



Second Quarter Financial Results Fiscal Year 2015 (Ending March 2016)

October 29, 2015
SEIKO EPSON CORP.



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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.

■ Note regarding business profit

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.

■ FY2015 reporting segments

In April 2015, the Company reorganize its businesses to put Epson in the best position to cap off the SE15 Updated Mid-Range Business Plan (FY2013-15), achieve the FY2015 Business Plan, and prepare for FY2016 and beyond. In conjunction with these structural changes, the Company changed its reporting segments at the start of the 2015 fiscal year based on the management approach. The Company's FY2014 financial results are shown under the new reporting segments to facilitate year-over-year comparisons.

■ Numerical values presented herein

Numbers are rounded to the unit indicated.

Percentages are rounded off to one decimal place.

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■ Disclosure of FY2015 financial results

- **1. Overview**

- 2. Details

Financial Highlights (First Half)



	FY2014		FY2015				Change (amount, %)		
	Actual	%	7/30 Outlook	%	Actual	%	Y/Y		Vs. 7/30 Outlook
Revenue	512.8	-	540.0	-	542.9	-	+30.1 +5.9%	-	+2.9 +0.6%
Business profit	50.9	9.9%	44.0	8.1%	40.2	7.4%	-10.6 -20.9%	-	-3.7 -8.5%
Profit from operating activities	78.5 *1 (48.5)	15.3% (9.5%)	44.0	8.1%	41.7	7.7%	-36.8 -46.9%	(-6.8) (-14%)	-2.2 -5.2%
Profit before taxes	80.6 (50.5)	15.7% (9.9%)	44.0	8.1%	40.1	7.4%	-40.5 -50.3%	(-10.4) (-20.7%)	-3.8 -8.8%
Profit for the period	65.6 (35.6)	12.8% (6.9%)	28.0	5.2%	26.1	4.8%	-39.5 -60.2%	(-9.4) (-26.5%)	-1.8 -6.5%
EPS ^{*2}	¥183.32		¥78.26		¥72.75		*1 In Q1 of FY2014, the company recorded a one-time profit of approximately ¥30 billion associated with revisions to the pension plan. () Figures in parenthesis indicate profit excluding the effects of revisions to the pension plan. *2 Epson declared a 2-for-1 stock split, effective April 1, 2015. EPS figures have been split-adjusted (does not include treasury stock).		
Exchange rate	USD	¥103.04	¥118.00		¥121.80				
	EUR	¥138.91	¥130.00		¥135.07				

■ FY2015 first half financial highlights

- Revenue was ¥542.9 billion, up ¥30.1 billion compared to the same period last year. Business profit was ¥40.2 billion, down ¥10.6 billion. Profit for the period was ¥26.1 billion, down ¥39.5 billion.
- Revenue was in line with the forecast given in the previous outlook, which we released on July 30th. However, every category of profit fell below expectations.

Financial Highlights (Second Quarter)

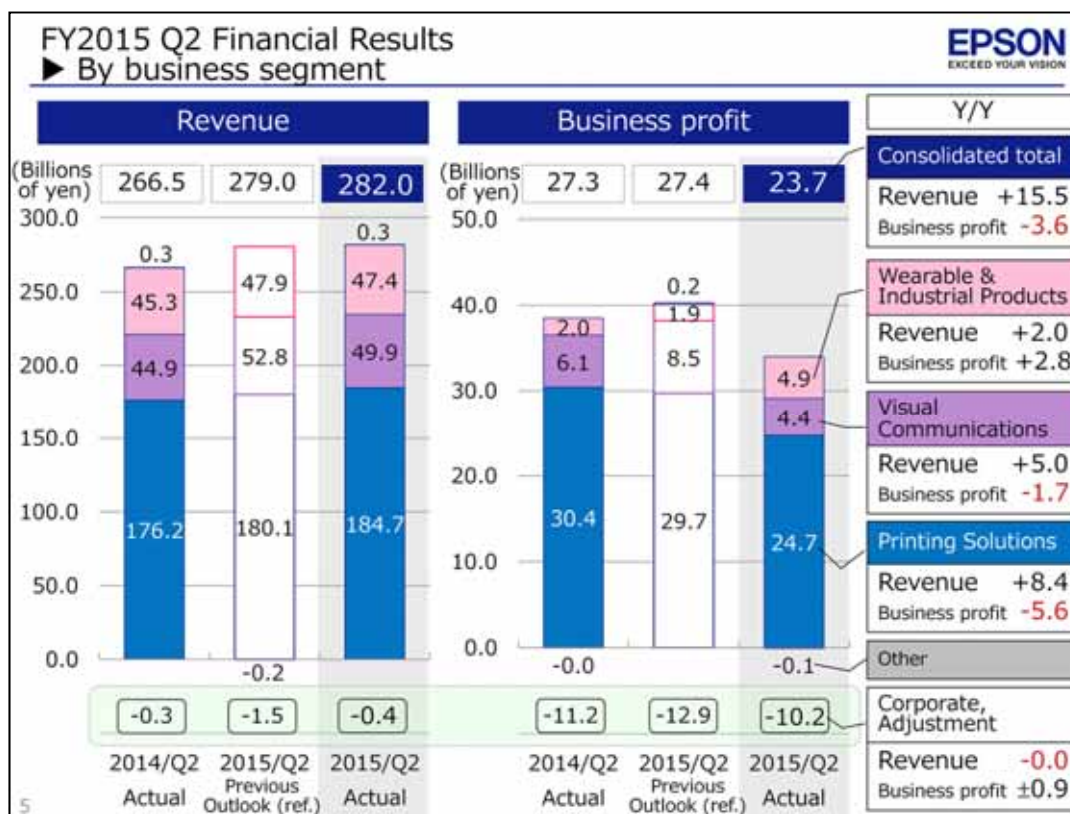


(Billions of yen)	FY2014		FY2015		Change		7/30 Outlook (ref.)	
	Q2 Actual	%	Q2 Actual	%	Amount	%	Q1 results deducted from 1H outlook	%
Revenue	266.5	-	282.0	-	+15.5	+5.8%	279.0	-
Business profit	27.3	10.3%	23.7	8.4%	-3.6	-13.4%	27.4	+9.8%
Profit from operating activities	23.9	9.0%	25.4	9.0%	+1.4	+6.1%	27.7	+9.9%
Profit before taxes	25.8	9.7%	24.0	8.5%	-1.8	-7.0%	27.9	+10.0%
Profit for the period	19.0	7.2%	15.6	5.5%	-3.4	-18.2%	17.4	+6.2%
EPS *1	¥53.09		¥43.32					
Exchange rate	USD	¥103.92		¥122.23			¥115.00	
	EUR	¥137.76		¥135.98			¥125.00	

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

■ FY2015 second-quarter financial highlights

- Compared to the same period last year, second quarter revenue increased by ¥15.5 billion, ending at ¥282.0 billion. Business profit was ¥23.7 billion, down ¥3.6 billion. Profit for the period was ¥15.6 billion, down ¥3.4 billion.



■ FY2015 second-quarter revenue and business profit by business segment

- Revenue grew year-on-year in every segment, in part due to foreign exchange effects.
- Revenue for the company as a whole exceeded the previous outlook because of increased revenue in printing solutions.
- Business profit in printing solutions and visual communications decreased year-on-year and ended below the previous outlook. Wearable & industrial products, on the other hand, recorded business profit growth.

Key Factors in Q2 (Business Profit vs. Previous Outlook) EPSON EXCEED YOUR VISION		
+/- indicates positive/negative factors		
	Business Operations	Environmental Changes
Companywide		- Severe and rapid Latin American currency devaluations
Printing Solutions Ref: Vs. previous outlook - 4.9 billion yen	+ Steady sales of high-capacity ink tank printers, higher priced business IJPs, and ink - Adjustments of ink cartridge model production timing	- Higher manufacturing costs for goods produced overseas due to USD appreciation - Erosion of prices for ink cartridge models in North America
Visual Communications - 4.1 billion yen	+ New record for projector shipments in Q2	- Sluggish projector market - Declining demand from U.S. and European education market - Sales of high-added-value models declined and the model mix worsened
Wearable & Industrial Products +2.9 billion yen	+ Reduced fixed costs by reorganizing the quartz business, etc.	- Revenue declined mainly due to effects of semiconductor market conditions

IJP : Inkjet printers

Rapidly changing business environment

■ Key factors in Q2

- In the second quarter, we were severely impacted in printers, projectors and other finished products businesses as price rises and other countermeasures were unable to keep pace with the rapid devaluation of Latin American currencies.
- In business operations, we saw steady sales of high-capacity ink tank models, higher priced business models, and ink.
- On the other hand, there was a delay in some production adjustments for ink cartridge models from the second to the third quarter.
- We set a new record in the second quarter for projector unit shipments.
- The quartz business saw a positive effect from a reorganization that reduced fixed costs.
- Against this, we experienced higher manufacturing costs for inkjet printers produced overseas due to dollar appreciation, while in North America there was price erosion for consumer and low- and mid-range office models due to the price promotions of competitors.
- In projectors, the market declined compared to the previous year when there was heavy demand driven by factors such as the football World Cup and there was a worsened model mix because of a lower number of education tenders in the United States and Europe and sales of high-added-value models declined.
- Semiconductor business profit was affected by market conditions.
- So, although we made steady strategic progress in the second quarter and are seeing benefits emerge, the results strongly indicate environmental changes in the second half, including a global economic slowdown and aggressive promotional pricing by competitors.

FY2015 Financial Outlook



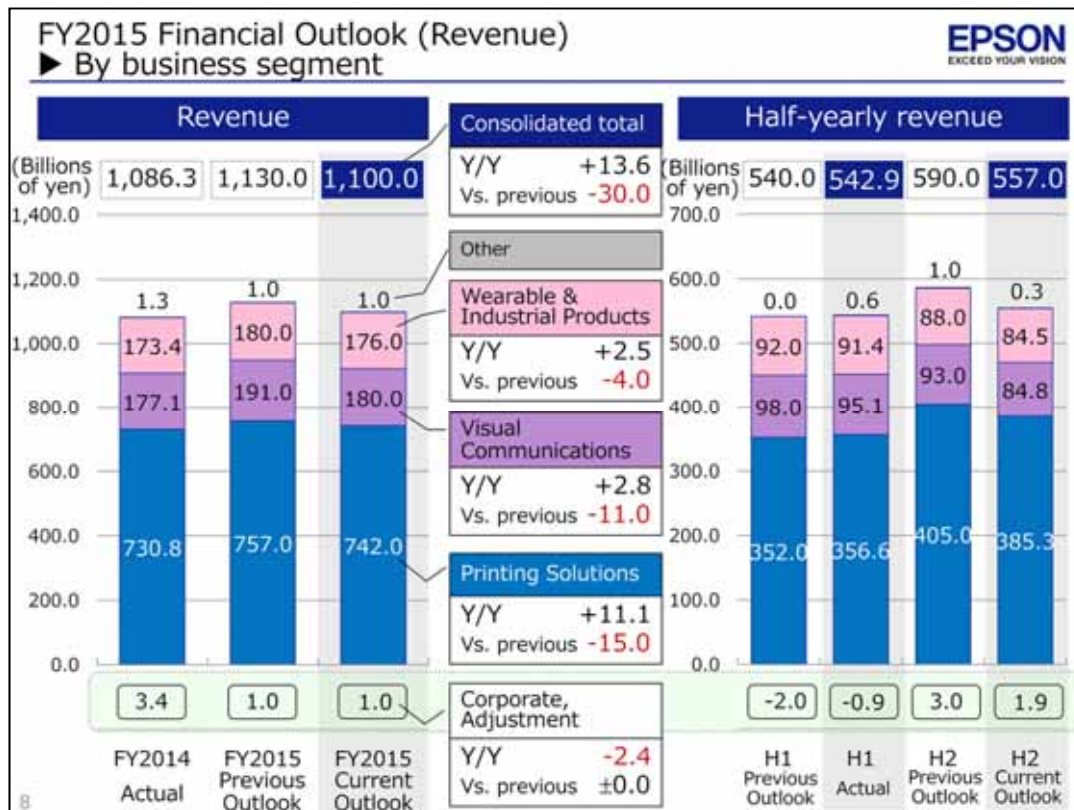
	FY2014		FY2015				Change (amount, %)		
	Actual	%	Previous Outlook	%	Current Outlook	%	Y/Y		Vs. Previous Outlook
							Amount	%	
Revenue	1,086.3	-	1,130.0	-	1,100.0	-	+13.6 +1.3%	-	-30.0 -2.7%
Business profit	101.2	9.3%	102.0	9.0%	82.0	7.5%	-19.2 -19.0%	-	-20.0 -19.6%
Profit from operating activities	131.3 *1(101.3)	12.1% (9.3%)	100.0	8.8%	91.0	8.3%	-40.3 -30.7%	(-10.3) (-10.2%)	-9.0 -9.0%
Profit before taxes	132.5 (102.4)	12.2% (9.4%)	100.0	8.8%	88.0	8.0%	-44.5 -33.6%	(-14.4) (-14.1%)	-12.0 -12.0%
Profit for the year	112.7 (82.7)	10.4% (7.6%)	70.0	6.2%	60.0	5.5%	-52.7 -46.8%	(-22.7) (-27.5%)	-10.0 -14.3%
EPS+2	¥314.61		¥195.65		¥167.70				
Exchange rate	USD	¥109.93	¥117.00		¥118.00		<ul style="list-style-type: none"> • Current outlook exchange rate assumptions from Q3 onward USD : ¥115.00 / EUR : ¥125.00 • Foreign exchange sensitivity (business profit) USD : -¥0.4 bil. / EUR : +¥0.8 bil. 		
	EUR	¥138.77	¥127.00		¥130.00				

*1 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. () Figures in parenthesis indicate profit excluding the effects of revisions to the pension plan.

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

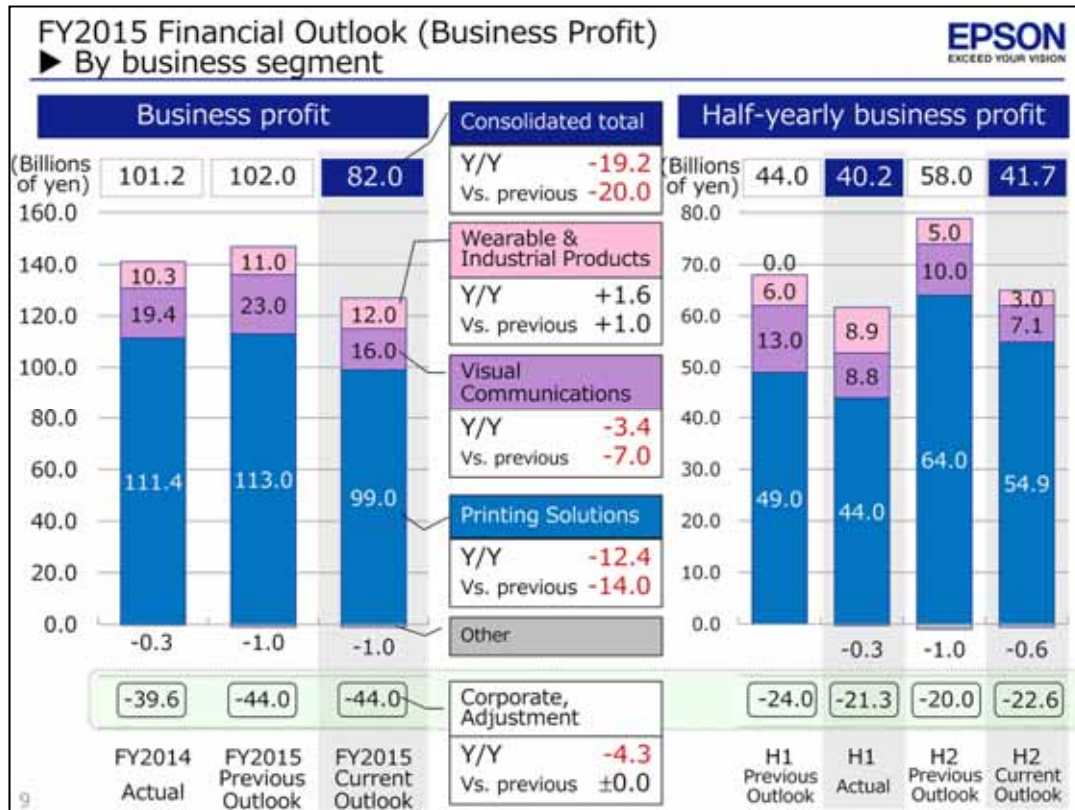
■ 2015 full-year financial outlook

- We revised our outlook based on our financial performance through the second quarter and based on fresh analysis of the market environment going forward.
We are now forecasting 1,100 billion yen in revenue, ¥82 billion in business profit, ¥91 billion in profit from operating activities, and ¥60 billion in profit for the year.
- Please note that a gain on sale of an asset that belonged to our Shonan Plant was recorded in profit from operating activities. For details, please see today's news release.
- Assumed exchange rates for the third and fourth quarters remain at 115 yen to the dollar and 125 yen to the euro.
- We are standing by our full-year dividend outlook of 60 yen per share.



■ Revenue forecasts for FY2015 with figures broken down by segment

- We lowered our full-year revenue outlook compared to the previous outlook by ¥15 billion in printing solutions, by ¥11 billion in visual communications, and by ¥4 billion in wearable & industrial products.



■ FY2015 full-year and half-year business profit broken down by segment

- We lowered our full-year business profit outlook compared to the previous outlook by ¥14 billion in printing solutions and by ¥7 billion in visual communications. We raised the outlook in wearable & industrial products by ¥1 billion.

Future Outlook

● Important second-half factors (vs. previous outlook)

- ✓ SE15 mid-range business strategies are progressing smoothly
- ✓ In consideration of environmental changes, all currently visible risks were factored into the 2nd half outlook

Strategic Progress

- IJP strategies are progressing smoothly
- Steady deployment of measures aimed at growth over the course of the next mid-range plan
 - ⇒ Investment in new product development, production capacity expansion, and brand strengthening

Business Environment

- Uncertain prospects for the global economy including the Chinese economic slowdown and currency devaluation/ delayed economic recovery in Latin America
 - ⇒ Sluggish markets and decline in public procurement
- Stepped up promotional pricing by competitors

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■ Important second-half factors

- We believe that our financial performance continues to reflect the strides we have made in carrying out our inkjet printer and other business strategies.
- We are positioning ourselves for mid-term growth by investing in the development of new printers and projectors, investing in additional production capacity, and investing in projects to strengthen the brand and help accelerate sales.
- On the other hand, given the situation in the second quarter and growing uncertainty about the global economy because of factors such as the slowing Chinese economy, and the rapid and severe currency devaluation and delayed economic recovery in Latin America, certain changes are foreseen in the second half, including sluggish markets, a decline in public procurement, and more aggressive promotional pricing by competitors.
- Accordingly, we carefully examined the current environment and factored into the financial outlook all of the risks that can be predicted at this time.

Future Outlook		EPSON EXCEED YOUR VISION
<ul style="list-style-type: none"> ● Important second-half factors (business profit vs. previous outlook) 		
	Environmental Changes	Business Operations
Companywide	<ul style="list-style-type: none"> • Latin American currency devaluation 	<ul style="list-style-type: none"> • Adjust prices
Printing Solutions H2 business profit (vs. previous year) - 9.0 billion yen	Professional Printing <ul style="list-style-type: none"> • Sluggish Latin American market • Less demand for LFP components 	<ul style="list-style-type: none"> • LFP: Introduction of new models and price adjustments
	Printers <ul style="list-style-type: none"> • Price erosion for low- and mid-range IJP in North America and other regions 	<ul style="list-style-type: none"> • IJP: Hardware price adjustments while considering profitability • BIJ: Expand sales of higher-priced models

■ Important second-half factors

- In a changing market environment, the devaluation of Latin American currencies will continue in the second half. Although we will implement price rises, we do not expect these to cover the decline.
- Against this background, we raised prices of high-capacity ink tank printers in the first half but were able to increase volume. Continuing in the second half we expect these models to experience steady growth. However, we are taking a cautious stance on products like LFPs and projectors because the competitive environment makes it difficult for us to raise prices.
- By segment, we are downwardly revising our second half business profit outlook for printing solutions by 9 billion yen. Slightly under 80% of this is from professional printing, while the remainder is from inkjet printers and SIDM.
- In professional printing we forecast a decline in sales volume due to sluggish market conditions, and a decline in demand for LFP components from external customers. In addition, we revised the launch schedule for some new LFP models and plan to adjust prices on our existing models.
- Next year we will introduce further products that answer customer needs, and will accelerate the flow from analog to digital
- In inkjet printers we expect to see lower prices for low- and mid-range products aimed at the North American and other markets. To secure the necessary sales volume to ensure profitability based on future ink sales we are responding with prices based on an assessment of the lifetime profitability of the printers.
- We also expect sales of higher-priced business printers to exceed plan, and believe our aim of replacing monochrome lasers with inkjet are on track in the North American and other markets.

Future Outlook

- Important second-half factors (business profit vs. previous outlook)

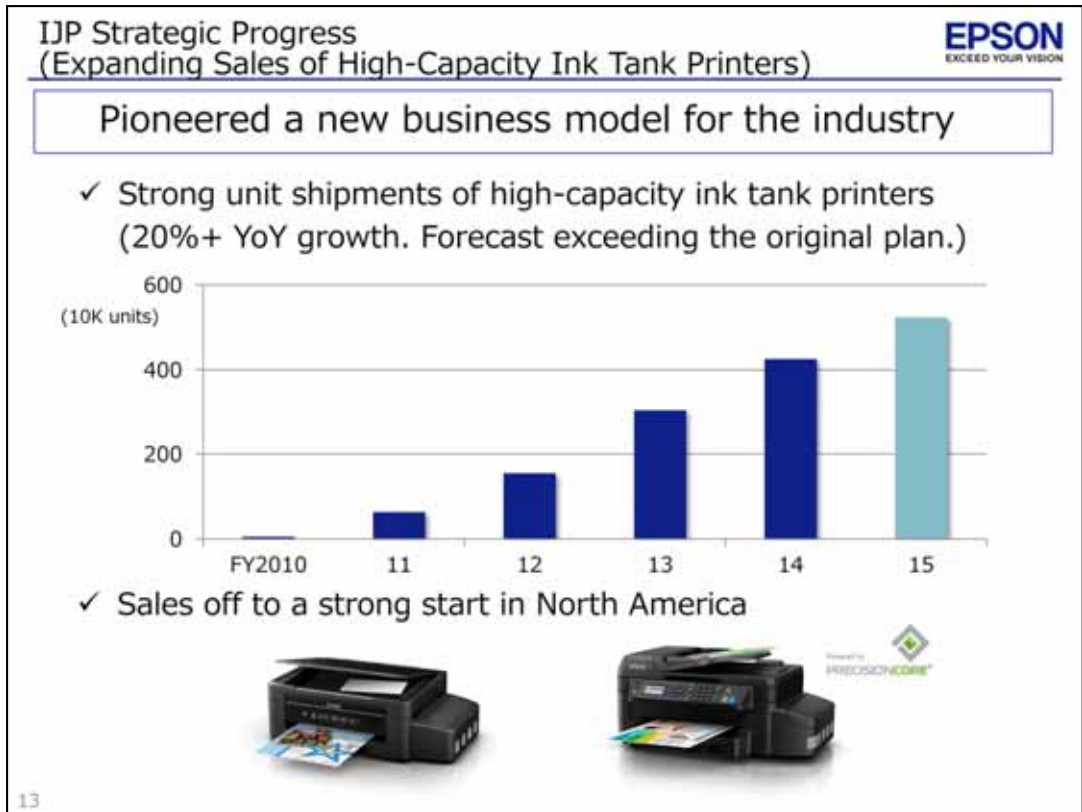
	Environmental Changes	Business Operations
Visual Communications - 2.8 billion yen	Projectors <ul style="list-style-type: none"> • Markets to be sluggish due to economic slowdown • Decline in public procurement for education projectors 	<ul style="list-style-type: none"> • Expand market presence by offering full lineup • Develop competitive new products
Wearable & Industrial Products - 1.9 billion yen	<ul style="list-style-type: none"> • Revenue decline due to economic slowdown (electronic devices and watches for overseas markets) 	<ul style="list-style-type: none"> • Capture new customers for robots

- Strengthen operations, and secure business profit
- Proceed with measures aimed at increasing profit from next FY onwards

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■ Important second-half factors

- We are downwardly revising our outlook for visual communications by 2.8 billion yen. Although the projector market will remain sluggish in the second half, we will continue our efforts from the first half of expanding market share by offering a full lineup of products and expanding our market share. We are also taking measures to achieve medium-term growth by developing competitive new products for next year and pursuing R&D projects on new business domains.
- We are downwardly revising our outlook for wearables & industrial products by 1.9 billion yen. Although sales of electronic devices and watches for overseas markets will decline due to the economic slowdown, revenue will increase as we capture new customers for our robots.
- With these factors in mind, we will seek to achieve our targets through second-half measures such as strengthening control of costs and inventory, and strengthening our control of units manufactured by achieving greater supply chain efficiency.
- On the other hand, we see strategic investments in R&D, capital equipment and the brand as essential for growing profit based on our mid-range strategy. We will therefore proceed as initially planned, but only after implementing strict checks at the operational stage.
- As a result of this investment, we will be able to launch from next year onwards highly competitive new products that will contribute to profitability.
- We also expect that certain costs incurred in the current results will be eliminated from next year. This will help us to further control costs and will contribute to profitability from next year onwards.

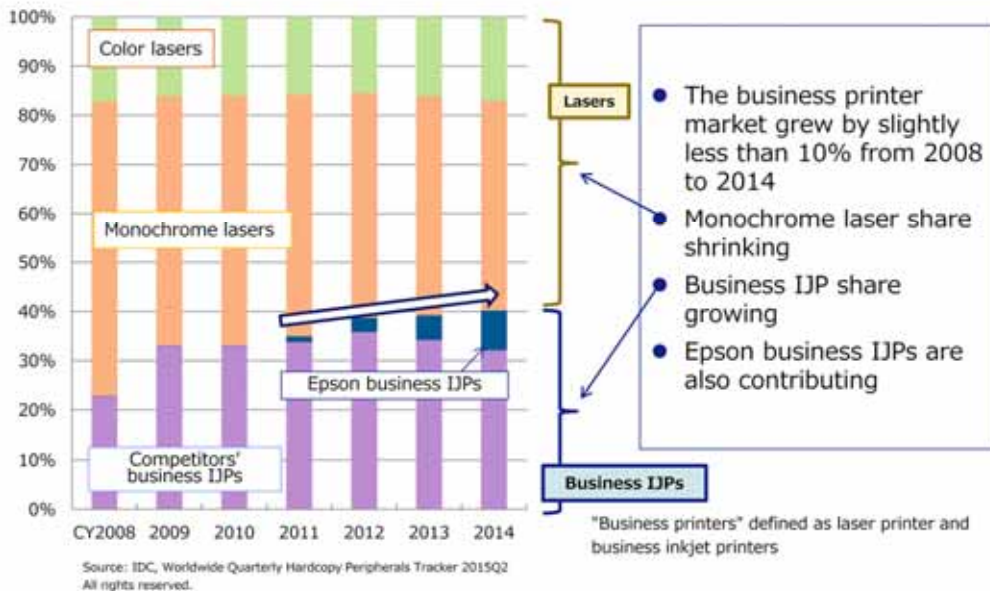


■ Inkjet printer business strategic progress

- Epson has led the way in overturning the conventional business model in the printer industry by fully tapping into the capability of Epson's core Micro Piezo inkjet technology.
- High-capacity ink tank printers are one of the ways we are subverting the conventional business model.
- Since introducing these printers in FY2010, we have seen unit shipments grow steadily. Once again this year we expect 20% or better annual unit shipment growth and, moreover, see shipments exceeding our original plan.
- We launched high-capacity ink tank printers in Western Europe last year, and this year, in September, we introduced a new EcoTank line of printers in North America. These printers are positioned as a new value proposition for customers who need to print in high volume, and although we are not thinking of sharply expanding unit shipments in developed economies, sales are off to a strong start versus the plan.

US business printer market: share by technology

(based on number of units)



■ Inkjet printer business strategic progress

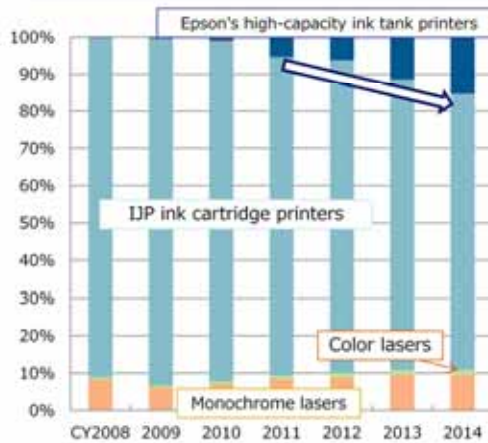
- The US business printer market grew at a rate of slightly less than 10% between 2008 and 2014.
- As you can see from the graph, business inkjet printers have been gaining share in this market, growing from about 20% in 2008 to about 40% in 2014. Conversely, the share of monochrome laser printers decreased over the same period.
- We are seeing increased market share of Epson business printers.

Printer market: share by technology

(based on number of units)

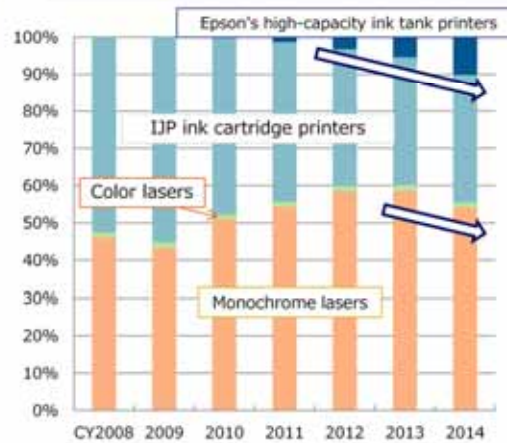
Indonesia

- Epson's high-capacity ink tank printers are steadily growing share in the IJP market



India

- Epson's high-capacity ink tank printers are steadily extending share
- Monochrome laser share decreased in 2014



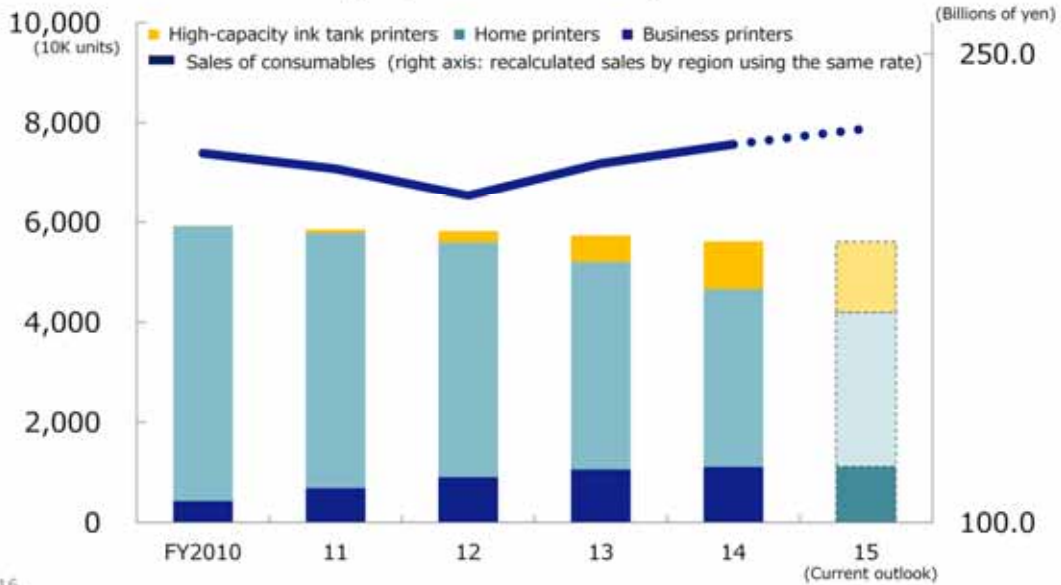
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■ Inkjet printer business strategic progress

- The Indonesian printer market has not shown signs of growth for several years. Yet, with inkjet printers already accounting for a large share of the market, we have succeeded in steadily increasing our share every year with our high-capacity ink tank printers, and have now secured around 15% market share.
- Up until 2013 monochrome laser printers led the growing Indian printer market. However, Epson's high-capacity ink tank printers have steadily gained market share since they were first introduced. Meanwhile, monochrome laser printers began losing share in 2014.

Ink sales remained steady in line with strategy

IJP install base (4-year cumulative) and ink revenue



■ SE15 updated mid-range business plan progress

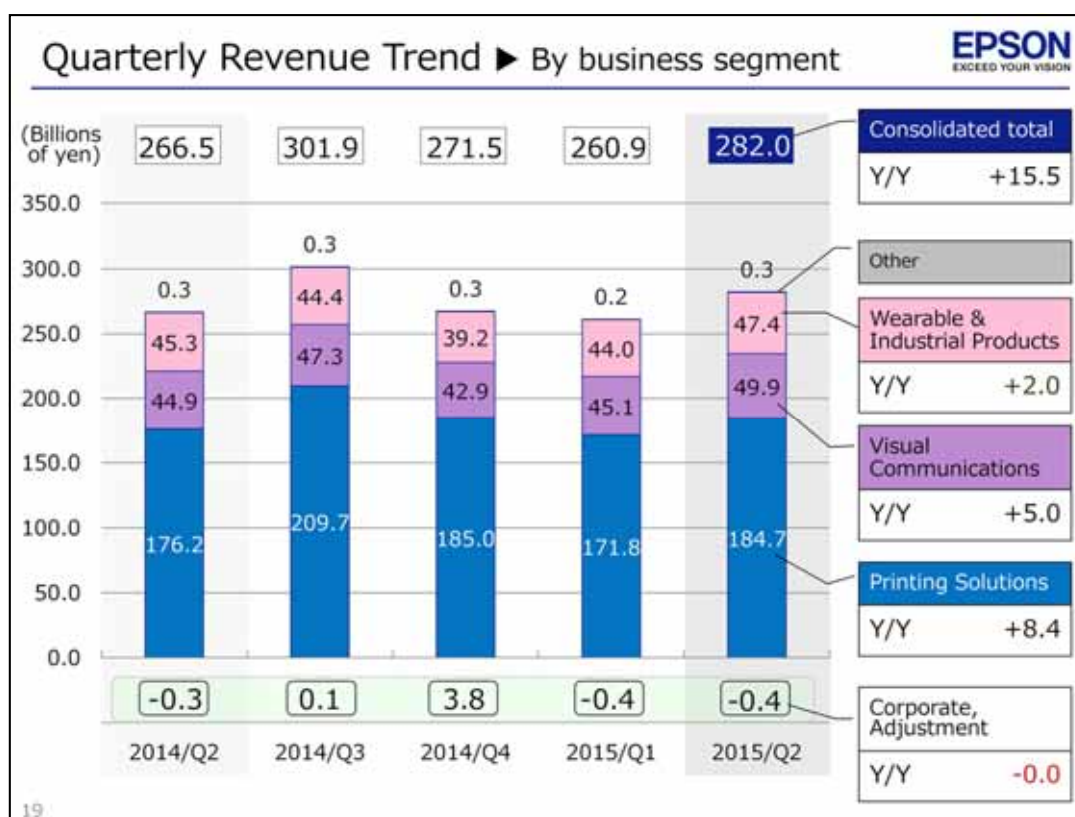
- The upshot is that we are seeing steady results from our inkjet printer strategies. We have expanded unit shipments of high-capacity ink tank printers. We are seeing steady growth in ink sales thanks to an improved install base. And we are starting to see inkjet printers gradually supplant laser printers.

■ 1. Overview

■ **2. Details**

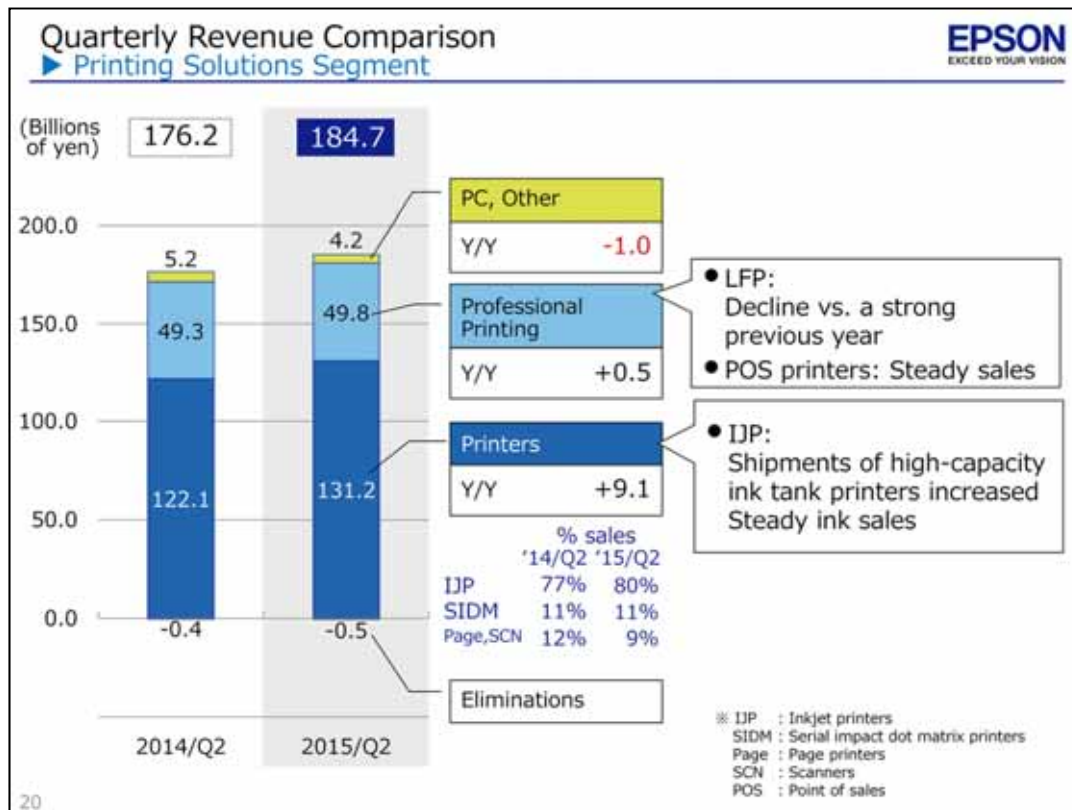
1) FY2015 Q2 Financial Results

2) FY2015 Financial Outlook



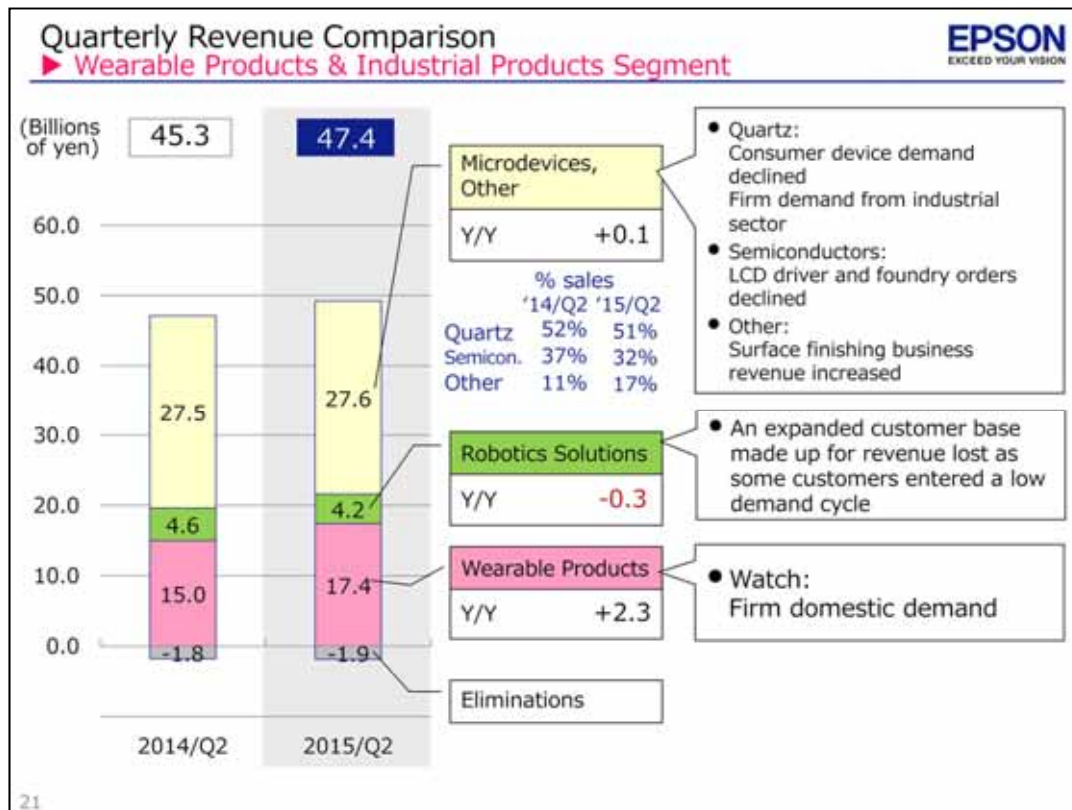
■ Revenue by business segment over the last five quarters

- Compared to the same period last year, printing solutions revenue increased by ¥8.4 billion. Visual communications revenue increased by ¥5 billion. And wearable & industrial products revenue increased by ¥2 billion.
- Foreign exchange had an approximately ¥15.5 billion greater positive impact on revenue for the quarter than in the same period last year.
- In visual communications in the second quarter we set a new record for quarterly unit shipments, achieving year-on-year revenue growth and increasing revenue by ¥5 billion compared to the previous year.



■ Quarterly revenue in the printing solutions segment

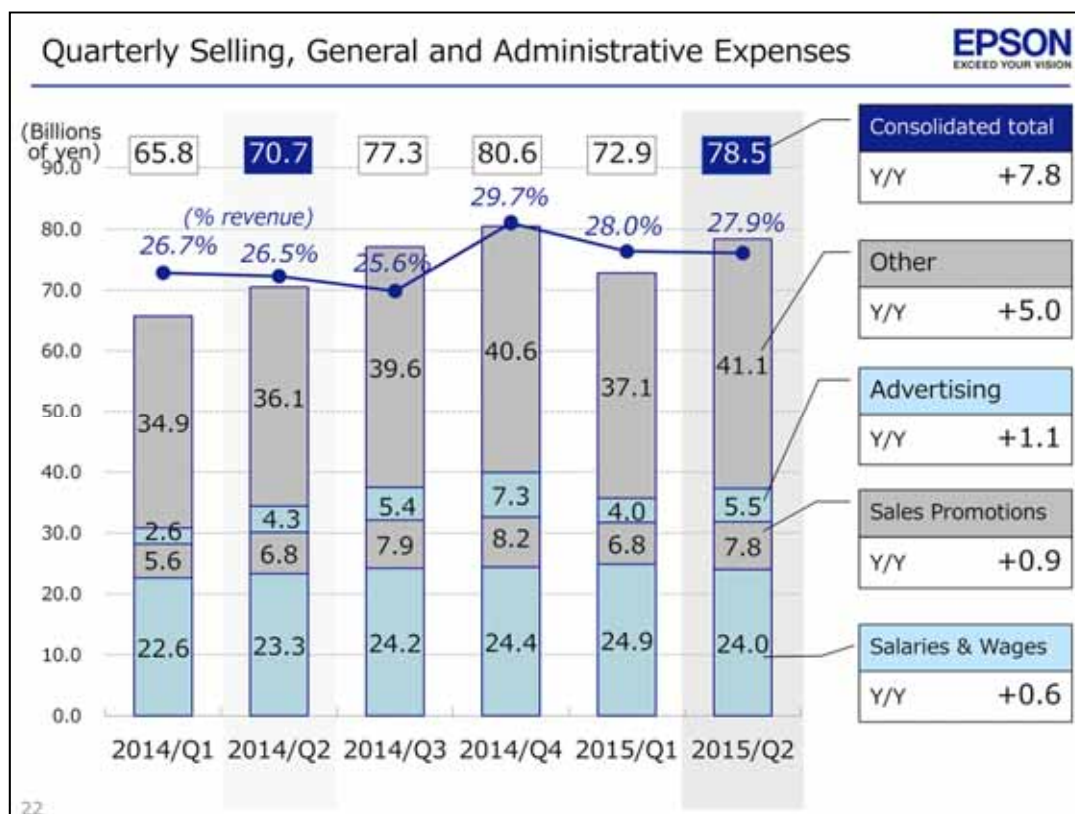
- Printing solutions recorded year-on-year revenue growth of ¥8.4 billion.
- The printer business saw unit shipments increase year-on-year mainly owing to continued firm demand for high-capacity ink tank printers especially in emerging markets and to demand for higher-priced business printers equipped with PrecisionCore printheads. Sales of ink also continue to increase, the result of an improved printer install base in developed economies.
- SIDM printer demand remained firm largely as a result of demand generated by the updating of tax collection systems in China and the demand from regions outside of China that are introducing SIDM printers in their tax collection system.
- In professional printing, A3 photo inkjet printer revenue in North America and Asia decreased. In addition, there was a backlash in demand for large-format printer parts after a temporary surge in the same period last year. Nevertheless, revenue was flat year-on-year thanks to a combination of firm POS printer demand and foreign exchange effects.



■ Quarterly revenue in the wearable & industrial products

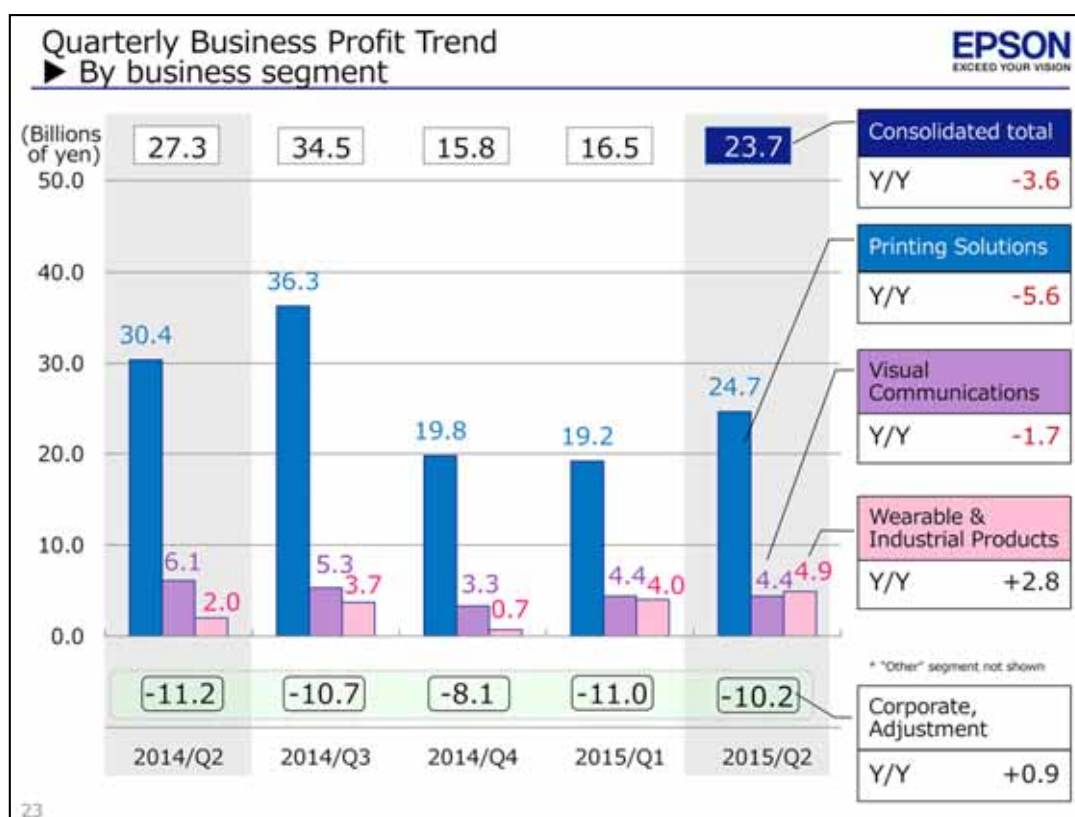
- Wearable products revenue surged year-on-year due to firm domestic demand for watches.
- Robotics solutions recorded revenue that was flat against the year-ago period. Although we saw some revenue decline owing to the demand cycle entering a lull for some customers, we made up for this by developing new customers.
- Revenue in microdevices was also flat year-on-year due to a combination of firm demand for crystal devices used in industrial equipment and foreign exchange effects, which offset weaker demand for crystal devices used in consumer products.
- Semiconductor revenue fell below last year's level because of lower demand for automotive display drivers and silicon foundry from a certain customer, both of which were strong last year.

In other businesses, the powdered metal business and the surface processing business saw firm first-quarter demand carry over into the second quarter. On the whole, therefore, microdevices revenue was flat year on year.



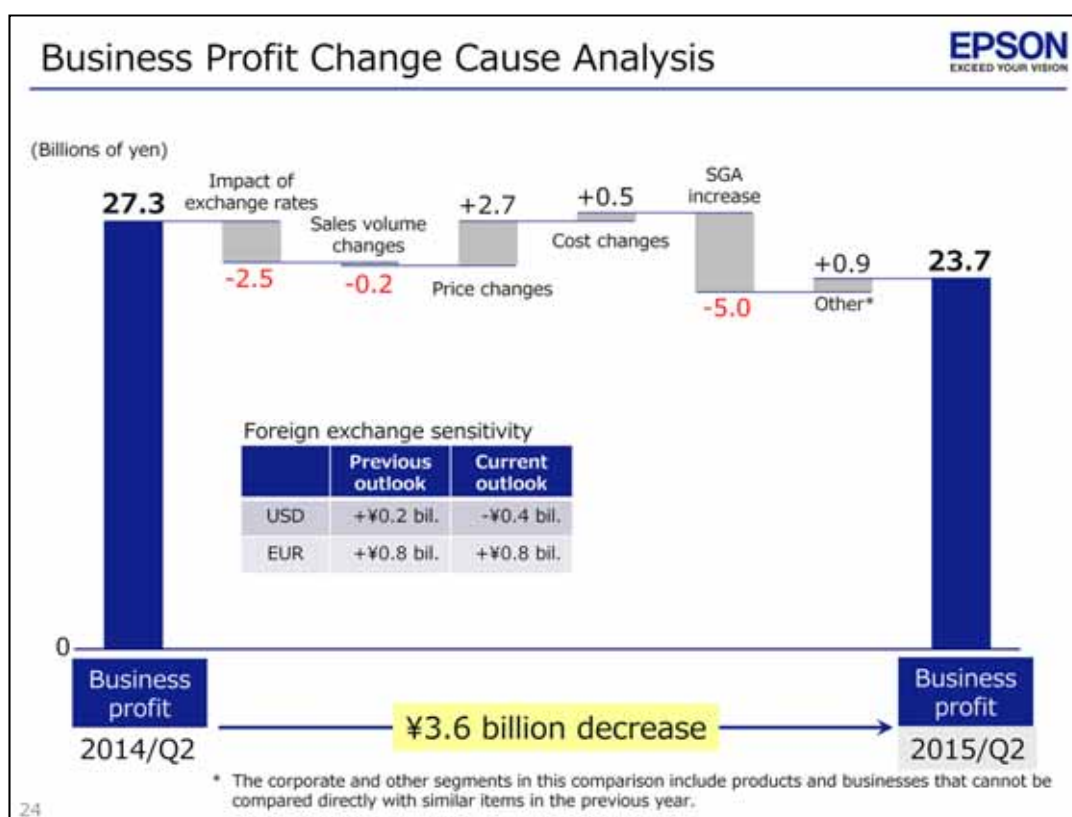
■ Quarterly selling, general and administrative expenses

- Second-quarter SG&A expenses increased by ¥7.8 billion compared to the same quarter last year. In addition to an increase in yen conversion expenses due to the appreciation of the dollar, SG&A expenses increased because we spent more on R&D and on advertising and sales promotions to strengthen our brand and promote Epson and our products in new areas.

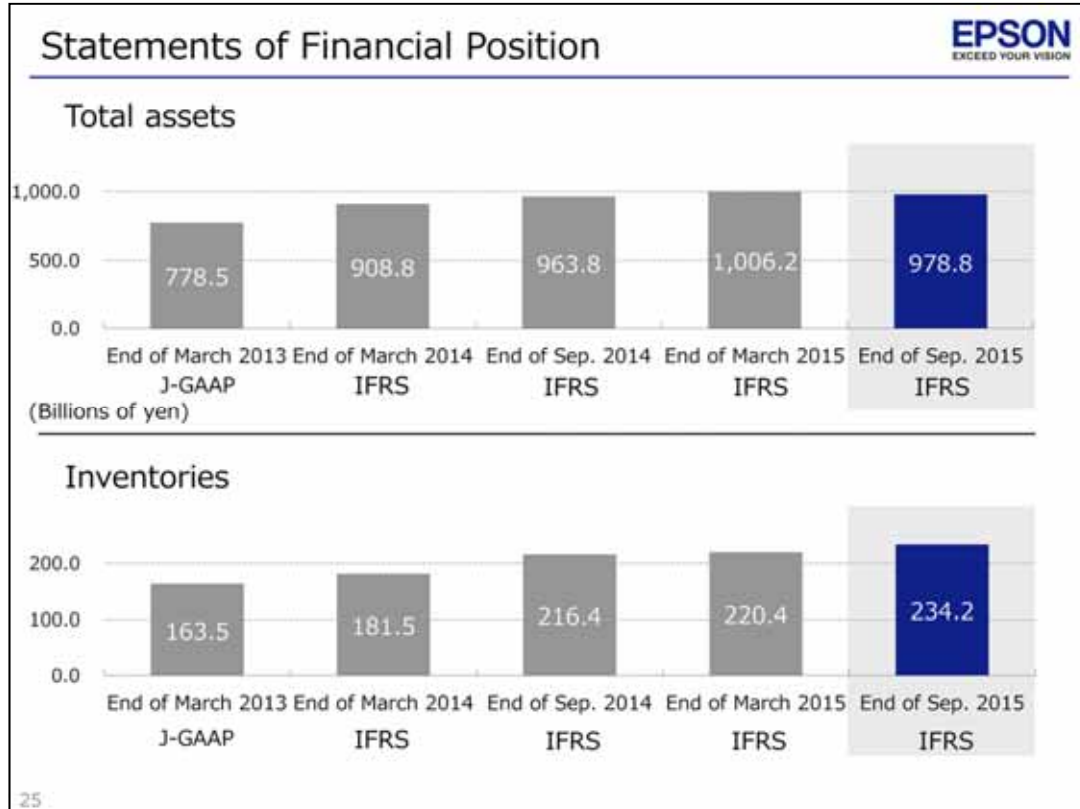


■ Breakdown of quarterly business profit by segment

- Second-quarter total consolidated business profit was ¥23.7 billion, a decline of ¥3.6 billion compared to the same period last year.
- Foreign exchange had a negative impact of ¥2.5 billion compared to the same period last year.
- Printing solutions recorded lower business profit because revenue gains from sales of high-capacity ink tank printers and ink were more than offset by a combination of factors, including reduced revenue from large-format printers, inkjet printer price erosion, increased manufacturing costs for goods produced overseas due to the strong dollar, and higher selling, general and administrative expenses.
- Visual communications saw business profit fall below that recorded in the same period last year despite increased projector revenue. This was primarily due to the stronger dollar, which caused manufacturing costs to rise for goods produced overseas, a change in the model mix brought about by a relative decline in high-added-value education projectors, and increased strategic investment in areas such as R&D to position us to launch new products in upcoming years.
- Wearable & industrial product business profit increased primarily as a result of revenue growth and the effect of fixed cost reductions in the quartz business.



- Cause analysis of the decrease in business profit compared to the same period last year
 - Foreign exchange had a ¥2.5 billion negative impact in the second quarter.
 - Despite the appreciation of the dollar versus the yen, we suffered losses due to the devaluation of Latin American currencies. In general, we are able to cover foreign exchange fluctuations in product prices, and thus calculate the impact of foreign exchange based on the movement of the dollar. However, the rapid and severe nature of the devaluation in the second quarter meant that we were unable to cover the losses in product prices and had to make additional calculations on foreign exchange impact.
 - In consideration of the Latin American situation, we have decided to separate these currencies from the US dollar in our calculations of foreign exchange sensitivity. We are therefore adjusting our outlook for dollar sensitivity from a 200 million yen positive impact to a 400 million negative impact. Euro sensitivity remains unchanged at 800 million yen.
 - Sales volume changes had a negligible effect on business profit, as the increases in unit shipments of high-capacity ink tank printers, POS printers, projectors and so forth were cancelled out by decreases in the volumes of large-format printer parts and microdevices.
 - Price changes had a 2.7 billion yen positive effect on business profit. The negative impact of lower prices and worsened model mixes for ink cartridge printers, projectors and microdevices was offset by increased prices accompanying currency devaluations.
 - We reduced costs in all of our businesses, so cost changes positively affected business profit.
 - SG&A expenses increased due to spending on R&D and on promotions to drive future growth.



■ Major items on our statements of financial position

- Total assets decreased by ¥27.3 billion compared to the end of March 2015. Although inventories increased, total assets decreased mainly due to a decrease in cash and cash equivalents.
- Inventories temporarily increased because, in addition to seasonal factors as we head to the year-end shopping season, we did not sell as many inkjet printer and projector units as planned.

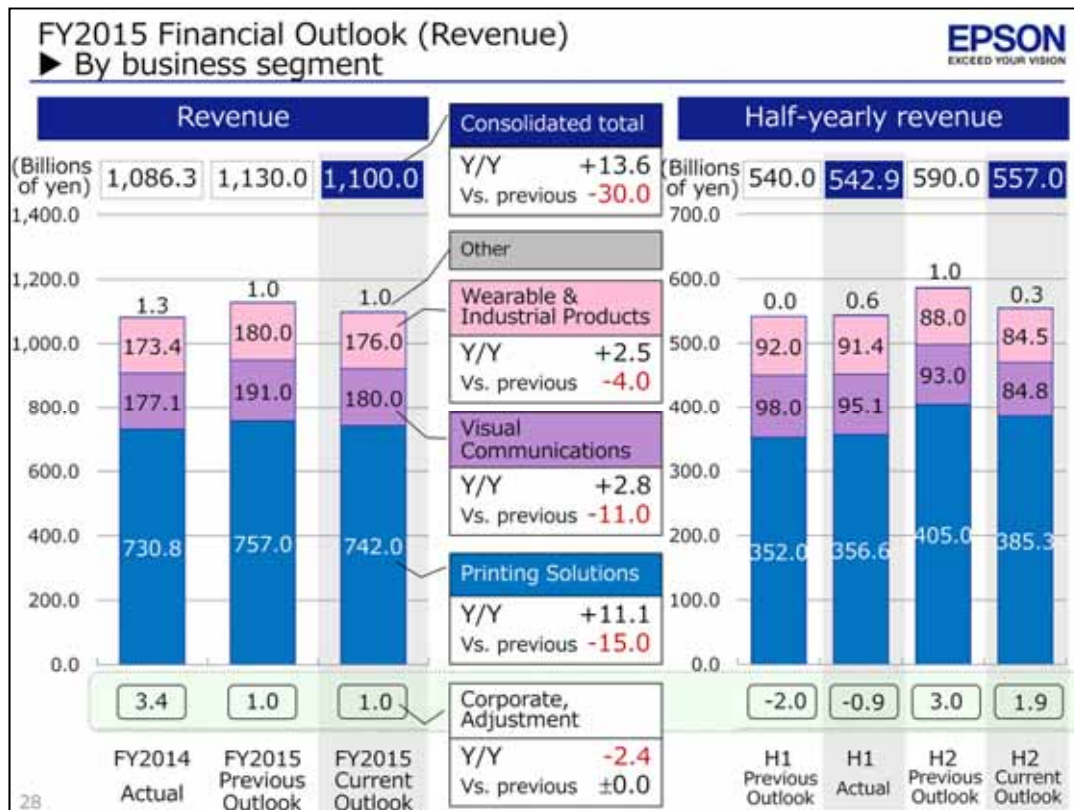


■ Major items on our statements of financial position

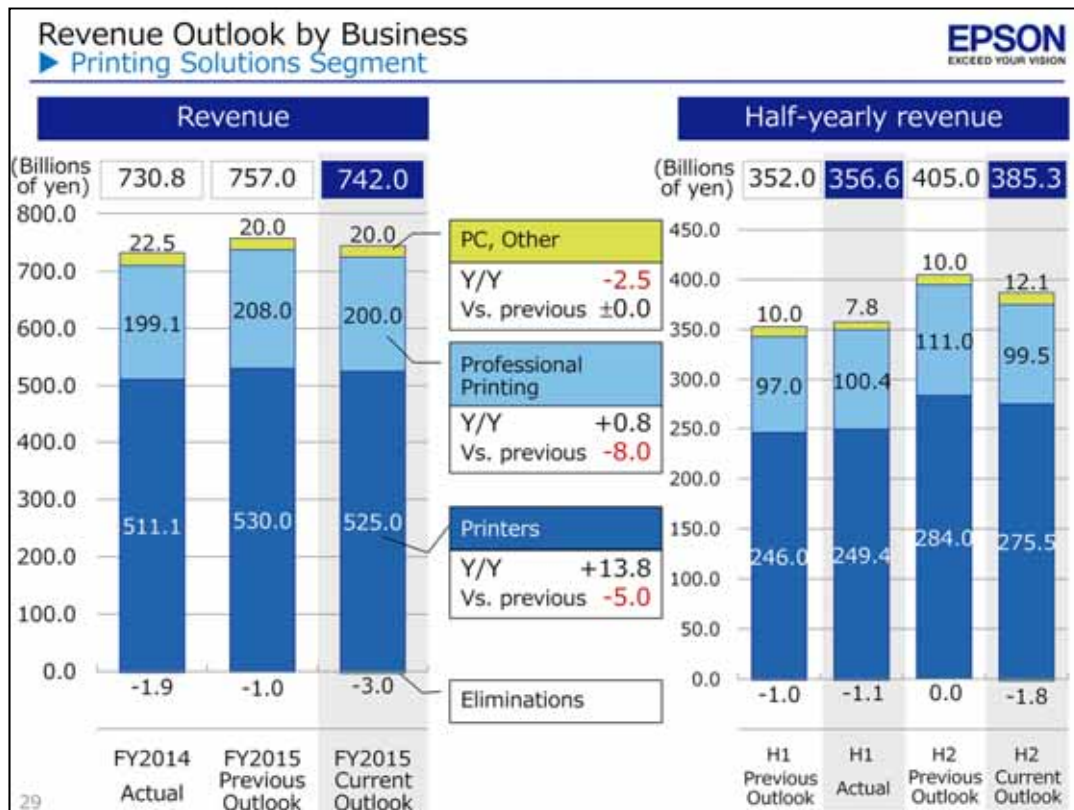
- Interest-bearing liabilities were ¥158.2 billion, an decrease of ¥27.6 billion compared to the end of the previous fiscal year due chiefly to the redemption of bonds payable. The ratio of interest-bearing liabilities to total assets was 16.2%.
- Net cash was ¥32.3 billion.
- The equity attributable to owners of the parent company increased by ¥1.9 billion compared to the previous fiscal year end. The equity ratio attributable to owners of the parent company was 50.7%.

1) FY2015 Q2 Financial Results

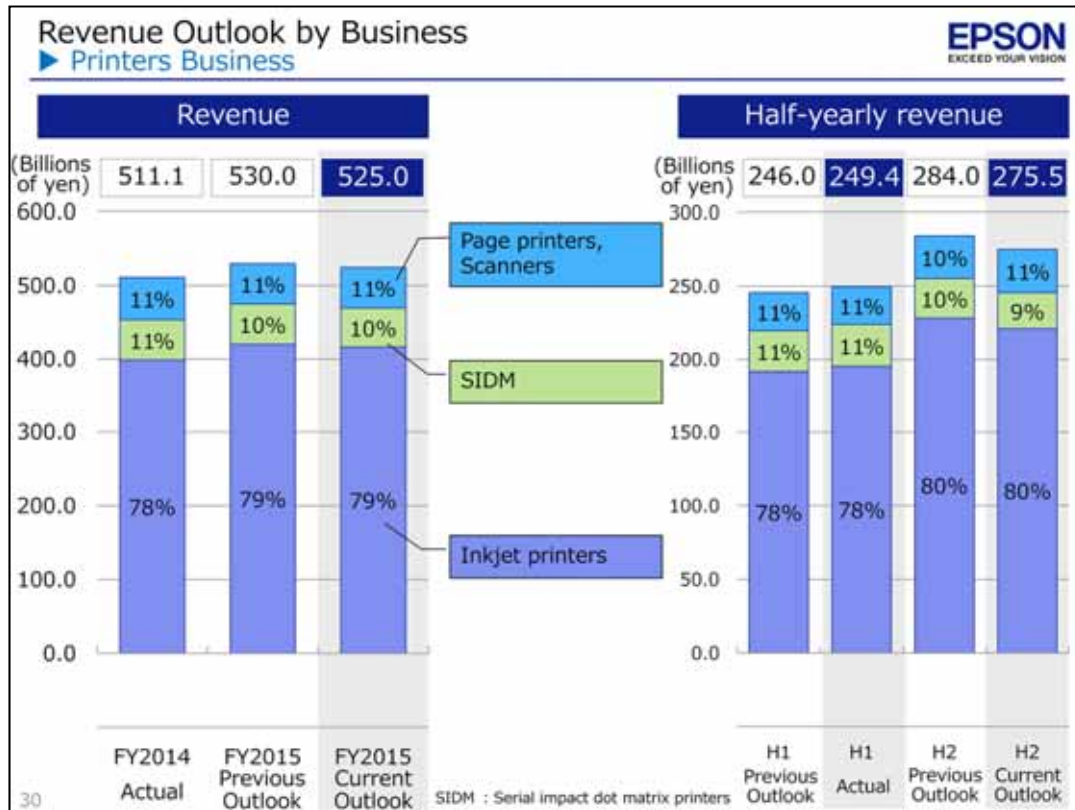
2) FY2015 Financial Outlook



- Revenue outlook for FY2015 broken down by segment and by first and second half
- We lowered our forecast for projector unit shipments in visual communications from 7% year-on-year growth in the previous outlook to 2% growth because the market forecast for the year was slightly lowered.



- Breakdown of revenue outlook in each business of the printing solutions
- We lowered the full-year revenue outlook in printers to ¥525 billion and in professional printing to ¥200 billion.

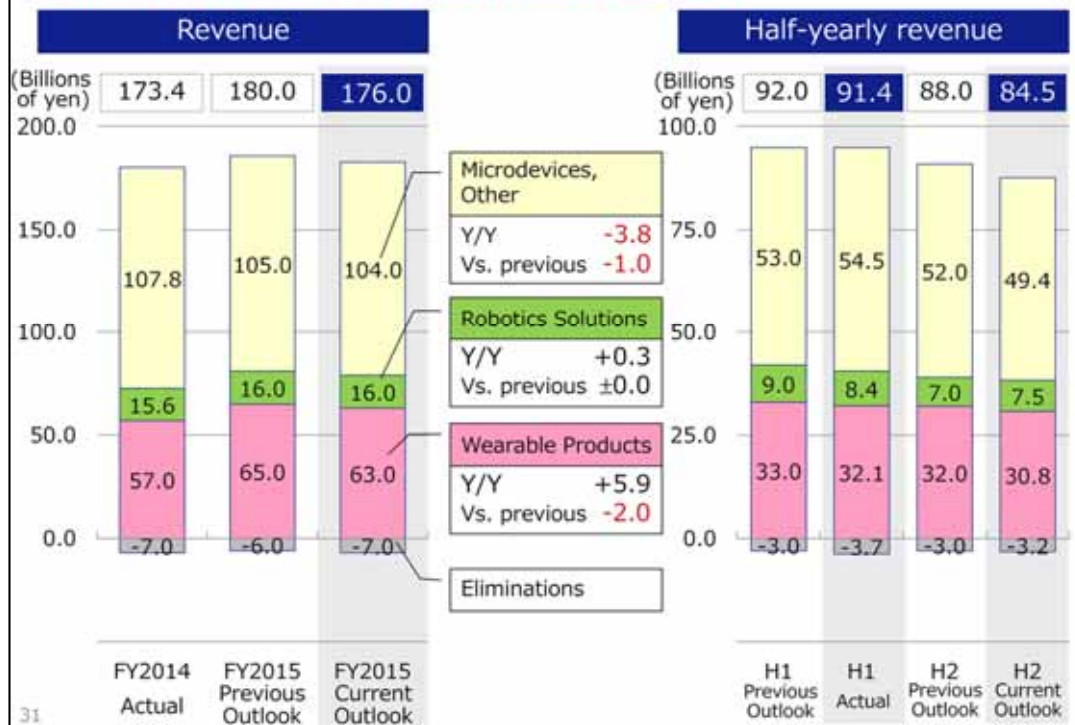


■ The breakdown of the revenue outlook in the printer business

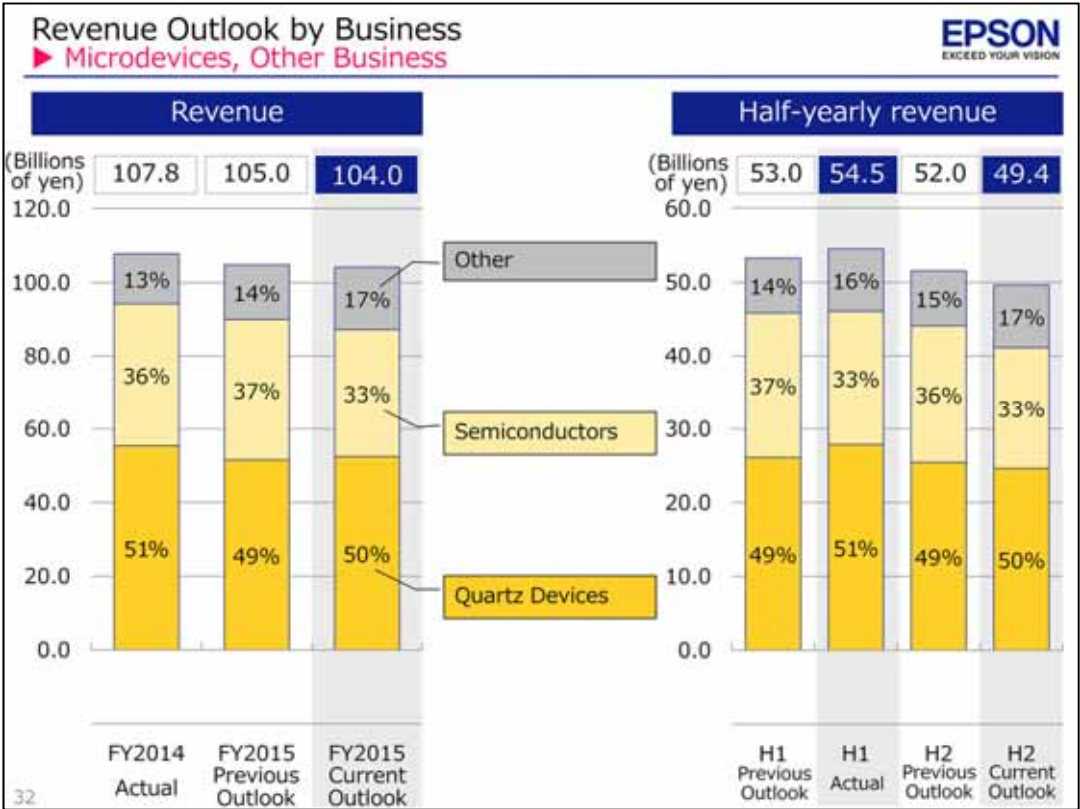
- We lowered the full-year inkjet printer volume outlook from 4% year-on-year growth in the previous outlook to 3% growth in the current outlook because we do not anticipate shipping as many units as initially projected, since we have responded in limited fashion to the aggressive promotional pricing by competitors in consideration of profitability over printer lifetime, including ink.

Revenue Outlook by Business

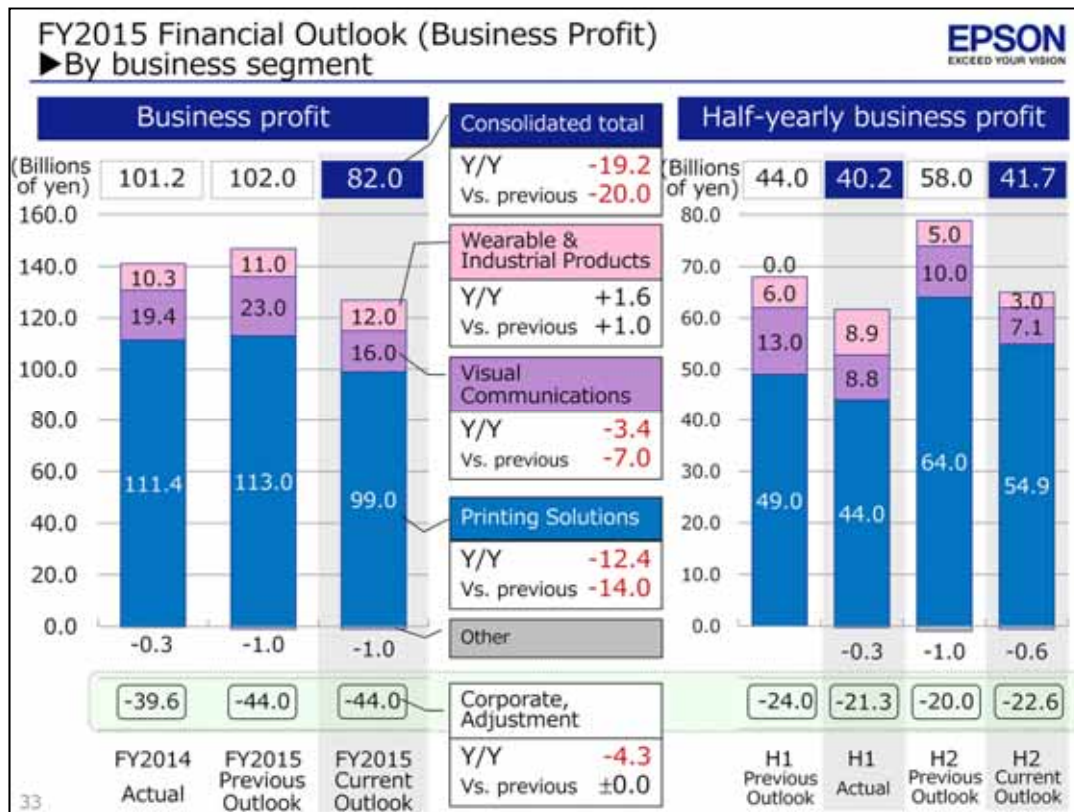
► Wearable Products & Industrial Products Segment



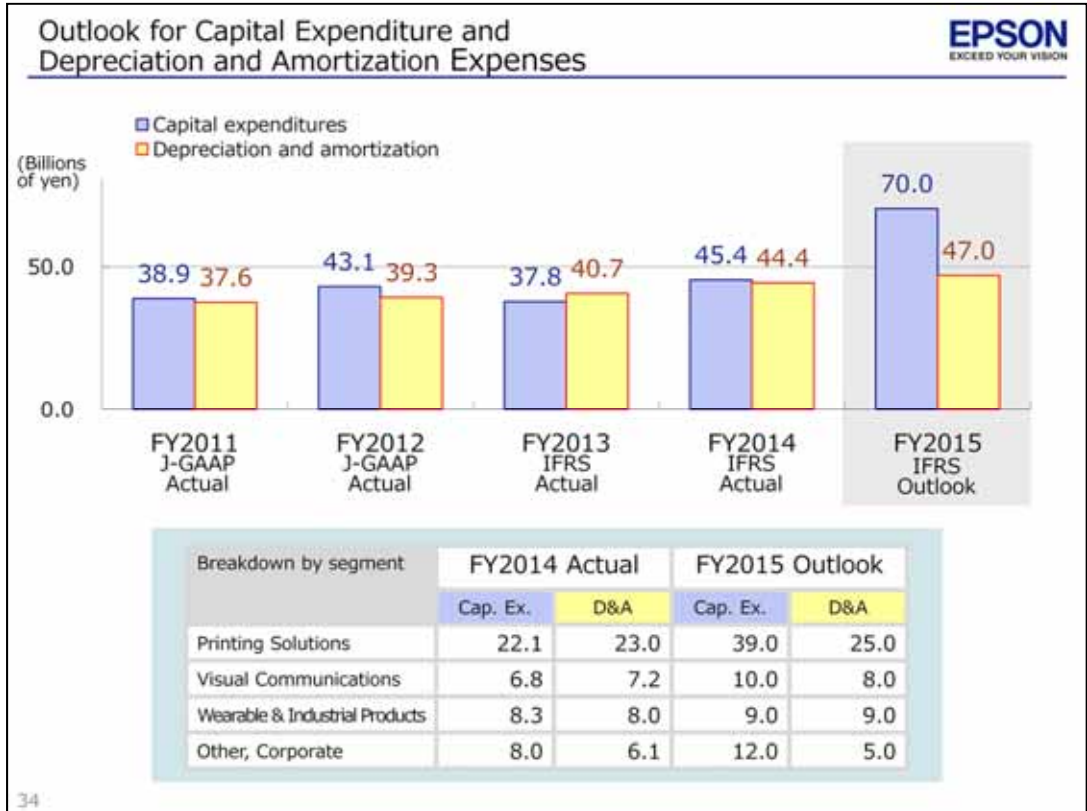
- Breakdown of revenue by business in wearable & industrial products



- Breakdown of revenue in microdevices and other businesses

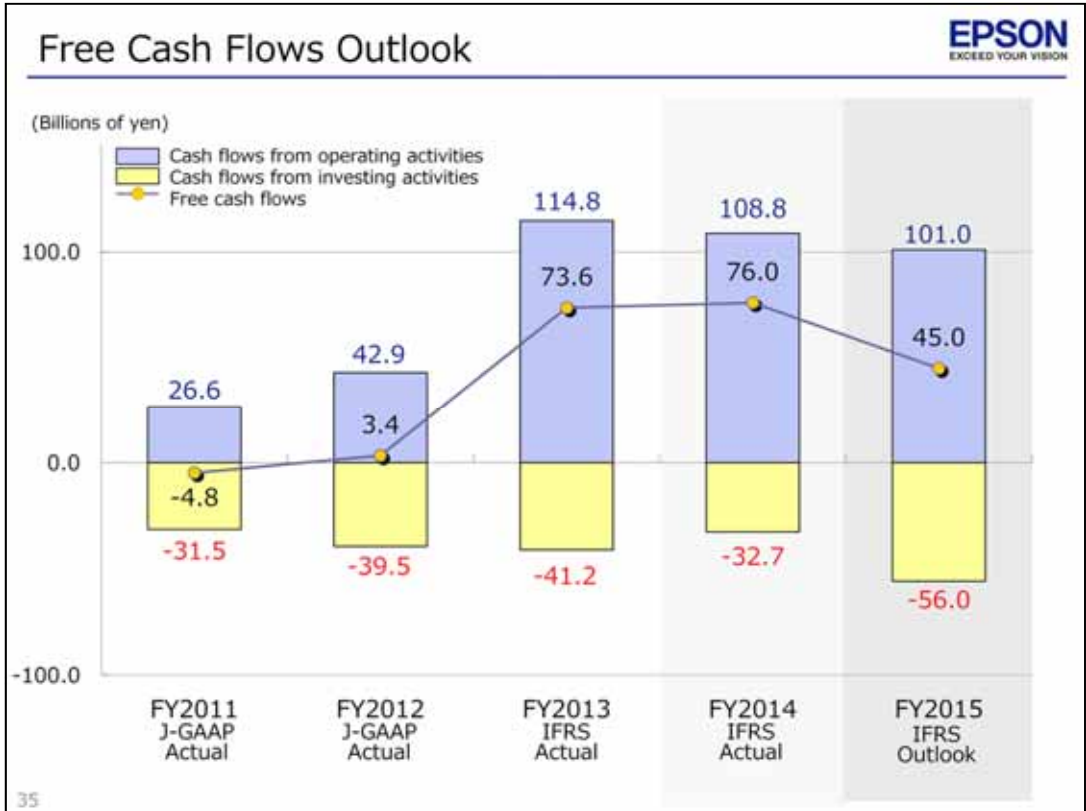


■ FY2015 estimated full-year and half-year business profit broken down by segment



■ Outlook for capital expenditure and depreciation and amortization expenses

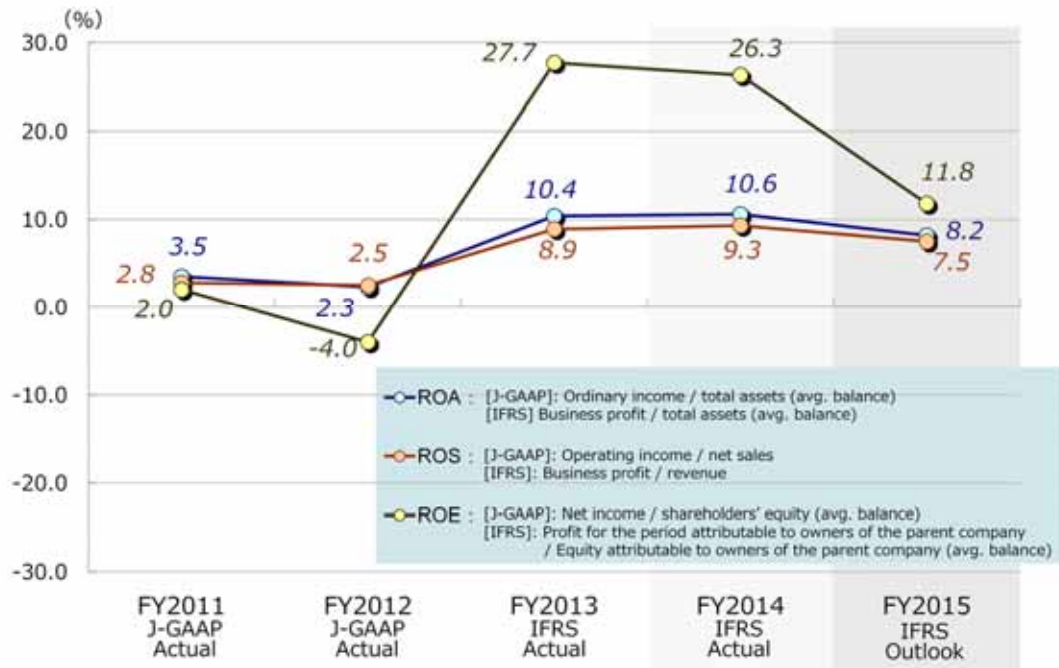
- The capital expenditure outlook has not changed since the previous outlook.
- We still plan to aggressively invest in strategic projects with an eye toward medium- and long-term growth, but we will carefully review each investment before going ahead.
- Capital expenditure on a factory in the Philippines to expand inkjet printer and projector production capacity was recorded as a corporate expense up until the previous outlook but is now recorded as an expense of the printing solutions and visual communications segments.
- We expect to record ¥47 billion in depreciation and amortization expenses as was previously forecast.



■ Cash flows

- We revised the outlook for cash flows based on the revised financial outlook. For the 2015 fiscal year we now expect ¥101 billion in cash flows from operating activities, ¥56 billion in net cash provided by investing activities, and ¥45 billion in free cash flows.

Main Management Indicators



■ Major management performance indicators

➤ ROS of 7.5%, ROA of 8.2%, and ROE of 11.8%

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