



Fourth Quarter Financial Results Fiscal Year 2012 (Ended March 2013)

April 30, 2013

Seiko Epson Corporation

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■ 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.

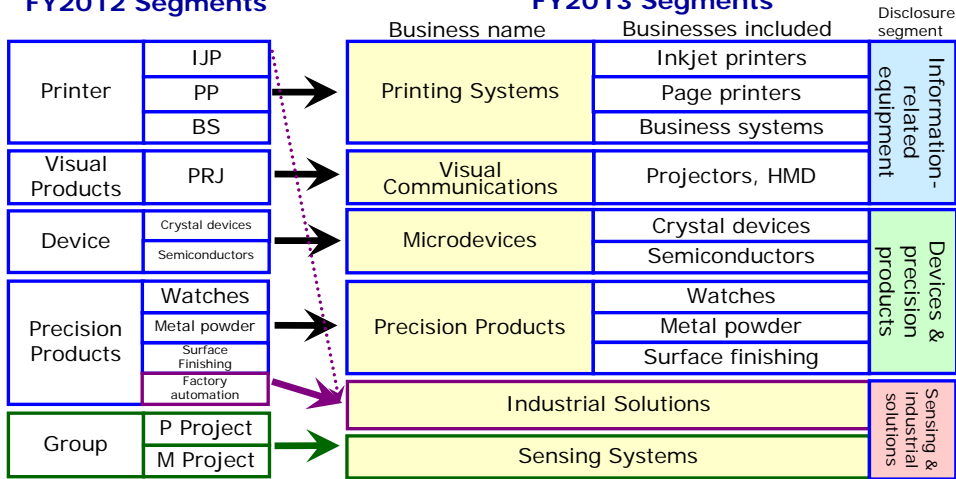
Changes to segment reporting



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

- FY2012 financial results are explained based on the segmentation at the time.
- FY2012 segment financials were adjusted for comparison against the FY2013 outlook.

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■ Changes in reporting segments.

FY2012 Results
FY2013 Outlook

FY2012
Q4 Results

Financial Highlights (Full Year)



(Billions of yen)	FY2011		FY2012				Change (amount, %)	
	Actual	%	1/31 outlook	%	Actual	%	Y/Y	Vs. 1/31 outlook
Net sales	877.9	-	850.0	-	851.2	-	-26.7 -3.0%	+1.2 +0.2%
Operating income	24.6	2.8%	18.0	2.1%	21.2	2.5%	-3.3 -13.7%	+3.2 -18.1%
Ordinary income	27.0	3.1%	16.0	1.9%	17.6	2.1%	-9.3 -34.8%	+1.6 +10.2%
Net income before income taxes	15.6	1.8%	-4.0	-0.5%	-3.4	-0.4%	-19.1 -	+0.5 -
Net income	5.0	0.6%	-15.0	-1.8%	-10.0	-1.2%	-15.1 -	+4.9 -
EPS	¥26.22		-¥83.85		-¥56.41			
Exchange rate	USD	¥79.08	¥79.00		¥83.11			
	EUR	¥108.98	¥102.00		¥107.14			

Previous outlook exchange rate assumptions from Q4 onward
USD: ¥75.00, EUR: ¥100.00

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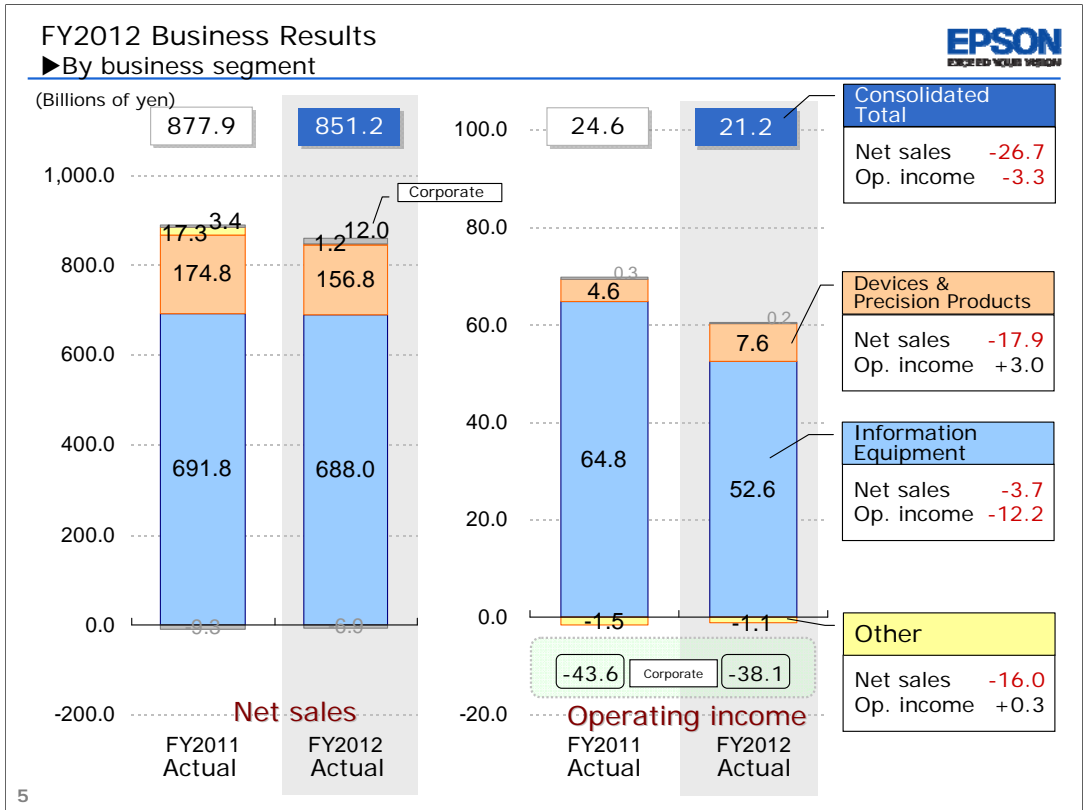
■Fiscal 2012 full-year financial results

➤Net sales were ¥851.2 billion, down ¥26.7 billion compared to last year. Operating income was ¥21.2 billion, down ¥3.3 billion. We posted a net loss of ¥10.0 billion compared to a net loss of 15.1 billion last year.

➤Although every business fell short of its unit shipment plan due to a slower than expected market recovery, these results are still basically in line with our January 31st outlook, largely because of the effects of yen depreciation.

➤Operating income exceeded the previous outlook by ¥3.2 billion after we added the increased income from the effects of yen depreciation and subtracted an increase in expenses linked to financial results.

➤Operating income was in line with the previous outlook when calculated based on the previous foreign exchange assumptions.



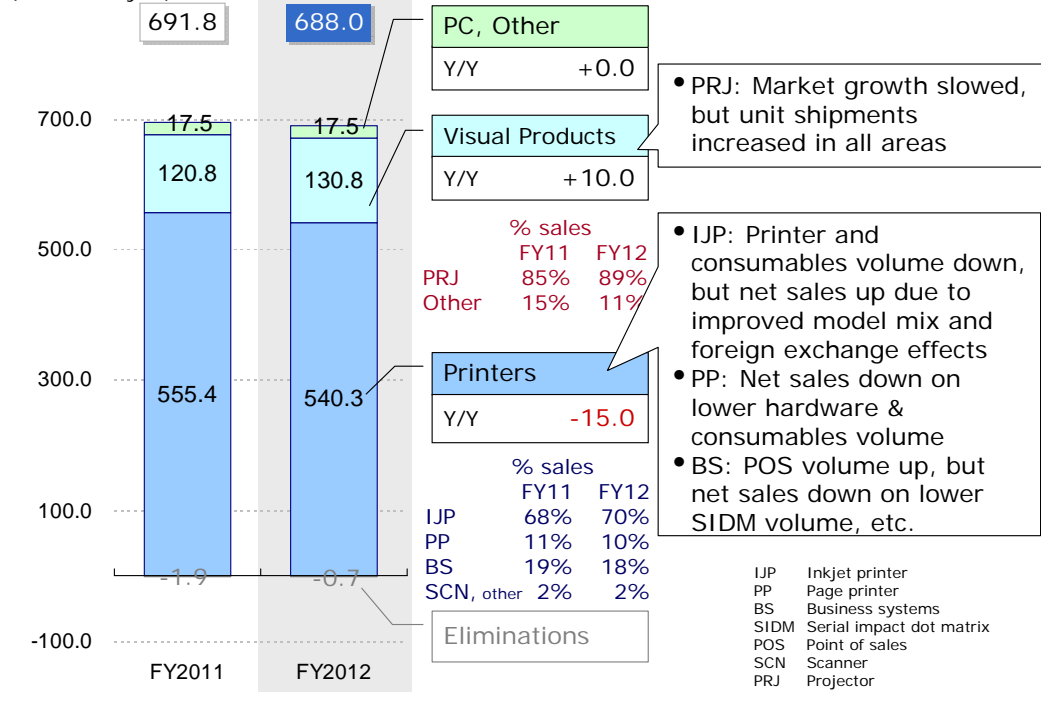
■ Net sales and operating income by segment

- Information-related equipment had ¥688.0 billion in net sales and ¥52.6 billion in operating income. The devices and precision products segment had 156.8 billion in net sales and ¥7.6 in operating income.

Net Sales Comparison (Full Year) ▶ Information Equipment Segment



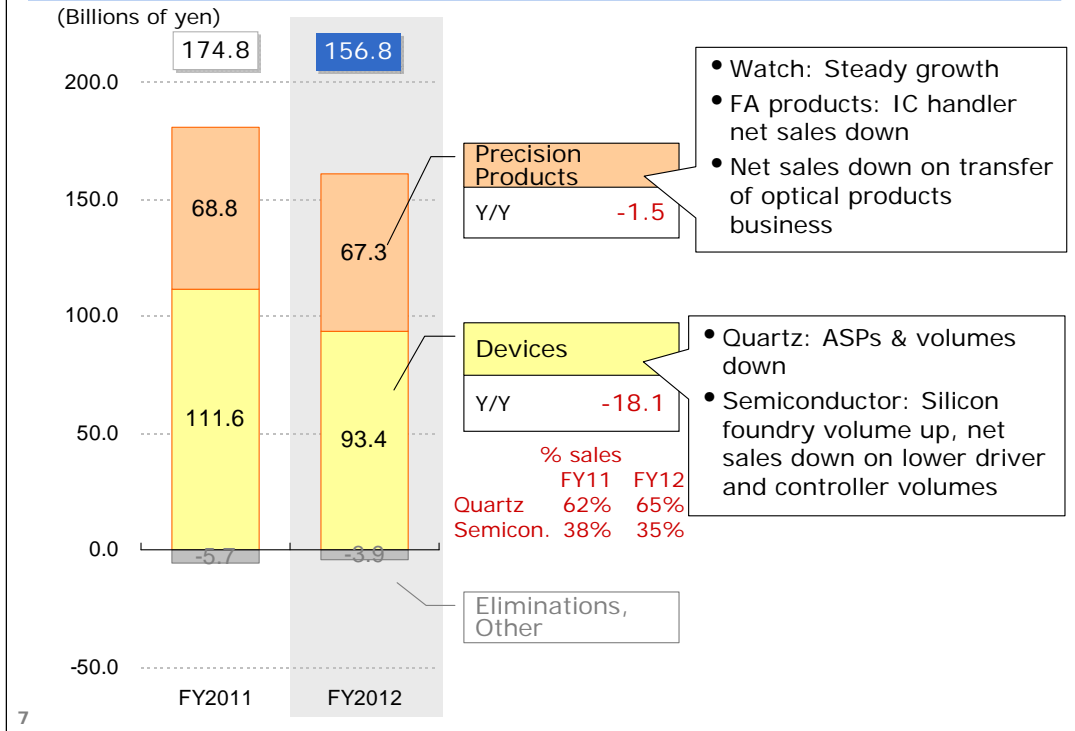
(Billions of yen)



■ Net sales for the information-related equipment segment

Net Sales Comparison (Full Year)

► Devices and Precision Products Segment



- Net sales for the devices and precision products segment

■ Highlights

- Steady progress on the strategic front
 - ✓ Model mix improved especially in information-related equipment businesses, with expansion of office and high-capacity ink tank models
 - ✓ Right-sized the workforce in devices and precision products
 - ✓ Launched sensing and industrial solutions as a new business field
- Achieved full-year operating income of ¥18 billion at exchange rates used in outlook (¥75=US\$, ¥100=€)
- Achieved inventory reduction plan at exchange rates used in outlook
- Positive free cash flow

Inventory in billions of yen					
	2012/3E	2012/9E	2012/12E	2013/3E	12/9E Change
Inventories	162.2	181.0	179.0	163.5	-17.5
DOS	68	85	79	70	-15

(Unit: billions of yen)			
	Previous Outlook	Actual	Vs. 1/31 outlook
Operating CF	28.0	42.9	+14.9
Investment CF	-43.0	-39.5	+3.4
FCF	-15.0	+3.4	+18.4

Took a solid first step forward heading into FY2013

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■ Summary of the 2012 fiscal year

FY2013 Financial Outlook



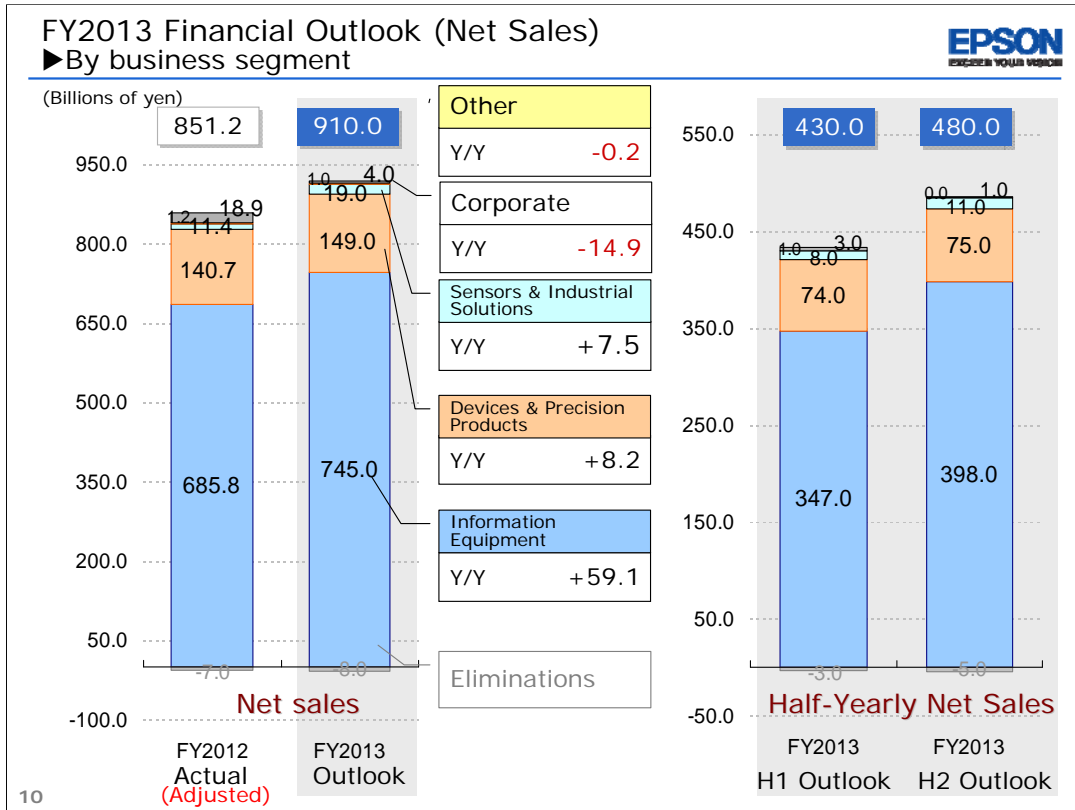
(Billions of yen)	FY2012		FY2013		Change	
	Full-Year Actual	%	Full-Year Outlook	%	Amount	%
Net sales	851.2	-	910.0	-	+58.7	+6.9%
Operating income	21.2	2.5%	33.0	3.6%	+11.7	+55.3%
Ordinary income	17.6	2.1%	30.0	3.3%	+12.3	+70.2%
Net income before income taxes	-3.4	-0.4%	23.0	2.5%	+26.4	-
Net income	-10.0	-1.2%	13.0	1.4%	+23.0	-
EPS	-¥56.41		¥72.67			
Exchange rate	USD	¥83.11	¥90.00			
	EUR	¥107.14	¥120.00			

REF: Updated SE15 Second-Half Mid-Range Business Plan (Announced on March 13, 2013)
 FY2013 Financial targets
 Net sales: ¥890.0 billion
 Operating income: ¥30.0 billion
 (Exchange rate assumptions)
 USD: ¥85, EUR: ¥115

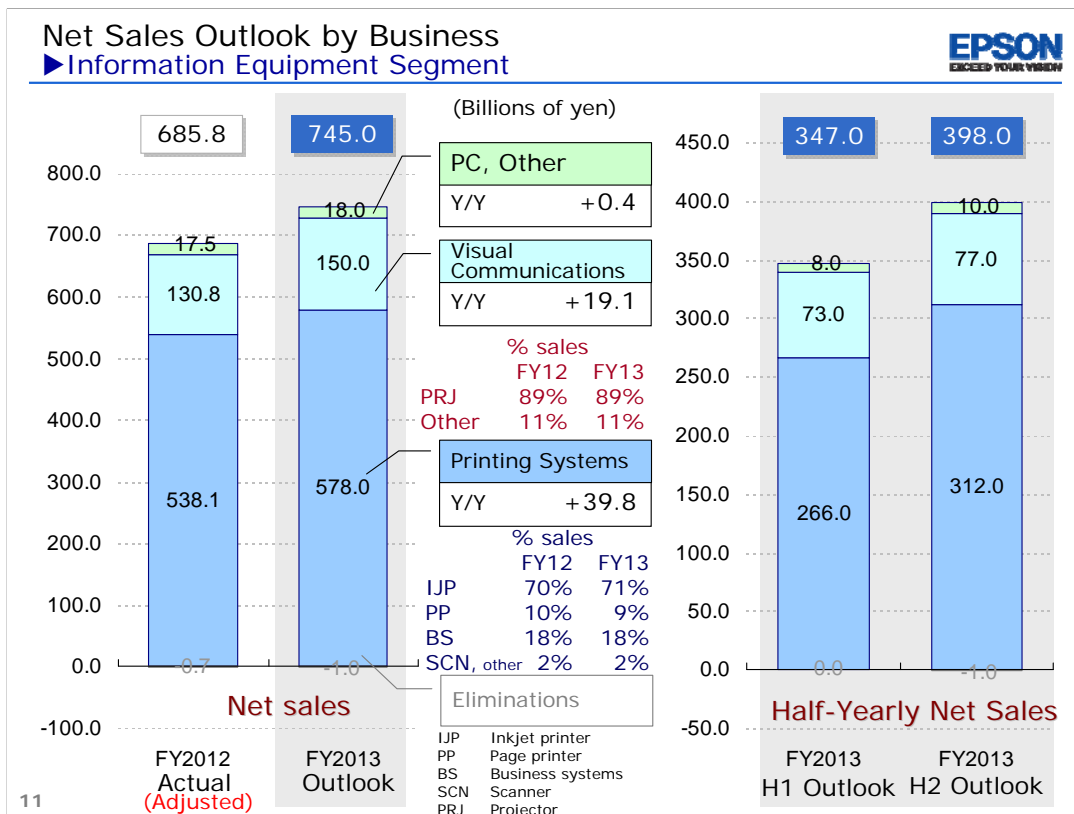
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■ Fiscal 2013 full-year financial outlook

- We forecast ¥910 billion in net sales, ¥58.7 billion higher than last year, and ¥33 billion in operating income, up ¥11.7 billion. These figures differ from the financial targets given in the updated mid-range business plan we announced on March 13, because we adjusted our exchange rate assumptions given recent trends. Instead of 85 yen to the US dollar and 115 yen to the euro, as were used in the mid-range business plan, we revised the rates to 90 yen and 120 yen, respectively.
- We expect to be back in the black, with net income of ¥13 billion, a ¥23 billion improvement from last year.
- As a company we expect net sales and income growth, in part from the effects of the weaker yen, but also because we will drive measures to improve profitability in every segment, information-related equipment, devices and precision products, and sensing and industrial solutions.

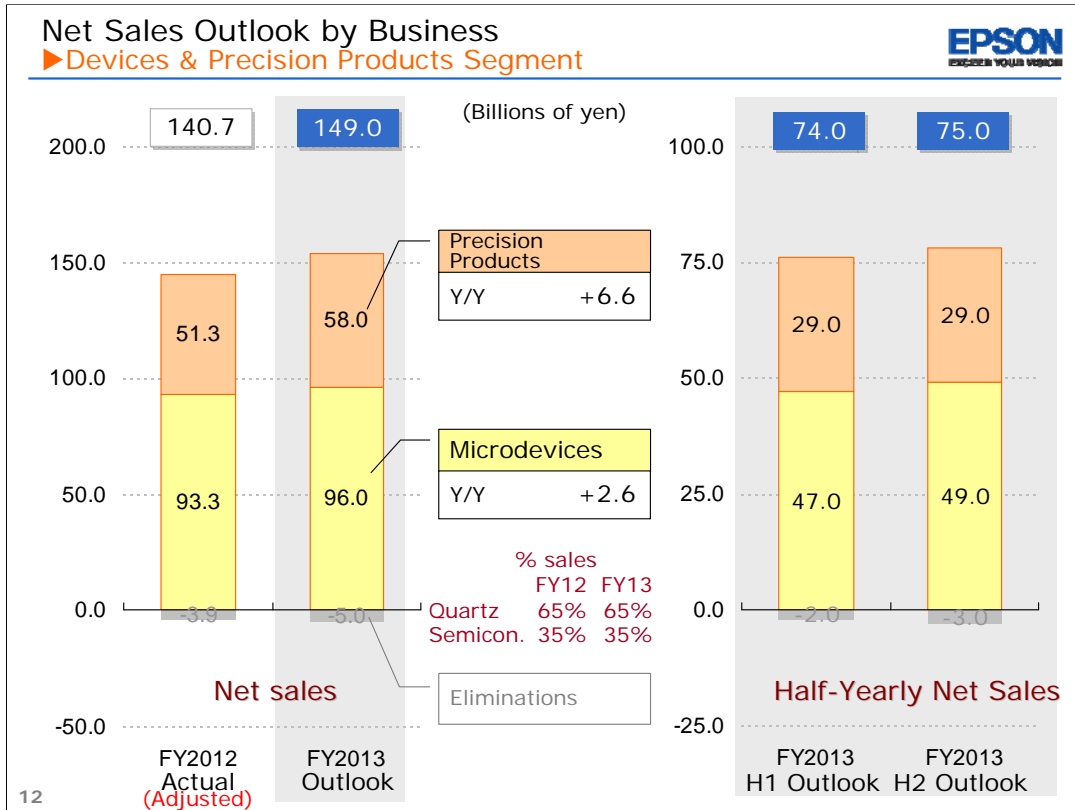


- Net sales outlook with figures broken down by segment and by first and second half
- The information-related equipment segment is forecasting net sales of ¥745.0 billion, an increase of ¥59.1 billion from last year. The devices and precision products segment sees net sales coming in at around ¥149.0 billion, up ¥8.2 billion. Finally, the new sensing and industrial solutions segment expects ¥19.0 billion in net sales.



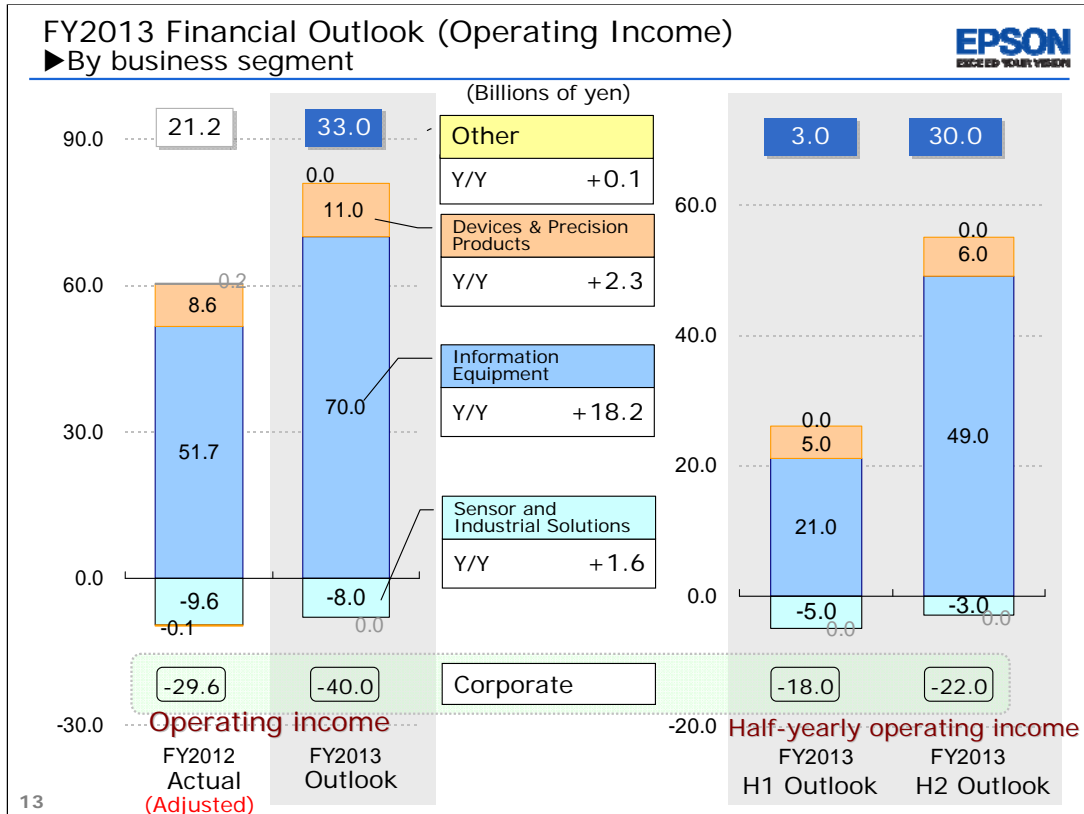
■ Net sales forecast for the information-related equipment segment

- Let's look at the printing systems business first.
- Inkjet printer market growth as a whole is expected to be flat, since growth in hardware sales in emerging markets is likely to be offset by slow-to-recover demand in developed economies.
- In this product category, we plan to curtail shipments of low-end models, which do not generate much print volume, so we are going to see inkjet printer unit shipments shrink by about 5% compared to last year. Nevertheless, we are planning to grow net sales by improving the model mix, which will involve maintaining our presence in the premium zone of the consumer printer market, expanding and upgrading our lineup of office printers equipped with a new piezo print head, and expanding our lineup of high-capacity ink tank models.
- We expect inkjet consumables net sales to increase from last year, in part due to the effects of yen depreciation. As explained in March, we should start seeing the improved printer install base translate into increased revenue from consumables, without help from exchange rates, from the 2014 fiscal year. This effect should peak in fiscal 2015.
- Business systems should also see a net sales increase. In SIDM printers we will steadily capture demand. In POS-related products we will meet upgrade demand in existing areas and develop new market segments for printers used for applications other than receipt printing.
- In visual communications we expect the rate of projector market growth to slow to about 5%, with emerging markets fueling the lion's share of this growth.
- We will maintain our presence in the office and education markets while we increase our presence in high-lumen projectors. We are planning unit shipment growth of 12%, well above the overall market growth rate.



■ Net sales outlook in the devices and precision products segment

- In microdevices we are not expecting a robust recovery in demand for our quartz crystal and semiconductor products. However, given some positive signs from certain customers and foreign exchange effects, we expect to be able to lock in higher net sales by tying negotiations to orders and expanding sales of high added value products.



- FY2013 full-year operating income outlook broken down by segment and by first and second half
- Epson estimates that information-related equipment operating income will increase by ¥18.2 billion compared to the prior year.
- We forecast increased inkjet printer operating income. Last year inkjet printer income was heavily weighted toward the second half. In addition to increased sales of consumables, in FY2013 we will steadily execute strategic actions to generate income throughout the year, including increasing selling prices and improving the model mix, and taking measures to reduce costs.
- In business systems and visual communications we expect increases in net sales to boost operating income.
- Devices and precision products operating income is expected to increase by ¥2.3 billion year-over-year.
- The microdevices business is forecasting both net sales and income growth. We simplified the business structure by right-sizing the workforce so that it better reflects sales revenues. In fiscal 2013 we anticipate being able to increase net sales by, for example, accelerating the development of high added value products, while the effect of fixed and variable expense reductions will aid income.
- Sensing and industrial solutions will not contribute positively to income but we will continue to focus on steady expansion in new fields.
- We expect income in the corporate segment to decrease due to reduced income from patents and other factors.

FY2013 Initiatives (1)



Generate steady income while simultaneously realigning in existing business segments and developing new business segments.

Information-related equipment

Inkjet Printers

- ✓ Reduce low-end consumer and office models
- ✓ Heighten Epson's presence in the premium zone for consumer inkjets
- ✓ Expand and upgrade lineup of office inkjets featuring new print head
- ✓ Expand high-capacity ink tank models
- ✓ Roll out LFPs for signage in North America & enter the sublimation transfer textile printer market



Signage printer
SureColor SC-S30650



Sublimation transfer textile printer
SureColor SC-F6000

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■ Main initiatives for FY2013

- We will execute the basic policies and strategies that were outlined in the updated SE15 second-half mid-range business plan we presented on March 13.
- The slide shows our basic strategies in inkjet printers..
- We expect large-format printers to continue to contribute to income in FY2013.
- You can see photos of some of our new products in this category on the slide. From this March, we successfully rolled out LFPs for signage applications in North America. We have also commenced sales of sublimation transfer textile printers in China, and then expanded into Europe and other Asian countries. So far the reaction from customers has been extremely positive.

FY2013 Initiatives (2)



Generate steady profit while simultaneously realigning in existing business segments and developing new business segments.

Information-related equipment

Business Systems

- ✓ SIDM: Unable to count on steep market growth, earn steady income by capturing new demand in emerging markets and by winning government/ bank tenders
- ✓ TM: Develop non-receipt markets in addition to traditional receipt markets with intelligent modules & color inkjet
- ✓ Achieve steady income growth by proposing new applications

Projectors

- ✓ Maintain Epson's presence in existing office and education markets
- ✓ Expand domains and enhance profitability by proposing solutions in the high-lumen segment and by building and strengthening the sales network

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- Key initiatives and strategies for 2013 in business systems and projectors

FY2013 Initiatives (3)



Generate steady profit while simultaneously realigning in existing business segments and developing new business segments.

Devices & precision products

Microdevices

- ✓ Pioneer smaller, higher performance devices by combining QMEMS technology and semiconductors

Precision Products

- ✓ Leverage unique precision machining technology to create products that others cannot replicate

Sensing and industrial solutions

Sensing Systems

- ✓ Provide value in the health, sports, medical, and equipment and infrastructure monitoring fields by providing innovative tools based on high-precision sensors that capture data on the state of human or infrastructure health and converts that data into visual format for use.

Industrial Solutions

- ✓ Capture robot demand in emerging markets.
- ✓ Strengthen competitiveness by expanding and upgrading the product lineup in areas such as textile printing and decorative printing.

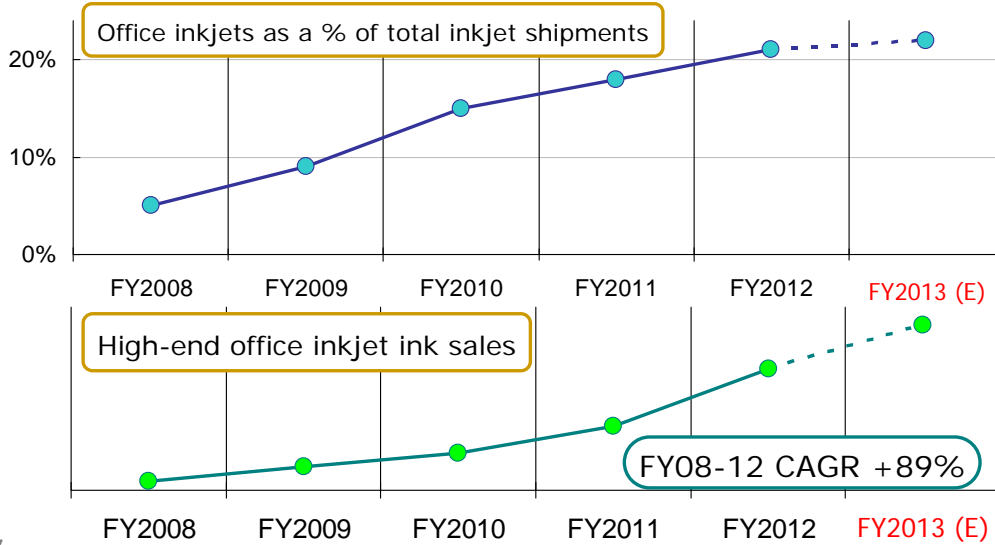
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- Key initiatives in the devices and precision products and sensing and industrial solutions segments

SE15 Mid-Range Business Plan Progress (1)



- Establish the foundation for mid-term profitability by increasing the install base of office inkjets. Office inkjets accounted for more than 20% of the install base in FY2012. No steep increase in rate of office units in FY2013, but volume will grow steadily and install base will improve with bigger, better lineup.
- Sales of ink for high-end office inkjets to grow at a high rate.



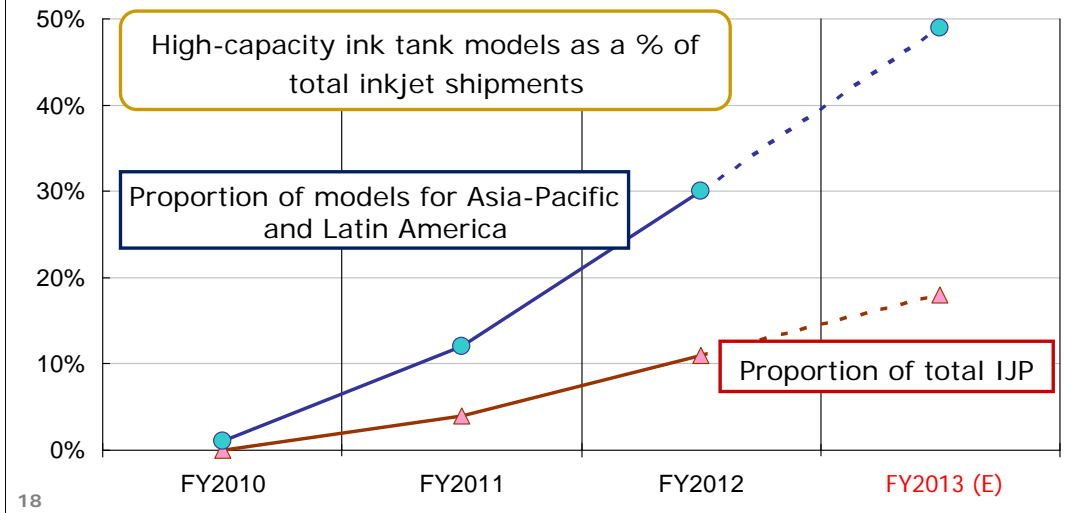
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- Progress of strategies on which the mid-range business plan is based

SE15 Mid-Range Business Plan Progress (2)



- Sales of high-capacity ink tank printers in Asia-Pacific & Latin America are steadily growing. Was more than 40% in 2H/FY12. Plan to increase to nearly 50% in FY13.
- Profit margins heading toward improvement in both regions.



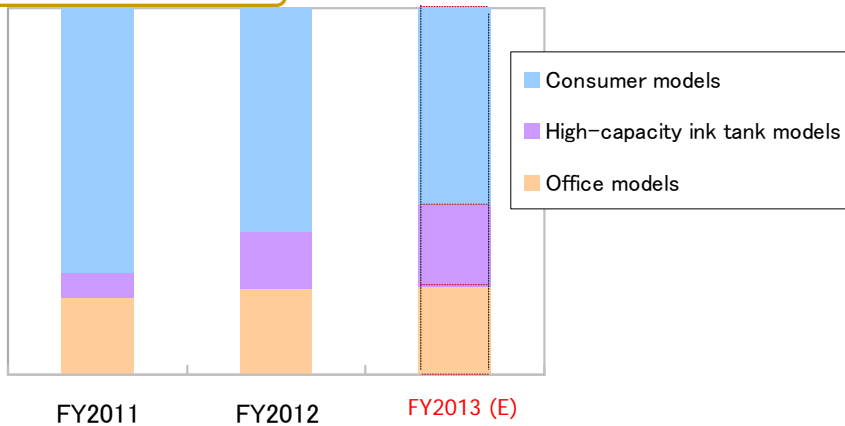
- Progress of strategies on which the mid-range business plan is based

SE15 Mid-Range Business Plan Progress (3)



- Progress in strategy of promoting office and high-capacity ink tank models illustrated by a growing proportion of these products in total sales
- Clear progress in shifting business model and changing product composition

Net sales by model type



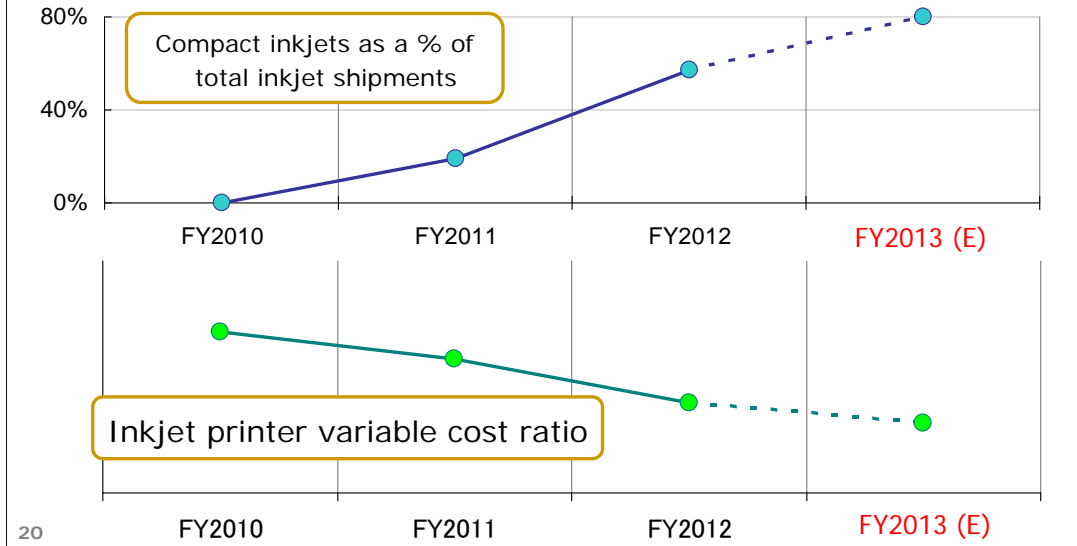
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- Progress of strategies on which the mid-range business plan is based

SE15 Mid-Range Business Plan Progress (4)



- Compact inkjet models are steadily growing as a % of total inkjet shipments and are a source of increased product competitiveness.
- We are seeing their positive effect on income and expect costs to fall in FY2013, when we ramp up manufacturing of office printers.



- Progress of strategies on which the mid-range business plan is based

FY2012 Results
FY2013 Outlook

FY2012
Q4 Results

Financial Highlights (Fourth Quarter)

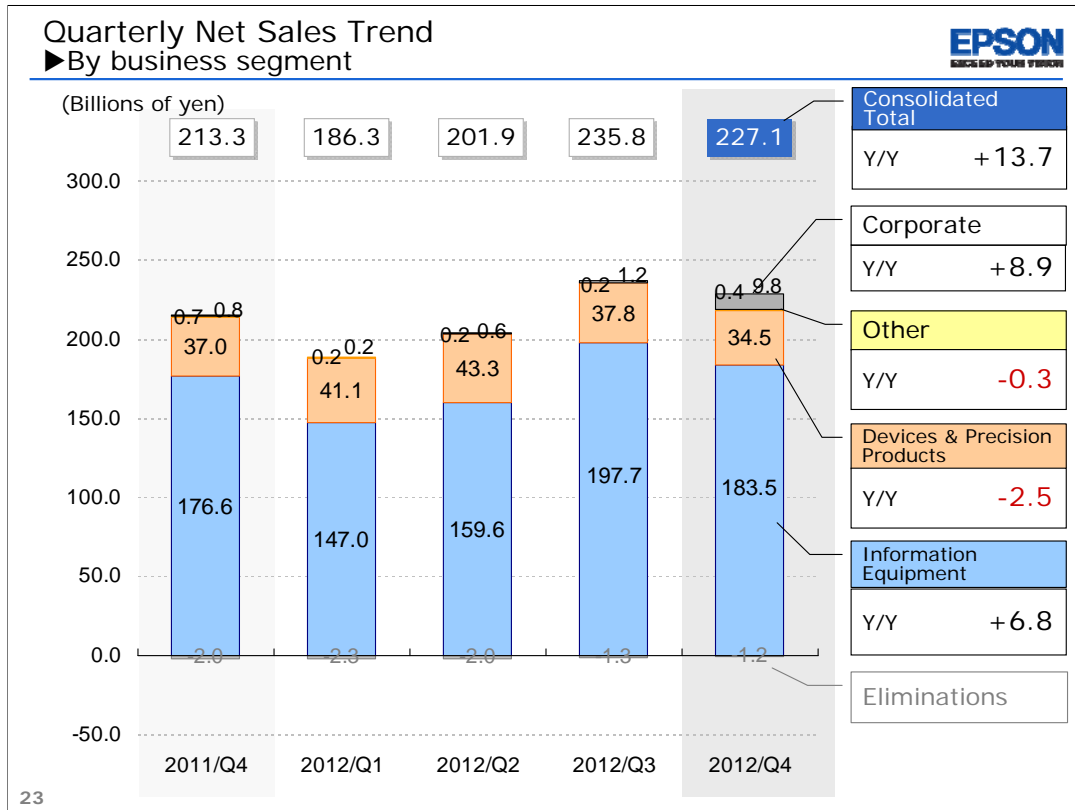


(Billions of yen)	FY2011		FY2012		Change	
	Q4 Actual	%	Q4 Actual	%	Amount	%
Net sales	213.3	-	227.1	-	+13.7	+6.5%
Operating income	3.5	1.7%	9.4	4.2%	+5.9	+168.7%
Ordinary income	5.5	2.6%	5.5	2.4%	-0.0	-0.7%
Net income before income taxes	7.0	3.3%	-0.7	-0.3%	-7.7	-
Quarterly Net Income	4.6	2.2%	2.5	1.1%	-2.1	-45.6%
EPS	¥25.90		¥14.10			
Exchange rate	USD	¥79.28	¥92.42			
	EUR	¥103.98	¥122.05			

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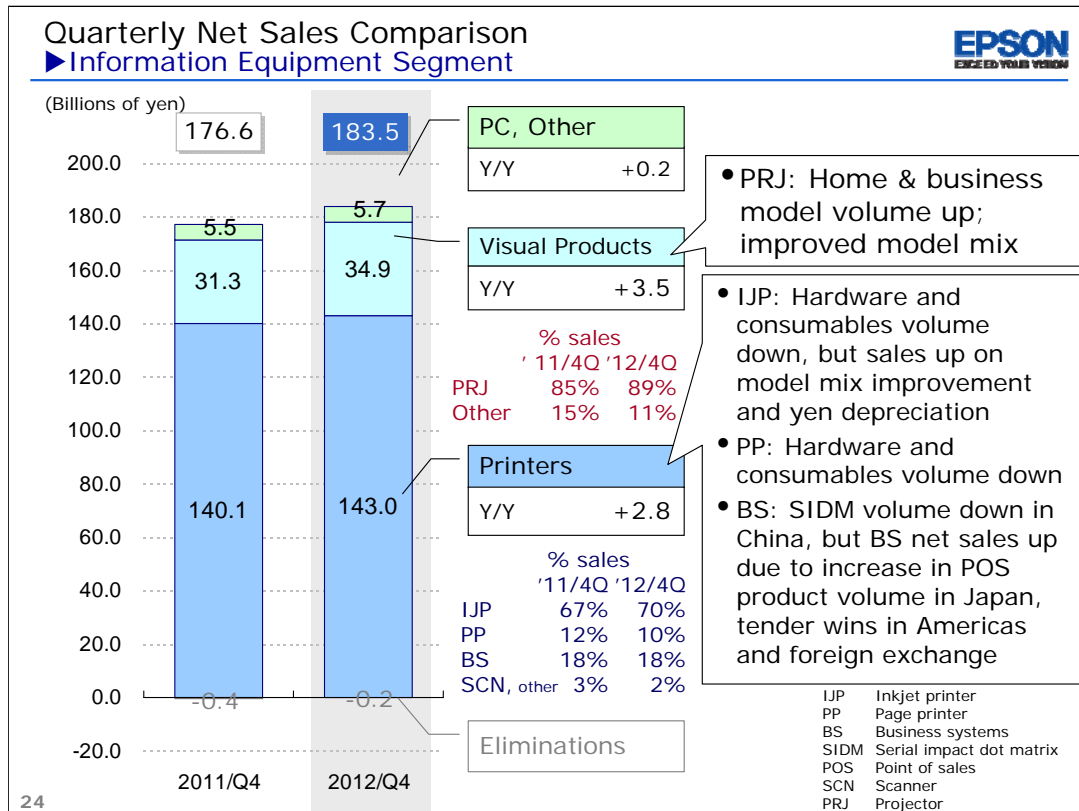
■ FY2012 fourth quarter results

- Net sales were ¥227.1 billion, up ¥13.7 billion compared to the same period last year. Operating income was ¥9.4 billion, up ¥5.9 billion. Net income was ¥2.5 billion, down ¥2.1 billion.
- Net sales were largely in line with the January outlook on a consolidated basis. While devices and precision products fell short of expectations, yen depreciation had a positive effect on net sales in the information-related equipment segment.
- Operating income ended ¥3.2 billion higher than estimated after income gains from the effects of yen depreciation were added and increases in performance-tied expenses were subtracted.



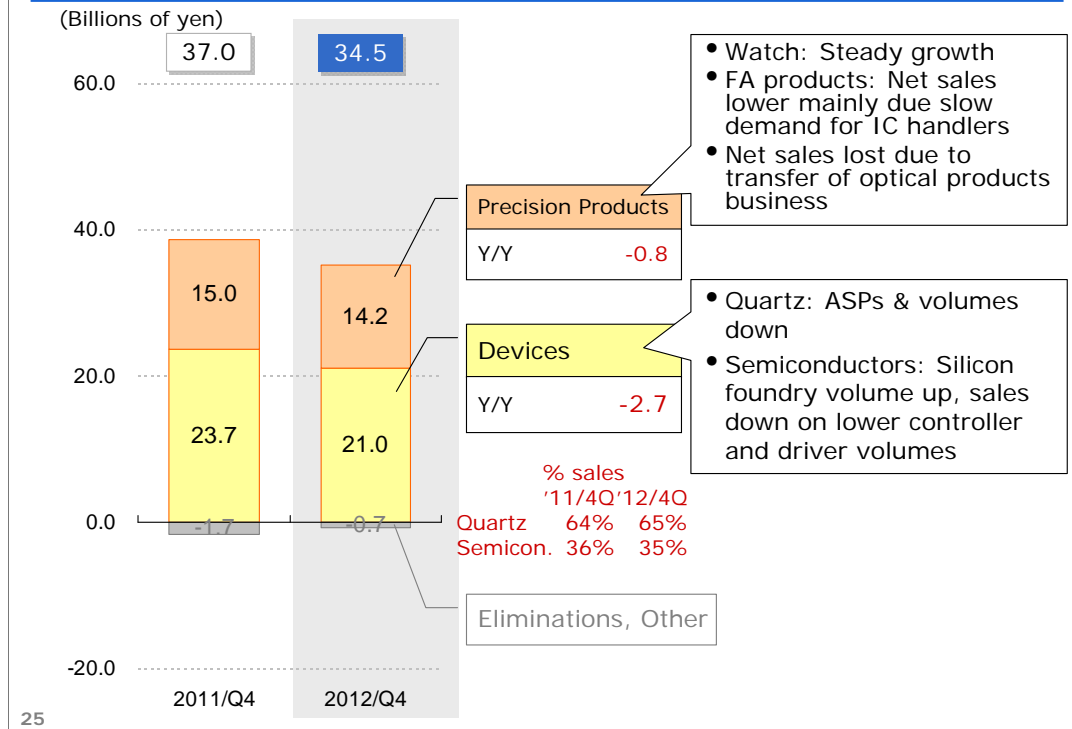
■ Net sales in each segment over the last five quarters

- The information-related equipment segment reported a ¥6.8 billion year-over-year increase in net sales, while the devices and precision products segment recorded a ¥2.5 billion decrease. In the corporate segment, net sales increased by ¥13.7 billion on a consolidated basis due to patent-related income.
- Foreign exchange effects had a ¥23.9 billion positive impact on net sales for the quarter, mostly in the information-related equipment segment.



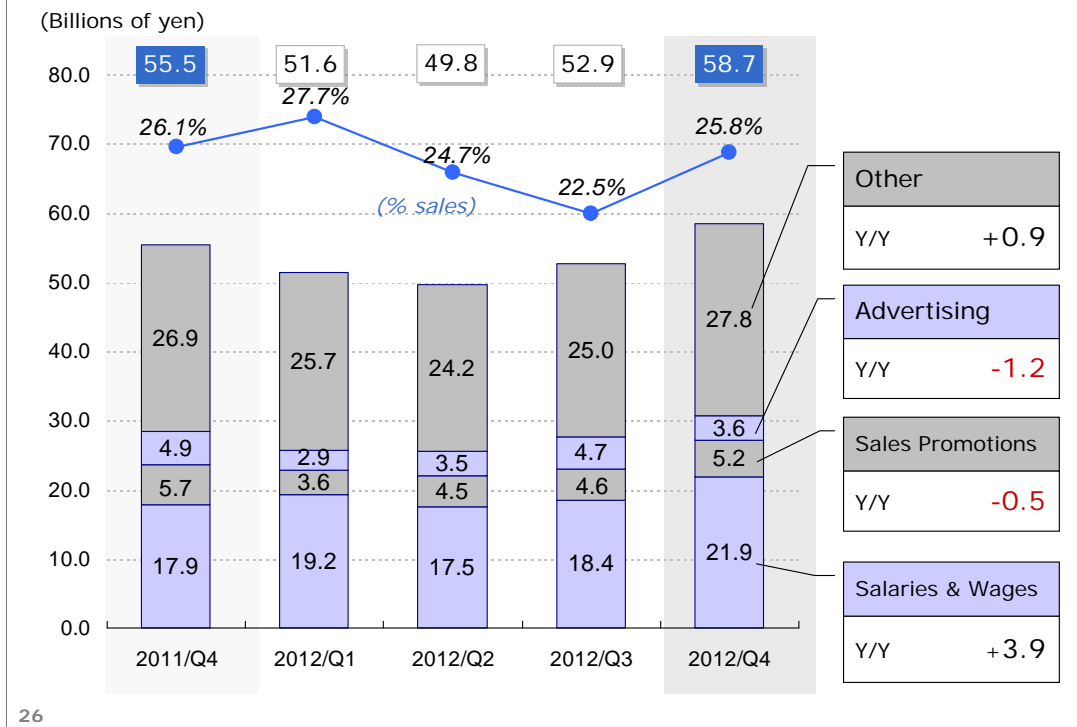
- Quarterly net sales in the information-related equipment segment compared with last year's results
 - The printer business as a whole saw net sales increase by ¥2.8 billion.
 - Inkjet printer net sales increased due to an improved model mix and the effects of yen depreciation. This increase was registered even though we curtailed shipments of low-end models and did not strongly promote sales of consumables at the end of the fiscal year as we did the previous year.
 - Epson saw inkjet unit shipments decline in every region, with the markets of North America and Japan shrinking.
 - Page printer net sales declined as unit shipments of both printers and consumables fell in Japan and Europe.
 - Business systems net sales increased. Although unit shipments of SIDM printers declined in China and elsewhere, the income was boosted by foreign exchange effects in addition to an increase in unit shipments of POS-related products in Japan due to tender wins, and large orders in the Americas involving label printers and printers with scanning functions.
 - Visual products recorded a ¥3.5 billion year-over-year increase in net sales. Amid slack projector demand in the education markets of North America and Western Europe, and a slowing of market expansion in countries such as China, Epson's external sales of HTPS panels decreased. Nevertheless, we managed to increase net sales by expanding home projector unit shipments in every region but Europe, by expanding business projector unit shipments in regions other than Japan and Europe, and by improving the model mix.
 - Now, let's see how we performed against the previous outlook.
 - Inkjet printer net sales exceeded the outlook even though unit shipments ended below expectations in Japan and Europe. In addition to hitting the consumables sales plan, net sales were boosted by foreign exchange effects.
 - Page printer net sales ended lower than forecast because of lower than expected unit sales.
 - Net sales in business systems and visual products were in line with the outlook, largely because foreign exchange effects offset a shortfall in unit shipments.

Quarterly Net Sales Comparison ▶ Devices and Precision Products Segment



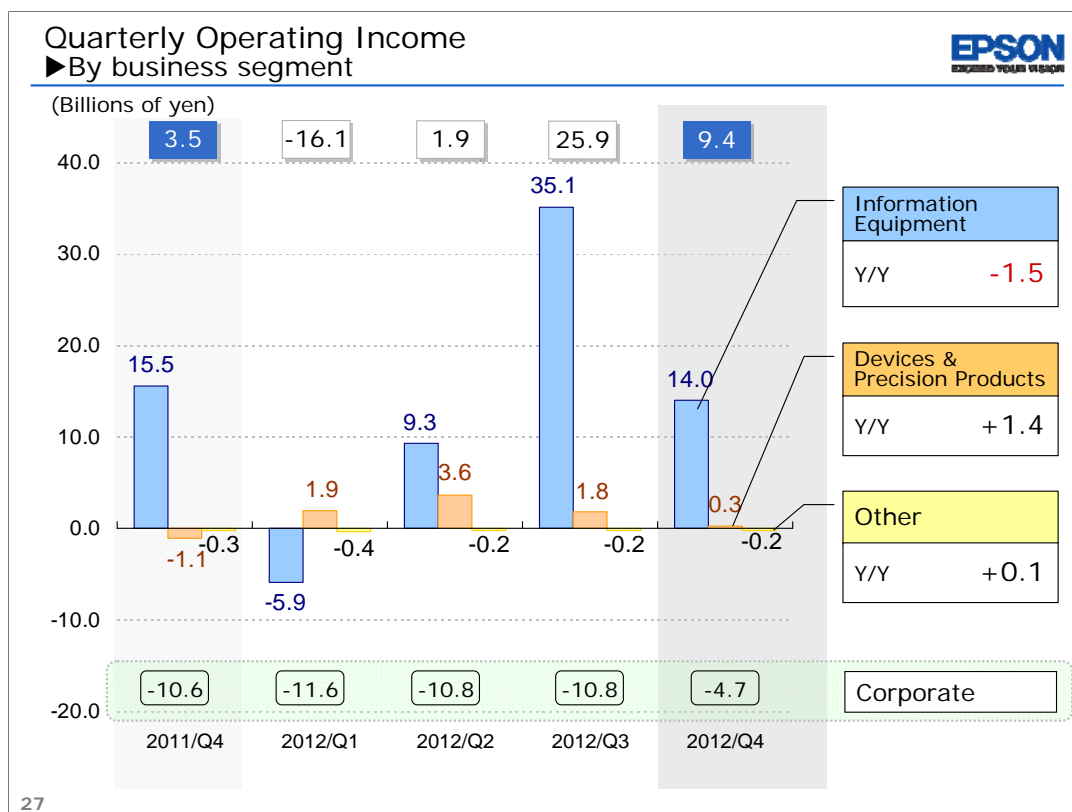
- Net sales for the quarter in the devices and precision products segment shown against the results from the same period last year
- Net sales in the devices businesses decreased. Falling ASPs and slack demand due to the sluggish economy put a dent in quartz device net sales. Semiconductor net sales decreased despite an increase in silicon foundry orders mainly because driver unit shipments declined.
- Precision products net sales also declined. Although sales of watches in the high-price zone and sales of wristwatches in Japan were solid, factory automation products were affected by belt-tightening, resulting in a decrease in IC handler unit shipments. The transfer of the optical products business also resulted in decreased net sales.
- Net sales ended lower than the previous outlook especially in factory automation products.

Quarterly Selling, General and Administrative Expenses



■ Quarterly selling, general and administrative expenses

- We sought to improve cost efficiency in every SGA expense category, and although we reduced expenses for advertising and sales promotions, we saw our SGA expenses rise compared to the same period last year. One of the factors in this rise was an increase in overseas labor costs when converted to yen due to yen depreciation.
- SGA expenses as a percentage of net sales was 25.8%, which is about the same level as last year.



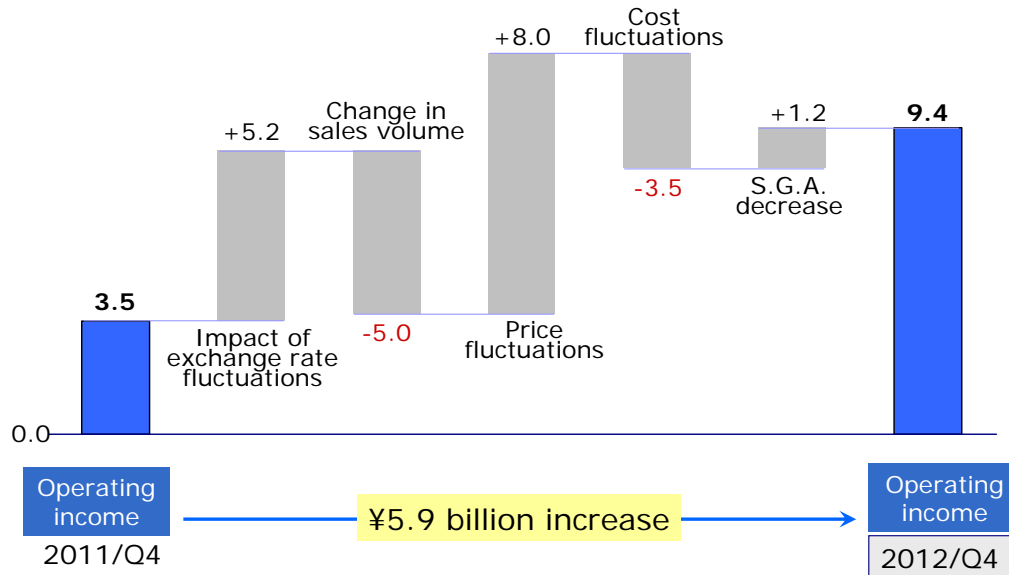
■ Quarterly operating income by segment

- Foreign exchange effects for the quarter had an approximately ¥5.2 billion positive impact on operating income.
- Information-related equipment posted operating income of ¥14.0 billion, a decline of ¥1.5 billion, year over year.
- Inkjet printer operating income increased despite a decline in consumables revenue. We were able to boost operating income primarily by maintaining hardware prices, improving the model mix, and reducing our costs by launching compact models.
- Page printer operating income increased as a result of fixed cost reductions.
- Business systems reported lower operating income due to a decrease in SIDM printer net sales and, in visual products, the effect of reduced revenue from external device sales.
- Devices and precision products reported operating income of ¥300 million. That was up ¥1.4 billion from the same period last year, despite lower net sales and lower income in precision products. Operating income in this segment increased mainly because of fixed cost reductions in the devices business. These reductions were associated with the transfer of personnel and other cost reductions.
- For the company as a whole, operating income exceeded the previous outlook. Although devices and precision products operating income came in lower than forecast, information-related equipment exceeded the outlook owing to better than expected income in inkjet printers.

Operating Income Fluctuation Cause Analysis



(Billions of yen)



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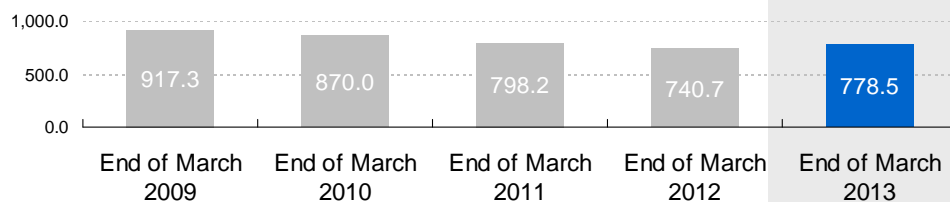
- Cause analysis of the ¥5.9 billion increase in operating income compared to the same period last year
 - Whereas we had ¥3.5 billion in operating income in the fourth quarter of fiscal 2011, this year we recorded ¥9.4 billion in operating income. The increase is primarily due to foreign exchange effects, price fluctuations, and lower SGA expenses.

Statistics of Balance Sheet Items

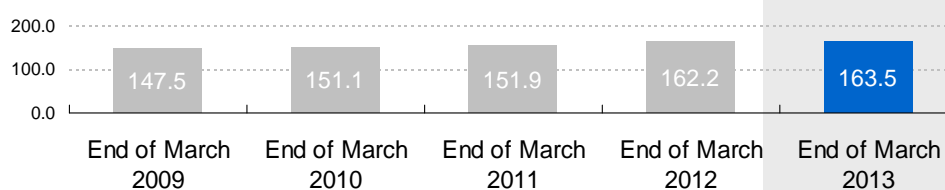


(Billions of yen)

Total assets



Inventories



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■ Major items on the balance sheet

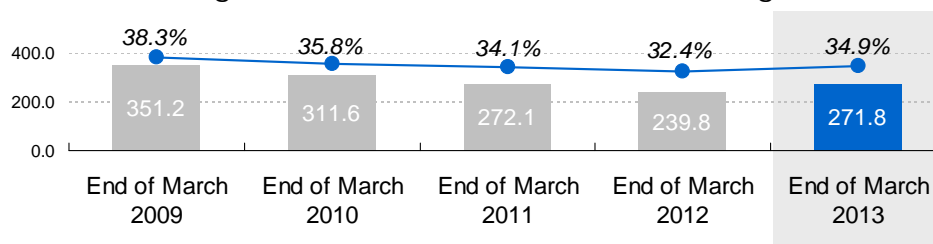
- Total assets increased by ¥37.7 billion compared to the end of the previous fiscal year because, even though trade notes and accounts receivable decreased, items such as cash reserves and property, plant and equipment increased.

Statistics of Balance Sheet Items

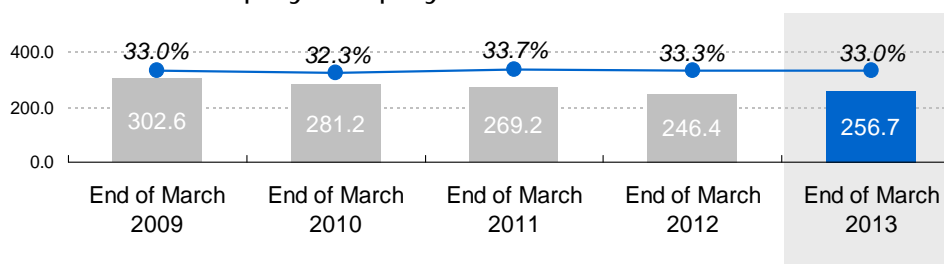


(Billions of yen)

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

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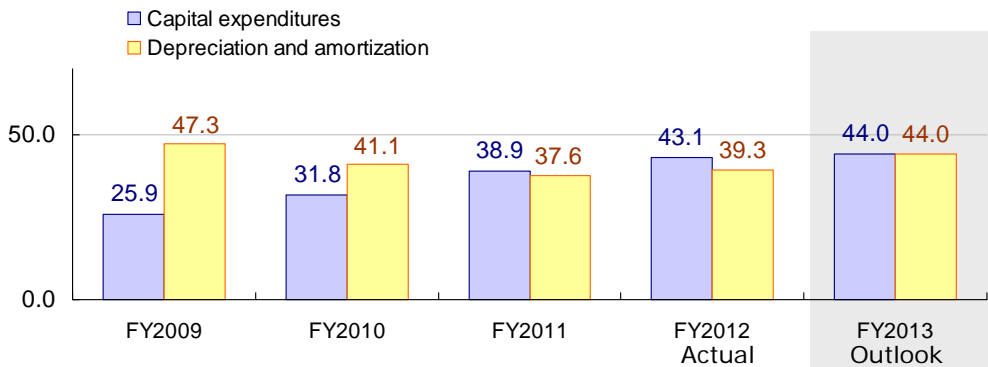
■ Statistics of balance sheet items

- Interest-bearing liabilities increased by ¥31.9 billion from the end of the previous fiscal year due to an increase in both short-term loans payable and long-term loans payable. The ratio of interest-bearing liabilities to total assets was 34.9%. Net interest-bearing liabilities decreased slightly to ¥87.1 billion.
- Shareholders' equity increased by ¥10.3 billion compared to the end of the previous fiscal year. This increase was due to the effect of yen depreciation on the period in which we recorded a net loss. However, due to an increase in cash reserves and other assets, the equity ratio was 33.0%.

Outlook for Capital Expenditure and Depreciation & Amortization Expenses



(Billions of yen)

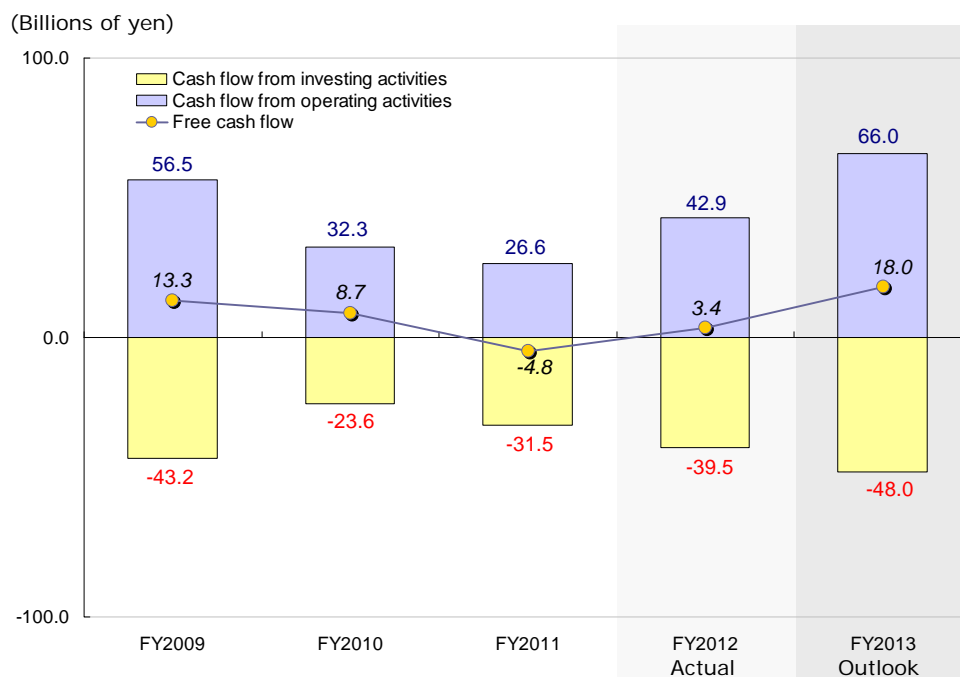


Breakdown by segment	FY2012 Actual		FY2013 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	33.4	26.3	30.0	31.0
Devices & Precision Products	6.7	8.0	11.0	9.0
Sensor & Industrial Solutions	0.5	0.5	1.0	1.0
Other/Corporate	2.4	4.3	2.0	3.0

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- Outlook for capital expenditures and depreciation and amortization expenses
 - We have budgeted ¥44 billion in capital expenditures in fiscal 2013 for Epson as a whole. This includes investment in additional production capacity for metal powders in the devices and precision products segment.
 - The depreciation and amortization budget is ¥44 billion, an increase compared to the previous fiscal year.

Free Cash Flow Outlook

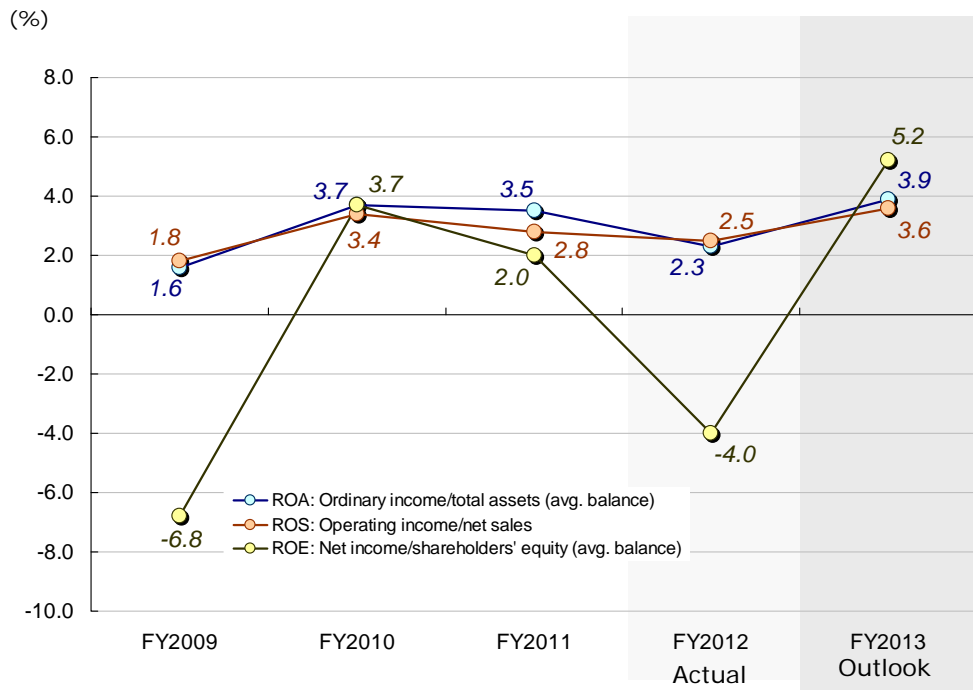


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■ Actual and estimated cash flows

- Fiscal 2012 free cash flow was expected to be negative ¥15.0 billion. However, free cash flow ended up being positive ¥3.4 billion. Net cash provided by operating activities improved sharply for several main reasons. First, we exceeded our inventory reduction plan when calculated based on outlook exchange rates and the weaker yen caused free cash flows of overseas subsidiaries to increase when converted to yen amounts. We also received an insurance payment related to the earthquake and tsunami in Japan. Finally, we reduced the net cash used in investing activities by being rigorously selective in investments.
- Compared to the previous period, cash flow from operating activities increased by ¥16.3 billion to ¥42.9 billion due to the decrease in inventory and other factors. Cash flow used in investing activities was ¥39.5 billion, an increase of ¥7.9 billion, due to factors such as the acquisition of property, plant and equipment.
- For fiscal 2013 we forecast ¥18.0 billion in free cash flow, primarily due to improvement in net cash provided by operating activities brought about by increased income.

Main Management Indicators



■ Major management performance indicators

- ROS of 3.6 %, ROA of 3.9 %, and ROE of 5.2 %.

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