



Second Quarter Financial Results Fiscal Year 2013 (Ending March 2014)

October 31, 2013

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.

■ Numerical values presented herein

Numbers are rounded to the unit indicated.

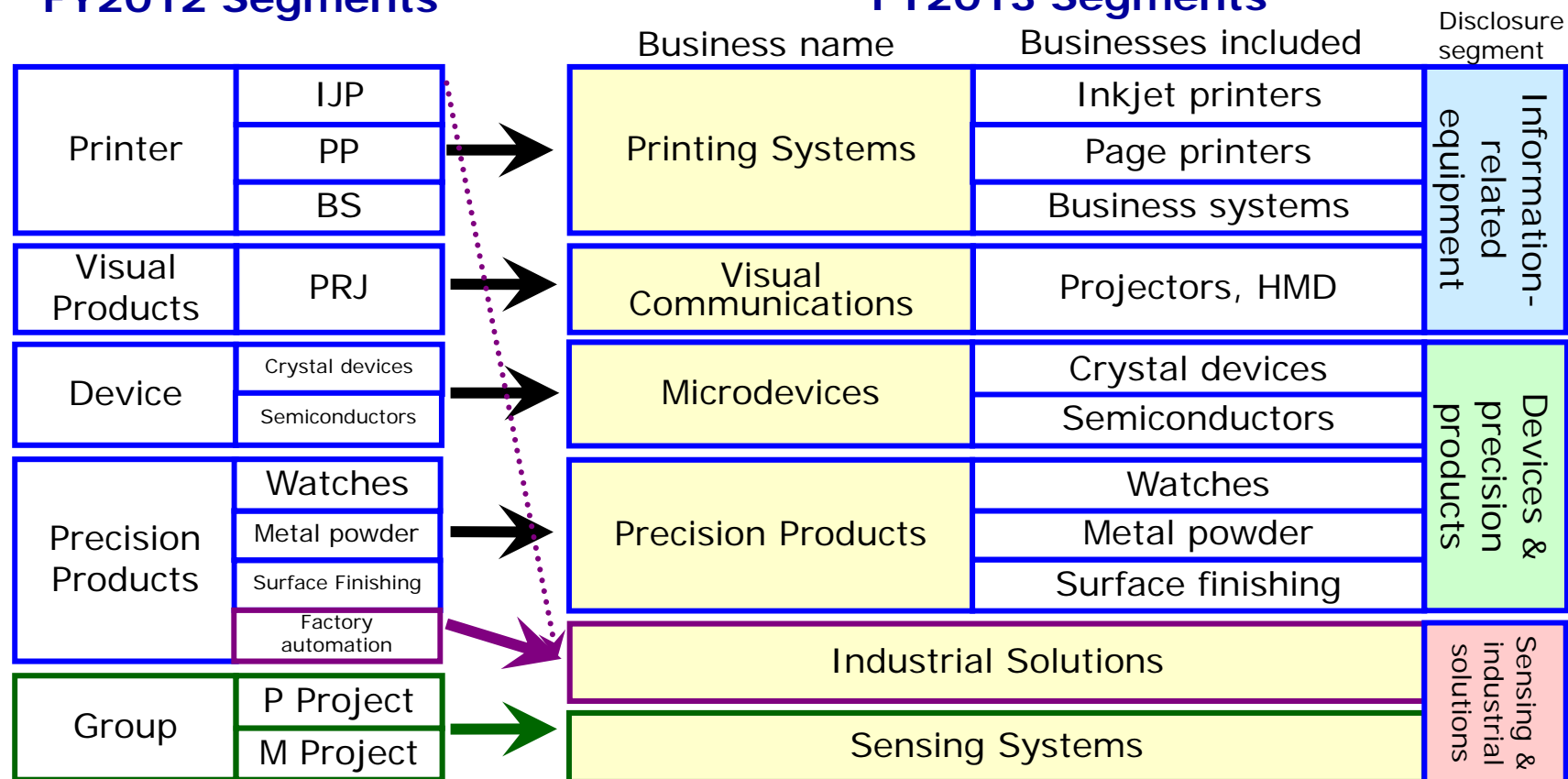
Percentages are rounded off to one decimal place.

Changes to segment reporting

We redefined future growth areas based on the business strategies outlined in the Updated SE15 Second-Half Mid-Range Business Plan (FY2013-15) and reorganized at the start of fiscal 2013 to more sharply clarify and accelerate initiatives in every business domain.

FY2012 Segments

FY2013 Segments



*P: Personal M: Motion

*HMD: Head-mounted display

- FY2012 segment financials were adjusted for comparison against the FY2013 outlook.
- The transferred optical products business is included in the Corporate Segment.

1. Overview

2. Details

Financial Highlights (First Half)

(Billions of yen)	FY2012		FY2013				Change (amount, %)	
	Actual	%	7/31 Outlook	%	Actual	%	Y/Y	Vs. previous outlook
Net sales	388.2	-	450.0	-	468.6	-	+80.3 +20.7%	+18.6 +4.1%
Operating income	-14.1	-3.6%	13.0	2.9%	34.0	7.3%	+48.1 -	+21.0 +161.8%
Ordinary income	-14.1	-3.7%	9.0	2.0%	30.6	6.5%	+44.8 -	+21.6 +240.5%
Net income before income taxes	-29.6	-7.6%	7.0	1.6%	28.5	6.1%	+58.1 -	+21.5 +307.7%
Net income	-35.4	-9.1%	1.0	0.2%	18.4	3.9%	+53.8 -	+17.4 -
EPS	-¥198.15		¥5.59		¥103.09			
Exchange rate	USD	¥79.41	¥94.00		¥98.85			
	EUR	¥100.64	¥124.00		¥130.00			

Previous outlook exchange rate assumptions from Q2 onward
 USD: ¥90.00, EUR: ¥120.00

Financial Highlights (Second Quarter)



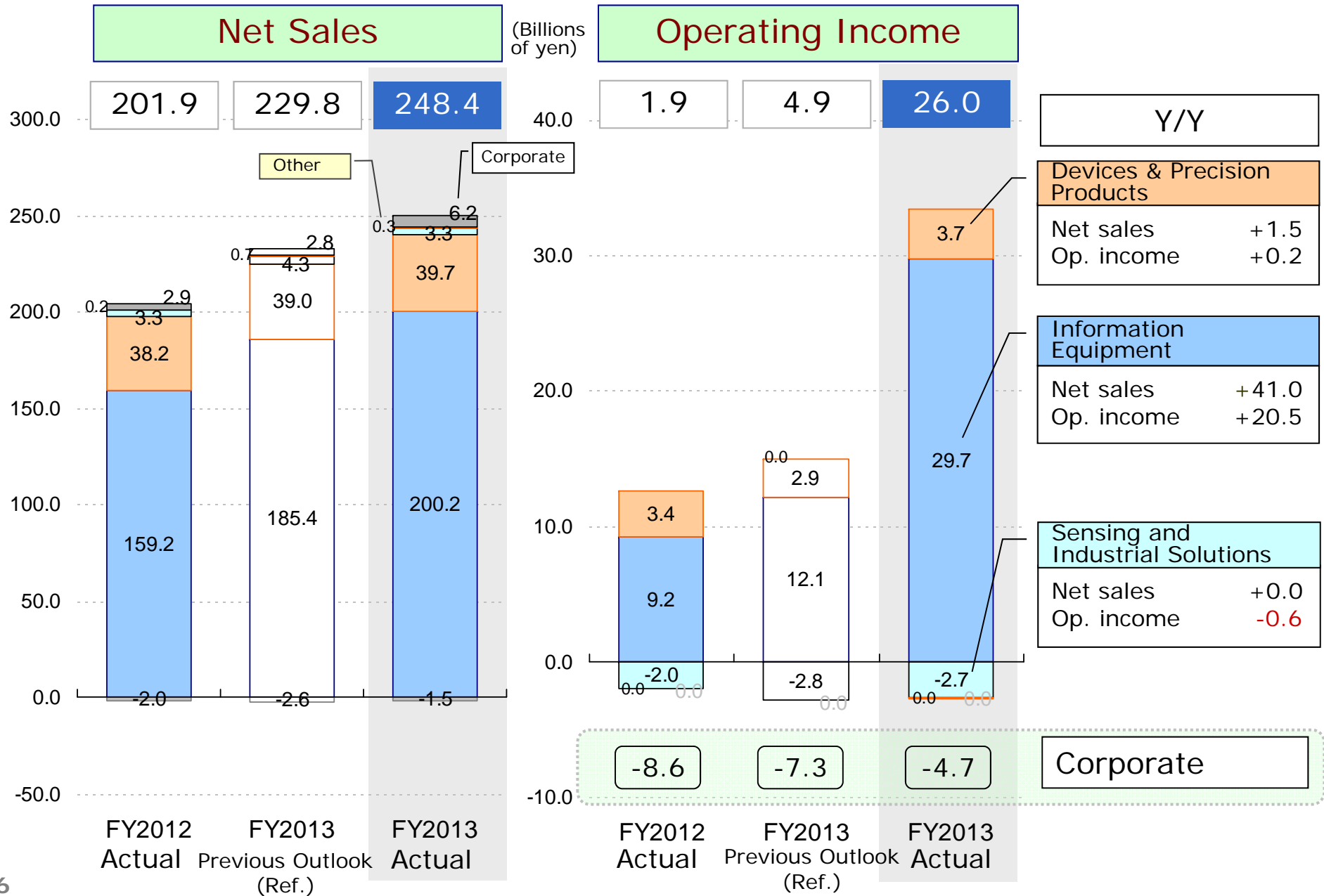
	FY2012		FY2013		Change (amount, %)	7/31 previous outlook (Ref.)	
	Q2 Actual	%	Q2 Actual	%	Y/Y	Q1 results deducted from H1 outlook	%
(Billions of yen)							
Net sales	201.9	-	248.4	-	+46.5 +23.0%	229.8	-
Operating income	1.9	1.0%	26.0	10.5%	+24.0 -	4.9	2.2%
Ordinary income	2.2	1.1%	25.7	10.4%	+23.5 -	4.1	1.8%
Net income before income taxes	2.2	1.1%	25.2	10.2%	+23.0 -	3.7	1.6%
Net income	-0.9	-0.5%	18.3	7.4%	+19.2 -	0.8	0.4%
EPS	-¥5.48		¥102.38				
Exchange rate	USD	¥78.63	¥98.95			¥90.00	
	EUR	¥98.36	¥131.05			¥120.00	

Previous outlook exchange rate assumptions from Q2 onward
 USD: ¥90.00, EUR: ¥120.00

FY2013 Second Quarter Business Results



► By business segment



- Net sales and every income category improved dramatically due to strategic measures in information equipment and weaker yen

Information Equipment Segment

Inkjet Printer Business

- Improved model mix and average selling prices
 - ✓ Low-end models curtailed in developed markets, lineup of office and other high-end models strengthened, prices maintained
 - ✓ Large increase in shipments of high-capacity ink tank models in emerging markets
- Increased revenue from consumables by improving model mix
- Increased shipments of new commercial printers*



Epson L350



* Large-format printers up to 64 inches

Main Factors Affecting Q2 Results (Year-Over-Year)

Business Systems Business

- SIDM unit shipments increased due to firm demand in China
- North American market for POS products recovering

Visual Communications Business

- Quarterly shipments hit an all-time high, driven by sales of business projectors in North America and education projectors in Europe and China

Devices & Precision Products Segment

Microdevices Business

- Competitors reduced prices due to weakened yen

Precision Products Business

- Sales of premium products in Japan remained firm

Corporate

- Effectively used Epson patents to generate patent royalty income

FY2013 Financial Outlook



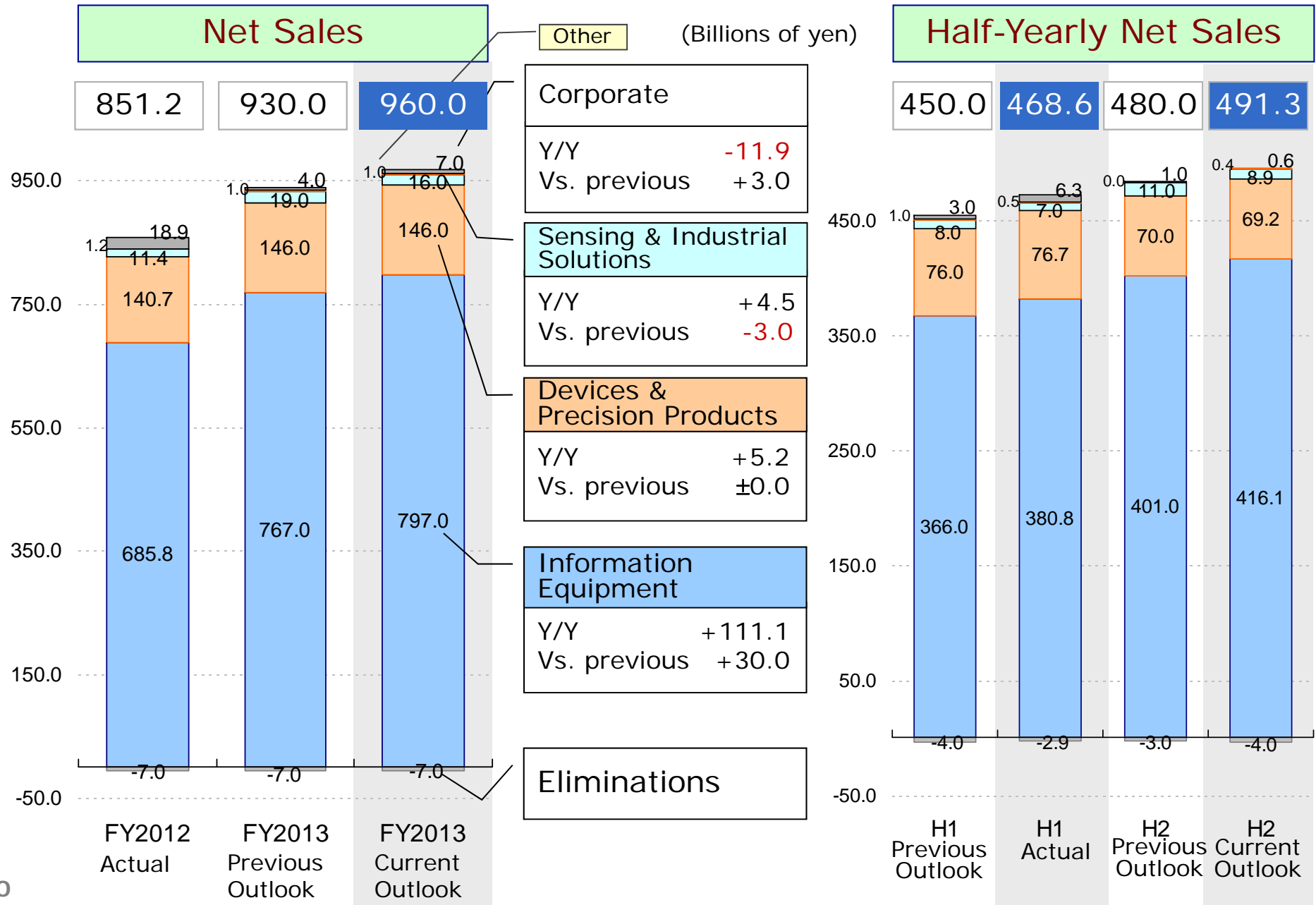
(Billions of yen)	FY2012		FY2013				Change (amount, %)	
	Actual	%	7/31 Outlook	%	Current Outlook	%	Y/Y	Vs. previous outlook
Net sales	851.2	-	930.0	-	960.0	-	108.7 +12.8%	+30.0 +3.2%
Operating income	21.2	2.5%	37.0	4.0%	58.0	6.0%	+36.7 +172.9%	+21.0 +56.8%
Ordinary income	17.6	2.1%	33.0	3.5%	55.0	5.7%	+37.3 +212.0%	+22.0 +66.7%
Net income before income taxes	-3.4	-0.4%	26.0	2.8%	48.0	5.0%	+51.4 -	+22.0 +84.6%
Net income	-10.0	-1.2%	15.0	1.6%	34.0	3.5%	+44.0 -	+19.0 +126.7%
EPS	-¥56.41		¥83.85		¥190.06			
Exchange rate	USD	¥83.11	¥92.00		¥97.00			
	EUR	¥107.14	¥122.00		¥127.00			

Current outlook exchange rate assumptions from Q3 onward
 USD: ¥95.00
 EUR: ¥125.00

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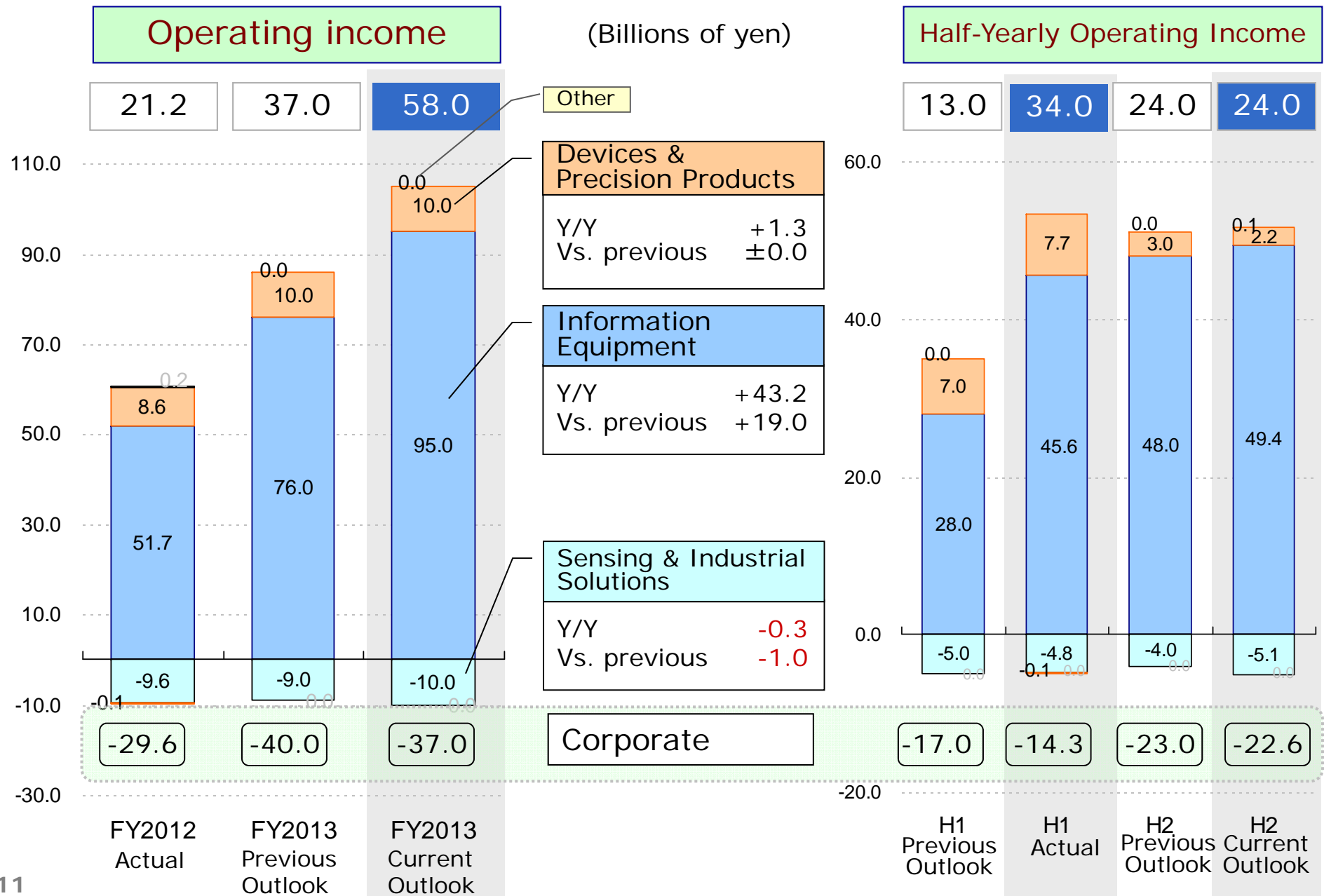
FY2013 Financial Outlook (Net Sales)

► By business segment



FY2013 Financial Outlook (Operating Income)

► By business segment



Main Factors Affecting FY2013 Outlook

Revised H2 exchange rate assumptions to USD = ¥95 and EUR = ¥125 based on recent trends and factored the considerations below into the outlook

Information Equipment Segment

- Although no major changes are expected in the market from the first half, we raised our outlook because we will achieve our previous forecast by continuing to pursue our planned strategic actions in IJP and elsewhere, and will then factor in the latest exchange rate assumptions.

Devices & Precision Products Segment

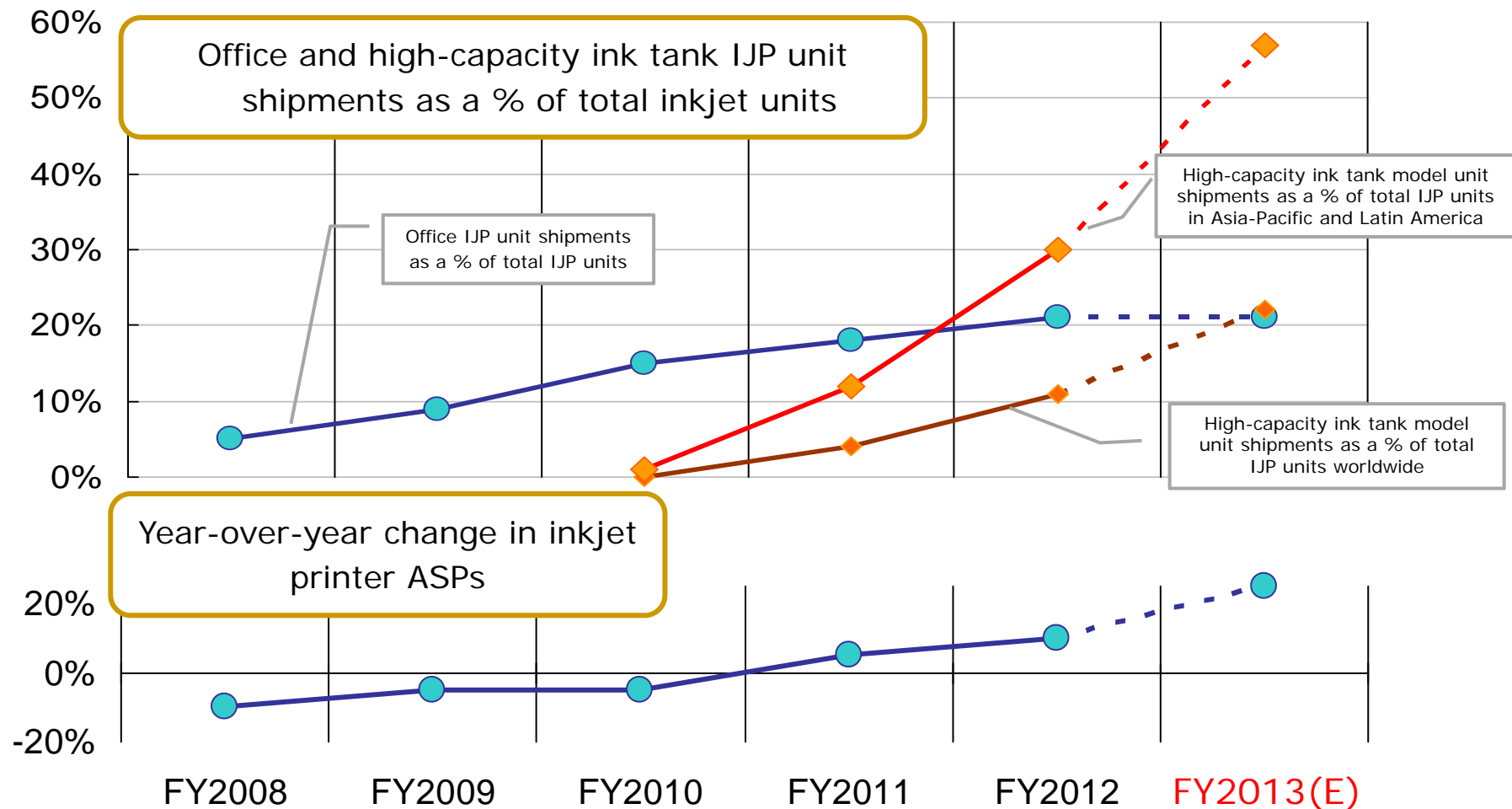
- The microdevice outlook was lowered due to ongoing price erosion

Sensing & Industrial Solutions Segment

- Lowered the outlook due to delayed rollout of products in new business

SE15 Mid-Range Business Plan Progress (1)

- Office IJP models seen accounting for more than 20% of FY2013 IJP unit shipments. Steadily improve install base composition with an upgraded lineup instead of counting on steep growth in office unit shipments.
- High-capacity ink tank models were initially expected to account for less than 50% of FY2013 unit shipments in Asia-Pacific and Latin America. The latest outlook is for more than 50%.



SE15 Mid-Range Business Plan Progress (2)

- We steadily reduced the IJP variable cost ratio by improving the model mix, increasing ASPs, and reducing costs.
- The effect of this improvement is also being seen in income, and a dramatic improvement in profitability is forecast for FY2013.

Broad deployment of compact IJPs

Announced ten new compact, stylish inkjet printer models for Japanese market on Sept. 3.



The EP-801A (an A4-size equivalent from 2008)
* With optional duplex unit

Footprint: 83.5 %



Volume: 82.4 %




The EP-976A3 (an A3-size printer in 2013)
* With built-in duplex print function (up to A4)



EP-705A (2012)

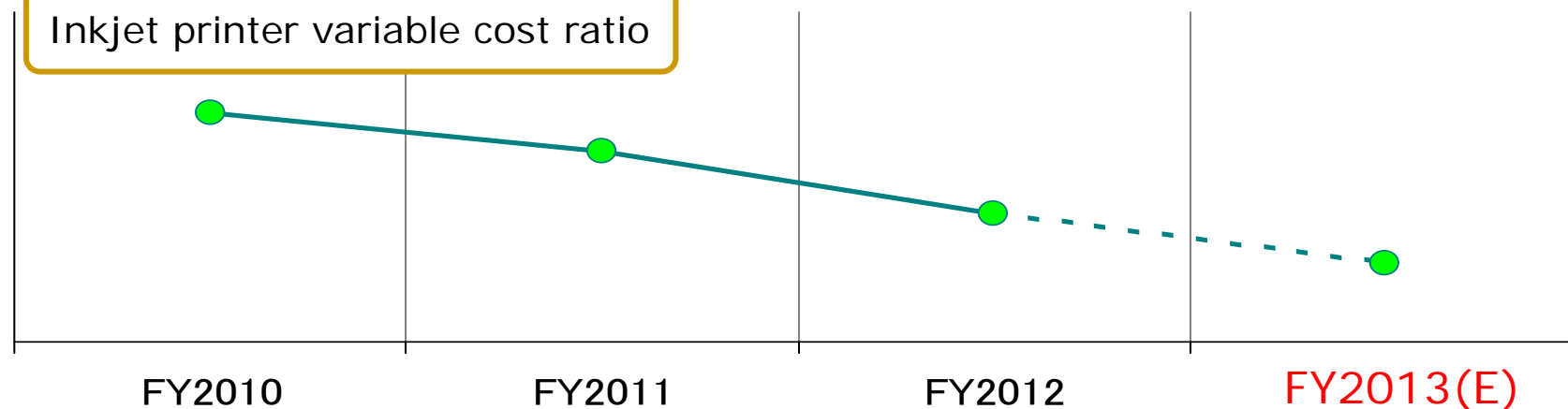


36 % size reduction



EP-706A (2013)

Inkjet printer variable cost ratio



1. Overview

2. Details

1) FY2013 Q2 Financial Results

2) FY2013 Business Outlook

Financial Highlights (Second Quarter)

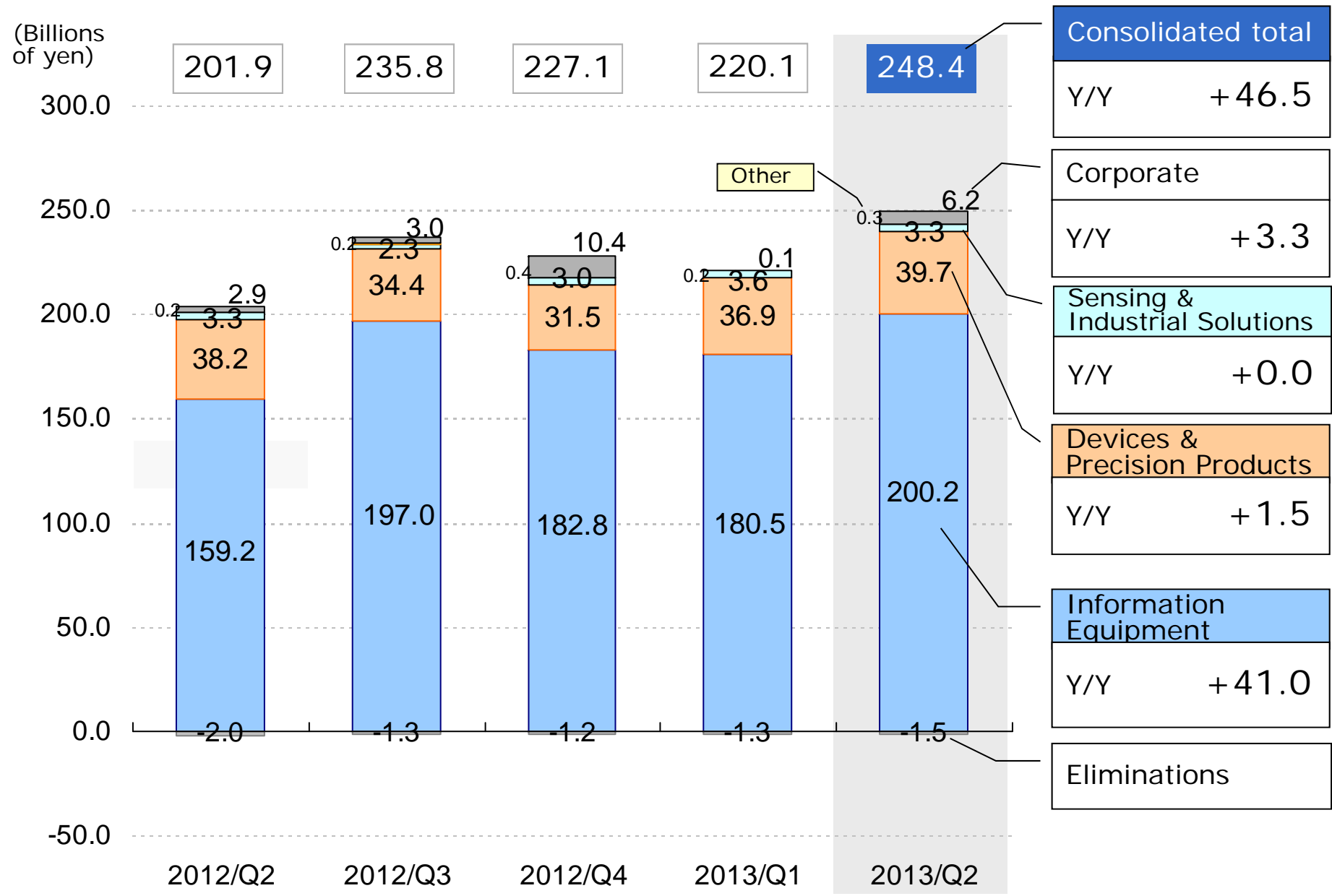


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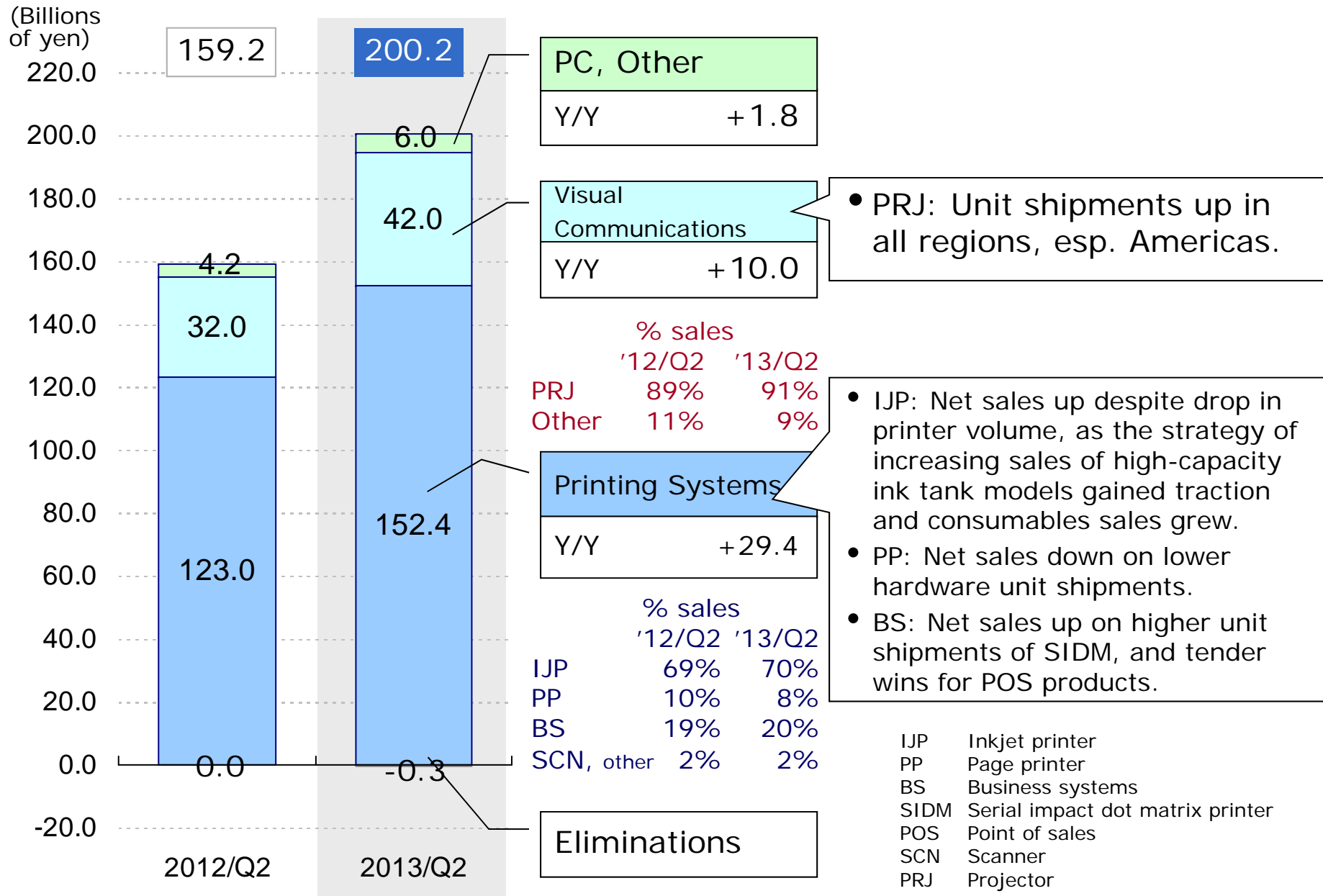
Quarterly Net Sales Trend

► By business segment



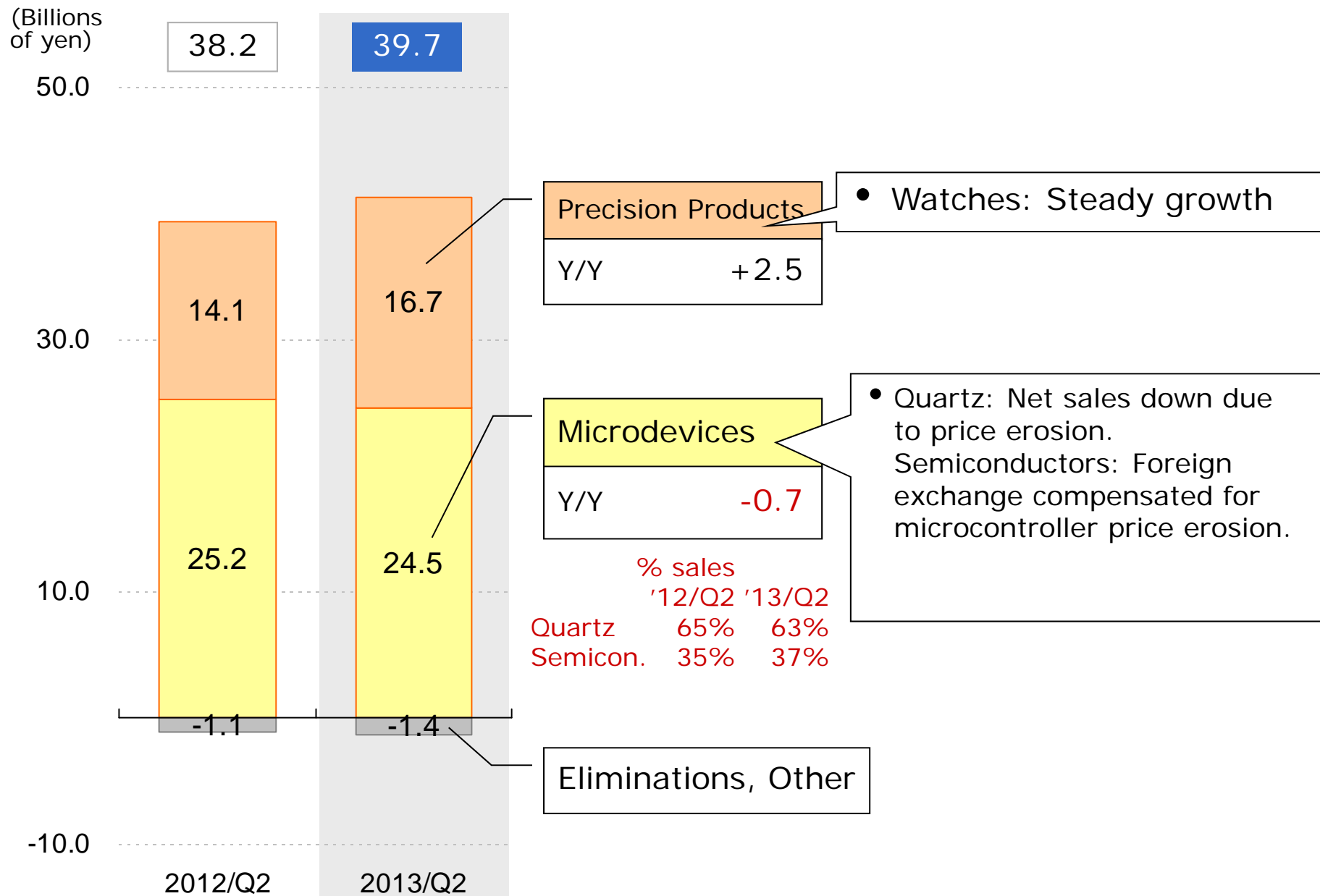
Quarterly Net Sales Comparison

Information Equipment Segment



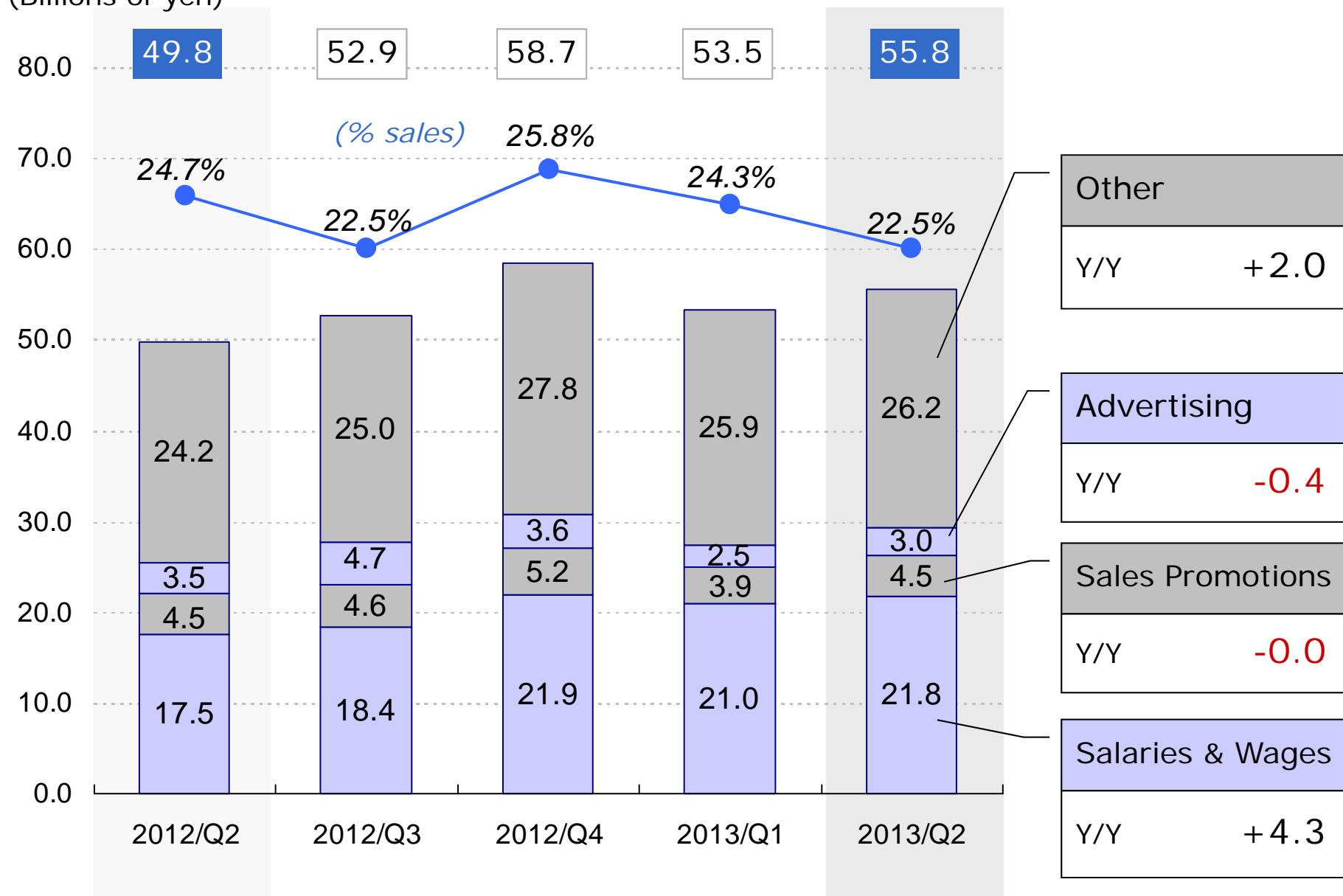
Quarterly Net Sales Comparison

▶ Devices and Precision Products Segment



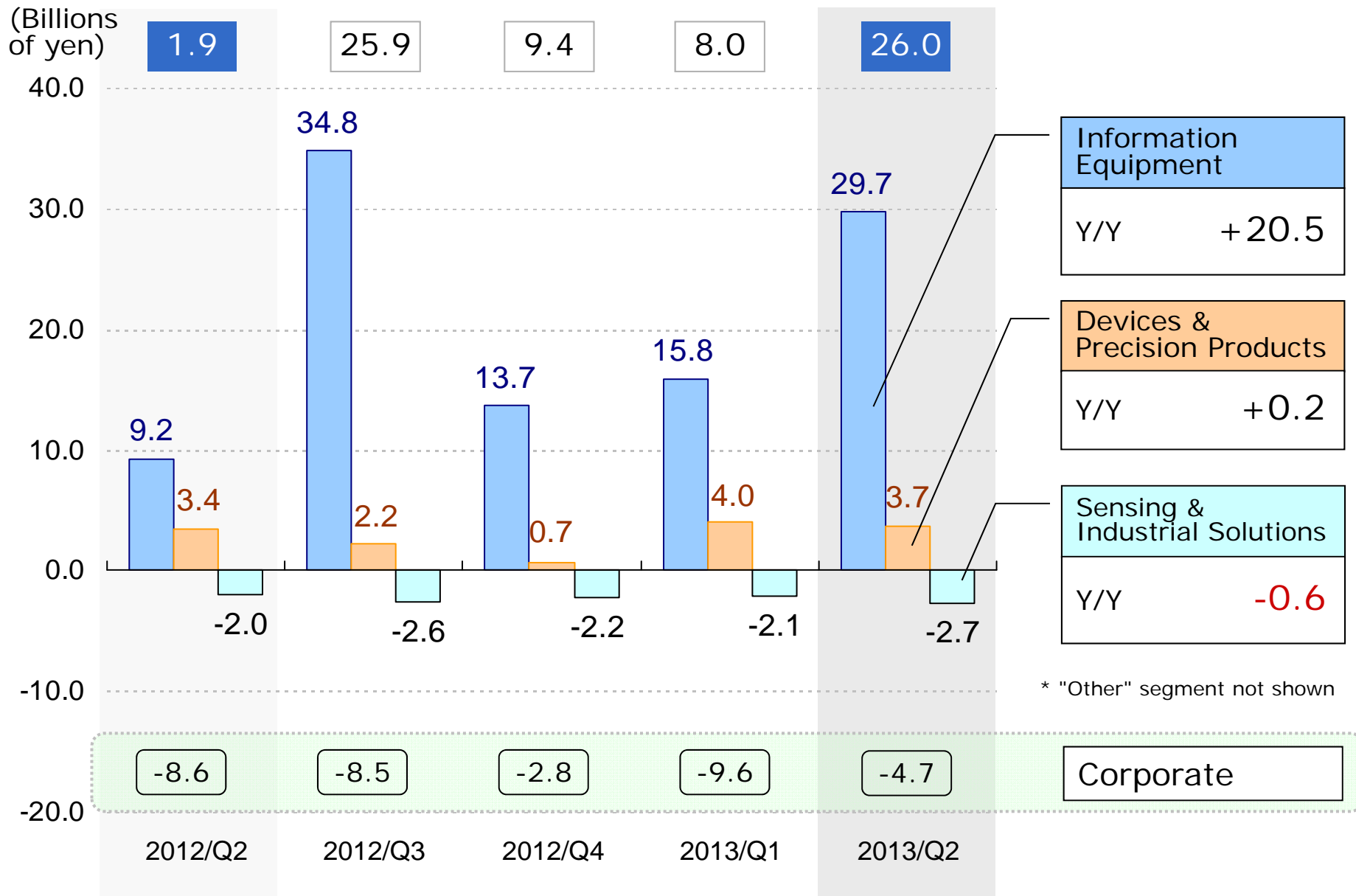
Quarterly Selling, General and Administrative Expenses

(Billions of yen)



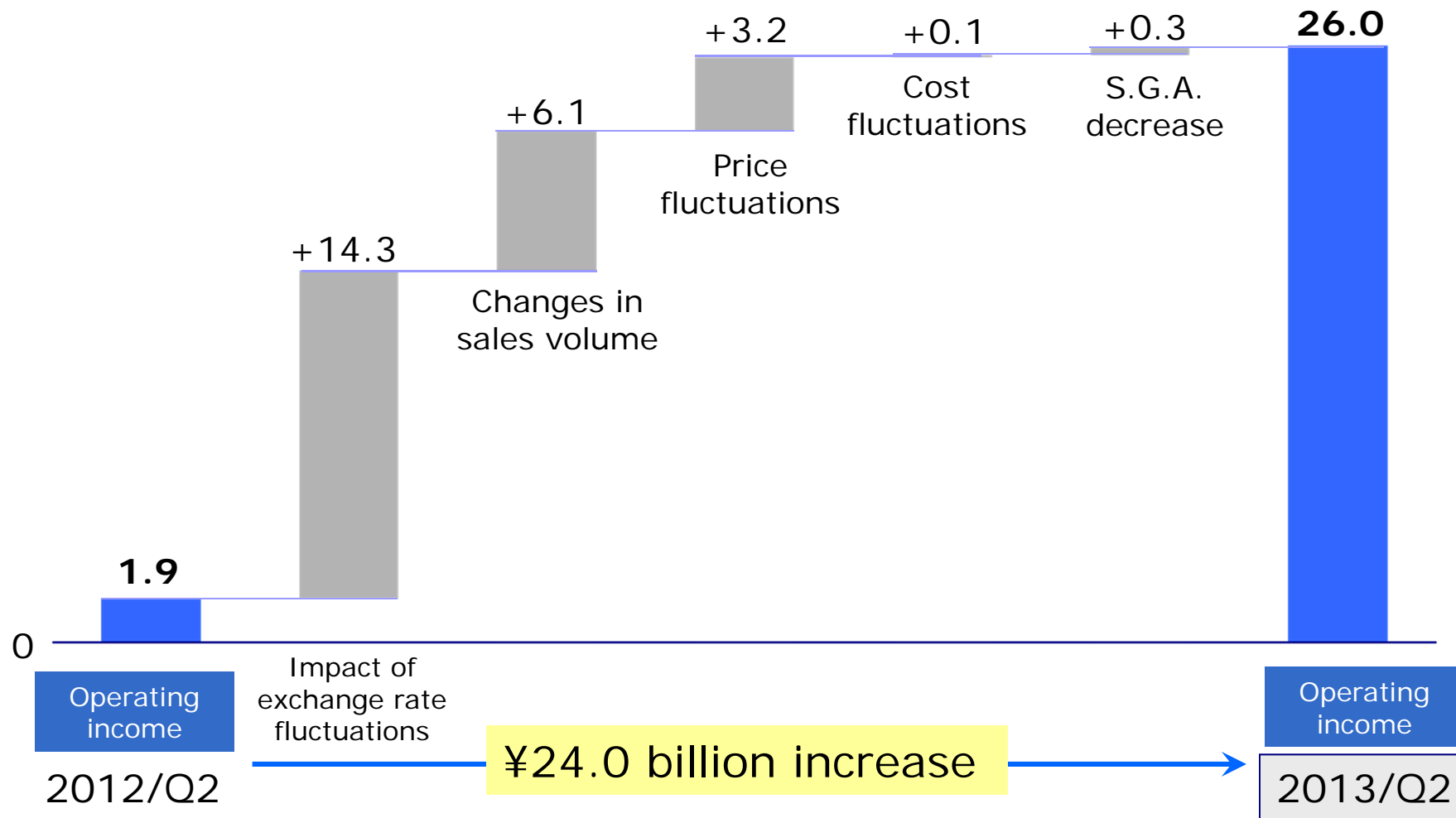
Quarterly Operating Income Trend

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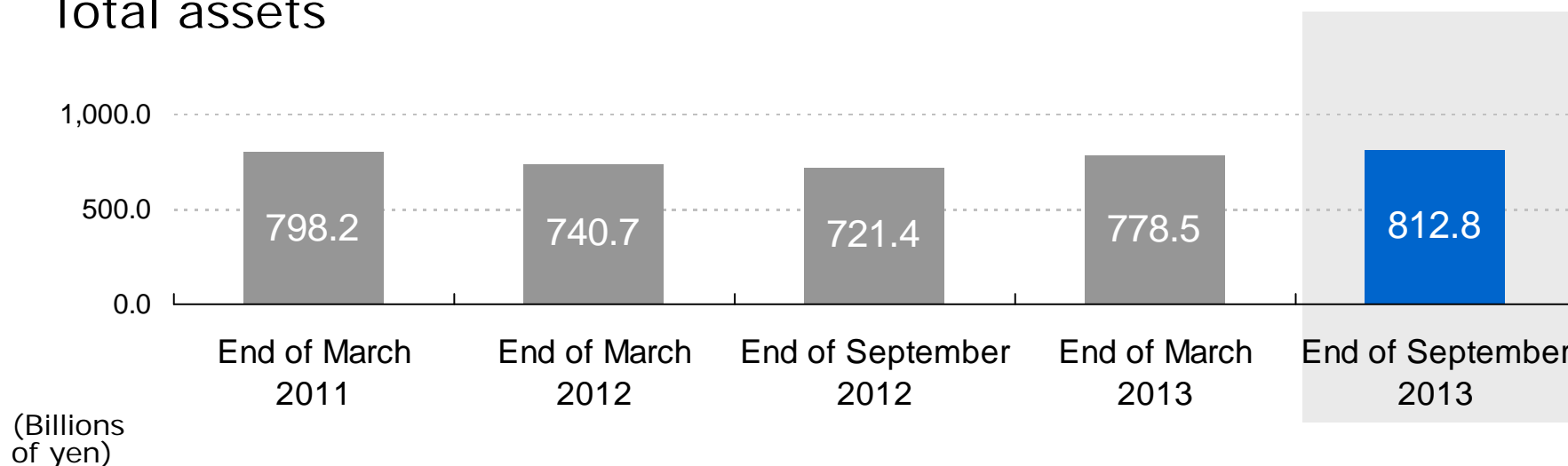
Operating Income Fluctuation Cause Analysis

(Billions of yen)

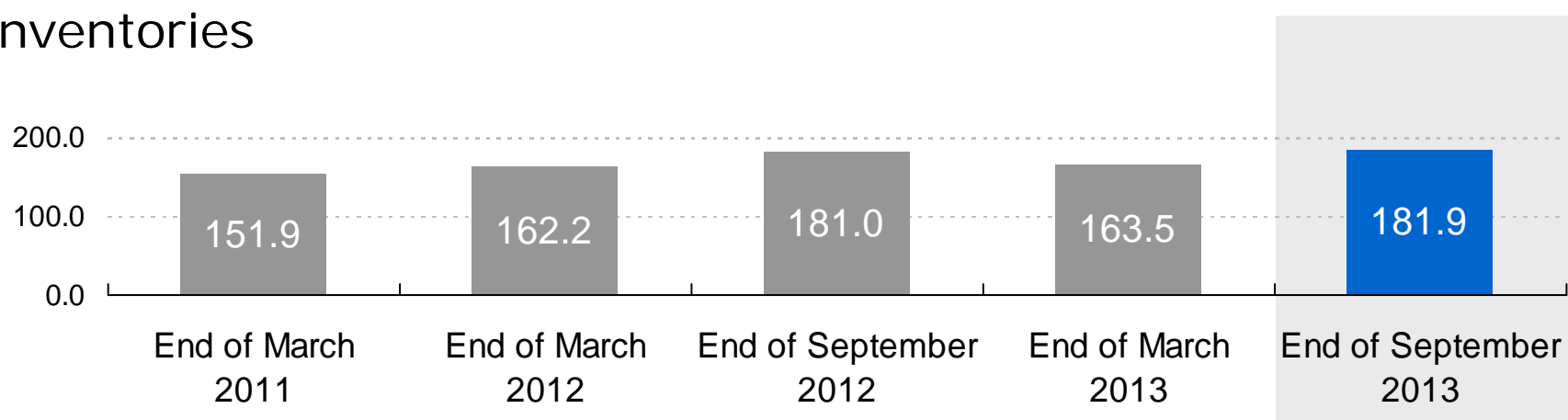


Statistics of Balance Sheet Items

Total assets

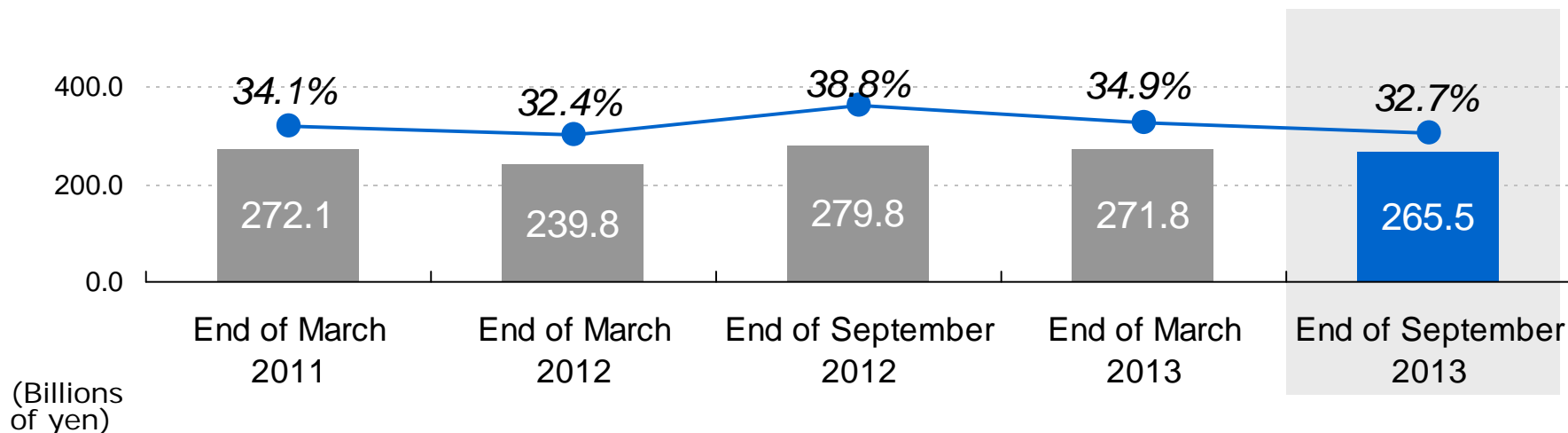


Inventories

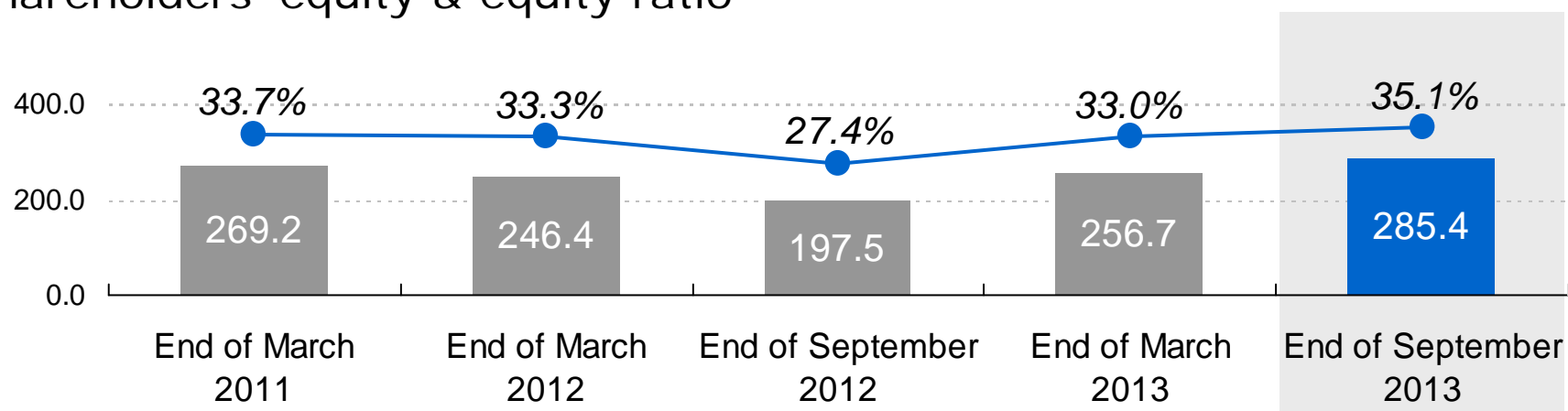


Statistics of Balance Sheet Items

Interest-bearing liabilities & ratio of interest-bearing liabilities



Shareholders' equity & equity ratio



*Lease obligations are included in interest-bearing liabilities

*Shareholder equity = total net assets - minority interests in subsidiaries

1) FY2013 Q2 Financial Results

2) FY2013 Business Outlook

FY2013 Financial Outlook



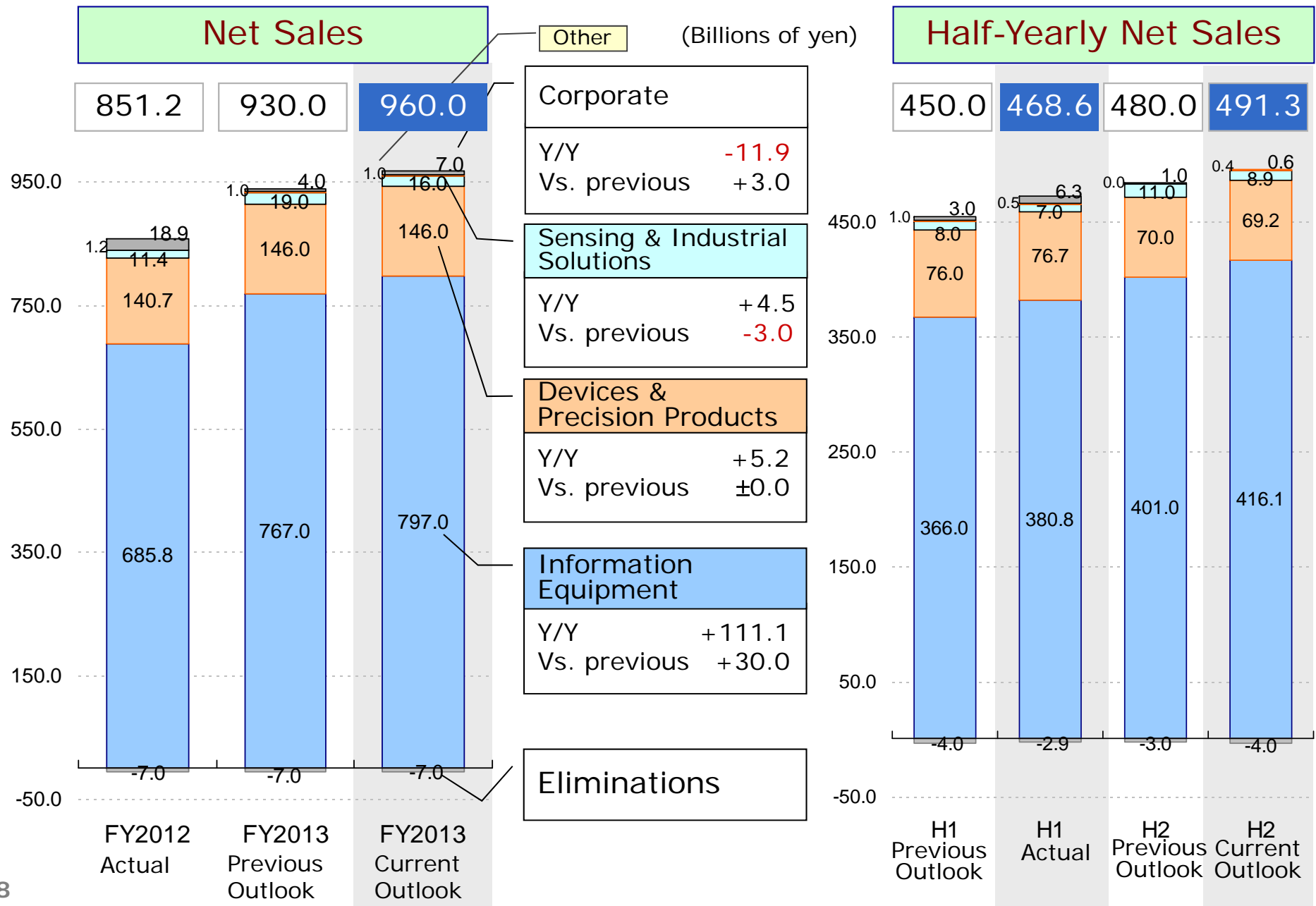
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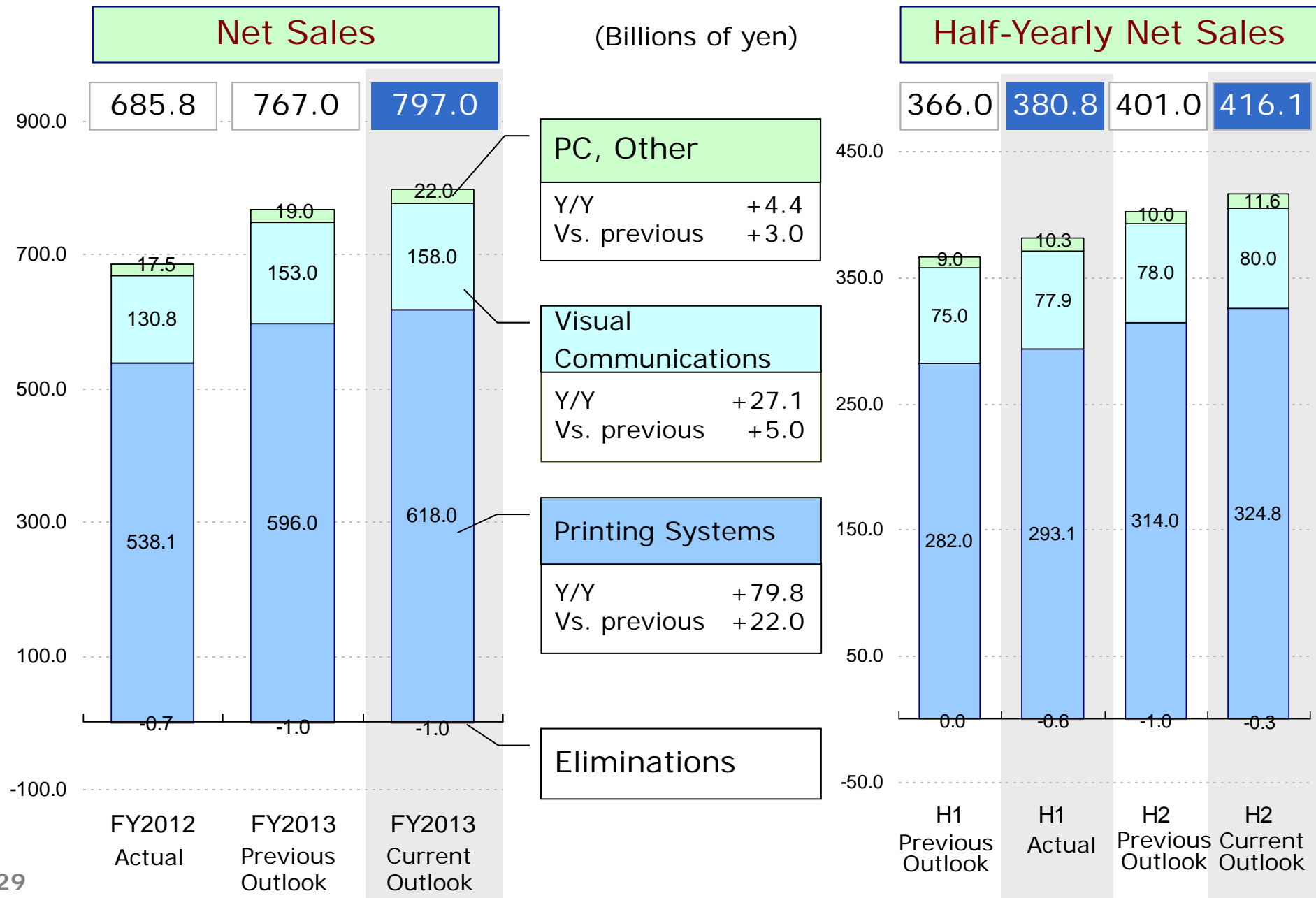
FY2013 Financial Outlook (Net Sales)

► By business segment



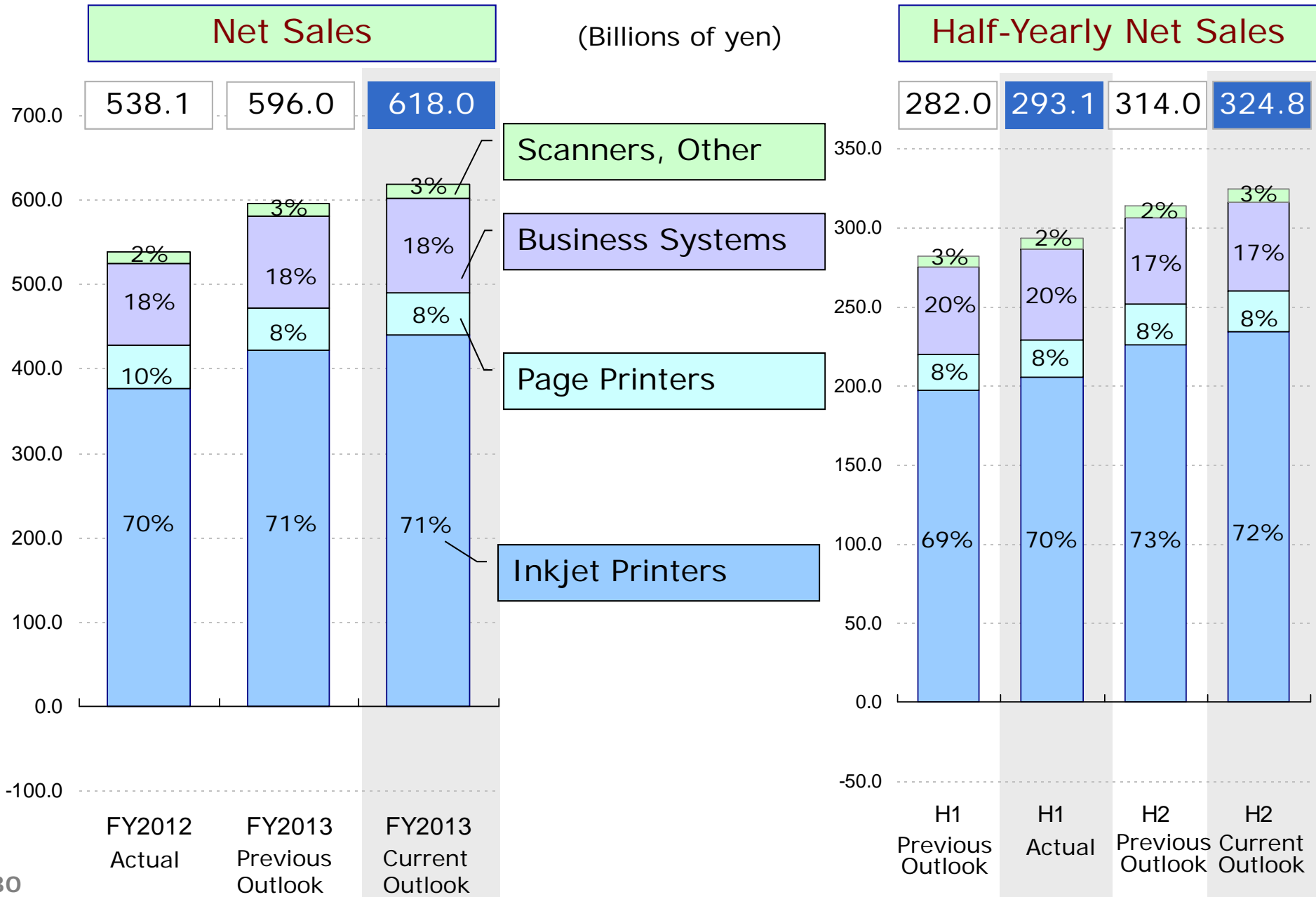
Net Sales Outlook by Business

Information Equipment Segment



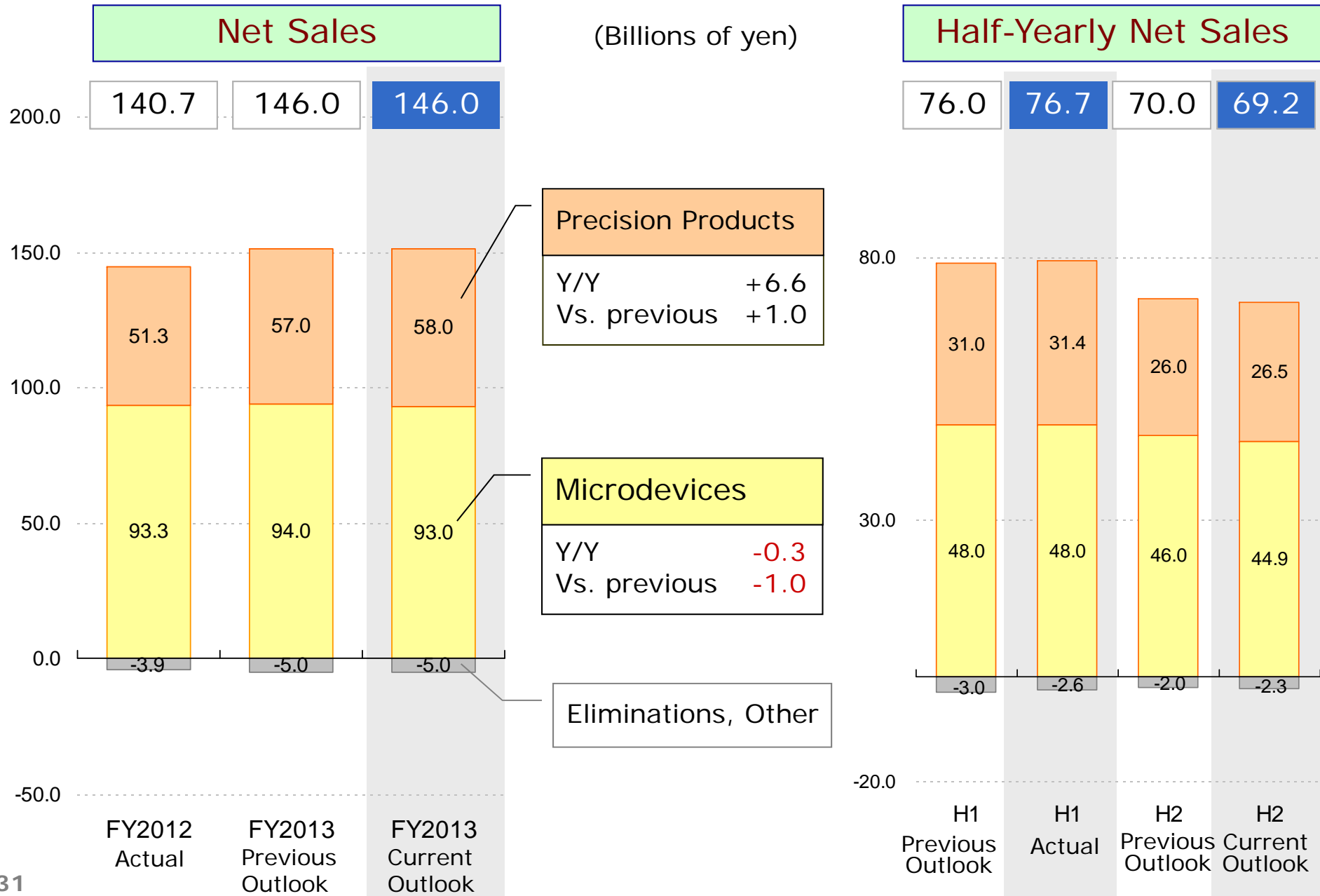
Net Sales Outlook by Business

▶ Printing Systems Business



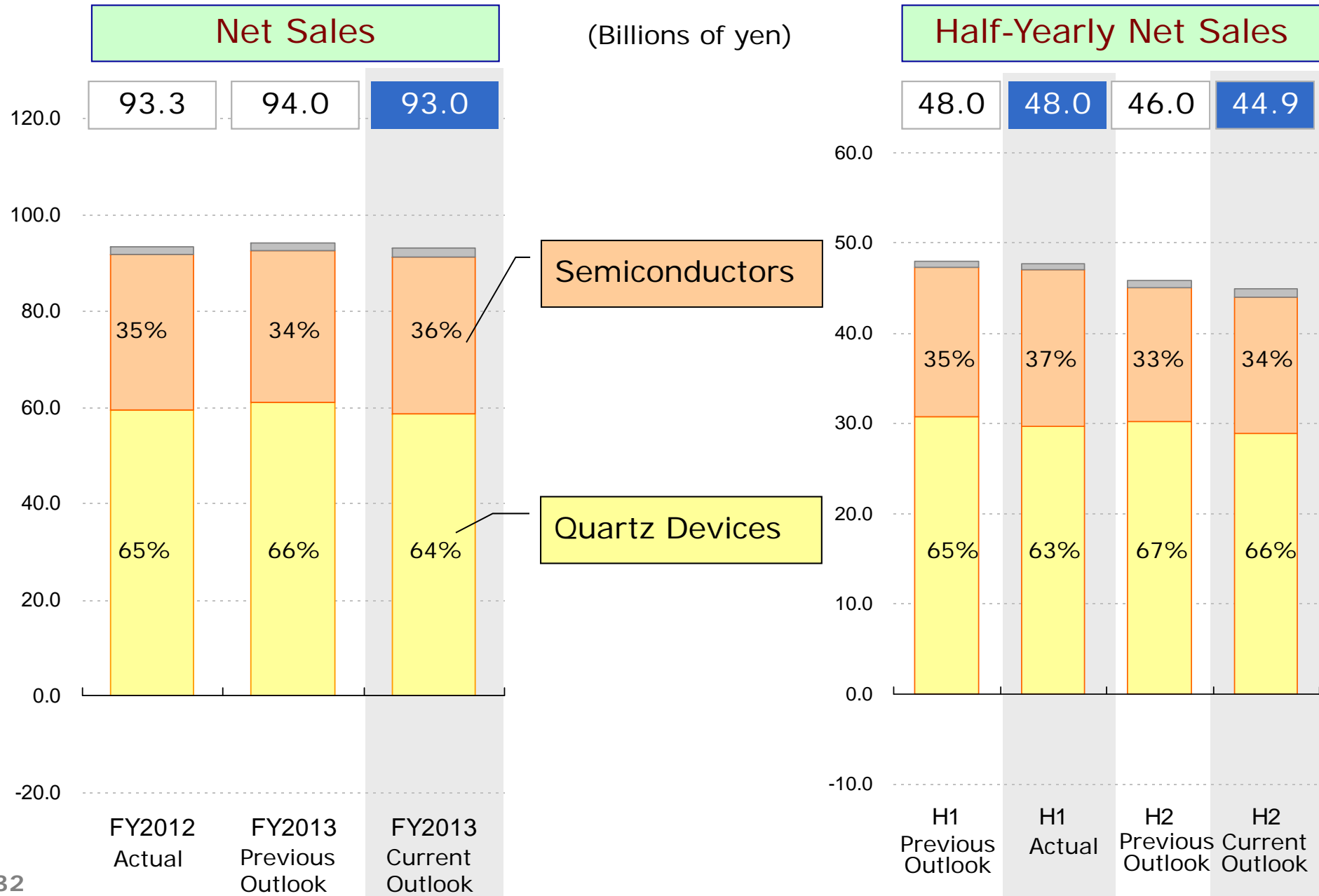
Net Sales Outlook by Business

▶ Devices & Precision Products Segment



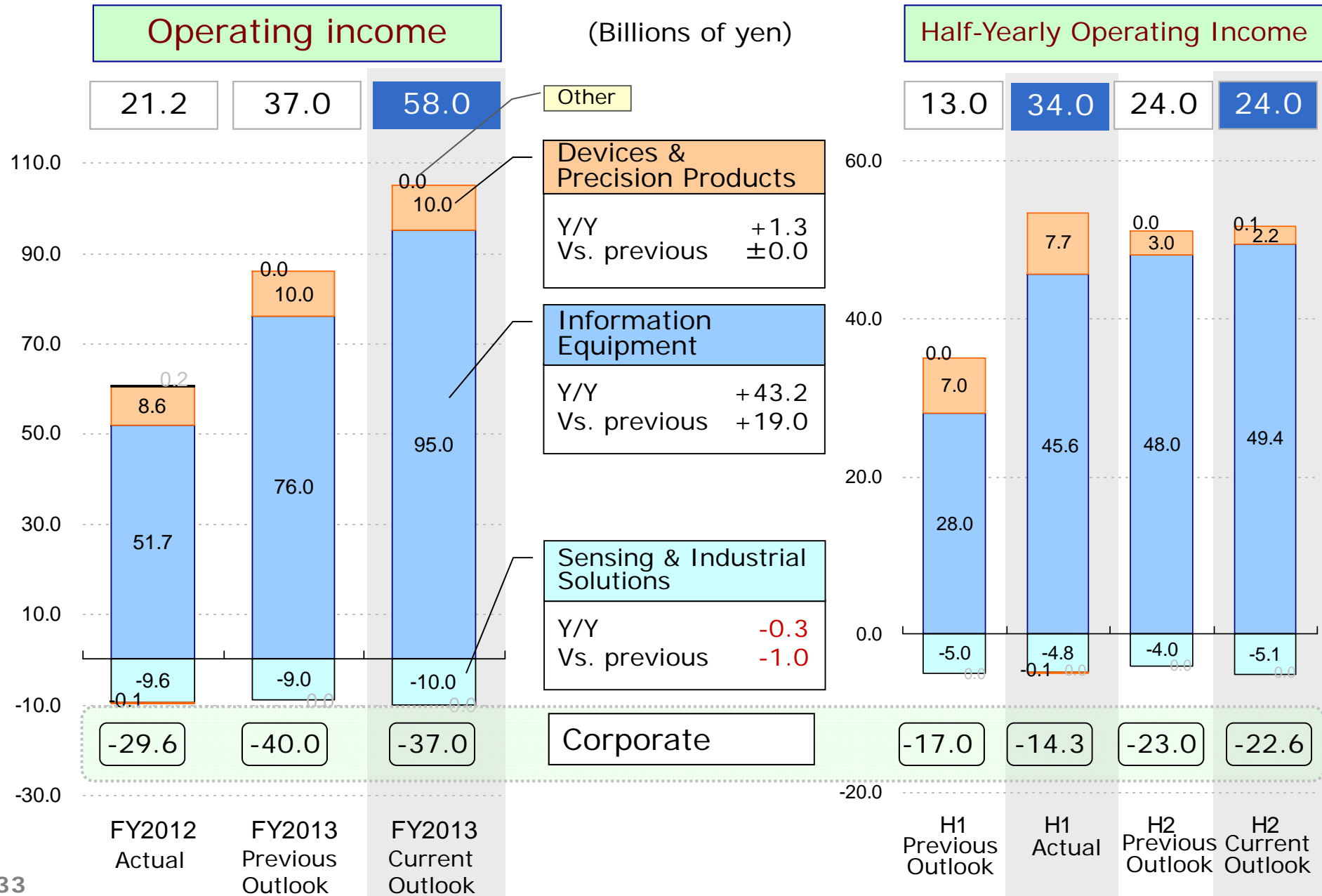
Net Sales Outlook by Business

▶ Microdevices Business



FY2013 Financial Outlook (Operating Income)

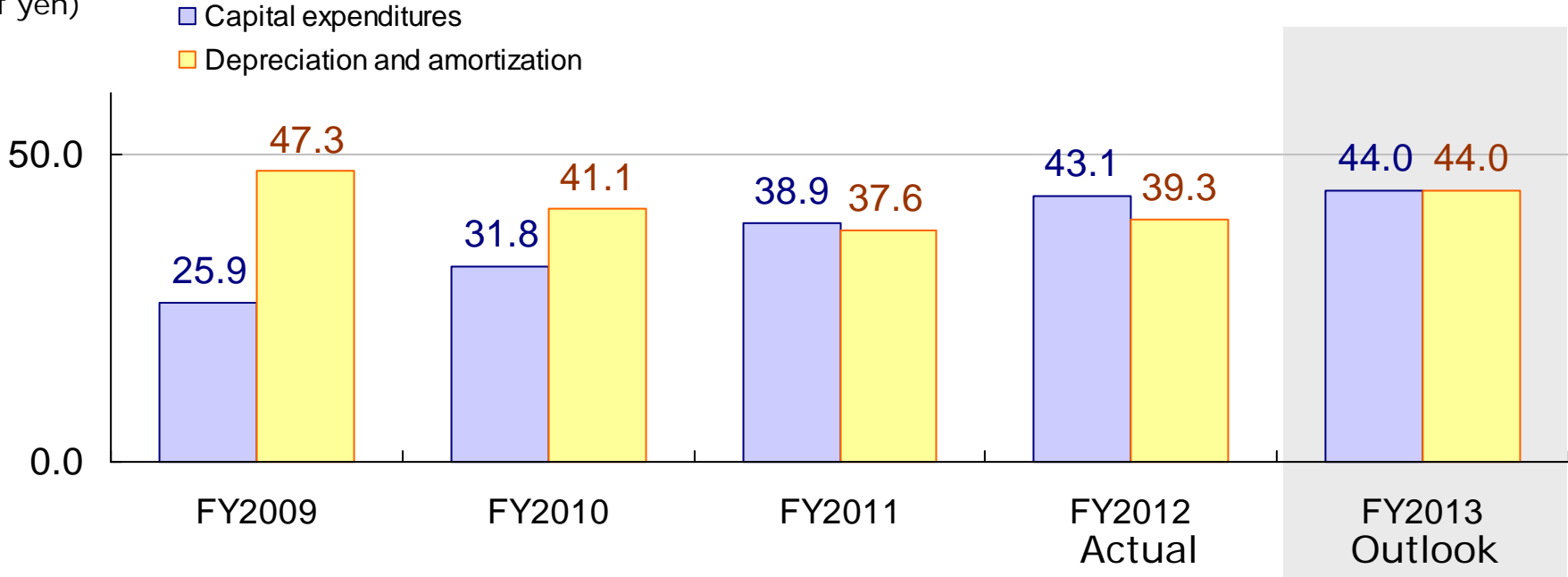
► By business segment



Outlook for Capital Expenditure, and Depreciation and Amortization



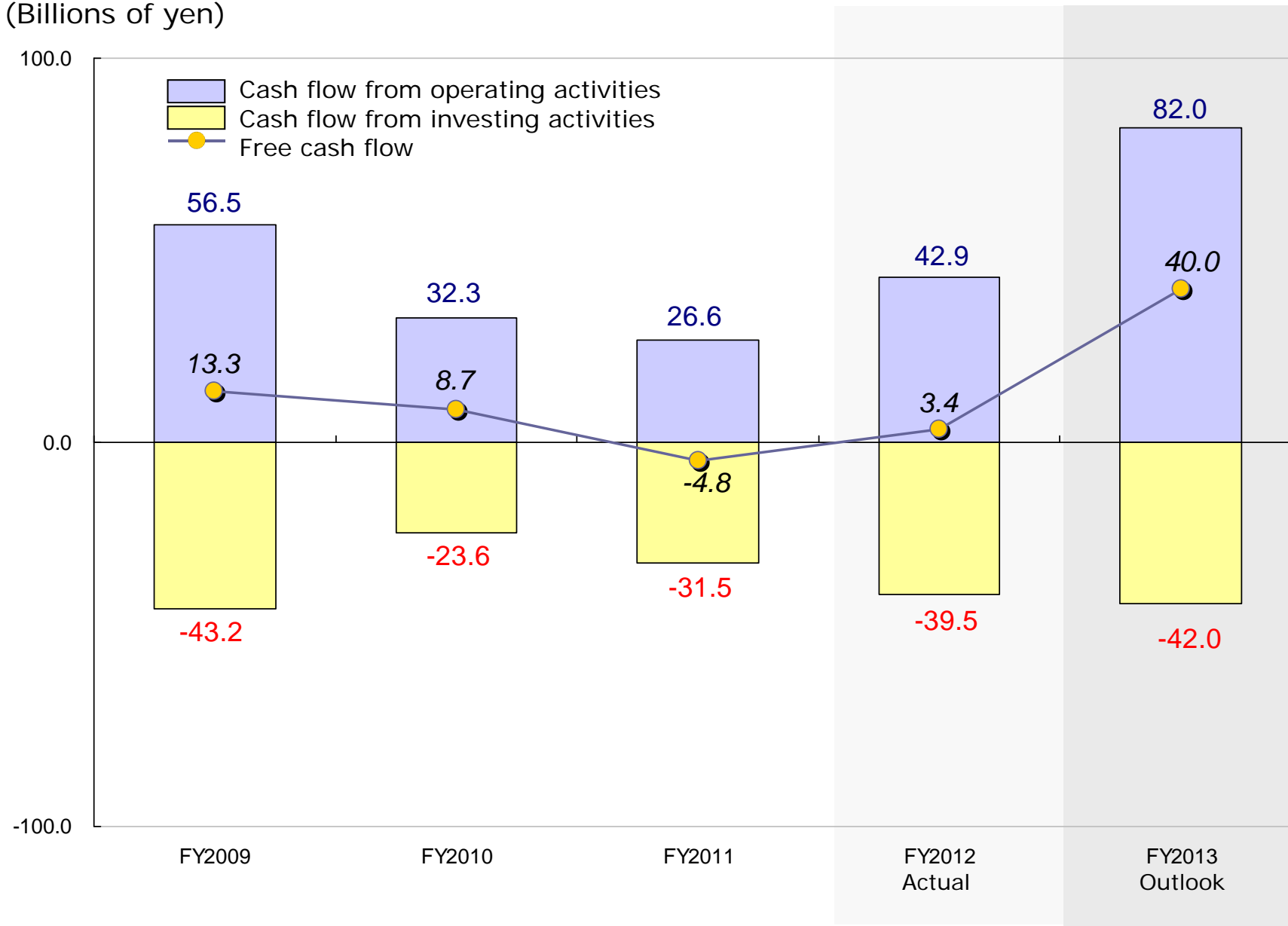
(Billions of yen)



Breakdown by segment	FY2012 Actual		FY2013 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	33.4	26.3	30.0	31.0
Devices & Precision Products	6.7	8.0	11.0	9.0
Sensing & Industrial Solutions	0.5	0.5	1.0	1.0
Other/Corporate	2.4	4.3	2.0	3.0

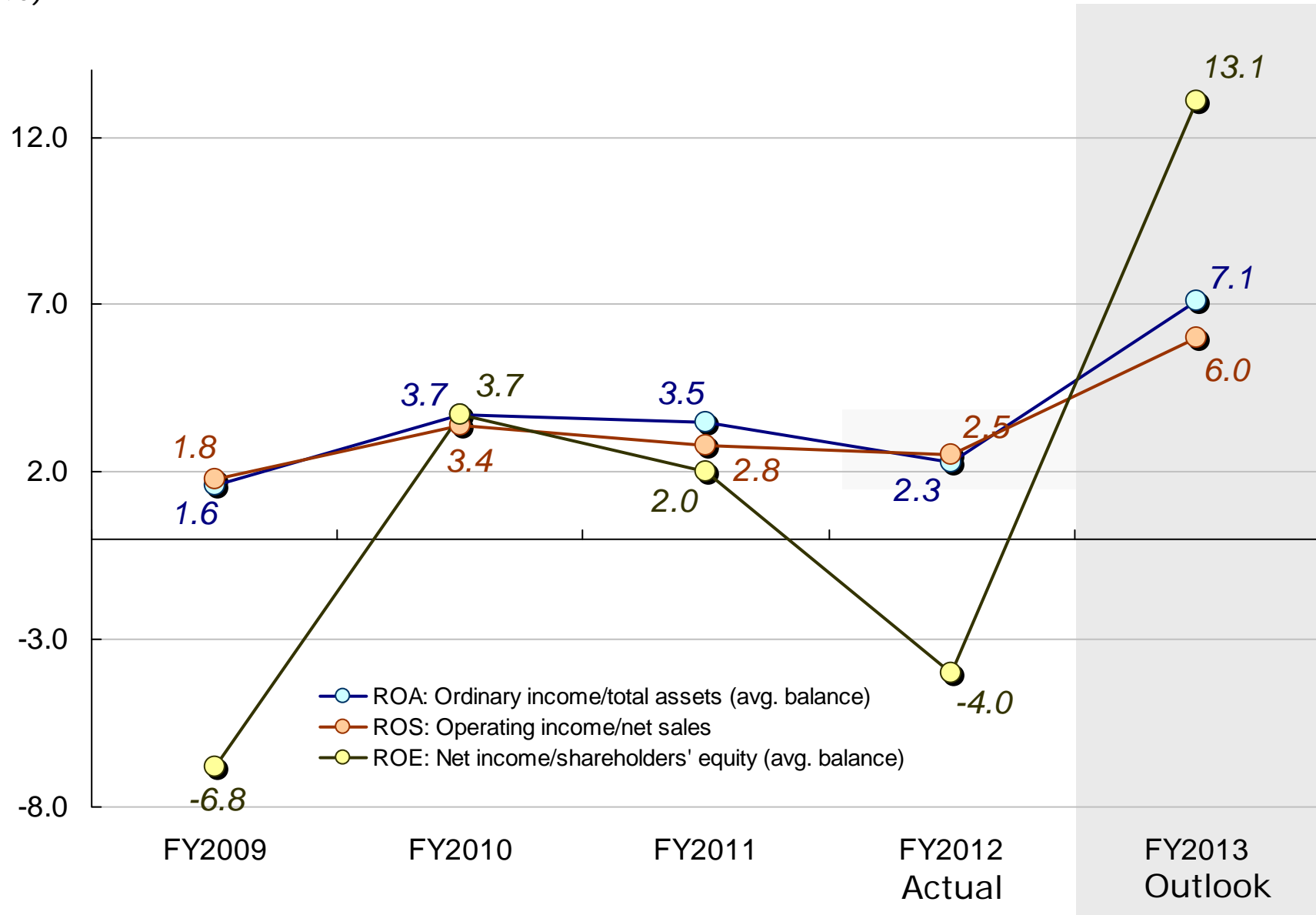
Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators

(%)



EPSON
EXCEED YOUR VISION