



Second Quarter Financial Results Fiscal Year 2011 (Ending March 2012)

October 28, 2011

SEIKO EPSON CORPORATION



■ 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

FY2011

- With the aim of rapidly rebuilding and strengthening the manufacturing platform, the "Electronic Devices Segment" and "Precision Products Segment" have been consolidated under the new "Devices & Precision Products Segment."
- With the termination of operations in small- and medium-sized displays, profit and loss figures in this business will be consolidated under the "Other" segment from fiscal 2011 onward.

Visual Products Operations Division (October 1 Organizational Change)

- The "Visual Instruments Operations Division" (projectors) of the information equipment segment and the "TFT (HTPS) business" of the devices and precision products segment were consolidated into the new "Visual Products Operations Division" under the information equipment segment to help ensure growth and expansion in the visual instruments domain.

* In this presentation, FY2010 financial results and FY2011 financial results and forecasts have been restated to reflect the changes above

Financial Highlights (First Half)



(Billions of yen)	FY2010		FY2011				Change (amount, %)	
	Actual	%	7/29 Outlook	%	Actual	%	Y/Y	Vs. 7/29 Outlook
Net Sales	479.2	-	452.0	-	425.5	-	-53.7 -11.2%	-26.4 -5.9%
Operating Income	14.6	3.1%	7.0	1.5%	6.7	1.6%	-7.8 -53.8%	-0.2 -3.2%
Ordinary Income	14.8	3.1%	5.0	1.1%	6.1	1.4%	-8.7 -58.6%	+1.1 +22.9%
Net Income Before Income Taxes	13.4	2.8%	-2.0	-0.4%	0.0	0.0%	-13.3 -99.3%	+2.0 -
Net Income	7.4	1.6%	-11.0	-2.4%	-4.3	-1.0%	-11.8 -	+6.6 -
EPS	¥37.33		-¥55.06		-¥21.89			
Exchange Rate	USD	¥88.95	¥81.00		¥79.82			
	EUR	¥113.85	¥114.00		¥113.80			

Previous outlook exchange rate assumptions from Q2 onward
 USD: ¥80.00, EUR: ¥110.00

FY2011 Business Outlook



(Billions of yen)	FY2010		FY2011				Change (amount, %)	
	Actual	%	7/29 Outlook	%	Current Outlook	%	Y/Y	Vs. 7/29 Outlook
Net Sales	973.6	-	970.0	-	910.0	-	-63.6 -6.5%	-60.0 -6.2%
Operating Income	32.7	3.4%	43.0	4.4%	33.0	3.6%	+0.2 +0.9%	-10.0 -23.3%
Ordinary Income	31.1	3.2%	40.0	4.1%	31.0	3.4%	-0.1 -0.6%	-9.0 -22.5%
Net Income Before Income Taxes	15.3	1.6%	30.0	3.1%	21.0	2.3%	+5.6 +36.5%	-9.0 -30.0%
Net Income	10.2	1.1%	17.0	1.8%	10.0	1.1%	-0.2 -2.3%	-7.0 -41.2%
EPS	¥51.25		¥85.09		¥50.15			
Exchange Rate	USD	¥85.72	¥80.00		¥77.00		Current outlook exchange rate assumptions for FY2011/H2 USD: ¥75.00 EUR: ¥105.00	
	EUR	¥113.12	¥112.00		¥109.00			

Previous outlook exchange rate assumptions from Q2 onward
 USD: ¥80.00, EUR: ¥110.00

Launch Competitive New Products On Schedule

- 18 business inkjet printer models
- Compact inkjet printers (Small-in-One)
- Expand sales region for high-capacity inkjet printers
- Expand lineup of business & home projectors
- Expand lineup of business systems (SIDM & TM)

Progress & Actions

- Competing with strong lineup in competitive Europe and America markets
 - Invest in sales as needed to ensure planned quantities
- Took care of disaster-related procurement problems by August
 - Ship by air to ensure quantities of new products for year-end shopping season

Reflected impacts and countermeasures in financial outlook, made steady progress on our basic strategy, and acquired a strong foothold for the second half onward

Information Equipment

■ Inkjet Printer Business

- This year's new products are receiving positive reviews
- Meet initial sales targets, and tie into further sales growth from FY2012 onward



Business Inkjet Printer



Compact Inkjet Printer

■ Projector Business

- Demand is slowing in European & U.S. education markets but is picking up in emerging markets
- Greatly enhance lineup by launching new products
- Leverage our No. 1 position to meet initial sales targets and increase our share



Standard Office Projector



3D Home Projector

Devices & Precision Products

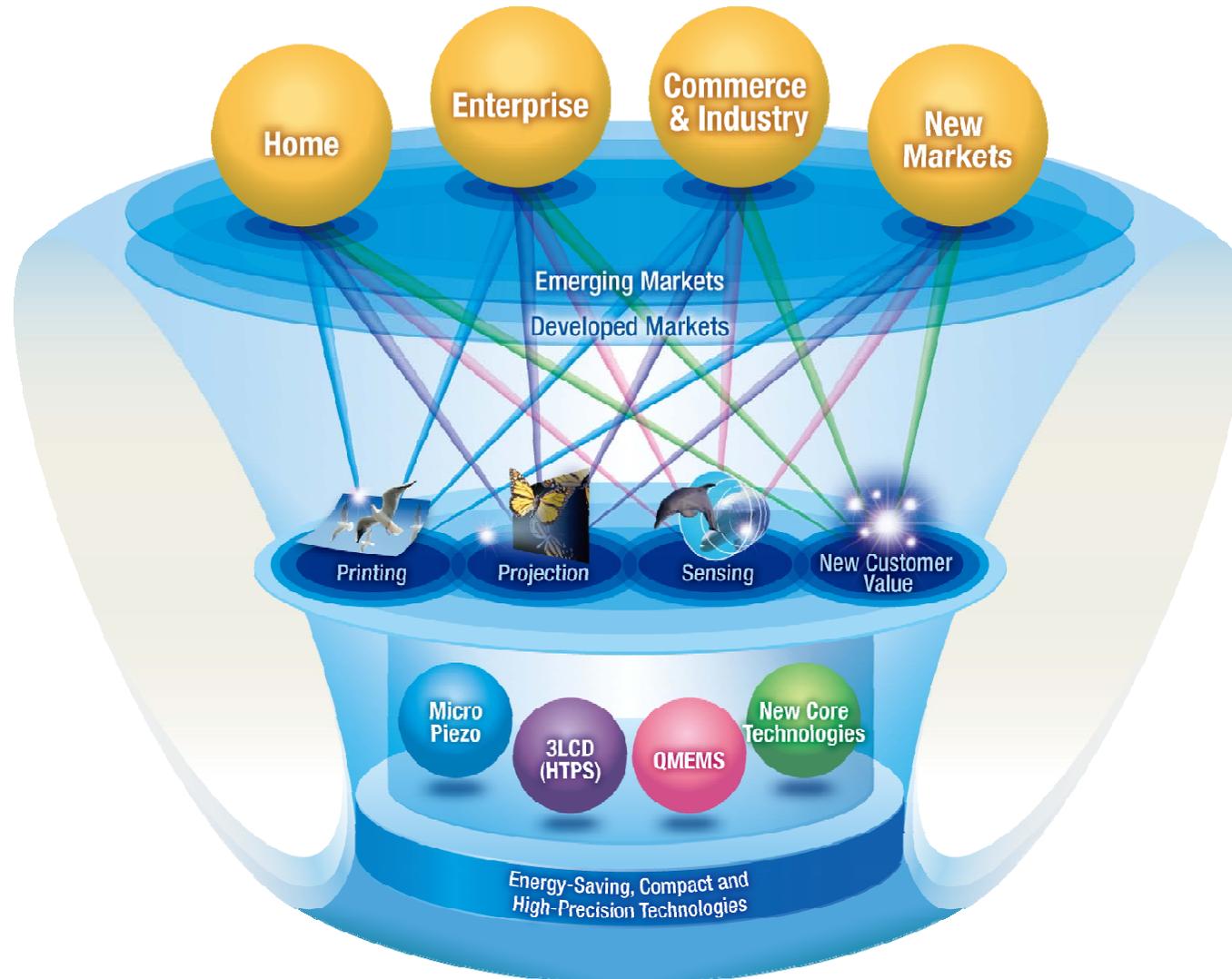
■ Microdevices Business

(Quartz Devices, Semiconductors)

- Delayed recovery due to earthquake, economic slowdown, and strengthening yen
- Accelerate efforts to improve earnings
 1. Transfer quartz component assembly from Japan to overseas sites
 2. Shift workers to key areas in information equipment
 3. Consolidate semiconductor fabs at Sakata Plant
 4. Leverage semiconductor technology in quartz devices
 - Promote in-house production of semiconductors for quartz devices
 - Fully leverage assembly & packaging technologies

Growth Model Envisioned in SE15

Focus on our core strengths and expand our customer base



1) FY2011 Q2 Financial Results

2) FY2011 Financial Outlook



Financial Highlights (Second Quarter)



(Billions of yen)	FY2010		FY2011		Change	
	Q2 Actual	%	Q2 Actual	%	Amount	%
Net Sales	240.0	-	207.7	-	-32.3	-13.5%
Operating Income	3.9	1.6%	3.1	1.5%	-0.7	-19.9%
Ordinary Income	3.6	1.5%	3.7	1.8%	+0.1	+3.1%
Net Income Before Income Taxes	2.7	1.1%	-0.4	-0.2%	-3.1	-
Quarterly Net Income	-0.4	-0.2%	-1.1	-0.6%	-0.6	-
EPS	-¥2.43		-¥5.75			
Exchange Rate	USD	¥85.90	¥77.89			
	EUR	¥110.70	¥110.19			

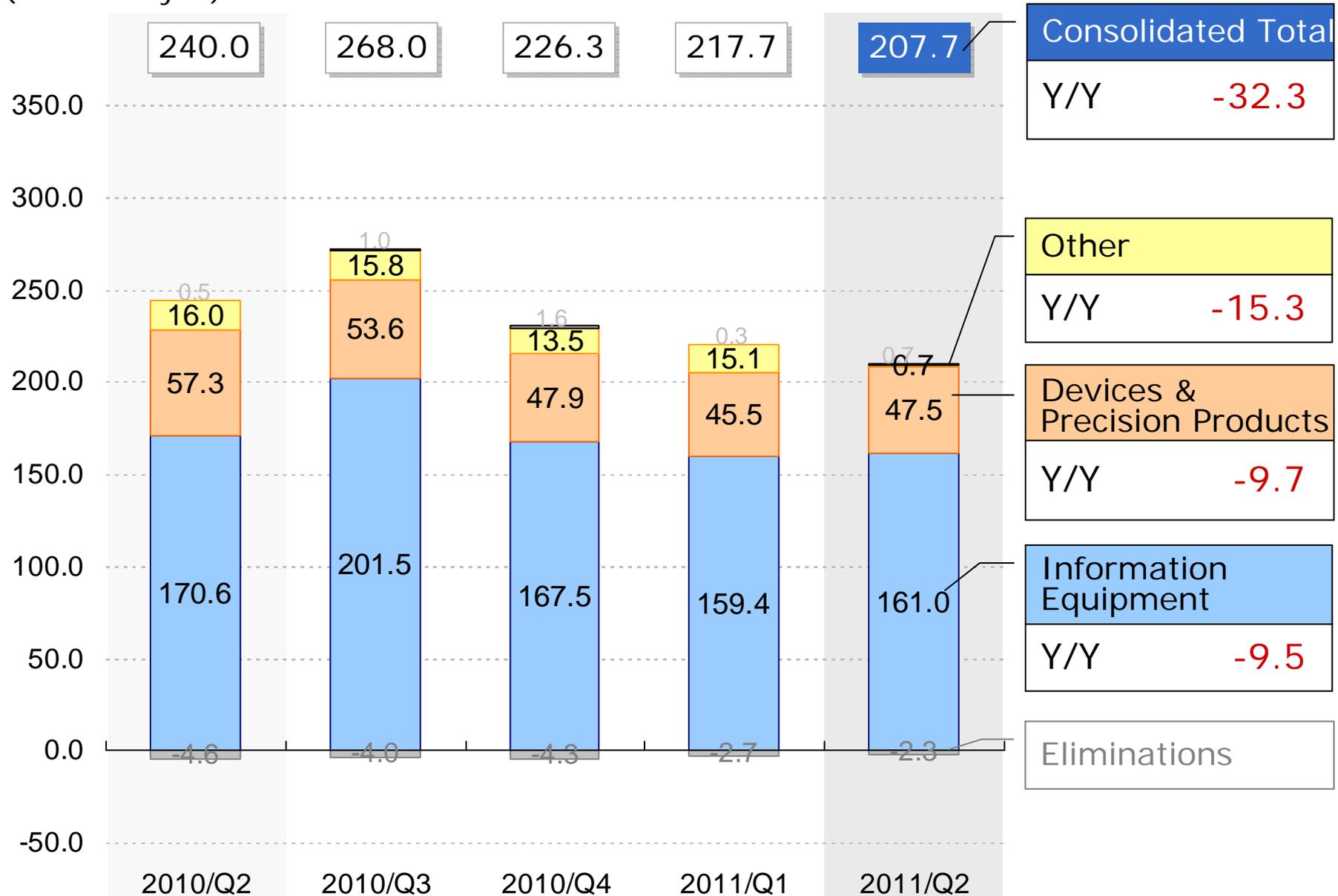


Quarterly Net Sales

► By business segment



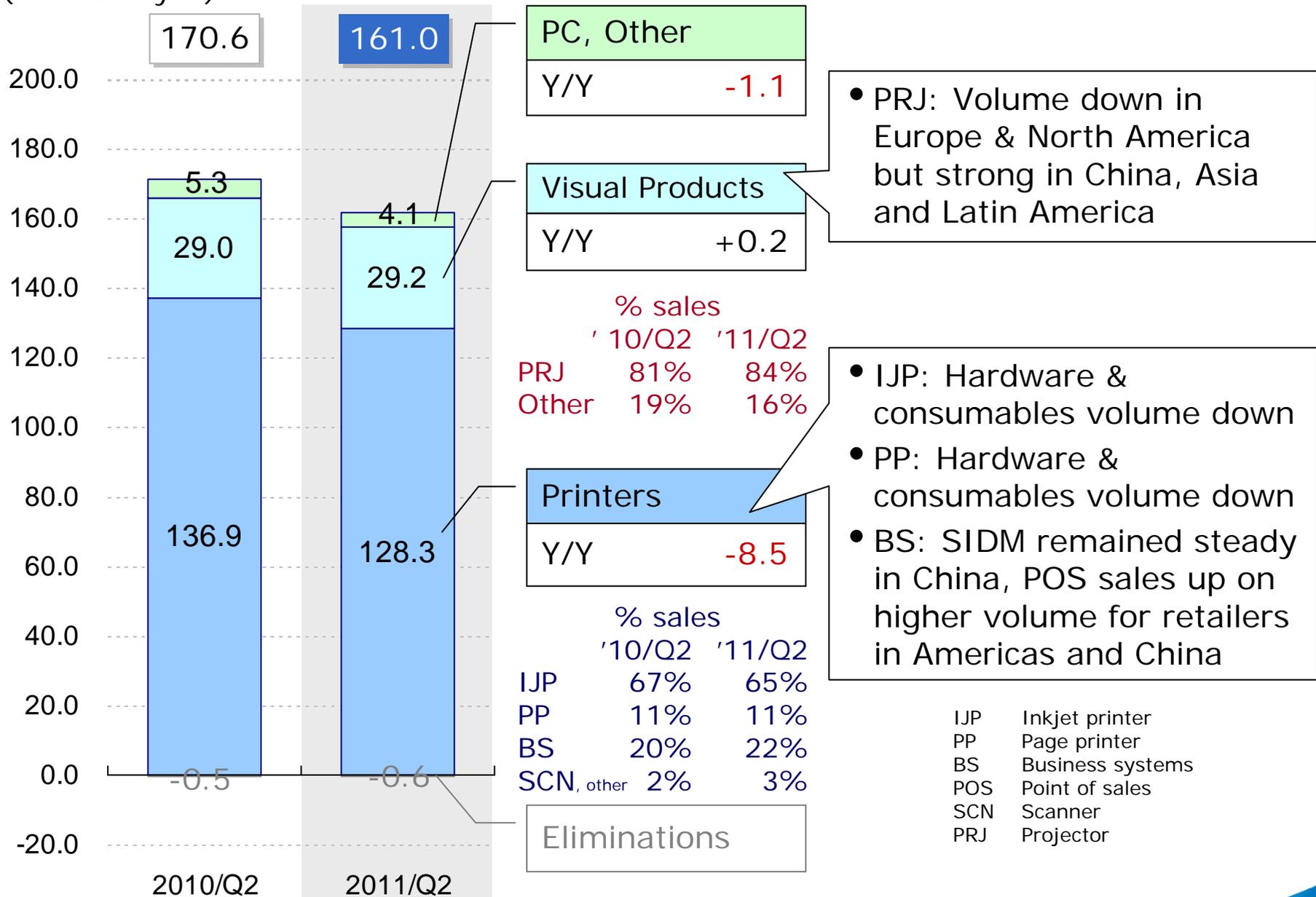
(Billions of yen)



Quarterly Net Sales Comparison

Information Equipment Segment

(Billions of yen)

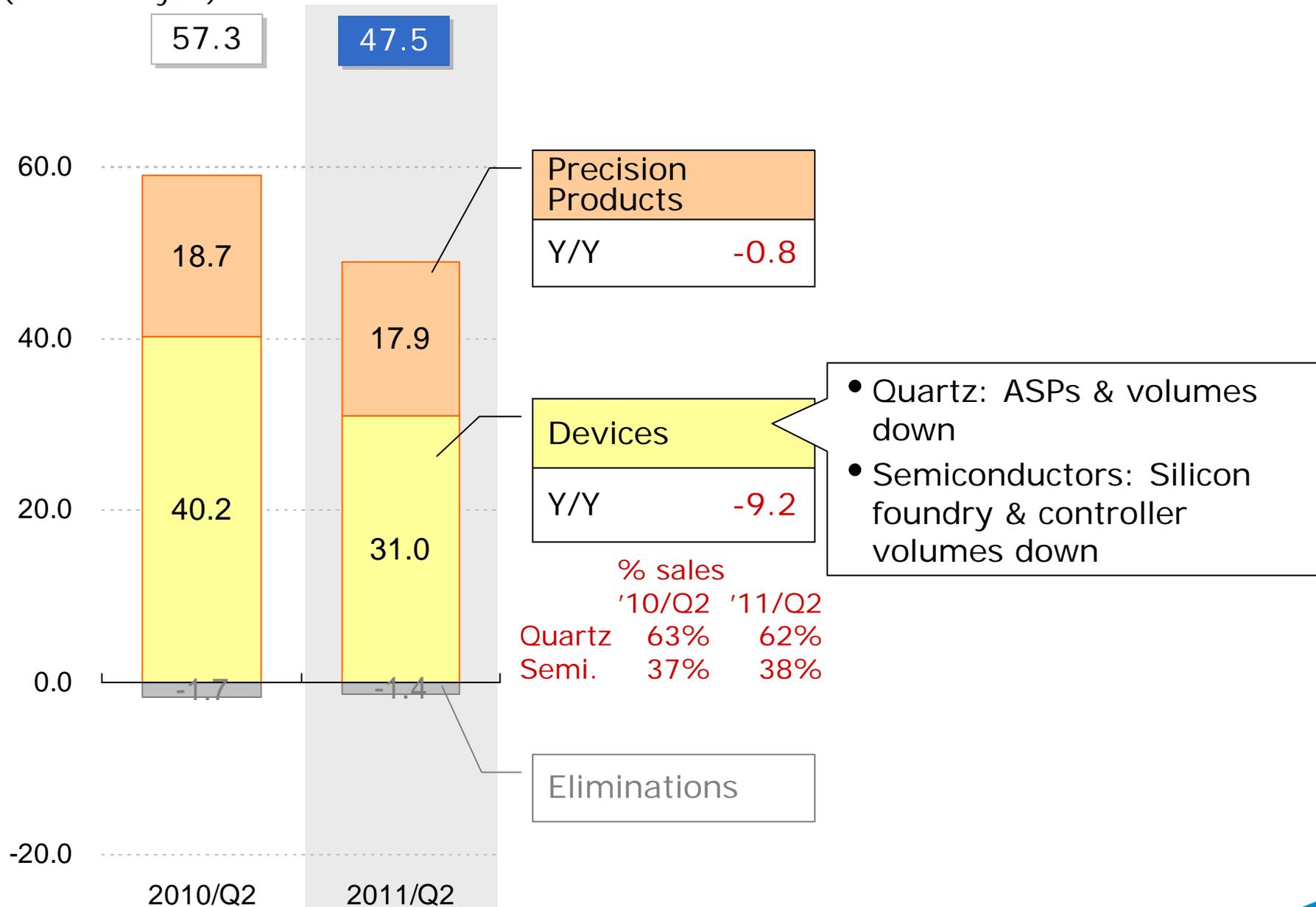




Quarterly Net Sales Comparison

▶ Devices and Precision Products Segment

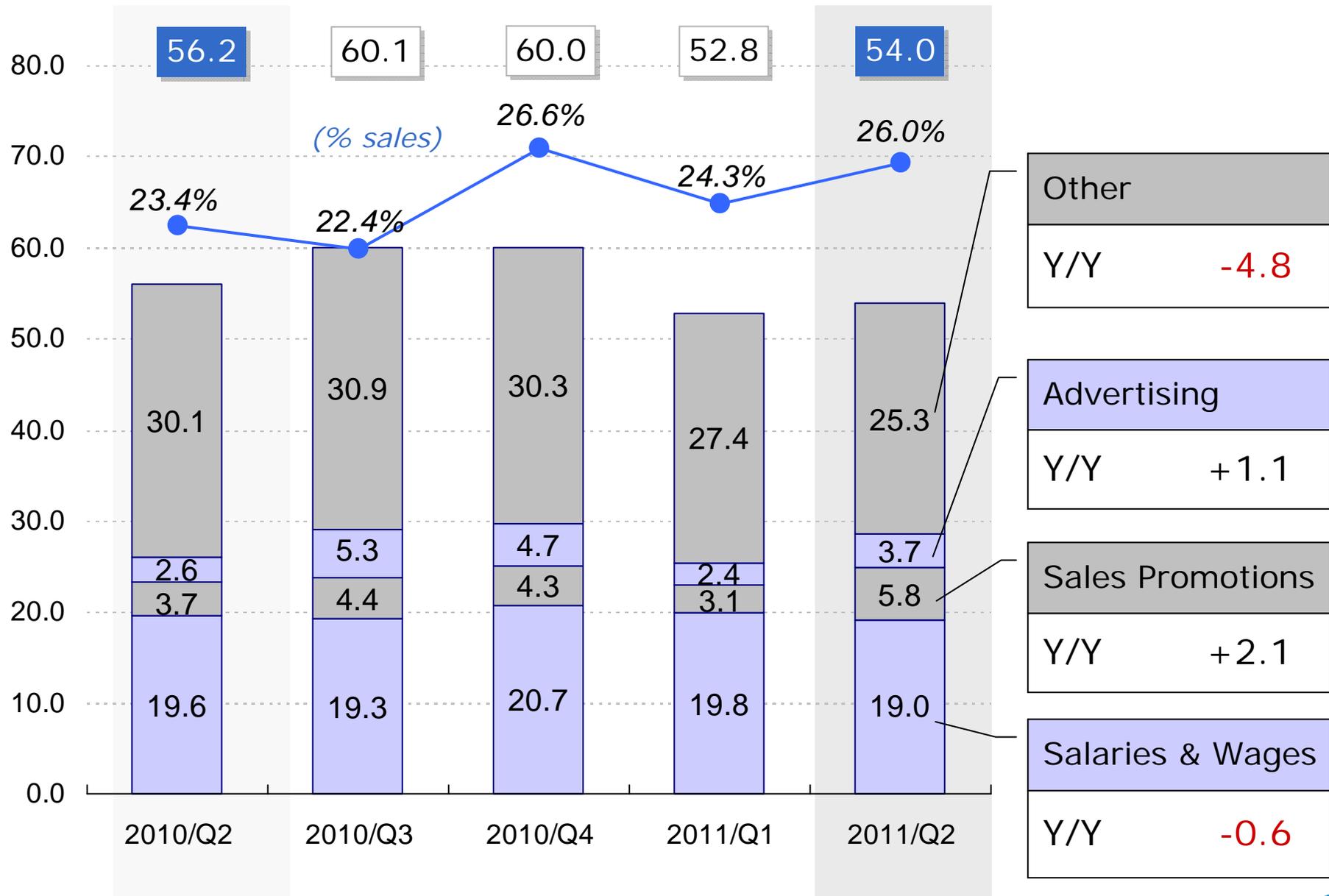
(Billions of yen)



Quarterly Selling, General and Administrative Expenses



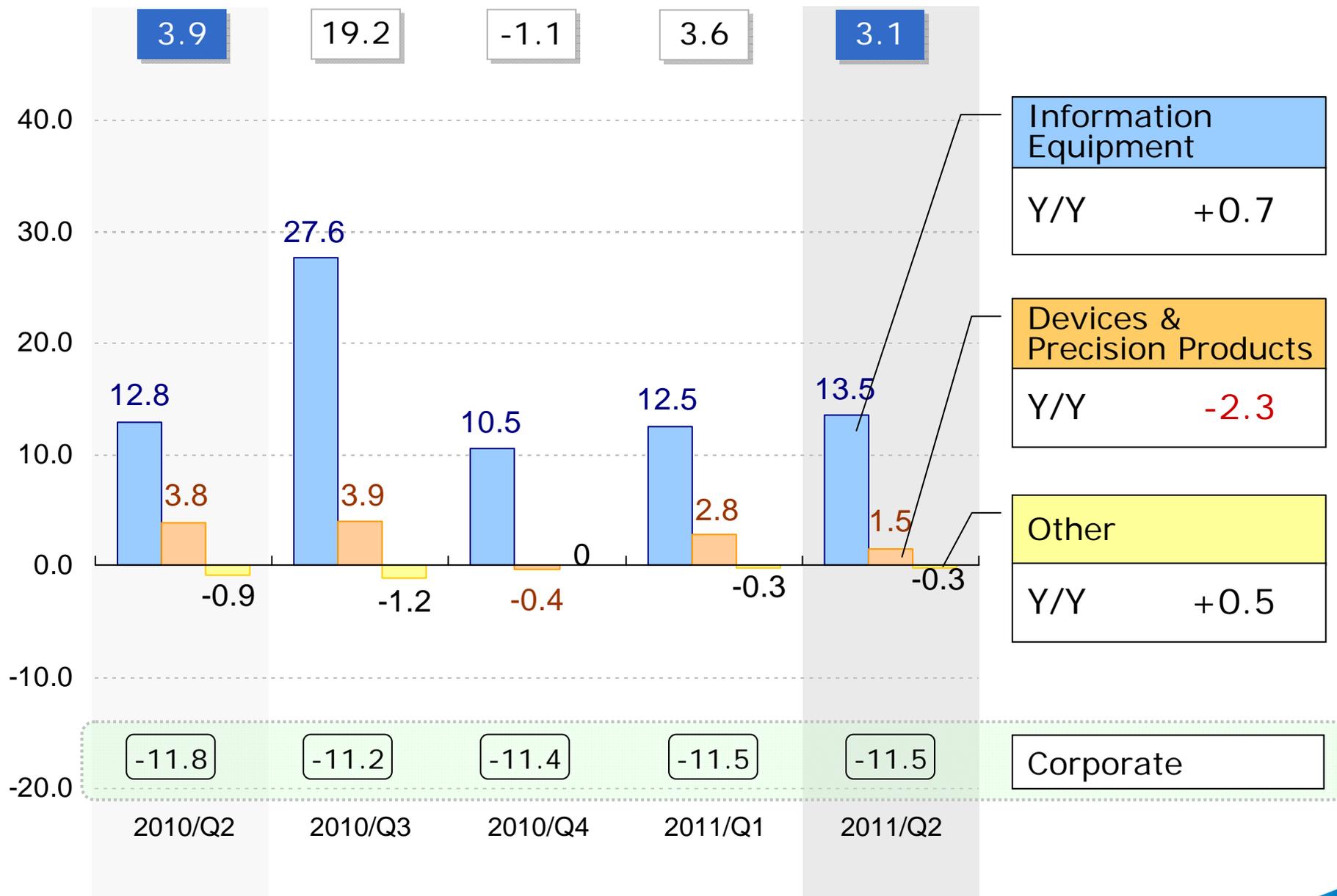
(Billions of yen)



Quarterly Operating Income

► By business segment

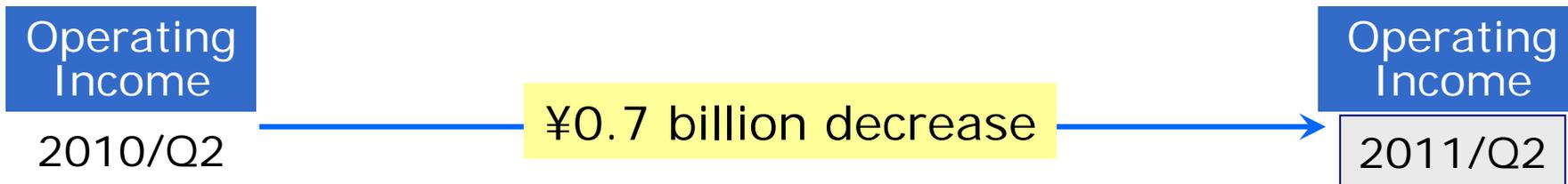
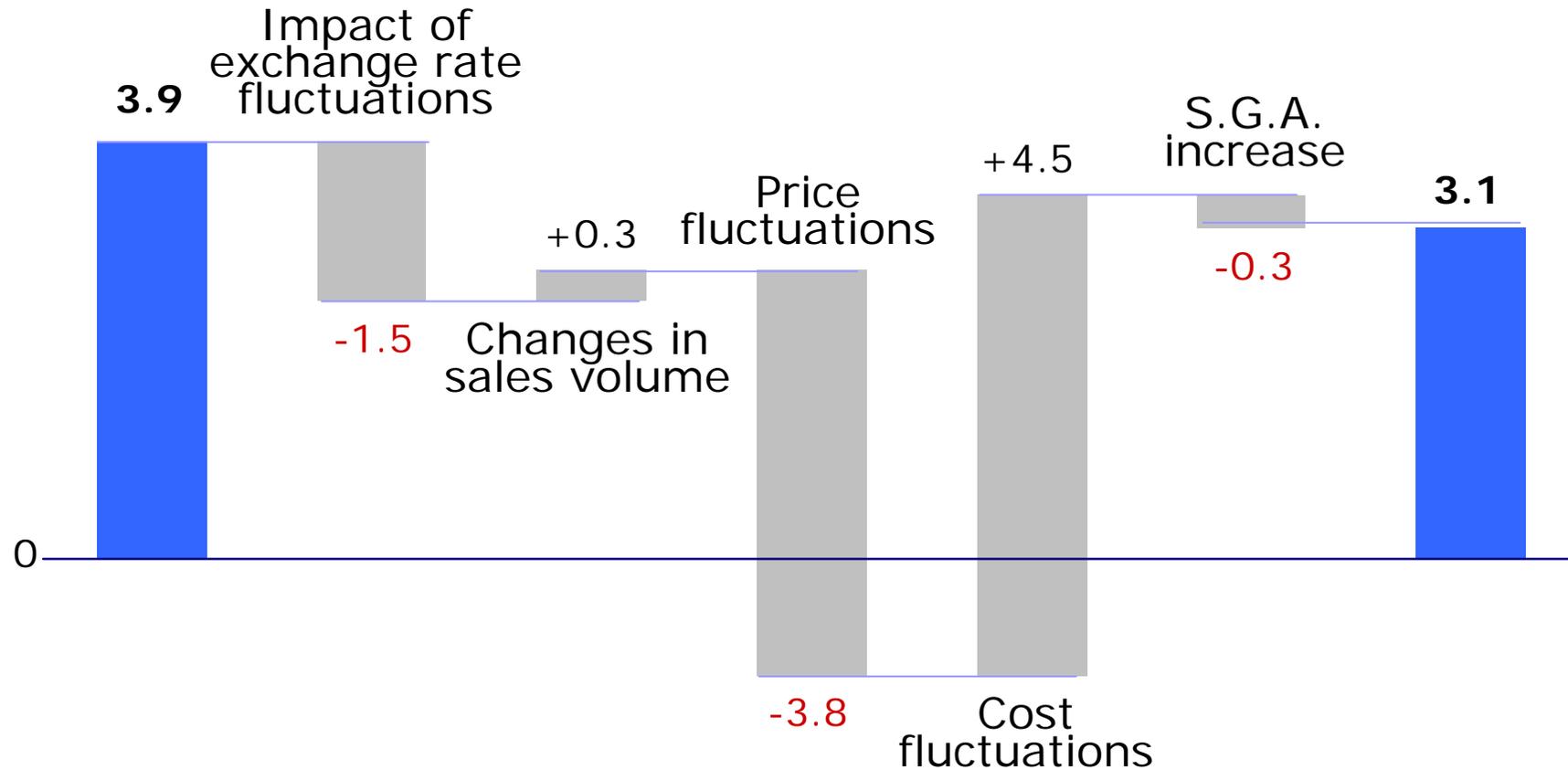
(Billions of yen)





Operating Income Fluctuation Cause Analysis

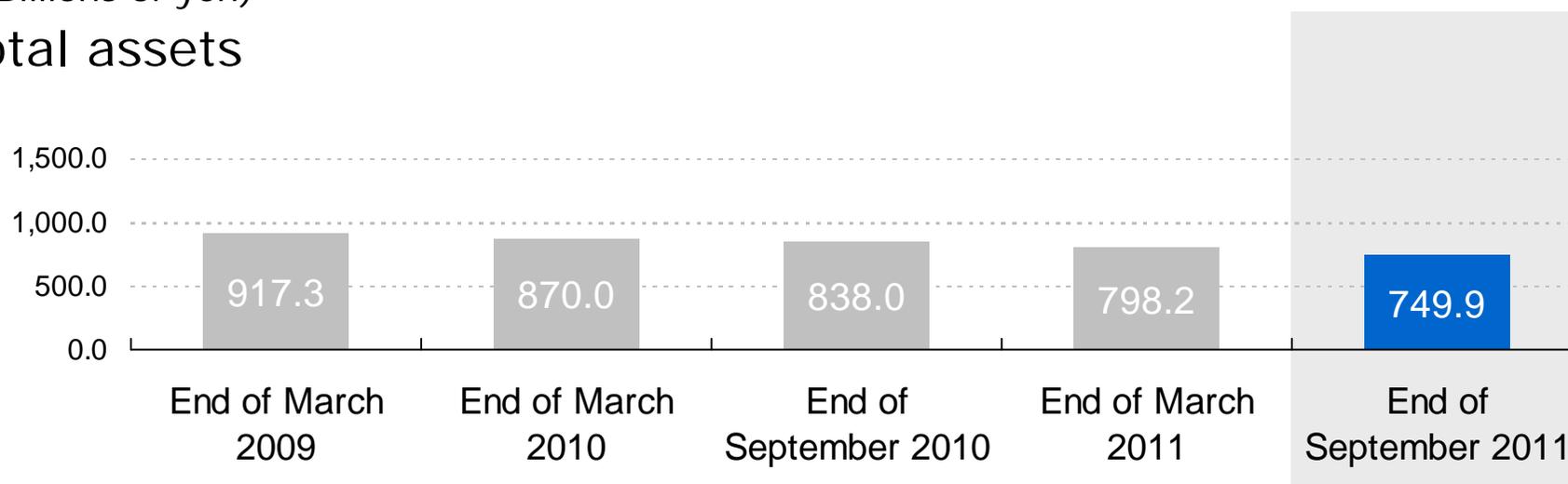
(Billions of yen)



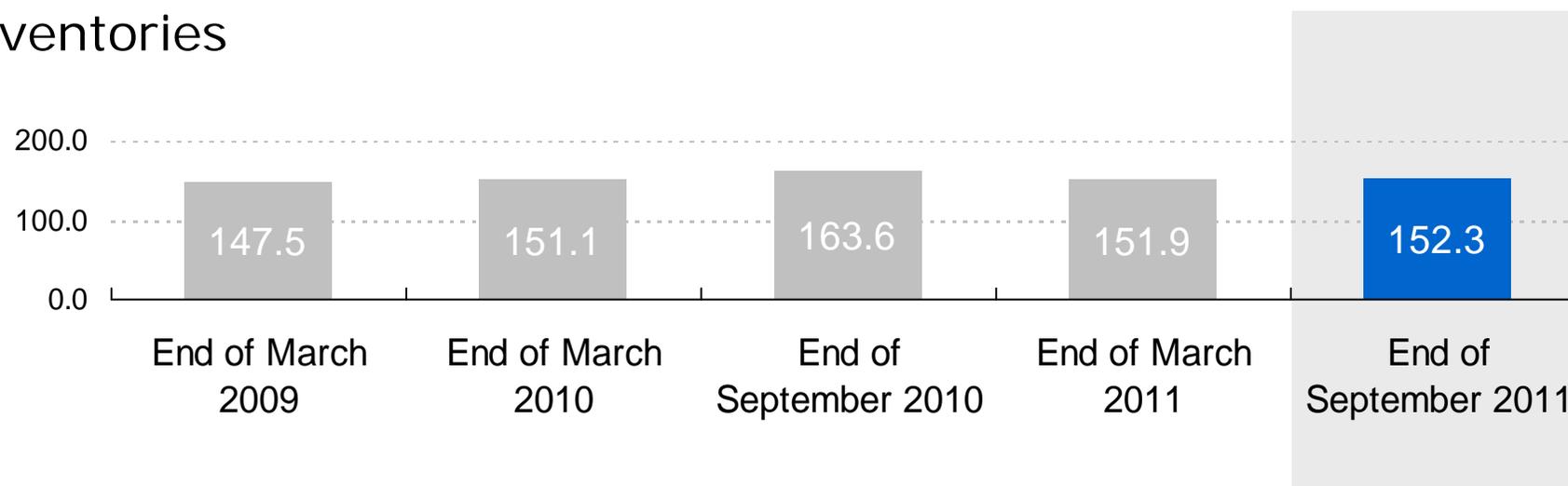
Statistics of Balance Sheet Items

(Billions of yen)

Total assets



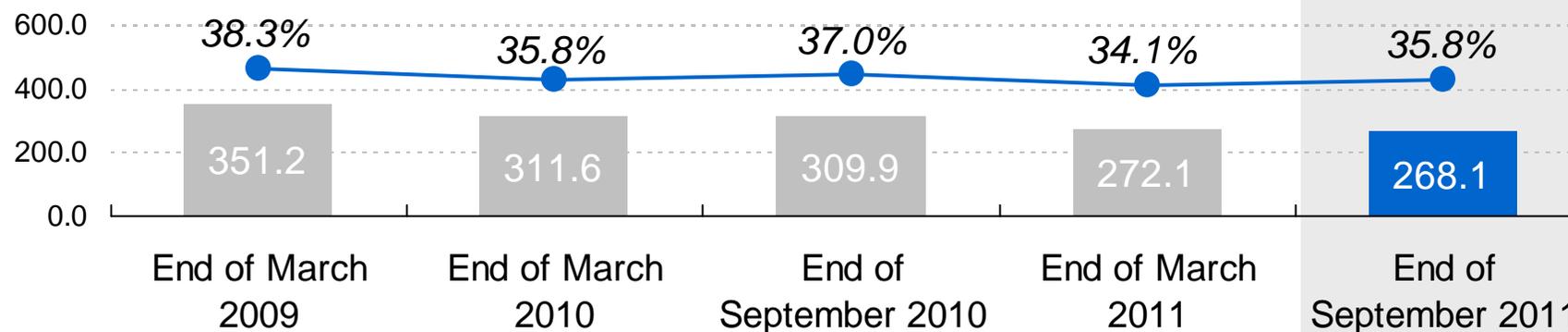
Inventories



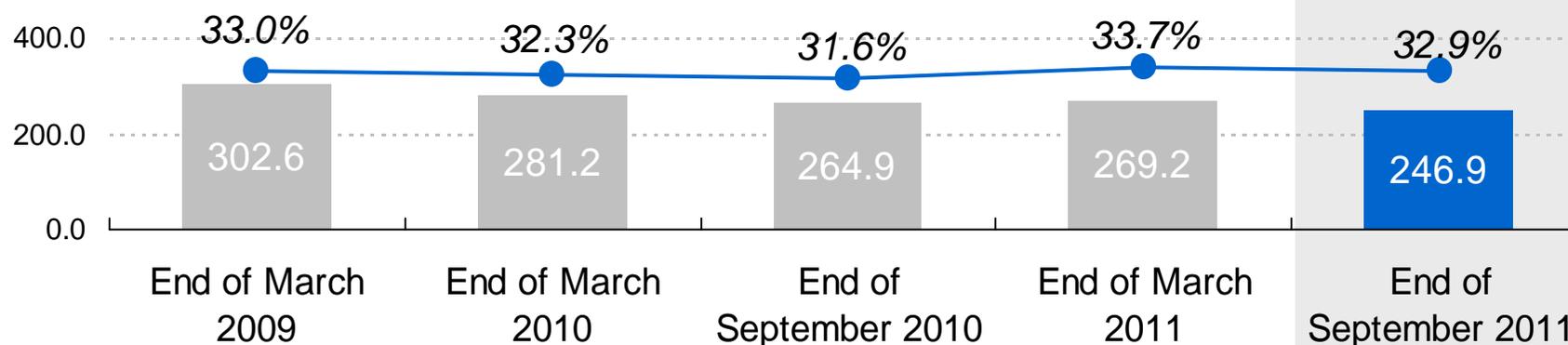
Statistics of Balance Sheet Items

(Billions of yen)

Interest-bearing liabilities & ratio of interest-bearing liabilities



Shareholders' equity & equity ratio



*Lease obligations are included in interest-bearing liabilities

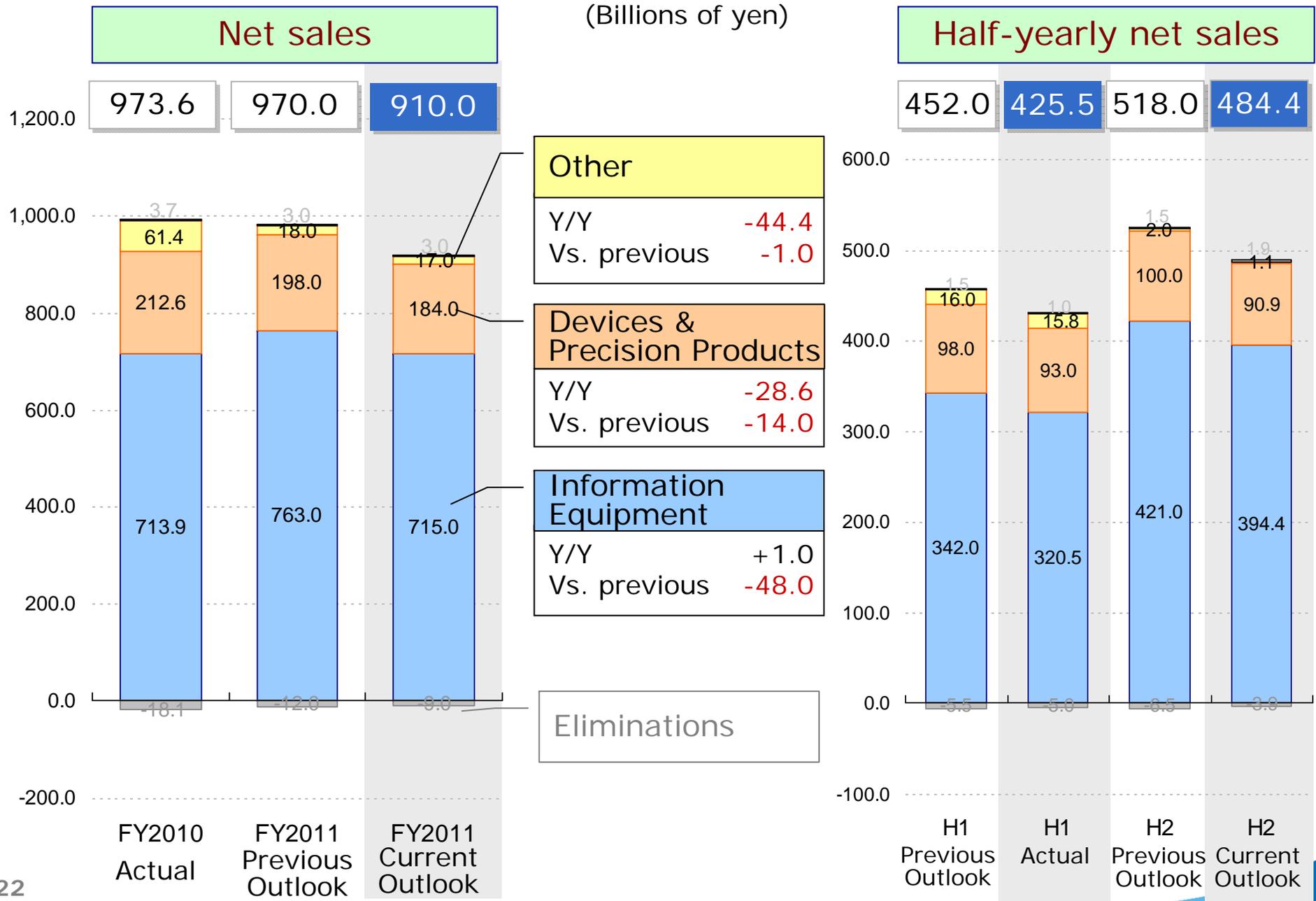
*Shareholder equity = total net assets - minority interests in subsidiaries

1) FY2011 Q2 Financial Results

2) FY2011 Financial Outlook

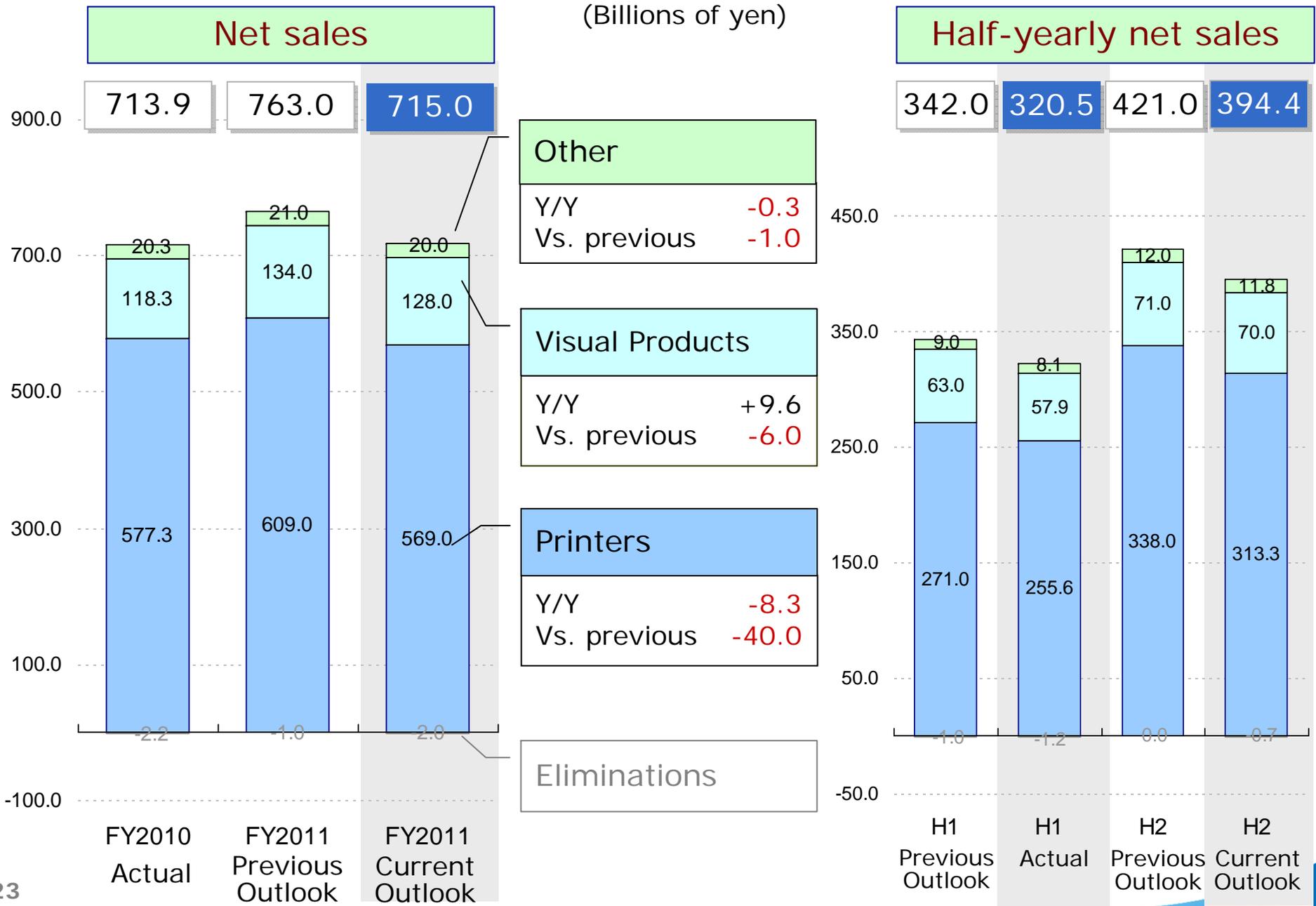
FY2011 Business Outlook (Net Sales)

► By business segment



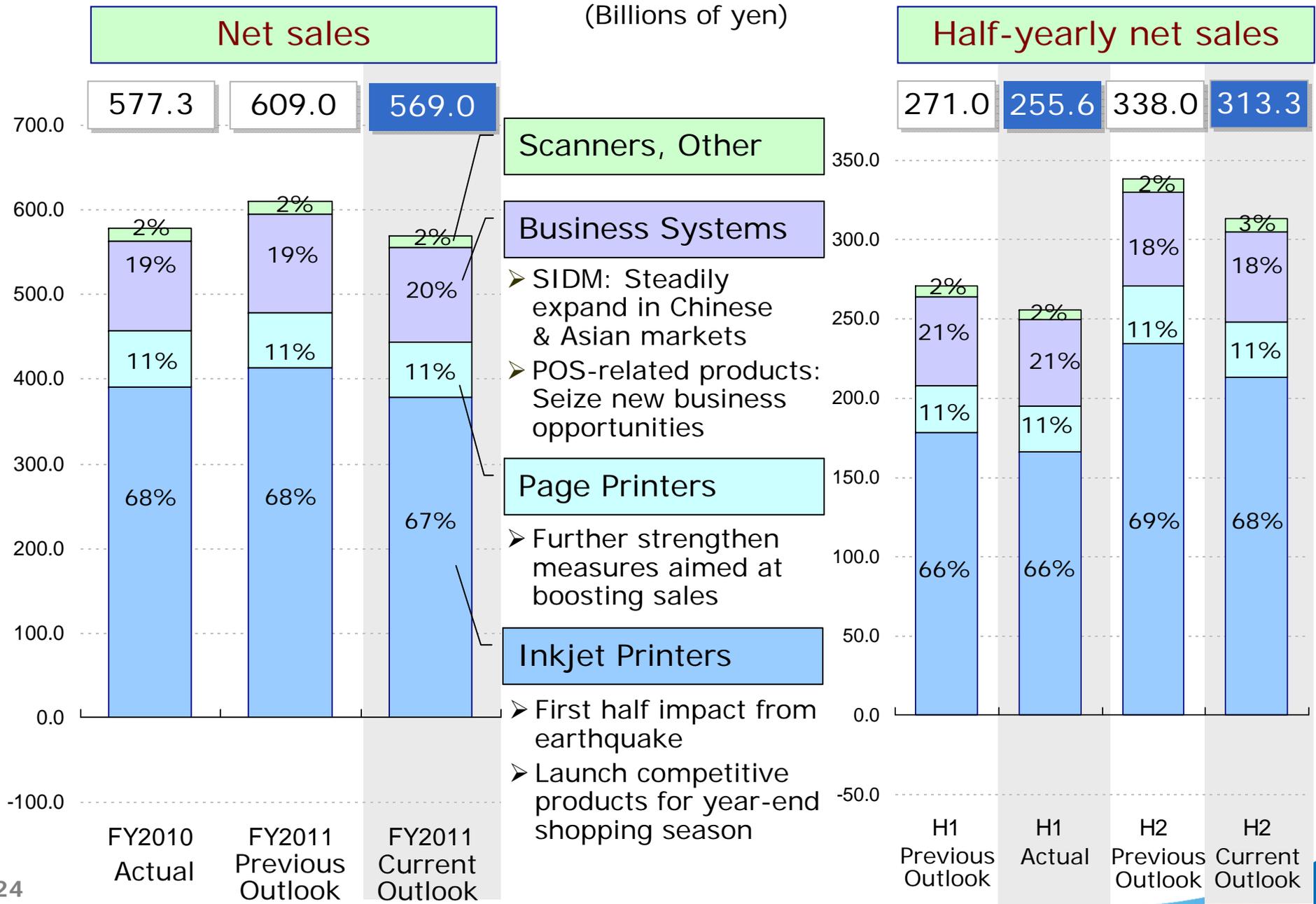
Net Sales Outlook by Business

Information Equipment Segment



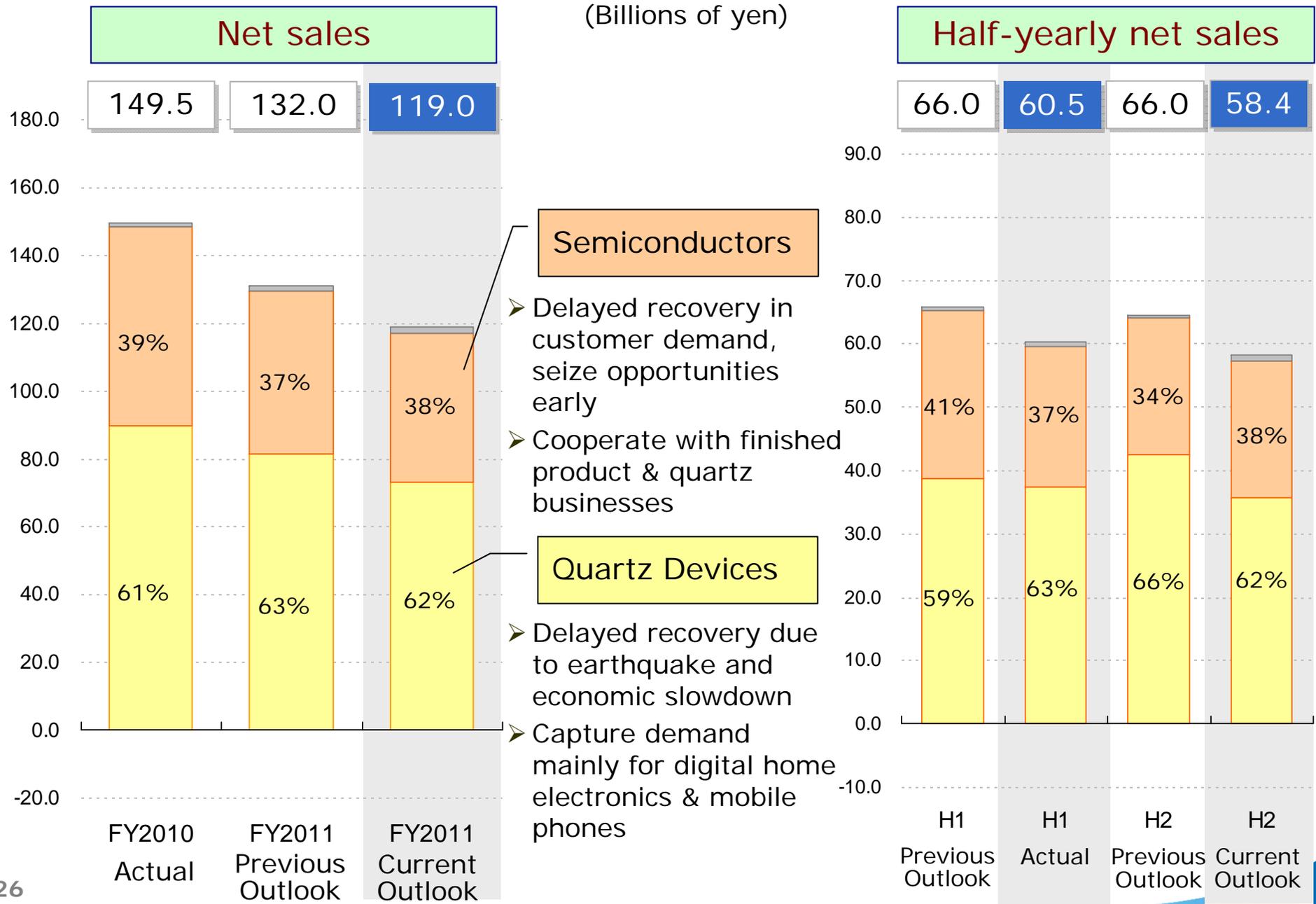
Net Sales Outlook by Business

▶ Printer Business



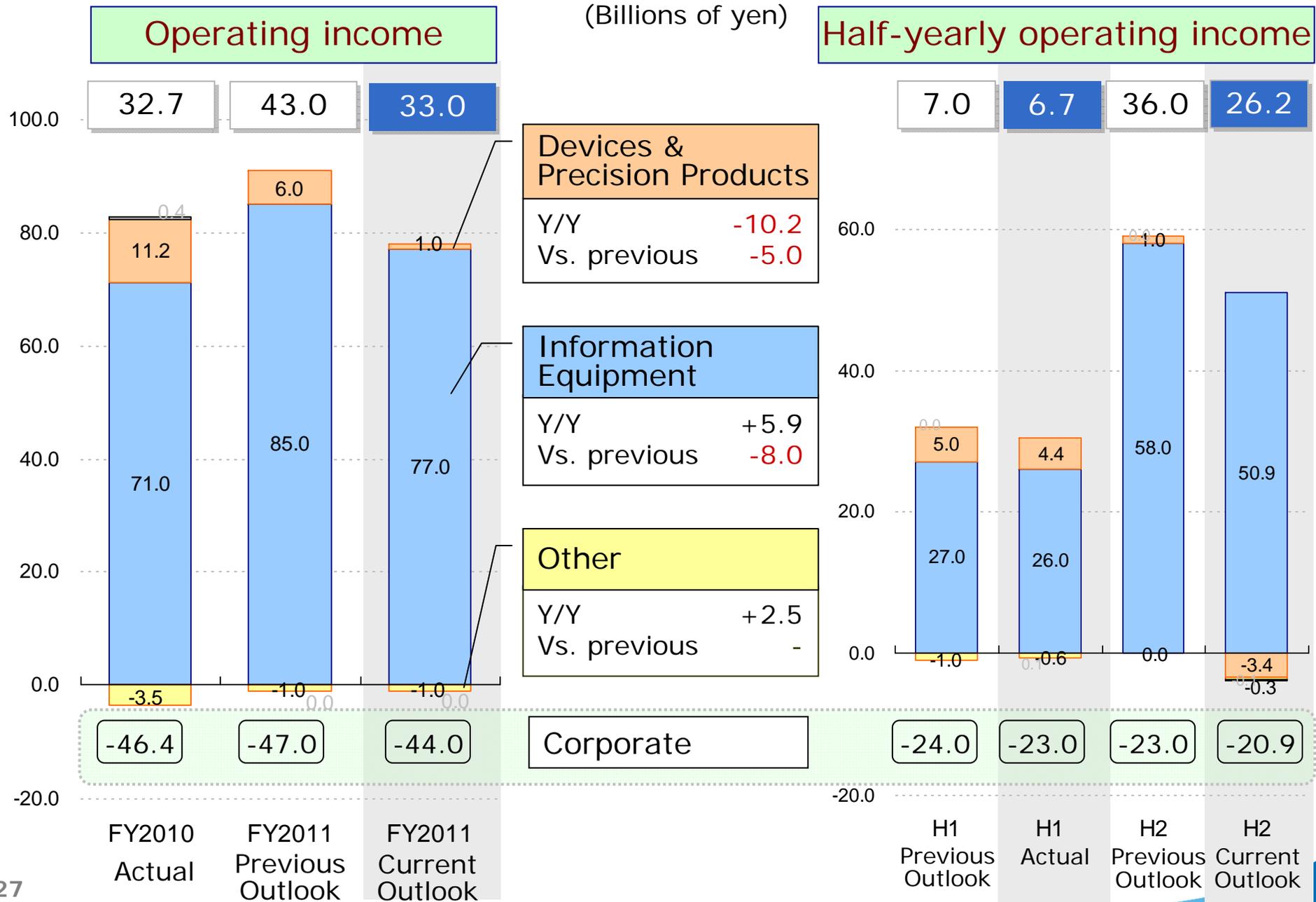
Net Sales Outlook by Business

▶ Devices Business



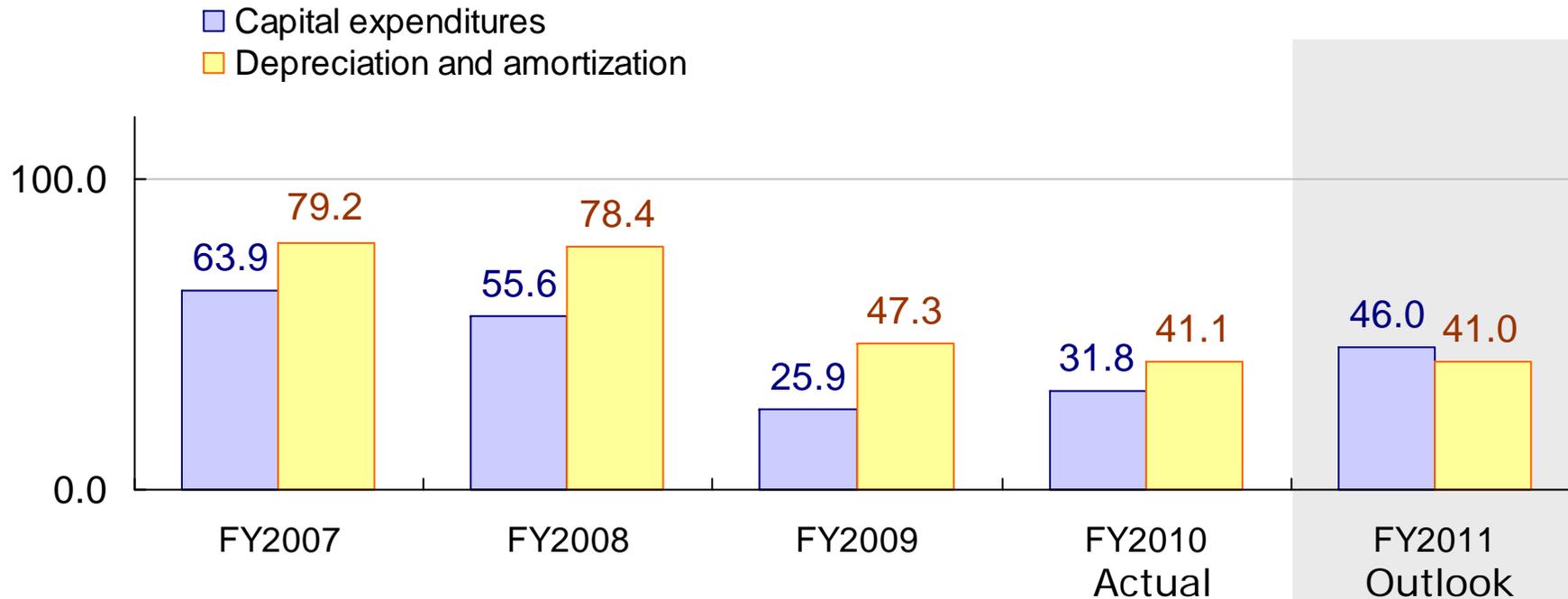
FY2011 Business Outlook (Operating Income)

► By business segment



Outlook for Capital Expenditure and Depreciation & Amortization Expenses

(Billions of yen)

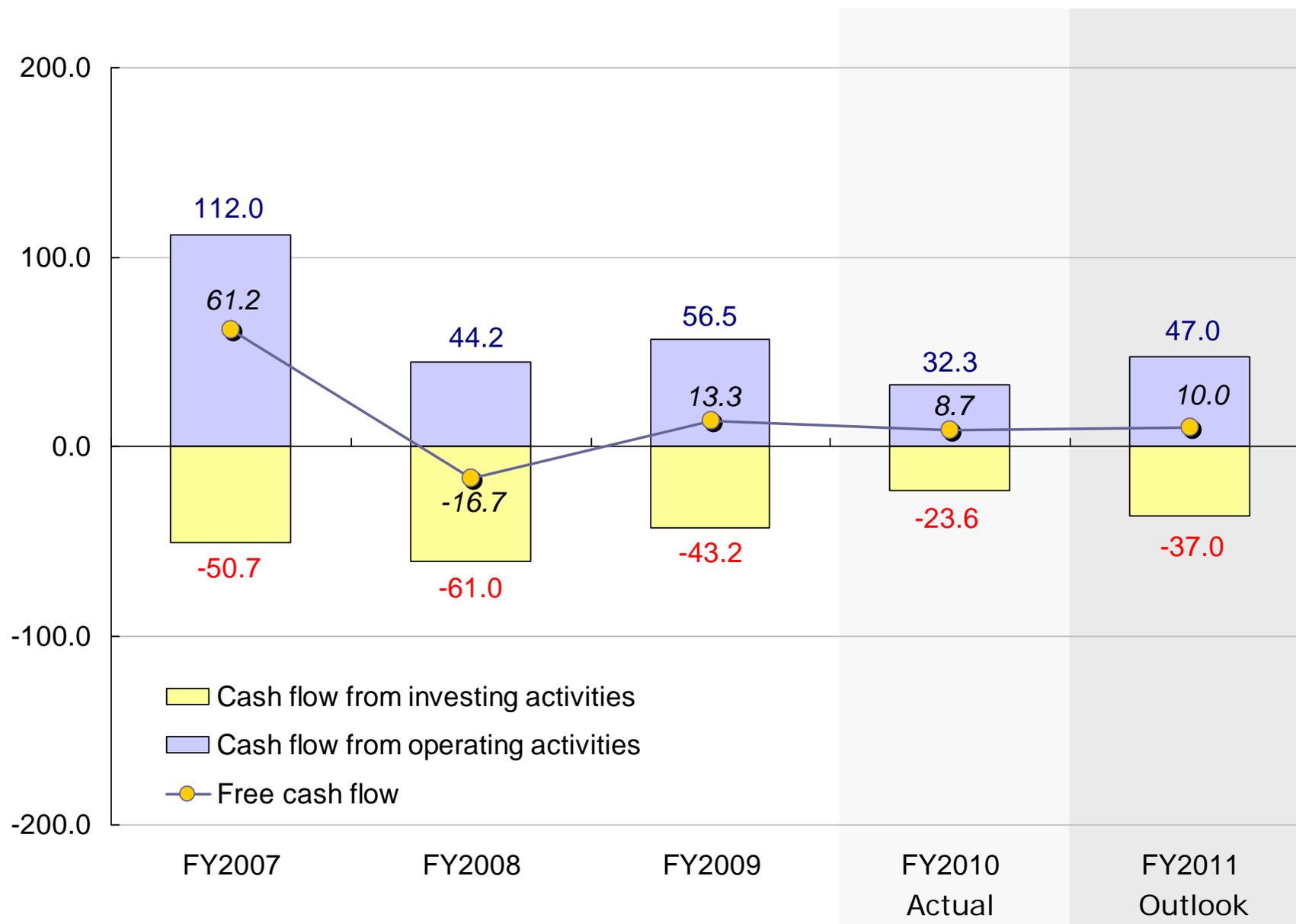


Breakdown by segment

	FY2010 Actual		FY2011 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	18.6	24.5	31.0	25.0
Devices & Precision Products	10.2	10.1	9.0	11.0
Other/Adjustments	2.9	6.3	6.0	5.0

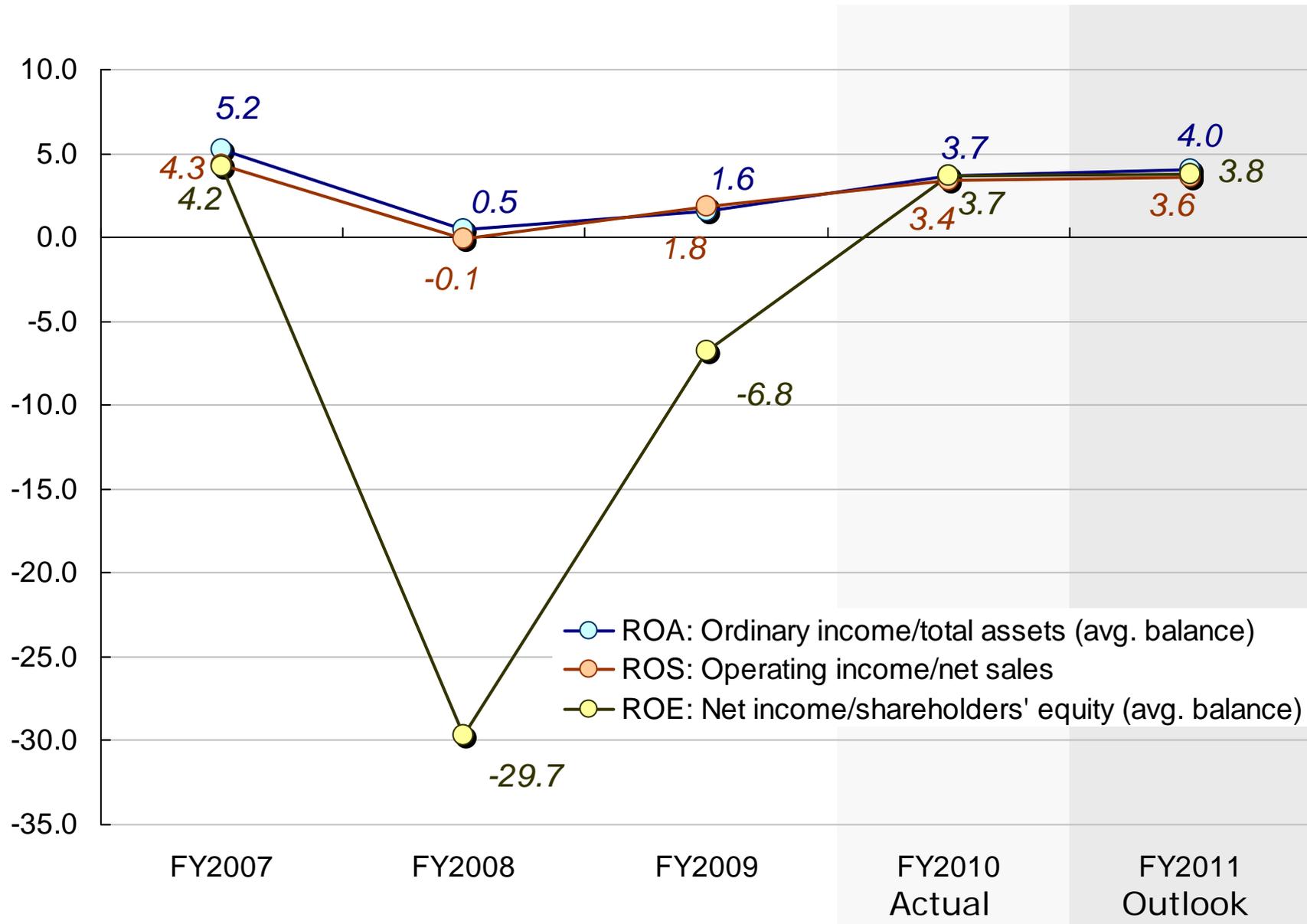
Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators

(%)



EPSON
EXCEED YOUR VISION