

Fiscal Year 2003
(fiscal year ending March 2004)

Half Year (Second Quarter)
Financial Results

October 30, 2003

SEIKO EPSON CORPORATION

Disclaimer

When reviewing this information please note that the information was created as of the date of the information, should be considered in the context of the circumstances prevailing at that time and is only correct as of that date. 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, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

This report is a simple translation of the Japanese version of second quarter result explanatory presentation prepared in Japanese. No reclassification nor rearrangement has been made.

Numerical values: Any portion of an amount less than the unit stated is disregarded.
Percentages: Rounded off to one decimal place.

Half Year Financial Results Highlights

▶ comparison with the same period last year

Unit: in hundreds of millions of yen		FY2002		FY2003		Increase/decrease	
		1H Actual	% over net sales	1H Actual	% over net sales	Amount	% change
Net sales		6,019	-	6,578	-	+558	+9.3%
Operating Income		122	2.0%	331	5.0%	+208	+169.7%
Ordinary Income		82	1.4%	321	4.9%	+238	+289.9%
Net income before income taxes		67	1.1%	287	4.4%	+219	+323.6%
Net income		21	0.3%	165	2.5%	+144	+686.8%
EPS		13.86 yen		94.53 yen	94.36 yen		
Exchange rates	USD	123.14 yen		118.05 yen	Amount after adjustment of potential stocks		
	EUR	116.94 yen		133.46 yen			

Second Quarter Financial Results Highlights

▶ comparison with the same period last year

Unit: in hundreds of millions of yen		FY2002		FY2003		Increase/decrease	
		2Q Actual	% over net sales	2Q Actual	% over net sales	Amount	% change
Net sales		3,095	-	3,426	-	+ 330	+10.7%
Operating Income		79	2.6%	188	5.5%	+ 109	+138.0%
Ordinary Income		71	2.3%	192	5.6%	+ 120	+169.2%
Net income before income taxes		60	1.9%	165	4.8%	+ 104	+173.4%
Net income		31	1.0%	105	3.1%	+ 74	+233.3%
Exchange rates	USD	119.24 yen		117.60 yen			
	EUR	117.32 yen		132.26 yen			

Half Year Financial Results Highlights

▶ comparison with the previous outlook (September 26)

Unit: in hundreds of millions of yen		FY2003		FY2003		Increase/decrease	
		1H Outlook	% over net sales	1H Actual	% over net sales	Amount	% change
Net sales		6,500	-	6,578	-	+78	+1.2%
Operating Income		270	4.2%	331	5.0%	+61	+22.6%
Ordinary Income		250	3.8%	321	4.9%	+71	+28.4%
Net income before income taxes		233	3.6%	287	4.4%	+54	+23.6%
Net income		130	2.0%	165	2.5%	+35	+27.4%
Exchange rates	USD	117.37 yen		118.05 yen			
	EUR	134.52 yen		133.46 yen			

Second Quarter Financial Results Highlights

▶ comparison with the previous outlook (September 26)

Unit: in hundreds of millions of yen		FY2003		FY2003		Increase/decrease	
		2Q Outlook	% over net sales	2Q Actual	% over net sales	Amount	% change
Net sales		3,353	-	3,426	-	+73	+2.2%
Operating Income		130	3.9%	188	5.5%	+58	+45.4%
Ordinary Income		122	3.6%	192	5.6%	+70	+57.7%
Net income before income taxes		111	3.3%	165	4.8%	+54	+48.7%
Net income		71	2.1%	105	3.1%	+34	+49.2%
Exchange rates	USD	-		117.60 yen			
	EUR	-		132.26 yen			

Business Results Forecast for FY 2003

▶ comparison with the previous period

Unit: in hundreds of millions of yen	FY2002		FY2003		Increase/decrease	
	Actual	% over net sales	Current Outlook	% over net sales	Amount	% change
Net sales	13,224	—	14,140	—	+916	+6.9%
Operating Income	493	3.7%	760	5.4%	+267	+54.2%
Ordinary Income	417	3.2%	700	5.0%	+283	+67.9%
Net income before income taxes	316	2.4%	570	4.0%	+254	+80.4%
Net income	125	0.9%	330	2.3%	+205	+164.0%
EPS	81.08 yen		168.05 yen			
Exchange rates	USD	121.95 yen	116.52 yen			
	EUR	121.04 yen	131.73 yen			

Business Results Forecast for FY 2003

▶ comparison with the previous outlook (September 26)

Unit: in hundreds of millions of yen	FY2003		FY2003		Increase/decrease	
	Previous outlook	% over net sales	Current Outlook	% over net sales	Amount	% change
Net sales	14,060	—	14,140	—	+80	+0.6%
Operating Income	700	5.0%	760	5.4%	+60	+8.6%
Ordinary Income	620	4.4%	700	5.0%	+80	+12.9%
Net income before income taxes	499	3.5%	570	4.0%	+71	+14.2%
Net income	284	2.0%	330	2.3%	+46	+16.2%
EPS	144.63 yen		168.05 yen			
Exchange rates	USD	116 yen		116.52 yen		
	EUR	132 yen		131.73 yen		

Points of Business Results Forecast announced on 10/22

Summary

- An increase in sales and significant increases in income compared to the previous fiscal year.
- The trends in Epson's main markets in the second half will be consistent with the previous outlook (September 26)
- Net sales and income for the second half will remain unchanged from the previous outlook (September 26). This is because further cost-reductions, especially in sales and general expenses, will offset cost increases in sales promotions and advertising that were not executed in the first half, but which will be implemented in the second half.

Information-related equipment

- Meets sales plan targets for DURABrite ink printers, projectors for the home market, and other products
- Careful examination of general expenses when commencing sales and advertising






Electronic devices

- Keep careful watch on the trends of consumer demand for mobile phone units with color displays

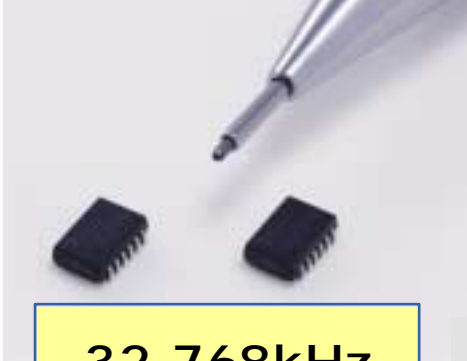





Ink-Jet Printers New Products

<p>6 colors Photo  : New Photo Pigment Ink  : New Dye Ink with more durability</p>						
Single Function			Direct	Multi Function		
<p>¥44,800</p>  <p>PX-G900</p>	<p>¥29,800</p>  <p>PM-G800</p>	<p>¥19,800</p>  <p>PM-G700</p>	<p>¥24,800 \$179</p>  <p>PM-D750/ Stylus Photo R300</p>	<p>¥39,800</p>  <p>PM-A850</p>	<p>\$249</p>  <p>Stylus Photo RX500</p>	
<p>4 colors  : New Pigment Ink  : Dye Ink</p>						
Single Function			Multi Function			
<p>¥14,800 \$99</p>  <p>PX-V600 Stylus C84</p>	<p>\$59</p>  <p>Stylus C64</p>	<p>\$49</p>  <p>Stylus C44</p>	<p>\$199</p>  <p>Stylus CX6400</p>	<p>Stylus CX5400</p>  <p>\$149</p>	<p>\$129</p>  <p>Stylus CX3200</p>	

LDC Projectors New Products

Data Projectors	Projectors for home use	High-temperature TFT LCD panel
<p data-bbox="257 611 624 707">EMP-S1</p>  <p data-bbox="324 1015 560 1198">¥148,000 1200 lm SVGA</p>	<div data-bbox="703 491 1534 799"> <p data-bbox="1167 496 1527 584">EMP-TW10</p>  <p data-bbox="1196 608 1435 778">¥168,000 1000 lm Contrast Ratio 700: 1</p> </div> <div data-bbox="703 810 1534 1118"> <p data-bbox="710 815 1115 903">EMP-TW200</p>  <p data-bbox="716 927 1126 1098">¥268,000 1300 lm Contrast Ratio 800: 1</p> </div> <div data-bbox="703 1129 1534 1437"> <p data-bbox="1122 1134 1527 1222">EMP-TW500</p>  <p data-bbox="1099 1246 1532 1417">¥498,000 1000 lm Contrast Ratio 1200: 1</p> </div>	 <p data-bbox="1787 1158 1995 1185">L3D13U Series</p> <p data-bbox="1597 1230 1944 1342">True-HDTV (1080p) ready</p>

Other topics of new products

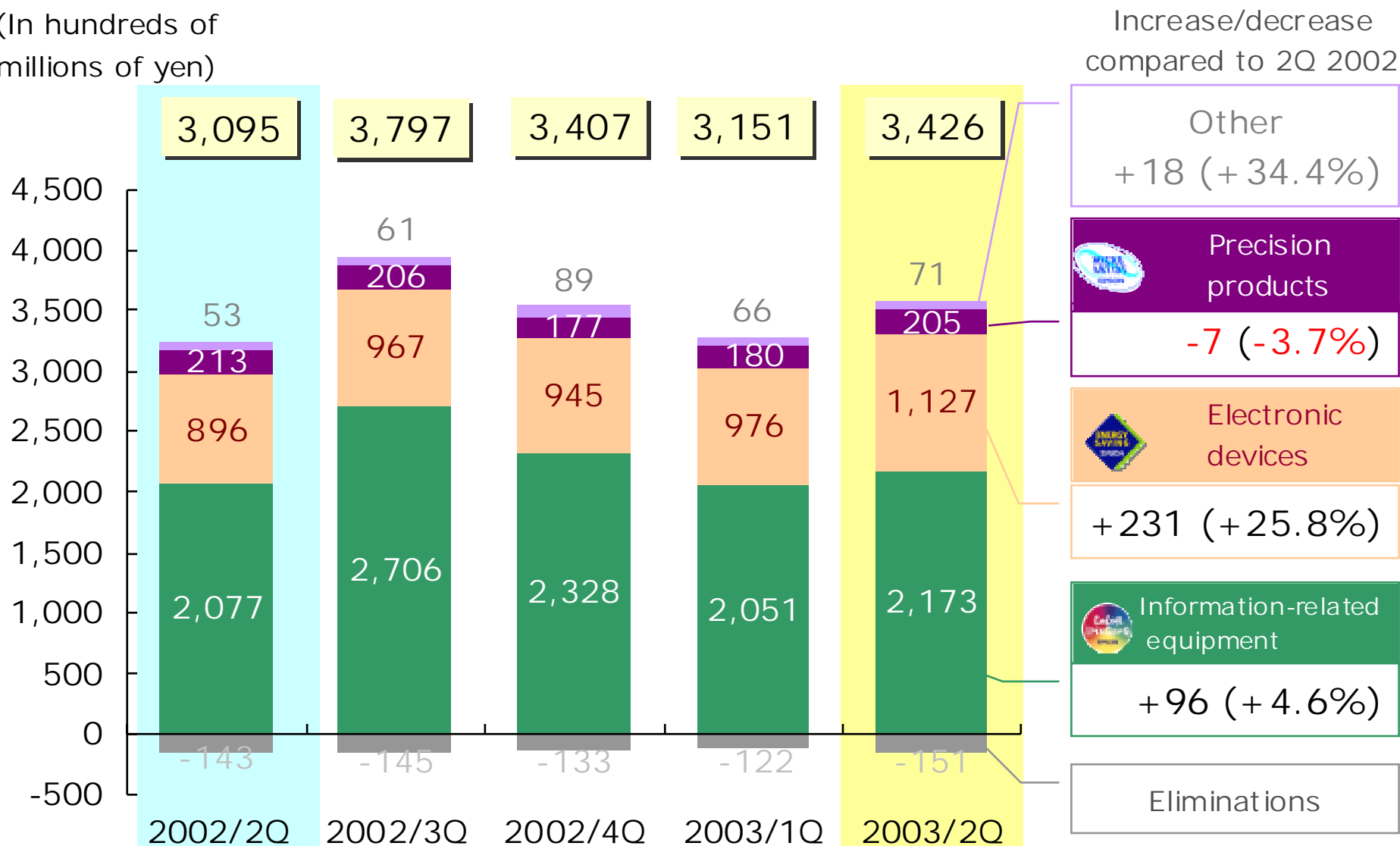
Quartz device	System device
 <p data-bbox="257 766 638 957">32.768kHz Crystal oscillators Real-time clock</p>  <p data-bbox="716 1053 1041 1181">Clock oscillators</p>  <p data-bbox="291 1324 609 1396">TCXO</p>	 <p data-bbox="1612 427 2016 798">IR-320 Series PC-POS system</p>  <p data-bbox="1120 813 1534 1117">TM-H6000 II Receipt/slip printer with scanner</p>  <p data-bbox="1612 1133 2016 1436">TM-J7600 Ink-jet Receipt/slip printer</p>

1 FY 2003 Second Quarter Financial Results

2 Business Results Forecast for FY 2003

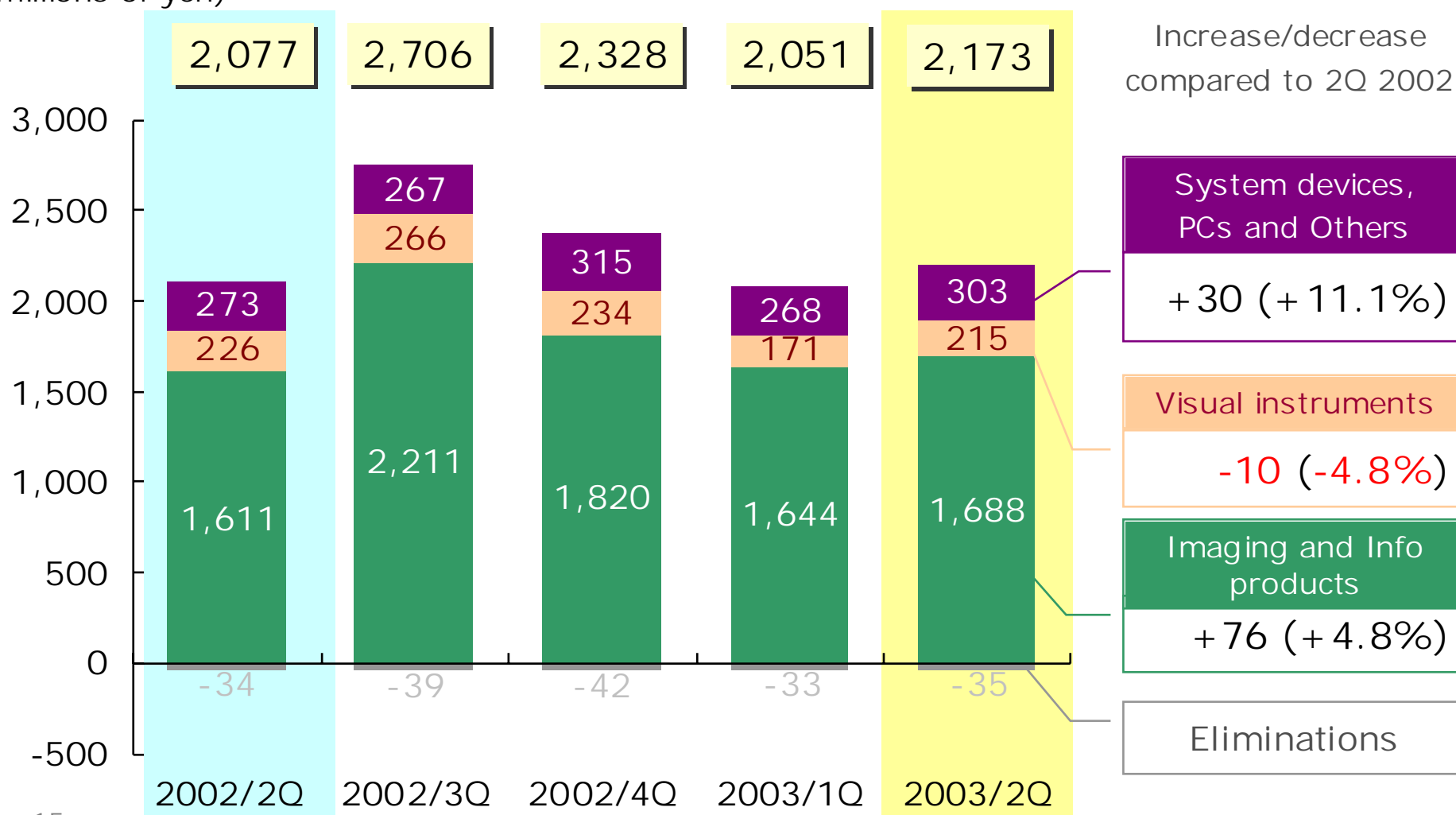
Quarterly Sales Statistics ▶ By Business Segment

(In hundreds of millions of yen)



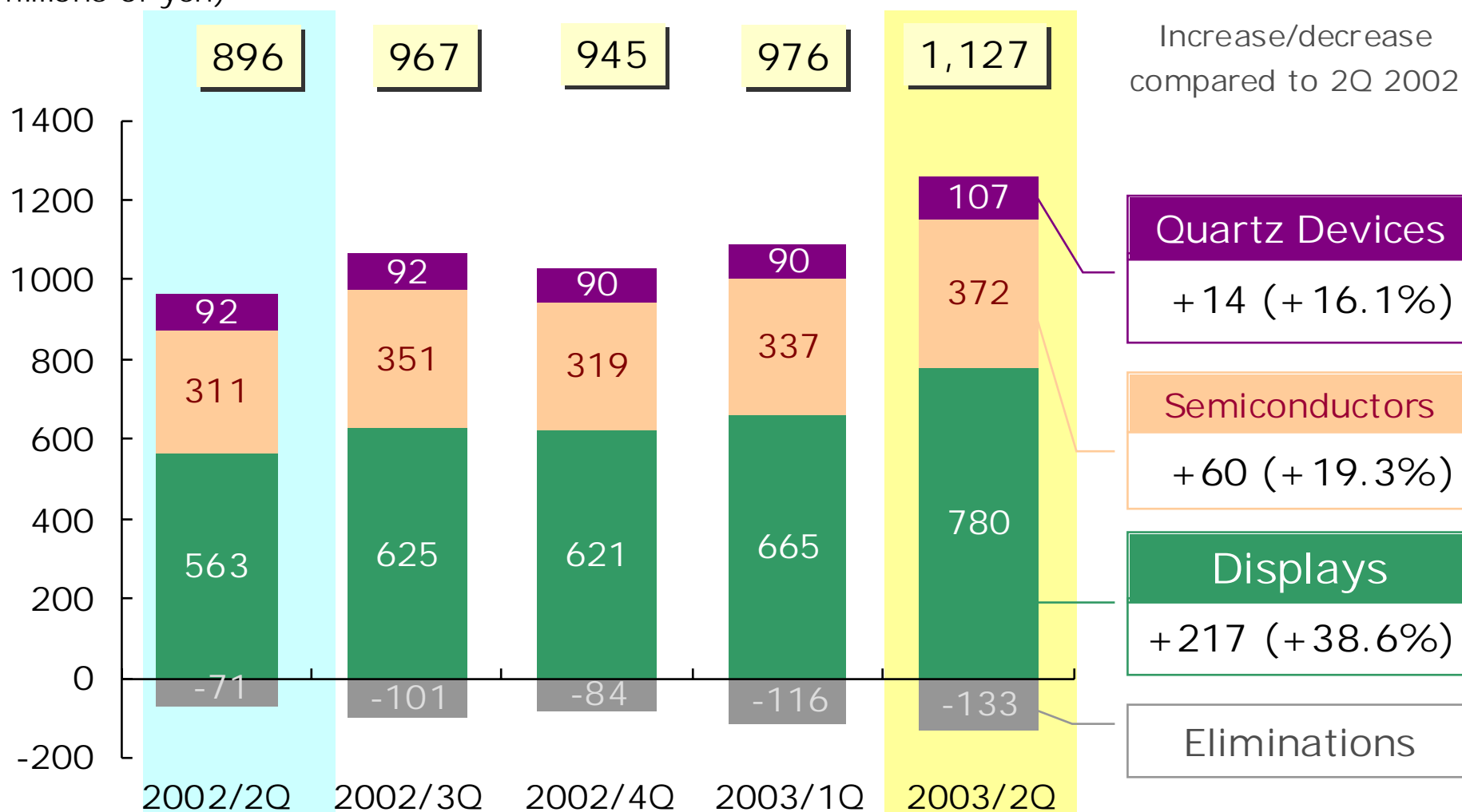
Quarterly Sales Statistics ▶  Information-related equipment

(In hundreds of millions of yen)



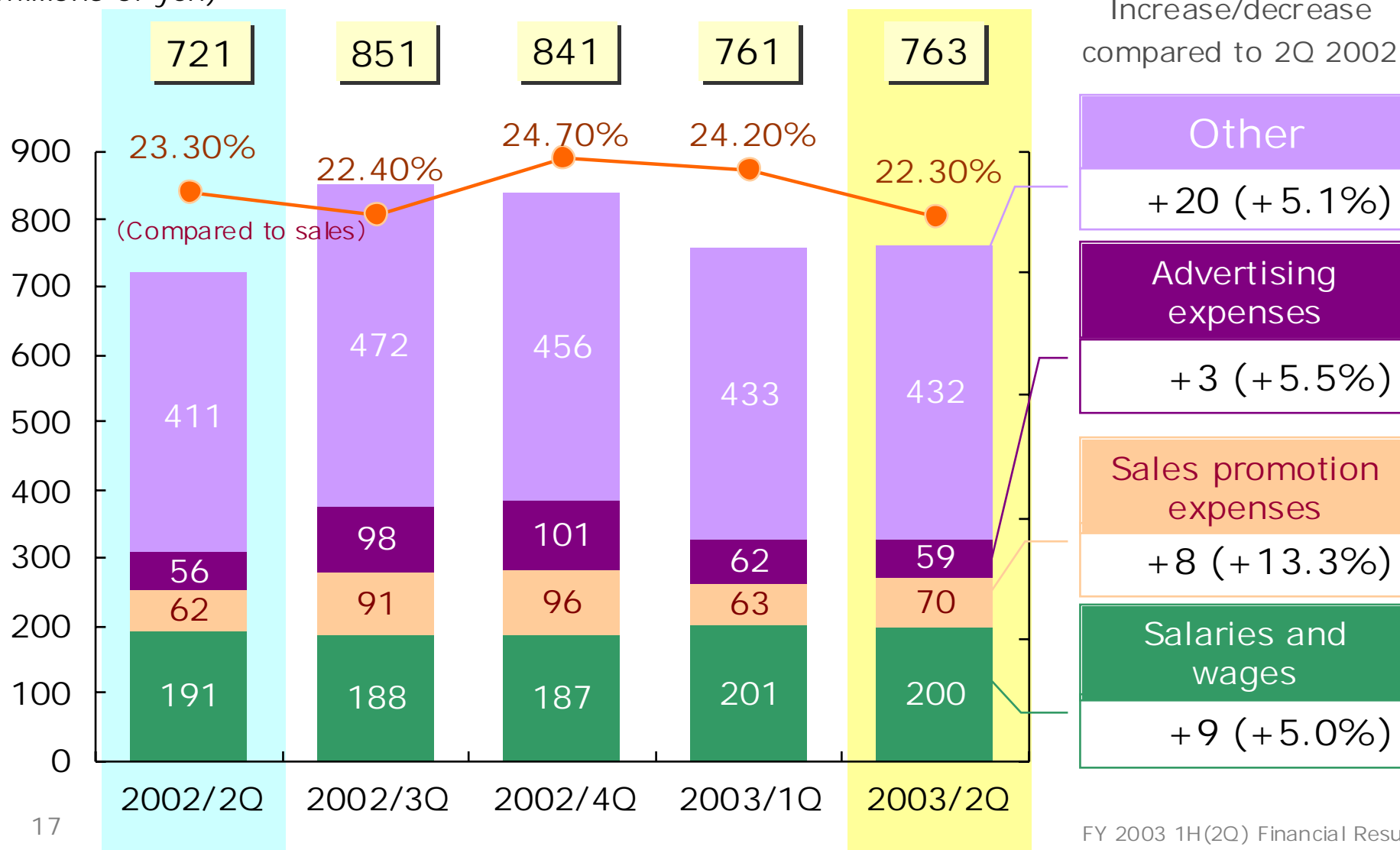


(In hundreds of millions of yen)



Quarterly Statistics of Selling, General and Administrative Expenses

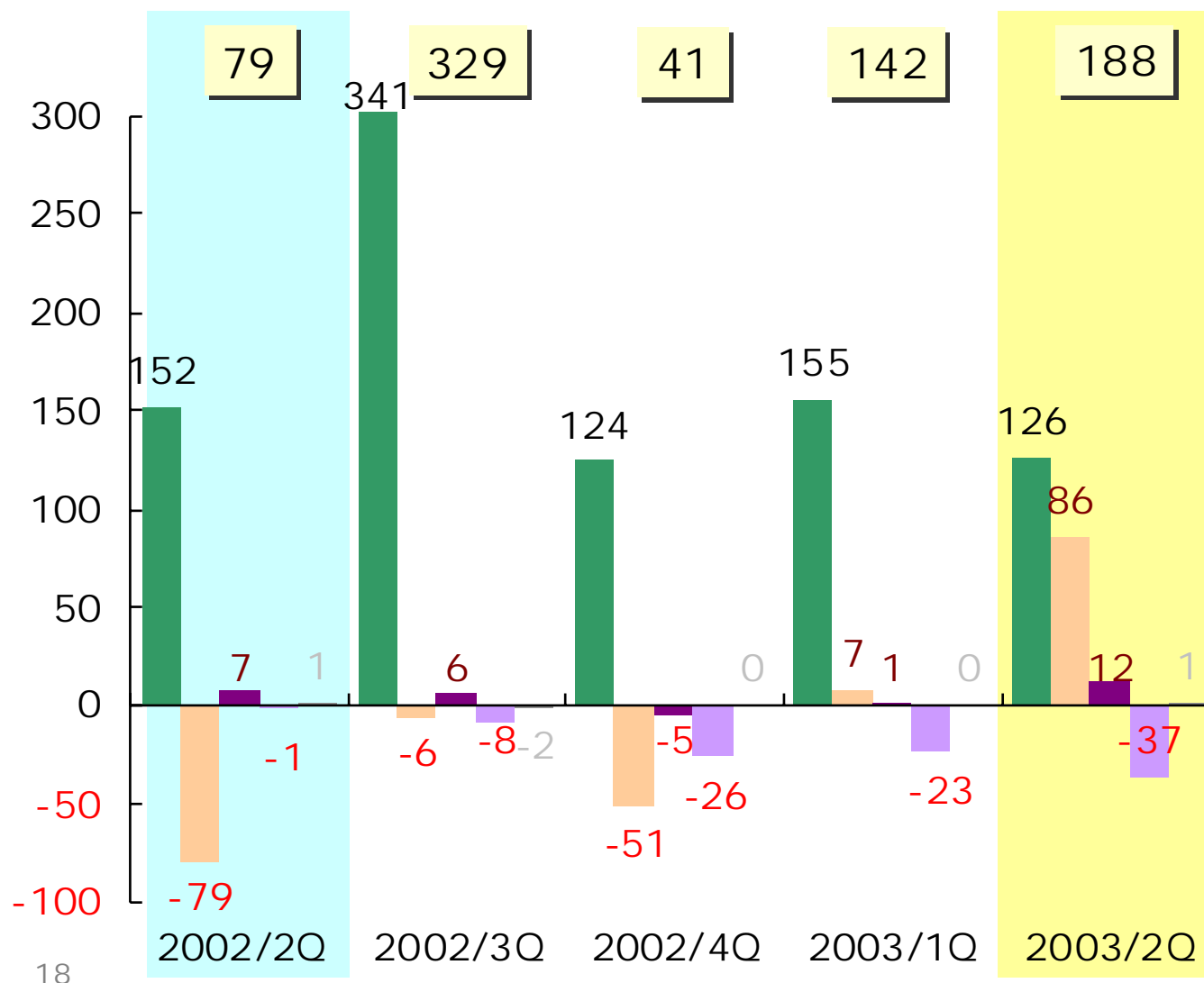
(In hundreds of millions of yen)



Quarterly Statistics of Operating Income

► By Business Segment

(In hundreds of millions of yen)



Increase/decrease compared to 2Q 2002

Information-related equipment
-26 (-17.3%)

Electronic devices
+166 (-)

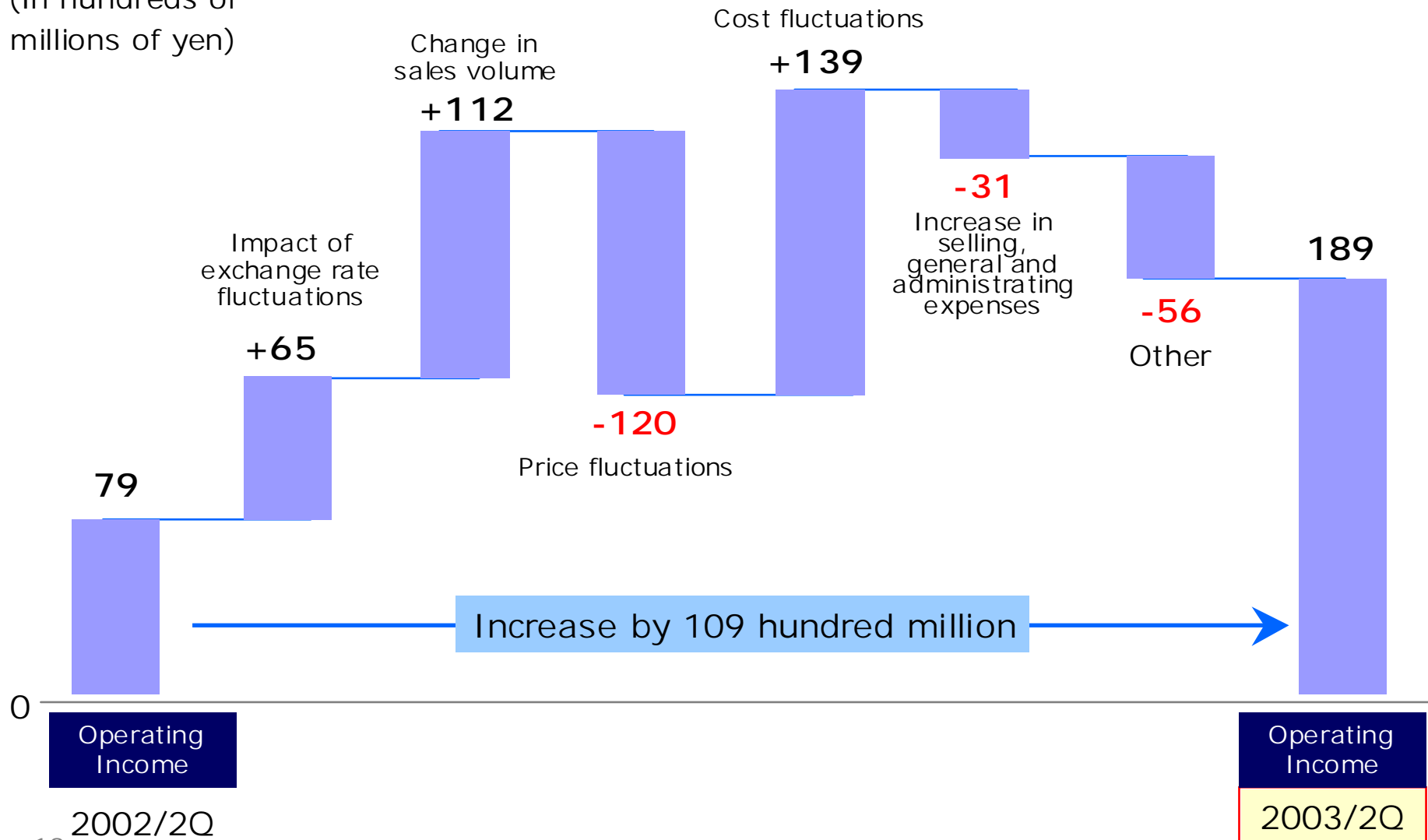
Precision products
+5 (+75.3%)

Other
-35 (-)

Eliminations and Corporate

Operating Income Fluctuation Cause Analysis

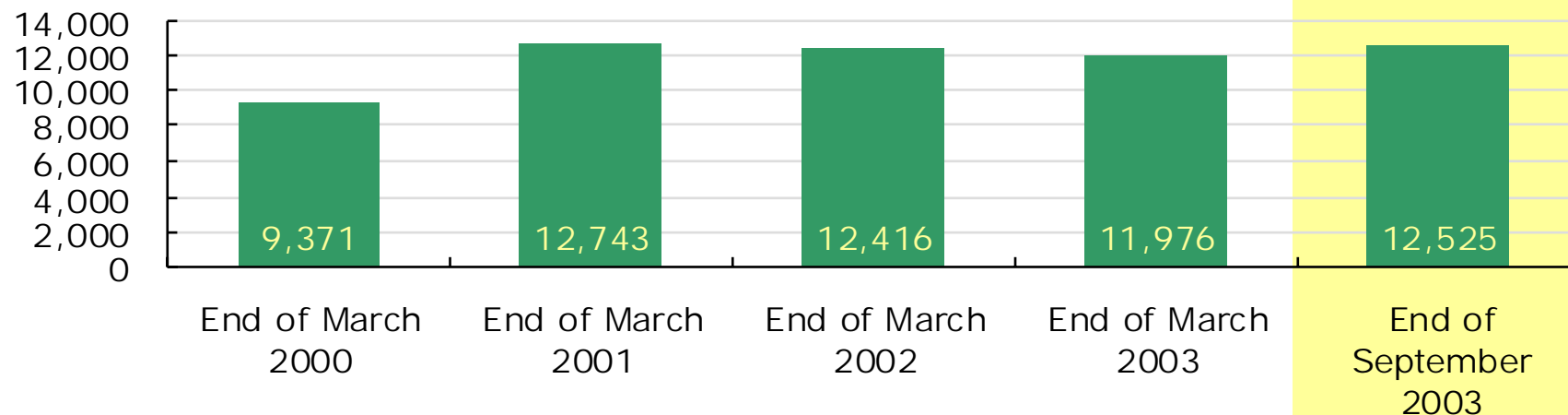
(In hundreds of millions of yen)



Statistics of Balance Sheet Items

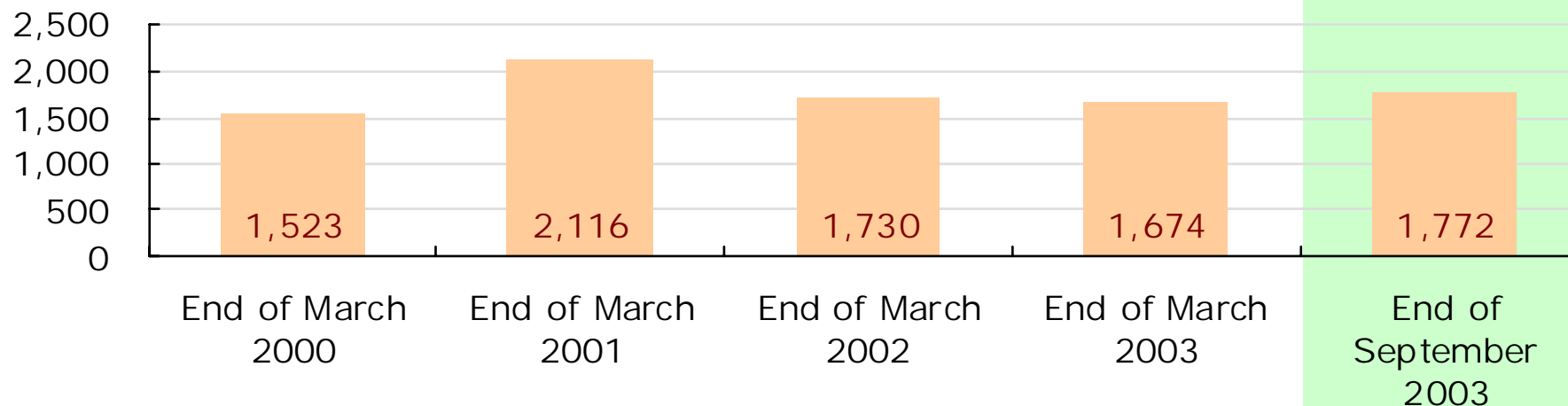
(In hundreds of millions of yen)

Total Assets

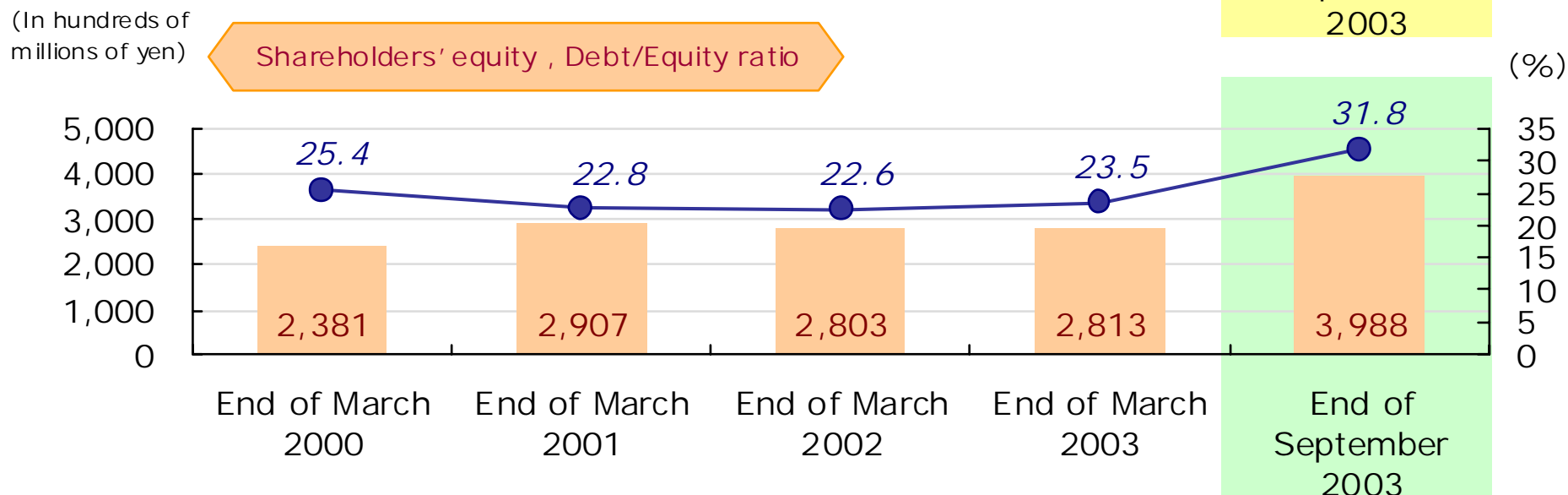
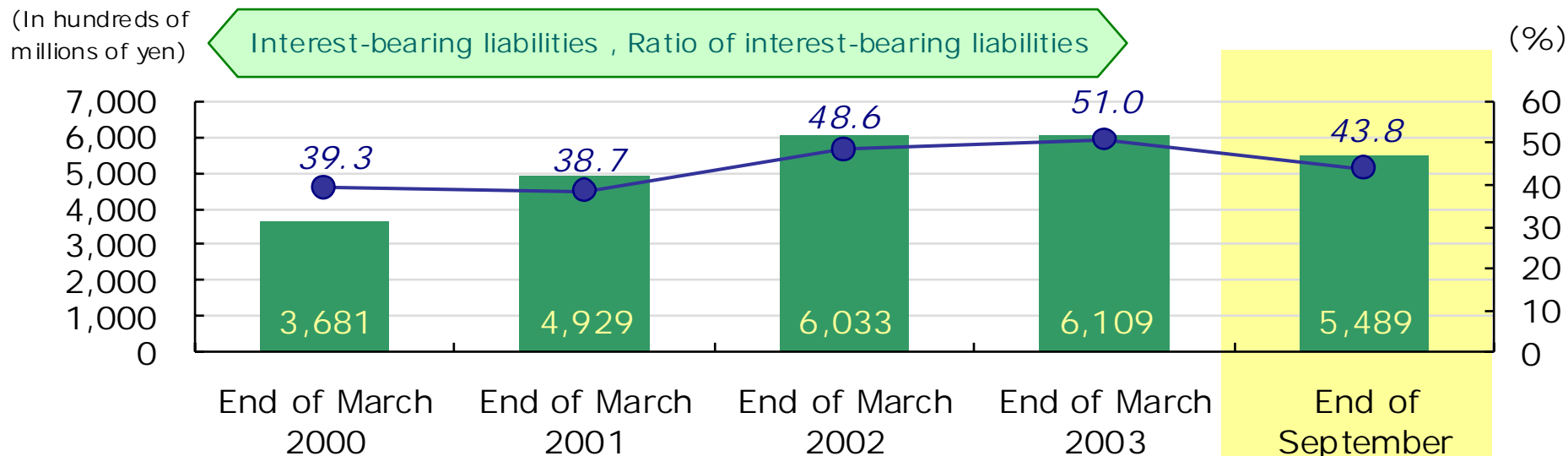


(In hundreds of millions of yen)

Inventories



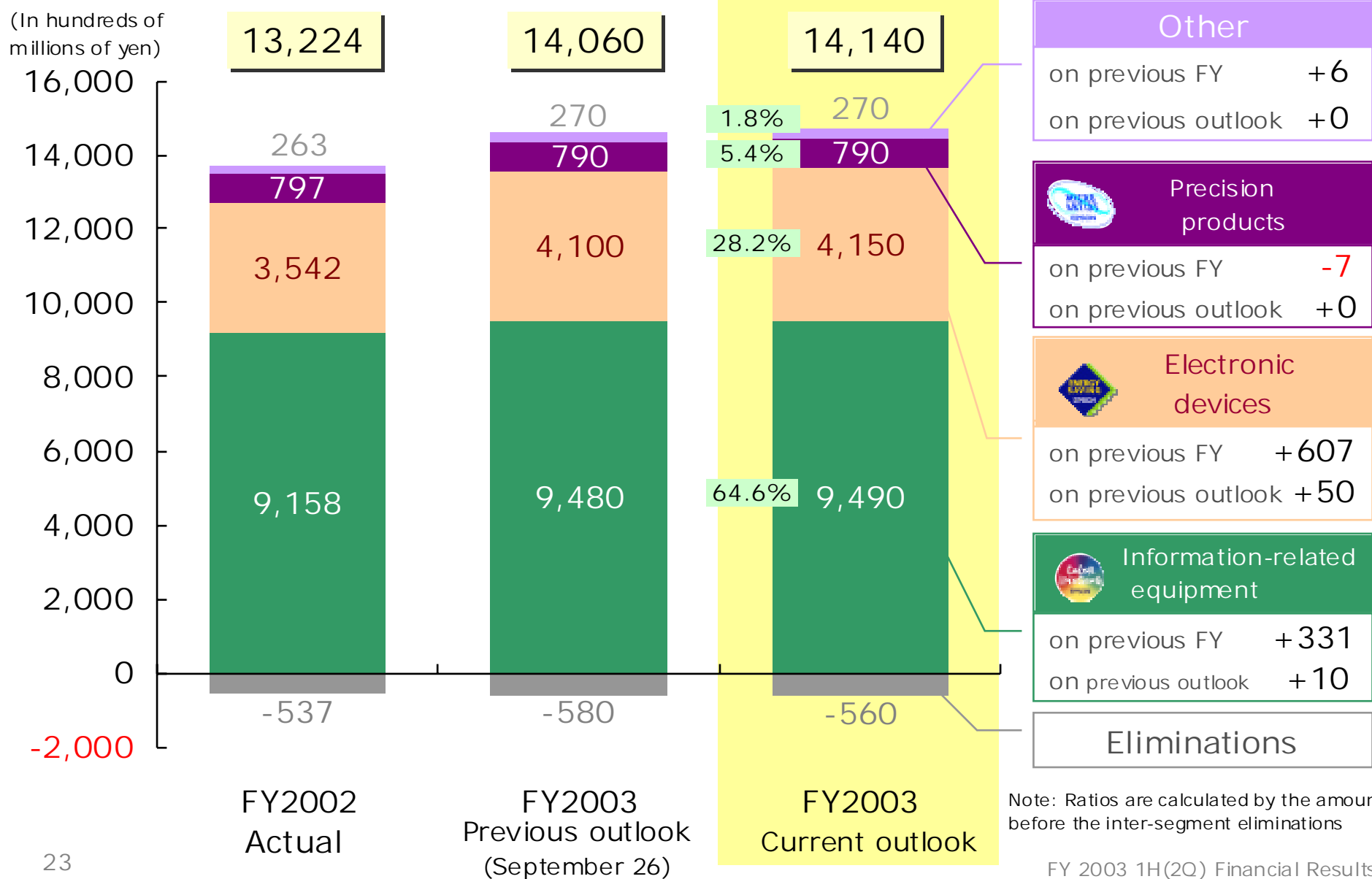
Statistics of Balance Sheet Items



1 FY 2003 Second Quarter Financial Results

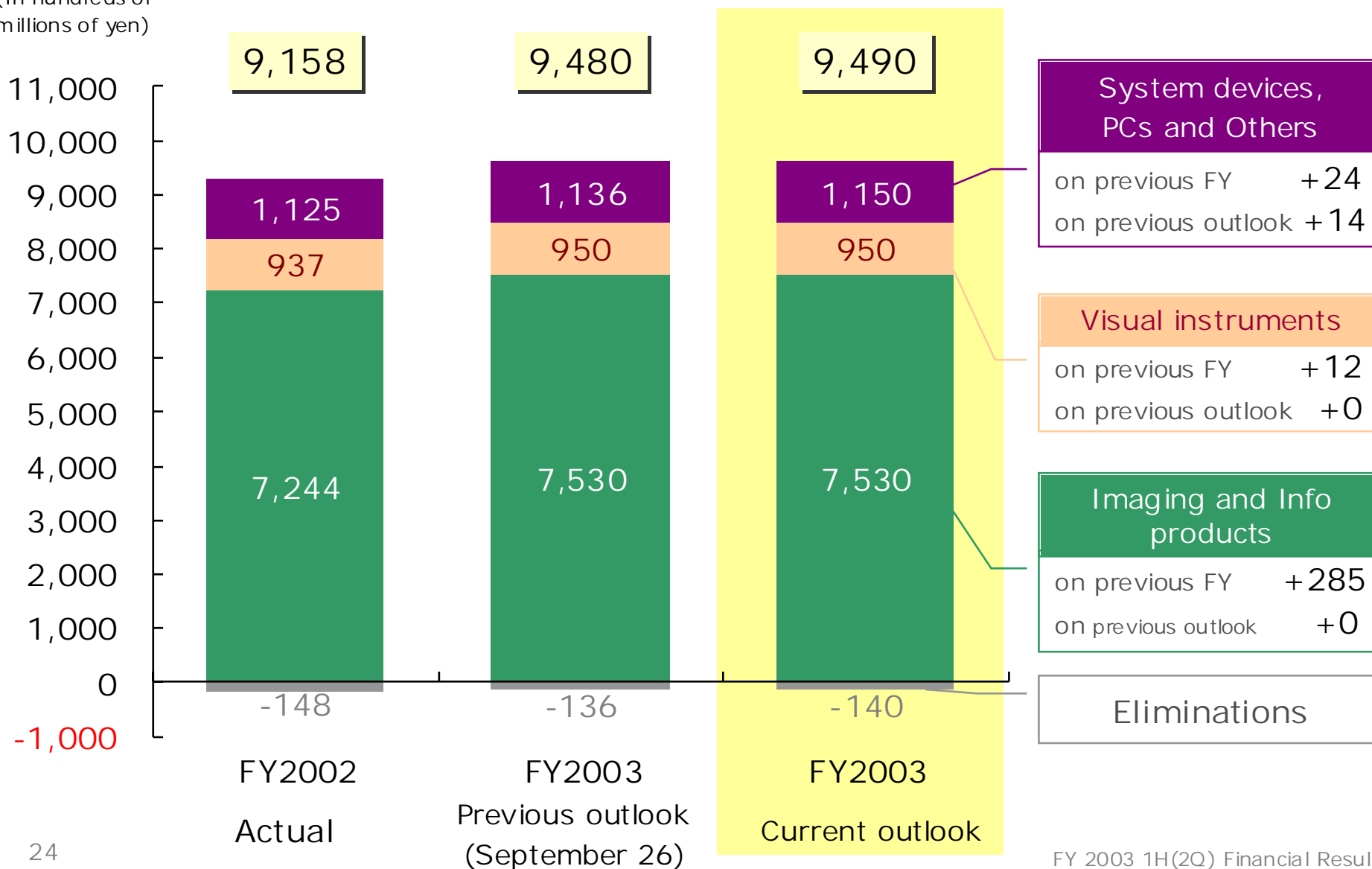
2 Business Results Forecast for FY 2003

Sales Forecast for FY 2003 ▶ By Business Segment



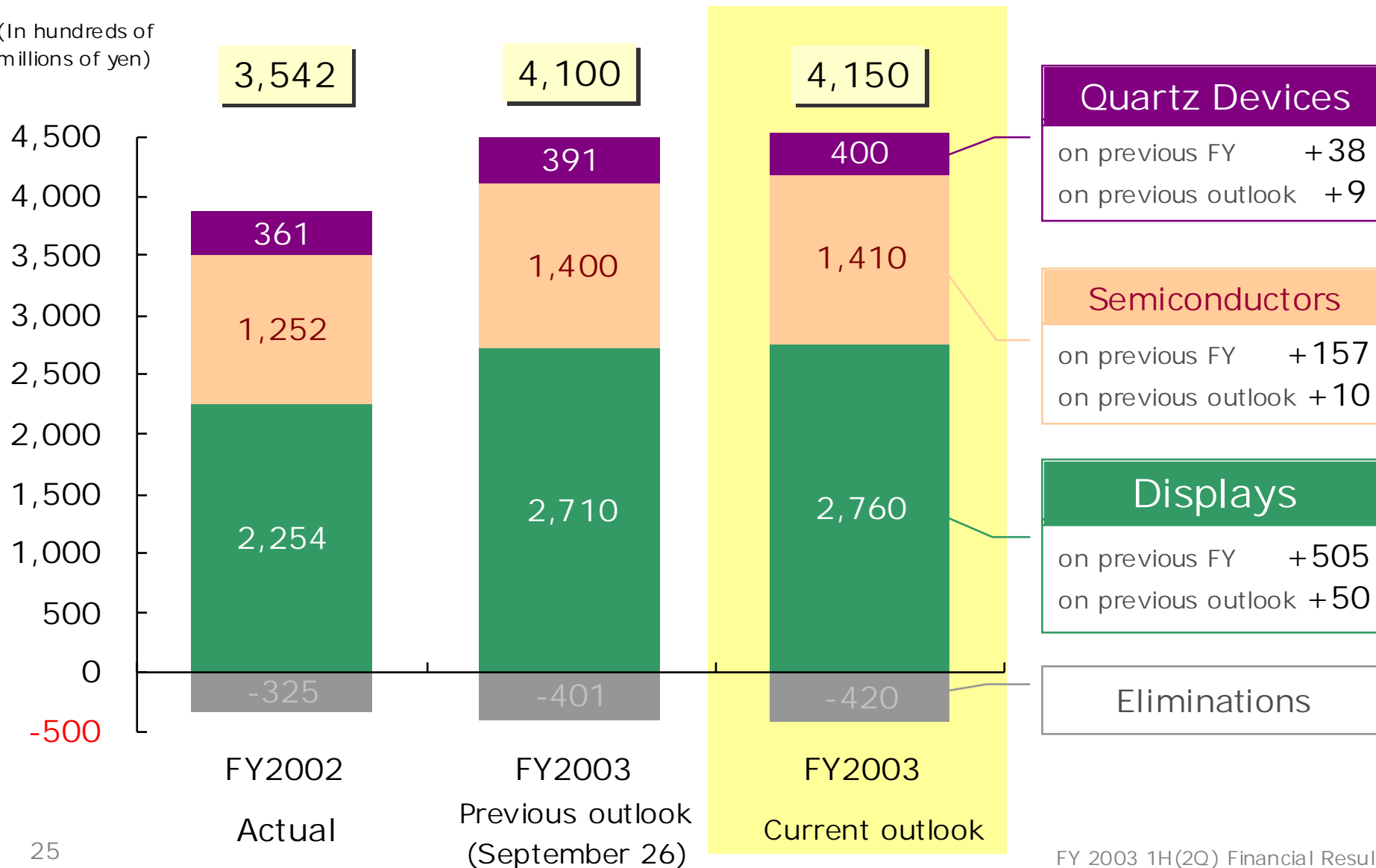
Sales Forecast by Segment  Information-related equipment

(In hundreds of millions of yen)



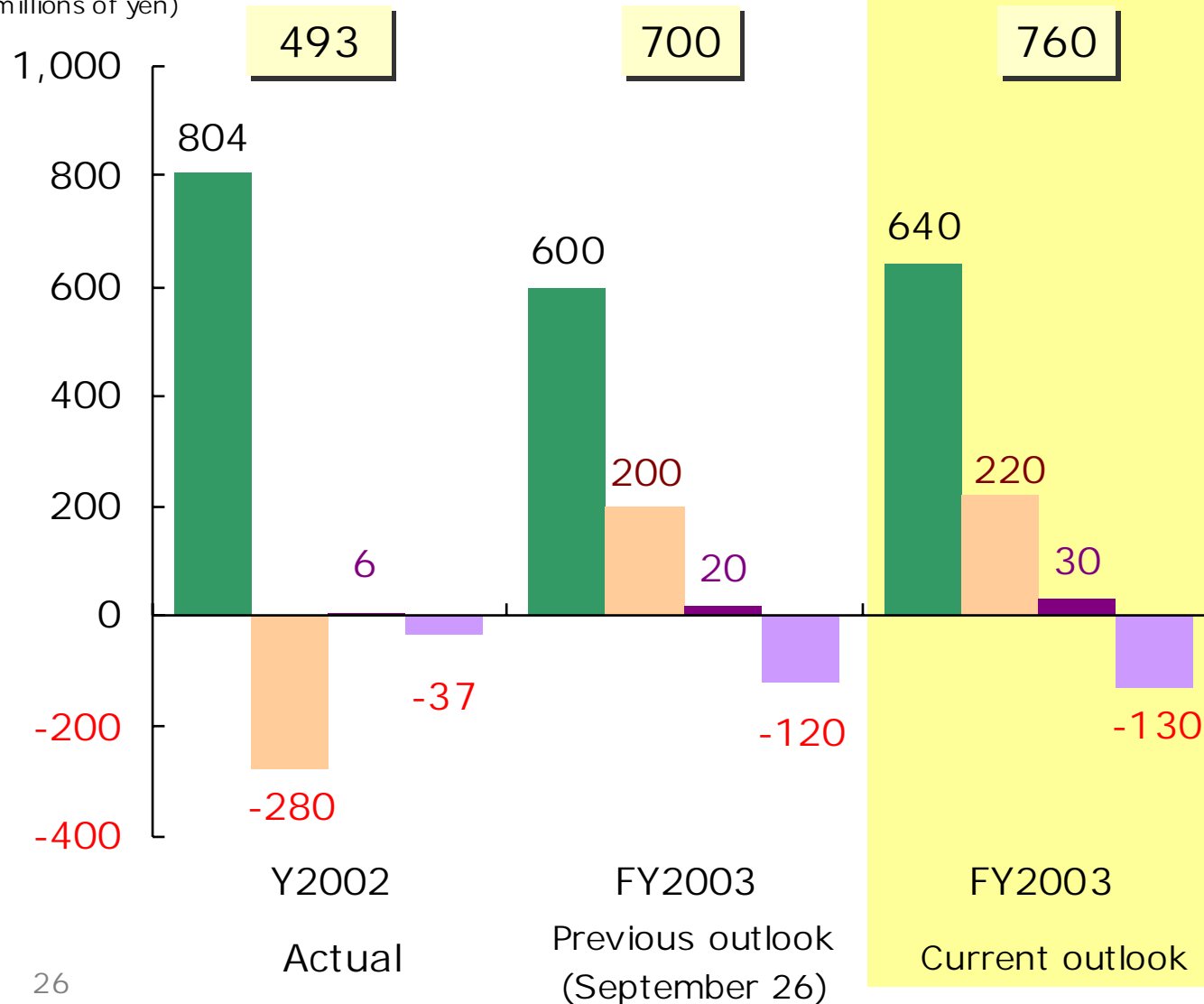
Sales Forecast by Segment  Electronic devices

(In hundreds of millions of yen)



Operating Income Forecast for FY 2003 ▶By Business Segment

(In hundreds of millions of yen)



Information-related equipment
 on previous FY **-164**
 on previous outlook **+40**

Electronic devices
 on previous FY **+500**
 on previous outlook **+20**

Precision products
 on previous FY **+23**
 on previous outlook **+10**

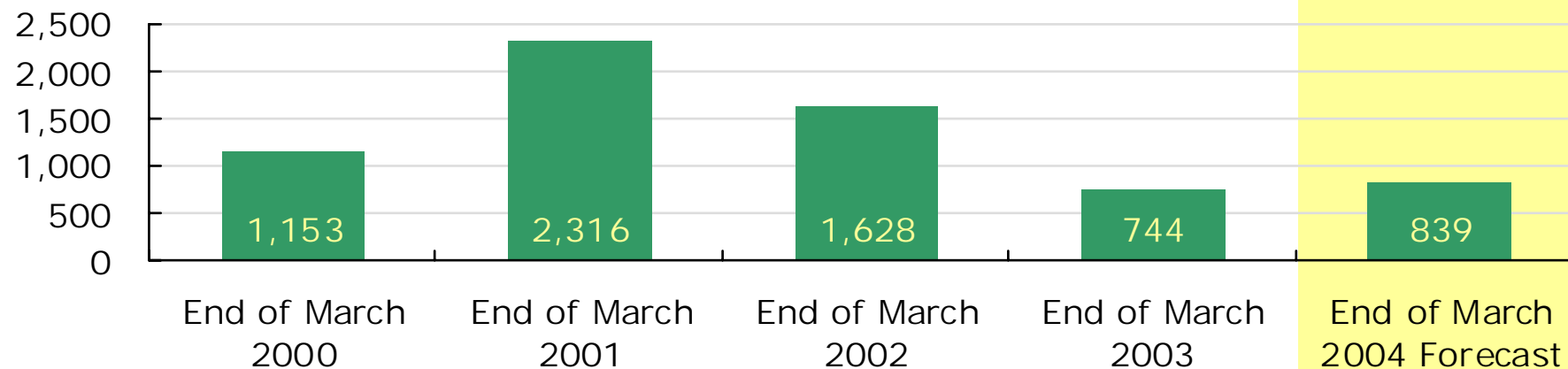
Other
 on previous FY **-92**
 on previous outlook **-10**

Capital Expenditures , Depreciation and Amortization Expenses Forecast for FY 2003

(In hundreds of millions of yen)

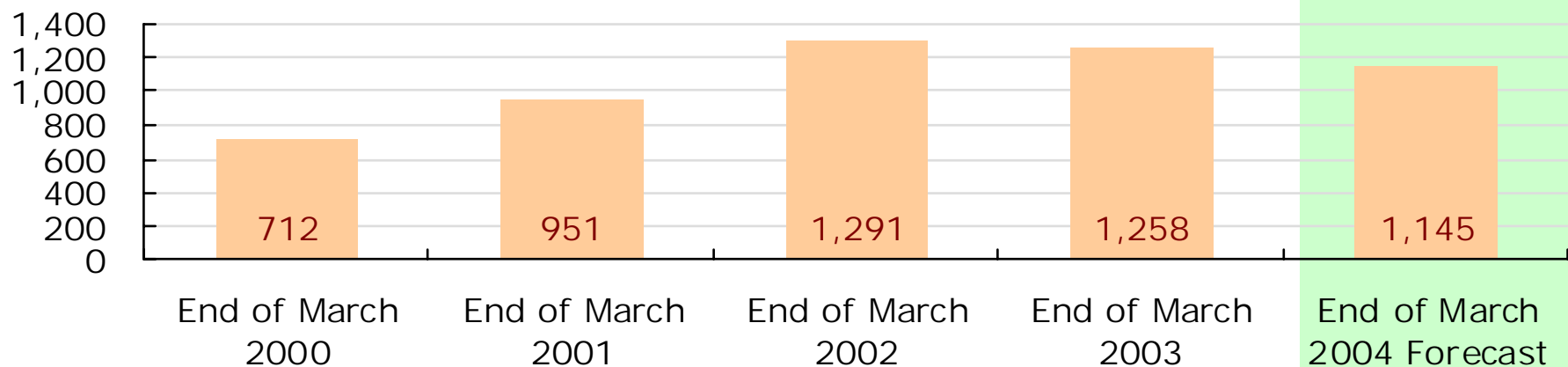
Capital expenditures

Note: Capital expenditures includes tangible fixed assets, software and land lease rights.



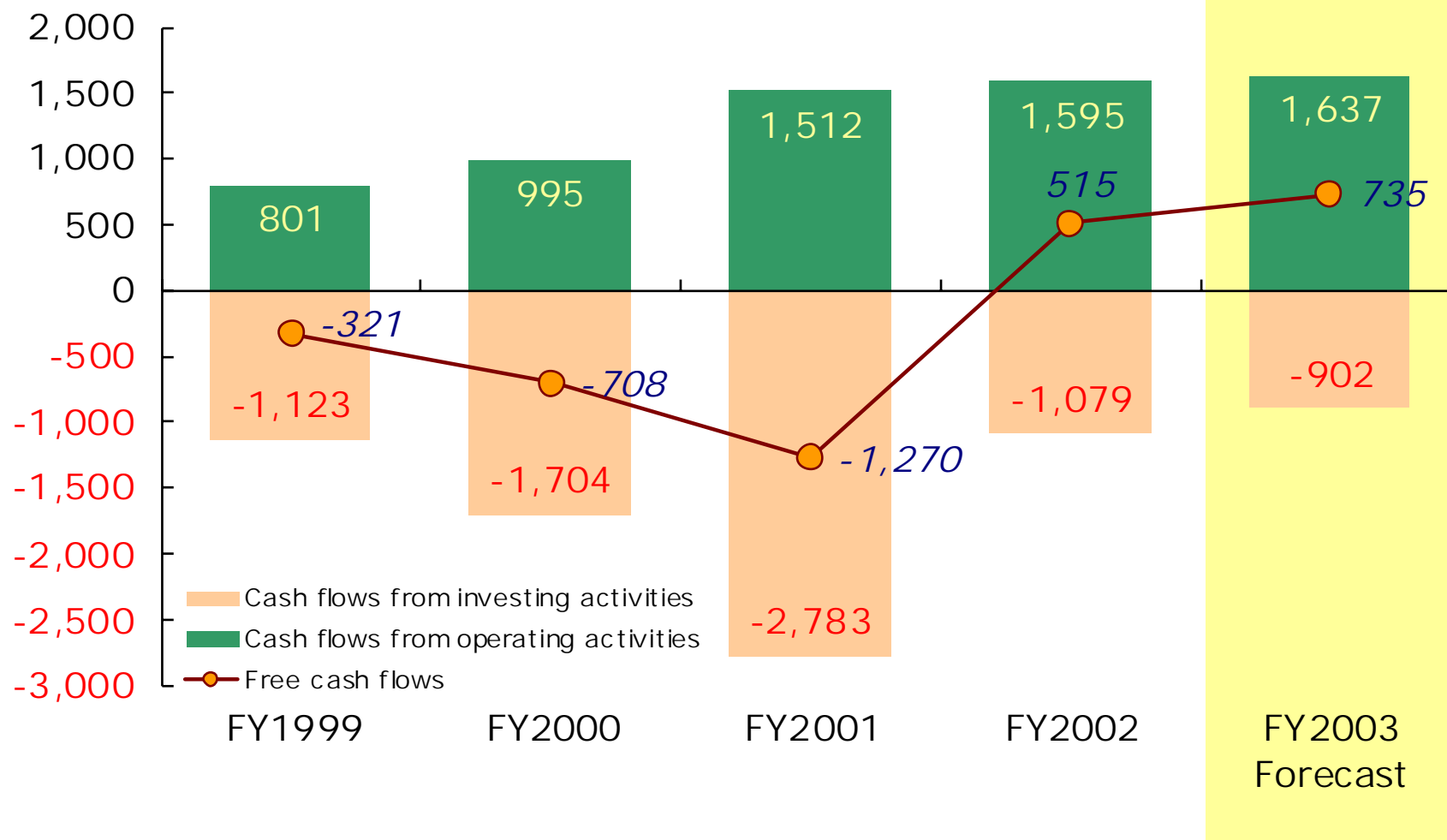
(In hundreds of millions of yen)

Depreciation and Amortization Expenses

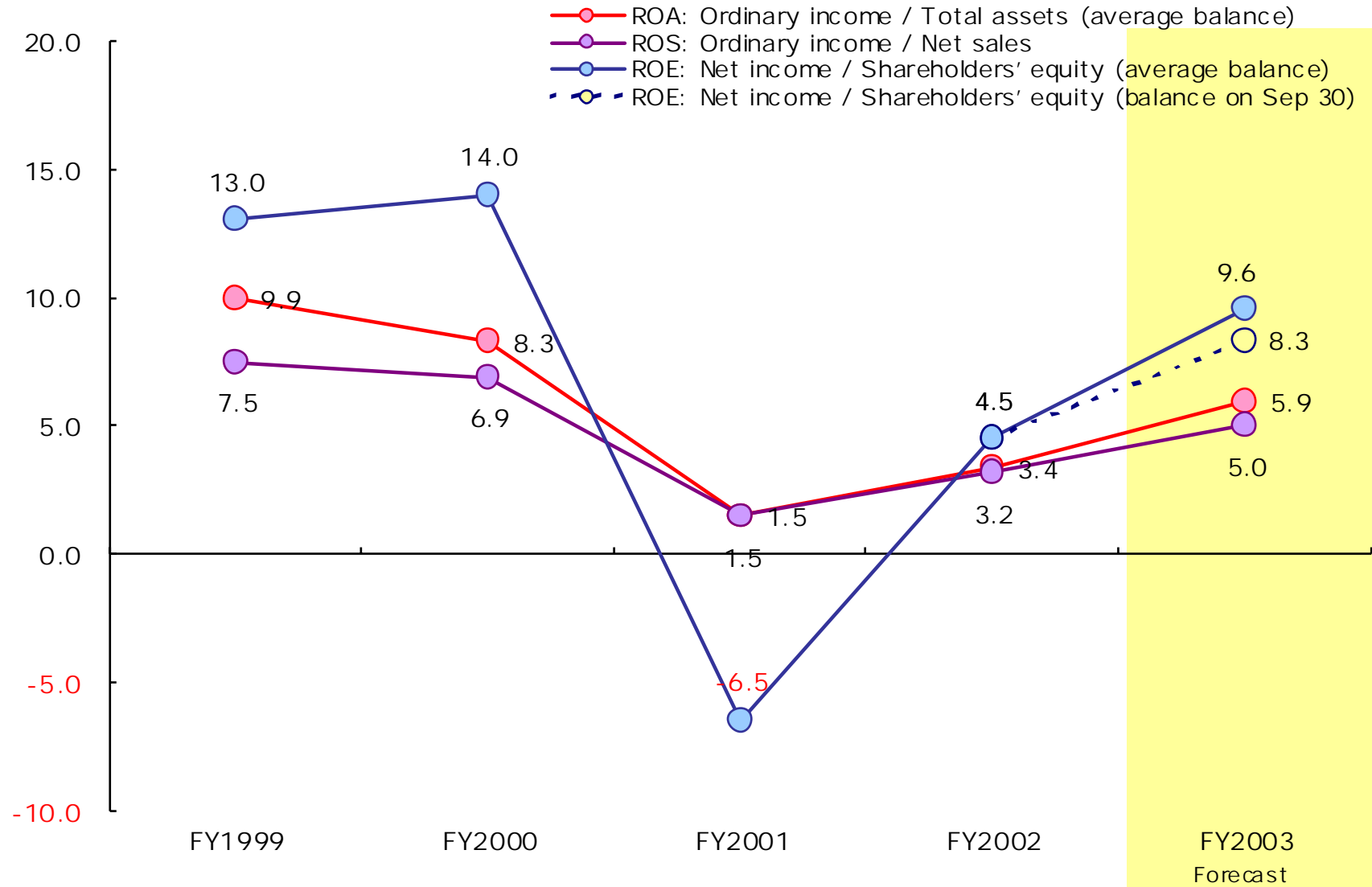


Free Cash Flows Forecast for FY 2003

(In hundreds of millions of yen)



Statistics of Main Management Indices



EPSON
