



Fourth Quarter Financial Results Fiscal Year 2014 (Ended March 2015)

April 30, 2015

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.

■ Disclosure of FY2014 Financial Results

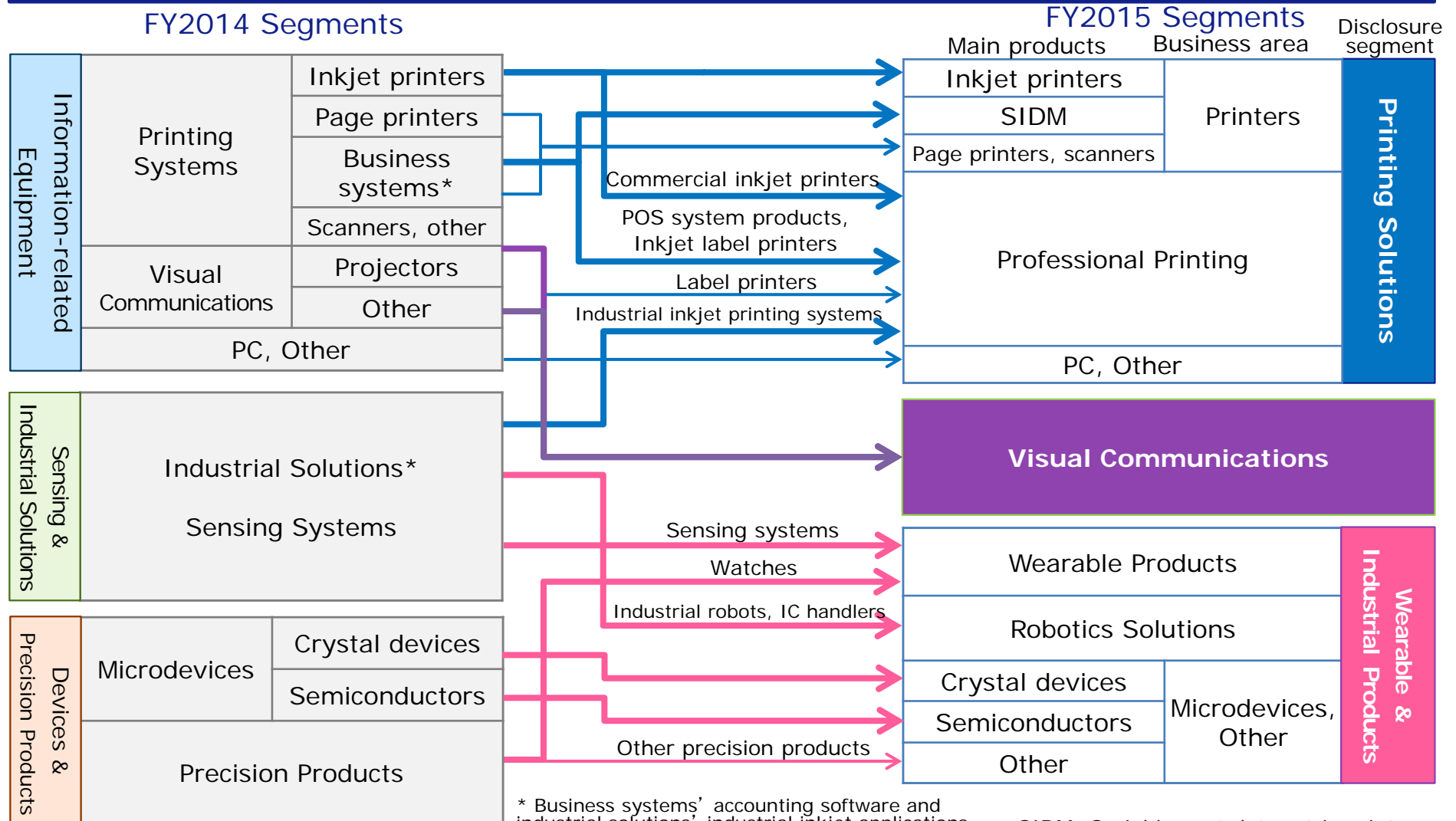
Financial results are presented on an IFRS basis, effective from the 2014 fiscal year.
(Financial results and forecasts are presented on an IFRS basis.)

FY2013 financial results have also been restated based on IFRS for comparison purposes.

* Business profit is calculated by deducting cost of sales and SGA expenses from revenue. Although not defined in the statement of consolidated comprehensive income, this indicator is very similar to the concept of operating income under J-GAAP. Epson will present this information as a reference, as the Company believes users of financial statements will find it useful when evaluating Epson's financial performance.

Changes to segment reporting

The organizational change is meant to create the optimum formation so that we will be in a position to finish up the SE15 updated mid-range business plan (FY2013-15), accomplish the FY2015 business plan, and prepare for FY2016 and beyond.



* Business systems' accounting software and industrial solutions' industrial inkjet applications were moved to the corporate segment.

SIDM: Serial impact dot matrix printers

FY2014 Full-Year Financial Results
FY2015 Financial Outlook

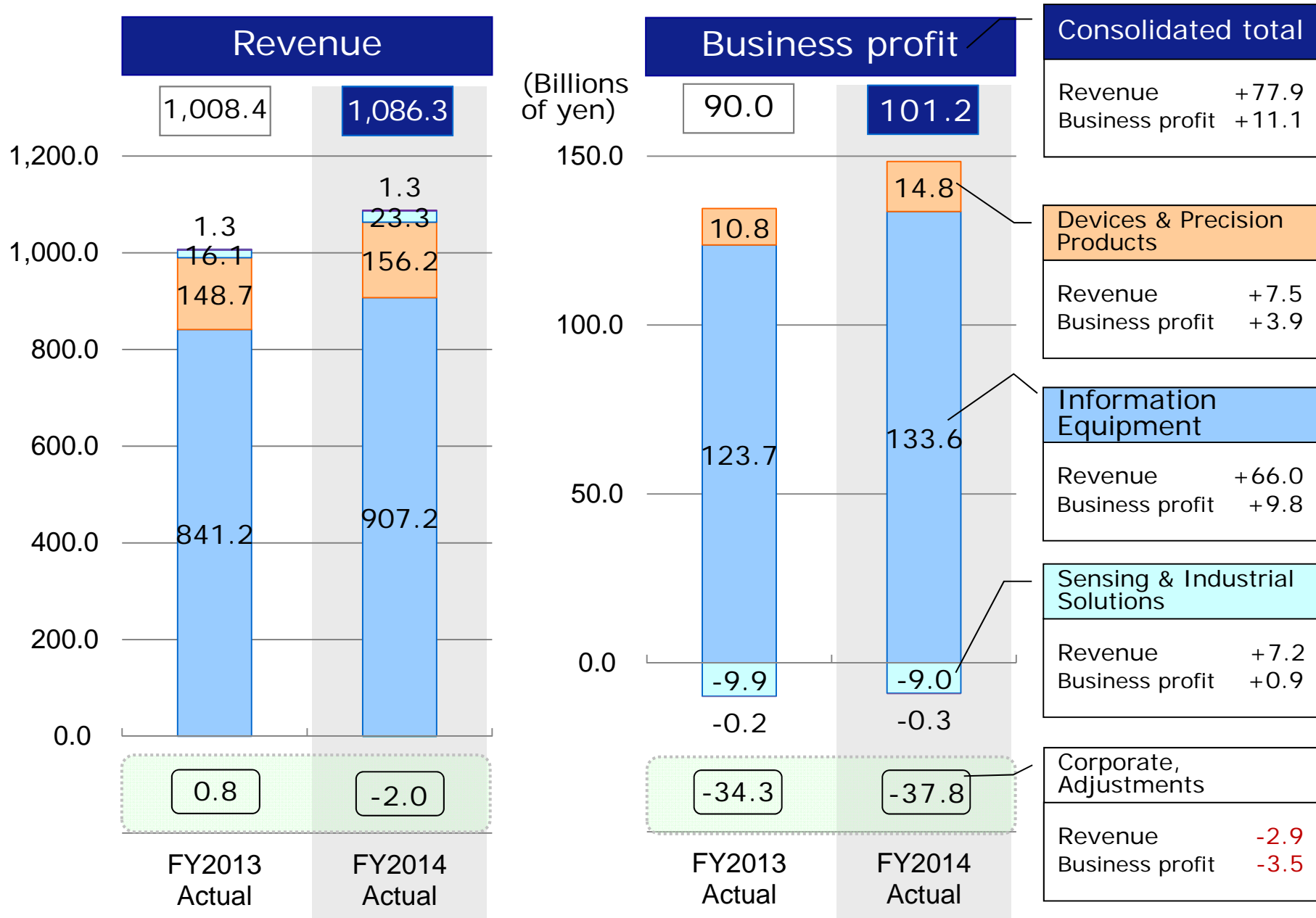
FY2014 Q4
Financial Results

Financial Highlights (Full Year)

	FY2013		FY2014				Change (amount, %)	
	Actual	%	1/30 Outlook	%	Actual	%	Y/Y	Vs. Previous Outlook
(Billions of yen)								
Revenue	1,008.4	-	1,090.0	-	1,086.3	-	+77.9 +7.7%	-3.6 -0.3%
Business profit	90.0	8.9%	105.0	9.6%	101.2	9.3%	+11.1 +12.4%	-3.7 -3.5%
Profit from operating activities	79.5	7.9%	132.0	12.1%	131.3	12.1%	+51.8 +65.2%	-0.6 -0.5%
Profit before taxes	77.9	7.7%	132.0	12.1%	132.5	12.2%	+54.5 +70.0%	+0.5 +0.4%
Profit for the year	84.4	8.4%	111.0	10.2%	112.7	10.4%	+28.3 +33.6%	+1.7 +1.6%
EPS	¥235.35		¥310.25		¥314.61			
Exchange rate	USD	¥100.23	¥109.00		¥109.93		Previous outlook exchange rate assumptions from Q4 onward USD: ¥115.00, EUR: ¥135.00	
	EUR	¥134.37	¥139.00		¥138.77			

Epson declared a 2-for-1 stock split, effective April 1, 2015.
EPS figures have been split-adjusted (does not include treasury stock).

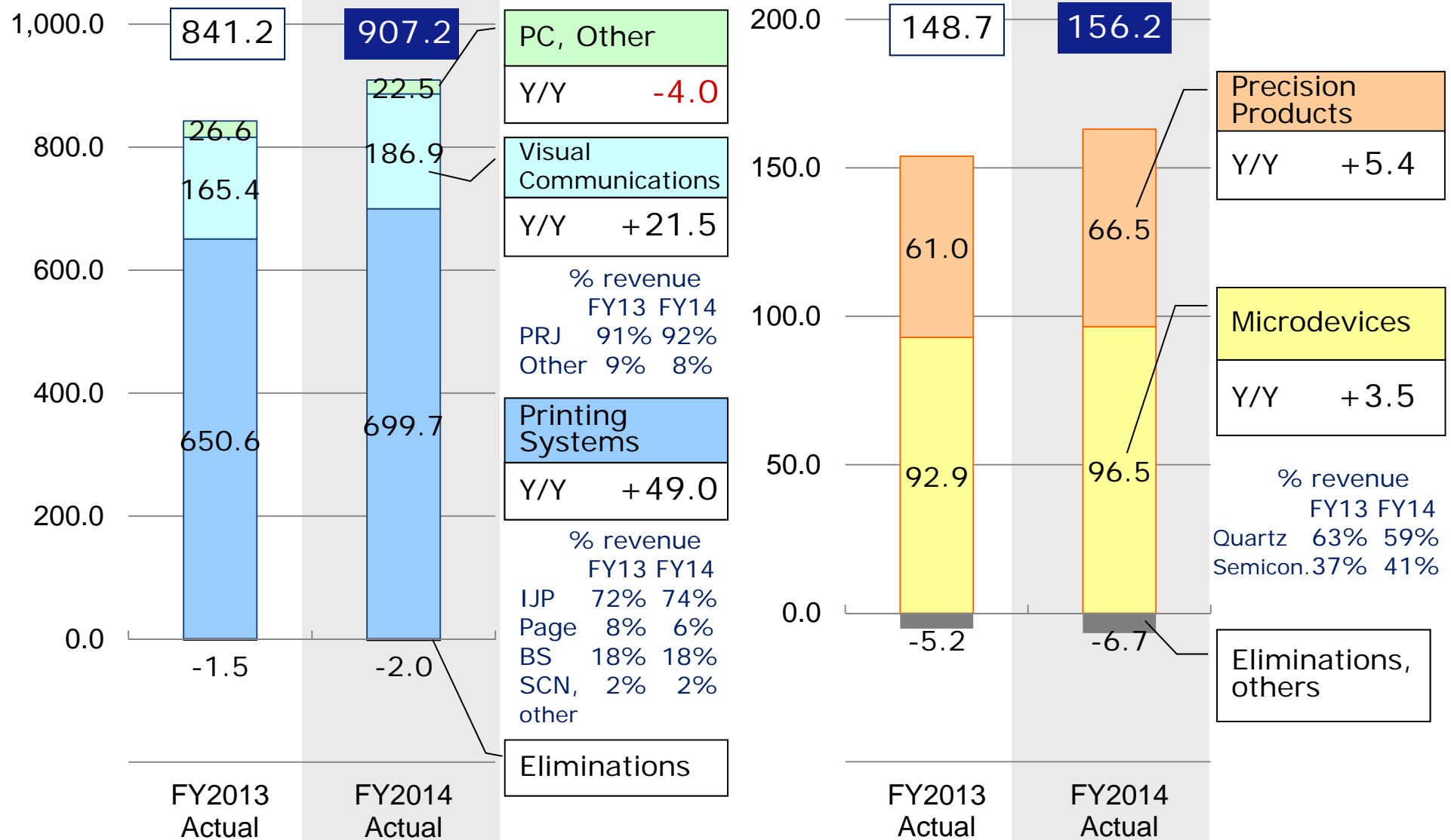
FY2014 Financial Results ▶ By business segment



Revenue Comparison (Full-Year)

Information Equipment Segment (Billions of yen)

Devices & Precision Products Segment



IJP: Inkjet printers Page: Page printers BS: Business systems SIDM: Serial impact dot matrix printers
 POS: Point of sales SCN: Scanners PRJ: Projectors

FY2014 Summary

- ◆ Executed strategies based on the SE15 updated mid-range business plan (FY2013-15)
 - ✓ Developed technology, launched new products, adopted new business models for future growth
 - ✓ Strategies and a weaker yen enabled us to achieve revenue and profit growth in every segment, while at the same time aggressively investing in the brand and future growth

Accelerated new business model adoption in IJP

- Grew high-capacity ink tank model unit shipments and launched in Western Europe
- Launched office inkjets with PrecisionCore and managed print services

Accelerated switch from analog to digital in commercial and industrial printing

- Upgraded and expanded inkjets for commercial printing of signs, textiles, photos, etc.
- Expanded the lineup of inkjets for labels

Accelerated a qualitative shift in visual communications

- Expanded our product range including high-added-value projectors and smart glasses

Accelerated efforts in QoL improvement and manufacturing

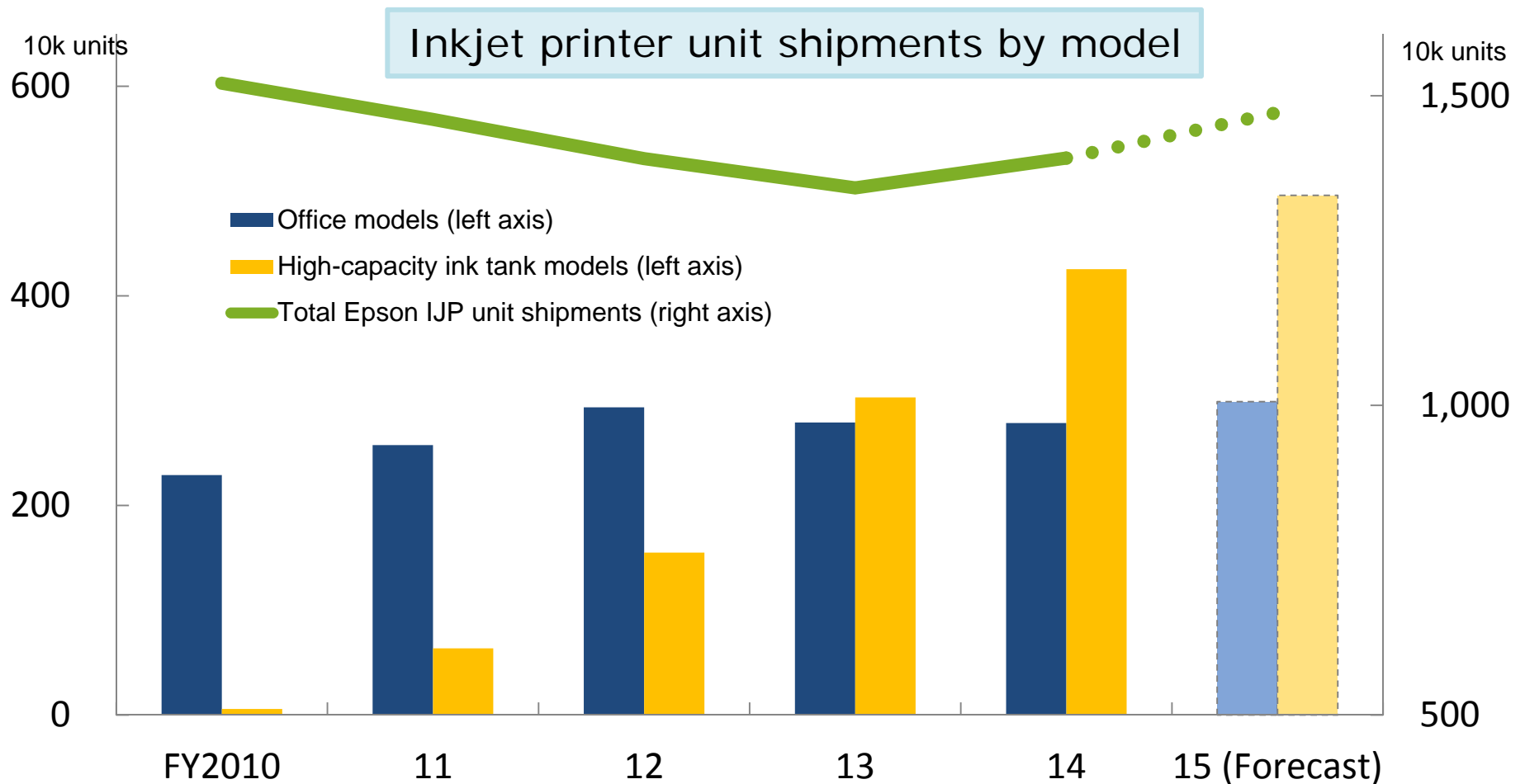
- Launched succession of new products in personal health and sports markets
- Drove expansion of market for industrial precision assembly robots

Progress on SE15 Updated Mid-Range Business Plan



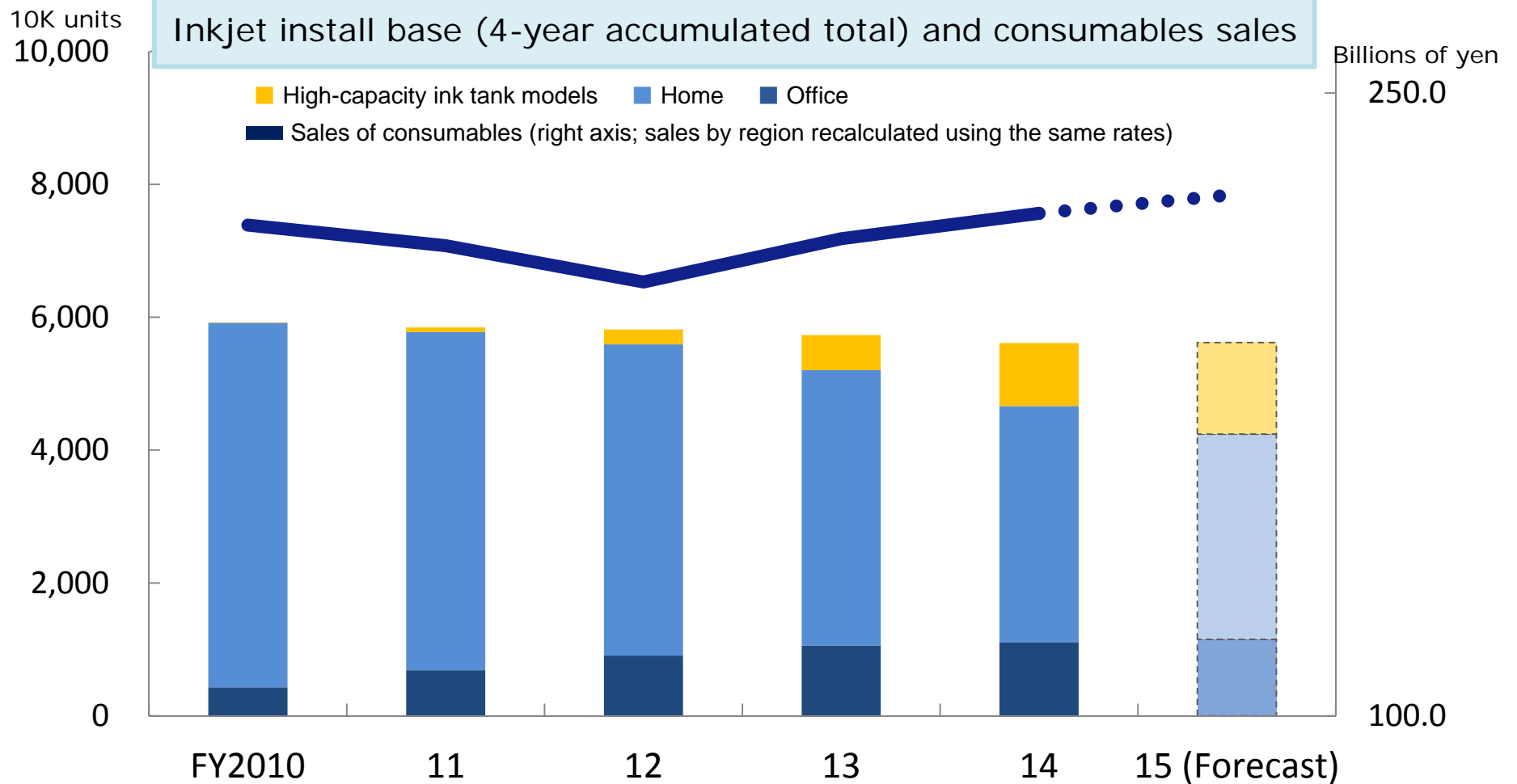
Strategic progress in IJP

- ◆ Strengthened and expanded office lineup with launch of PrecisionCore printhead models
- ◆ Expanded high-capacity ink tank models in emerging markets and launched sales in developed markets



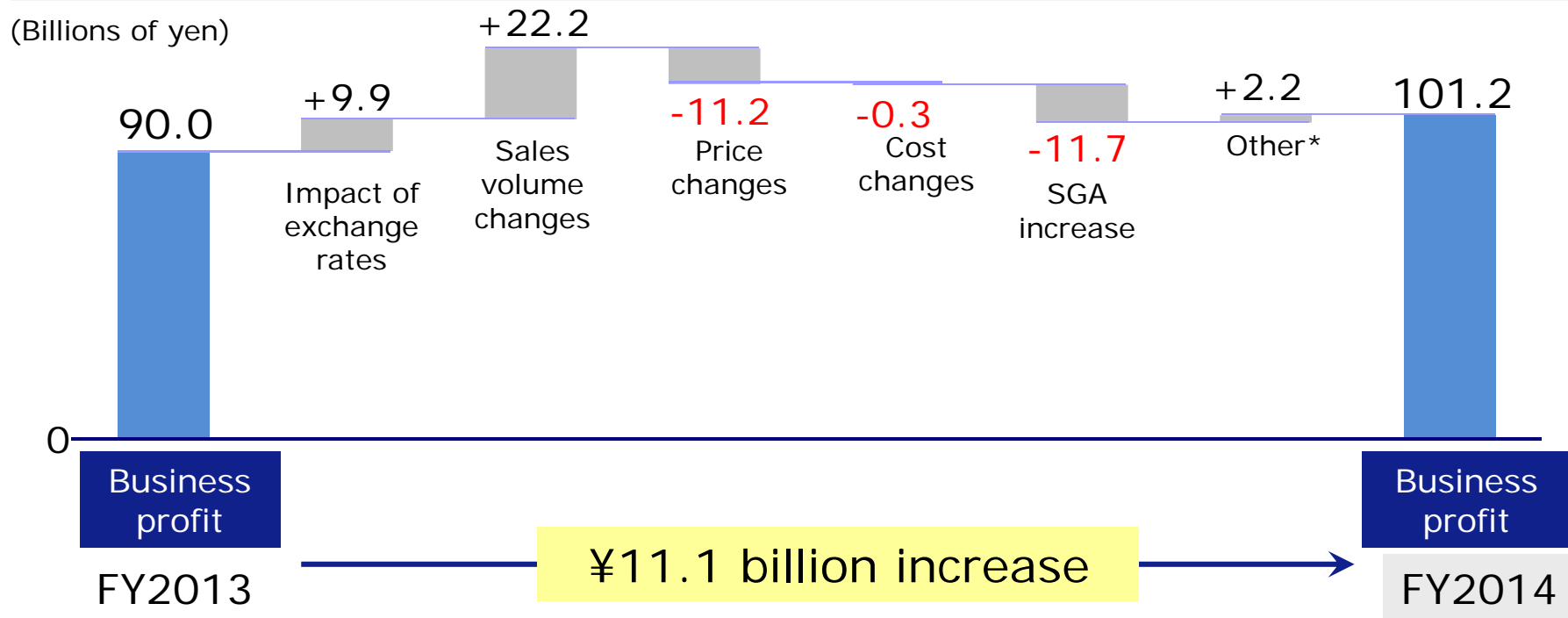
Progress on SE15 Updated Mid-Range Business Plan

- ◆ Increased sales by improving the inkjet install base (machines in field)
 - ✓ Home: Focused on the high end. Office: Expanded and improved install base quality.
 - ✓ Result: Steadily improving trend in sales of consumables (excluding foreign exchange effects)



FY2014 Business Profit Change Cause Analysis

- ◆ Change in sales volume were mainly due to increased sales of high-capacity ink tank printers, projectors and IJP consumables.
- ◆ Changes in the semiconductor and projector product mixes were the main cause of the price change. Inkjet printer prices remained steady overall. Declining ASPs in some regions were offset because high-capacity ink tank printers increased as a %age of total printers.
- ◆ Costs were flat year over year because while variable costs shrank in response to model mix change, depreciations, performance-linked expenses and other costs increased.
- ◆ SGA expenses increased due to aggressive spending on promotions to expand new areas of business.



* The corporate and other segments in this comparison include products and businesses that cannot be compared directly with similar items in the previous year.

FY2015 Financial Outlook

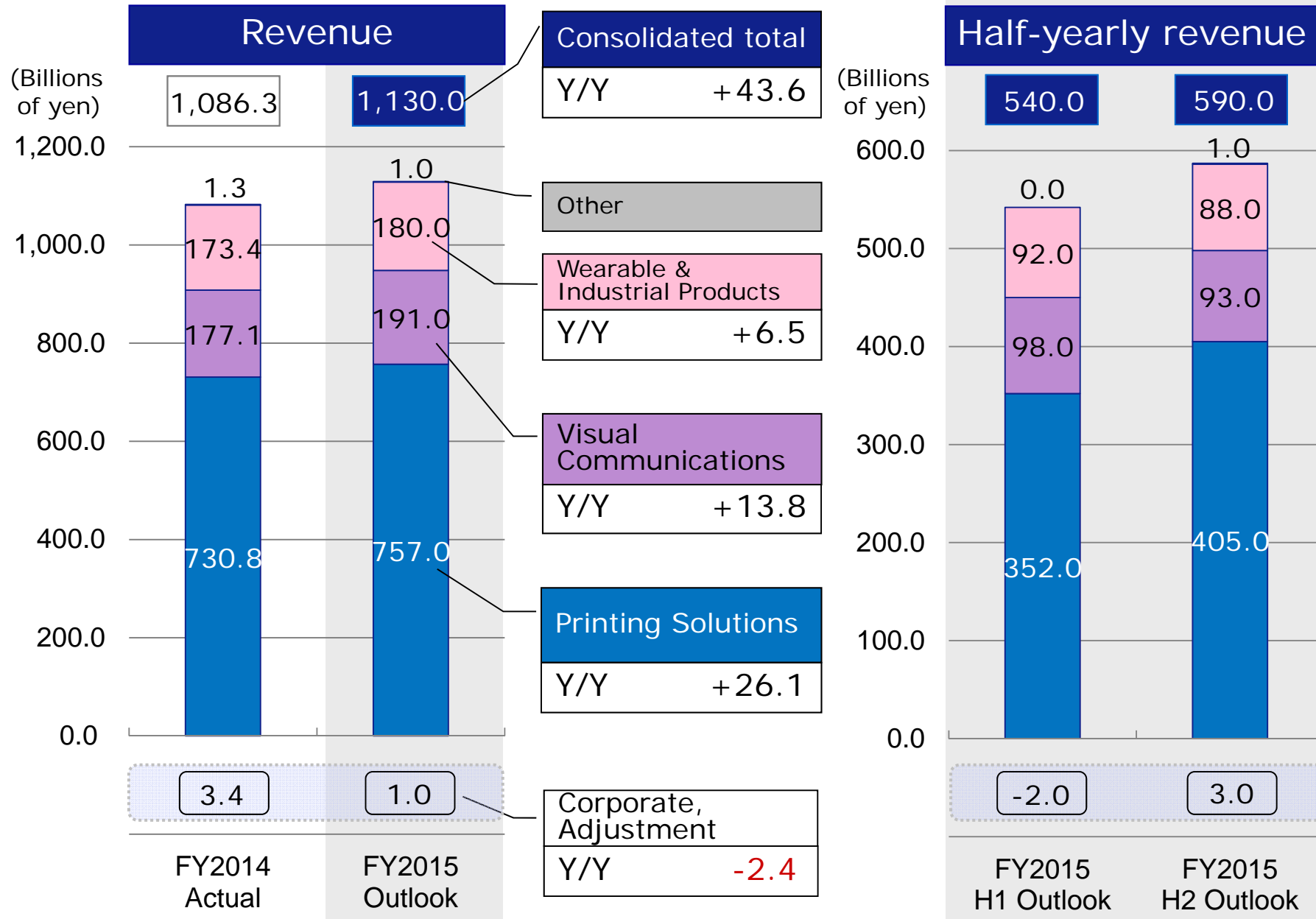
		FY2014		FY2015		Change	
		Actual	%	Outlook	%	Amount	%
(Billions of yen)							
Revenue		1,086.3	-	1,130.0	-	+43.6	+4.0%
Business profit		101.2	9.3%	102.0	9.0%	+0.7	+0.7%
Profit from operating activities		* 131.3	12.1%	100.0	8.8%	* -31.3	-23.9%
Profit before taxes		132.5	12.2%	100.0	8.8%	-32.5	-24.5%
Profit for the period		112.7	10.4%	70.0	6.2%	-42.7	-37.9%
EPS		¥314.61		¥195.65			
Exchange rate	USD	¥109.93		¥115.00			
	EUR	¥138.77		¥125.00			

* FY2014 business profit includes temporary factors including approx. 30 billion yen from the revision of the pension system, and from sales of fixed assets, etc.

	Revenue	Business profit
USD	Approx. +¥3.9 bil.	Approx. +¥0.2 bil.
EUR	Approx. +¥1.2 bil.	Approx. +¥0.8 bil.

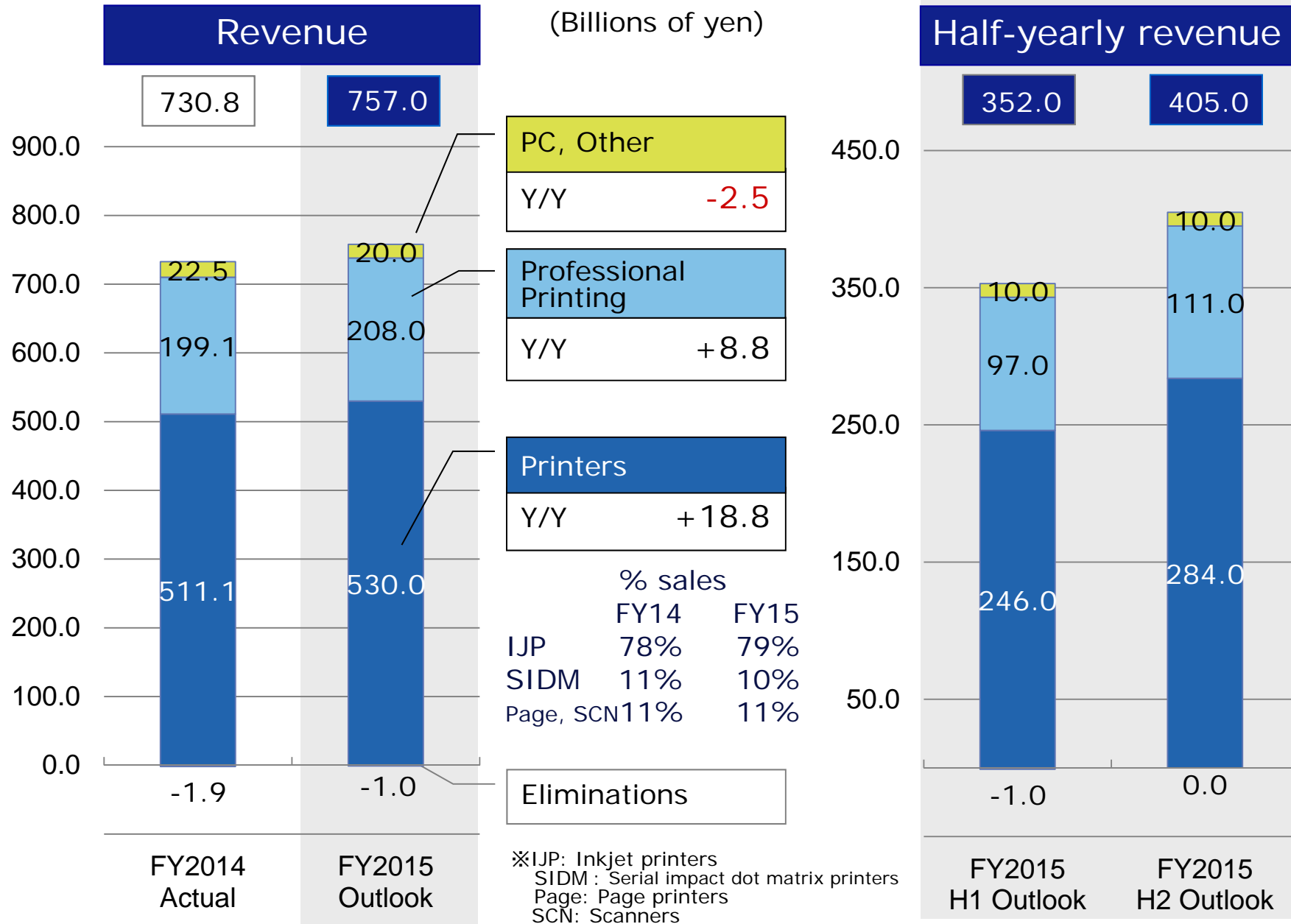
FY2015 Financial Outlook (Revenue)

► By business segment



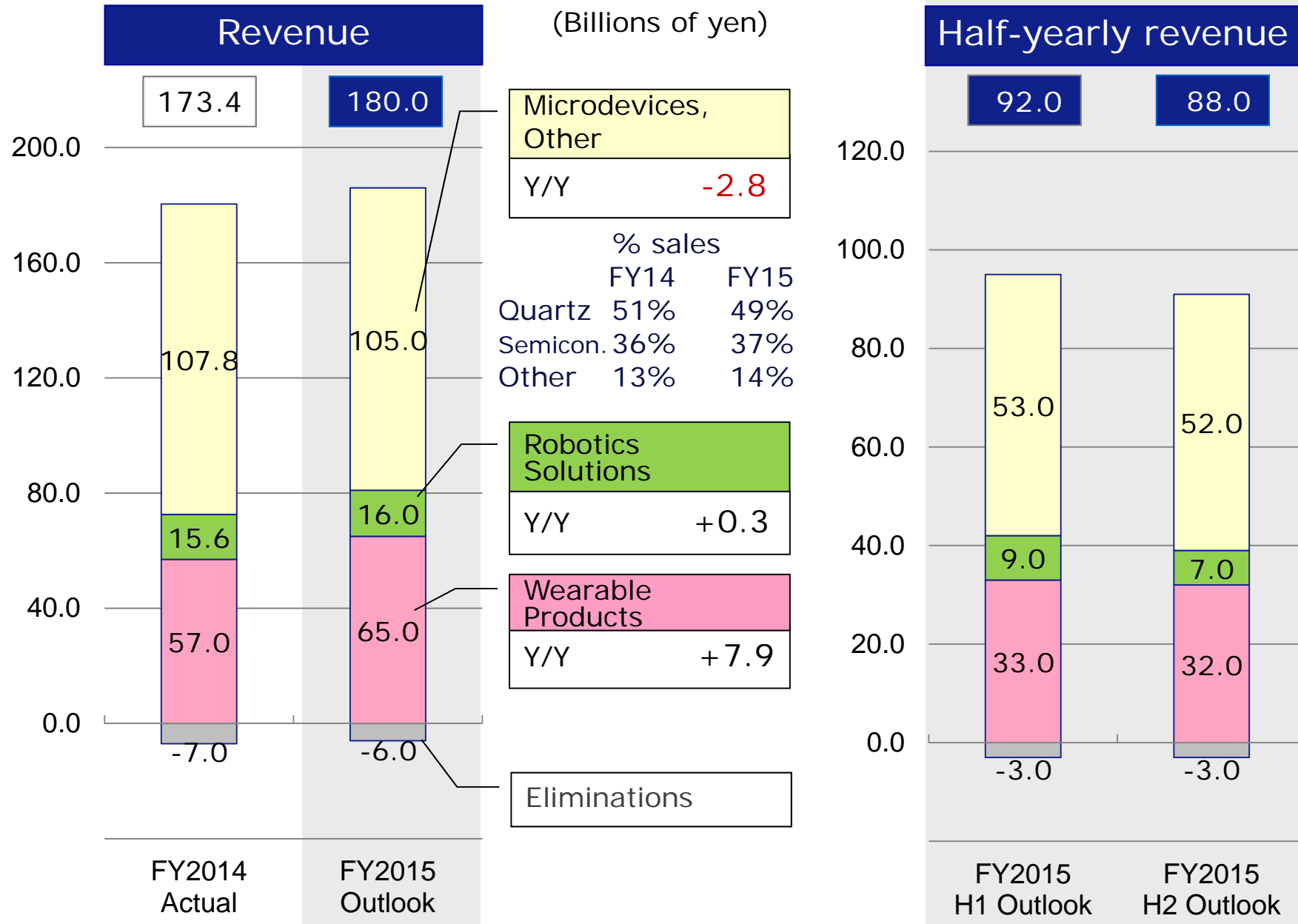
Revenue Outlook by Business

▶ Printing Solutions Segment



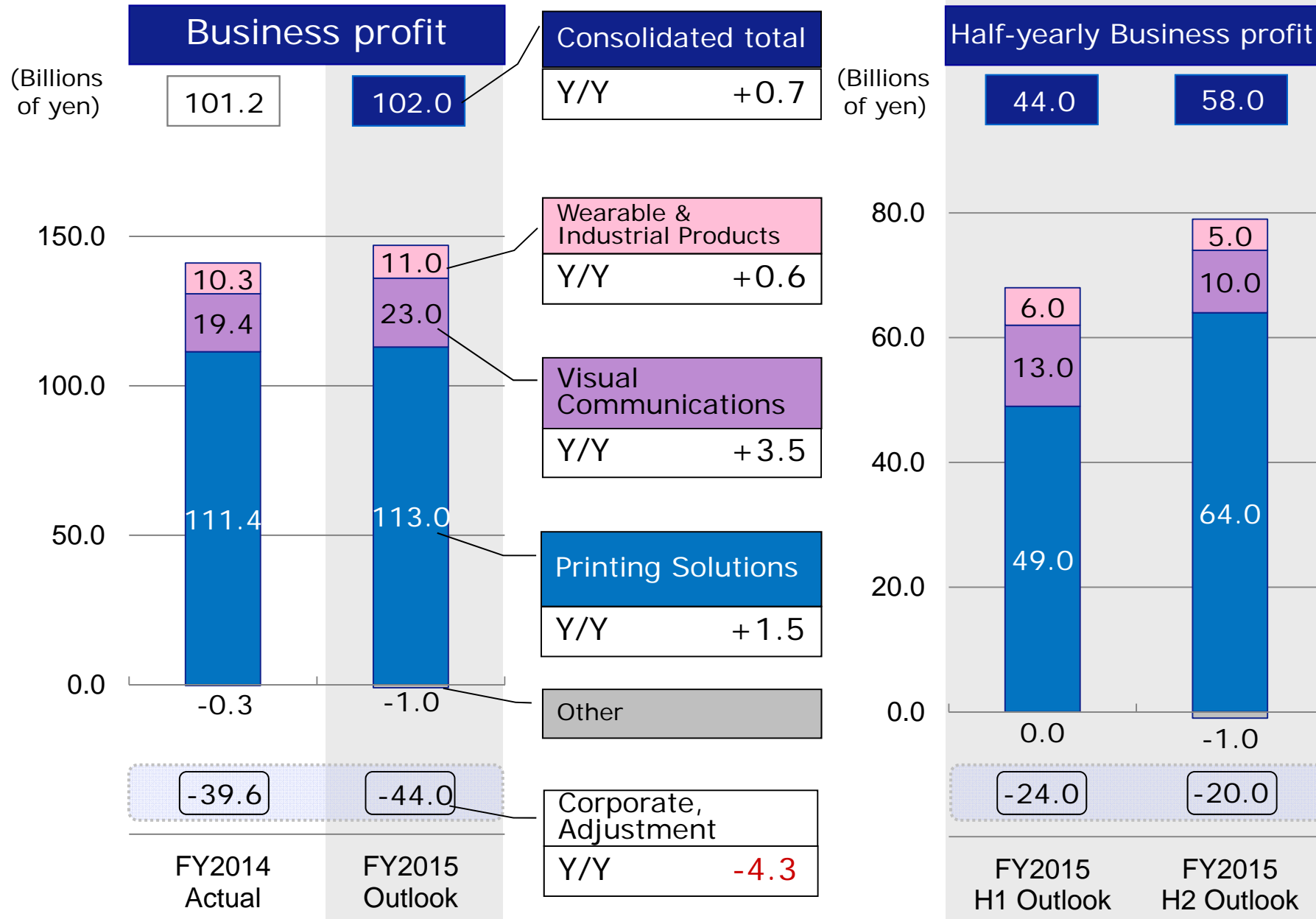
Revenue Outlook by Business

► Wearable Products & Industrial Products Segment



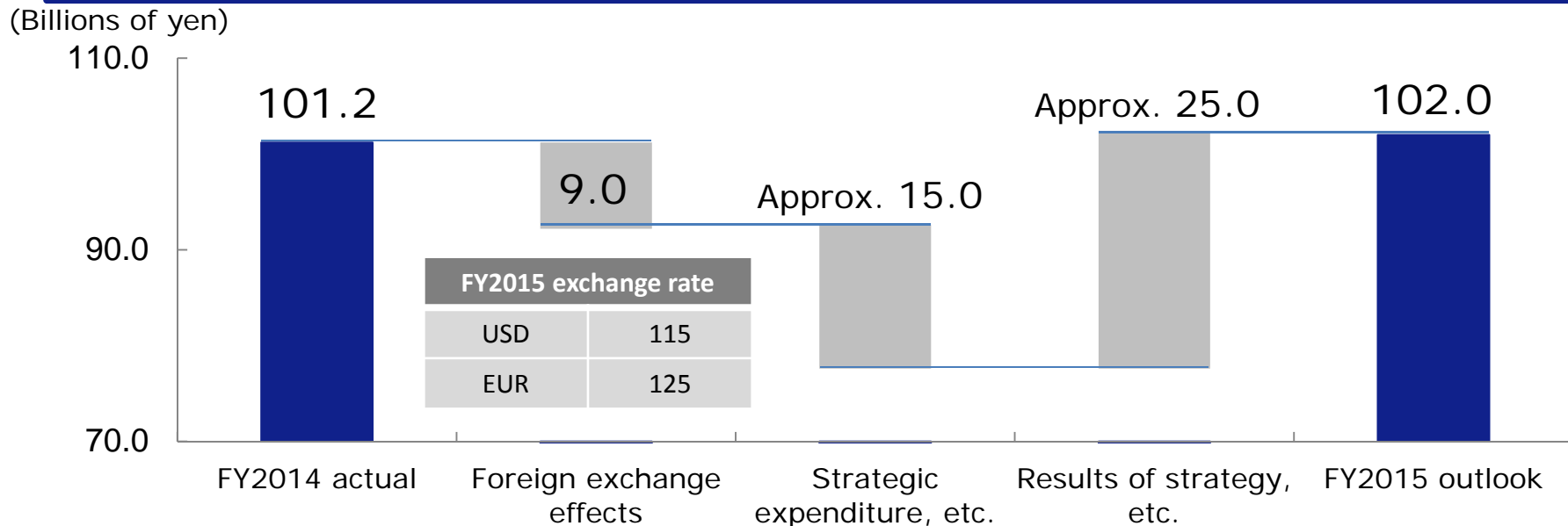
FY2014 Financial Outlook (Business Profit)

► By business segment



FY2015 Highlights

- ◆ Advance the strategies in FY2015, the final year of the SE15 mid-range business plan.
 1. Strategically spend toward medium- and long-term growth.
 - ✓ Reinforce R&D for volume production of strategic products.
 - ✓ Strengthen promotional campaigns to strengthen the Epson brand and expand in new areas.
 2. Steadily grow profit without the need for excessive sales growth by driving changes in existing areas and developing new areas.
 - ✓ Expand sales of high-capacity ink tank printers and inkjet consumables with an improved install base.
 - ✓ Grow projector sales faster than the overall market growth rate.
 - ✓ Expand sales of wearable, industrial, and other products in new business areas.



Analysis based on Epson internal materials

Accelerate Growth by Creating Customer Value under the New Organization

Combine management resources and optimize the Group to ensure sustained growth.



- ◆ Capitalize on inkjet printer strength to improve the product mix, adopt new business models, and develop the office segment.
 - ✓ Replace laser printers with office inkjet printers.
 - ✓ Create new business models, e.g. high-capacity ink tank printers and managed print services businesses.
- ◆ Change from analog to digital inkjet-based work processes in the professional and textile printing industries.
- ◆ Revolutionize communications with microdisplays that produce big-screen images, and interactive technology.
- ◆ Contribute to better quality of life using sensing and wearable technologies to improve personal health, and safety.
- ◆ Revolutionize manufacturing by using robotics to automate operations.
- ◆ Use Epson's device technology to support social infrastructure and other original technologies.

FY2014 Full-Year Financial Results
FY2015 Financial Outlook

FY2014 Q4
Financial Results

Financial Highlights (Fourth Quarter)

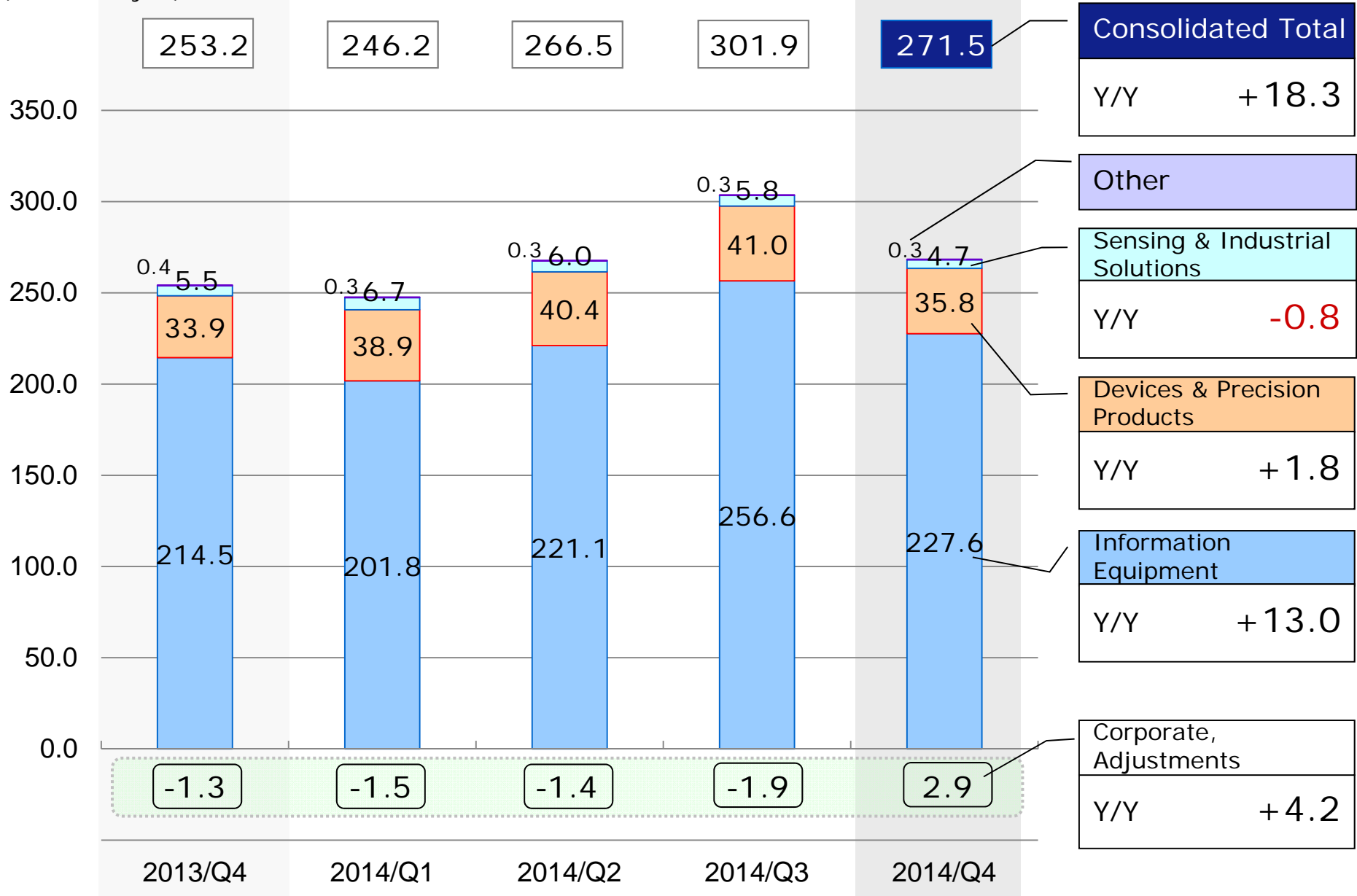
	FY2013		FY2014		Change	
	Q4 Actual	%	Q4 Actual	%	Amount	%
(Billions of yen)						
Revenue	253.2	-	271.5	-	+18.3	+7.2%
Business profit	13.4	5.3%	15.8	5.8%	+2.3	+17.1%
Profit from operating activities	9.0	3.6%	20.7	7.6%	+11.6	+129.8%
Profit before taxes	7.4	3.0%	19.9	7.3%	+12.4	+165.9%
Profit for the period	* 41.7	16.5%	22.1	8.2%	* -19.5	-46.8%
EPS	¥116.38		¥61.72		* The sudden financial turnaround caused a significant improvement in FY2013 4Q business profit due to a large increase in deferred tax assets and significant negative taxation expenses. Previous outlook exchange rate assumptions from Q4 onward USD: ¥115.00, EUR: ¥135.00	
Exchange rate	USD	¥102.78	¥119.09			
	EUR	¥140.79	¥134.17			

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EPS figures have been split-adjusted (does not include treasury stock).

Quarterly Revenue Trend

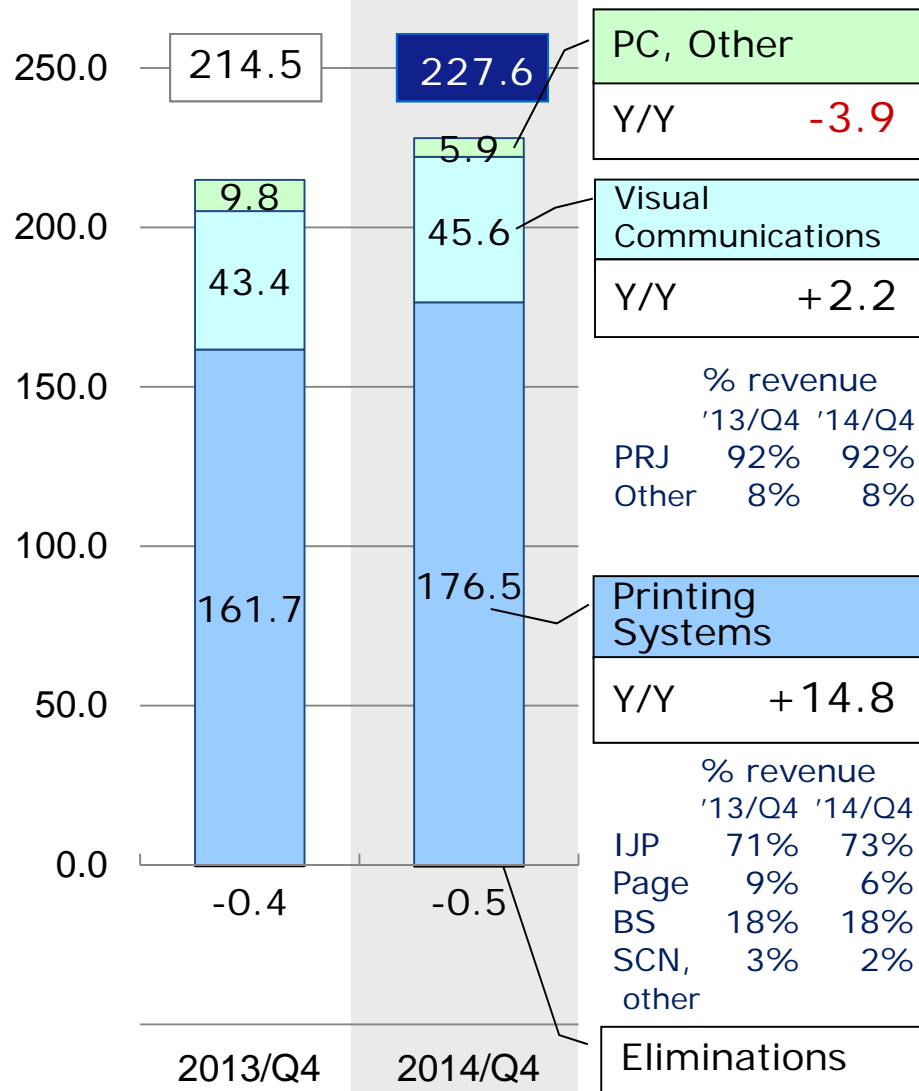
► By business segment

(Billions of yen)

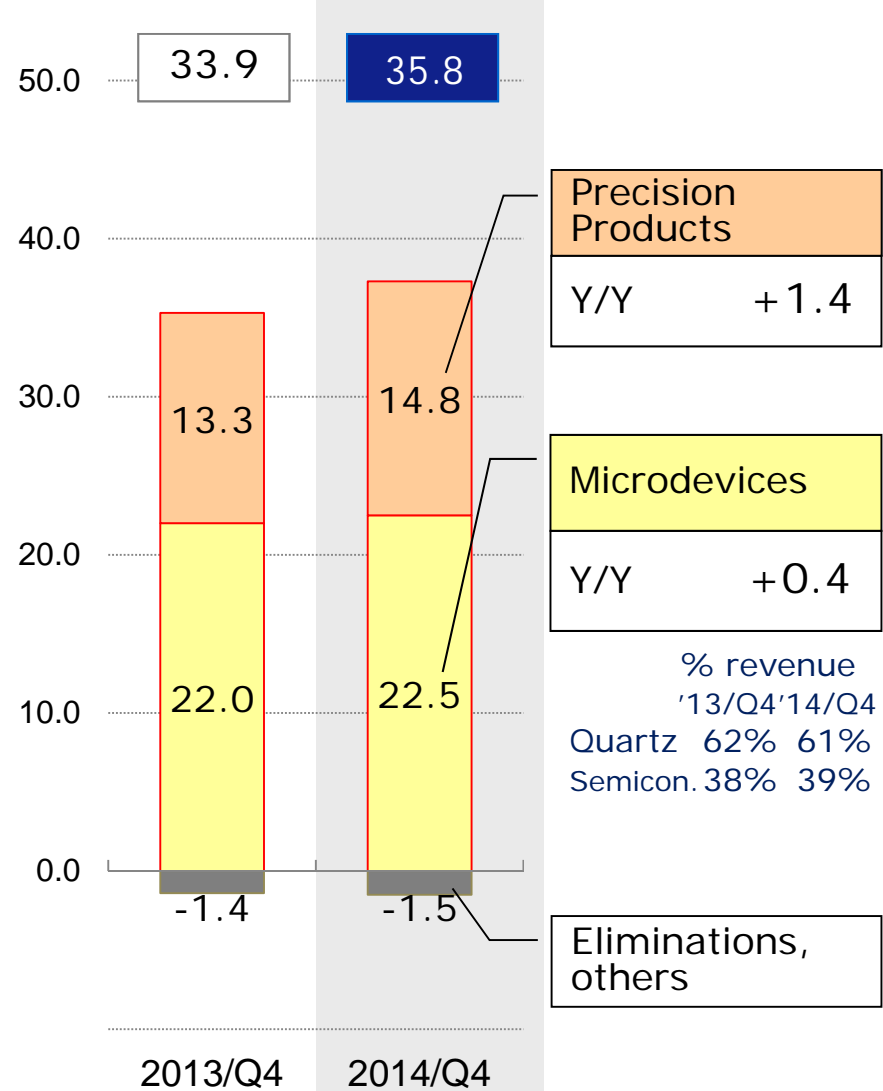


Quarterly Revenue Comparison

Information Equipment Segment (Billions of yen)



Devices & Precision Products Segment

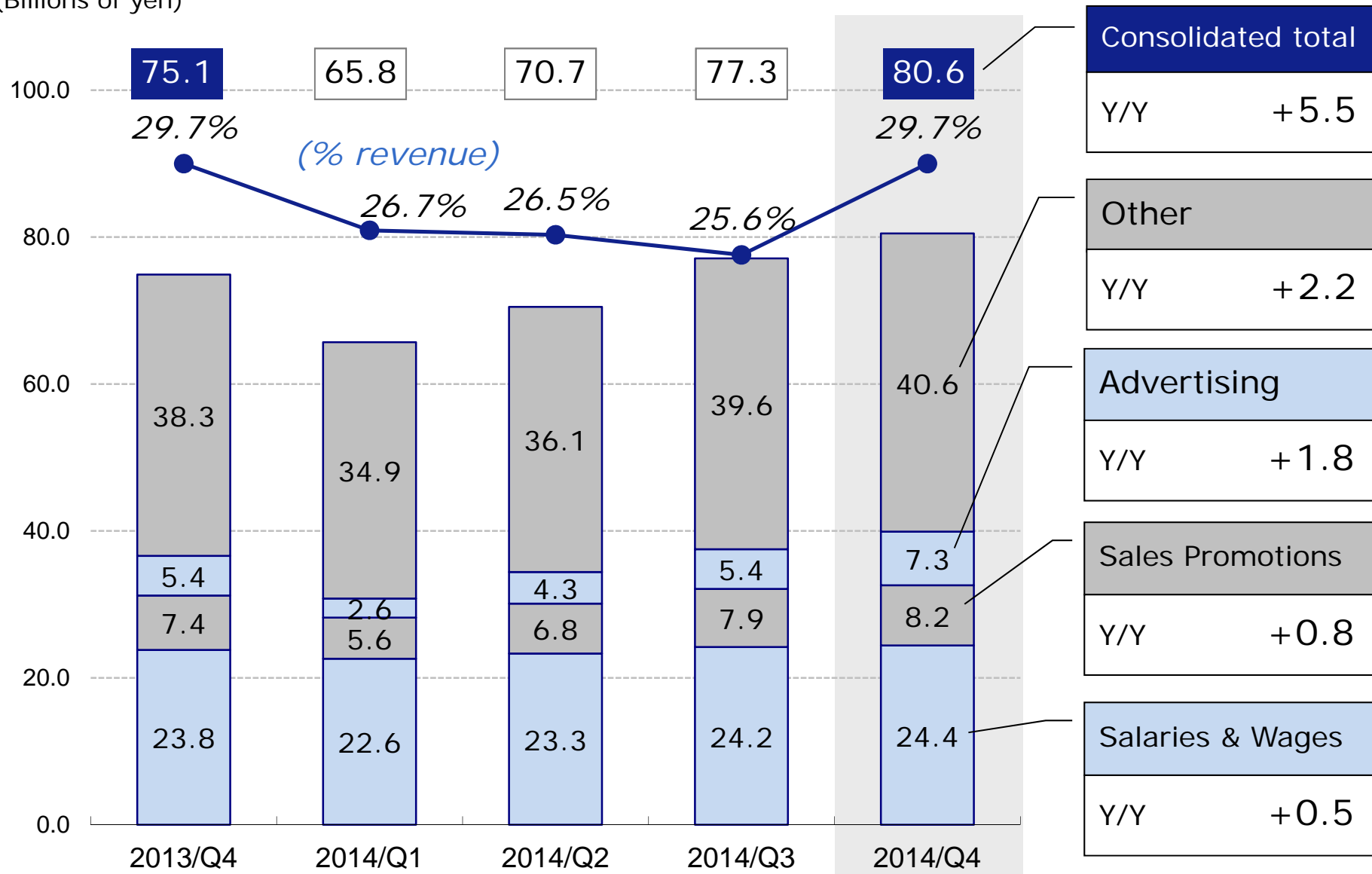


※ IJP: Inkjet printers Page: Page printers BS: Business systems SIDM: Serial impact dot matrix printers

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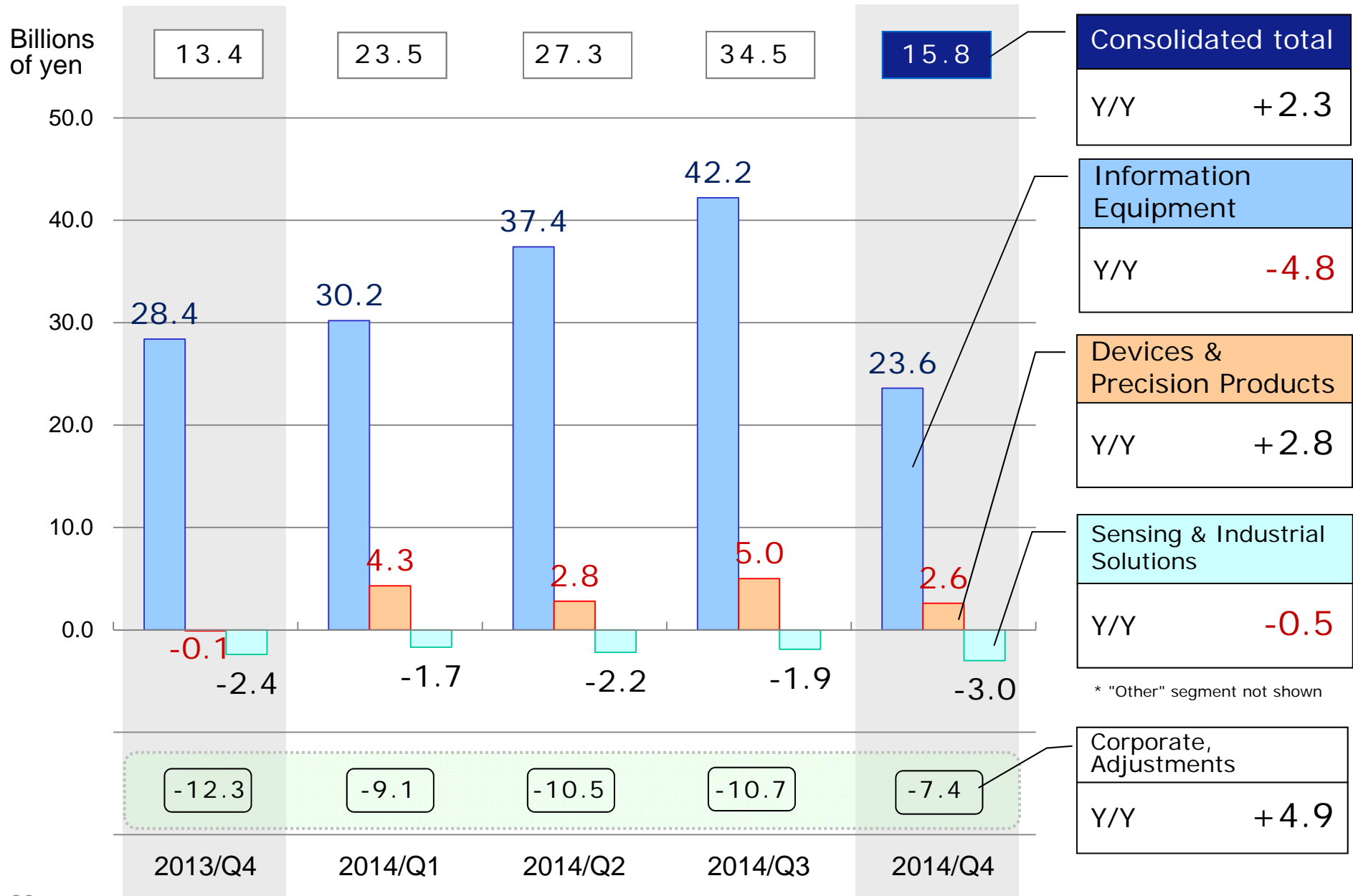
Quarterly Selling, General and Administrative Expenses

(Billions of yen)



Quarterly Business Profit Trend

► By business segment

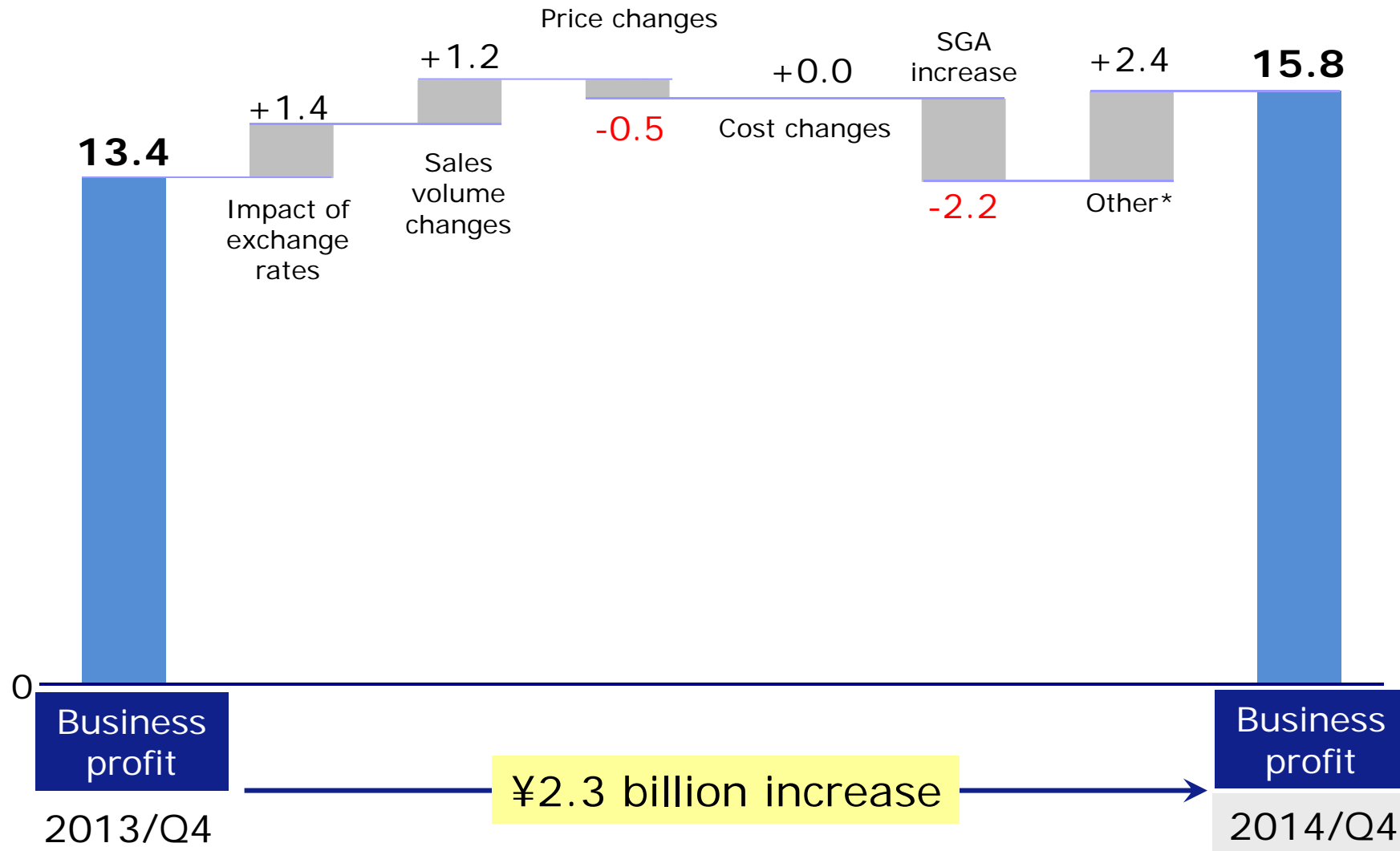


- ◆ Business profit in information-related equipment decreased as flat YOY profit in business systems and projectors profit was offset by shrinking inkjet profit due to environmental changes and other factors
 - ✓ High-capacity ink tank printer, commercial printer and inkjet consumables (esp. in North America) growth steady
 - ✓ Profit declined mainly because inkjet consumables revenue in Japan contracted after jumping at the end of FY2013 in advance of a sales tax hike, printer manufacturing costs rose along with the value of the dollar, transportation costs increased due to port problems, and SGA and advertising expenses increased as we strengthened promotions in developed markets.
- ◆ Profit increased in every business in devices & precision products
 - ✓ Profit increased due to reduced fixed costs in quartz, steady external sales of semiconductors, internal sales, and foundry orders, and strong sales of Astrons and other watch brand products in Japan.
- ◆ Sensing & industrial solutions profit decline on lower revenue
- ◆ Corporate profit increased due to income from patent royalties, etc.

- ◆ Information-related equipment business profit fell short due to shortfalls in business systems and visual communications
 - ✓ Business systems felt the effects of plummeting Latin American currencies and political instability in Russia and Africa.
 - ✓ Visual communication results were affected by factors including a U.S. West Coast port strike, sluggish sales in Russia, and postponed tenders in the education markets of Western Europe and China.
 - ✓ IJP business profit was in line with plan. Slightly lower than expected unit sales and increased hardware manufacturing costs due to the strong dollar were offset by selling prices staying within the expected range and solid consumables sales.
- ◆ Business profit in devices & precision products exceeded the plan partly because of foreign exchange effects
- ◆ Business profit in sensing & industrial solutions was in line with the plan

Business Profit Change Cause Analysis

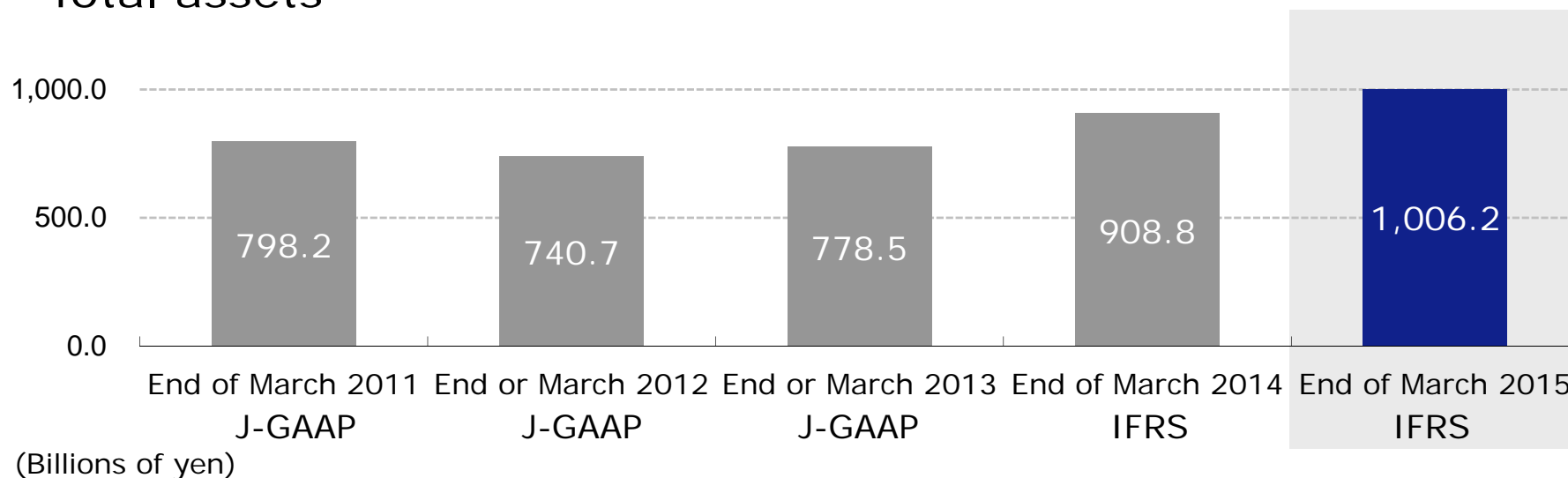
(Billions of yen)



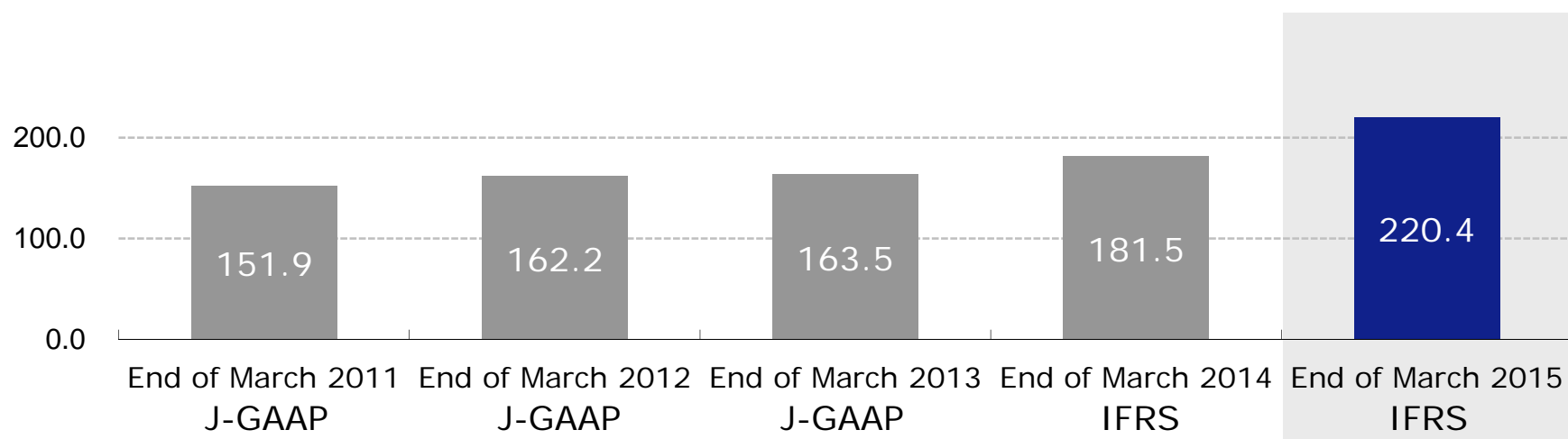
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Statements of Financial Position

Total assets

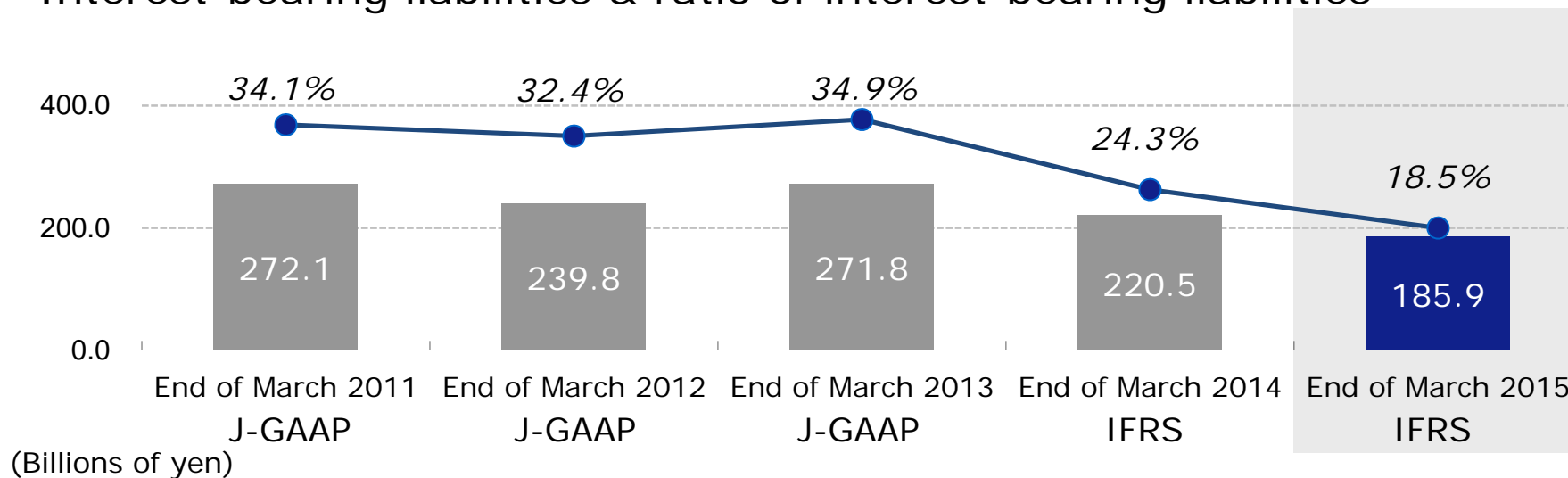


Inventories

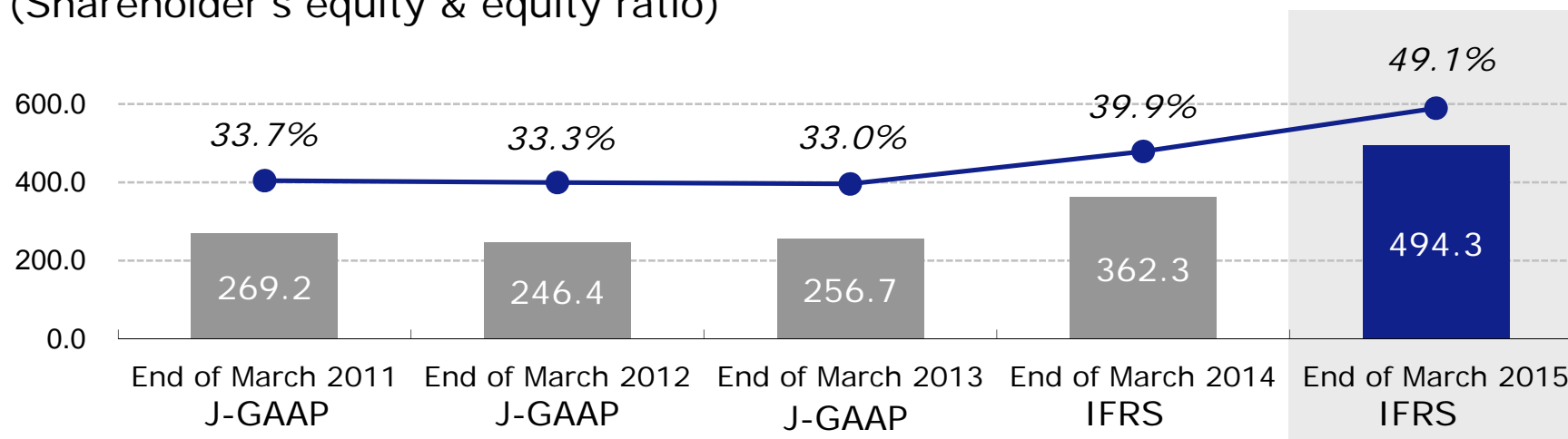


Statements of Financial Position

Interest-bearing liabilities & ratio of interest-bearing liabilities

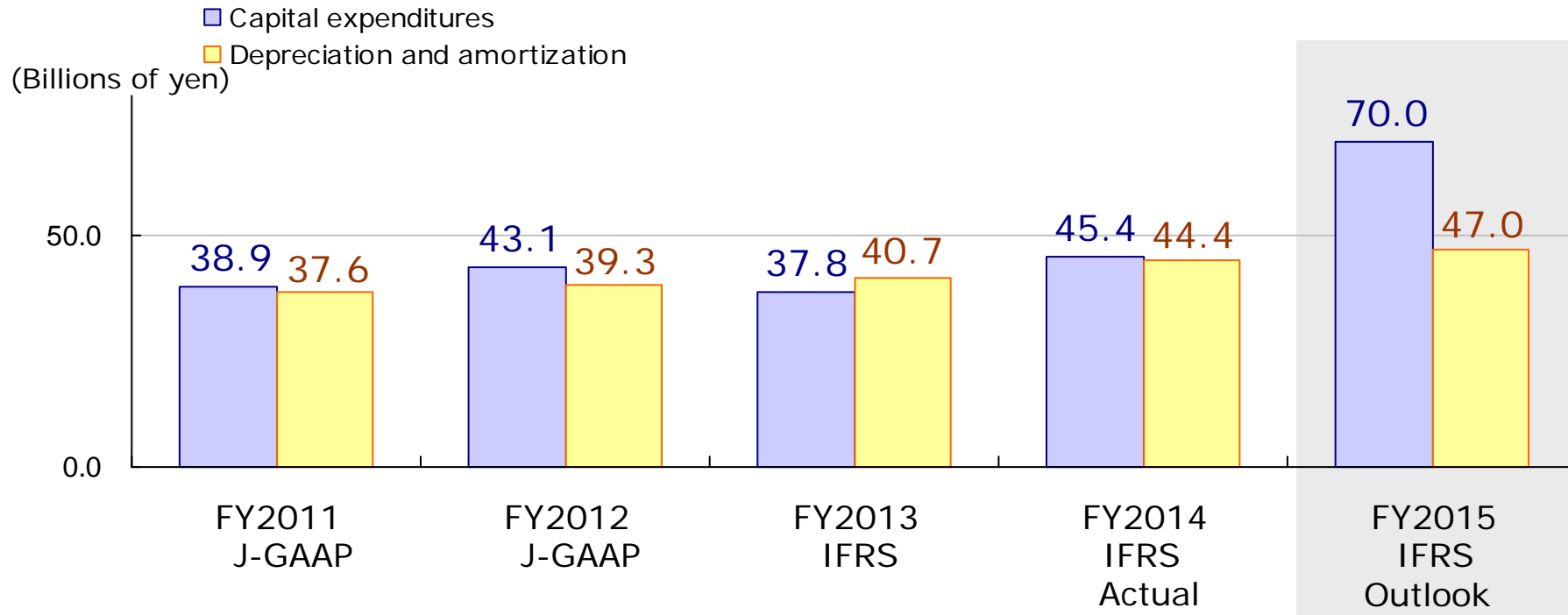


Equity & equity ratio attributable to owners of the parent company (Shareholder's equity & equity ratio)



*Interest-bearing liabilities: Includes lease obligations

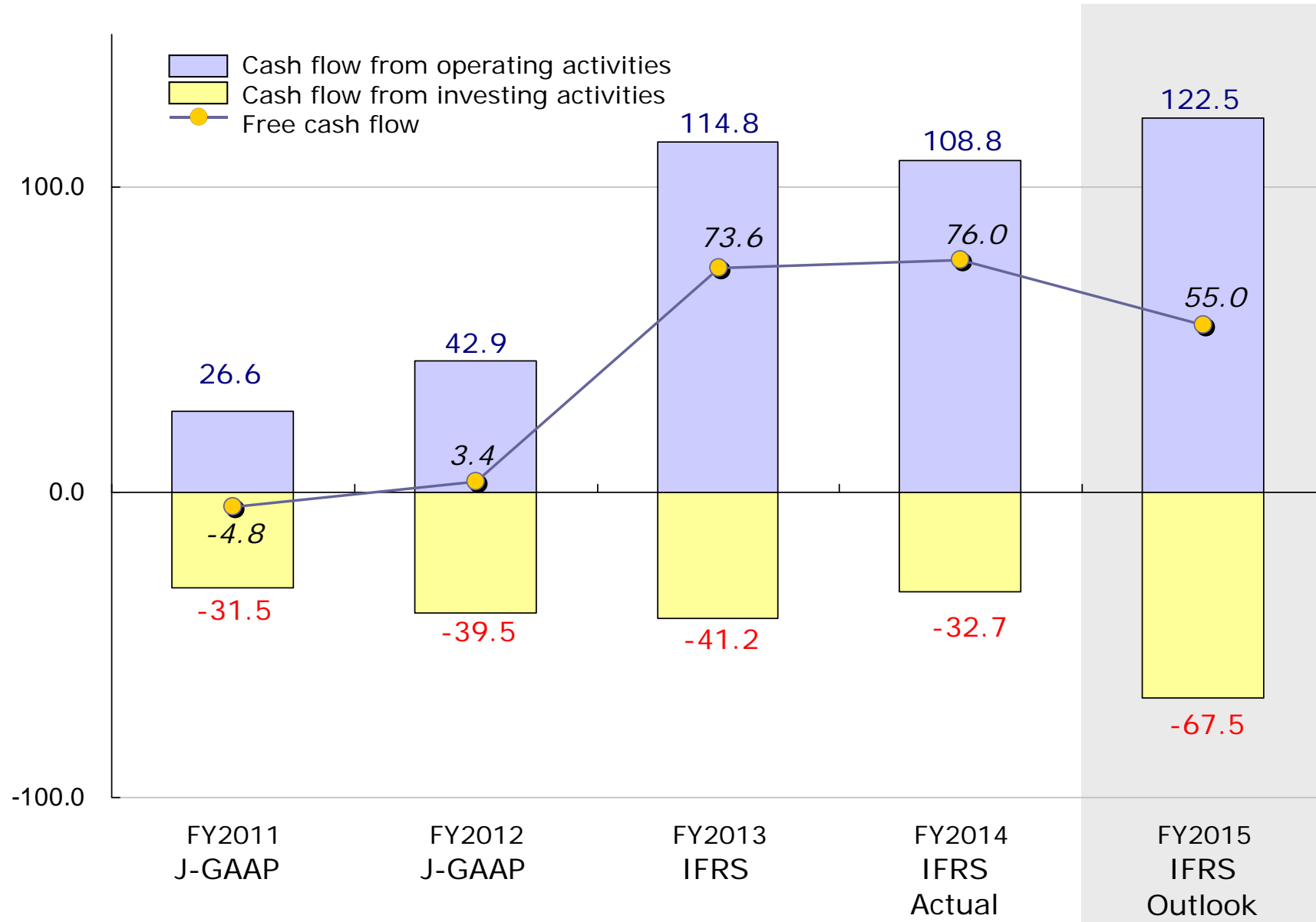
Outlook for Capital Expenditure and Depreciation & Amortization Expenses



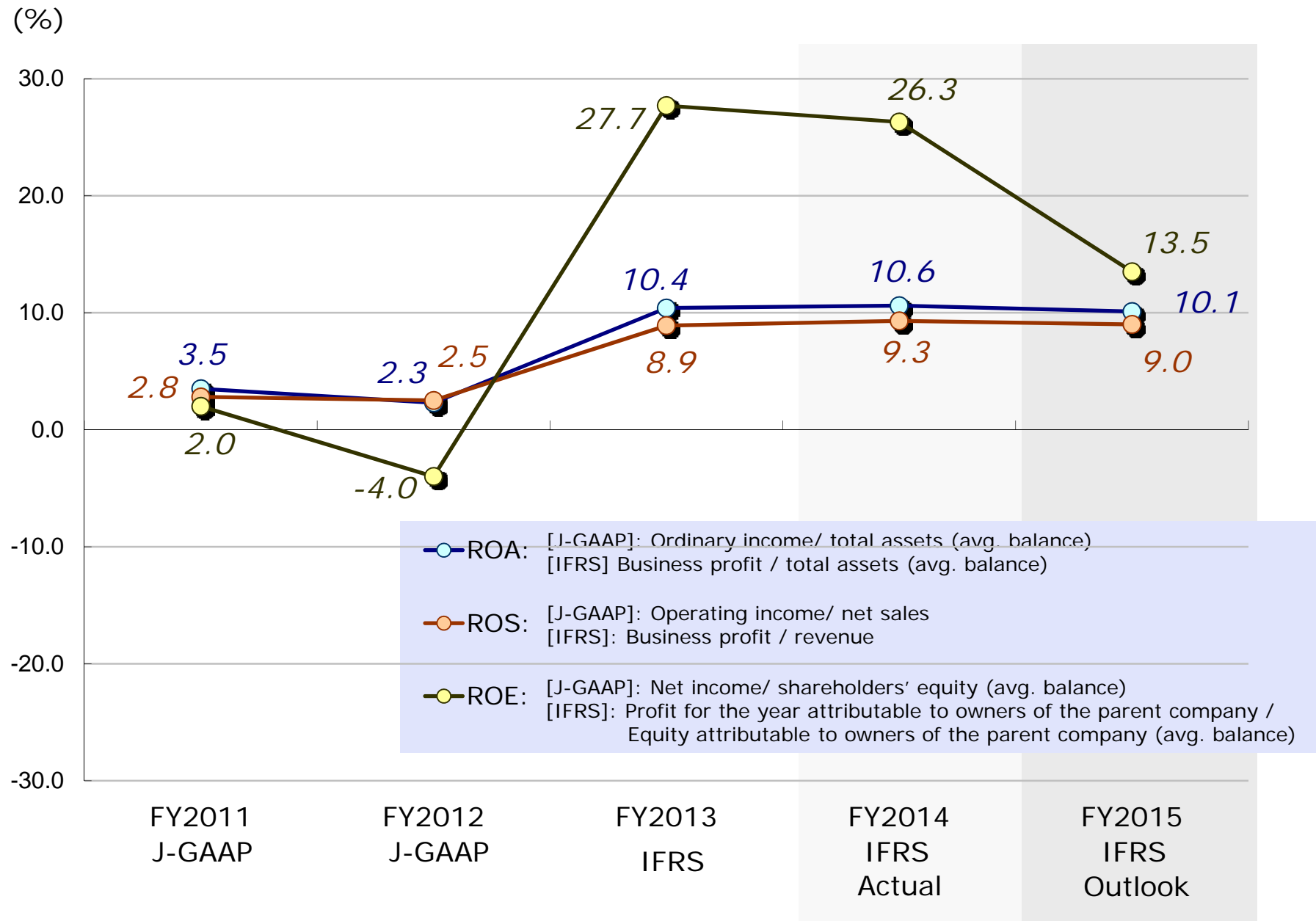
Breakdown by segment	FY2014 Actual		FY2015 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Printing Solutions	22.1	23.0	32.0	25.0
Visual Communications	6.8	7.2	9.0	8.0
Wearable & Industrial Products	8.3	8.0	9.0	9.0
Other, Corporate	8.0	6.1	20.0	5.0

Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators



◆ Dividend policy: 30% dividend payout ratio

We set our dividend payments from a 30% dividend payout ratio calculated from business profit from our core business excluding an amount equivalent to the statutory effective tax rate.

Dividend per share

FY2014	115 yen (interim: 35 yen/ year end: 80 yen)
FY2015 (outlook)	*60 yen (interim: 30 yen/ year end: 30 yen)

* 1:2 share splits undertaken on April 1, 2015

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