

Full-Year Financial Results
Fiscal Year 2003
(ending March 2004)

April 27, 2004

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.

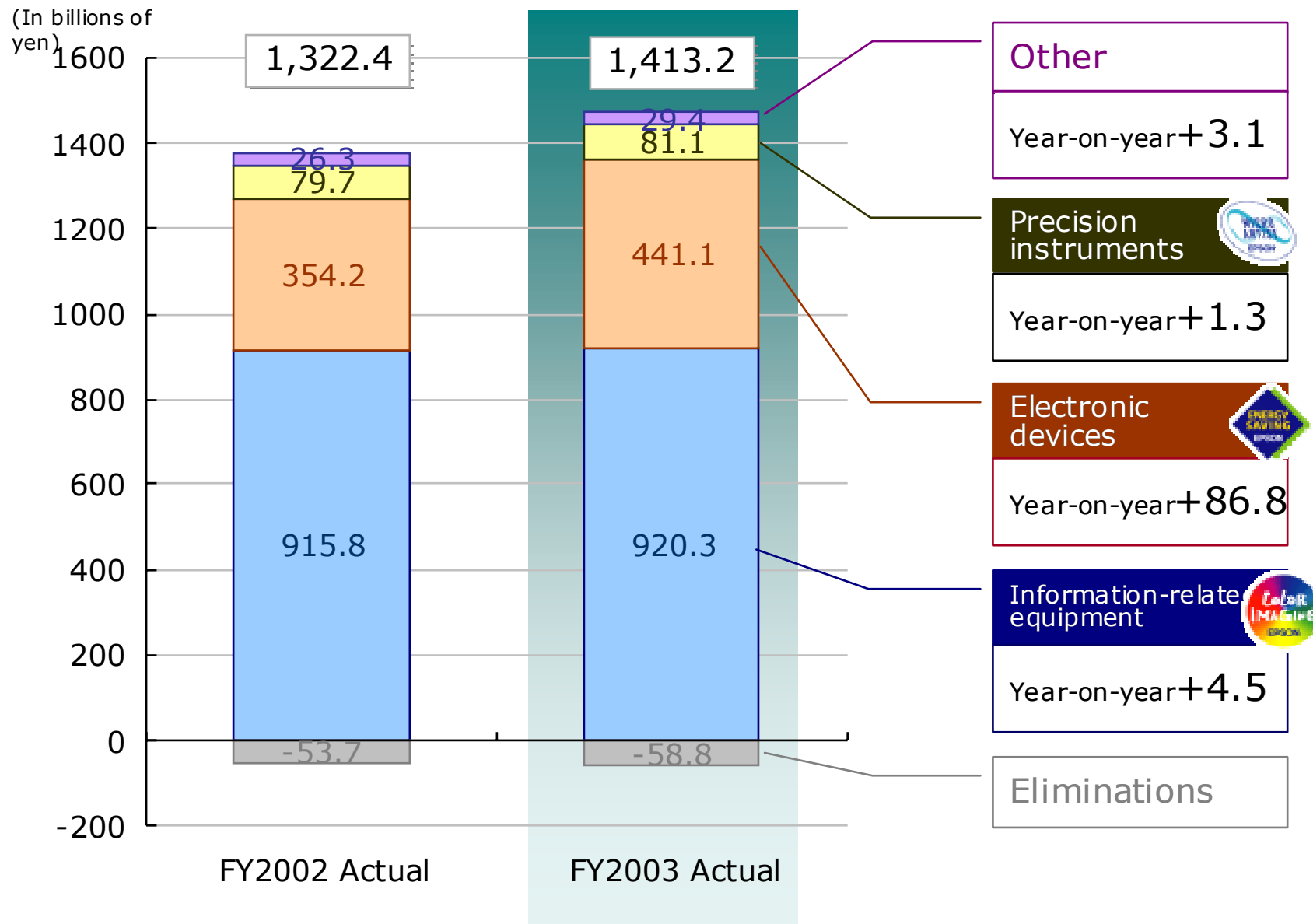
Full-Year Financial Highlights

► Year-on-year comparison

In billions of yen	FY2002		FY2003		Increase/decrease	
	Actual	%/sales	Actual	%/sales	Amount	% change
Net Sales	1,322.4	-	1,413.2	-	+90.7	+6.9%
Operating Income	49.3	3.7%	77.4	5.5%	+28.0	+56.8%
Ordinary Income	41.7	3.2%	73.6	5.2%	+31.9	+76.7%
Net Income before income taxes	31.6	2.4%	65.0	4.6%	+33.4	+105.7%
Net Income	12.5	0.9%	38.0	2.7%	+25.5	+204.0%
EPS	81.08 yen		204.70 yen	204.53 yen		
Exchange rates	USD	121.95 yen	113.07 yen	Amount after adjustment of potential stocks		
	EUR	121.04 yen	132.61 yen			

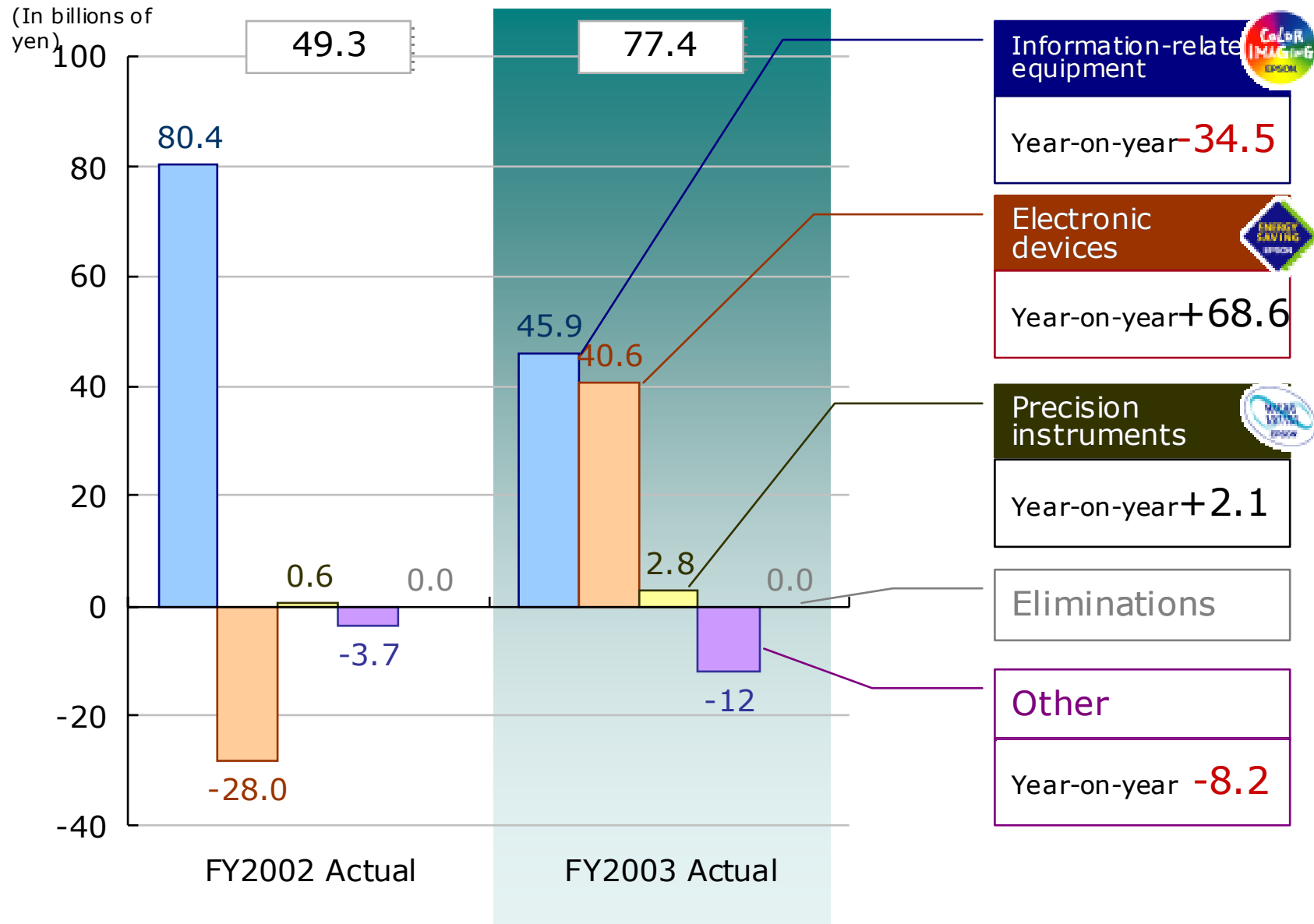
Full-Year Financial Highlights

► Net Sales (year-on-year, by business segment)



Full-Year Financial Highlights

▶ Operating income (year-on-year, by business segment)



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Full-Year Financial Highlights

► Comparison with the previous outlook

In billions of yen	FY2003		FY2003		Increase/decrease	
	Previous outlook	%/sales	Actual	%/sales	Amount	% change
Net Sales	1,414.0	-	1,413.2	-	-0.7	-0.1%
Operating Income	76.0	5.4%	77.4	5.5%	+1.4	+1.8%
Ordinary Income	70.0	5.0%	73.6	5.2%	+3.6	+5.3%
Net Income before income taxes	60.0	4.2%	65.0	4.6%	+5.0	+8.4%
Net Income	35.0	2.5%	38.0	2.7%	+3.0	+8.7%
EPS	178.24 yen		204.70 yen	204.53 yen		
Exchange rates	USD	113.26 yen	113.07 yen	Amount after adjustment of potential stocks		
	EUR	132.84 yen	132.61 yen			

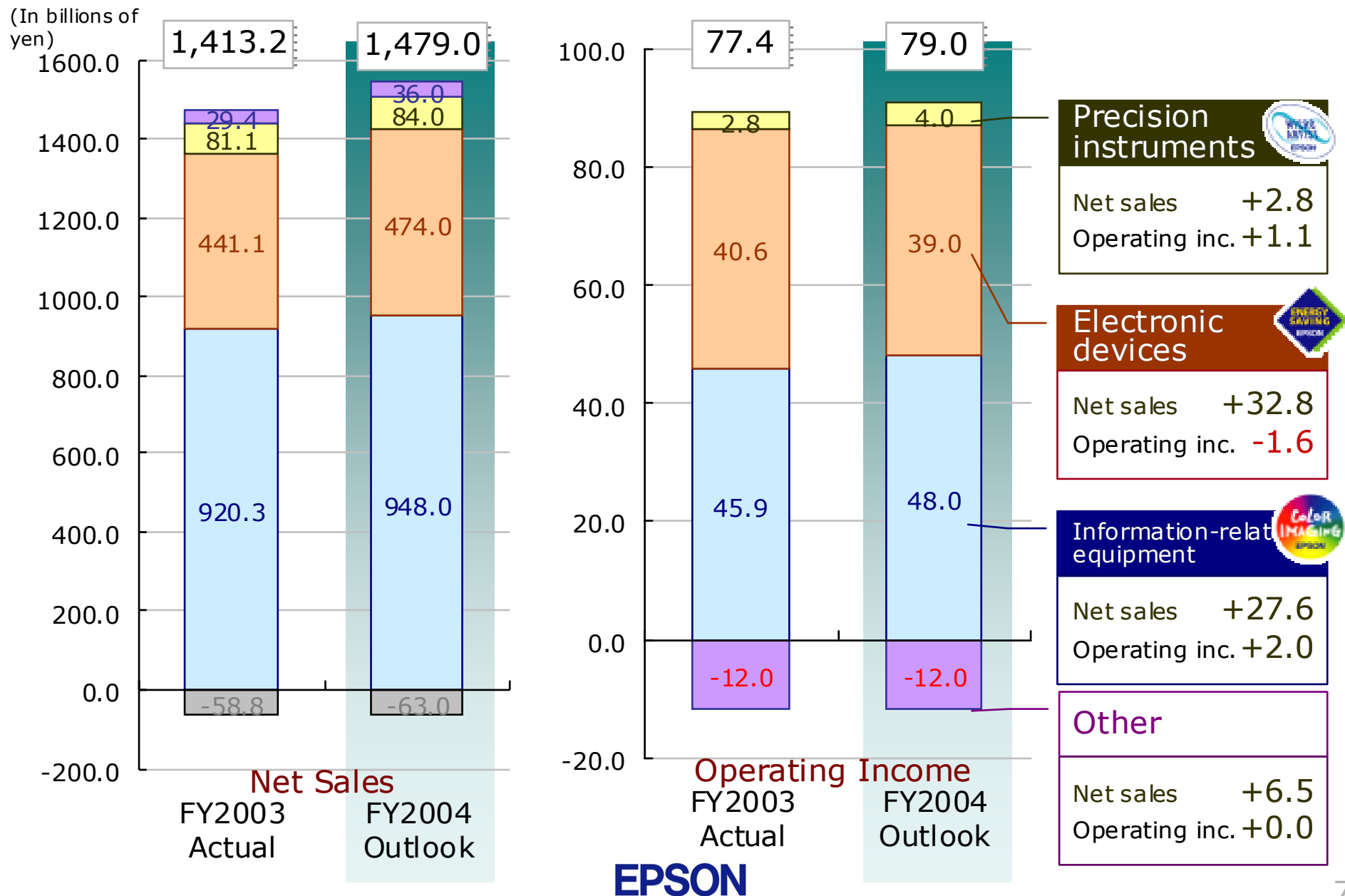
FY2004 Business Outlook

► Year-on-year comparison

In billions of yen	FY2003		FY2004		Increase/decrease	
	Actual	%/sales	Outlook	%/sales	Amount	% change
Net Sales	1,413.2	-	1,479.0	-	+65.7	+4.7%
Operating Income	77.4	5.5%	79.0	5.3%	+1.5	+2.1%
Ordinary Income	73.6	5.2%	75.0	5.1%	+1.3	+1.8%
Net Income before income taxes	65.0	4.6%	72.0	4.9%	+6.9	+10.7%
Net Income	38.0	2.7%	43.0	2.9%	+4.9	+13.1%
EPS	204.70 yen		218.98 yen			
Exchange rates	USD	113.07 yen	105.00 yen			
	EUR	132.61 yen	130.00 yen			

FY2004 Business Outlook

► Year-on-year comparison (by business segment)



Key Factors in the FY2004 Business Outlook

Business environment

Information-related equipment



Electronic devices



- ◆ First half: Continued difficult environment in IJP (especially MFP) business
- ◆ Second half: Bounced back with new IJP, LP & PTV products
- ◆ First half: Sustained strength in mobile phones
- ◆ Second half: Factor in a drop in prices due to intensification of competition

FY2004 positioning (first year of "Action 07" mid-range business plan)

- FY2004 will be a year for strengthening the company's internal structure
- Focus particularly on reforming the cost structure in finished products businesses to build a solid platform for growth heading into FY2006

Keys to cost structure reforms in finished products businesses

- Cost reductions in IJPs (especially MFPs), IJP supplies and projectors
- IJP product strategy
- Reductions in fixed costs & streamlining of selling, general and administrative costs

* IJP: Inkjet printer
MFP: Multifunction printer
LP: Laser printer
PTV: Projection TV

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FY2003 Fourth Quarter Financial Results

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FY2004 Business Outlook

Fourth Quarter Financial Highlights

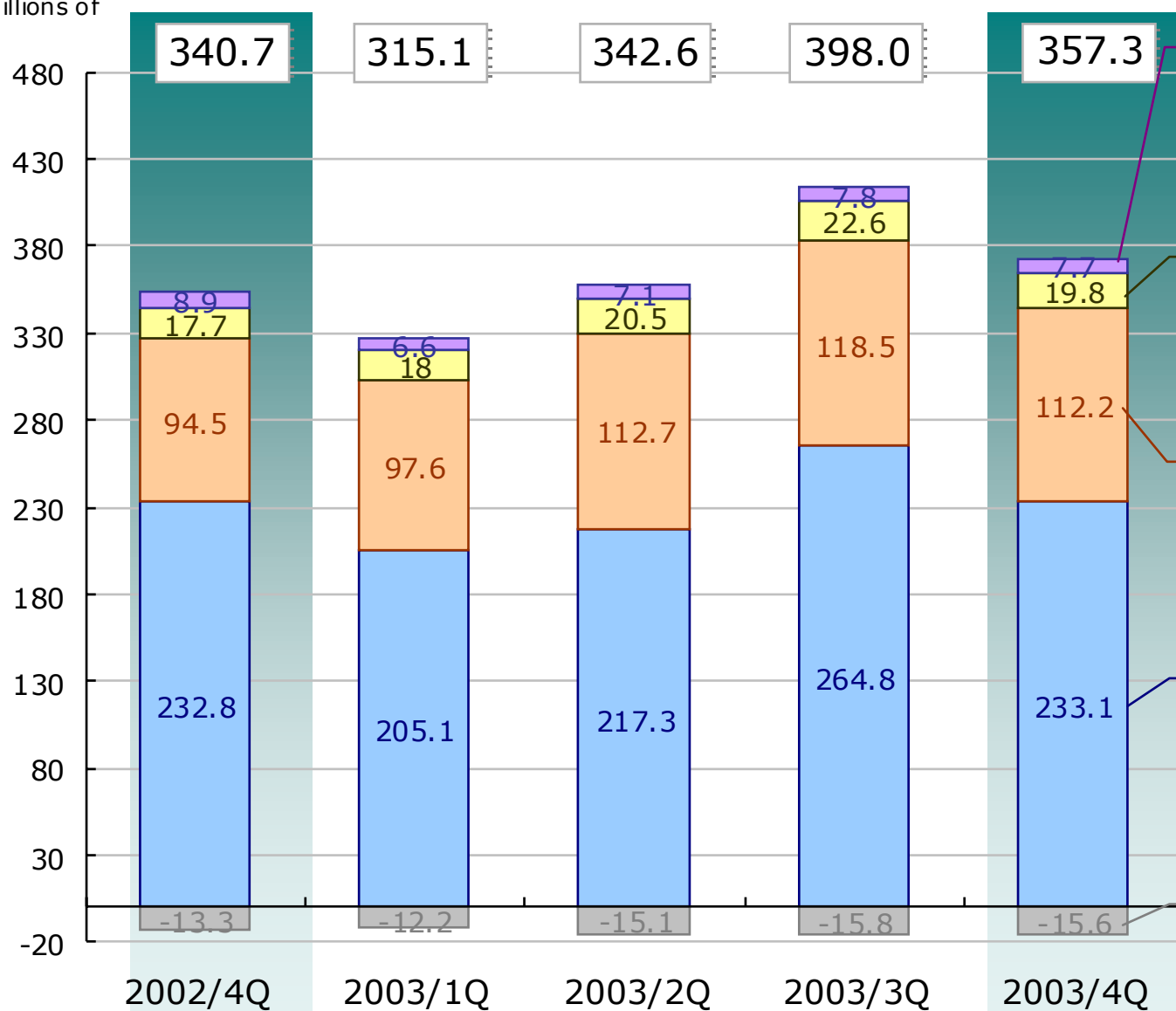
► Versus the year-ago period

In billions of yen		FY2002		FY2003		Increase/decrease	
		4Q Actual	%/sales	4Q Actual	%/sales	Amount	% change
Net Sales		340.7	-	357.3	-	+16.5	+4.9%
Operating Income		4.1	1.2%	12.3	3.5%	+8.2	+202.1%
Ordinary Income		1.9	0.6%	10.1	2.8%	+8.1	+409.4%
Net Income before income taxes		18.4	5.4%	7.1	2.0%	-11.3	-61.4%
Net income		8.5	2.5%	4.3	1.2%	-4.2	-49.7%
Exchange rates	USD	118.93 yen		107.27 yen			
	EUR	127.74 yen		134.07 yen			

Quarterly Sales

► By business segment

(In billions of yen)



Other
Versus the year-ago period **-1.1**

Precision instruments
Versus the year-ago period **+2.0**

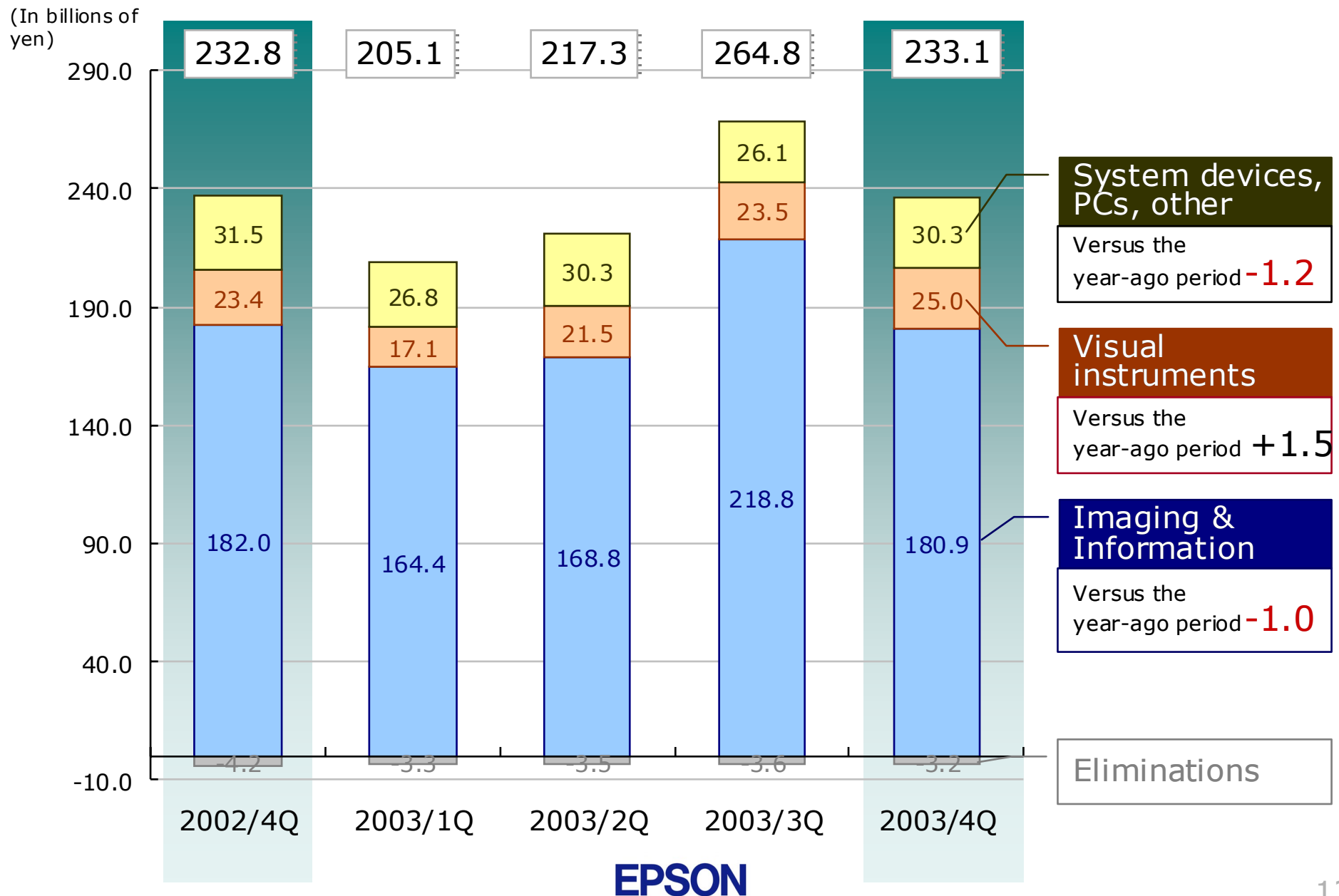
Electronic devices
Versus the year-ago period **+17.6**

Information-related equipment
Versus the year-ago period **+0.2**

Eliminations

Quarterly Sales

► Information-related equipment

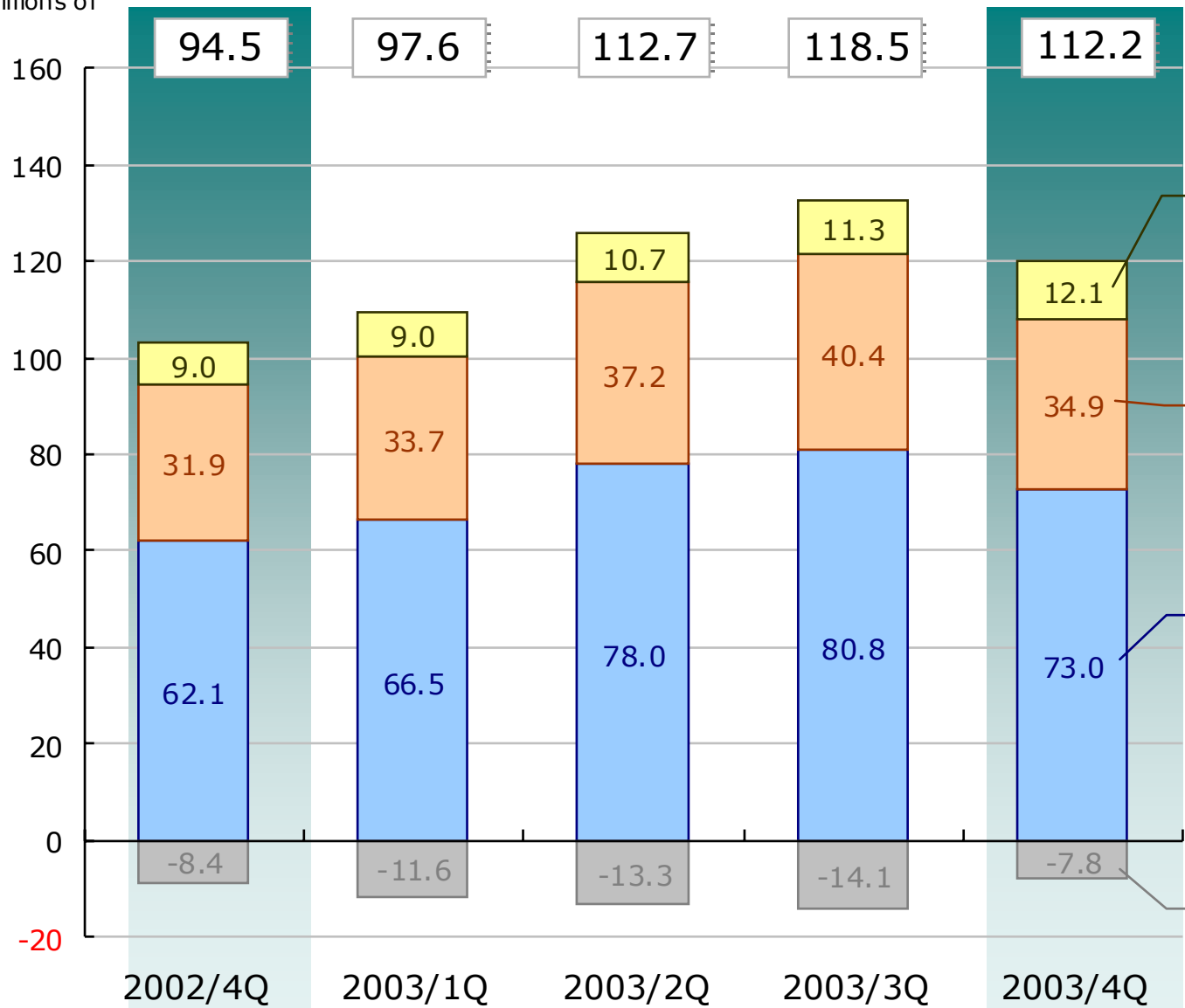


Quarterly Sales

▶ Electronic devices



(In billions of yen)



Quartz Devices
Versus the year-ago period **+3.1**

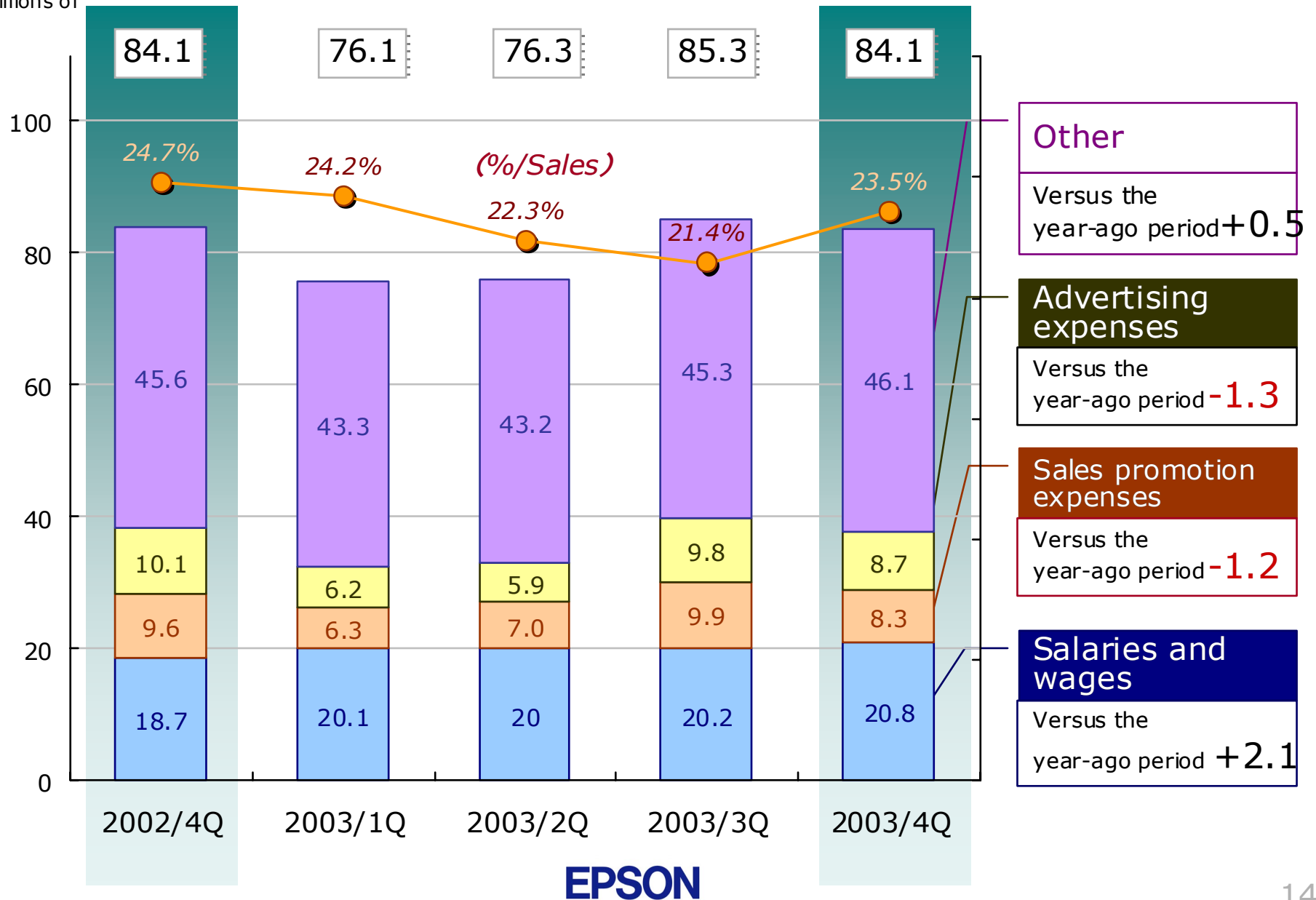
Semiconductors
Versus the year-ago period **+3.0**

Displays
Versus the year-ago period **+10.9**

Eliminations

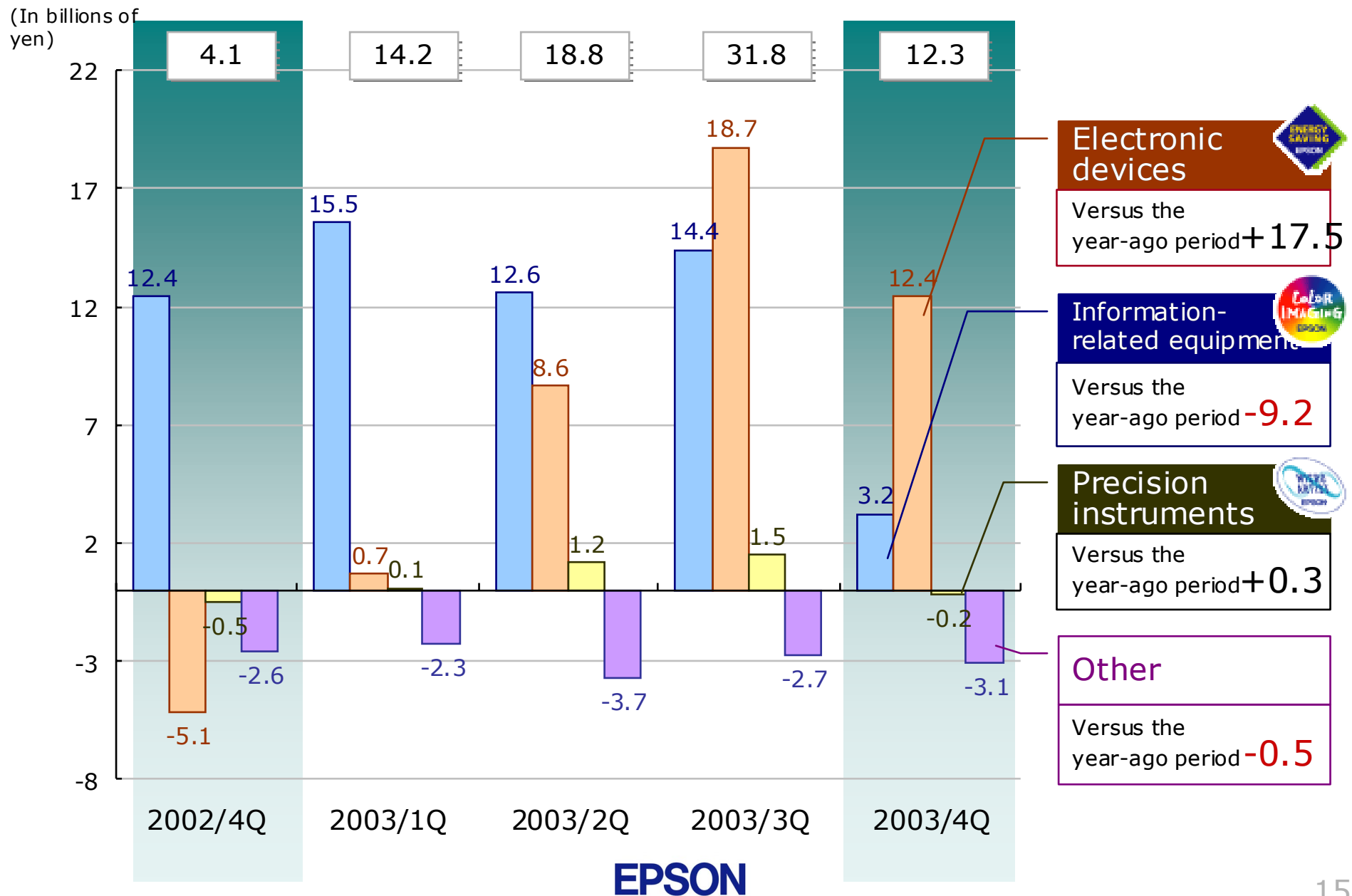
Quarterly Selling, General and Administrative Expenses

(In billions of yen)



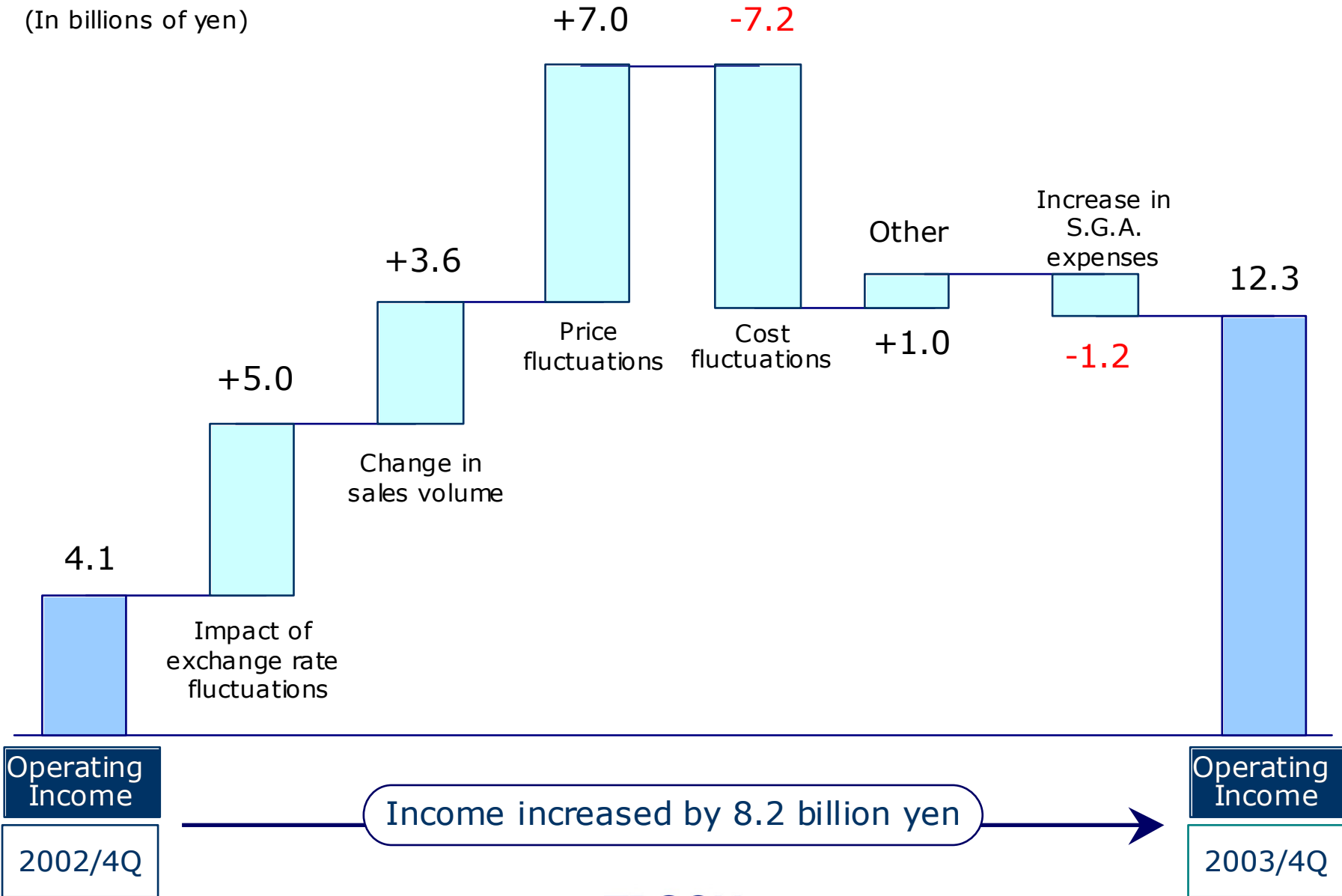
Quarterly Operating Income

► By business segment



Operating Income Fluctuation Cause Analysis

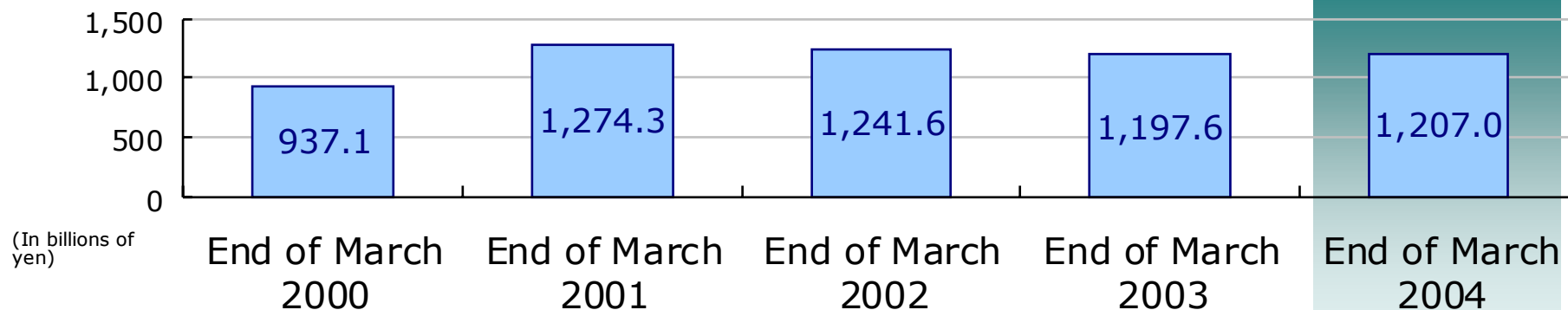
(In billions of yen)



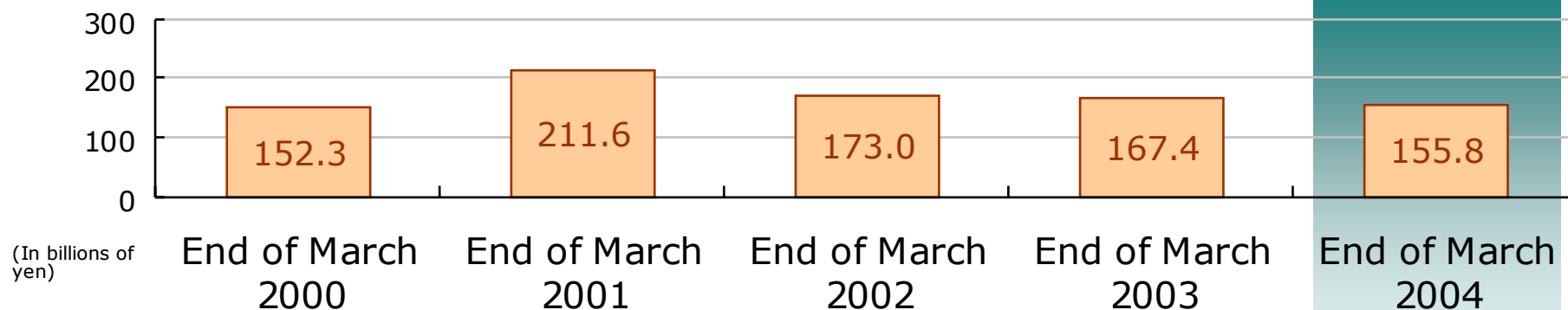
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Statistics of Balance Sheet Items

Total Assets

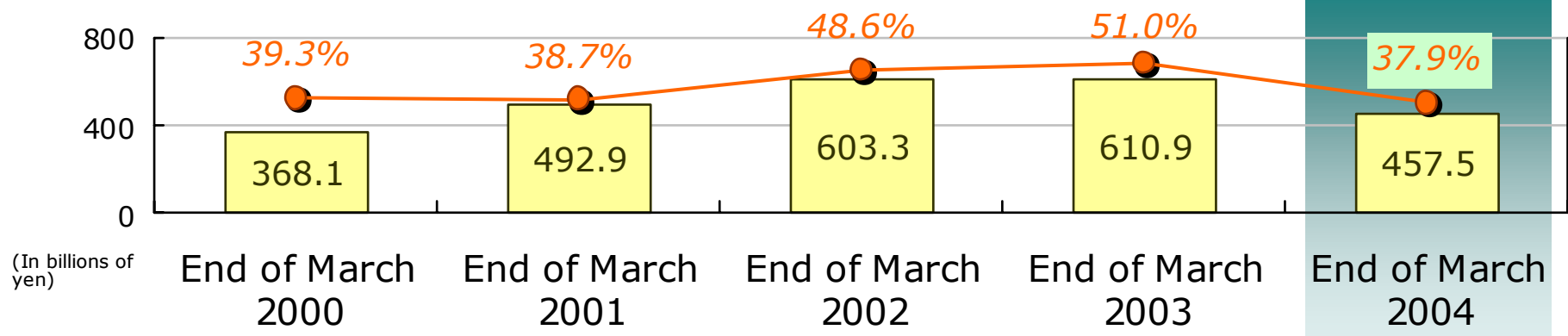


Inventories

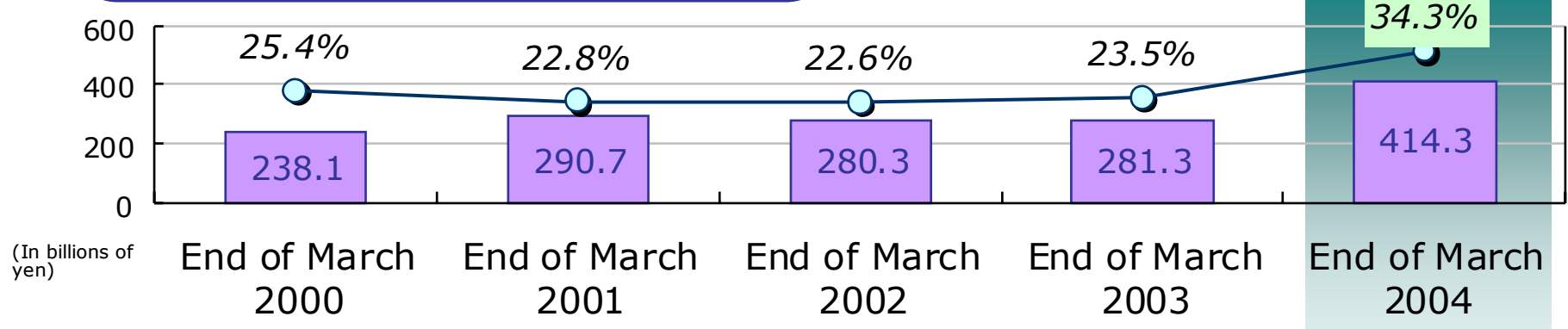


Statistics of Balance Sheet Items

● Interest-bearing liabilities & ratio of interest-bearing liabilities



● Shareholders' equity & equity ratio



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FY2003 Fourth Quarter Financial Results

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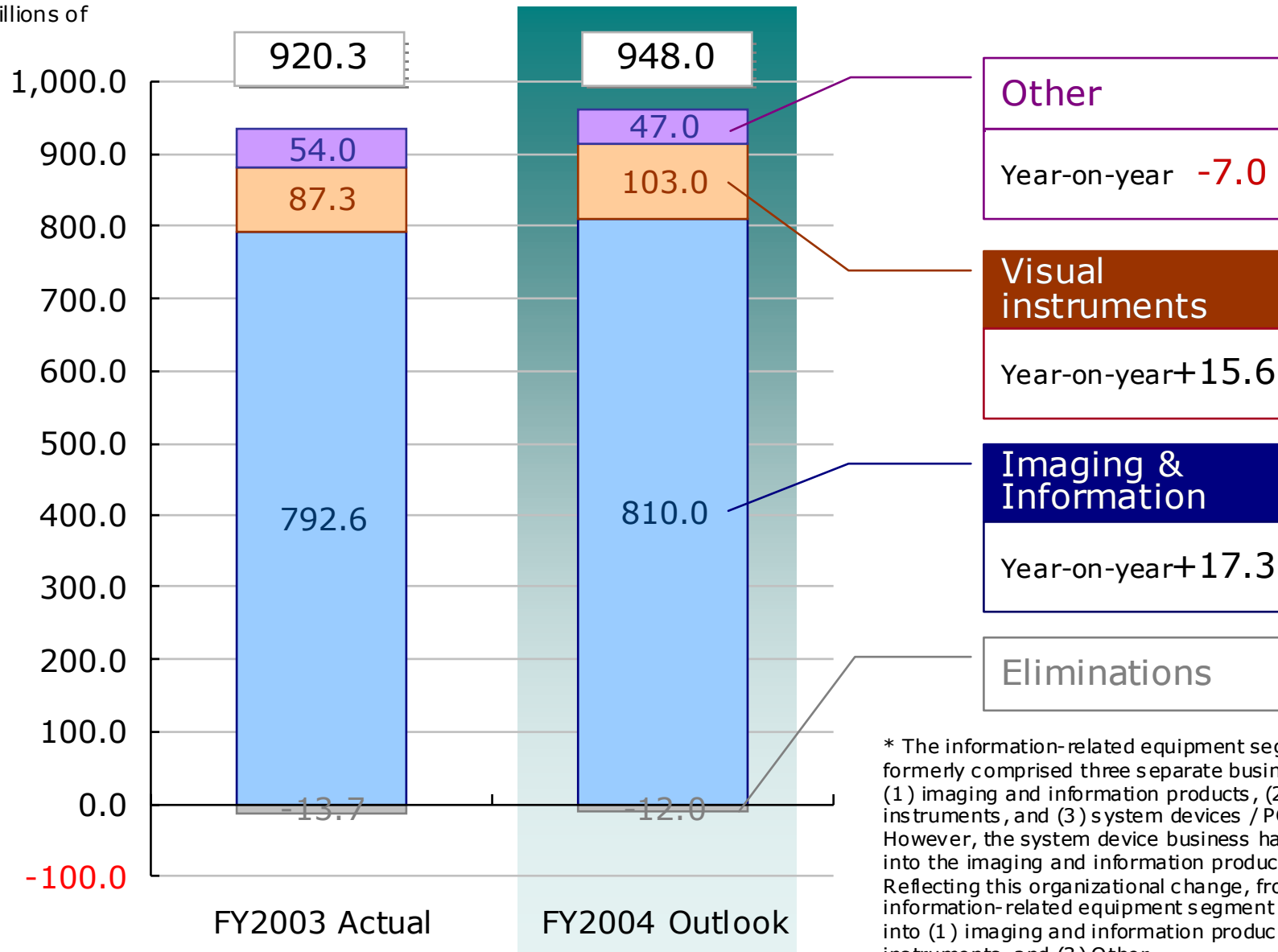
FY2004 Business Outlook

Sales Outlook by Segment



Information-related equipment segment

(In billions of yen)



* The information-related equipment segment was formerly comprised three separate business units: (1) imaging and information products, (2) visual instruments, and (3) system devices / PCs. However, the system device business has been merged into the imaging and information products business. Reflecting this organizational change, from FY2004 the information-related equipment segment is being redivided into (1) imaging and information products, (2) visual instruments, and (3) Other.

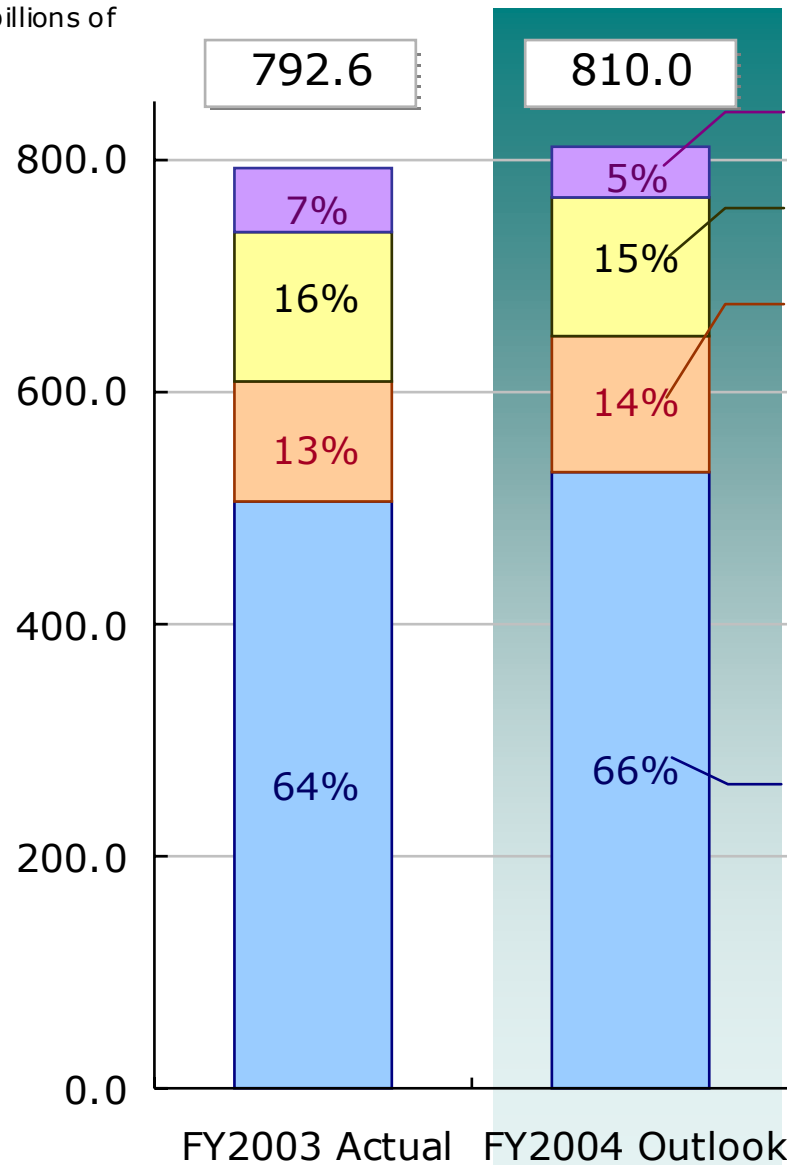
FY2003 figures were updated in line with this organizational change.

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Sales Outlook by Business

▶ Imaging & information products business

(In billions of yen)



Scanners, etc.

Business systems

Laser printers

Environment

- Color laser printer growth & price erosion

Actions

- Accelerate replacement of monochrome laser printers with color units
- Grow sales of toner by increasing color laser install base

Inkjet printers

Environment

- MFP growth & drop-off in average sales prices

Actions

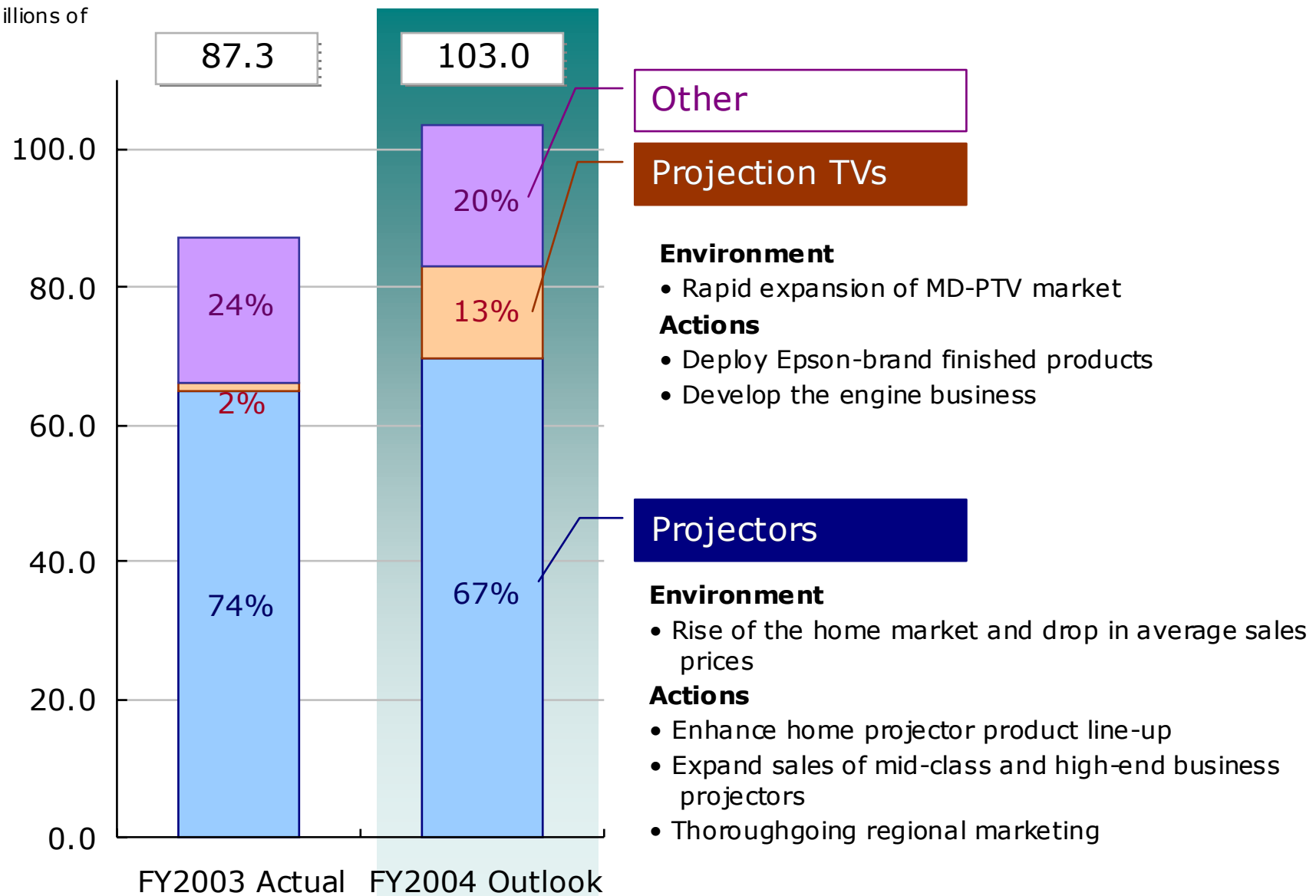
- Enhance the MFP product line-up
- Grow sales of consumable supplies by underscoring the "Epson = Photo" theme

(*) "Business systems" includes the former SIDM and system device businesses. FY2003 results are adjusted.

Sales Outlook by Business

► Visual instruments business

(In billions of yen)

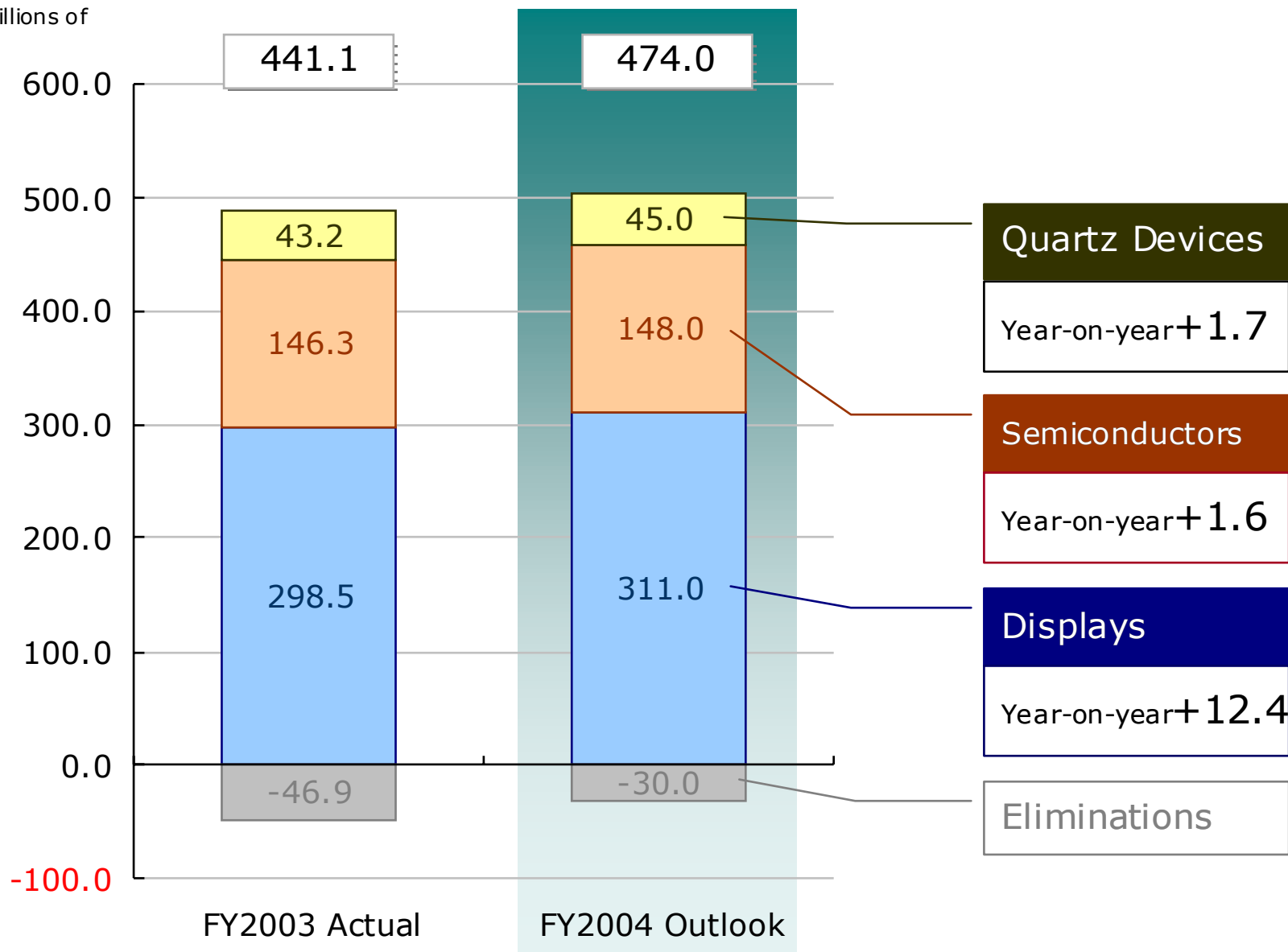


Sales Outlook by Business



▶ Electronic device segment

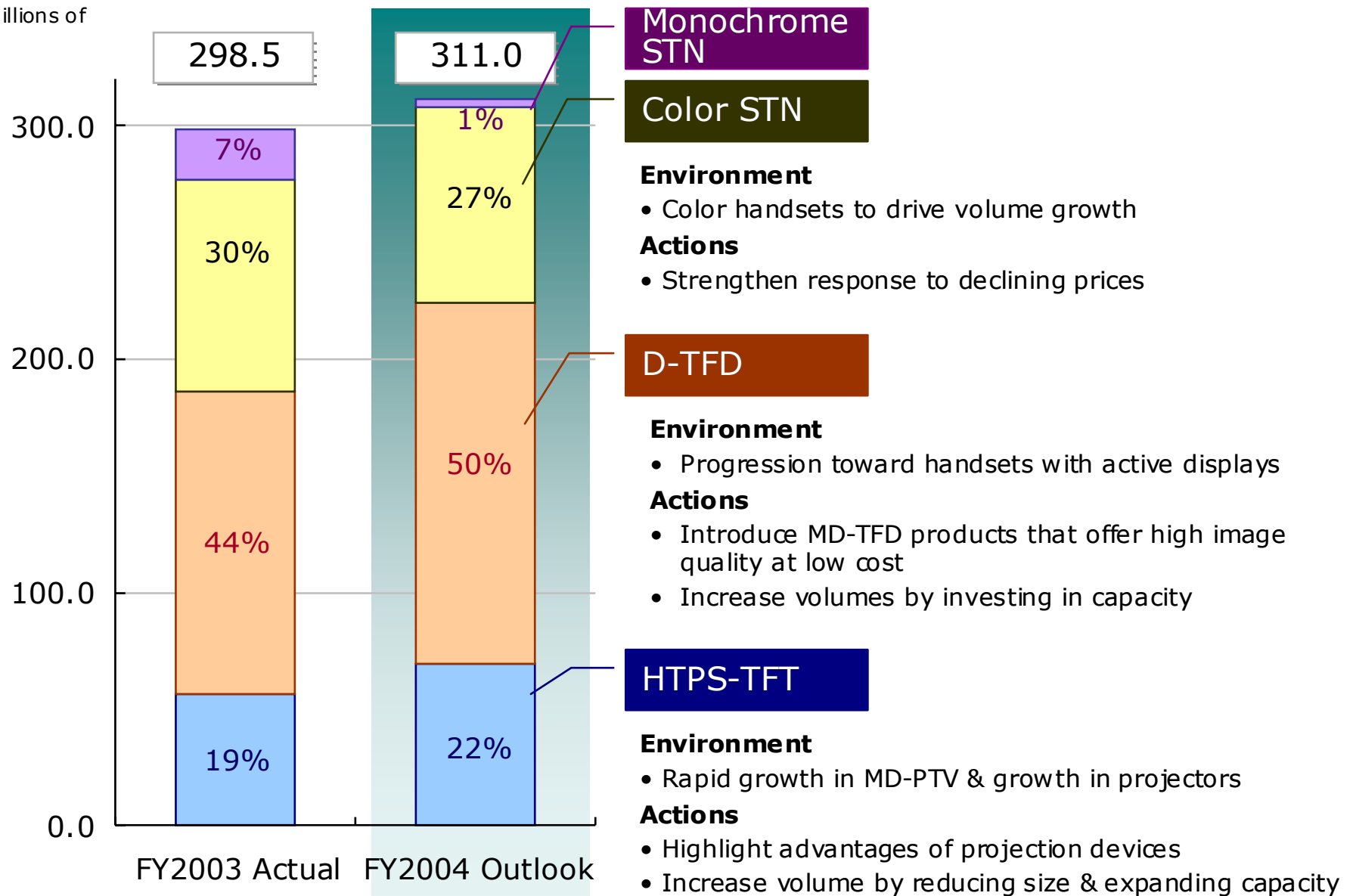
(In billions of yen)



Sales Outlook by Business

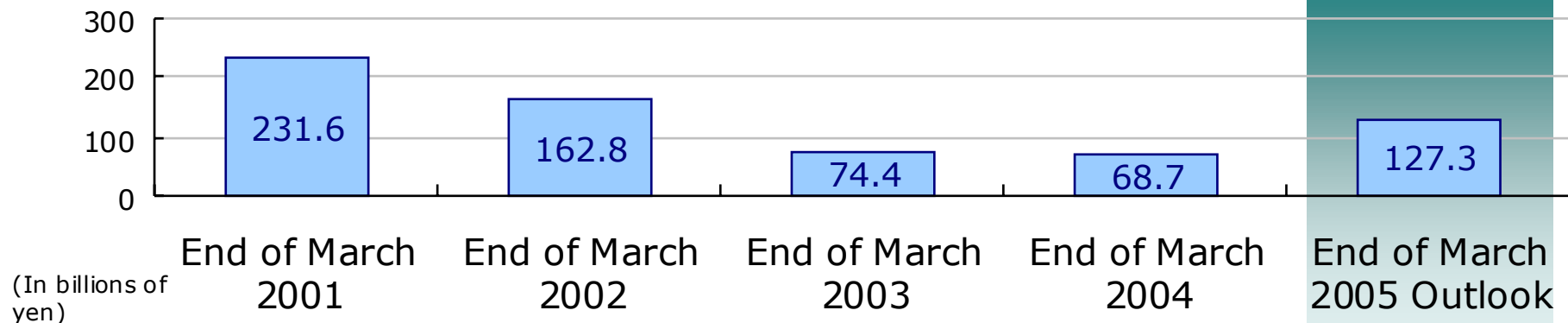
► Display business

(In billions of yen)

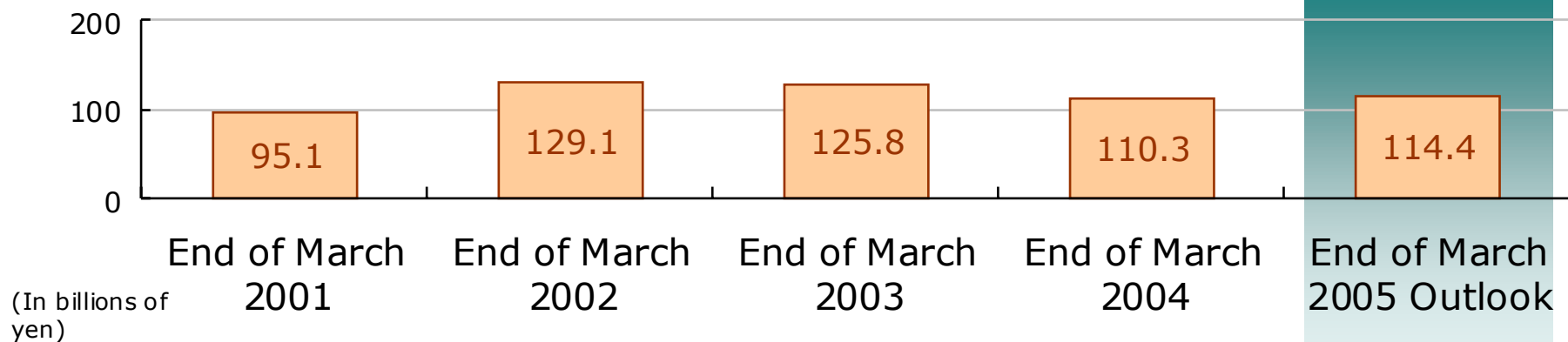


Outlook for Capital Expenditures and Depreciation & Amortization Expenses

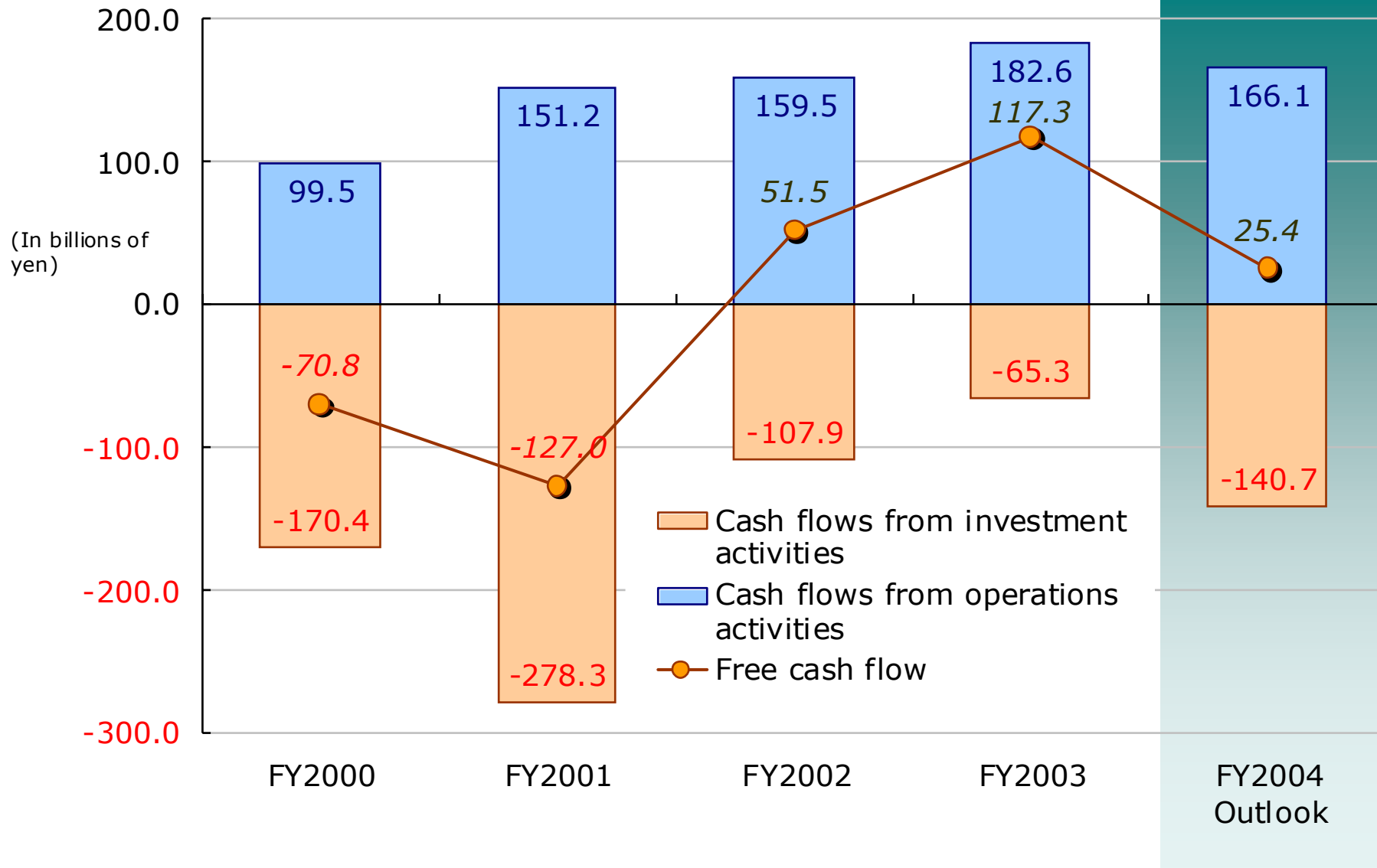
Capital expenditures



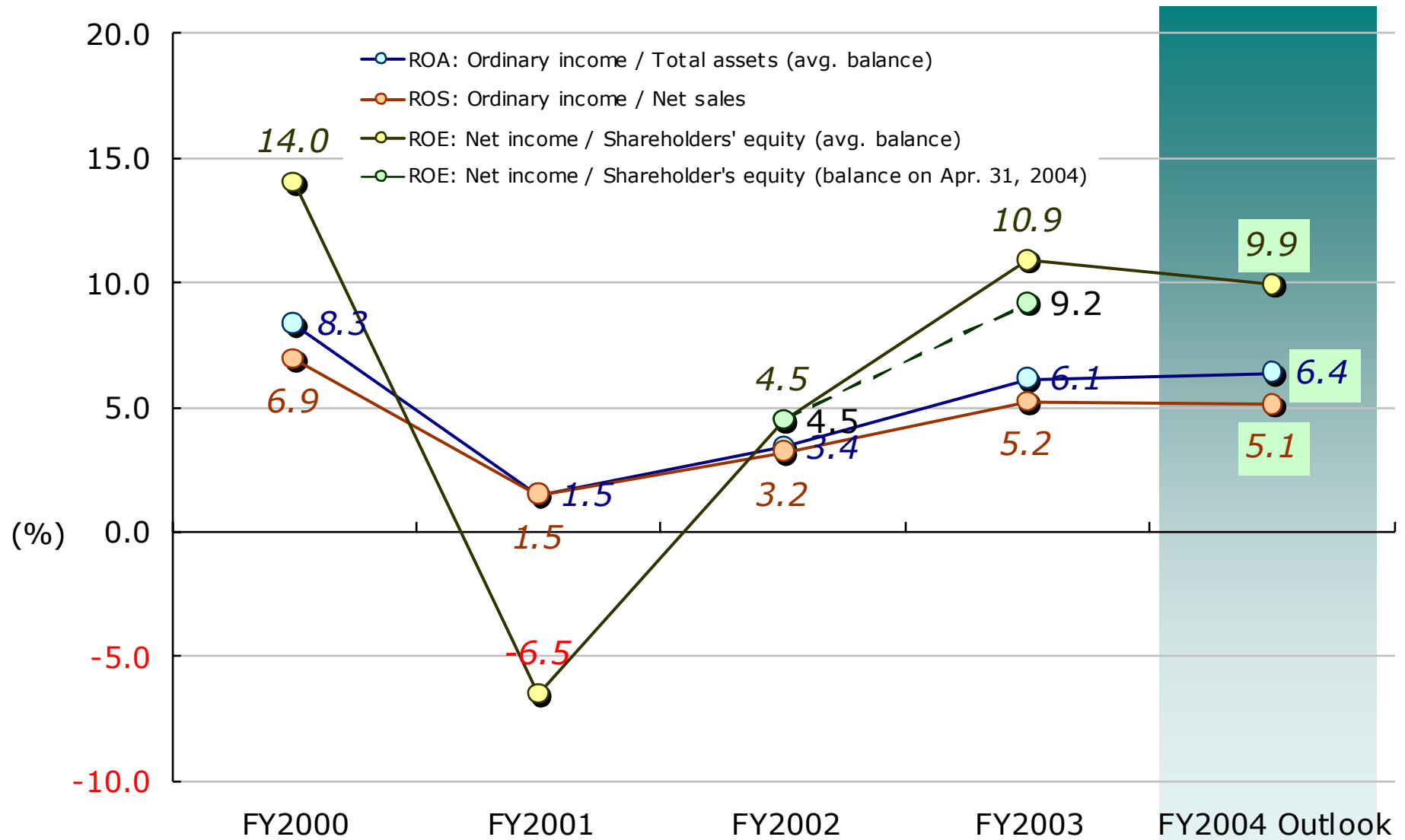
Depreciation and amortization expenses



Free Cash Flows Outlook



Main Management Metrics



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