

First-Quarter Financial Results
Fiscal Year 2005
(ending March 2006)

July 27, 2005

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 the first 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.

FY2005 First-Quarter Financial Results

FY2005 Business Outlook

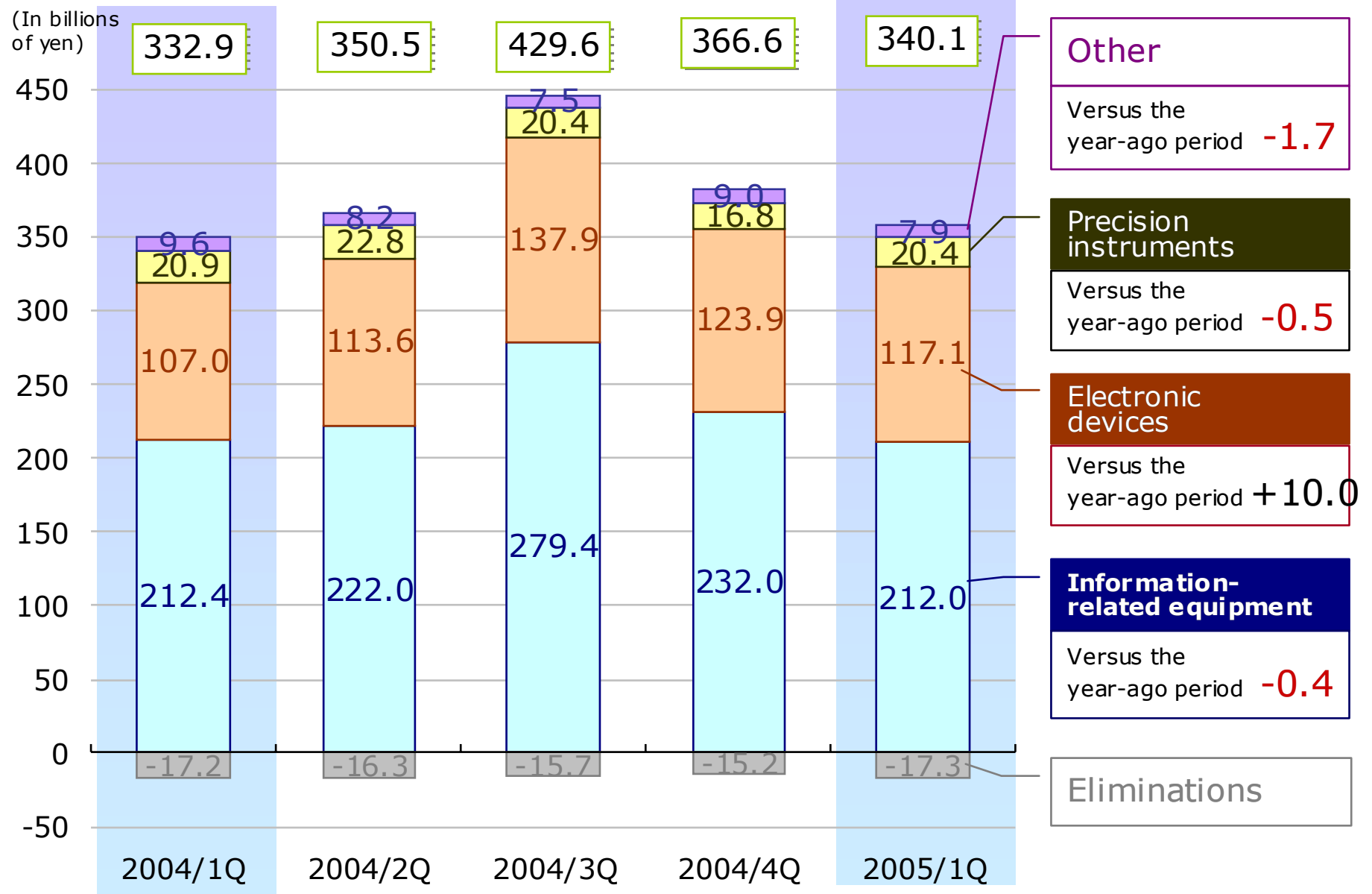
First-Quarter Financial Highlights

► Year-on-year quarterly comparison



In billions of yen		FY2004/Q1		FY2005/Q1		Increase/decrease	
		Actual	% sales	Actual	% sales	Amount	% change
Net sales		332.9	-	340.1	-	+7.2	+2.2%
Operating Income		32.7	9.8%	-5.0	-1.5%	-37.7	-115.4%
Ordinary Income		31.6	9.5%	-2.7	-0.8%	-34.4	-108.8%
Net Income Before income taxes		29.3	8.8%	-3.7	-1.1%	-33.1	-112.8%
Net Income		17.6	5.3%	-7.0	-2.1%	-24.6	-140.1%
EPS		89.67 yen		-35.91 yen			
Exchange rate	USD	109.77 yen		107.69 yen			
	EUR	132.28 yen		135.57 yen			

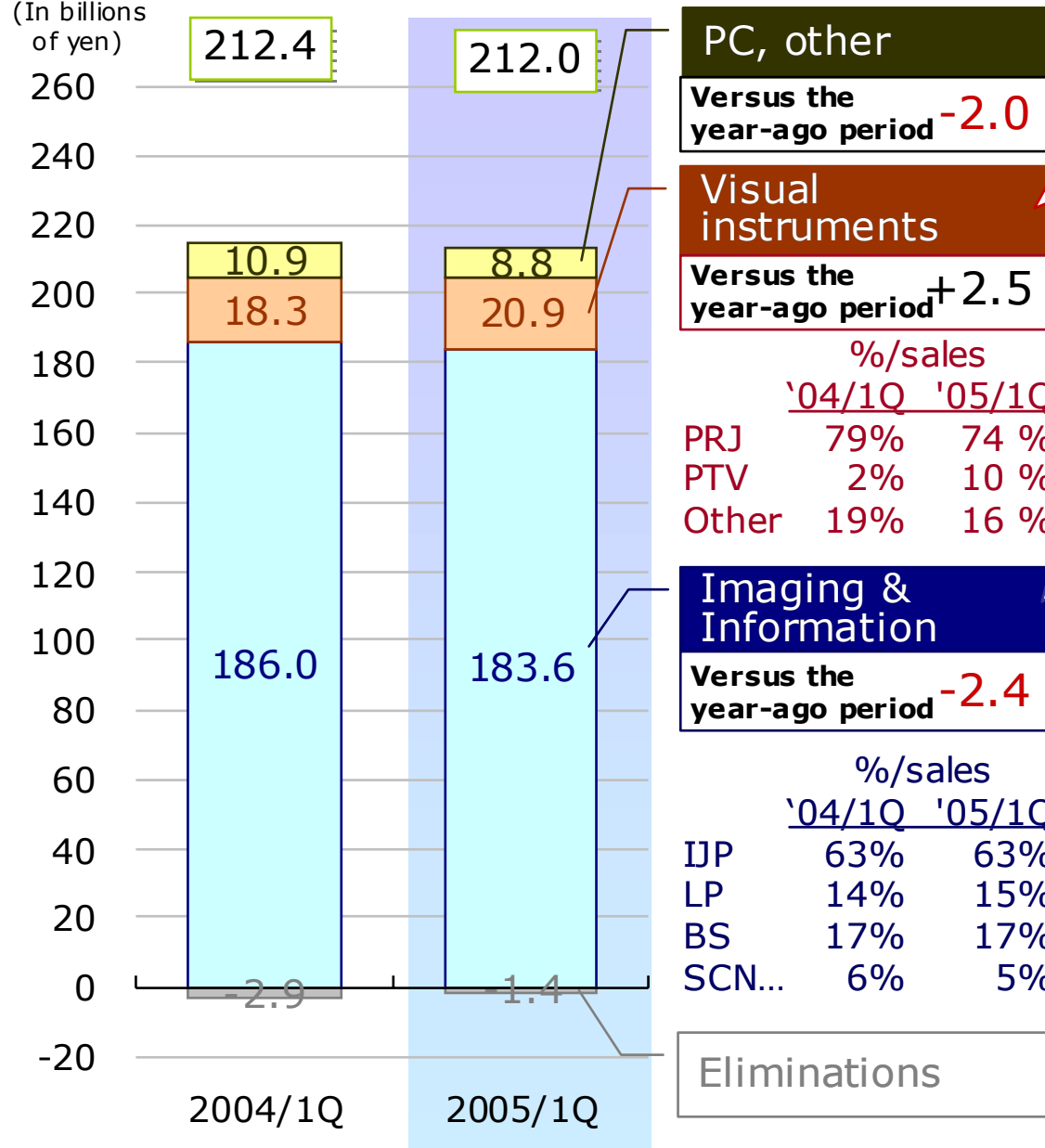
Quarterly Sales ▶ By business segment



Quarterly Sales ► Information-related equipment



(In billions of yen)



- PRJ: Up on higher volume in business models
- PTV: Up on strength of new Japanese models & higher OEM optical engine volume

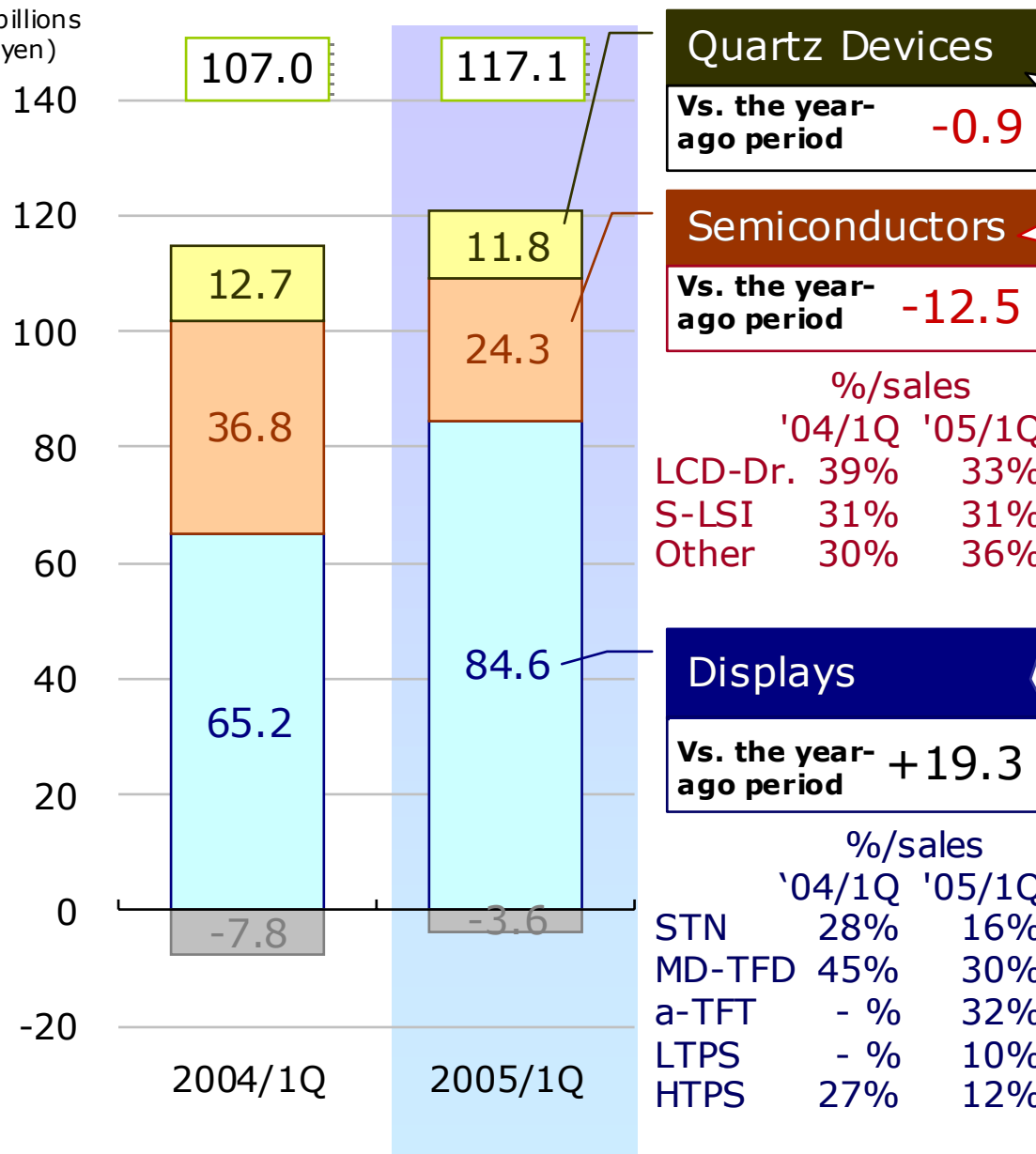
- IJP: Down on lower SFP volume despite higher MFP & consumables volume
- LP: Up on higher consumables volume, though printer volume declined
- BS: Down on lower volume due to SIDM market contraction & inventory adjustments

- IJP: Inkjet printer
- SFP: Single-function printer
- MFP: Multifunction printer (all-in-one)
- LP: Laser printer
- BS: Business system
- SIDM: Serial-impact dot-matrix printer
- SCN: Scanner
- PRJ: Projector
- PTV: Projection TV
- AU: Amusement unit

Quarterly Sales ▶ Electronic devices



(In billions of yen)



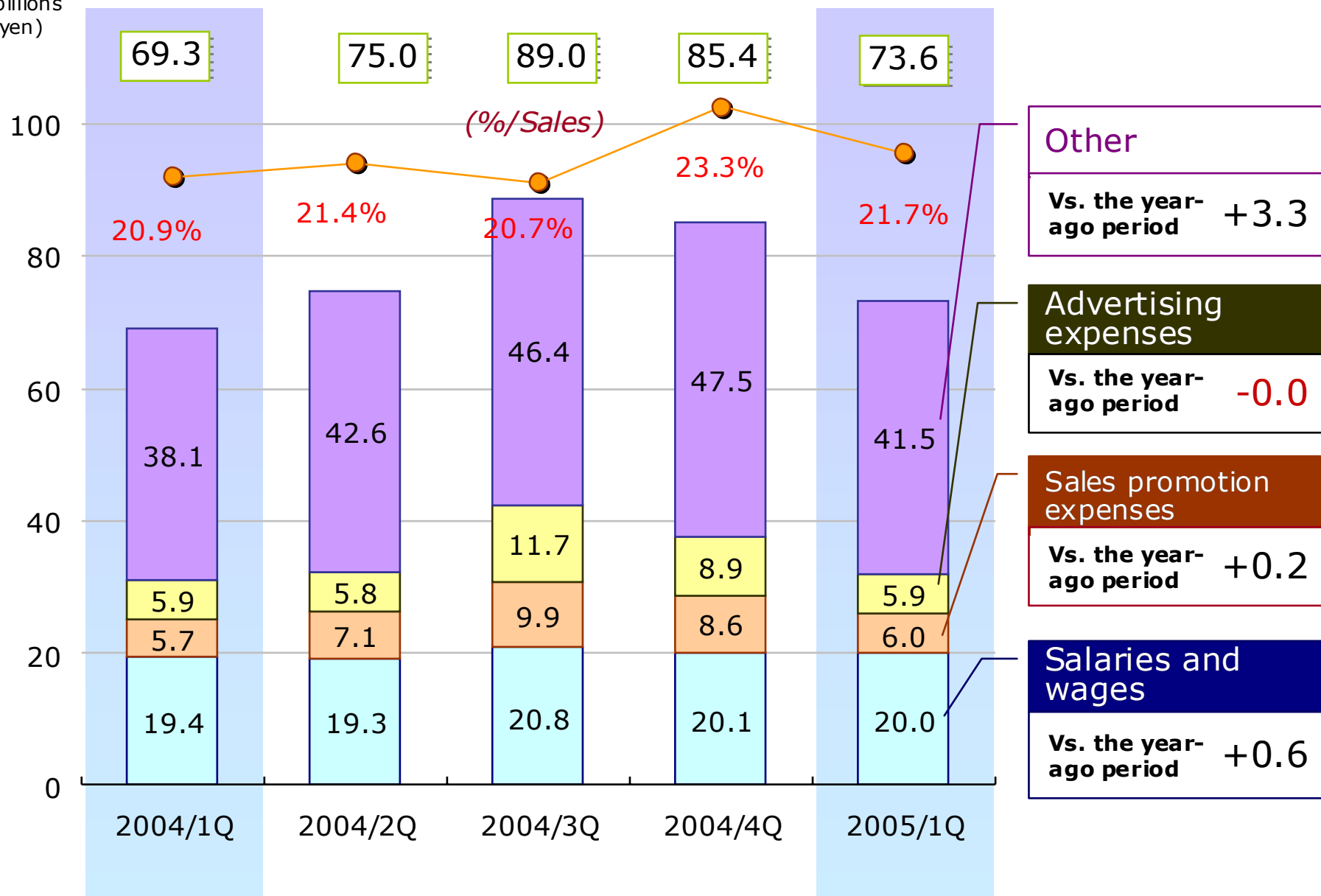
- Down due to decline in volume & changes in model mix
- LCD-Dr & S-LSI: Down on lower volume and lower ASPs
- C-STN: Down on lower volume & lower average selling prices
- MD-TFD: Down on lower average selling prices, though volume was up
- a-TFT & LTPS: Net gain from new operations
- HTPS: Inventory adjustments ending & volume gradually rising, but revenues down due to lower volume than in year-ago period.

※ C-STN : Color STN
 MD-TFD: Mobile Digital Thin Film Diode
 a-TFT : Amorphous Silicon TFT
 LTPS : Low Temperature Poli - Silicon TFT
 HTPS : High Temperature Poli - Silicon TFT
 LCD-Dr: LCD Driver
 S-LSI : System LSI
 MGE : Mobile Graphic Engine

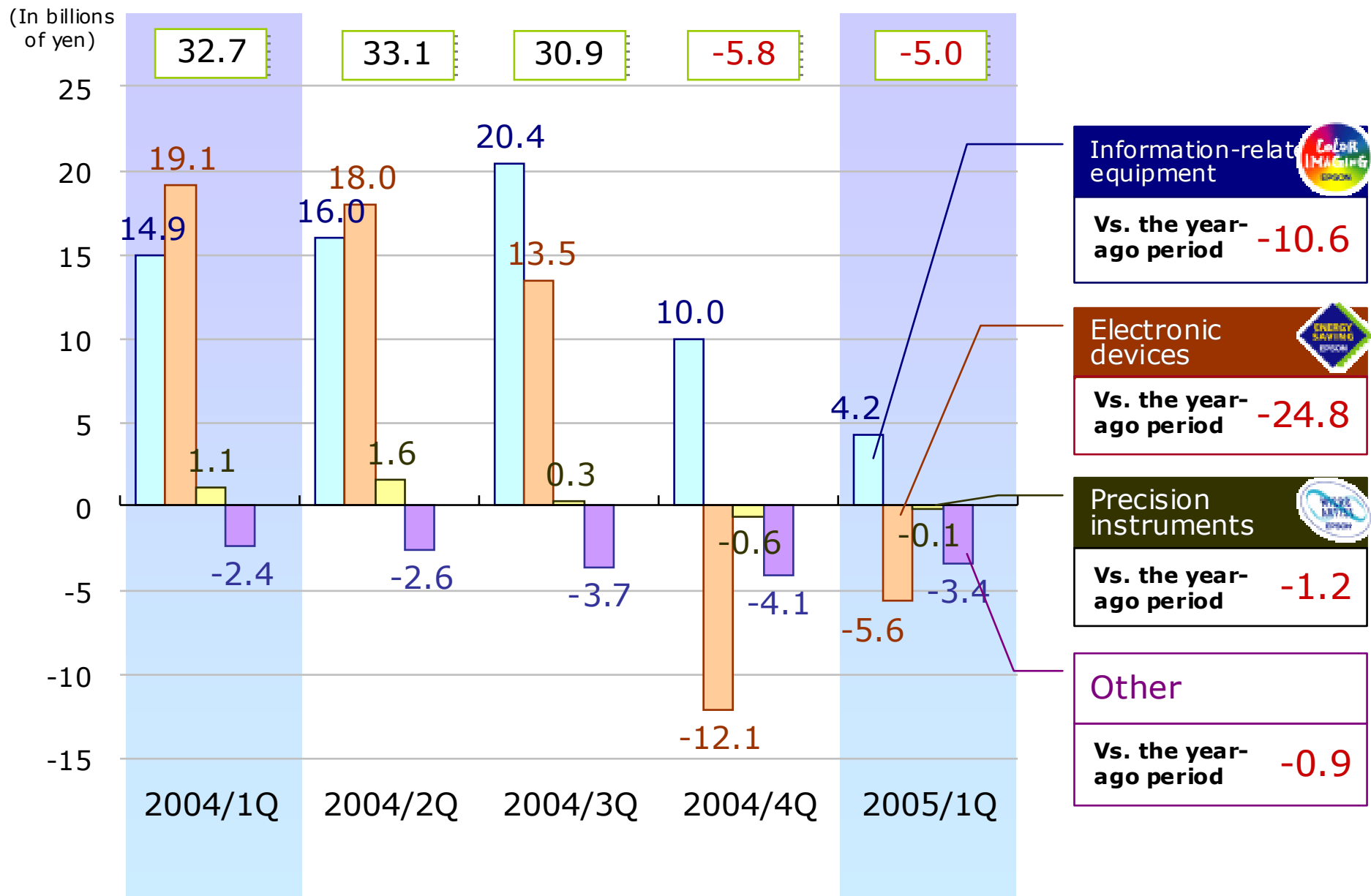
Quarterly Selling, General and Administrative Expenses



(In billions of yen)

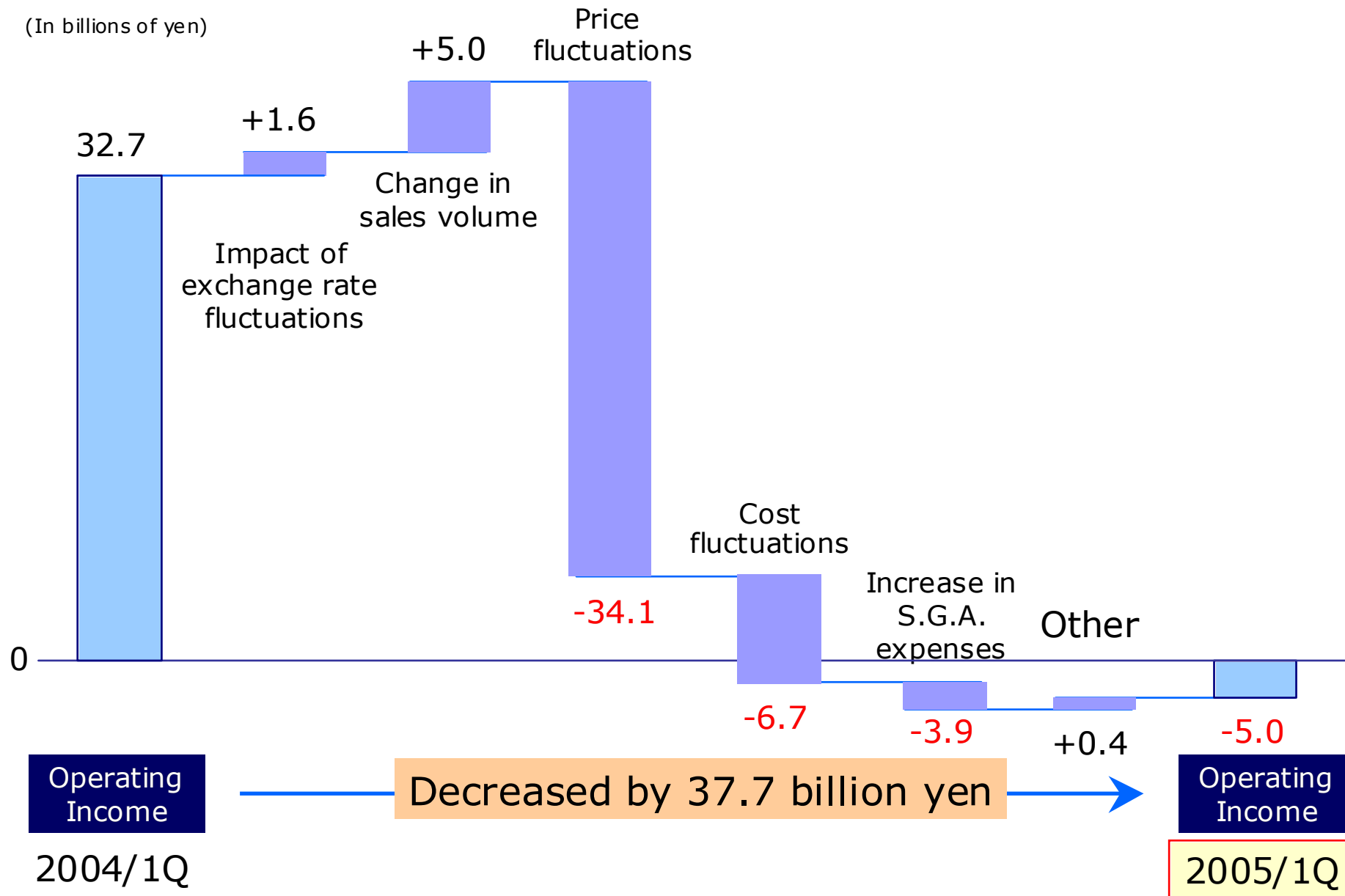


Quarterly Operating Income ▶ By business segment



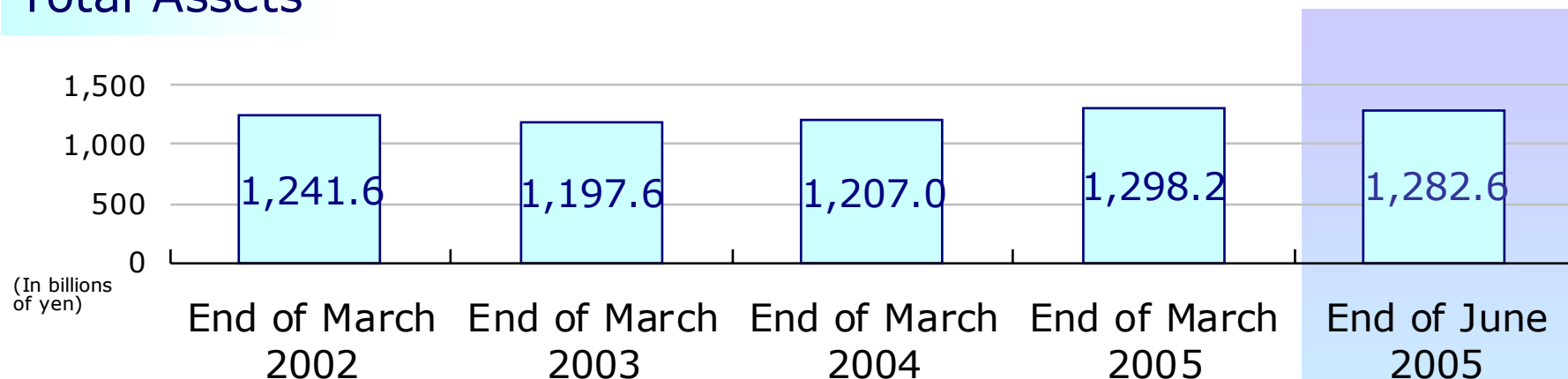
Operating Income Fluctuation Cause Analysis

(In billions of yen)

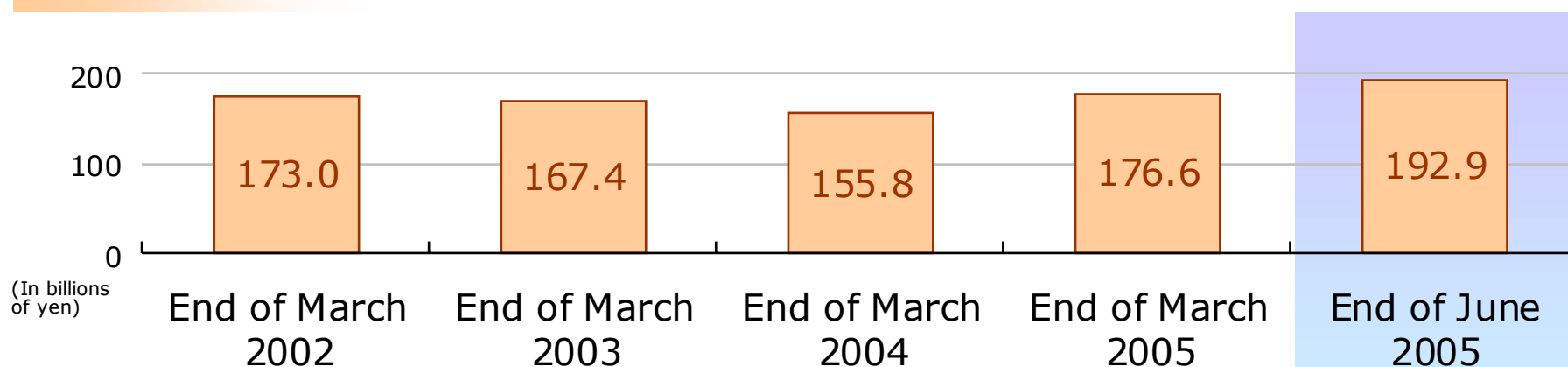


Statistics of Balance Sheet Items

Total Assets

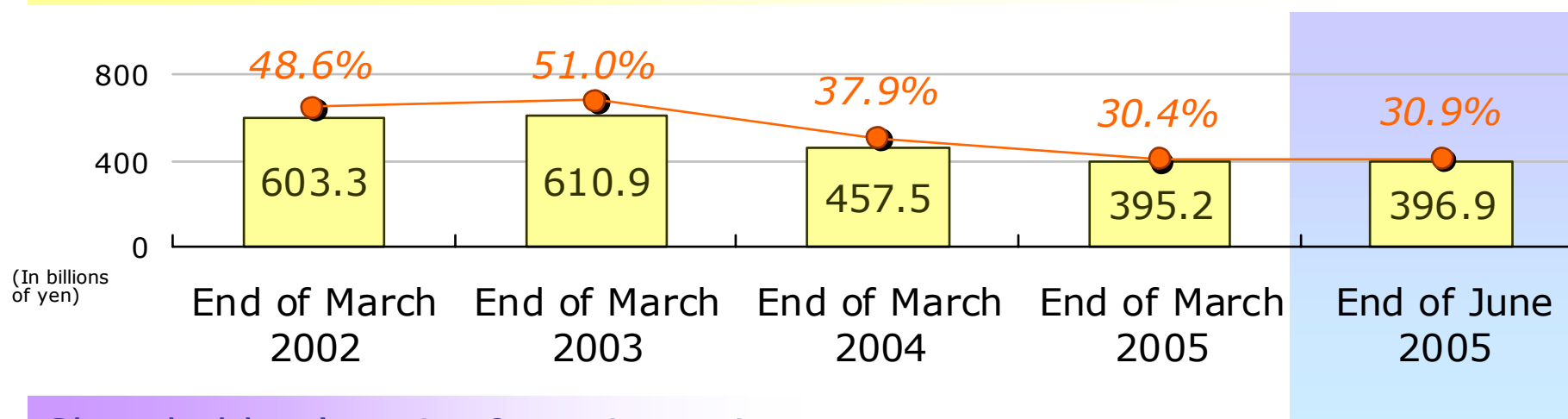


Inventories

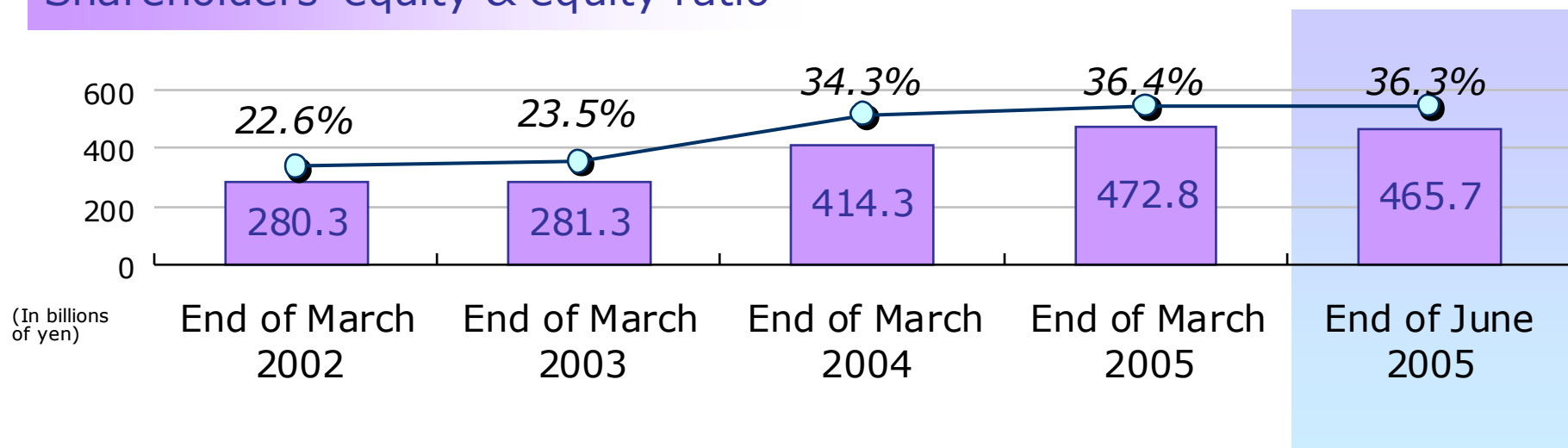


Statistics of Balance Sheet Items

Interest-bearing liabilities & ratio of interest-bearing liabilities



Shareholders' equity & equity ratio



FY2005 First-Quarter Financial Results

FY2005 Business Outlook

FY2005 Business Outlook

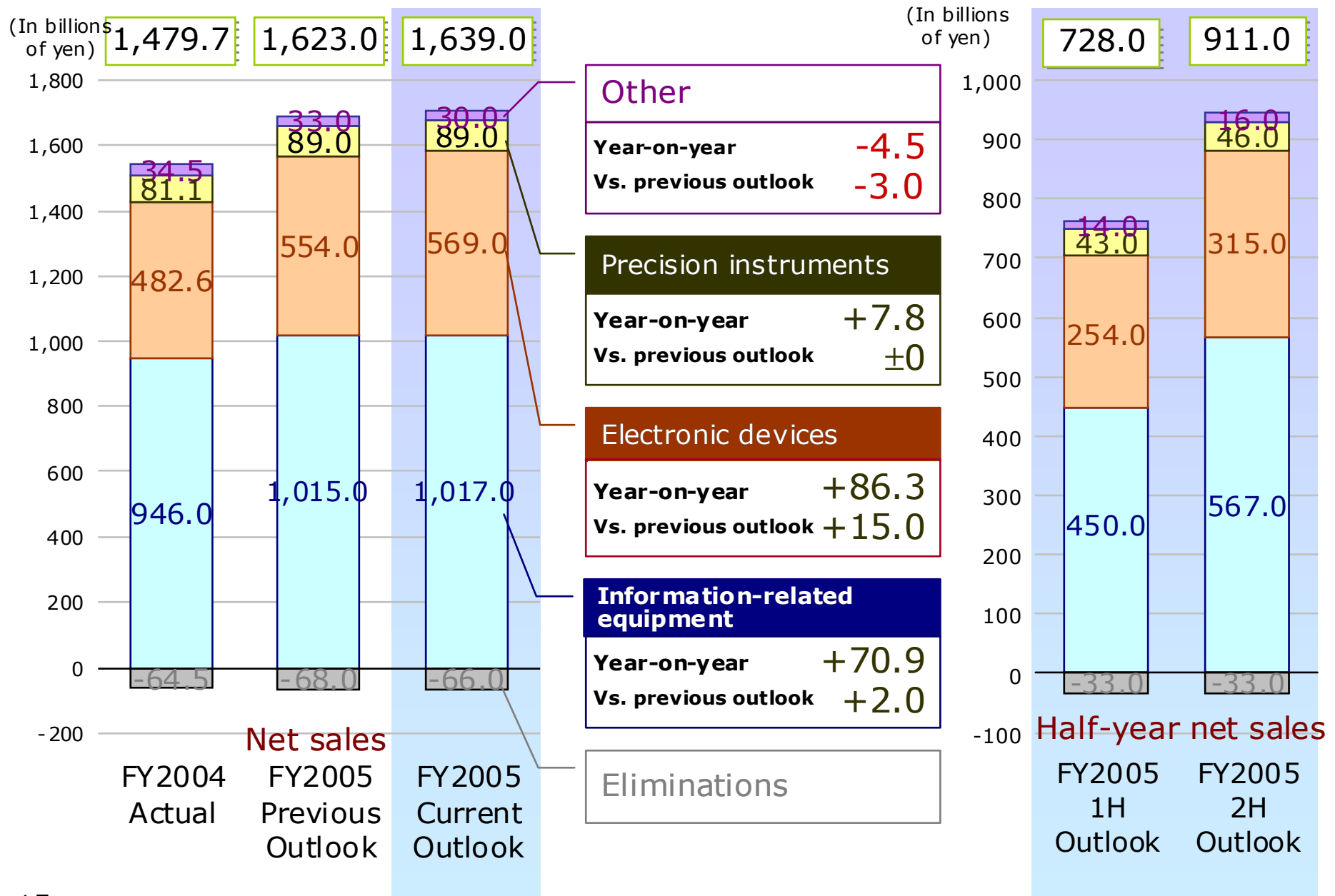


In billions of yen	FY2004		FY2005				Increase/decrease	
	Actual	%	Previous outlook	%	Current outlook	%	Amount	% change
Net Sales	1,479.7	-	1,623.0	-	1,639.0	-	+159.2 +10.8%	+16.0 +1.0%
Operating Income	90.9	6.1%	92.0	5.7%	82.0	5.0%	-8.9 -9.9%	-10.0 -10.9%
Ordinary Income	85.3	5.8%	88.0	5.4%	81.0	4.9%	-4.3 -5.1%	-7.0 -8.0%
Net Income <small>Before income taxes</small>	73.6	5.0%	82.0	5.1%	74.0	4.5%	+0.3 +0.5%	-8.0 -9.8%
Net Income	55.6	3.8%	54.0	3.3%	44.0	2.7%	-11.6 -21.0%	-10.0 -18.5%
EPS	283.60 yen		275.00 yen		224.07 yen		Revised outlook summary <ul style="list-style-type: none"> • 1H net sales estimates raised; income estimates lowered • 2H estimates unchanged 	
Exchange rate	USD	107.55 yen	105 yen	106 yen				
	EUR	135.19 yen	132 yen	134 yen				

FY2005 Business Outlook



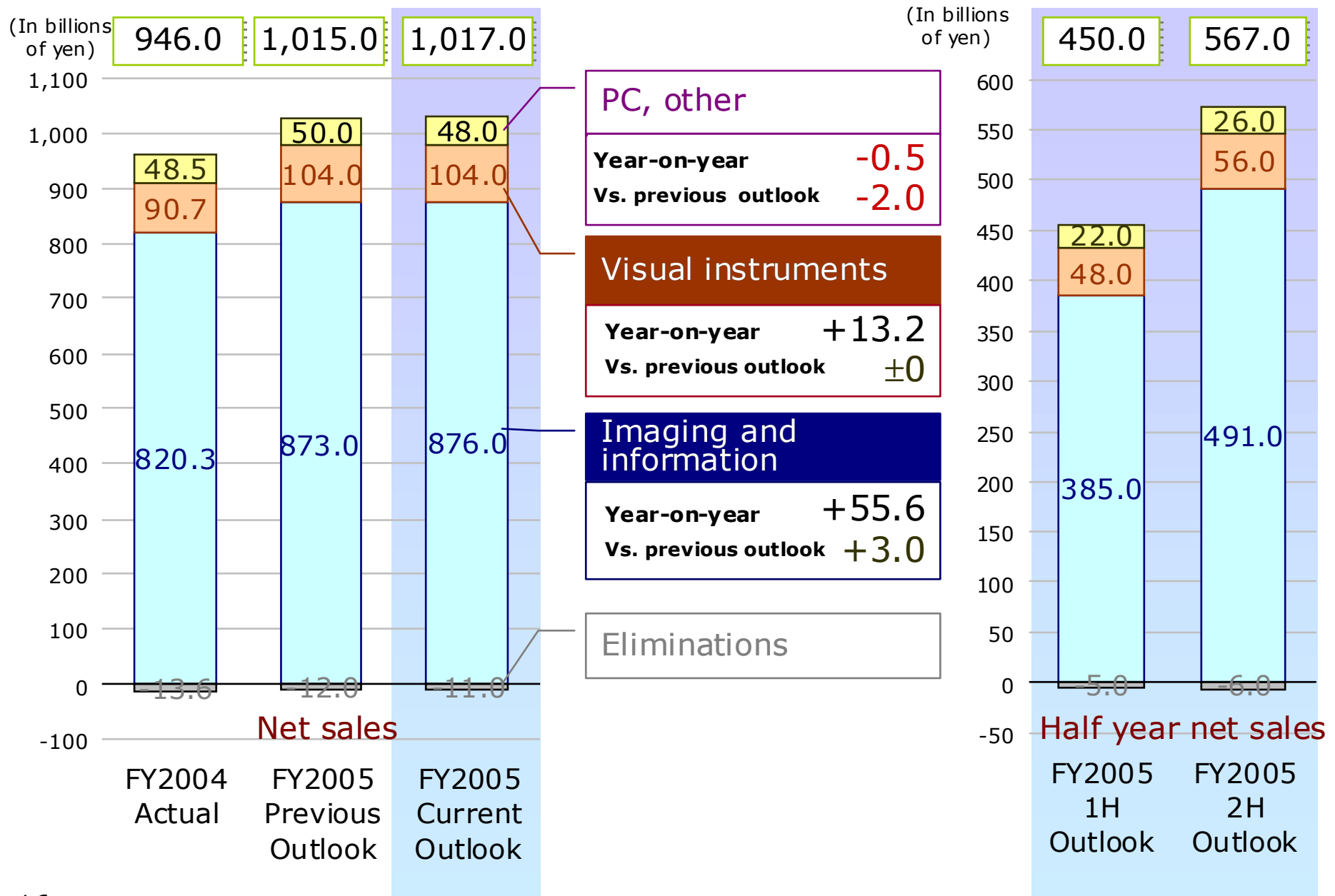
▶ Net sales by business segment



Sales Outlook by Business

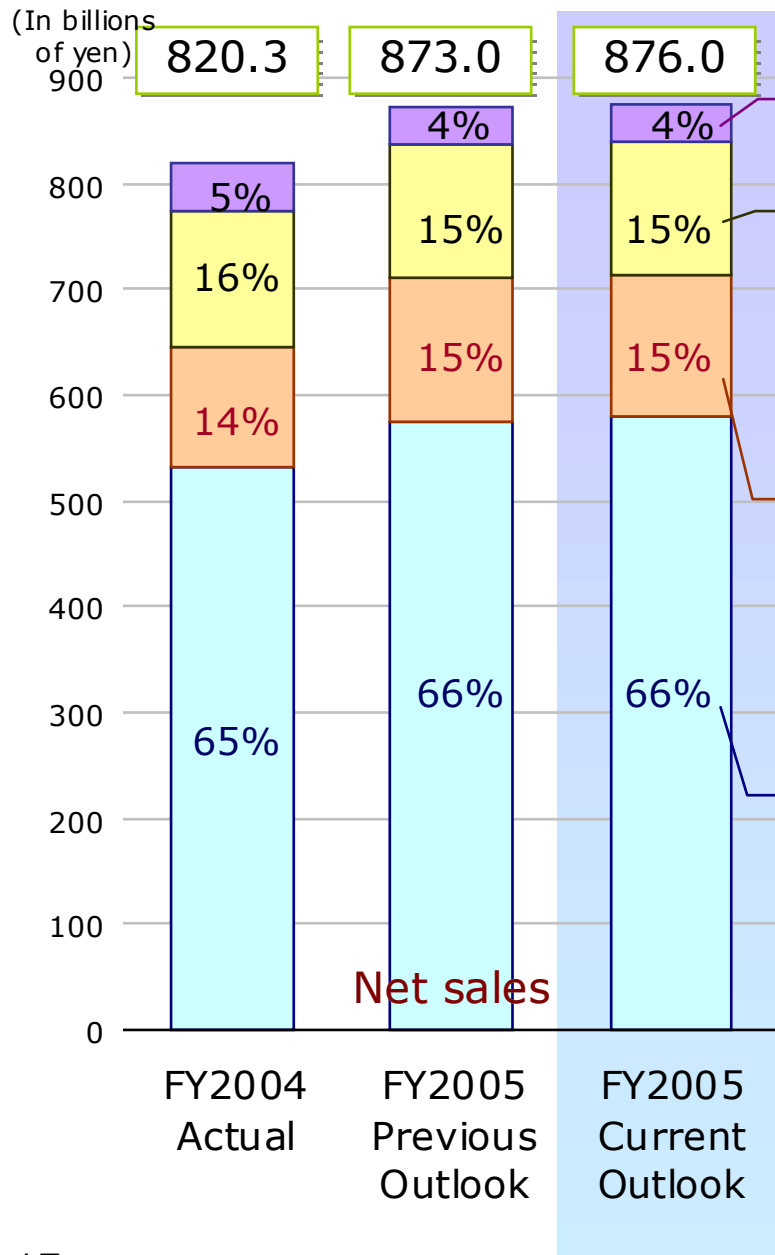


► Information-related equipment segment



Sales Outlook by Business

▶ Imaging and information products



Scanners, other

Business systems

▶ SIDM & POS progressing according to plan

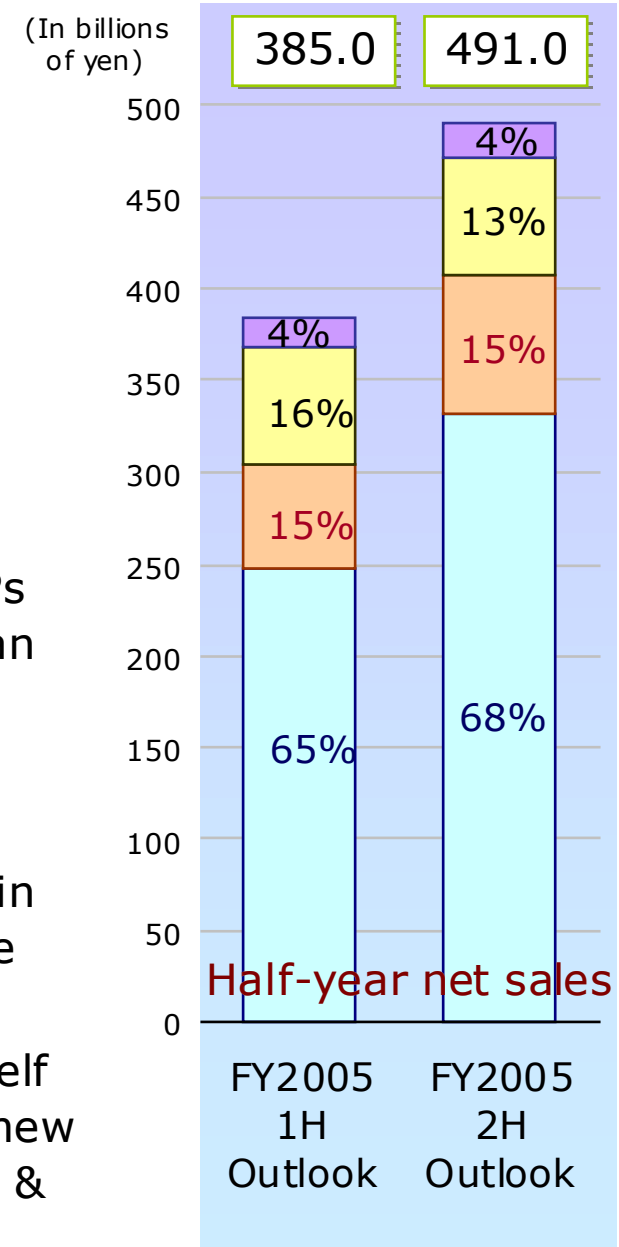
Laser printers

▶ Launch color MFPs in U.S. as in Japan & Europe

Inkjet printers

▶ Keep high share in growing Japanese market

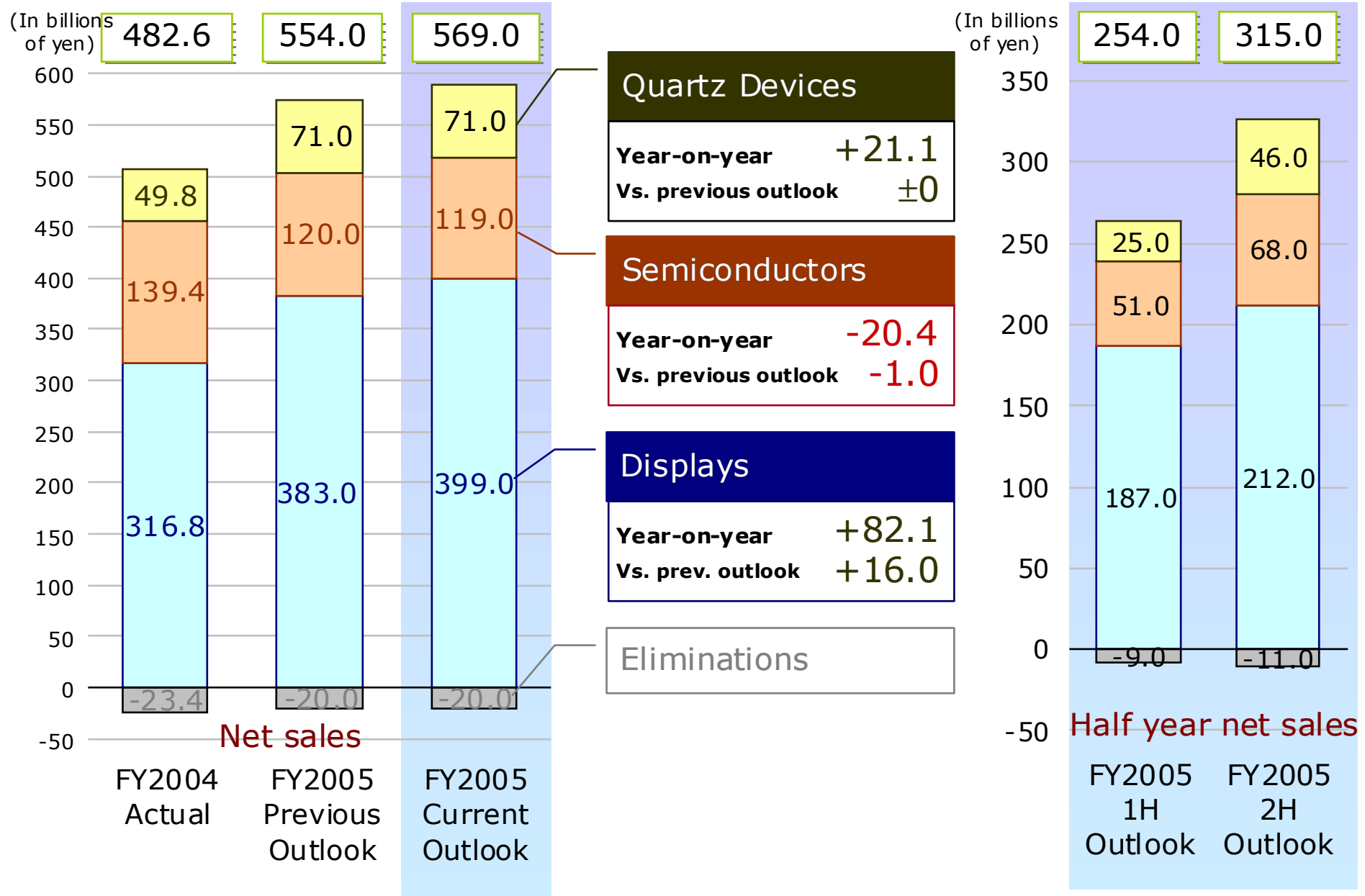
▶ Tie expanding shelf space in U.S. to new product launches & sales promotions



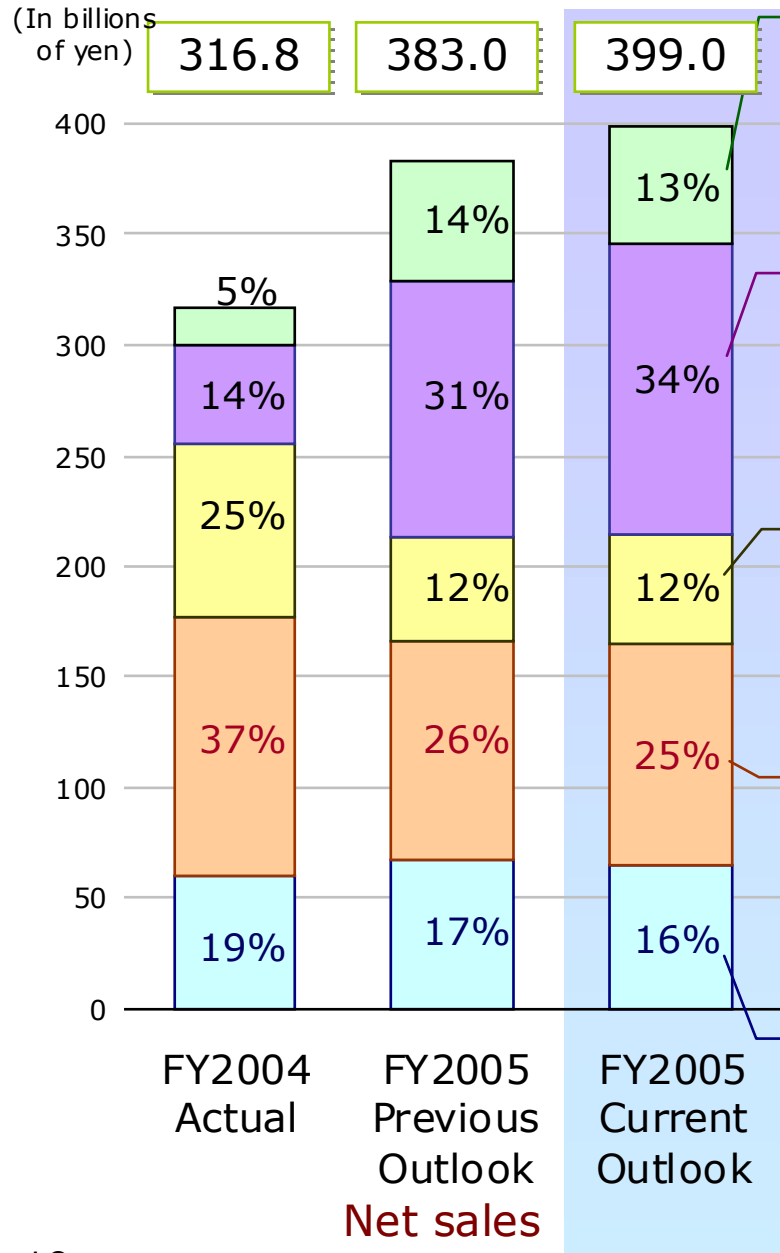
Half-year net sales

Sales Outlook by Business

▶ Electronic device segment



Sales Outlook by Business ▶ Displays



LTPS-TFT

➤ Rising demand for dig. cams., cellular, viewer, etc. apps, but sales to fall short of plan

a-TFT

➤ Seen exceeding plan due to continued strong demand from cellular

C-STN

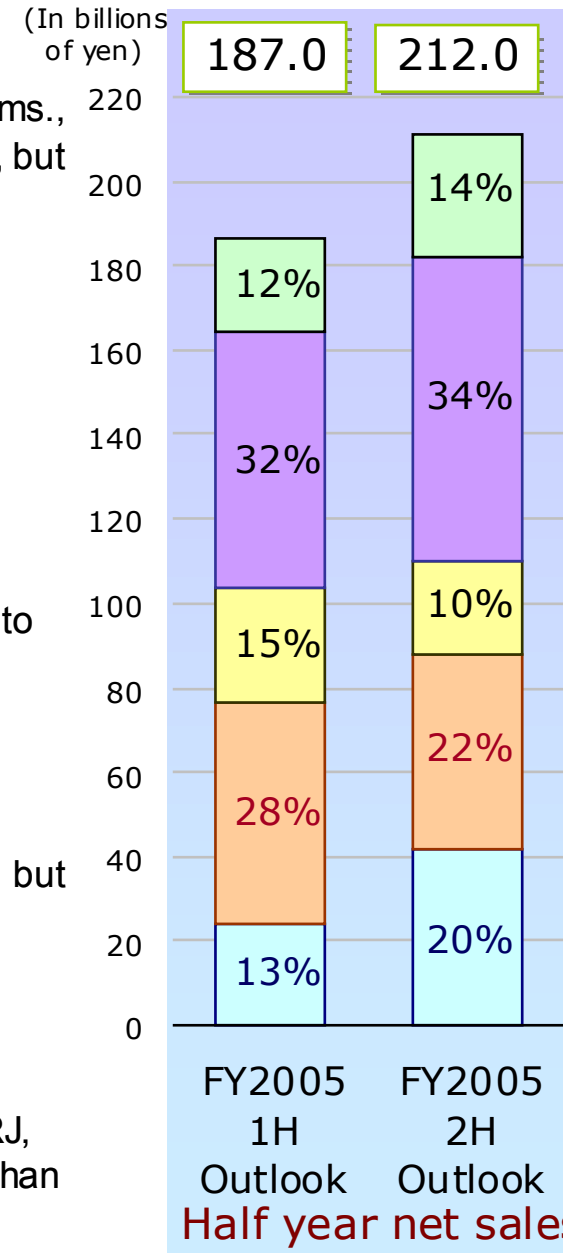
➤ Seen exceeding plan due to strong customer demand

MD-TFD

➤ Customer demand strong, but in line with outlook due to falling ASPs

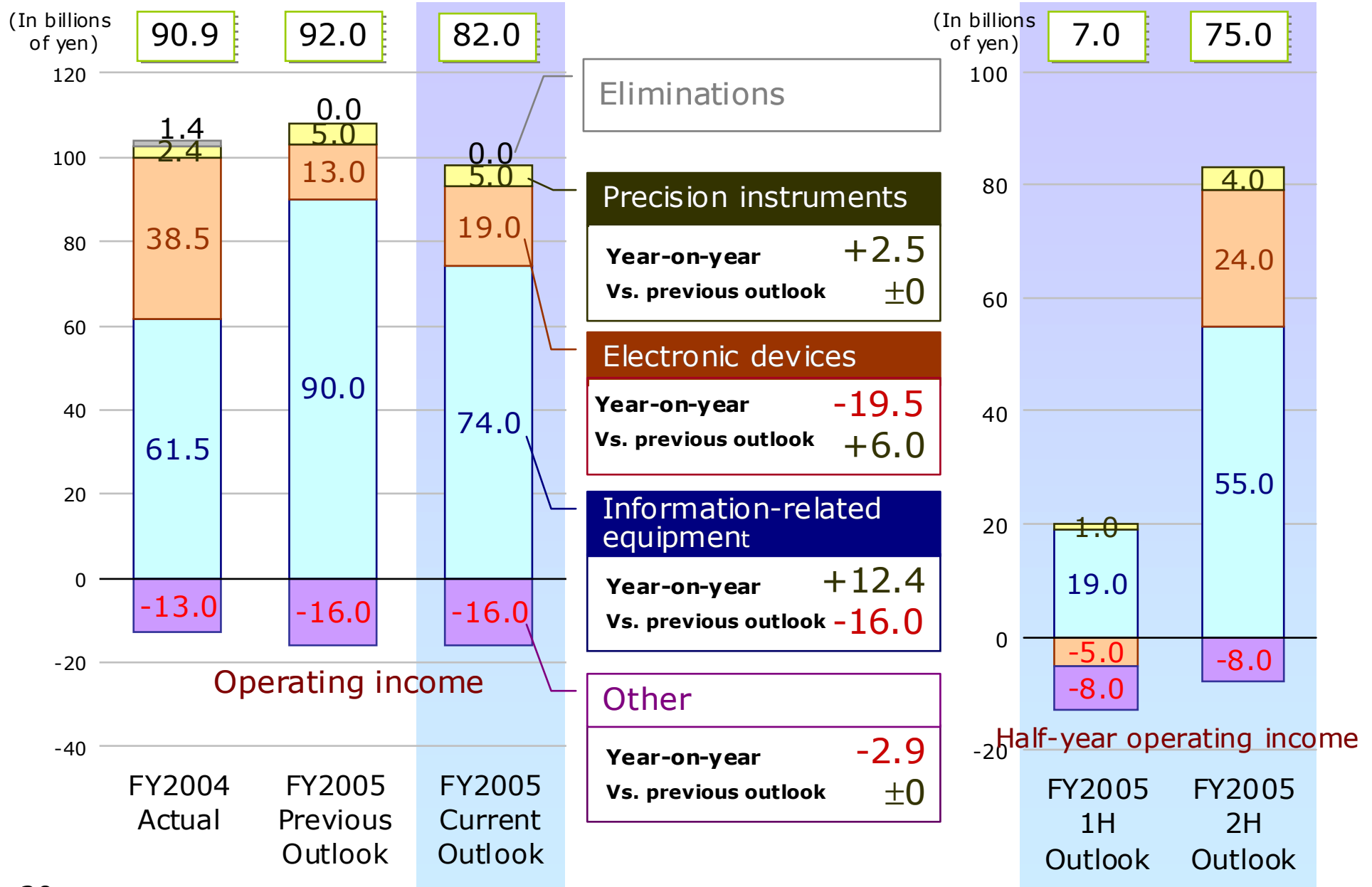
HTPS-TFT

➤ Steadily recovering for PRJ, but PTV recovery slower than expected



FY2005 Business Outlook

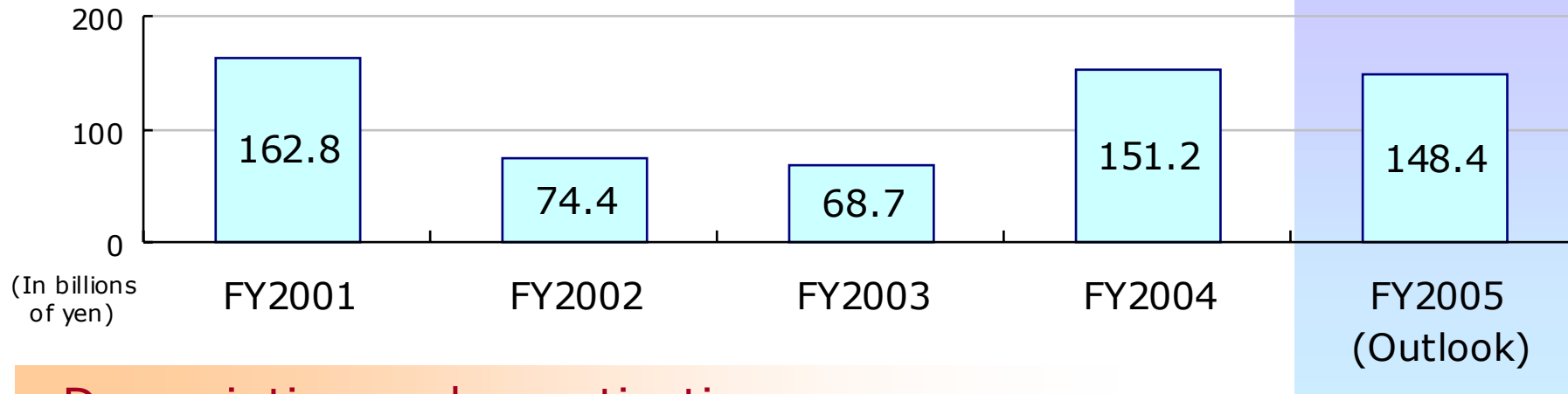
▶ Operating income by segment



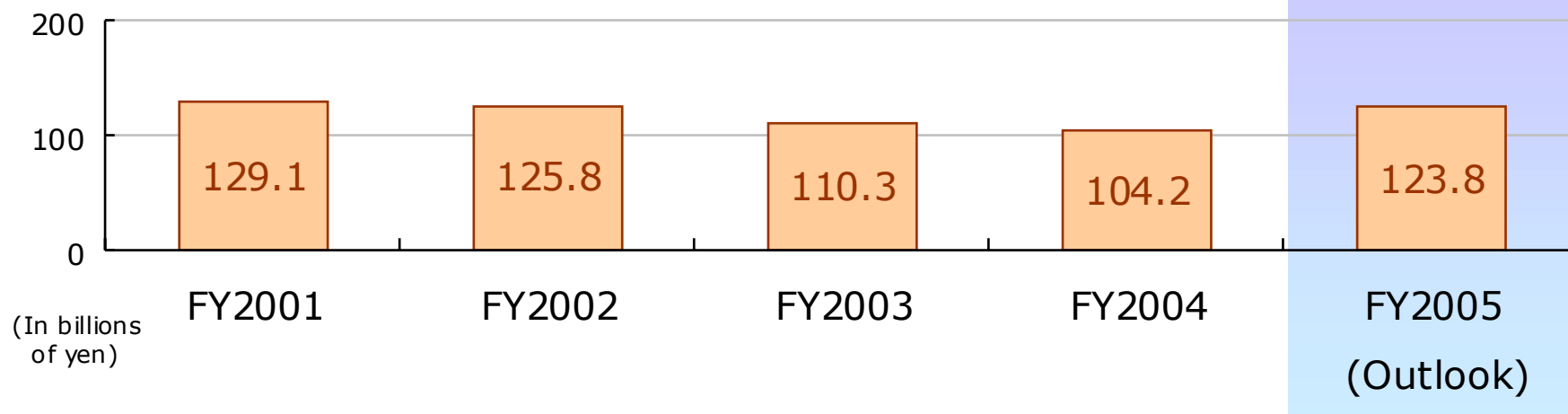
Outlook for Capital Expenditures and Depreciation & Amortization Expenses



Capital expenditures

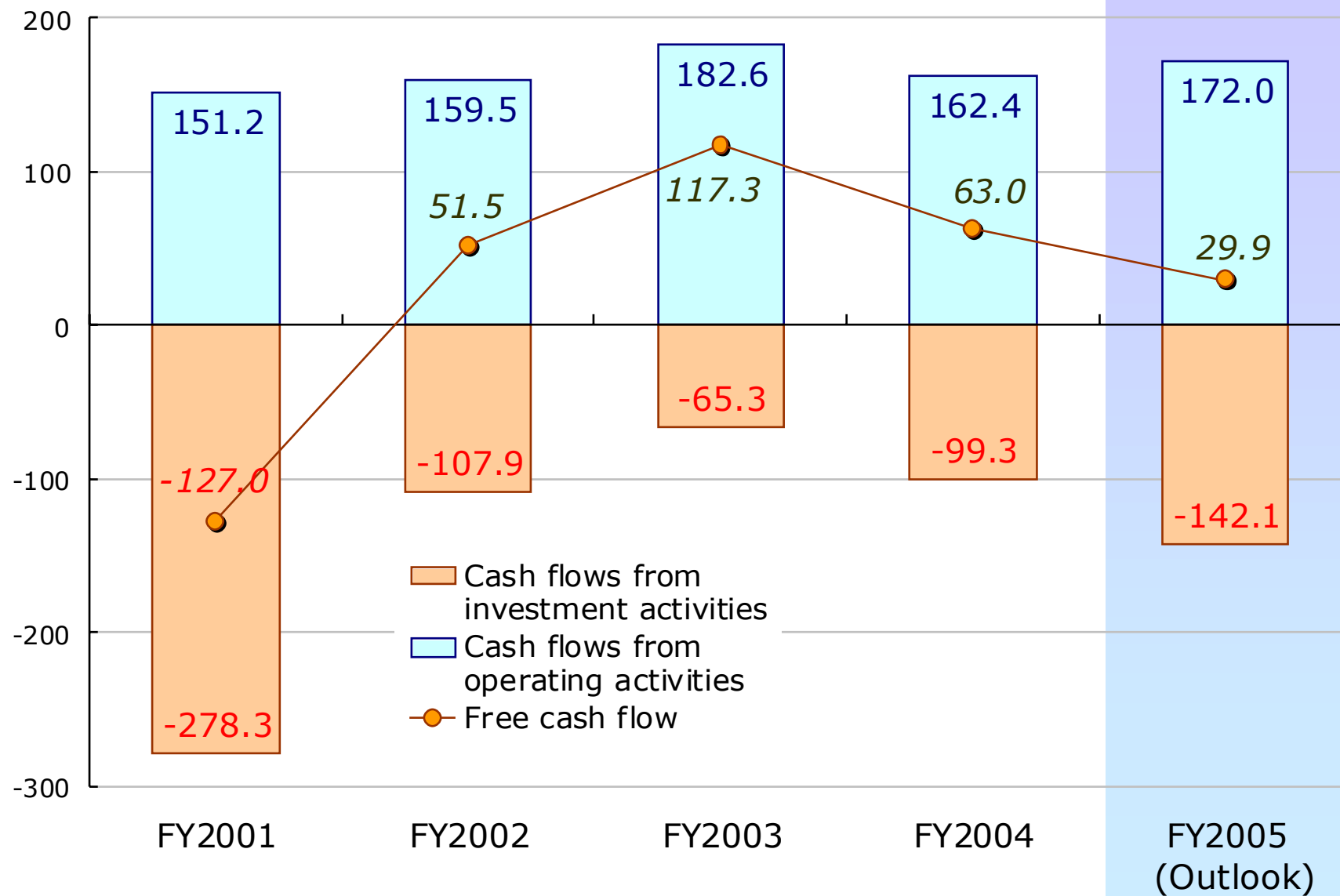


Depreciation and amortization expenses

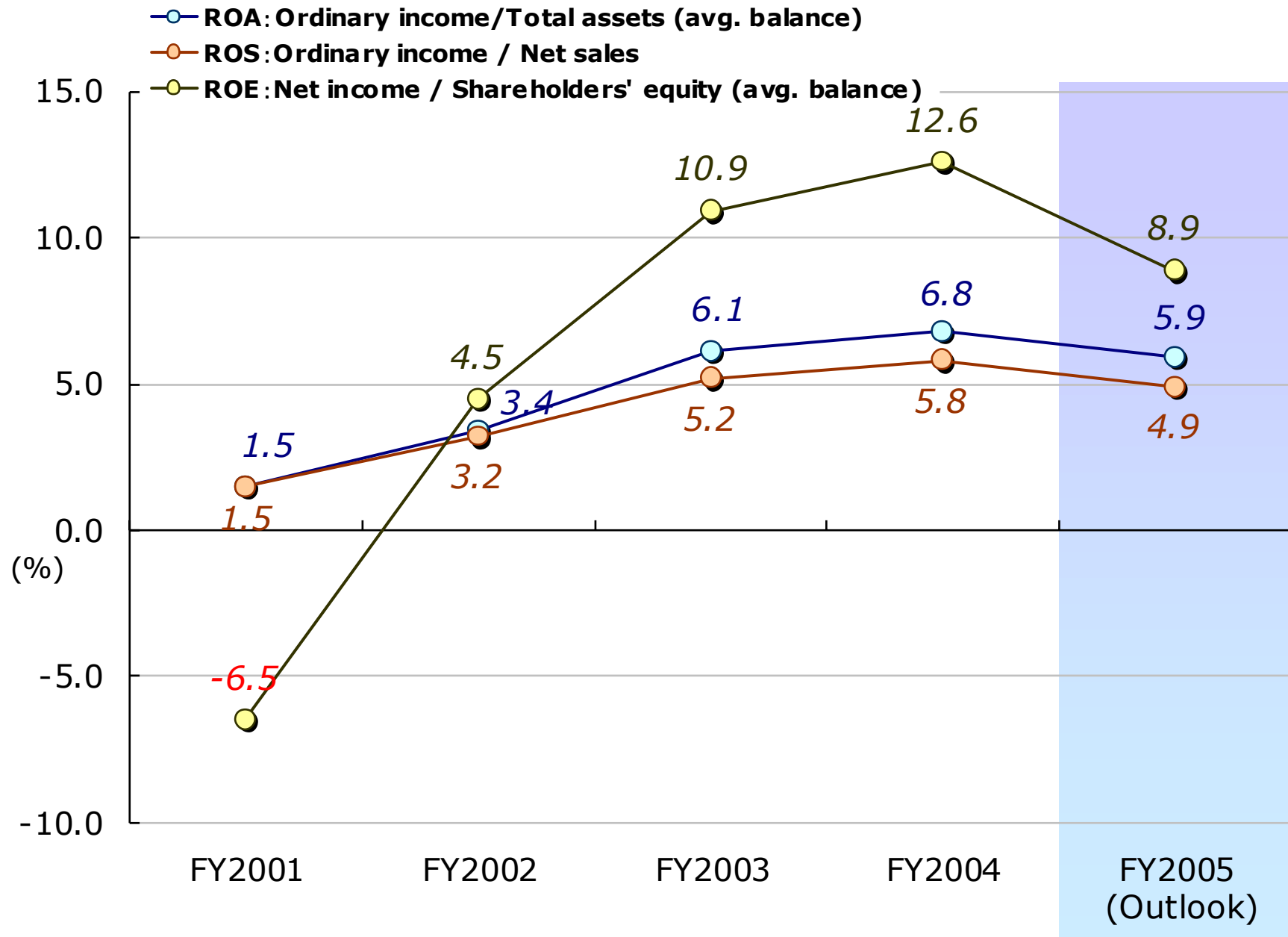


Free Cash Flows Outlook

(In billions of yen)



Main Management Metrics



EPSON
EXCEED YOUR VISION