		¥195.65			
Exchange rate	USD	¥109.93	¥115.00			
	EUR	¥138.77	¥125.00			

* FY2014 business profit includes temporary factors including approx. 30 billion yen from the revision of the pension system, and from sales of fixed assets, etc.

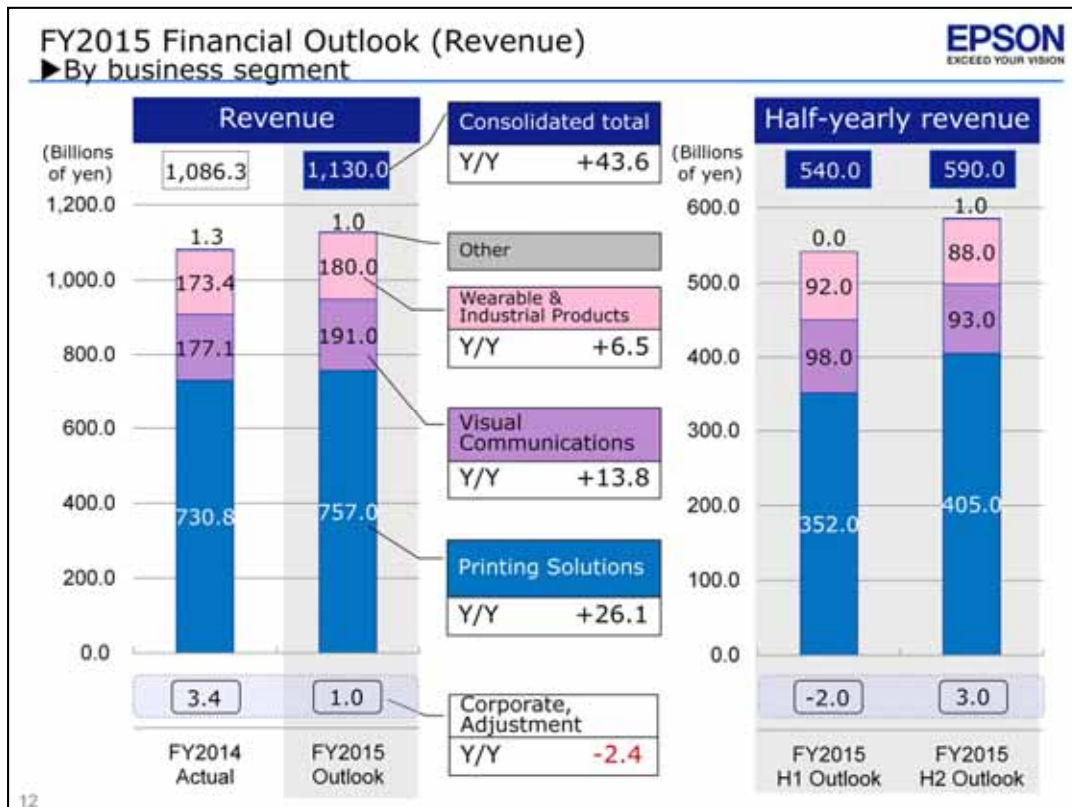
	Revenue	Business profit
USD	Approx. +¥3.9 bil.	Approx. +¥0.2 bil.
EUR	Approx. +¥1.2 bil.	Approx. +¥0.8 bil.

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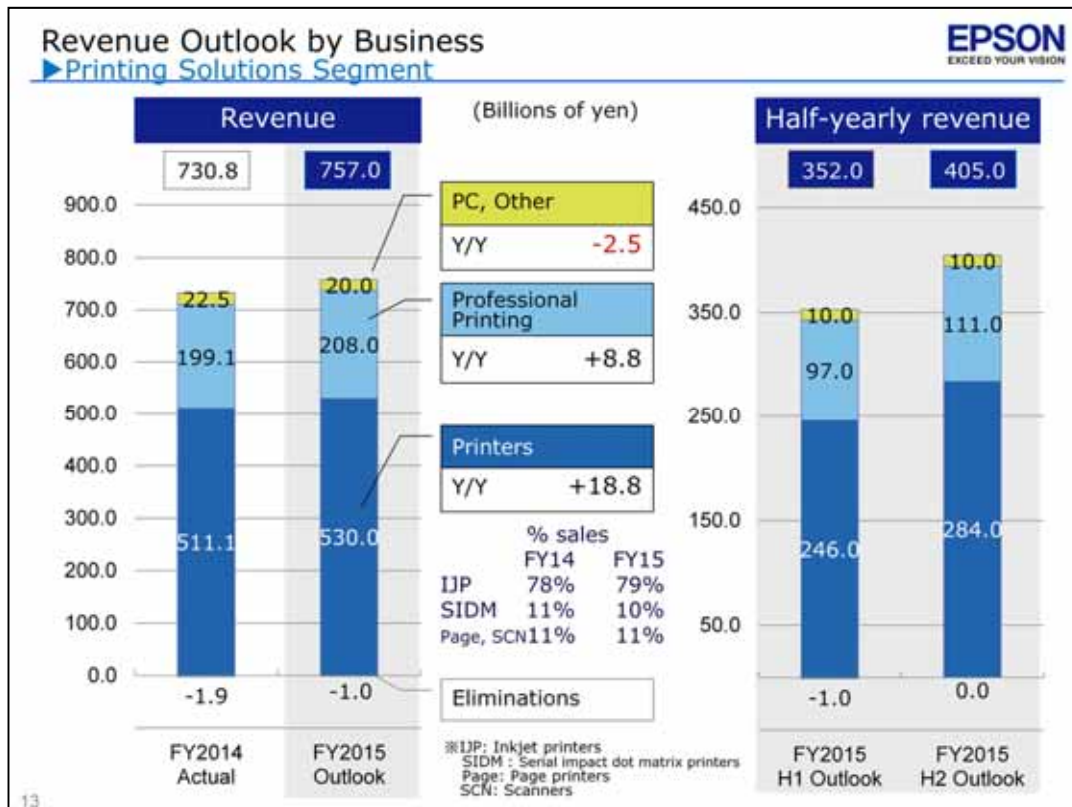
Epson declared a 2-for-1 stock split, effective April 1, 2015.
EPS figures have been split-adjusted (does not include treasury stock).

■ FY2015 financial outlook

- We see certain global economic risks, including a progressively weaker euro, the plummeting value of Latin American currencies, the economic slump in Russia, and a slowdown in Japan.
- At the same time as factoring these risks into our outlook, we set our foreign exchange assumptions at 115 yen to the US dollar and 125 yen to the euro.
- As shown here, we are forecasting 1,130 billion yen in revenue, up 43.6 billion yen year over year. Business profit should come in at around 102 billion yen, a 700 million yen increase.
- Profit from operating activities is expected to be about 100 billion yen. This represents a decrease of 31.3 billion yen year over year, but our fiscal 2014 profit from operating activities was pumped up by one-time gains, including a gain on the sale of fixed assets in addition to an approximately 30 billion yen profit associated with changes in the defined benefit plan.

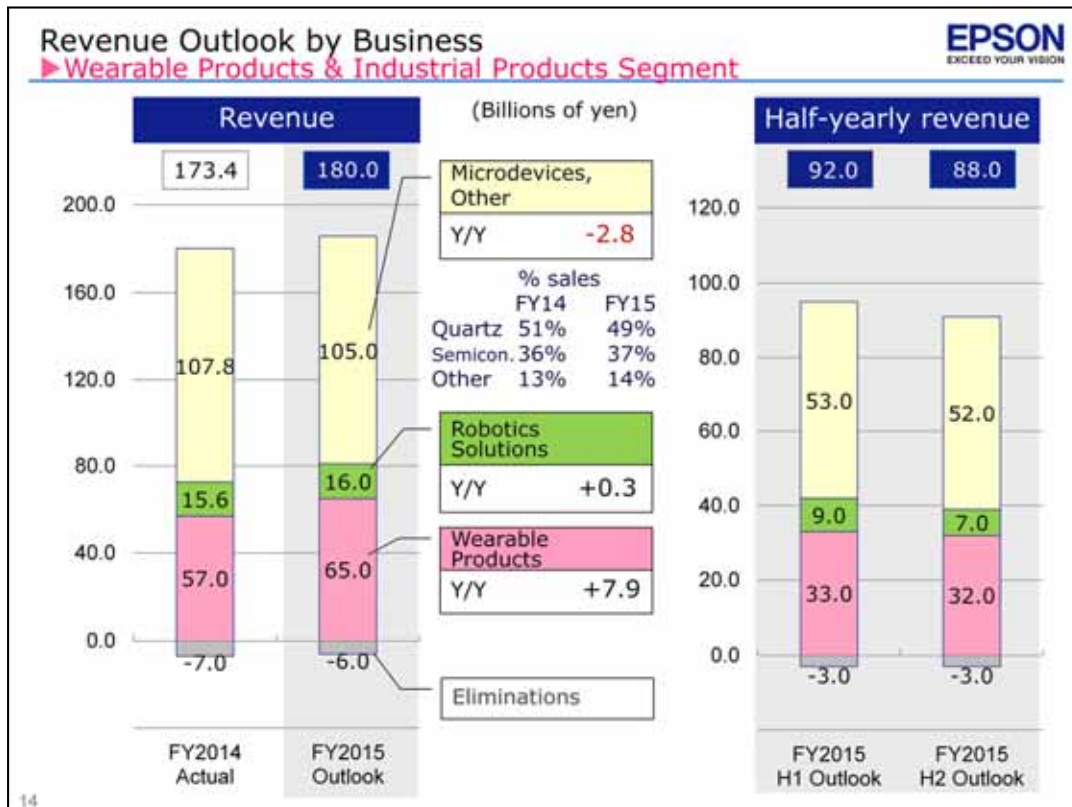


- Full-year revenue outlook with the figures broken down by segment and by first and second half
- We anticipate revenue growth in every segment. Specifically, we are forecasting revenue of 757 billion yen in printing solutions, 191 billion yen in visual communications, and 180 billion yen in wearable & industrial products.
- The revenue growth in visual communications will come from projectors, where we expect unit shipments to increase by 7% year over year, once again outstripping the market growth rate. Providing traction for this growth is a broad lineup of projectors that extends from entry-level models to high-brightness and interactive models.



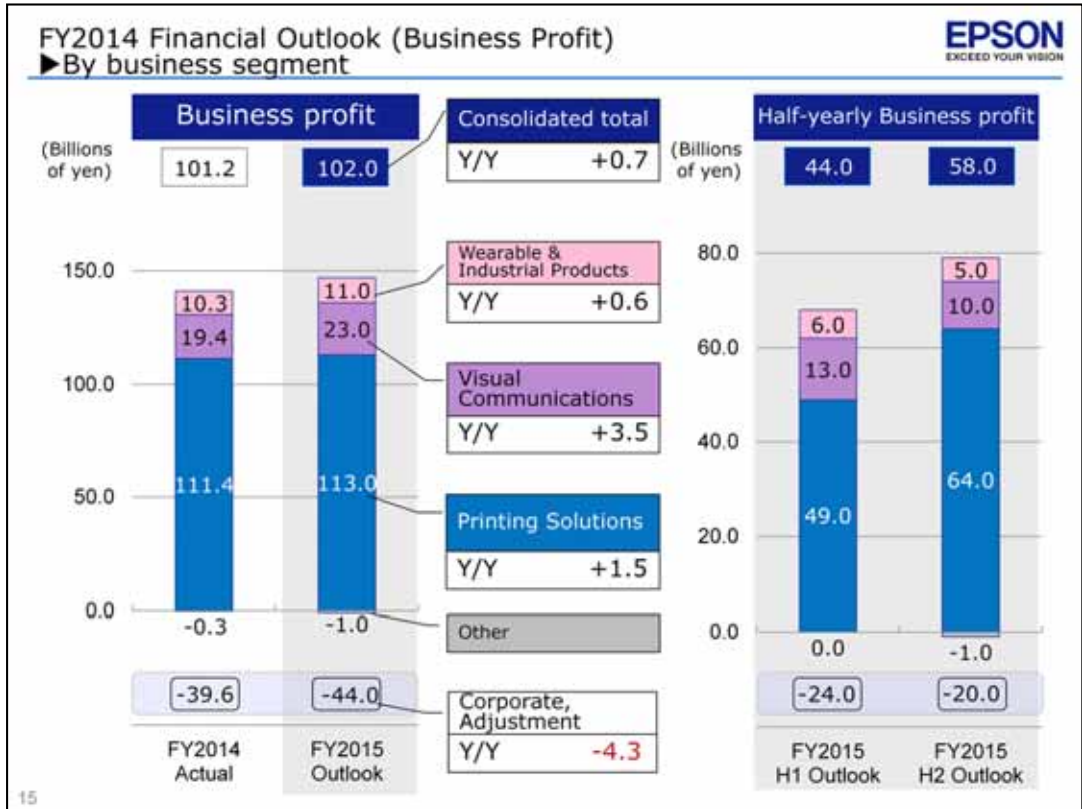
■ Breakdown of revenue outlook in the printing solutions segment

- In printers, fiscal 2015 overall inkjet printer market unit sales are expected to be flat year over year, as sales in emerging economies will compensate for shrinking markets in developed economies.
- We will continue to advance our strategies of expanding and making qualitative improvements in the office printer install base, establishing and expanding new business models such as managed print services, and expanding unit sales of high-capacity ink tank printers.
 We plan to increase inkjet printer unit shipments by 5% compared to last year, when we shipped approximately 14 million units.
- In addition, as I said earlier, we are seeing the benefits of an improved install base, and we expect sales of consumables to steadily grow. Revenue for the printer business as a whole is expected to increase.
- We are planning for revenue growth in professional printing as a whole. In new market segments, such as commercial photo, textile, and signage printers, we will expand unit and consumables sales by creating sharply defined customer value and strengthening trust relationships. Additional revenue growth will come from continuing efforts to develop new areas such as mobile and intelligent POS and label printers.



■ Breakdown of revenue outlook in wearable & industrial products

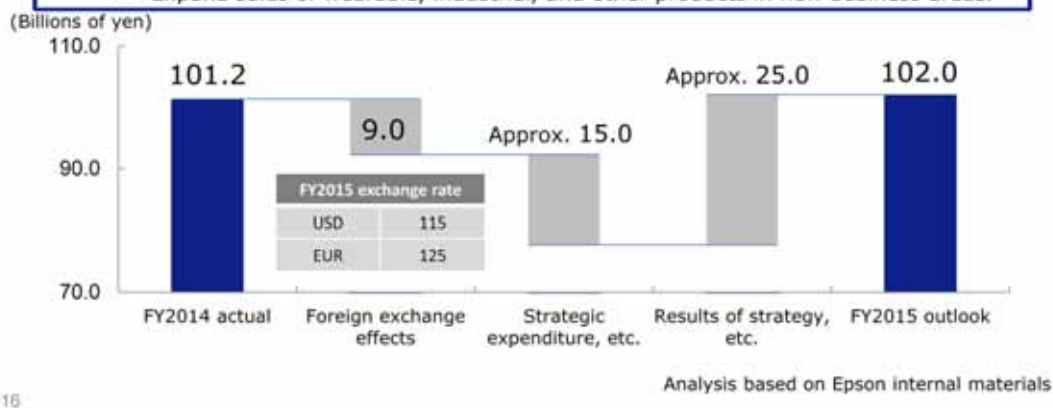
- In wearable products, we plan to grow revenue by increasing sales of luxury watches, watches for the domestic market, extending the movements business and launching new sensing products.
- We expect to increase revenue in robotics solutions by capturing opportunities presented by the expanding robot market and by growing sales of IC handlers.
- As a whole, microdevices and other revenue will decrease. Semiconductor revenue should be about the same as last year. Emphasizing profit rather than revenue growth, we are looking to generate a favorable balance between using our existing facilities to meet external and internal demand for chips and to complete silicon foundry orders. In the quartz business, although we are seeing expanded sales of industrial, automotive, and other high-added-value products boost the product mix, revenue will sink due to a combination of shrinking orders for crystal devices used in consumer applications and price erosion.



- FY2015 full-year business profit outlook, with figures broken down by segment and by half
- Our forecast shows business profit of 113 billion yen in printing solutions, up 1.5 billion yen year over year, 23 billion yen in visual communications, up 3.5 billion yen, and 11 billion yen in wearable & industrial products, up 600 million yen.

FY2015 Highlights

- ◆ Advance the strategies in FY2015, the final year of the SE15 mid-range business plan.
 1. Strategically spend toward medium- and long-term growth.
 - ✓ Reinforce R&D for volume production of strategic products.
 - ✓ Strengthen promotional campaigns to strengthen the Epson brand and expand in new areas.
 2. Steadily grow profit without the need for excessive sales growth by driving changes in existing areas and developing new areas.
 - ✓ Expand sales of high-capacity ink tank printers and inkjet consumables with an improved install base.
 - ✓ Grow projector sales faster than the overall market growth rate.
 - ✓ Expand sales of wearable, industrial, and other products in new business areas.



■ FY2015 highlights

- FY2015 is the final year of the SE15 mid-range plan, and we are going to spend the year advancing the strategies we have in place.
- We have factored in 9 billion yen in foreign exchange effects for the fiscal 2015 plan.
- We are going to strategically spend about 15 billion yen on medium- and long-term growth. Investment is earmarked for items such as R&D for volume production of strategic products that will drive growth going forward, as well as on promotional campaigns to strengthen the Epson brand and expand in new areas.
- At the same time, we expect to grow profit by around 25 billion yen by improving our existing businesses and developing new businesses in line with the mid-range plan, while at the same time factoring in the risk of the decline of Latin American currencies and political instability in Russia.
- As a result, the fiscal 2015 financial outlook appears to show a very slight year-over-year increase in profit. In reality, however, when you break things down, you see that our strategic moves are yielding accelerating profit - enough profit to cover the risk of foreign exchange losses and, at the same time, enable aggressive, strategic investment in medium-term and sustained growth.
- We are confident that Epson's strategies are headed in the right direction, and we intend to stay the course.

Accelerate Growth by Creating Customer Value under the New Organization




Combine management resources and optimize the Group to ensure sustained growth.

Printing Solutions	Printers 	◆ Capitalize on inkjet printer strength to improve the product mix, adopt new business models, and develop the office segment. ✓ Replace laser printers with office inkjet printers. ✓ Create new business models, e.g. high-capacity ink tank printers and managed print services businesses.
	Professional Printing 	◆ Change from analog to digital inkjet-based work processes in the professional and textile printing industries.
Visual Comms.	Visual Products 	◆ Revolutionize communications with microdisplays that produce big-screen images, and interactive technology.
Wearable & Industrial Products	Wearable Products 	◆ Contribute to better quality of life using sensing and wearable technologies to improve personal health, and safety.
	Robotics Solutions 	◆ Revolutionize manufacturing by using robotics to automate operations.
	Microdevices, Other 	◆ Use Epson's device technology to support social infrastructure and other original technologies.

■ Purpose of the organizational changes

- For Epson to achieve sustained growth, we have to constantly improve our core technologies, create customer value, expand our customer base, generate appropriate profits and become an indispensable company that is valued and appreciated by all of our stakeholders.
- To attain this goal, we implemented a major organizational change on April 1 that will put us in a better position to accelerate the execution of our strategies and plans.
- We reorganized along technology and customer lines and combined management resources. The new organizational structure optimizes functions across the corporate group and lays a solid path for sustained growth.
- With the new organization we are looking to ensure that the strategies we have carried out under SE15 produce the desired outcomes and that we advance steadily toward increasing corporate value in a way that is uniquely Epson's.



FY2014 Full-Year Financial Results
FY2015 Financial Outlook

FY2014 Q4
Financial Results

Financial Highlights (Fourth Quarter)



	FY2013		FY2014		Change	
	Q4 Actual	%	Q4 Actual	%	Amount	%
(Billions of yen)						
Revenue	253.2	-	271.5	-	+18.3	+7.2%
Business profit	13.4	5.3%	15.8	5.8%	+2.3	+17.1%
Profit from operating activities	9.0	3.6%	20.7	7.6%	+11.6	+129.8%
Profit before taxes	7.4	3.0%	19.9	7.3%	+12.4	+165.9%
Profit for the period	* 41.7	16.5%	22.1	8.2%	* -19.5	-46.8%
EPS	¥116.38		¥61.72			
Exchange rate	USD	¥102.78	¥119.09			
	EUR	¥140.79	¥134.17			

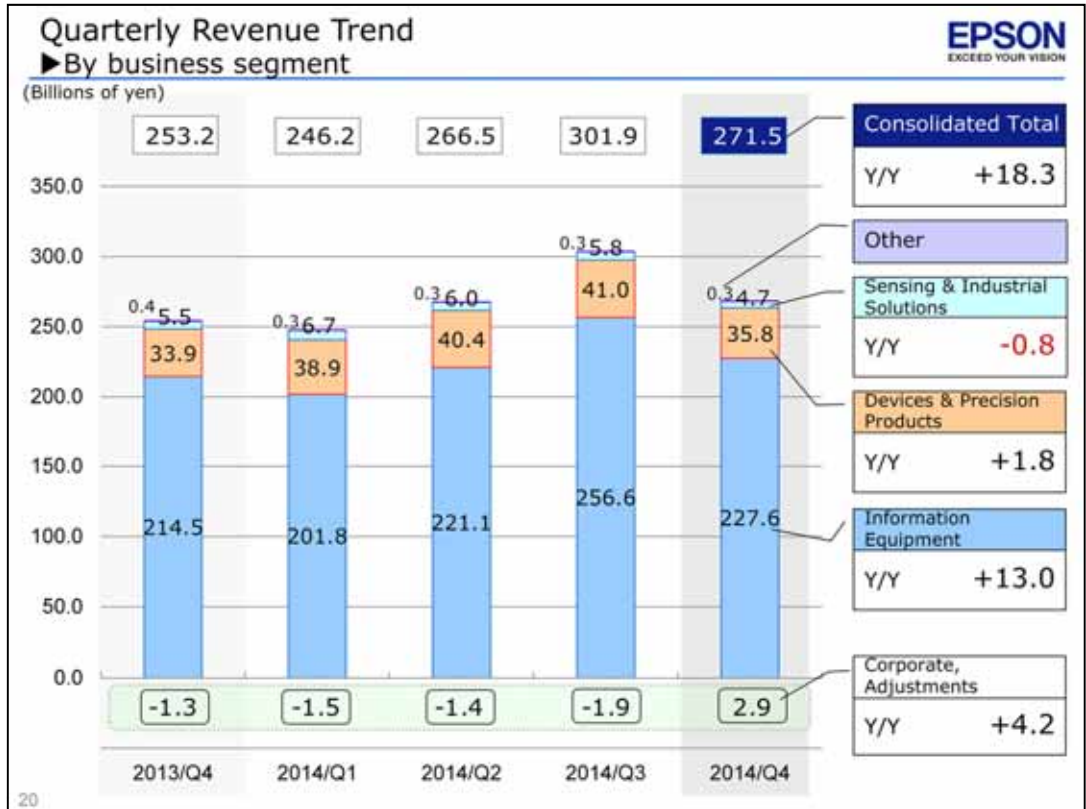
* The sudden financial turnaround caused a significant improvement in FY2013 4Q business profit due to a large increase in deferred tax assets and significant negative taxation expenses.
 Previous outlook exchange rate assumptions from Q4 onward
 USD: ¥115.00, EUR: ¥135.00

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Epson declared a 2-for-1 stock split, effective April 1, 2015.
 EPS figures have been split-adjusted (does not include treasury stock).

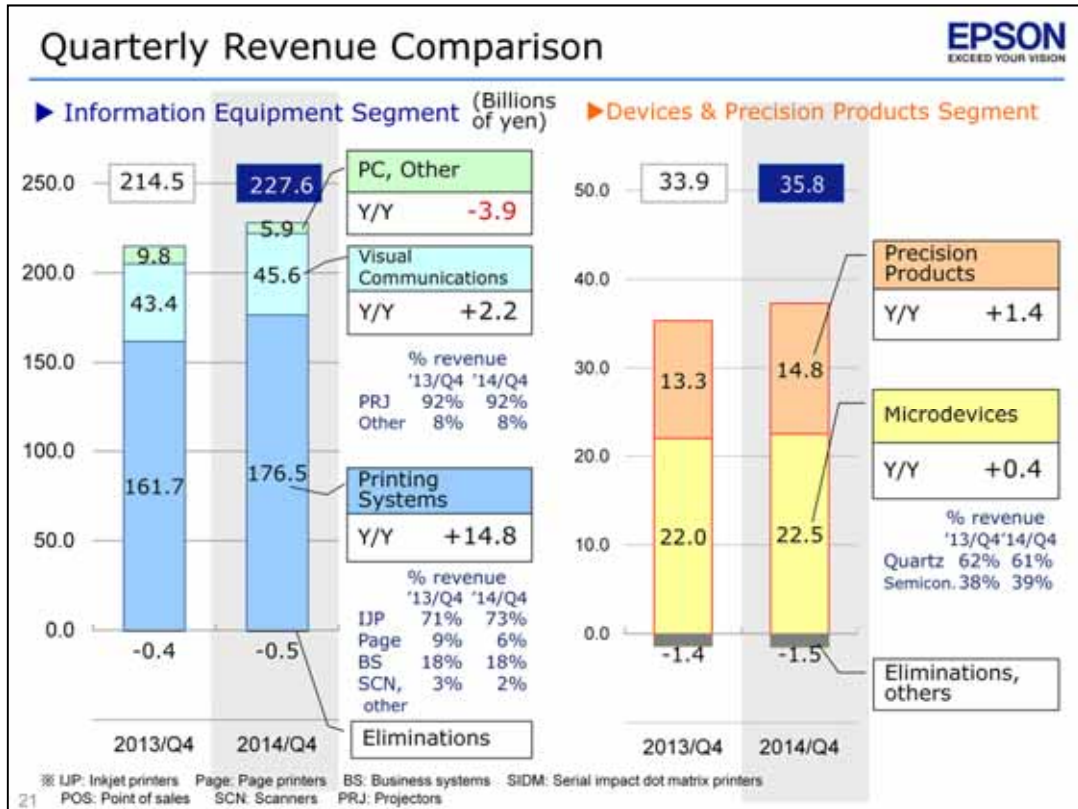
■ FY2014 fourth-quarter financial highlights

- We recorded 271.5 billion yen in revenue for the quarter. That is an increase of 18.3 billion yen year-over-year. Business profit came in at 15.8 billion yen, up 2.3 billion yen. Profit for the period was 22.1 billion yen, a decline of 19.5 billion yen.
- The decline in profit for the period was because of last year's sudden financial turnaround, that resulted in a large increase in deferred tax assets and significant negative tax expenses in that period.

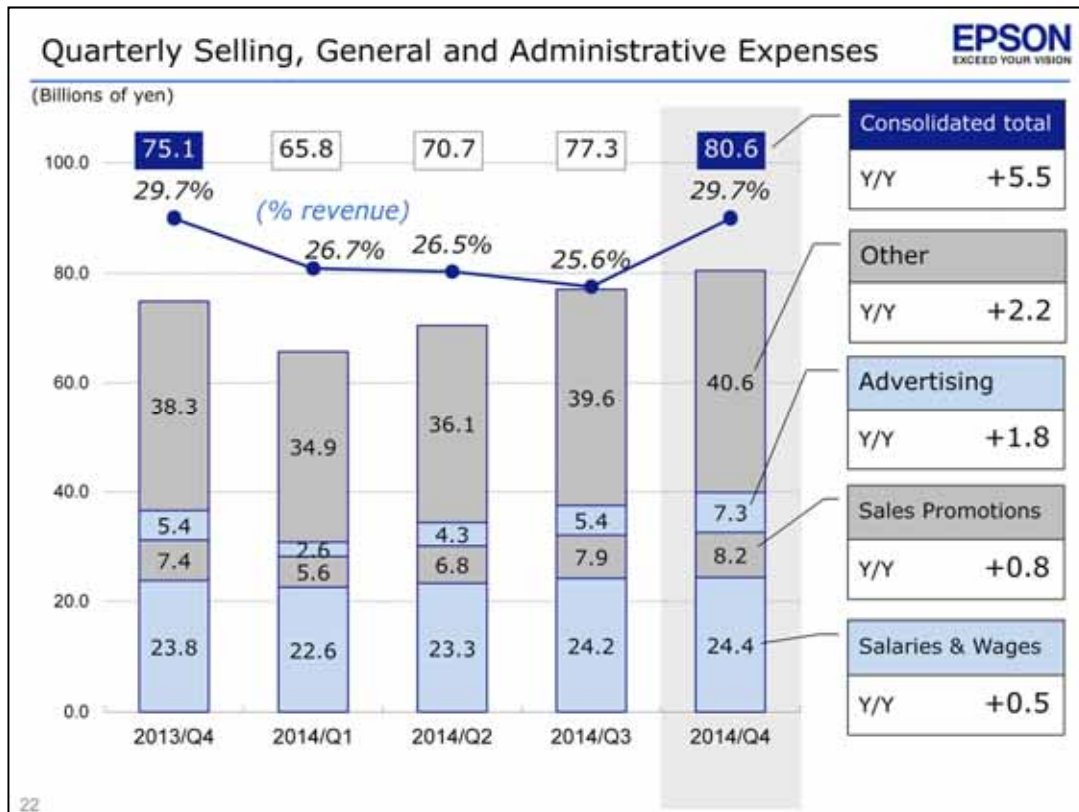


■ Revenue in each segment over the last five quarters

- Compared to the same period last year, information-related equipment revenue rose by 13 billion yen, devices & precision products revenue grew by 1.8 billion yen, and sensing & industrial solutions revenue decreased by 800 million yen.
- Foreign exchange effects in the quarter had a 18.5 billion yen positive effect on revenue in the quarter.

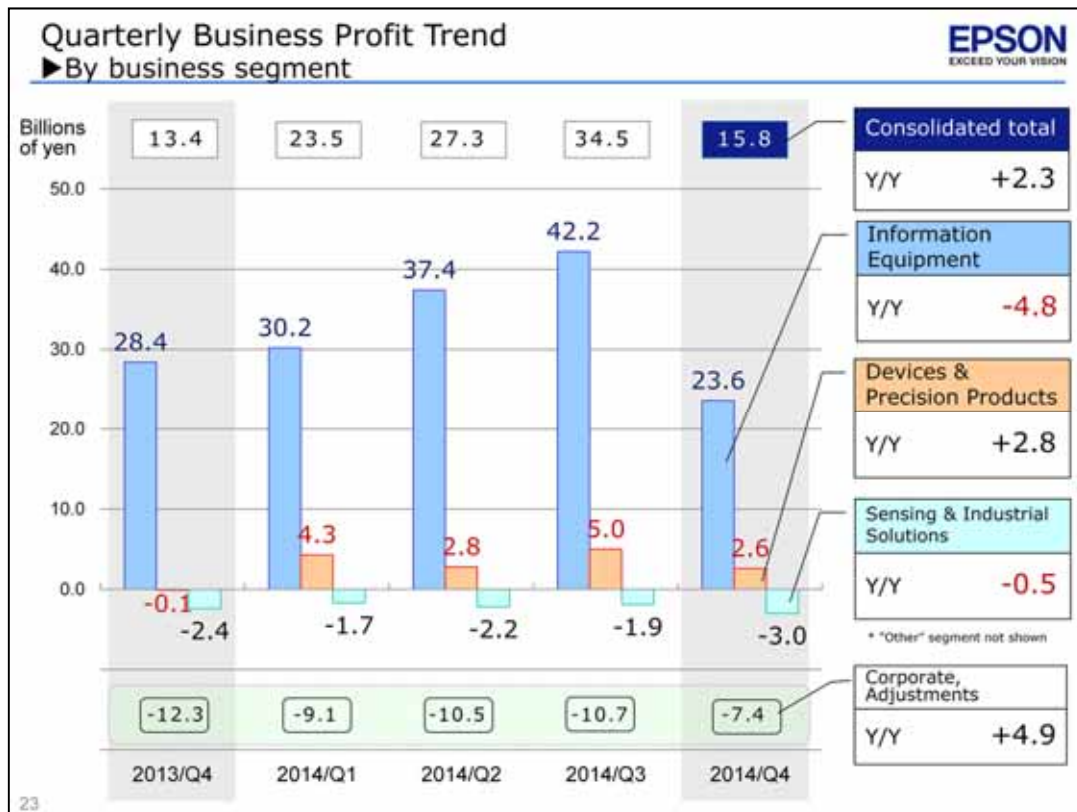


- Quarterly revenue in each business compared to the same period last year
- In information-related equipment, printing systems revenue increased by 14.8 billion yen and visual communications revenue increased by 2.2 billion yen, but PC and other revenue decreased by 3.9 billion yen.
- In devices & precision products, microdevices revenue increased by 400 million yen and precision products revenue grew by 1.4 billion yen
- I will go over the main factors affecting results in each business a little later when I discuss business profit.



■ Quarterly selling, general and administrative expenses

- Fourth-quarter SGA expenses increased compared to the same period last year, but these expenses as a percentage of revenue changed very little. The main cause of the increase in SGA expenses was the weaker yen and stronger dollar, which resulted in higher yen conversion expenses. Contributing factors included higher advertising and sales promotion expenses due to spending on campaigns to promote sales of high-capacity ink tank printers and managed print services in developed economies, and other promotions in new business domains. Another factor was higher transport costs attributable to problems at critical ports.



■ Breakdown of quarterly business profit by segment

- Compared to the same period last year, business profit in information-related equipment decreased by 4.8 billion yen to end at 23.6 billion yen. Business profit in devices & precision products grew by 2.8 billion yen to end at 2.6 billion yen. Sensing & industrial solutions loss increased by 500 million yen to end at ¥3 billion yen.
- Business profit in corporate and adjustments improved compared to the same period last year owing to income from patent royalties.

Main Factors Affecting Q4 Results (Year-Over-Year Comparison)



- ◆ Business profit in information-related equipment decreased as flat YOY profit in business systems and projectors profit was offset by shrinking inkjet profit due to environmental changes and other factors
 - ✓ High-capacity ink tank printer, commercial printer and inkjet consumables (esp. in North America) growth steady
 - ✓ Profit declined mainly because inkjet consumables revenue in Japan contracted after jumping at the end of FY2013 in advance of a sales tax hike, printer manufacturing costs rose along with the value of the dollar, transportation costs increased due to port problems, and SGA and advertising expenses increased as we strengthened promotions in developed markets.
- ◆ Profit increased in every business in devices & precision products
 - ✓ Profit increased due to reduced fixed costs in quartz, steady external sales of semiconductors, internal sales, and foundry orders, and strong sales of Astrons and other watch brand products in Japan.
- ◆ Sensing & industrial solutions profit decline on lower revenue
- ◆ Corporate profit increased due to income from patent royalties, etc.

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- Main factors or changes from the same period last year that affected our fourth quarter results

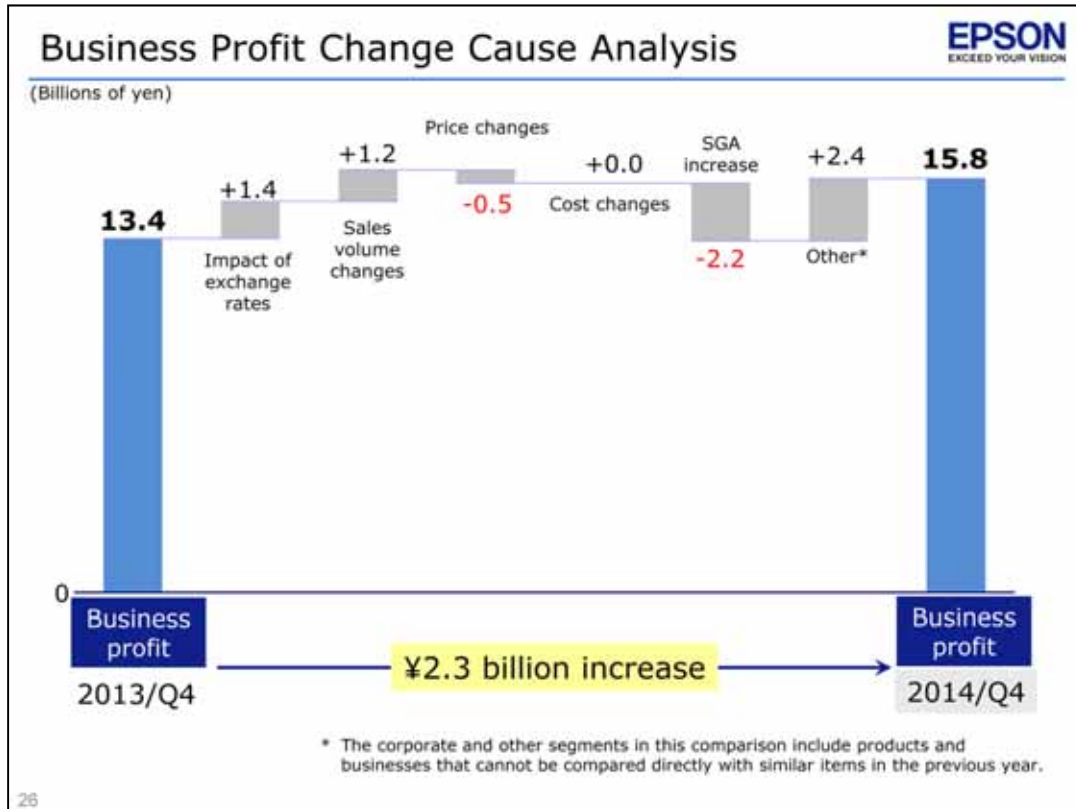
Main Factors Affecting Q4 Results (Vs the Internal Plan)



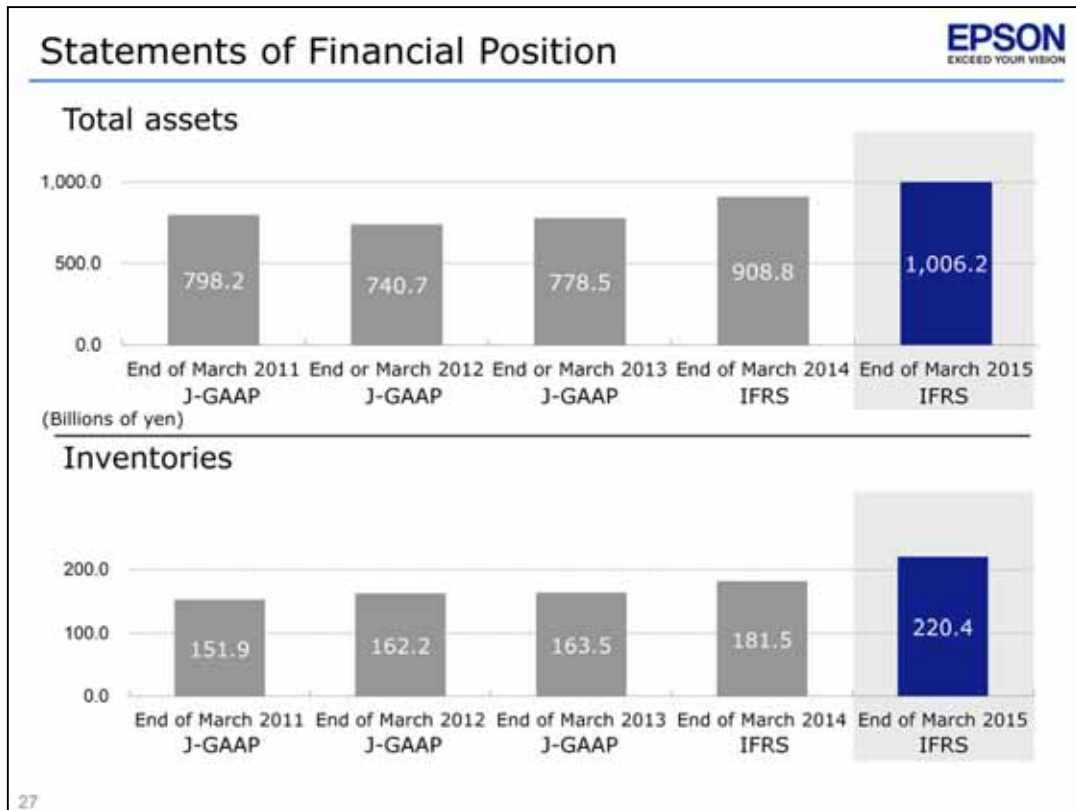
- ◆ Information-related equipment business profit fell short due to shortfalls in business systems and visual communications
 - ✓ Business systems felt the effects of plummeting Latin American currencies and political instability in Russia and Africa.
 - ✓ Visual communication results were affected by factors including a U.S. West Coast port strike, sluggish sales in Russia, and postponed tenders in the education markets of Western Europe and China.
 - ✓ IJP business profit was in line with plan. Slightly lower than expected unit sales and increased hardware manufacturing costs due to the strong dollar were offset by selling prices staying within the expected range and solid consumables sales.
- ◆ Business profit in devices & precision products exceeded the plan partly because of foreign exchange effects
- ◆ Business profit in sensing & industrial solutions was in line with the plan

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- Main factors that affected our fourth-quarter performance versus the internal plan
 - Although business systems and visual communications were affected by environmental changes in some markets, there has been no significant change in the progress of our basic strategy and we have created a firm base for the 2015 fiscal year.



- Cause analysis of the 2.3 billion yen increase in business profit compared to the same period last year
- We recorded 15.8 billion yen in business profit for the quarter, up from the 13.4 billion yen we had in the same quarter last year. Profit was boosted by factors such as foreign exchange effects, increased volume of high-capacity ink tank printers, and income from patent royalties. These factors outweighed the items that pulled down on business profit, such as the increase in SGA expenses associated with the strengthening of promotional campaigns.



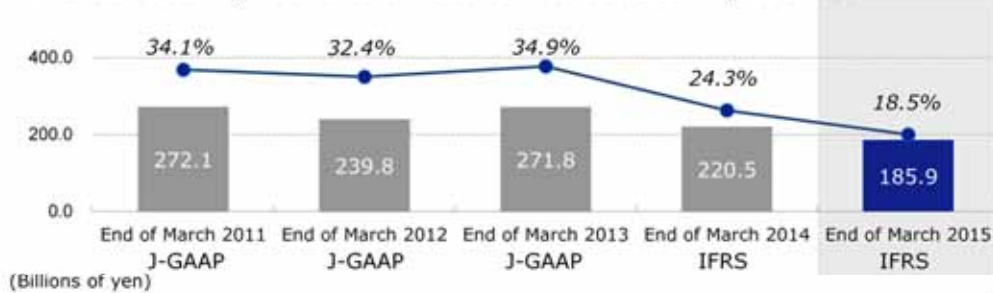
■ Major items on our statements of financial position

- Total assets increased by 97.3 billion yen compared to the end of the prior fiscal year mainly because of increased inventories, an increase in cash and cash equivalents, and an increase in trade and other receivables.
- Inventories increased. The primary cause was higher inventory valuations associated with yen depreciation, but inventory also rose because we fell short of our sales plans for inkjet printers and projectors and because we continued to intentionally stockpile inventory to cope with port capacity problems in the Philippines.

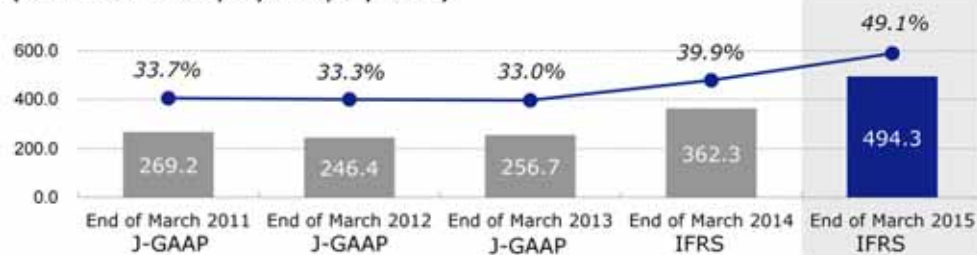
Statements of Financial Position



Interest-bearing liabilities & ratio of interest-bearing liabilities



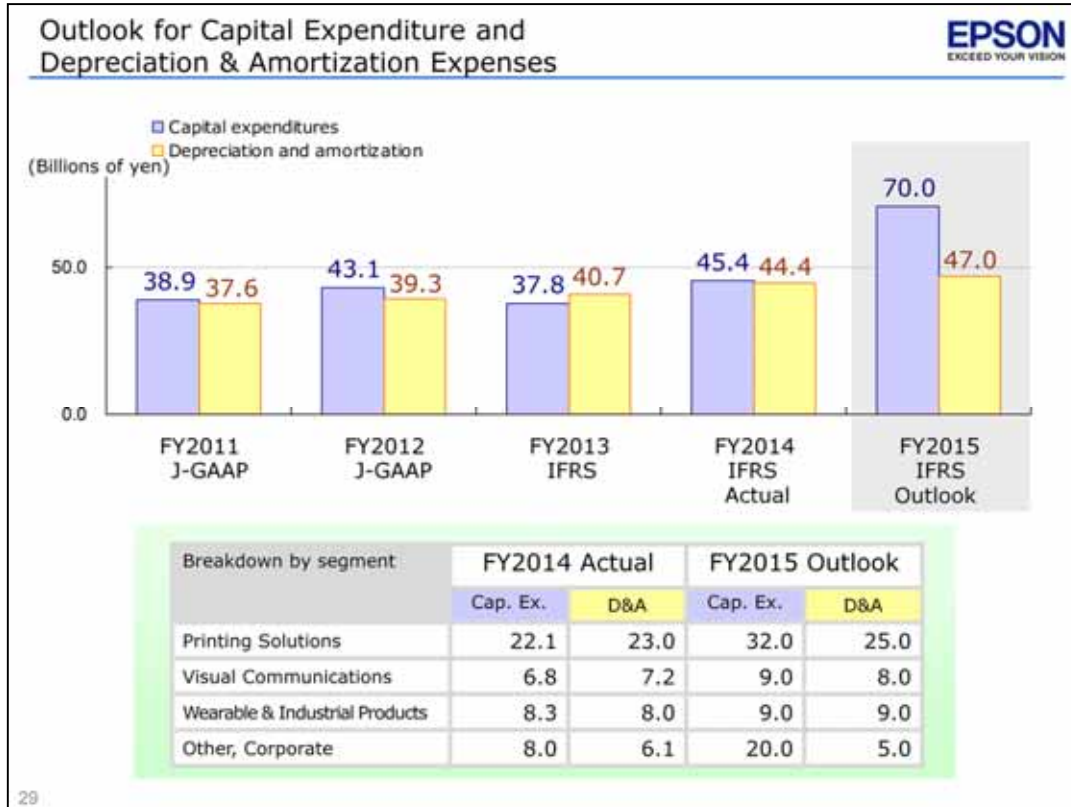
Equity & equity ratio attributable to owners of the parent company (Shareholder's equity & equity ratio)



*Interest-bearing liabilities: Includes lease obligations

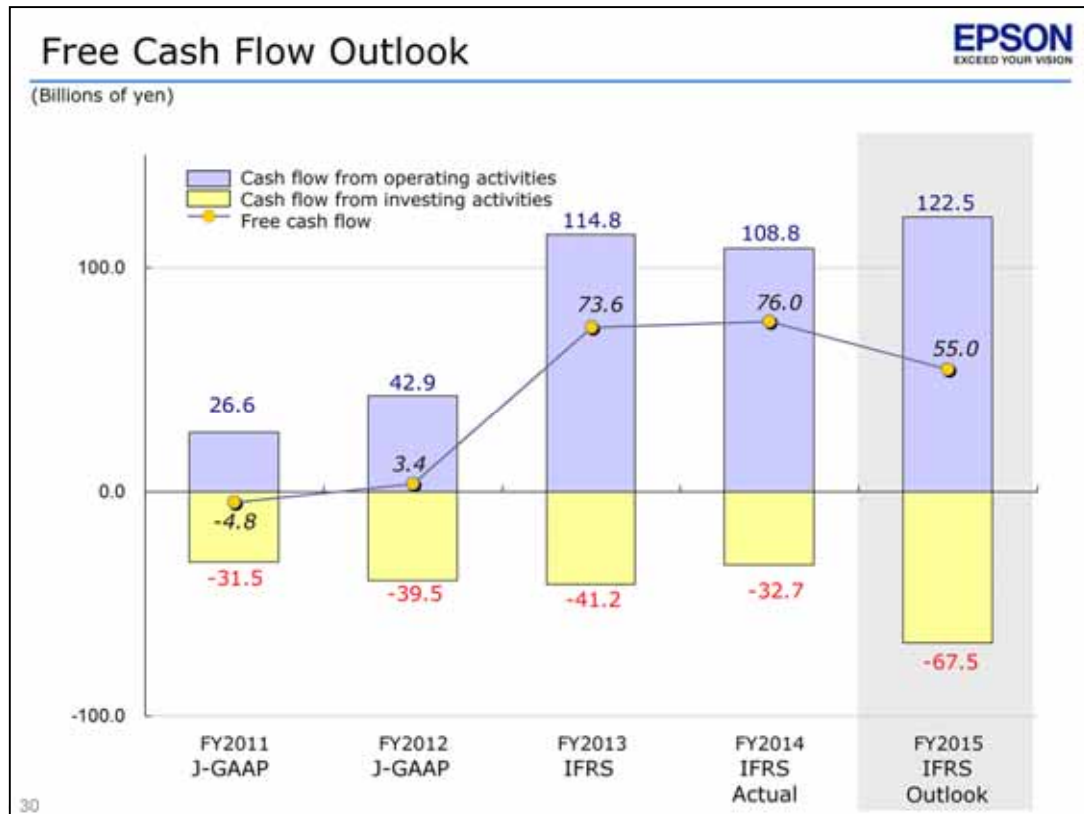
■ Major items on our statements of financial position

- Interest-bearing liabilities decreased by 34.6 billion yen compared to the end of the previous fiscal year primarily due to a net decrease in short-term loans payable. The ratio of interest-bearing liabilities to total assets declined to 18.5%.
- Net interest-bearing liabilities sharply improved from the 9 billion yen at the end of the previous fiscal year, and we had 59.3 billion yen in net cash.
- Equity attributable to owners of the parent company increased by 131.9 billion yen compared to the previous fiscal year-end, largely due to our performance during the period. As a result, the ratio of equity attributable to owners of the parent company increased to 49.1%.



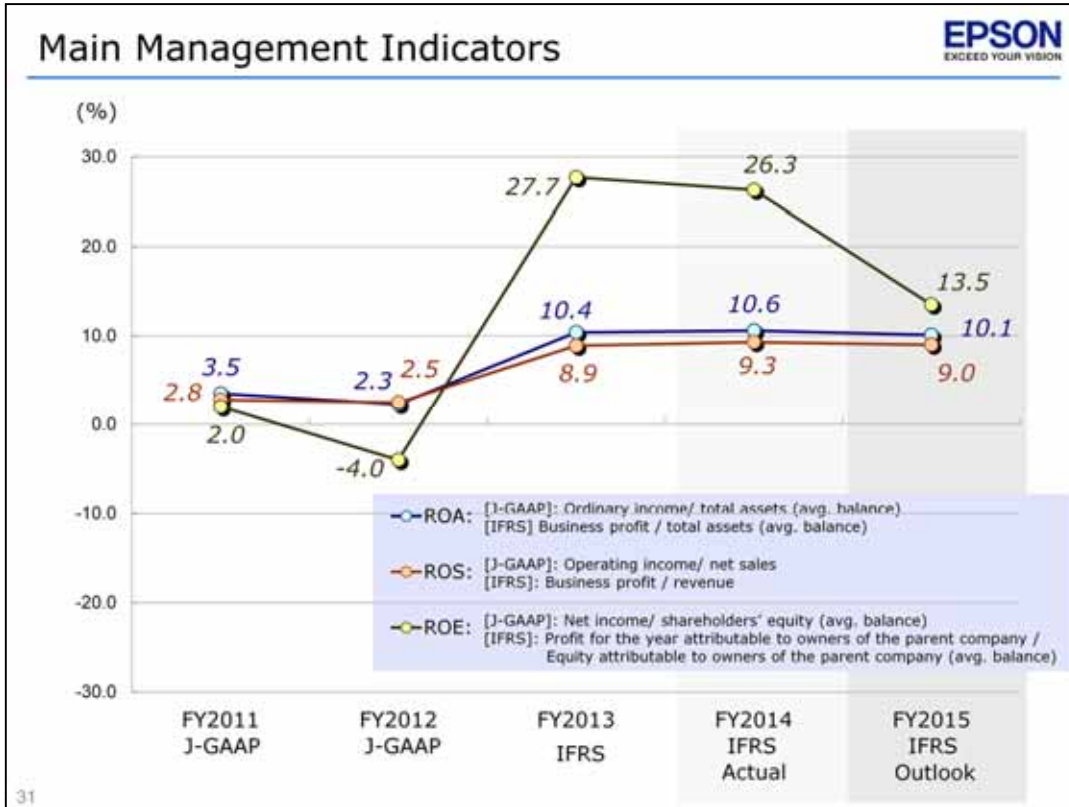
■ Outlook for capital expenditure and depreciation and amortization expenses

- We anticipate a steep year-over-year increase in capital expenditure, to 70 billion yen, because we plan to aggressively spend on strategic investments with an eye toward medium- and long-term growth. We will invest in items such as R&D for next-generation products and core devices, factory expansion in the Philippines and Indonesia to build production capacity over the medium term, and increased production of hot-selling high-capacity ink tank printers and projectors.
- We are provisionally planning for 47 yen billion in depreciation and amortization expenses because of a shift in the timing of investments and other factors.



■ Cash flows

- In the 2015 fiscal year we are projecting 122.5 billion yen in cash flows from operating activities, 67.5 billion yen in cash flows from investment activities, and 55 billion yen in free cash flow.



■ Main management performance indicators

➤ Given the foregoing financial outlook, our major financial management performance indicators look like this. We forecast:

ROS of 9.0%, and

ROA of 10.1%.

We forecast ROE coming in at 13.5%. Although ROE was at a high level in the 2013 and 2014 fiscal years because of temporary factors affecting profit for the period such as negative taxation expenses and a revision to the defined benefit corporate pension system, these factors will not occur in fiscal 2015.

◆ **Dividend policy: 30% dividend payout ratio**

We set our dividend payments from a 30% dividend payout ratio calculated from business profit from our core business excluding an amount equivalent to the statutory effective tax rate.

Dividend per share

FY2014	115 yen (interim: 35 yen/ year end: 80 yen)
FY2015 (outlook)	*60 yen (interim: 30 yen/ year end: 30 yen)

* 1:2 share splits undertaken on April 1, 2015

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■ Dividend policy

- As we announced at the time of our third quarter results, we set our dividend payments from a 30% dividend payout ratio calculated from business profit from our core business excluding an amount equivalent to the statutory effective tax rate.
- Based on this policy, our dividend per share outlook will be 60 yen per share, after the share splits that we undertook on April 1.

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