

First Quarter Financial Results Fiscal Year 2018 (Ending March 2019)

July 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.

- FY2018 Q1 Financial Results
- FY2018 Financial Outlook

Financial Highlights (First Quarter)

| | FY2017 | | FY2018 | | Change | |
|--|-----------------------------|--------|-----------|------|--------|--------|
| | (Billions of yen) Q1 Actual | % | Q1 Actual | % | Y/Y | % |
| Revenue | 254.8 | | 260.4 | | +5.6 | +2.2% |
| Business profit | 16.7 | 6.6% | 14.6 | 5.6% | -2.1 | -12.7% |
| Profit from operating activities | 14.6 | 5.8% | 13.4 | 5.2% | -1.1 | -8.2% |
| Profit before tax | 14.4 | 5.7% | 14.3 | 5.5% | -0.1 | -0.8% |
| Profit for the period attributable to owners of the parent company | 10.2 | 4.0% | 11.1 | 4.3% | +0.9 | +9.4% |
| EPS* (yen) | 28.97 | | 31.70 | | | |
| Exchange rate (yen) | USD | 111.08 | 109.06 | | | |
| | EUR | 122.12 | 130.09 | | | |

* Basic earnings per share for the period

| Exchange difference (Billions of yen) | USD | EUR | Other currencies | Total |
|---------------------------------------|------|------|------------------|-------|
| Revenue | -1.4 | +2.5 | -0.4 | +0.5 |
| Business profit | +0.4 | +1.6 | -0.4 | +1.5 |

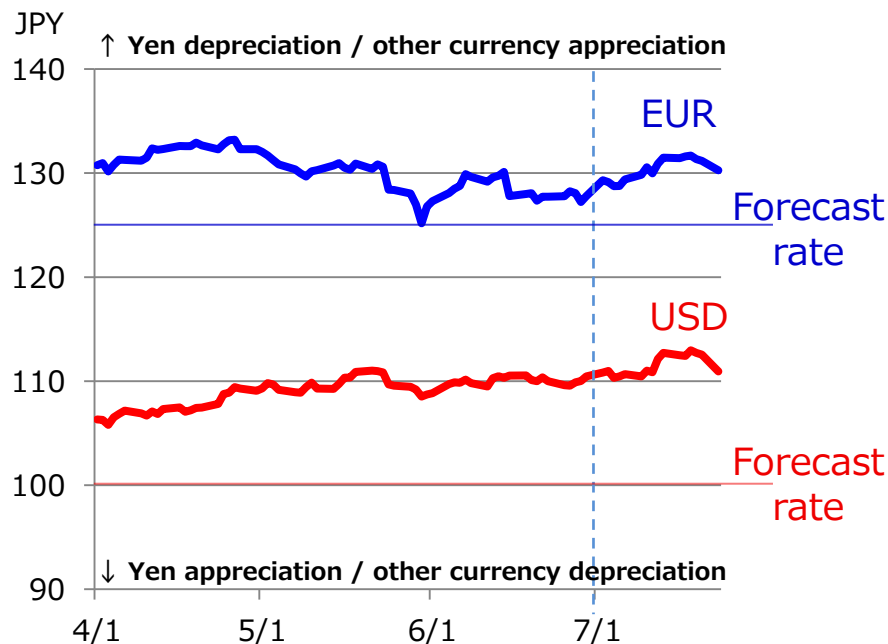
Currency Volatility since the April Outlook

- The yen trended lower during the quarter against the US dollar and most other currencies, with the exception of some Latin American currencies, compared to the April outlook.
- Business profit benefited slightly from foreign exchange effects.

Yen depreciation vs. USD: Negative impact

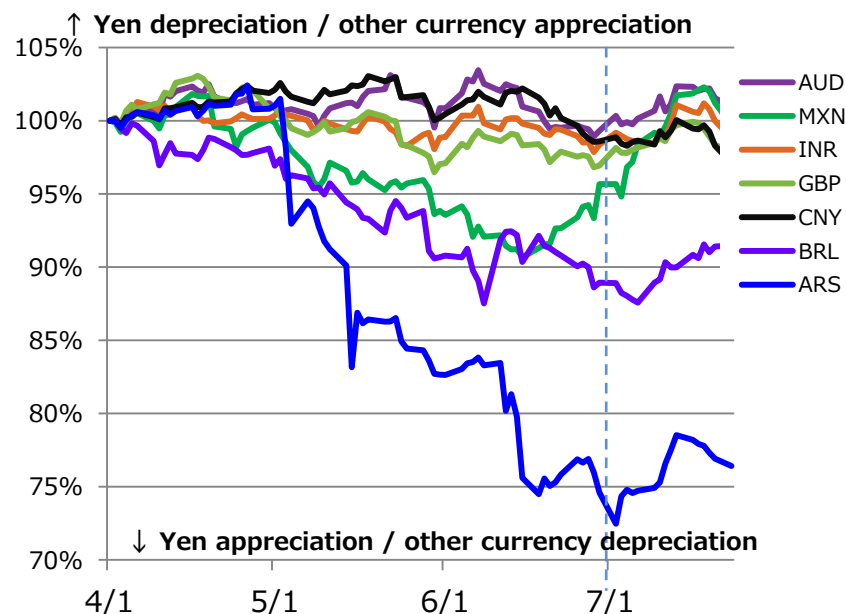
Yen depreciation vs. EUR & other currencies: Positive impact

◆ Yen exchange rate vs. USD & EUR

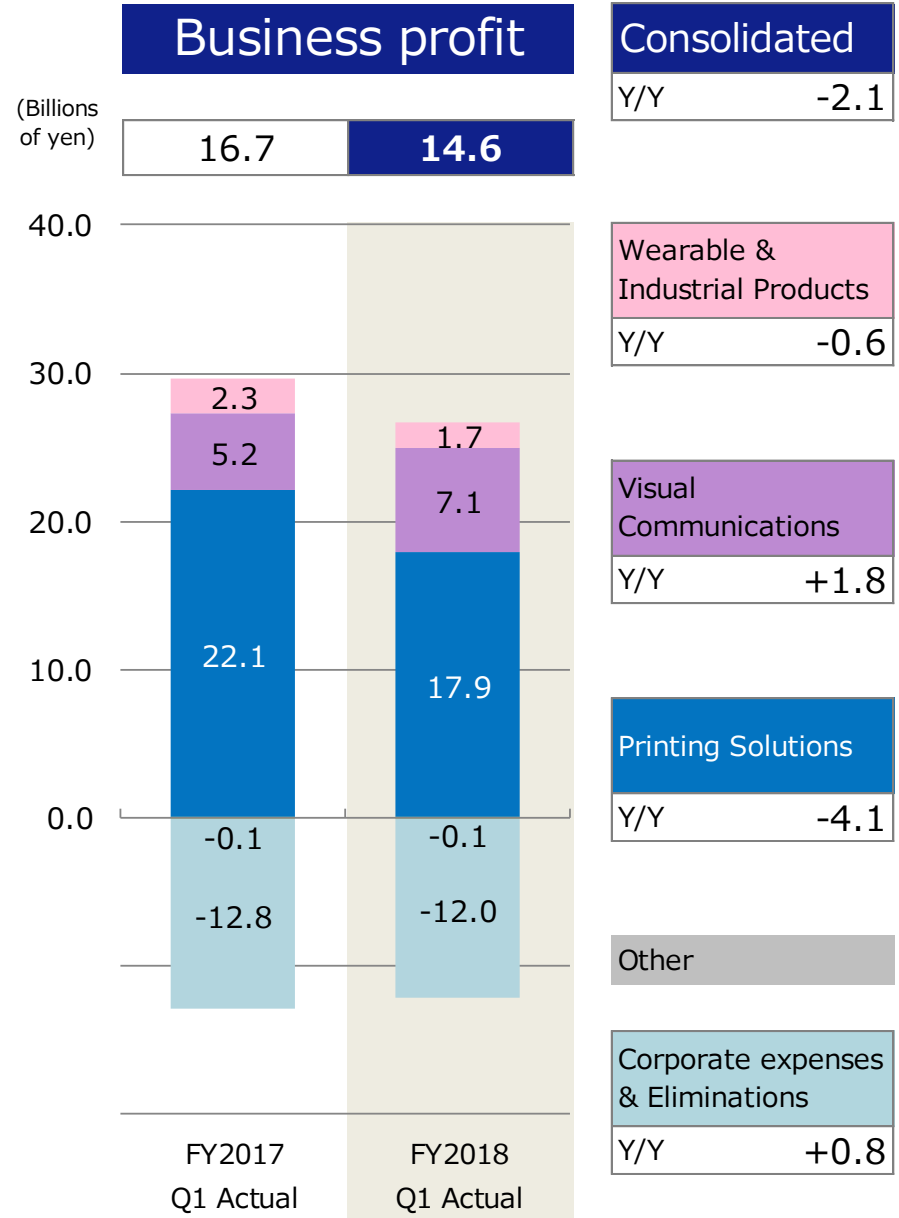
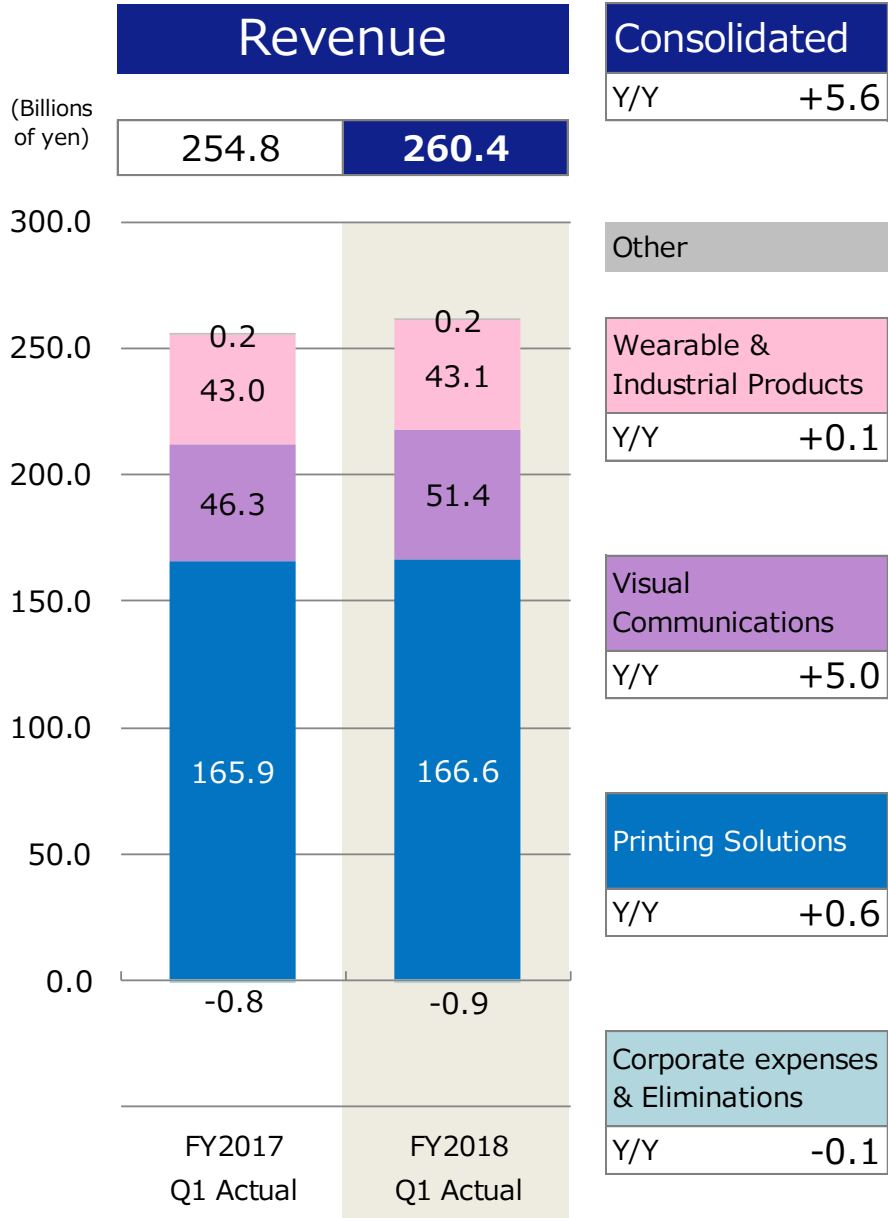


◆ Yen exchange rate vs. other currencies

(Data indexed at start-of-term)



Q1 Financial Results by Business Segment



Quarterly Comparison by Business

(Billions of yen)

| Printing Solutions | FY2017 Q1 Actual | FY2018 Q1 Actual | Y/Y |
|-----------------------|---------------------|---------------------|------|
| Revenue | 165.9 | 166.6 | +0.6 |
| Printers | 115.1 | 116.3 | +1.2 |
| % sales IJP | 81% | 82% | |
| SIDM | 9% | 9% | |
| Other | 10% | 9% | |
| Professional Printing | 47.4 | 46.2 | -1.1 |
| Other | 3.6 | 4.0 | +0.3 |
| Inter-segment revenue | -0.3 | -0.0 | +0.2 |
| Segment profit | 22.1 | 17.9 | -4.1 |
| ROS | 13.3% | 10.8% | |

- ◆ IJP:
 - High-capacity ink tank printer sales remained strong.
 - Ink cartridge printer sales decreased due to actions to maintain prices.
 - Ink earnings decreased.
- ◆ SIDM:
 - Flat YoY
- ◆ Large-format printers:
 - Steady sales growth continued in signage, textile and label printing.
 - Photo and graphics printer revenue decreased due to competitor actions.
- ◆ POS printers:
 - Sales decreased due to postponement of tenders.

IJP: Inkjet Printers
SIDM: Serial Impact Dot Matrix Printers

Quarterly Comparison by Business

(Billions of yen)

| Visual Communications | FY2017 Q1 Actual | FY2018 Q1 Actual | Y/Y |
|-----------------------|---------------------|---------------------|------|
| Revenue | 46.3 | 51.4 | +5.0 |
| Segment profit | 5.2 | 7.1 | +1.8 |
| ROS | 11.4% | 13.9% | |

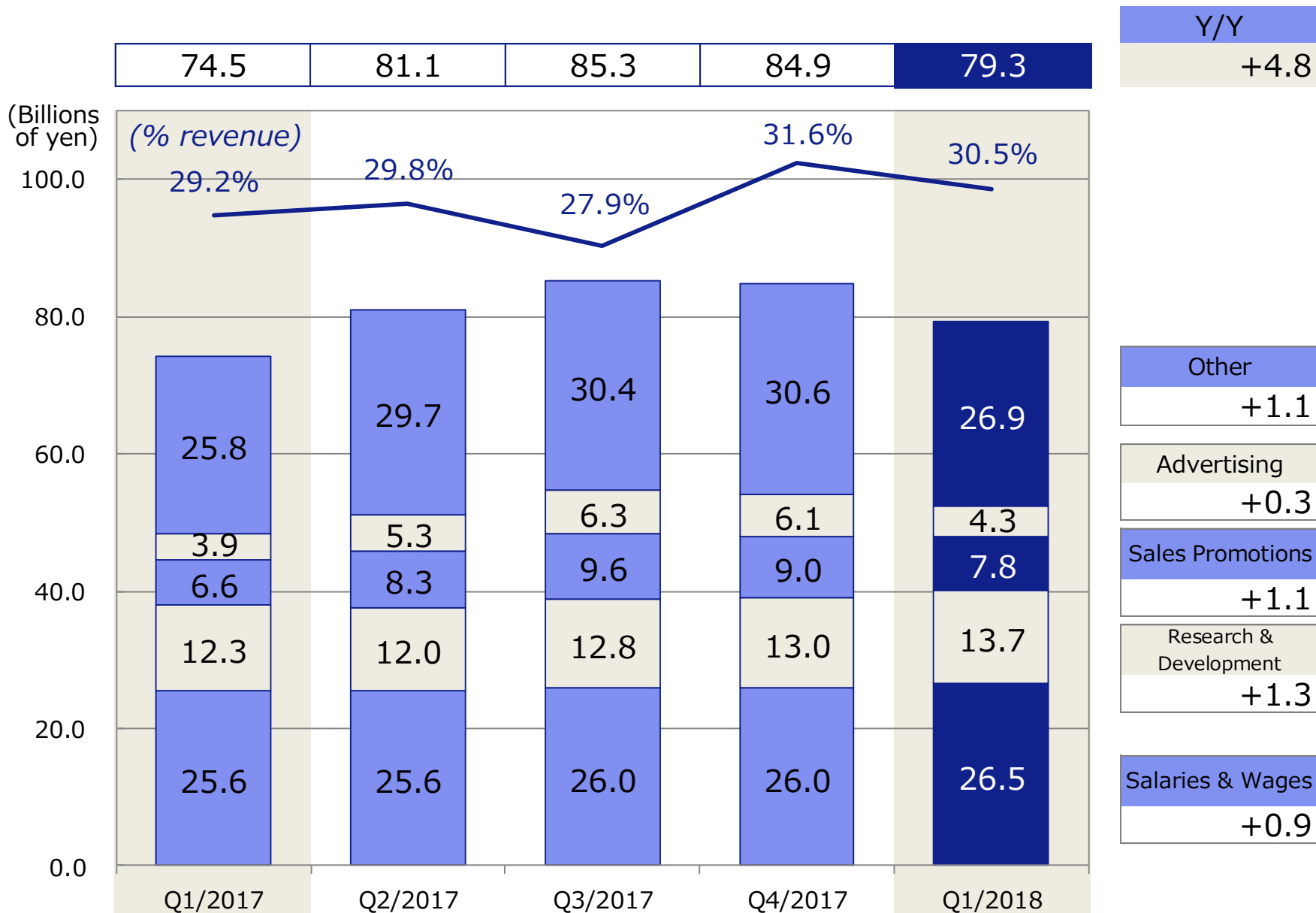
- ◆ Projectors:
 - Sales of high-brightness and ultra-short throw models increased.
 - World Cup and education demand drove sales.

(Billions of yen)

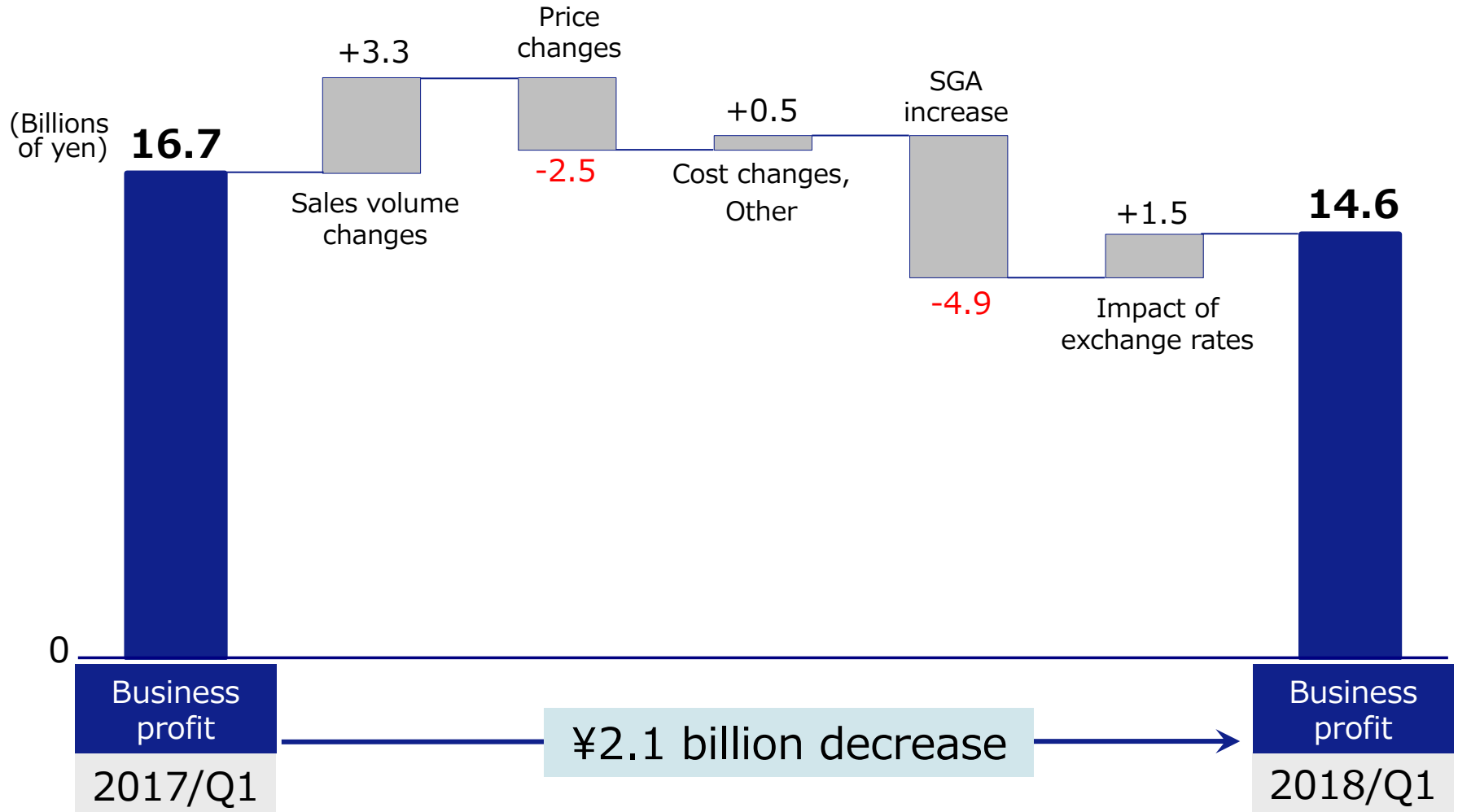
| Wearable & Industrial Products | FY2017 Q1 Actual | FY2018 Q1 Actual | Y/Y |
|--------------------------------|---------------------|---------------------|------|
| Revenue | 43.0 | 43.1 | +0.1 |
| Wearable Products | 13.6 | 12.3 | -1.2 |
| Robotics Solutions | 6.9 | 7.4 | +0.4 |
| Microdevices, Other | 24.1 | 24.9 | +0.7 |
| Inter-segment revenue | -1.7 | -1.6 | +0.1 |
| Segment profit | 2.3 | 1.7 | -0.6 |
| ROS | 5.6% | 4.1% | |

- ◆ Watches and movements: Rebound did not materialize.
- ◆ Robots: Strong sales continued.
- ◆ Quartz: Sales to smartphone manufacturers decreased.
- ◆ Semiconductors: Foundry orders were strong.

Quarterly Selling, General and Administrative Expenses

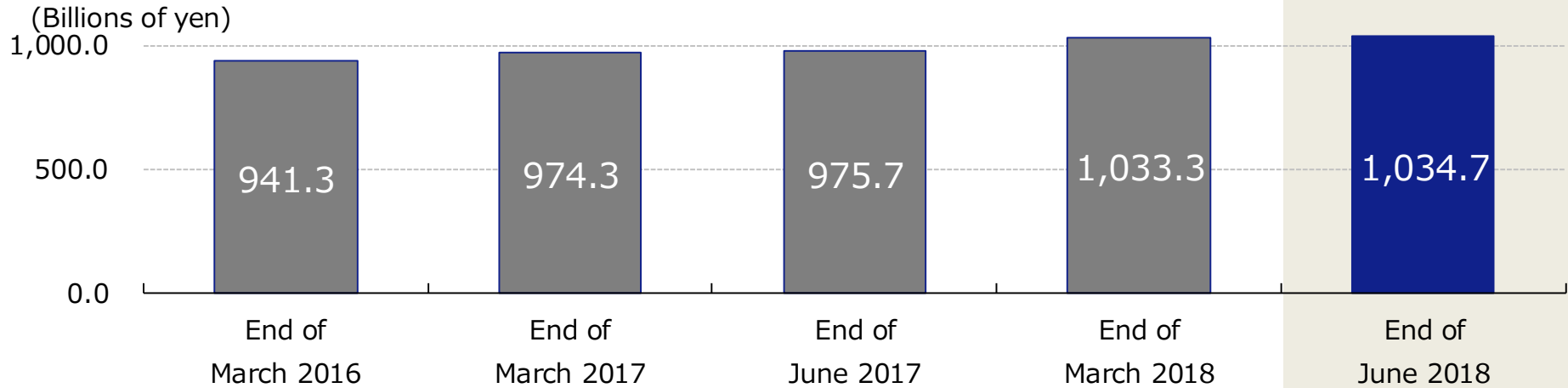


Q1 Business Profit Change Cause Analysis

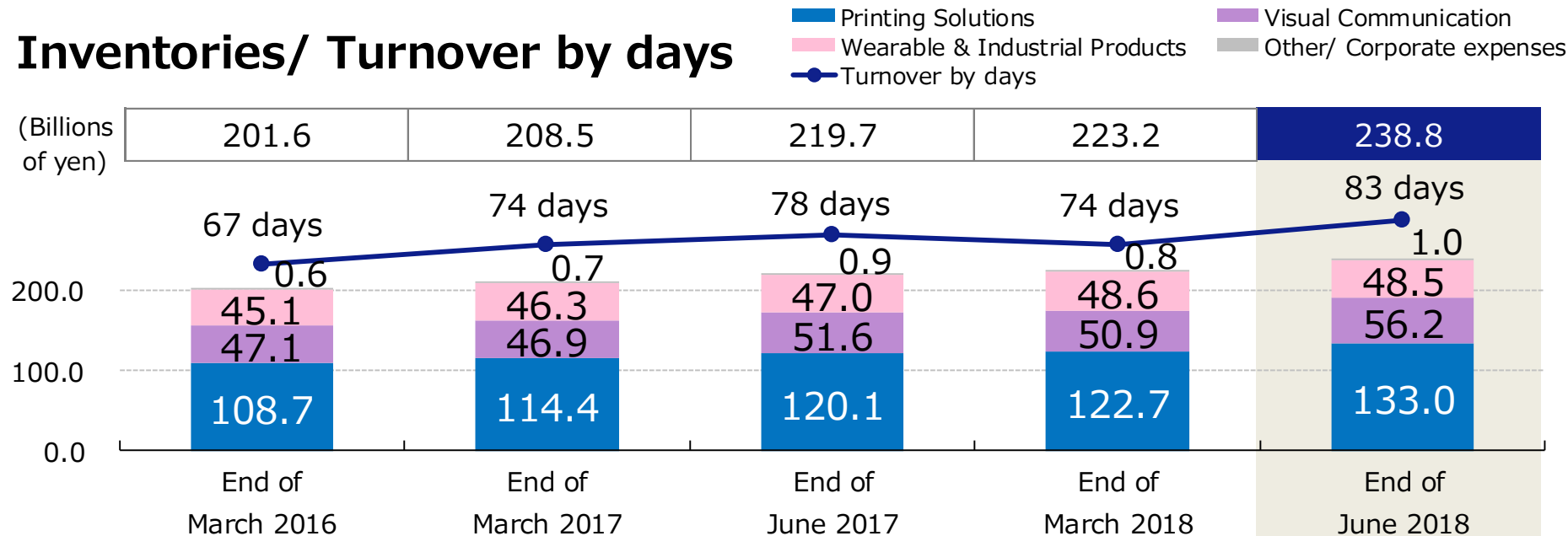


Statements of Financial Position

Total assets



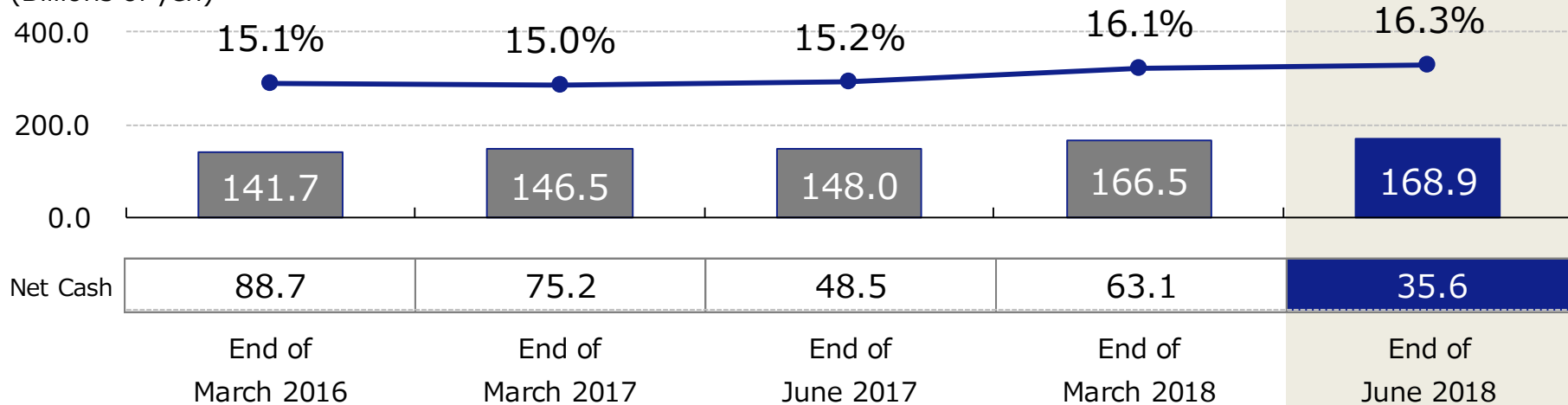
Inventories/ Turnover by days



Statements of Financial Position

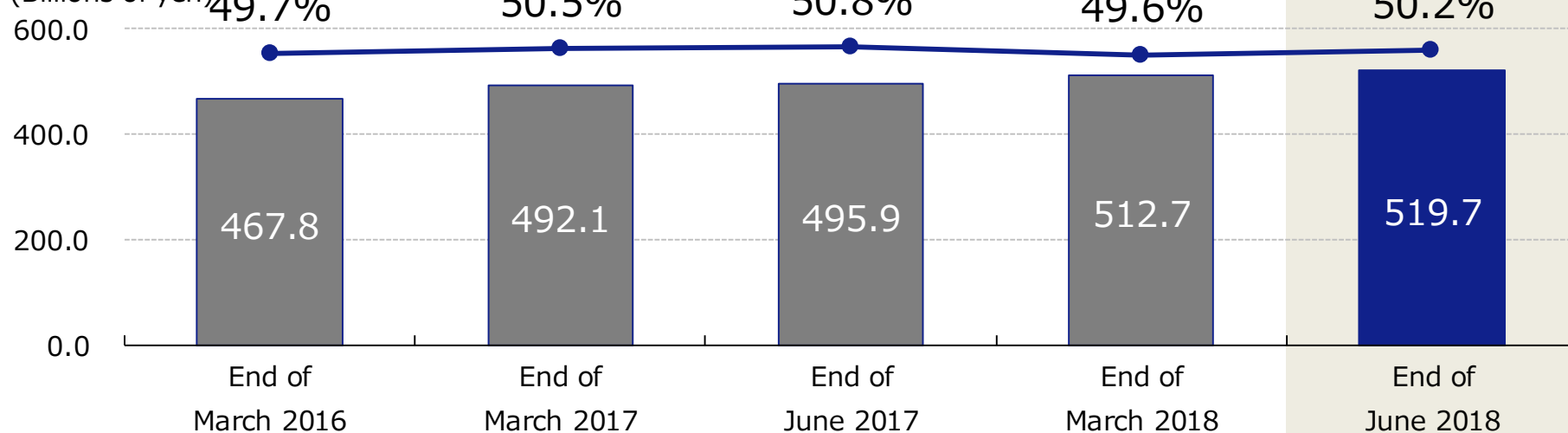
Interest-bearing liabilities and ratio of interest-bearing liabilities, Net Cash

(Billions of yen)



Equity and equity ratio attributable to owners of the parent company

(Billions of yen)



- FY2018 Q1 Financial Results
- FY2018 Financial Outlook

FY2018 Financial Outlook

| | FY2017 | | FY2018 | | | | Change | | |
|--|-------------------|---------|--------|--------------|------|--------------|--------|-----------------|------------------|
| | (Billions of yen) | Actual | % | 4/27 Outlook | % | 7/27 Outlook | % | Y/Y | Vs. 4/27 outlook |
| Revenue | | 1,102.1 | | 1,050.0 | | 1,050.0 | | -52.1 -4.7% | — — |
| Business profit | | 74.7 | 6.8% | 80.0 | 7.6% | 80.0 | 7.6% | +5.2 +7.0% | — — |
| Profit from operating activities | | 65.0 | 5.9% | 75.0 | 7.1% | 75.0 | 7.1% | +9.9 +15.4% | — — |
| Profit before tax | | 62.6 | 5.7% | 74.0 | 7.0% | 74.0 | 7.0% | +11.3 +18.1% | — — |
| Profit for the year attributable to owners of the parent company | | 41.8 | 3.8% | 58.0 | 5.5% | 58.0 | 5.5% | +16.1 +38.6% | — — |
| EPS* ¹ (yen) | | 118.78 | | 164.67 | | 164.67 | | | |
| Exchange rate (yen) | USD | 110.85 | | 100.00 | | 102.00 | | | |
| | EUR | 129.66 | | 125.00 | | 126.00 | | | |

*¹ Basic earnings per share for the year

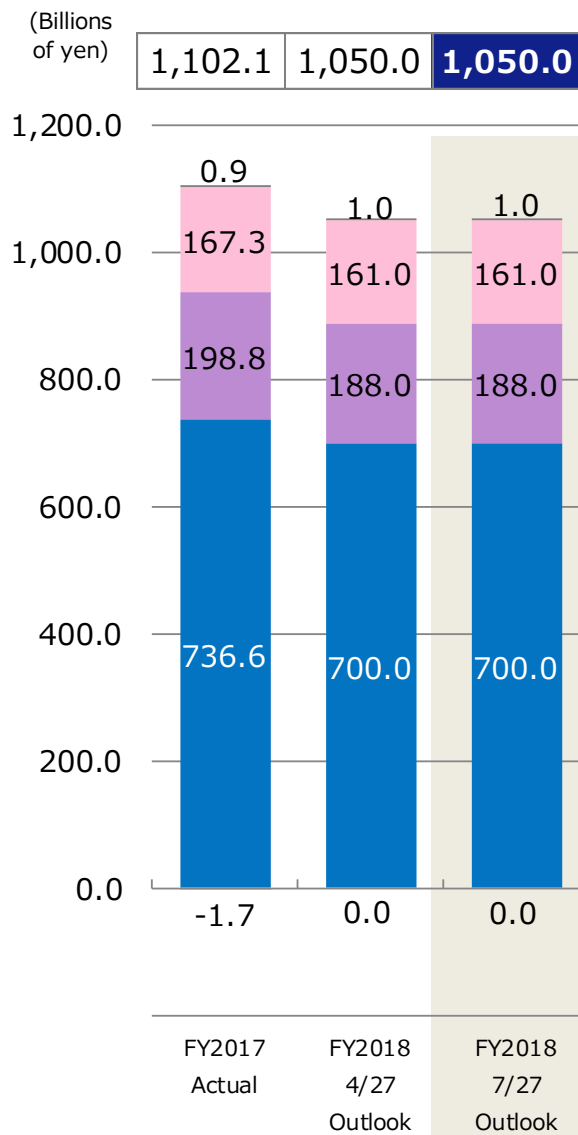
*² Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)

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 |

FY2018 Financial Outlook by Business Segment

Revenue



Consolidated

Y/Y **-52.1**
vs. previous —

Other

Wearable & Industrial Products

Y/Y **-6.3**
vs. previous —

Visual Communications

Y/Y **-10.8**
vs. previous —

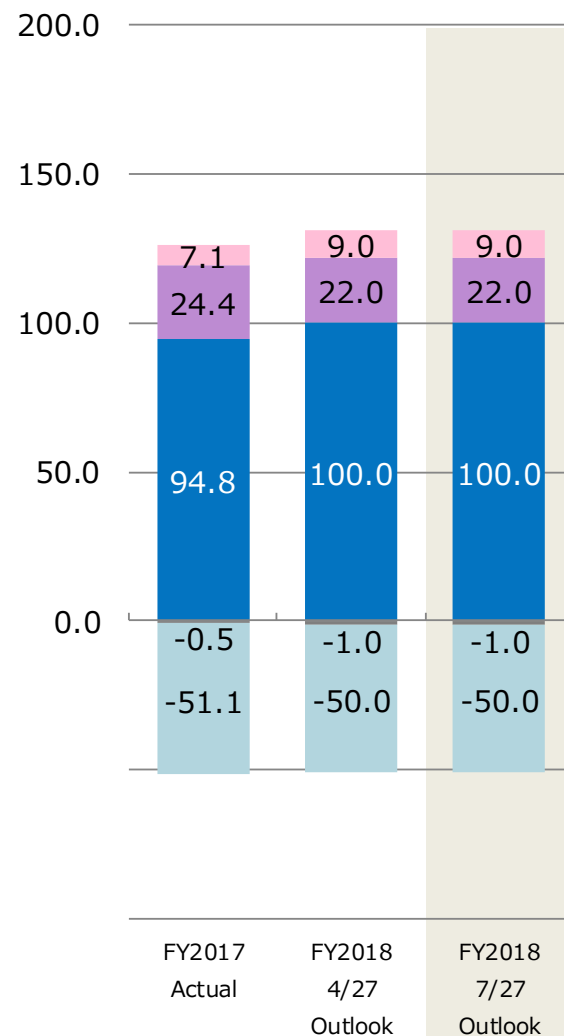
Printing Solutions

Y/Y **-36.6**
vs. previous —

Corporate expenses & Eliminations

Y/Y **+1.7**
vs. previous —

Business profit



Consolidated

Y/Y **+5.2**
vs. previous —

Wearable & Industrial Products

Y/Y **+1.8**
vs. previous —

Visual Communications

Y/Y **-2.4**
vs. previous —

Printing Solutions

Y/Y **+5.1**
vs. previous —

Other

Corporate expenses & Eliminations

Y/Y **+1.1**
vs. previous —

FY2018 Financial Outlook by Business

(Billions of yen)

| Printing Solutions | FY2017 Actual | FY2018 4/27 Outlook | FY2018 7/27 Outlook | (Billions of yen) | |
|-----------------------|------------------|---------------------------|---------------------------|-------------------|------------------------|
| | | | | Y/Y | vs. 4/27 Outlook |
| Revenue | 736.6 | 700.0 | 700.0 | -36.6 | — |
| Printers | 523.1 | 500.0 | 500.0 | -23.1 | — |
| % sales IJP | 83% | 84% | 84% | | |
| SIDM | 8% | 7% | 7% | | |
| Other | 9% | 9% | 9% | | |
| Professional Printing | 197.8 | 184.0 | 184.0 | -13.8 | — |
| Other | 17.3 | 18.0 | 18.0 | +0.6 | — |
| Inter-segment revenue | -1.6 | -2.0 | -2.0 | -0.3 | — |
| Segment profit | 94.8 | 100.0 | 100.0 | +5.1 | — |
| ROS | 12.9% | 14.3% | 14.3% | | |

FY2018 Financial Outlook by Business

(Billions of yen)

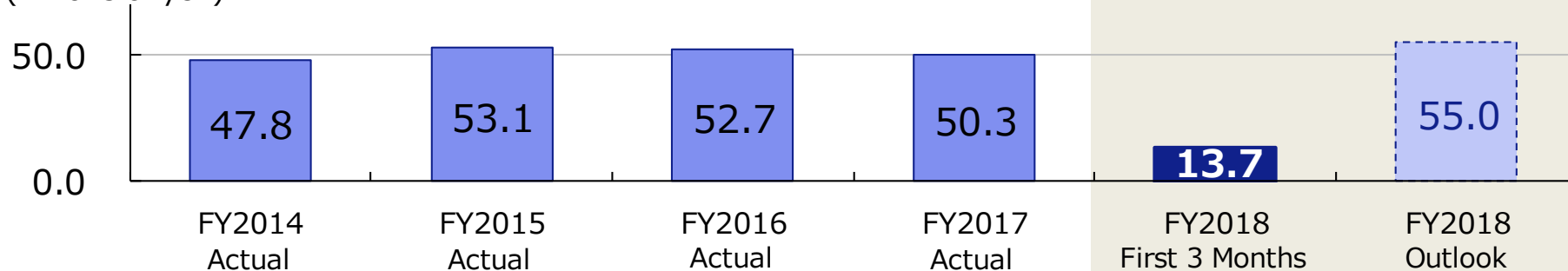
| Visual Communications | FY2017 Actual | FY2018 4/27 Outlook | FY2018 7/27 Outlook | Y/Y | vs. 4/27 Outlook |
|-----------------------|------------------|---------------------------|---------------------------|-------|------------------------|
| Revenue | 198.8 | 188.0 | 188.0 | -10.8 | — |
| Segment profit | 24.4 | 22.0 | 22.0 | -2.4 | — |
| ROS | 12.3% | 11.7% | 11.7% | | |

| Wearable & Industrial Products | FY2017 Actual | FY2018 4/27 Outlook | FY2018 7/27 Outlook | Y/Y | vs. 4/27 Outlook |
|--------------------------------|------------------|---------------------------|---------------------------|------|------------------------|
| Revenue | 167.3 | 161.0 | 161.0 | -6.3 | — |
| Wearable Products | 50.3 | 46.0 | 46.0 | -4.3 | — |
| Robotics Solutions | 24.6 | 26.0 | 26.0 | +1.3 | — |
| Microdevices, Other | 98.9 | 94.0 | 94.0 | -4.9 | — |
| Inter-segment revenue | -6.6 | -5.0 | -5.0 | +1.6 | — |
| Segment profit | 7.1 | 9.0 | 9.0 | +1.8 | — |
| ROS | 4.3% | 5.6% | 5.6% | | |

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

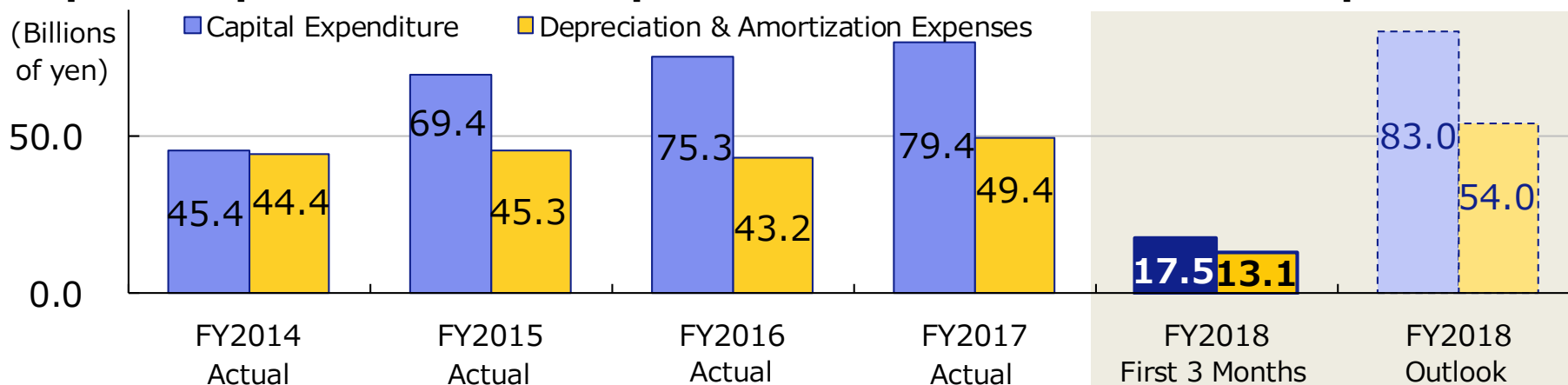
Research & Development Costs

(Billions of yen)



Capital Expenditure and Depreciation and Amortization Expenses

(Billions of yen)

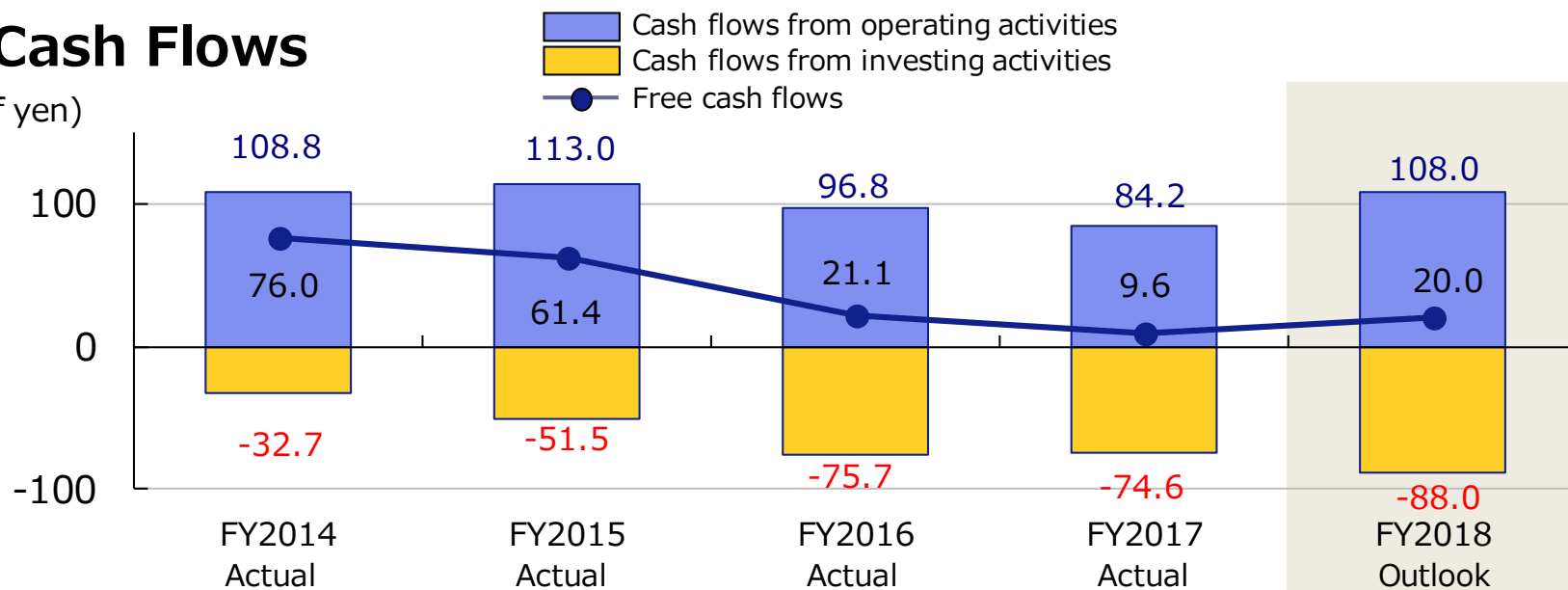


| | Capex. | Depreciation & Amortization | Capex. | Depreciation & Amortization |
|--------------------------------|--------|-----------------------------|--------|-----------------------------|
| Printing Solutions | 12.0 | 7.0 | 49.0 | 29.0 |
| Visual Communication | 2.0 | 2.3 | 13.0 | 10.0 |
| Wearable & Industrial Products | 1.0 | 2.3 | 13.0 | 9.0 |
| Other, Corporate | 2.3 | 1.3 | 8.0 | 6.0 |

Free Cash Flows Main Management Indices

Free Cash Flows

(Billions of yen)



Main Management Indices

| (%) | FY2014 Actual | FY2015 Actual | FY2016 Actual | FY2017 Actual | FY2018 Outlook |
|---------------|---------------|---------------|---------------|---------------|----------------|
| ROS *1 | 9.3 | 7.8 | 6.4 | 6.8 | 7.6 |
| ROA *2 | 10.6 | 8.7 | 6.9 | 7.4 | 7.8 |
| ROE *3 | 26.3 | 9.5 | 10.1 | 8.3 | 10.9 |

*1 Business profit/ revenue

*2 Business profit/ total assets (avg. balance)

*3 Profit for the year attributable to owners of the parent company/ Equity attributable to owners of the parent company (avg. balance)

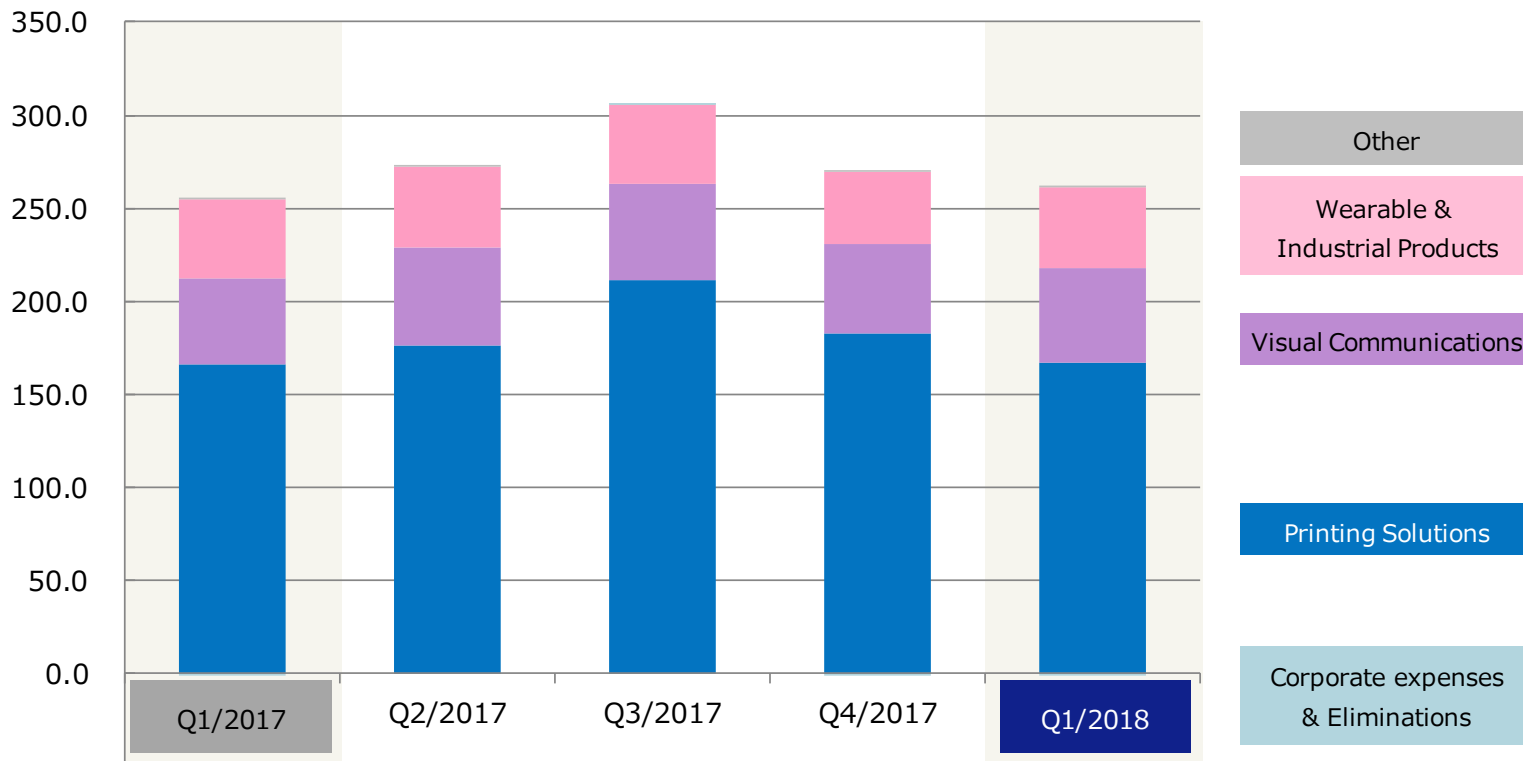
Reference

Quarterly Revenue Trend By Business Segment

| | | | | | | | |
|---------------|-----|--------|--------|--------|--------|--------|-------|
| Exchange rate | USD | 111.08 | 111.00 | 112.92 | 108.39 | 109.06 | -2.02 |
| (yen) | EUR | 122.12 | 130.36 | 132.96 | 133.20 | 130.09 | +7.97 |

| Revenue (Billions of yen) | Q1/2017 | Q2/2017 | Q3/2017 | Q4/2017 | Q1/2018 | Y/Y |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Printing Solutions | 165.9 | 176.1 | 211.6 | 182.9 | 166.6 | +0.6 |
| Visual Communications | 46.3 | 52.8 | 51.6 | 48.0 | 51.4 | +5.0 |
| Wearable & Industrial Products | 43.0 | 43.2 | 42.3 | 38.6 | 43.1 | +0.1 |
| Other | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | -0.0 |
| Corporate expenses & Eliminations | -0.8 | 0.0 | 0.2 | -1.3 | -0.9 | -0.1 |
| Consolidated total | 254.8 | 272.5 | 306.1 | 268.6 | 260.4 | +5.6 |

(Billions of yen)

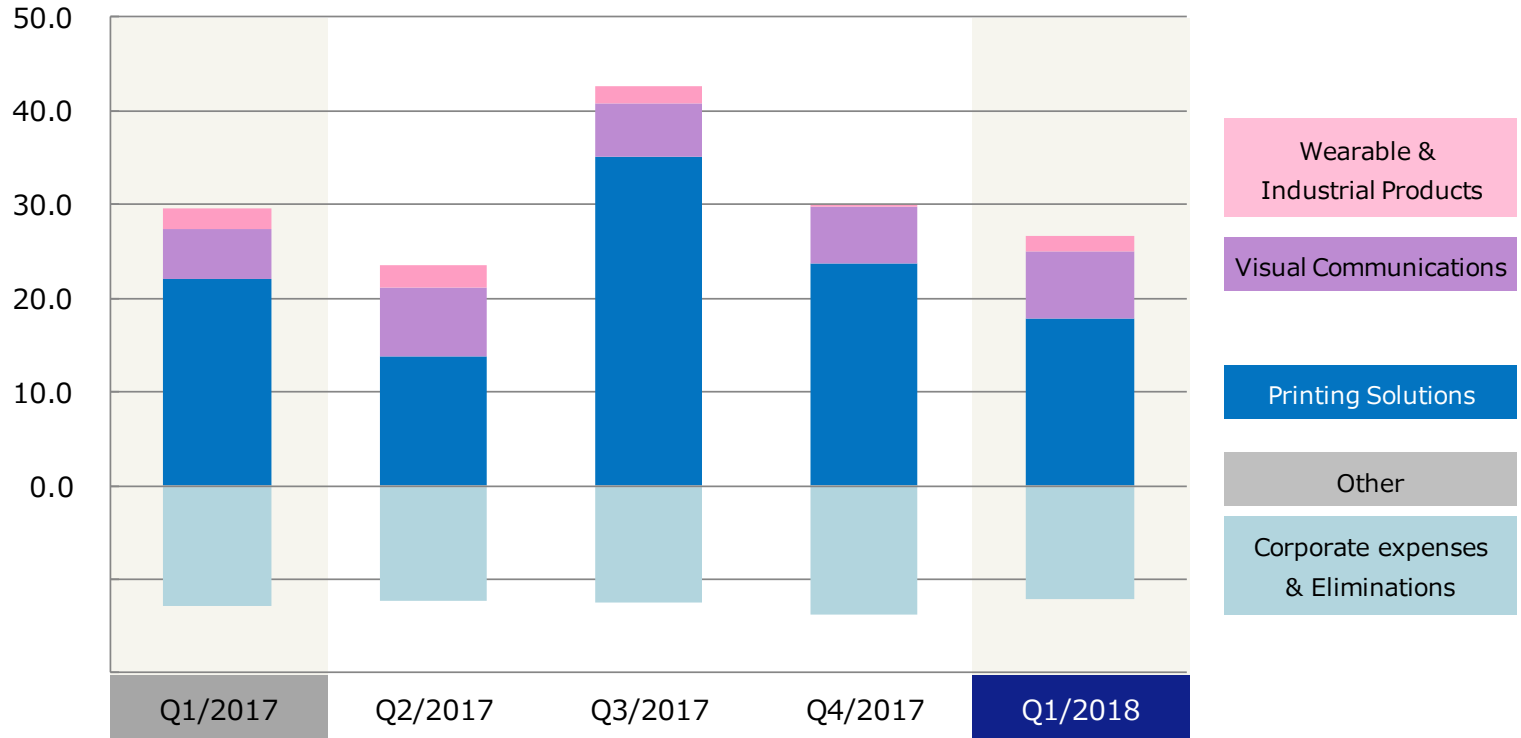


Quarterly Business Profit Trend By Business Segment

| | | | | | | | |
|---------------|-----|--------|--------|--------|--------|--------|-------|
| Exchange rate | USD | 111.08 | 111.00 | 112.92 | 108.39 | 109.06 | -2.02 |
| (yen) | EUR | 122.12 | 130.36 | 132.96 | 133.20 | 130.09 | +7.97 |

| Business profit (Billions of yen) | Q1/2017 | Q2/2017 | Q3/2017 | Q4/2017 | Q1/2018 | Y/Y |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Printing Solutions | 22.1 | 13.8 | 35.1 | 23.7 | 17.9 | -4.1 |
| Visual Communications | 5.2 | 7.4 | 5.6 | 6.0 | 7.1 | +1.8 |
| Wearable & Industrial Products | 2.3 | 2.4 | 1.9 | 0.3 | 1.7 | -0.6 |
| Other | -0.1 | -0.1 | -0.1 | -0.0 | -0.1 | -0.0 |
| Corporate expenses & Eliminations | -12.8 | -12.2 | -12.3 | -13.7 | -12.0 | +0.8 |
| Consolidated total | 16.7 | 11.3 | 30.3 | 16.3 | 14.6 | -2.1 |

(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 | | FY2017 Full year (Actual) | FY2018/Q1 (Actual) | FY2018 Full year (Outlook) |
|---------------|--|---------------------------------|-----------------------|-------------------------------|
| Exchange rate | USD | ¥110.85 | ¥109.06 | ¥102.00 |
| | EUR | ¥129.66 | ¥130.09 | ¥126.00 |
| IJP hardware | Volume | +8% | +5% | +5% |
| | High-capacity*/ office models as % of total unit sales | Less than 50%/ More than 15% | - | Approx. 55%/ Approx. 15% |
| | ASP | + low teen % | + mid-single-digit % | Flat YoY |
| | Revenue | + low 20 % | + high single-digit % | + mid-single-digit % |
| IJP ink | Volume (packs) | -4% | -7% | - |
| | ASP | + mid-single-digit % | Flat YoY | - |
| | Revenue | + low single-digit % | - high single-digit % | - low teen % |
| SIDM printers | Volume | -7% | +5% | -6% |
| | ASP | + low single-digit % | Flat YoY | Around -10% |
| | Revenue | - mid-single-digit % | + mid single-digit % | - mid-teen % |
| Projectors | Volume | +1% | +10% | +7% |
| | ASP | + high single-digit % | Flat YoY | - low teen % |
| | Revenue | + low teen % | + 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)

Revenue to customers outside of Japan

Employee numbers

Revenue to customers outside of Japan

| | | | | | | | |
|---------------|-----|--------|--------|--------|--------|--------|-------|
| Exchange rate | USD | 111.08 | 111.00 | 112.92 | 108.39 | 109.06 | -2.02 |
| (yen) | EUR | 122.12 | 130.36 | 132.96 | 133.20 | 130.09 | +7.97 |

| Revenue (Billions of yen) | Q1/2017 | Q2/2017 | Q3/2017 | Q4/2017 | Q1/2018 | Y/Y |
|--|---------|---------|---------|---------|---------|------|
| The Americas | 78.3 | 81.5 | 81.9 | 78.5 | 75.5 | -2.8 |
| Europe | 50.2 | 52.1 | 68.2 | 62.6 | 52.8 | +2.6 |
| Asia/ Oceania | 72.7 | 80.3 | 78.4 | 66.7 | 79.2 | +6.5 |
| Total revenue to overseas customers | 201.2 | 214.0 | 228.6 | 207.9 | 207.6 | +6.4 |
| Consolidated revenue | 254.8 | 272.5 | 306.1 | 268.6 | 260.4 | +5.6 |

| % of revenue to consolidated revenue | Q1/2017 | Q2/2017 | Q3/2017 | Q4/2017 | Q1/2018 |
|--------------------------------------|---------|---------|---------|---------|---------|
| The Americas | 30.7% | 29.9% | 26.8% | 29.3% | 29.0% |
| Europe | 19.7% | 19.1% | 22.3% | 23.3% | 20.3% |
| Asia/ Oceania | 28.5% | 29.5% | 25.6% | 24.8% | 30.4% |
| Total | 79.0% | 78.6% | 74.7% | 77.4% | 79.7% |

Employees

| Number of employees at period end (person) | End of Mar. 2016 | End of Mar. 2017 | End of June 2017 | End of Mar. 2018 | End of June 2018 | Compared to end of Mar. 2018 |
|--|------------------|------------------|------------------|------------------|------------------|------------------------------|
| Japan | 18,699 | 19,175 | 19,598 | 19,436 | 19,704 | +268 |
| Non-Japan | 48,906 | 53,245 | 56,757 | 56,955 | 61,196 | +4,241 |
| Consolidated total | 67,605 | 72,420 | 76,355 | 76,391 | 80,900 | +4,509 |

Major Business Indicators

(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 | ¥102.00 | ¥115.00 | USD | ¥108.38 | ¥110.85 | ¥102.00 | ¥115.00 | ¥115.00 |
| | EUR | ¥118.79 | ¥129.66 | ¥126.00 | ¥125.00 | EUR | ¥118.79 | ¥129.66 | ¥126.00 | ¥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 | 1,050.0 | 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% | | | | | | |

EPSON
EXCEED YOUR VISION