

Fourth Quarter Financial Results Fiscal Year 2017 (Ended March 2018)

April 27, 2018

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.

■ 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.

■ Numerical values presented herein

Numbers are rounded down to the unit indicated. Percentages are rounded off to one decimal place. Years mentioned in these materials are fiscal years unless otherwise indicated.

- FY2017 Full-Year Financial Results
- FY2018 Financial Outlook

- FY2017 Q4 Financial Results
- Main Management Indices
- Shareholder Return

FY2017 Financial Highlights (Full Year)



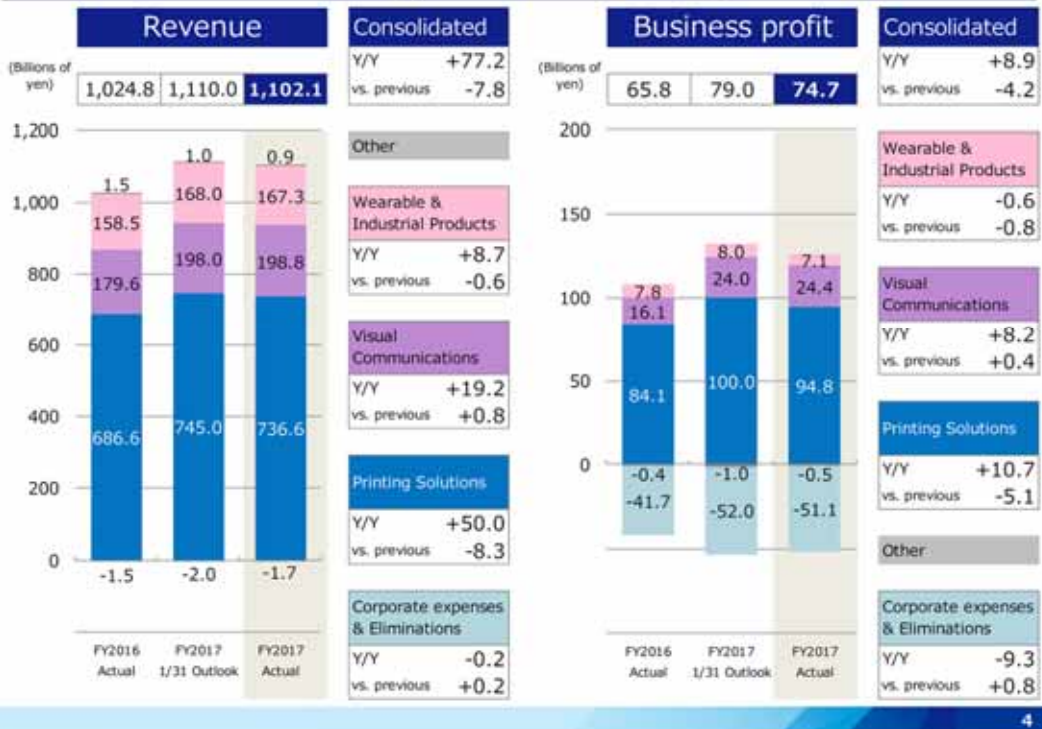
	FY2016		FY2017		Change			
	Actual	%	1/31 Outlook	%	Actual	%	Y/Y	Vs. 1/31 outlook
(Billions of yen)								
Revenue	1,024.8		1,110.0		1,102.1		+77.2	-7.8
Business profit	65.8	6.4%	79.0	7.1%	74.7	6.8%	+8.9	-4.2
Profit from operating activities	67.8	6.6%	72.0	6.5%	65.0	5.9%	-2.8	-6.9
Profit before tax	67.4	6.6%	72.0	6.5%	62.6	5.7%	-4.8	-9.3
Profit for the year	48.4	4.7%	51.0	4.6%	41.7	3.8%	-6.6	-9.2
EPS* (yen)	136.82		144.79		118.78			
Exchange rate (yen)								
USD	108.38		111.00		110.85			
EUR	118.79		129.00		129.66			

* Basic earnings per share for the year

Exchange difference (Billions of yen)	USD	EUR	Other	Total
Revenue	+7.7	+15.5	+10.5	+33.8
Business profit	-2.3	+10.2	+4.7	+12.6

- Our financial results for the full 2017 fiscal year are summarized here.
- Revenue was ¥1,102.1 billion, up ¥77.2 billion year on year. Business profit was ¥74.7 billion, up ¥8.9 billion. Profit for the period was ¥41.7 billion, down ¥6.6 billion.
- Fiscal 2017 revenue and business profit were positively affected by the weak yen, adding ¥33.8 billion extra to revenue and ¥12.6 billion extra to business profit.
- Details about profit from operating activities and other categories of profit will be provided later in the presentation.

FY2017 Results by Business Segment



- Here, revenue and business profit are broken out by segment.
- The results in individual segments will be explained on later slides.

FY2017 Results Comparison by Business



(Billions of yen)

Printing Solutions	FY2016 Actual	FY2017 1/31 Outlook	FY2017 Actual	Y/Y	vs. 1/31 Outlook
Revenue	686.6	745.0	736.6	+50.0	-8.3
Printers	481.2	533.0	523.1	+41.9	-9.8
% sales IJP	81%	83%	83%	-	-
SIDM	9%	8%	8%	-	-
Other	10%	9%	9%	-	-
Professional Printing	188.6	196.0	197.8	+9.1	+1.8
Other	18.4	18.0	17.3	-1.1	-0.6
Inter-segment revenue	-1.6	-2.0	-1.6	+0.0	+0.3
Segment profit	84.1	+100.0	94.8	+10.7	-5.1
ROS	12.3%	13.4%	12.9%		

IJP : Inkjet Printers
SIDM : Serial Impact Dot Matrix Printers

5

- First, let's look at the full-year results by business in printing solutions.
- This segment saw a sharp increase in revenue and profit growth.
- Printer business revenue sharply increased primarily due to the effects of the weak yen but also due to continued strong sales of high-capacity ink tank models, a category where we boast an extensive lineup and high brand recognition. Shipments of these models reached 7.8 million units, a 1.7 million unit increase over last year.
- Professional printing revenue increased largely due to expanded sales of large format printers for signage, textiles and label printers, and to the weak yen.
- Segment profit increased thanks to a combination of revenue growth and the effects of a weaker yen, which more than compensated for both planned strategic investment in growth, including spending on promotional campaigns and sales organization improvements for products such as the high-speed linehead inkjet multifunction printers that we launched worldwide in fiscal 2017, and unanticipated costs, such as higher transportation expenses arising from a fire at a supplier's facility.

FY2017 Results Comparison by Business				EPSON EXCEED YOUR VISION	
(Billions of yen)					
Visual Communications	FY2016 Actual	FY2017 1/31 Outlook	FY2017 Actual	Y/Y	vs. 1/31 Outlook
Revenue	179.6	198.0	198.8	+19.2	+0.8
Segment profit	16.1	24.0	24.4	+8.2	+0.4
ROS	9.0%	12.1%	12.3%		

Wearable & Industrial Products	FY2016 Actual	FY2017 1/31 Outlook	FY2017 Actual	Y/Y	vs. 1/31 Outlook
Revenue	158.5	168.0	167.3	+8.7	-0.6
Wearable Products	50.7	49.0	50.3	-0.4	+1.3
Robotics Solutions	16.9	25.0	24.6	+7.7	-0.3
Microdevices, Other	96.5	100.0	98.9	+2.4	-1.0
Inter-segment revenue	-5.6	-6.0	-6.6	-1.0	-0.6
Segment profit	7.8	8.0	7.1	-0.6	-0.8
ROS	4.9%	4.8%	4.3%		

- Here, the results in visual communications and wearable & industrial products are broken out by business.
- In addition to the effects of the weaker yen, visual communications revenue increased because we continued to expand our projector market share even though demand in the market itself leveled off and because we expanded sales of high-added-value, high-lumen projectors.
- Segment profit also increased. This increase was the result of growth in revenue and sales of high-added-value products, which improved earnings.
- Wearable & industrial products revenue increased, because, even though wearable products revenue was flat year on year, a competitive lineup of robotics solutions helped sales in this business grow faster than the overall market. Microdevices and other revenue increased, as strong semiconductor sales compensated for a decrease in quartz sales. In the end, segment revenue increased as a whole, partly owing to the effects of the weaker yen.
- Segment profit, meanwhile, was basically flat year on year.

- Launched core strategic products under the Epson 25 Mid-Range Business Plan and made progress in strengthening business infrastructure, but there were issues with the speed of some of our efforts.

Progress

- Continued to expand sales of strategic products and launched new products that will drive future growth
 - ✓ High-capacity ink tank models; LFPs for signage, textiles, and labels; high-lumen projectors; robots
 - ✓ Launched high-speed linehead inkjet multifunction printers, completed development of lighting projector, introduced new own-brand Trume analog watches
- Strengthened production, sales, and other business infrastructure
 - ✓ Opened a new factory in the Philippines (for printer and projector assembly)
 - ✓ Began construction on new development center/plant (printhead front-end processing) in Hirooka, Japan
 - ✓ Strengthened the office printer sales organization
 - ✓ Strengthened the sales organization in emerging markets (established a sales company in Vietnam, etc.)

Issues

- Develop value propositions based on Micro Piezo technology

- This slide summarizes our strategic progress and issues identified during the 2017 fiscal year.
- Fiscal 2017 was the second year of the Epson 25 mid-range business plan, the first in a series of three-year plans designed to achieve the Epson 25 corporate vision. We believe that we generally made smooth progress in executing the core strategies of the plan in fiscal 2017.
- We continued to steadily expand sales of products such as high-capacity ink tank printers, large-format printers in growth markets, high-lumen projectors, and robots.
- We also launched new products that will drive future growth. For example, we completed a global launch of high-speed linehead inkjet multifunction printers. We finished developing a lighting projector that can be used for staging applications or as a spotlight. And we began rolling out analog watches under the new Trume brand.
- In addition, we strengthened our business infrastructure as planned, including by expanding and improving our development and production sites in the Philippines and Japan, and by strengthening the sales organizations in office printers and in emerging markets.
- On the other hand, there have been issues with the speed of some of our efforts to achieve our corporate vision.
- In the course of our efforts to replace office laser printers with inkjets, we are certainly confident that there is an underlying need among customers to reduce their environmental footprints while still printing as much as they need without worrying about costs.

The Micro Piezo inkjet technology that powers our high-capacity ink tank printers and high-speed linehead inkjet multifunction printers is the ideal solution.

We have to make certain that the market understands the competitive advantages of our technology, and must drive a shift in the printer business model.

FY2018 Financial Outlook

EPSON
EXCEED YOUR VISION

	FY2017		FY2018		Change Y/Y	
	(Billions of yen)	Actual	%	Outlook		%
Revenue		1,102.1		1,050.0	-52.1	
Business profit		74.7	6.8%	80.0	7.6%	+5.2
Profit from operating activities		65.0	5.9%	75.0	7.1%	+9.9
Profit before tax		62.6	5.7%	74.0	7.0%	+11.3
Profit for the year		41.7	3.8%	58.0	5.5%	+16.2
EPS* ¹ (yen)		118.78		164.67		
Exchange rate (yen)	USD	110.85		100.00		
	EUR	129.66		125.00		

*¹ Basic earnings per share for the year

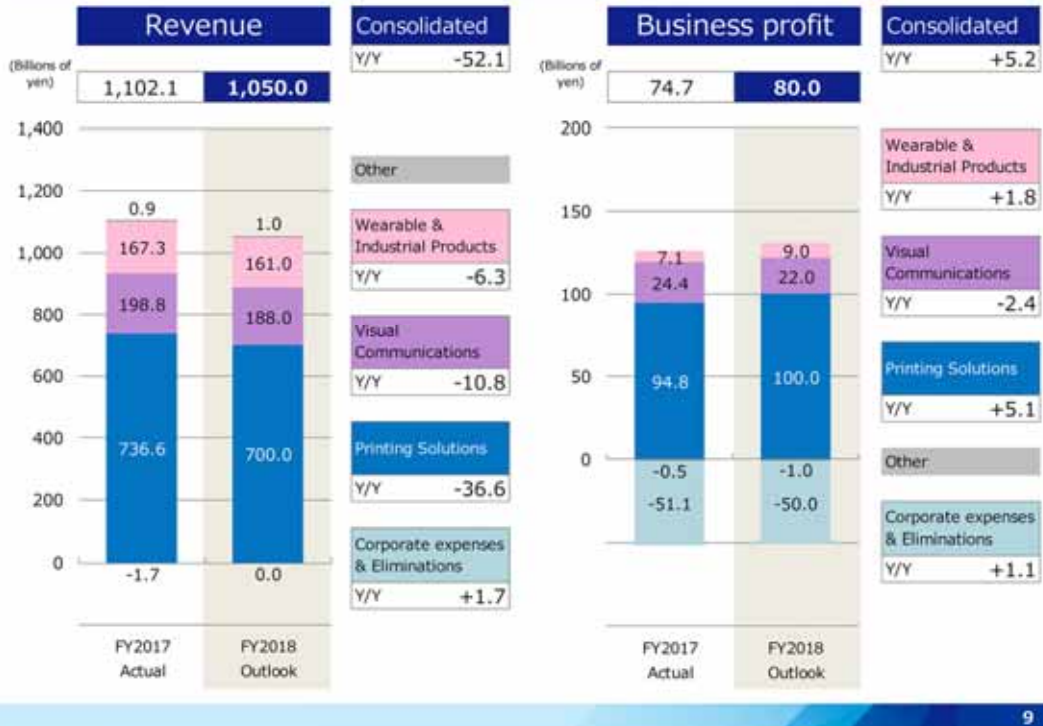
*² Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)
Annual impact of a 1% increase in the value of the yen versus other currencies (in billions of yen)

Exchange sensitivity * ²	USD	EUR	Other currencies
Revenue	-3.0	-1.5	-3.0
Business profit	+0.5	-1.0	-1.3

8

- Our fiscal 2018 financial outlook, shown here, takes the progress and issues from 2017 into account.
- We are forecasting ¥1,050 billion in revenue, a decrease of ¥52.1 billion year on year, and ¥80 billion in business profit, an increase of ¥5.2 billion. We expect ¥58 billion in profit for the period, an increase of ¥16.2 billion.
- The outlook, into which we have factored future currency volatility risk, is based on assumed exchange rates of 100 yen to the US dollar and 125 yen to the euro.
- We assume that other currencies will, for the most part, move in tandem with the dollar, and that the yen will appreciate somewhat from current levels.

FY2018 Financial Outlook by Business Segment



➤ Here, revenue and business profit are broken out by segment for your later reference.

FY2018 Actions by Business

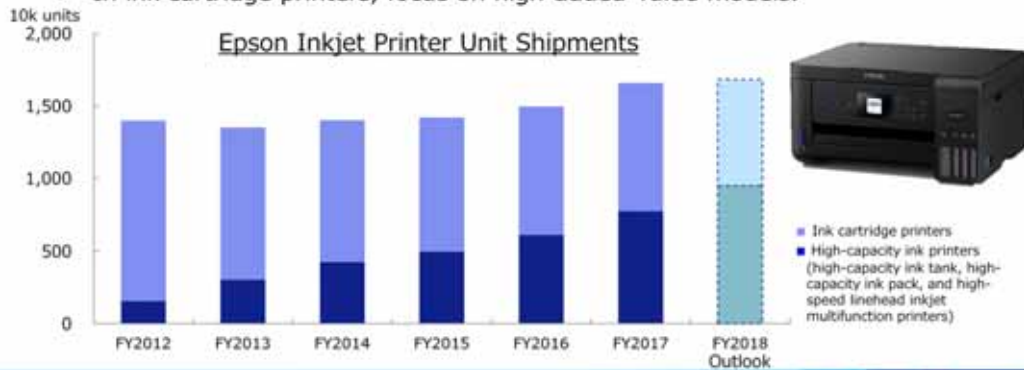
Printers

- Change the printer business model by accelerating a switch from ink cartridge printers to high-capacity ink tank models.

- High-capacity ink tank printers

- ✓ Provide greater customer value, including a smaller environmental footprint and lower TCO
- ✓ Dramatically lower printing costs generate new business value
- ✓ Accelerate roll-out and adoption in developed economies as well as emerging markets.

- In ink cartridge printers, focus on high-added-value models.



10

- These are the actions we have planned for each business in fiscal 2018 and about the assumptions on which the outlook is based.
- Epson will provide customer value by changing the printer business model and accelerating the switch from ink cartridge printers to high-capacity ink tank models.
- High-capacity ink tank printers offer a smaller environmental footprint and a lower total cost of ownership than both laser and ink cartridge printers.
- These two forms of customer value address office customer needs for lower printing costs, and provide better environmental performance amid greater awareness of ecological issues.
- In addition, printers with high ink capacity have the potential to generate completely new business value thanks to their dramatically lower printing costs.
- For example in China, we offer a service that allows customers to use WeChat to easily print photos taken on smartphones from one of 53,000 printing systems that have been installed in cities, airports, sightseeing spots and restaurants. This allows customers to print out photos at little or no cost because the cost of the printing is covered by the installer or advertisers.
- This system, which includes a 6-color Epson ink tank model, provides new value because it allows customers to enjoy printing photos without having to worry about the cost.
- Epson will accelerate the switch to high-capacity ink tank printers not only in emerging markets, where we anticipate sustained growth, but also in economically advanced countries, where ink cartridge printers currently dominate the market. To do so, we will build recognition of the product value and advantages of our inkjet systems, and proactively launch collaborative efforts with other companies as we seek to create new markets.
- We plan through these actions to grow high-capacity ink tank printer unit shipments in fiscal 2018 to 9.5 million units, a year-on-year increase of 1.7 million units. High-capacity ink tank models will then account for approximately 55% of our total inkjet printer unit shipments.
- Meanwhile, in ink cartridge printers, we will focus on high-added-value models.

FY2018 Actions by Business

EPSON
EXCEED YOUR VISION

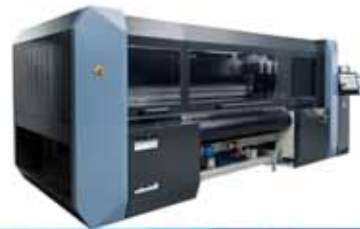
Printers

- Get the high-speed linehead inkjet multifunction printer business on track.
 - In FY2018, we will leverage market insights to accelerate sales expansion.
 - ✓ Strengthen joint actions with sales channels as needed in each region.
 - ✓ Advertise the environmental benefits in addition to printing performance excellence.



Professional Printing

- Continue growth by promoting the transition to digital inkjet printing in the commercial and industrial sectors (signage, textile and label markets).



11

- Here is the state of progress in the high-speed linehead inkjet multifunction printer business.
- In the 2017 fiscal year we completed a global roll-out of our high-speed linehead inkjet multifunction printers. And efforts to strengthen our sales and support organizations and to build relationships with sales channels generally went according to plan.
- We have lined up a growing number of potential customers as a result.
- Nevertheless, we did not achieve the sales plan, largely because it has taken longer than anticipated to reach agreements and because sales have depended on reaching customers at the right time for a switch.
- In fiscal 2018 we will continue to strengthen our sales and support organization. We will also take advantage of the insights we have gained to work closely with channels as needed in each region to accelerate sales.
- We will promote the switch from laser to inkjet systems among office users by advertising the environmental benefits of inkjet systems in addition to their excellent printing performance.
- In professional printing, we will continue driving growth by promoting the transition to digital inkjet printing in signage, textile, and label printing in commercial and industrial markets.

FY2018 Financial Outlook by Business

EPSON
EXCEED YOUR VISION

(Billions of yen)

Printing Solutions	FY2017 Actual	FY2018 Outlook	Y/Y
Revenue	736.6	700.0	-36.6
Printers	523.1	500.0	-23.1
% sales IJP	83%	84%	-
SIDM	8%	7%	-
Other	9%	9%	-
Professional Printing	197.8	184.0	-13.8
Other	17.3	18.0	+0.6
Inter-segment revenue	-1.6	-2.0	-0.3
Segment profit	94.8	100.0	+5.1
ROS	12.9%	14.3%	

12

- The revenue and segment profit outlook in printing solutions is broken down here by business.
- We forecast a gradual decline in ink revenue chiefly due to a shrinking install base of ink cartridge printers in the home, but this hole will largely be filled by an increase in high-capacity ink tank printers and by expanding sales in professional printing.
- However, the negative effects of foreign exchange are expected to outstrip revenue growth, resulting in lower revenue for the segment as a whole.
- Segment profit is expected to increase, though the increase will be tempered by negative foreign exchange effects. We will invest to strengthen office sales and expand sales of high-capacity ink tank printers in developed economies, but the shift to high-capacity ink tank printers will improve the profit structure. At the same time, segment profit will benefit from a reduction in the number of ink cartridge printers produced and the absence of expenses that were incurred in fiscal 2017 due to the fire at a supplier's facility.
- The printer business should account for about 60% of the ¥100 billion in printing solutions segment profit, an increase from the mid 50% range last year.

FY2018 Actions by Business

EPSON
EXCEED YOUR VISION

Visual Communications

- Expand our share in existing markets and develop new markets.



Wearable & Industrial Products

- Wearable products: Improve the model mix and increase operational efficiency.
- Robotics solutions: Continue to expand sales at a rate that exceeds the market growth rate.
- Microdevices, Other: Strengthen the lineup of products that meet customer needs.



13

- In visual communications, the total projector market is unlikely to grow, but we will reinforce our product lineup and take other actions to further increase our share of the existing market and develop new markets in areas such as lighting and staging.
- In wearable & industrial products, we plan to improve the model mix in wearable products and increase operational efficiency.
- In the robotics solutions business, we will reinforce our product lineup and take other actions to continue to grow faster than the market. We will also enter the collaborative robot market.
- In the microdevices and other category, we forecast sustained strong semiconductor sales and plan to bolster our lineup of small crystal devices for smartphones and other products that meet customer needs.

FY2018 Financial Outlook by Business

EPSON
EXCEED YOUR VISION

(Billions of yen)

Visual Communications	FY2017 Actual	FY2018 Outlook	Y/Y
Revenue	198.8	188.0	-10.8
Segment profit	24.4	22.0	-2.4
ROS	12.3%	11.7%	

Wearable & Industrial Products	FY2017 Actual	FY2018 Outlook	Y/Y
Revenue	167.3	161.0	-6.3
Wearable Products	50.3	46.0	-4.3
Robotics Solutions	24.6	26.0	+1.3
Microdevices, Other	98.9	94.0	-4.9
Inter-segment revenue	-6.6	-5.0	+1.6
Segment profit	7.1	9.0	+1.8
ROS	4.3%	5.6%	

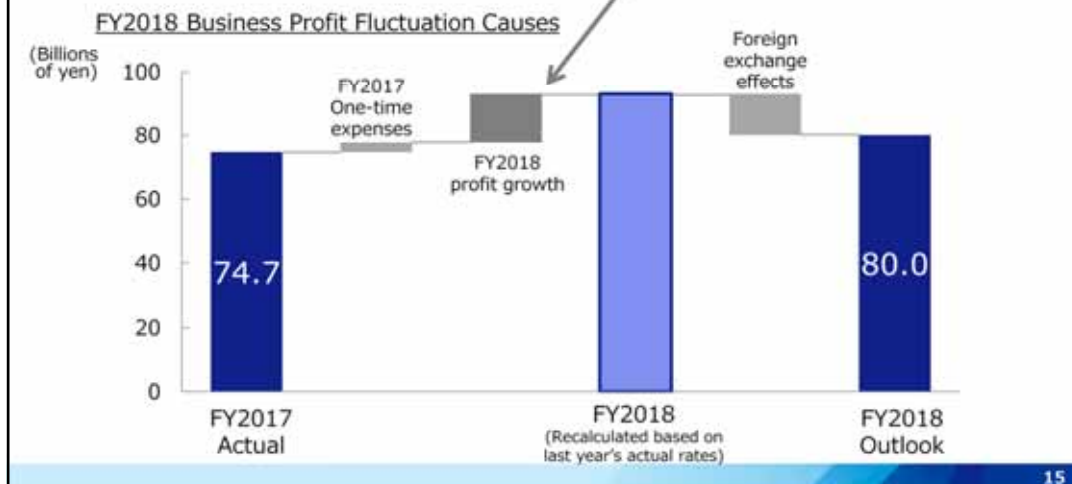
14

- The foregoing considerations have been factored into the fiscal 2018 financial outlook shown here.
- In visual communications we forecast steady sales growth, but revenue is seen declining due to negative foreign exchange effects.
- Segment profit is expected to decrease due to strategic spending on future growth and foreign exchange effects.
- In wearable & industrial products, revenue will decrease due to negative foreign exchange effects, but segment profit is expected to increase.

Achieving the FY2018 Financial Outlook

- Innovate business models and realize profit by providing products that leverage our core technology and deliver customer value.

- Continue to expand sales of strategic products.
- Achieve customer value and drive shift of inkjet printer business model.
- Continue to invest in business infrastructure and R&D for future growth.



- The 2018 fiscal year is the final year of the mid-range business plan, a year for solidifying our business infrastructure to position us for growth.
- We will finish executing the plan, innovate new business models, and realize profit growth by providing products that leverage our core technology to solve issues and deliver customer value.
- The fiscal 2018 full-year outlook shows ¥80 billion in business profit. The main factors affecting business profit, both positive and negative, are summarized here.
- This year we will not incur the roughly ¥3 billion in one-time expenses that we incurred last year. We factored this into the outlook along with profit that we expect our actions to yield in our businesses. We also factored in an approximately ¥13 billion negative effect from foreign exchange.
- This ¥80 billion in business profit is slightly lower than the target in the mid-range business plan, both in absolute monetary terms and in terms of return on sales, even when recalculated based on the assumed exchange rates used for the plan.
- We are making progress on actions in each business, but we have fallen behind the plan in some new areas where we lacked adequate knowledge and insight.
- Nevertheless, we firmly believe in Epson's strategic direction.
- We will continue to spend heavily this year because we are convinced that now is the time for capital expenditures and investment in future growth.
- Of course, we fully recognize that the financial outlook falls short of the mid-range targets, but we will address issues that have surfaced and make strides toward achieving the Epson 25 corporate vision so as to exceed expectations.

- FY2017 Full-Year Financial Results
- FY2018 Financial Outlook

- FY2017 Q4 Financial Results
- Main Management Indices
- Shareholder Return

FY2017 Financial Highlights (Full Year)

EPSON
EXCEED YOUR VISION

	FY2016		FY2017		Change			
	Actual	%	1/31 Outlook	%	Actual	%	Y/Y	Vs. 1/31 outlook
(Billions of yen)								
Revenue	1,024.8		1,110.0		1,102.1		+77.2	-7.8
Business profit	65.8	6.4%	79.0	7.1%	74.7	6.8%	+8.9	-4.2
Profit from operating activities	67.8	6.6%	72.0	6.5%	65.0	5.9%	-2.8	-6.9
Profit before tax	67.4	6.6%	72.0	6.5%	62.6	5.7%	-4.8	-9.3
Profit for the year	48.4	4.7%	51.0	4.6%	41.7	3.8%	-6.6	-9.2
EPS* (yen)	136.82		144.79		118.78			
Exchange rate (yen)								
USD	108.38		111.00		110.85			
EUR	118.79		129.00		129.66			

* Basic earnings per share for the year

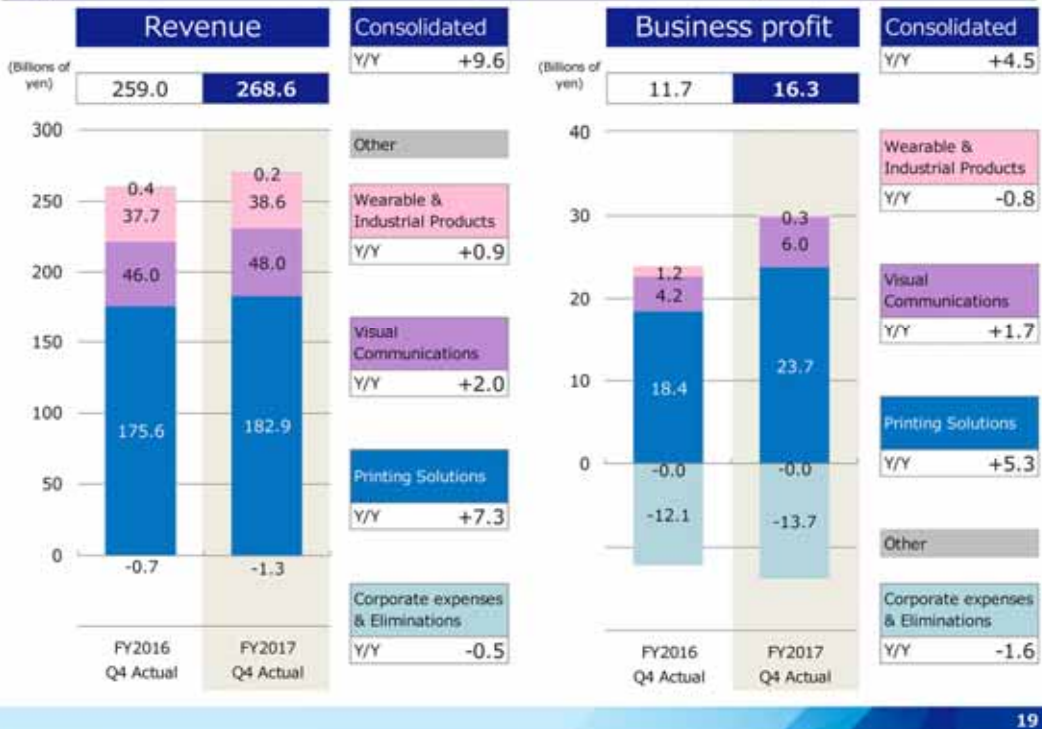
Exchange difference (Billions of yen)	USD	EUR	Other	Total
Revenue	+7.7	+15.5	+10.5	+33.8
Business profit	-2.3	+10.2	+4.7	+12.6

- Next, let's look at our fiscal 2017 profit from operating activities and profit for the period.
- Profit from operating activities fell year on year and versus the January 31 outlook primarily because we recorded a loss on forward exchange contracts in other operating income and expenses, and because we booked costs associated with a realignment of overseas sites in the fourth quarter.
- Profit before taxes decreased because, in addition to the fall in profit from operating activities, we recorded a foreign exchange loss on the translation of receivables and liabilities such as cash and cash equivalents denominated in foreign currencies due to the devaluation of the US dollar at the end of the 2017 fiscal year.
- Profit for the year decreased compared to last year largely due to the effects of tax reform in the U.S. that increased our tax expenses.

Financial Highlights (Fourth Quarter)						EPSON EXCEED YOUR VISION	
		FY2016		FY2017		Change	
(Billions of yen)		Q4 Actual	%	Q4 Actual	%	Y/Y	
Revenue		259.0		268.6		+9.6	
Business profit		11.7	4.5%	16.3	6.1%	+4.5	
Profit from operating activities		10.5	4.1%	12.7	4.8%	+2.1	
Profit before tax		10.0	3.9%	11.6	4.3%	+1.5	
Profit for the period		1.3	0.5%	7.0	2.6%	+5.7	
EPS* (yen)		3.79		20.65			
Exchange rate (yen)	USD	113.64		108.39			
	EUR	121.08		133.20			
* Basic earnings per share for the period							
		Exchange difference (Billions of yen)		USD	EUR	Other	Total
Revenue				-3.8	+4.5	-1.9	-1.2
Business profit				+0.8	+2.9	-1.8	+2.0

- Now let's take a look at the fourth quarter results.
- Here, revenue and business profit are broken out by segment for your later reference.
- For the quarter we recorded ¥268.6 billion in revenue, up ¥9.6 billion year on year. Business profit was ¥16.3 billion, up ¥4.5 billion. And profit for the period was ¥7.0 billion, up ¥5.7 billion.
- Currency volatility had a ¥1.2 billion negative effect on revenue for the quarter, and a ¥2.0 billion positive effect on business profit.

Q4 Financial Results by Business Segment EPSON EXCEED YOUR VISION



➤ This is a year-on-year comparison of quarterly revenue and business profit.

Quarterly Comparison by Business

EPSON
EXCEED YOUR VISION

(Billions of yen)

Printing Solutions	FY2016 Q4 Actual	FY2017 Q4 Actual	Y/Y
Revenue	175.6	182.9	+7.3
Printers	119.8	128.5	+8.7
% sales IJP	81%	83%	-
SIDM	8%	7%	-
Other	11%	10%	-
Professional Printing	50.4	49.6	-0.7
Other	5.8	5.1	-0.7
Inter-segment revenue	-0.5	-0.4	+0.1
Segment profit	18.4	23.7	+5.3
ROS	10.5%	13.0%	

- IJPs: Ink cartridge printer sales were kept level with last year as a result of stronger actions to maintain prices, high-capacity ink tank printer sales expanded, and ink sales were stable
- SIDMs: Sales in Southeast Asia flat YoY
- Large-format printers: Steady sales growth continued in signage, textile and label printing
- POS printers: Stable sales continued

20

- This is a year-on-year comparison of quarterly revenue in printing solutions.
- Revenue and profit increased in this segment.
- Printer business revenue increased year on year. Ink cartridge printer revenue was flat because we introduced stronger price maintenance actions in the face of ongoing price promotions by competitors in western Europe and the US, and shifted the model mix toward higher-priced products.
On the other hand, we saw a sharp increase in revenue from high-capacity ink tank printers owing to continued strong sales in both emerging and developed markets. Ink sales were, on the whole, stable. Although sales of ink cartridges were hurt by a shrinking ink cartridge printer install base, growing sales of ink for high-capacity inkjet printers balanced things out.
- Professional printing revenue was about the same level as in the same period last year. Revenue was impacted by competition in the large-format photo and graphics printer market. However, sales in the signage, textile, and label segments steadily expanded while POS printer sales remained stable.
- Segment profit increased. In the printer business, which accounted for the mid 50% range of fourth-quarter segment profit, profit was boosted by revenue growth in high-capacity ink tank printers and by a reduction in ink cartridge printer production. Professional printing contributed to segment profit by expanding sales in new market segments, thus improving the model mix.

Continuation from slide 20

- Both revenue and segment profit fell short of the previous outlook, which we released on January 31.
- Revenue for the segment as a whole fell short of the outlook. Although professional printing revenue eclipsed the outlook mainly owing to the capture of contracts for POS printers, printer business revenue fell short. The primary reasons for this are that, first, the heavy extra demand for high-capacity ink tank printers that we expected to be generated by tax reforms in India in fiscal 2017 is now expected to continue across fiscal 2018 and later. Second, as was the case in the third quarter, we continued to have problems with the procurement of parts used in products for certain regions. And third, sales were temporarily hurt when competitors cut prices on end-of-life products.
- Segment profit fell short due to a shortfall in revenue.

Quarterly Comparison by Business

EPSON
EXCEED YOUR VISION

(Billions of yen)

Visual Communications	FY2016 Q4 Actual	FY2017 Q4 Actual	Y/Y
Revenue	46.0	48.0	+2.0
Segment profit	4.2	6.0	+1.7
ROS	9.2%	12.6%	

- Projectors: High-lumen & standard models drove unit sales growth

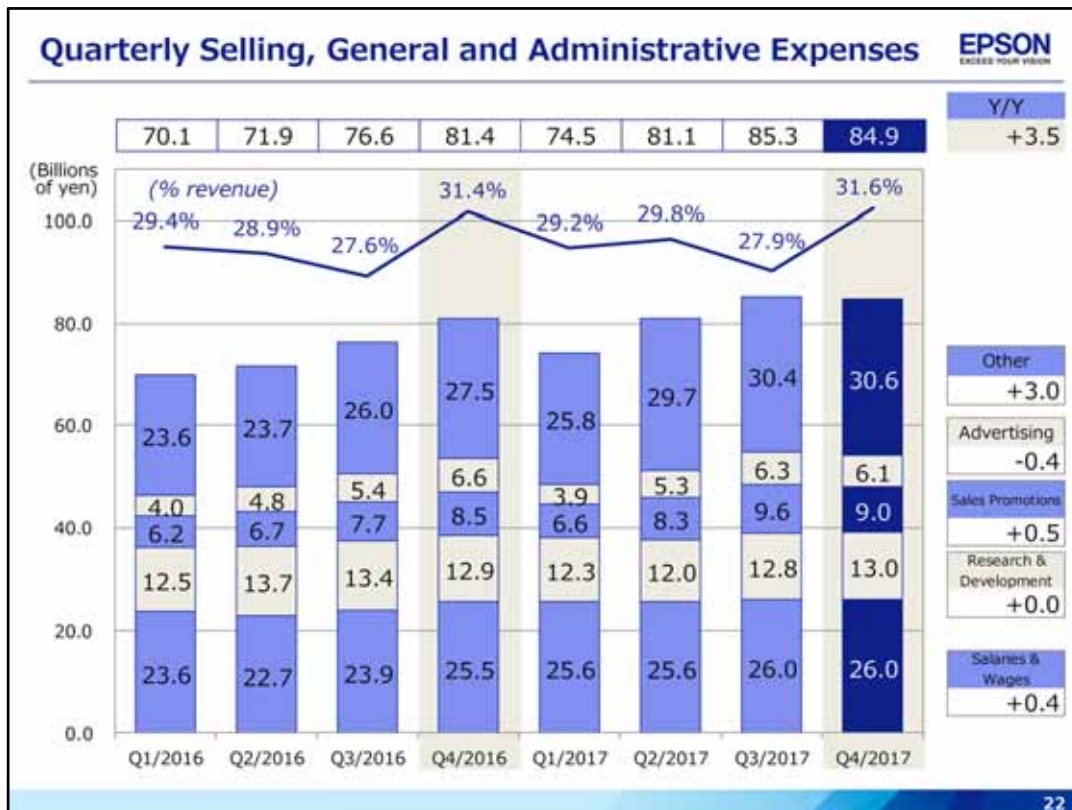
(Billions of yen)

Wearable & Industrial Products	FY2016 Q4 Actual	FY2017 Q4 Actual	Y/Y
Revenue	37.7	38.6	+0.9
Wearable Products	9.7	10.4	+0.7
Robotics Solutions	5.4	5.8	+0.3
Microdevices, Other	23.8	24.0	+0.1
Inter-segment revenue	-1.3	-1.6	-0.3
Segment profit	1.2	0.3	-0.8
ROS	3.4%	1.0%	

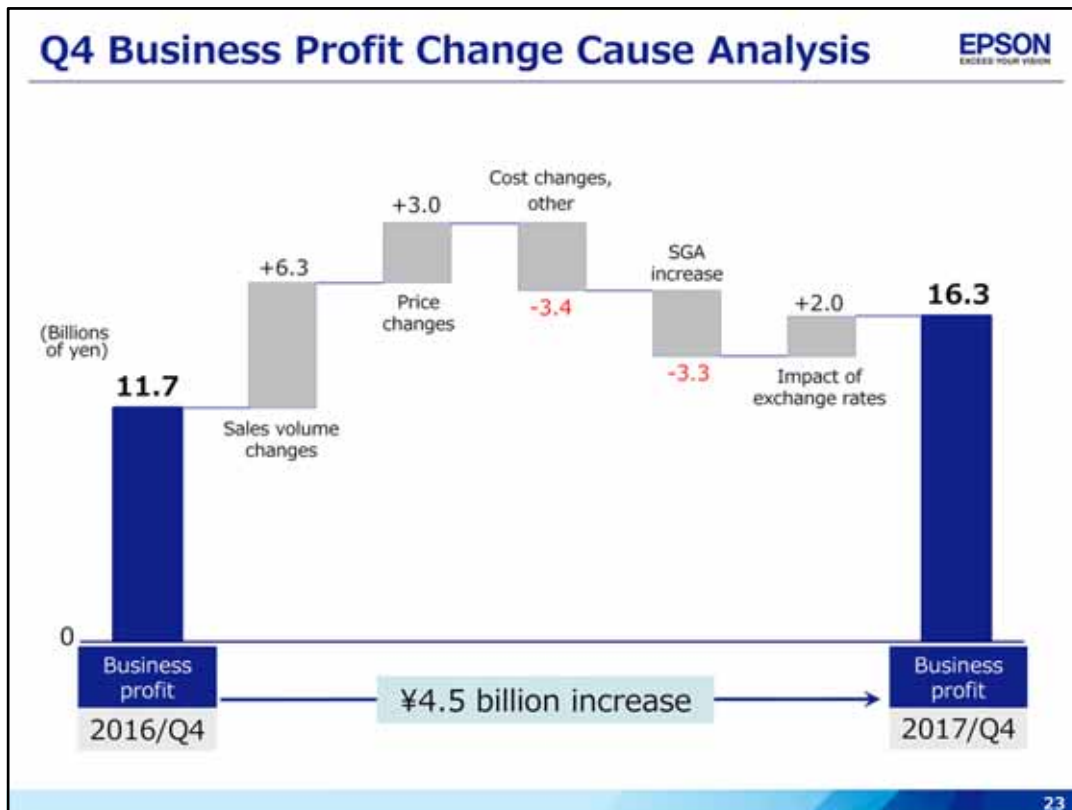
- Watches and movements: Sales firm
- Robots: Strong sales continued
- Quartz: Sales to consumer electronics manufacturers declined
- Semiconductors: Internal sales, external sales and foundry orders were all strong.

21

- In visual communications, the overall projector market was soft, yet we managed to achieve revenue growth by increasing unit shipments of high-lumen models and standard projectors, particularly in Europe.
- Segment profit increased owing mainly to improvements in the model mix and progress in reducing costs.
- It was also generally as forecast in the previous outlook.
- Wearable & industrial products revenue increased despite negative foreign exchange effects.
In wearable products, we saw continued firm demand for watches in Japan, and for movements.
In robotics solutions, handler sales dipped compared to strong demand in the same period last year, but revenue increased on continued strong robot sales.
Microdevices and other revenue was flat year on year, as strong semiconductor sales offset a decline in sales of crystal devices to smartphone manufacturers in China and elsewhere.
- Segment profit decreased in response to lower revenue in the quartz business and negative foreign exchange effects.
- Revenue for the segment as a whole was as forecast in the previous outlook, as firm sales in wearable products balanced out a shortfall in sales in the quartz business.
Segment profit fell short chiefly due to disappointing quartz revenue.



- Quarterly selling, general and administrative expenses were as shown here.
- They increased by ¥3.5 billion over the fourth quarter of last year.
- This increase is mainly because of an increase in expenses in the Other category due to the reallocation of some intellectual property-related expenses to that account.
- We sought to maximize the efficiency of spending on our ongoing efforts to strengthen the sales organization and on promotional campaigns for strategic products. As a result, these expenses changed only narrowly from the high level recorded in the same period last year.

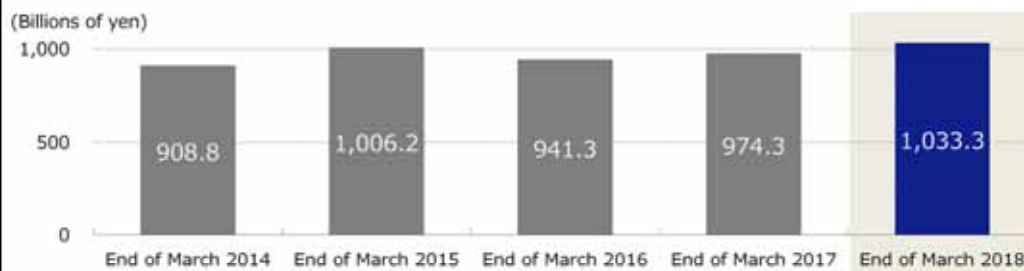


- This slide shows a cause analysis of the ¥4.5 billion increase in consolidated quarterly business profit compared to the same period last year.
- The positive effects of volume increases in high-capacity ink tank printers, projectors, large-format printers, semiconductors, and robots outstripped the negative effects of volume declines in goods such as ink cartridges and crystal devices.
- The total effect of price changes was positive. Prices rose as the mixes of inkjet printers, projectors, and wearable products improved, and this rise more than offset the price declines in semiconductors, crystal devices, POS printers, and large-format printers.
- Cost fluctuations weighed against business profit. Costs increased mainly because of higher charges associated with an increase in high-added-value products and because of soaring raw materials prices.
- As explained, the increase in SGA expenses is due in part to the reallocation of some intellectual property-related expenses to this account.

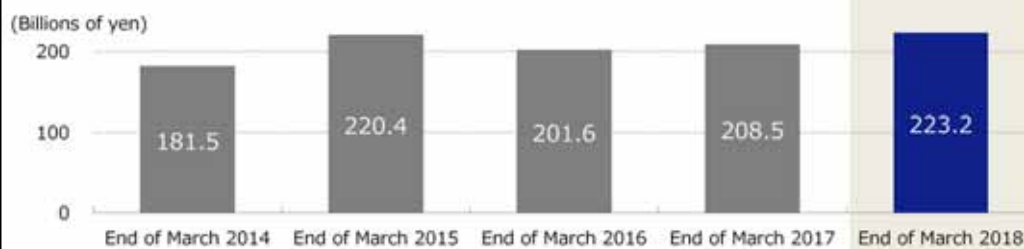
Statements of Financial Position

EPSON
EXCEED YOUR VISION

Total assets



Inventories



24

- Next, let's look at some of the major items on the statements of financial position.
- Total assets were ¥1,033.3 billion, an increase of ¥58.9 billion compared to the end of last fiscal year. This increase is primarily due to increases in trade and receivables, inventories, cash and cash equivalents, and property, plant and equipment due to the completion of a new factory in the Philippines.
- Inventories increased by ¥14.7 billion from the end of the previous fiscal year, ending at ¥223.2 billion. This increase was chiefly due to a shortfall in sales in some regions in the printer business, and inventory buildup aimed at supporting sales expansion of high-capacity ink tank printers in the growing North American market.

Statements of Financial Position

EPSON
EXCEED YOUR VISION

Interest-bearing liabilities and ratio of interest-bearing liabilities, Net Cash



Equity and equity ratio attributable to owners of the parent company



25

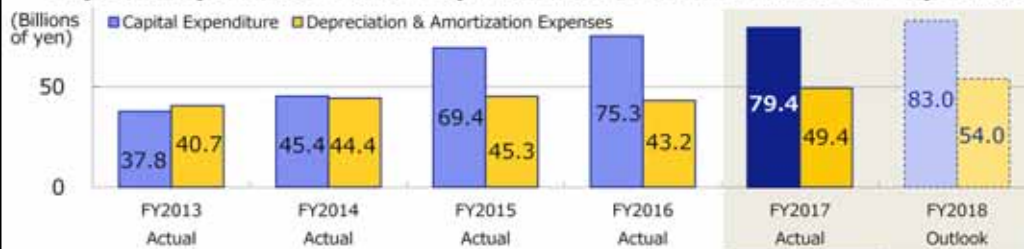
- Interest-bearing liabilities were ¥166.5 billion, an increase of ¥19.9 billion compared to the end of the previous fiscal year. The ratio of interest-bearing liabilities to total assets was 16.1%.
- Net cash was ¥63.1 billion.
- Equity attributable to owners of the parent company was ¥512.7 billion, up ¥20.5 billion compared to the previous fiscal year-end. The equity ratio attributable to owners of the parent company was 49.6%.

Outlook for R&D Costs, Capital Expenditure and Depreciation and Amortization Expenses

Research & Development

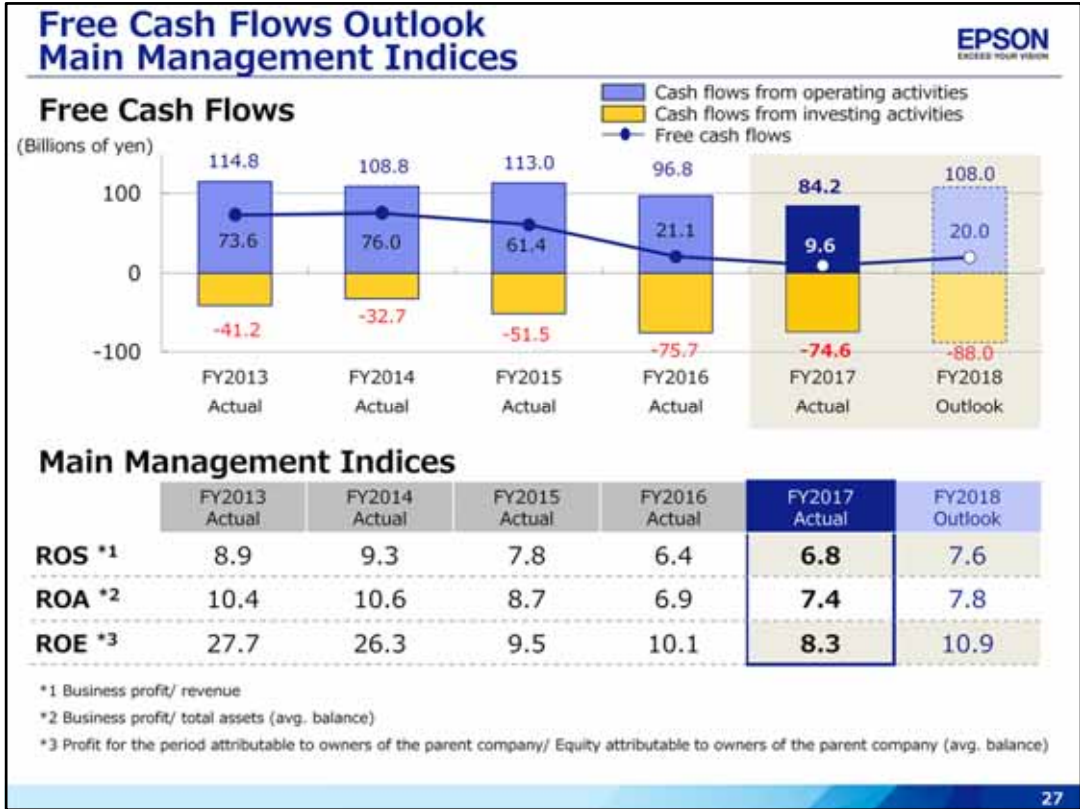


Capital Expenditure and Depreciation and Amortization Expenses



		FY2017 Actual	FY2018 Outlook
Capex breakdown by segment	Printing Solutions	46.3	49.0
	Visual Communications	14.3	13.0
	Wearable & Industrial Products	11.0	13.0
	Other, Corporate	7.6	8.0

- Actual and forecast R&D costs and capital expenditure are as shown here.
- We are spending on projects as planned, but capital expenditures exceeded the mid-range business plan because of soaring construction materials and equipment costs and because of investment in molds for competitive new products.



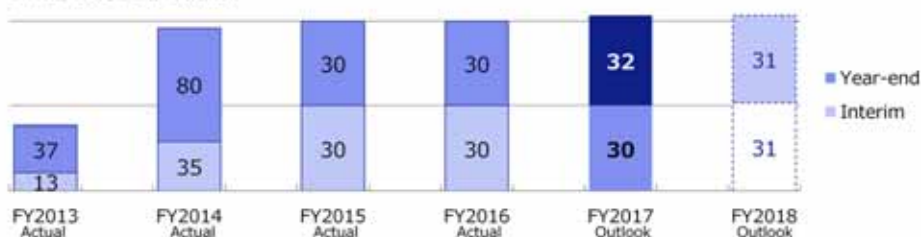
- The picture for fiscal 2018 cash flows looks like this. We are forecasting ¥108 billion in cash flows from operating activities, ¥88 billion in cash flows from investing activities, and ¥20 billion in free cash flows.
- As for our main financial management performance indices for the 2018 fiscal year, we expect a 7.6% return on sales, a 7.8% return on assets, and a 10.9% return on equity.

Shareholder Returns

- Epson's first priority is to invest in growth, but we are also striving to build a robust financial structure that is capable of withstanding changes in the business environment, and to proactively reward shareholders.
- Epson has set a consolidated dividend payout ratio*¹ in the range of 40% as a medium-term target. We intend to be more active in giving back to shareholders by repurchasing shares as warranted by share price, the capital situation, and other factors.
- Dividends

	FY2017 Outlook	FY2018 Outlook
Annual dividend (Interim/ year-end)	62 yen (30 yen/ 32 yen)	62 yen (31 yen/ 31 yen)

Dividend per share (yen)*²



*1: The ratio is based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, a profit category that shows profit from the Company's main operations (and which is very similar to the concept of operating income under J-GAAP both conceptually and numerically).

*2: Epson declared a 2-for-1 stock split, effective April 1, 2015. The graph height shows the level after the split.

28

- We have not changed our shareholder returns policy nor our medium-term goals.
- Epson's first priority for the cash generated in the course of executing its strategy is to invest in ongoing growth. On top of this, we will strengthen our financial structure and also reward shareholders.
- Our aim is to achieve a consolidated dividend payout ratio in the range of 40%.
- We plan to pay a fiscal 2017 year-end dividend of 32 yen per share as previously forecast, for an annual dividend of 62 yen.
- For fiscal 2018 we likewise anticipate paying annual dividends of 62-yen per share.

EPSON
EXCEED YOUR VISION

Reference

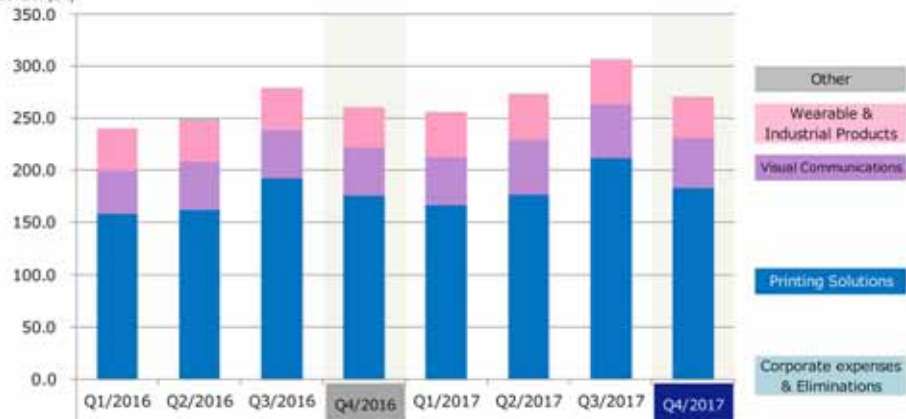
Quarterly Revenue Trend By Business Segment

EPSON
EXCEED YOUR VISION

Exchange rate	USD	108.15	102.44	109.30	113.64	111.08	111.00	112.92	108.39	-5.25
(yen)	EUR	122.02	114.28	117.78	121.08	122.12	130.36	132.96	133.20	+12.12

Revenue (billions of yen)	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1/2017	Q2/2017	Q3/2017	Q4/2017	Y/Y
Printing Solutions	157.3	161.3	192.3	175.6	165.9	176.1	211.6	182.9	+7.3
Visual Communications	41.6	46.0	45.9	46.0	46.3	52.8	51.6	48.0	+2.0
Wearable & Industrial Products	40.4	40.5	39.8	37.7	43.0	43.2	42.3	38.6	+0.9
Other	0.3	0.3	0.4	0.4	0.2	0.2	0.2	0.2	-0.1
Corporate expenses & Eliminations	-0.6	0.1	-0.3	-0.7	-0.8	0.0	0.2	-1.3	-0.5
Consolidated total	239.0	248.4	278.2	259.0	254.8	272.5	306.1	268.6	+9.6

(Billions of yen)



31

Quarterly Business Profit Trend By Business Segment

EPSON
EXCEED YOUR VISION

Exchange rate	USD	108.15	102.44	109.30	113.64	111.08	111.00	112.92	108.39	-5.25
(yen)	EUR	122.02	114.28	117.78	121.08	122.12	130.36	132.96	133.20	+12.12

Business profit (Billions of yen)	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1/2017	Q2/2017	Q3/2017	Q4/2017	Y/Y
Printing Solutions	12.8	21.0	31.7	18.4	22.1	13.8	35.1	23.7	+5.3
Visual Communications	2.1	5.0	4.7	4.2	5.2	7.4	5.6	6.0	+1.7
Wearable & Industrial Products	1.6	2.3	2.5	1.2	2.3	2.4	1.9	0.3	-0.8
Other	-0.2	-0.0	-0.1	-0.0	-0.1	-0.1	-0.1	-0.0	-0.0
Corporate expenses & Eliminations	-9.9	-9.0	-10.5	-12.1	-12.8	-12.2	-12.3	-13.7	-1.6
Consolidated total	6.4	19.2	28.3	11.7	16.7	11.3	30.3	16.3	+4.5

(Billions of yen)



Main Product Sales Trends



■ Results & outlook vs. previous fiscal year ASP (average selling prices) and sales amounts after conversion to yen

Product		FY2016 Full year (Actual)	FY2017/Q1 (Actual)	FY2017/Q2 (Actual)	FY2017/Q3 (Actual)	FY2017/Q4 (Actual)	FY2017 Full year (Actual)	FY2018 Full year (Outlook)
Exchange rate	USD / EUR	¥108.38 / ¥118.79	¥111.08 / ¥122.12	¥111.00 / ¥130.36	¥112.92 / ¥132.96	¥108.39 / ¥133.20	¥110.85 / ¥129.66	¥100.00 / ¥125.00
IJP hardware	Volume	+5%	+7%	+4%	+13%	+7%	+8%	+5%
	High-capacity* / office models as % of total unit sales	Approx. 40% / Approx. 20%	-	-	-	-	Less than 50% / More than 15%	Approx. 55% / Approx. 15%
	ASP	- high single-digit %	+ low teen %	+ mid-teen %	+ low teen %	+ low teen %	+ low teen %	Flat YoY
	Revenue	- low single-digit %	+ high teen %	Around +20%	+ mid 20%	+ high teen %	+ low 20%	+ mid-single-digit %
IJP ink	Volume (packs)	-4%	-2%	-3%	-7%	-3%	-4%	-
	ASP	- low single-digit %	+ mid-single-digit %	+ high single-digit %	+ high single-digit %	+ low single-digit %	+ mid-single-digit %	-
	Revenue	- mid-single-digit %	+ low single-digit %	+ mid-single-digit %	Flat YoY	- low single-digit %	+ low single-digit %	- low teen %
SIDM printers	Volume	+4%	-25%	-15%	+19%	+3%	-7%	-6%
	ASP	- high teen %	+ low single-digit %	+ high single-digit %	Flat YoY	- mid-single-digit %	+ low single-digit %	Around -10%
	Revenue	- mid-teen %	- low 20%	- high single-digit %	+ high teen %	- low single-digit %	- mid-single-digit %	- mid-teen %
Projectors	Volume	+6%	-2%	+1%	+4%	+3%	+1%	+7%
	ASP	- high single-digit %	+ mid-teen %	+ mid-teen %	+ high single-digit %	+ low single-digit %	+ high single-digit %	- low teen %
	Revenue	- low single-digit %	+ low teen %	+ mid-teen %	+ low teen %	+ mid single-digit %	+ low teen %	- mid-single-digit %

The indicators in this document are based on values tracked internally by Epson.

* High-capacity ink printers (high-capacity ink tank, high-capacity ink pack, and high-speed linehead inkjet multifunction printers)

Major Business Indicators



(Billions of yen)

(Billions of yen)

(Billions of yen)						(Billions of yen)				
	Category	FY2016 Actual	FY2017 Actual	FY2018 Outlook	FY2018 (FY2016-18 business plan)	Category	FY2016 Actual	FY2017 Actual	FY2018 Outlook	3-year cumulative (FY2016-18 business plan)
Exchange rate	USD	¥108.38	¥110.85	¥100.00	¥115.00	USD	¥108.38	¥110.85	¥100.00	¥115.00
	EUR	¥118.79	¥129.66	¥125.00	¥125.00	EUR	¥118.79	¥129.66	¥125.00	¥125.00
Printing Solutions	Revenue	686.6	736.6	700.0	805.0	Operating CF	96.8	84.2	108.0	Approx. 330.0
	Segment profit	84.1	94.8	100.0	-	FCF	21.1	9.6	20.0	Approx. 120.0
Visual Communications	Revenue	179.6	1,98.8	188.0	200.0	Capital expenditure	75.3	79.4	83.0	Approx. 210.0
	Segment profit	16.1	24.4	22.0	-	R&D costs	52.7	50.3	55.0	Invest aggressively
Wearable & Industrial Products	Revenue	158.5	167.3	161.0	195.0					
	Segment profit	7.8	7.1	9.0	-					
Other	Revenue	1.5	0.9	1.0	0.0					
	Segment profit	-0.4	-0.5	-1.0	-					
Corporate expenses & Eliminations	Revenue	-1.5	-1.7	0.0	0.0					
	Segment profit	-41.7	-51.1	-50.0	-					
Consolidated total	Revenue	1,024.8	1,102.1	1050.0	1,200.0					
	Business profit	65.8	74.7	80.0	96.0					
	ROS	6.4%	6.8%	7.6%	8%					
	ROE	10.1%	8.3%	10.9%	Sustain at at least 10%					