



# Third Quarter Financial Results Fiscal Year 2015 (Ending March 2016)

January 29, 2016

**SEIKO EPSON CORP.**

## ■ Disclaimer regarding forward-looking statements

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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.

## ■ Note regarding business profit

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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.

## ■ FY2015 reporting segments

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In April 2015, the Company reorganize its businesses to put Epson in the best position to cap off the SE15 Updated Mid-Range Business Plan (FY2013-15), achieve the FY2015 Business Plan, and prepare for FY2016 and beyond. In conjunction with these structural changes, the Company changed its reporting segments at the start of the 2015 fiscal year based on the management approach. The Company's FY2014 financial results are shown under the new reporting segments to facilitate year-over-year comparisons.

## ■ Numerical values presented herein

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Numbers are rounded down to the unit indicated.

Percentages are rounded off to one decimal place.

1) FY2015 Q3 Financial Results

2) FY2015 Financial Outlook

# Financial Highlights (Through First 9 Months)



	FY2014		FY2015		Change	
	First 9 Months	%	First 9 Months	%	Amount	%
(Billions of yen)						
Revenue	814.8	-	837.4	-	+22.6	+2.8%
Business profit	85.4	10.5%	72.7	8.7%	-12.6	-14.9%
Profit from operating activities	*1 110.6 (80.6)	13.6% (9.9%)	81.9	9.8%	-28.7 (+1.3)	-26.0% (+1.6%)
Profit before taxes	112.6 (82.5)	13.8% (10.1%)	80.3	9.6%	-32.3 (-2.2)	-28.7% (-2.7%)
Profit for the period	90.6 (60.5)	11.1% (7.4%)	55.2	6.6%	-35.3 (-5.3)	-39.0% (-8.8%)
EPS *2	¥252.88		¥153.64			
Exchange rate	USD	¥106.87	¥121.70			
	EUR	¥140.30	¥134.36			

\*1 In Q1 of FY2014, the company recorded a one-time profit of approximately ¥30 billion associated with revisions to the pension plan. ( ) Figures in parenthesis indicate profit excluding the effects of revisions to the pension plan.

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

# Financial Highlights (Third Quarter)



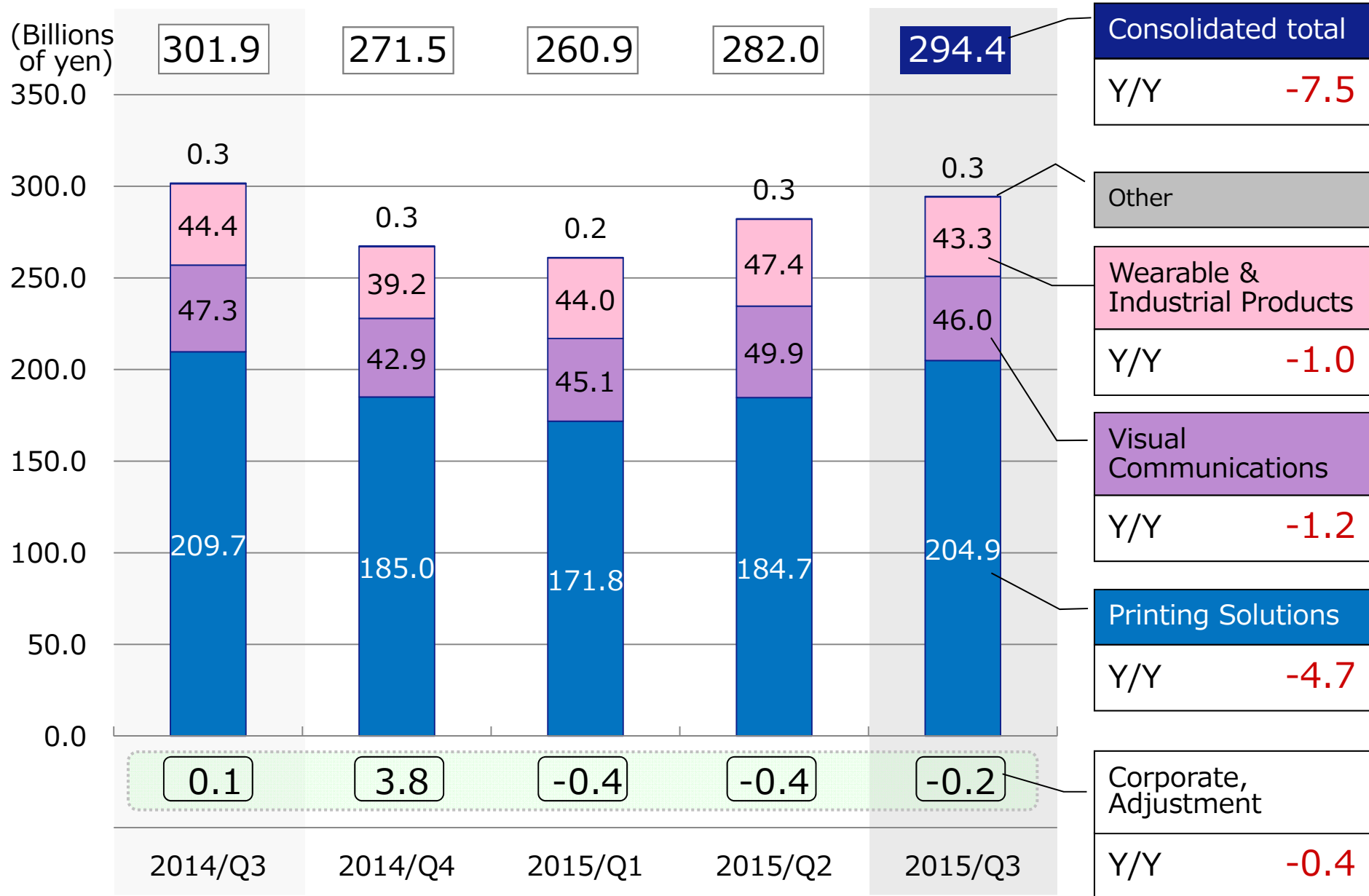
	FY2014		FY2015		Change	
	3Q Actual	%	3Q Actual	%	Amount	%
(Billions of yen)						
Revenue	301.9	-	294.4	-	-7.5	-2.5%
Business profit	34.5	11.4%	32.5	11.0%	-2.0	-5.9%
Profit from operating activities	32.0	10.6%	40.1	13.7%	+8.1	+25.3%
Profit before taxes	32.0	10.6%	40.2	13.7%	+8.2	+25.6%
Profit for the period	24.9	8.3%	29.0	9.9%	+4.1	+16.6%
EPS *1	¥69.57		¥80.89			
Exchange rate	USD	¥114.54	¥121.50			
	EUR	¥143.07	¥132.95			

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

- ✓ Risks (macro environmental factors and price erosion) that were factored into the previous outlook have materialized but have stayed roughly within expectations.
- ✓ Strategic actions taken under the SE15 mid-range business plan are on pace.
- ✓ Progress on internal plans varied by segment, but

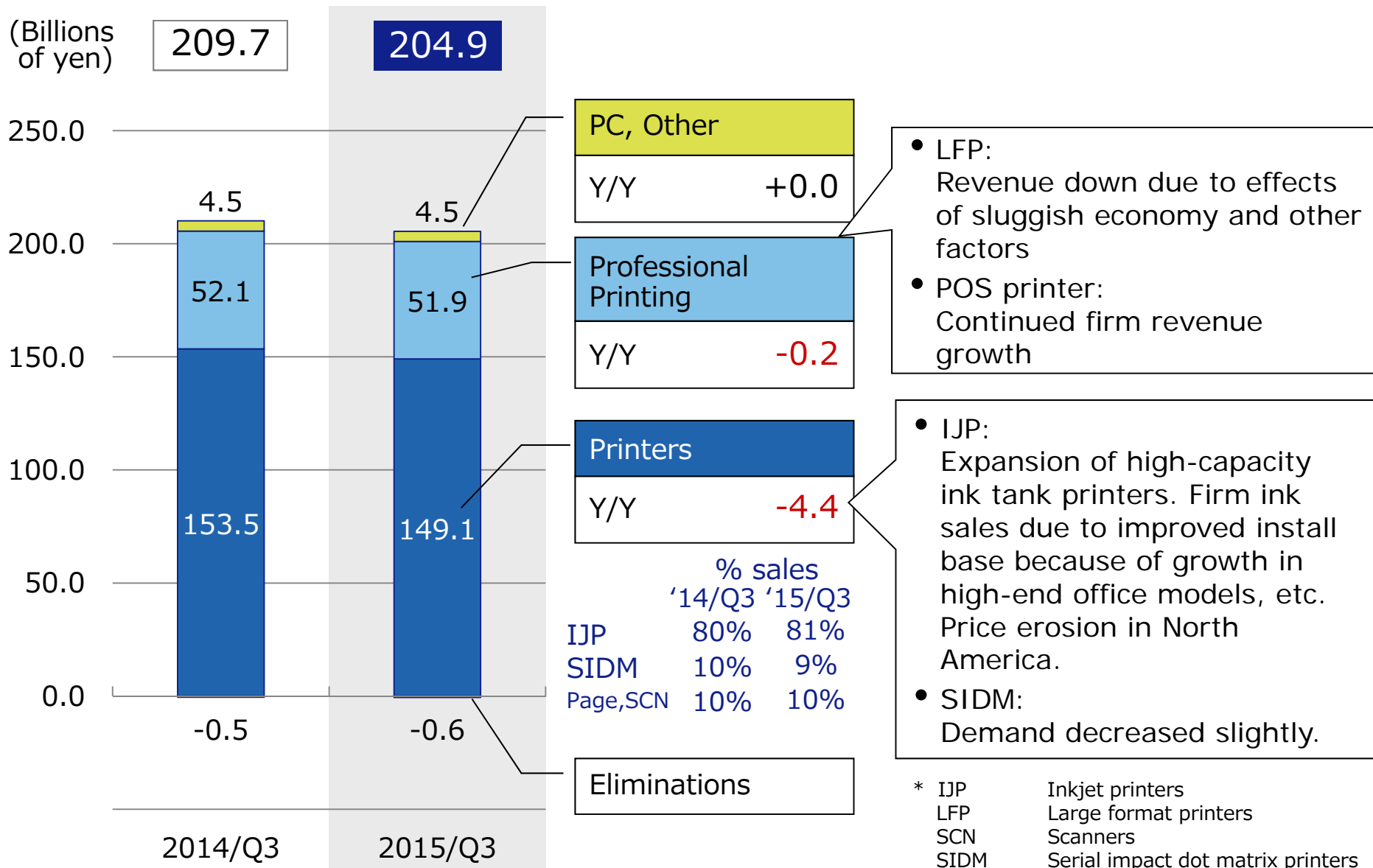
**Q3 business profit was solid.**

# Quarterly Revenue Trend ▶ By business segment



# Quarterly Revenue Comparison

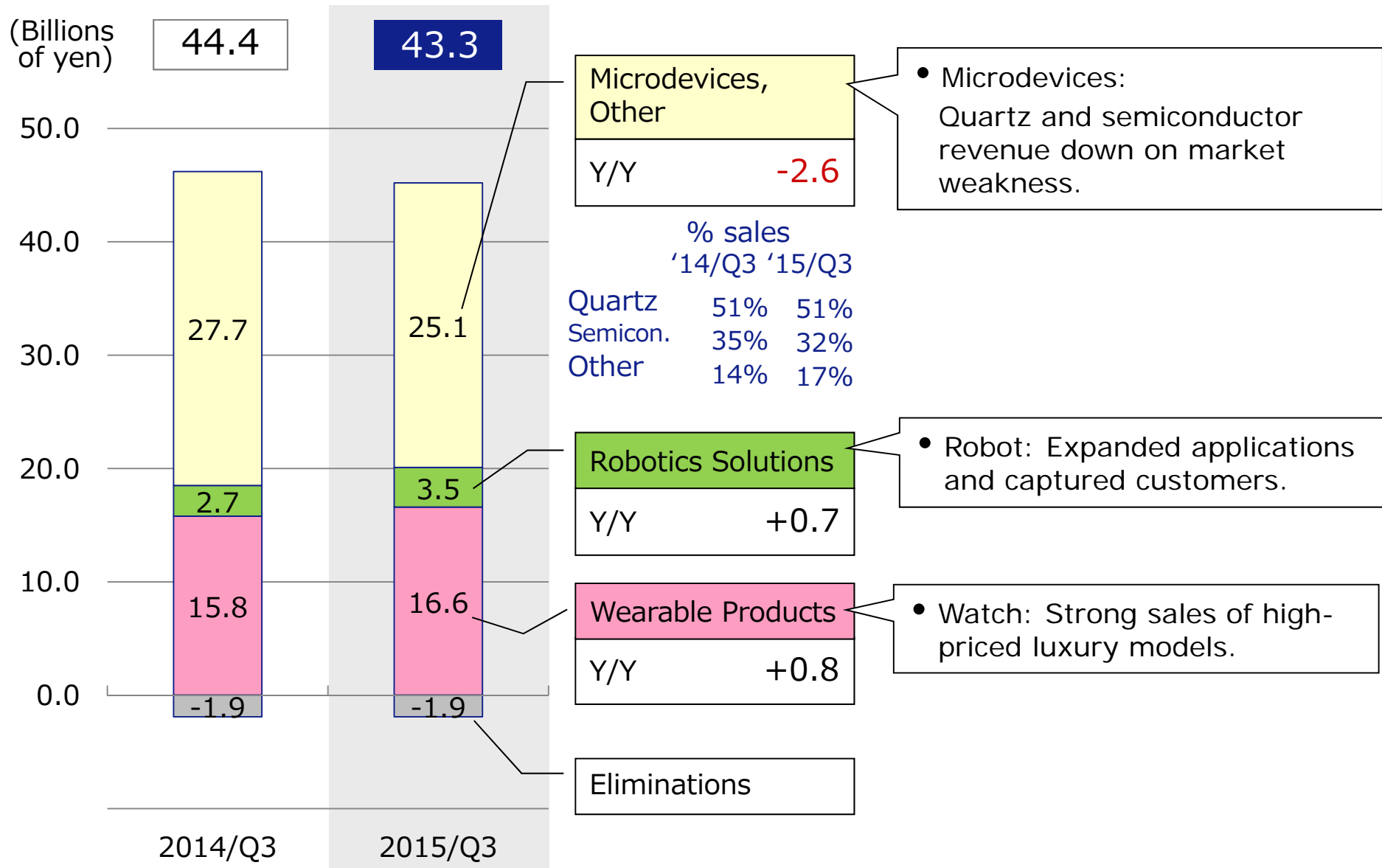
## ▶ Printing Solutions Segment



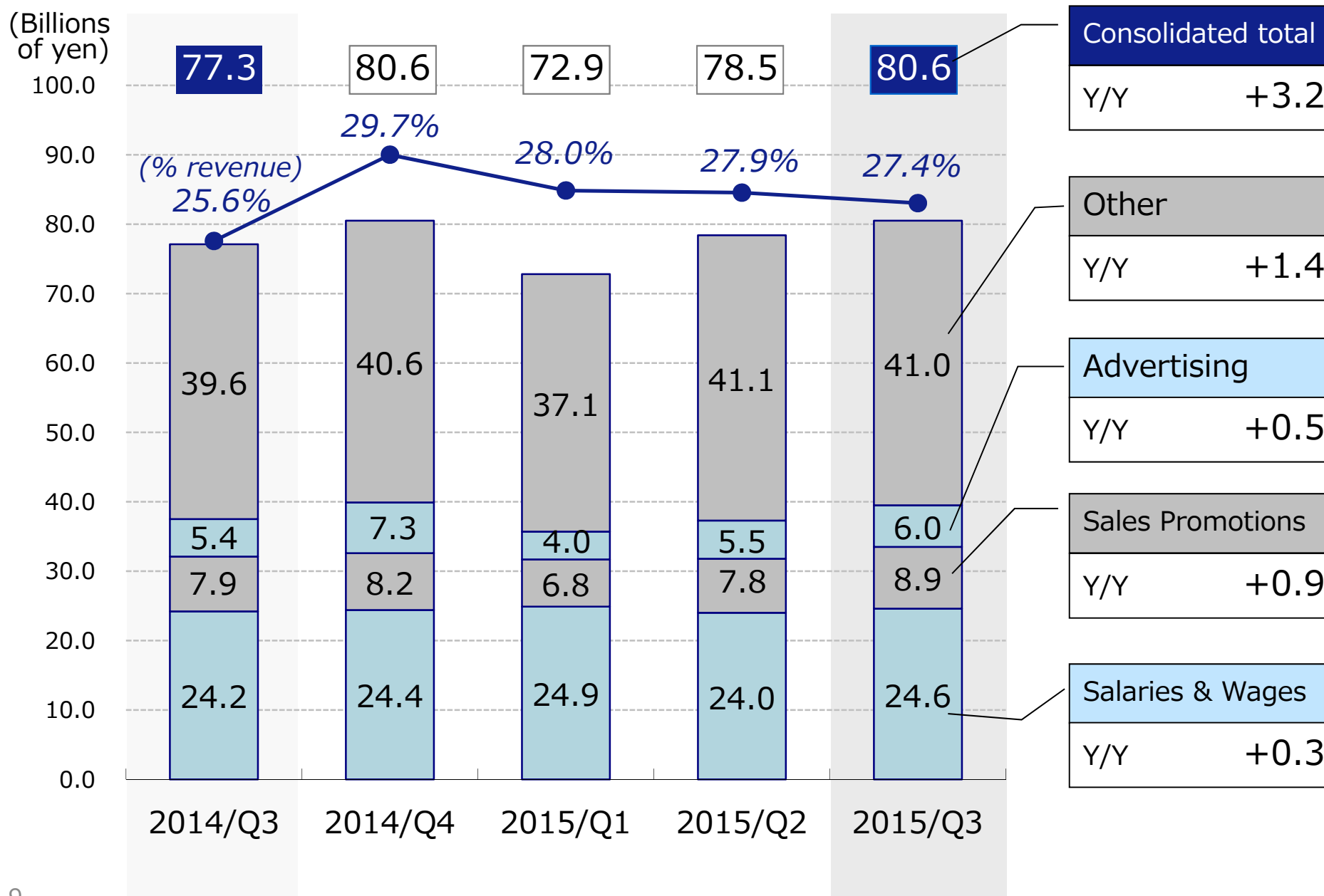


# Quarterly Revenue Comparison

## ► Wearable Products & Industrial Products Segment

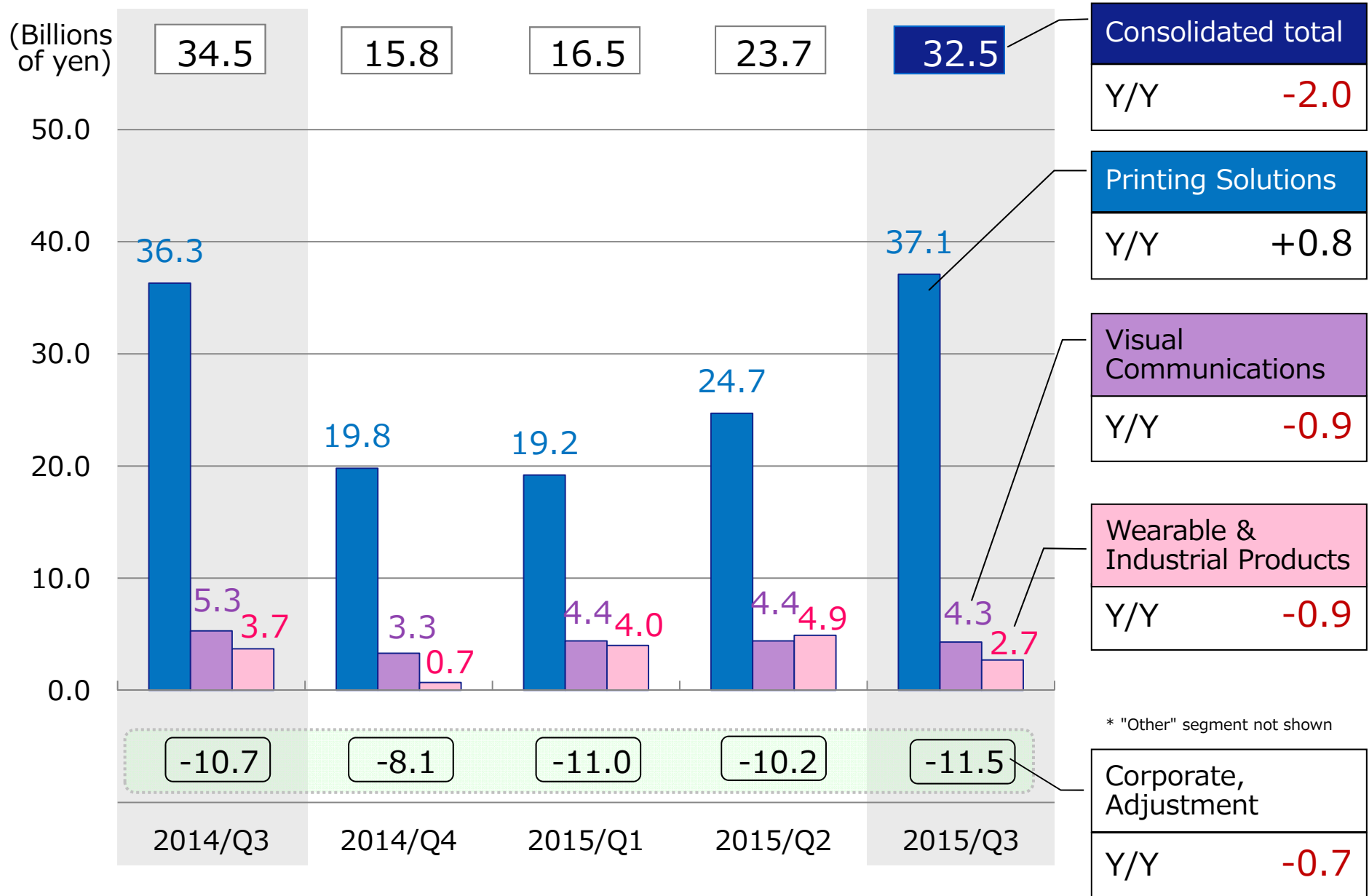


# Quarterly Selling, General and Administrative Expenses



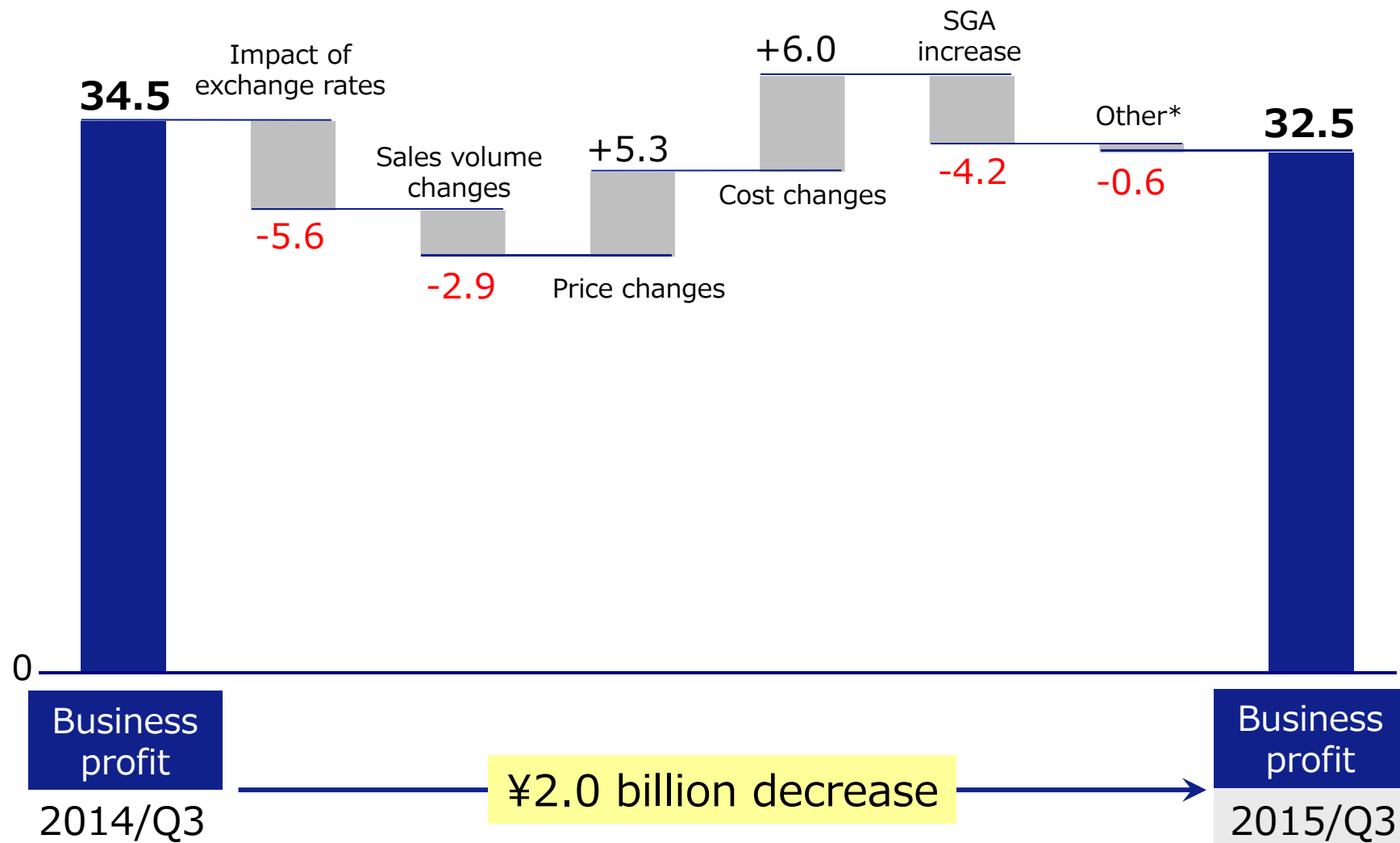
# Quarterly Business Profit Trend

## ► By business segment



# Business Profit Change Cause Analysis

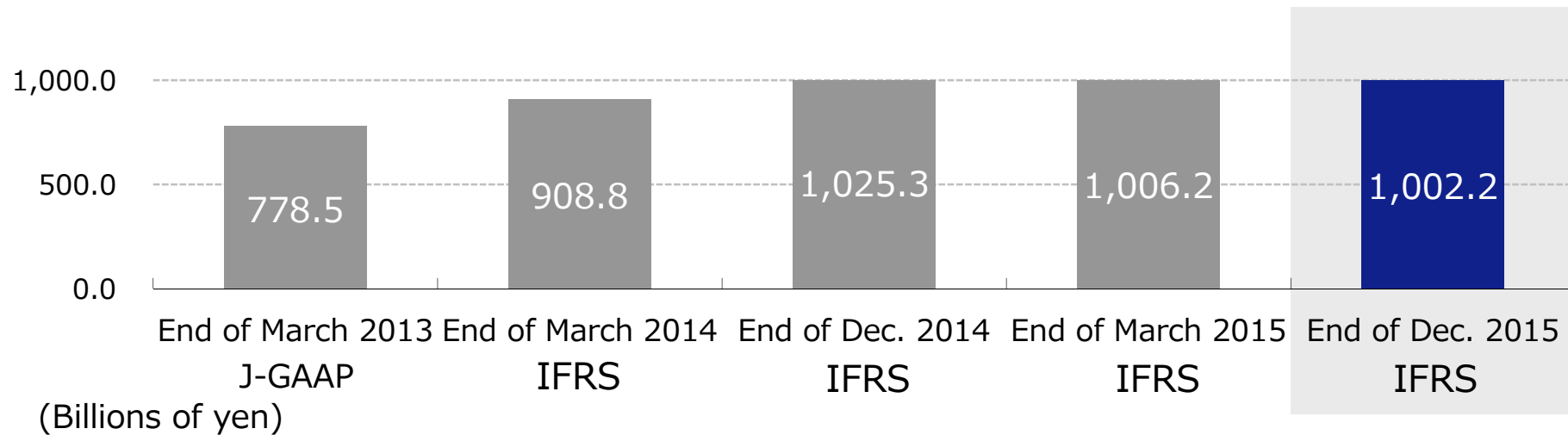
(Billions of yen)



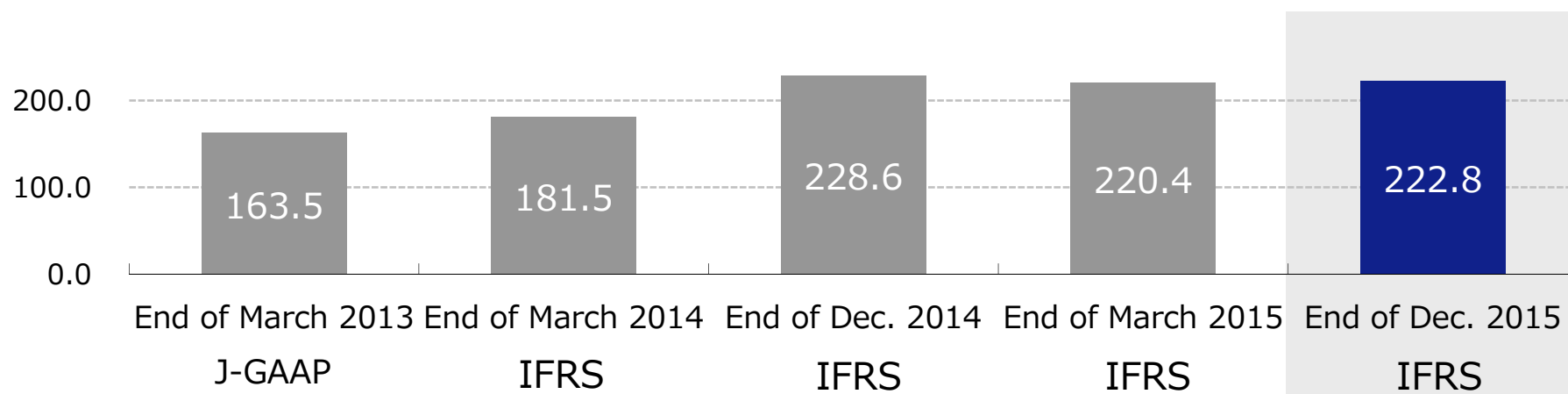
\* The corporate and other segments in this comparison include products and businesses that cannot be compared directly with similar items in the previous year.

# Statements of Financial Position

## Total assets

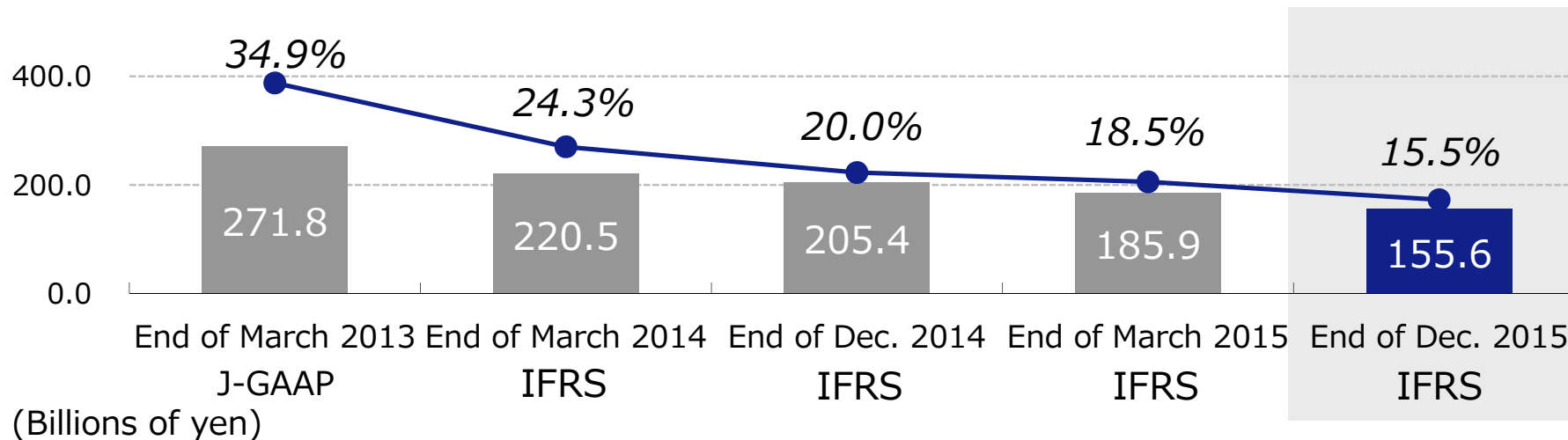


## Inventories

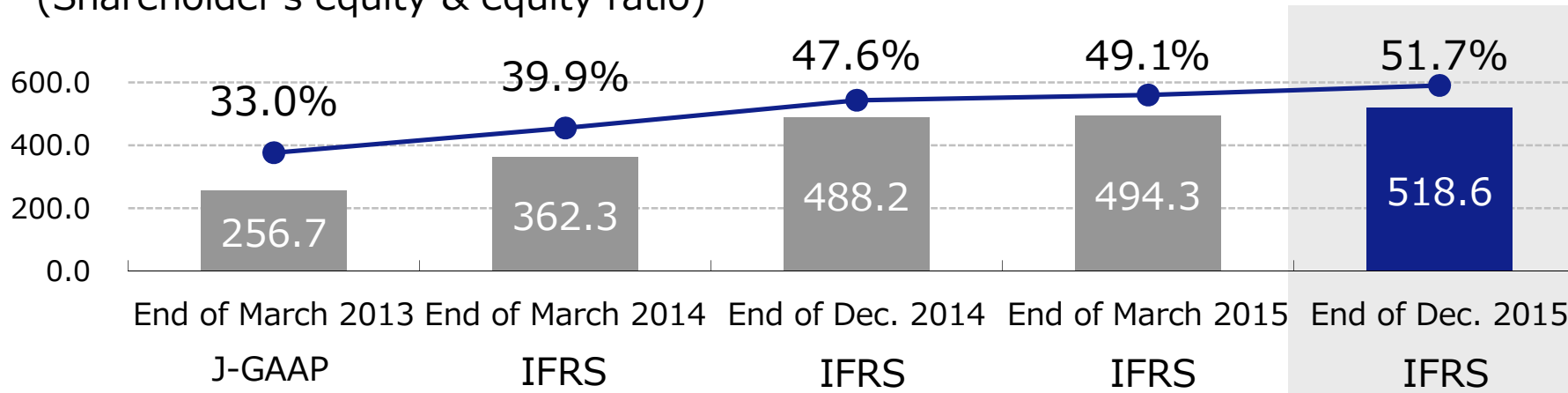


# Statements of Financial Position

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



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



1) FY2015 Q3 Financial Results

2) FY2015 Financial Outlook

# FY2015 Financial Outlook

	FY2014		FY2015				Change (amount, %)		
	Actual	%	10/29 Outlook	%	Current Outlook	%	Y/Y		Vs. 10/29 Outlook
Revenue	1,086.3	-	1,100.0	-	1,100.0	-	+13.6 +1.3%	-	±0 ±0.0%
Business profit	101.2	9.3%	82.0	7.5%	82.0	7.5%	-19.2 -19.0%	-	±0 ±0.0%
Profit from operating activities	131.3 *1(101.3)	12.1% (9.3%)	91.0	8.3%	91.0	8.3%	-40.3 -30.7%	(-10.3) (-10.2%)	±0 ±0.0%
Profit before taxes	132.5 (102.4)	12.2% (9.4%)	88.0	8.0%	88.0	8.0%	-44.5 -33.6%	(-14.4) (-14.1%)	±0 ±0.0%
Profit for the year	112.7 (82.7)	10.4% (7.6%)	60.0	5.5%	60.0	5.5%	-52.7 -46.8%	(-22.7) (-27.5%)	±0 ±0.0%
EPS *2	¥314.61		¥167.70		¥167.70		<ul style="list-style-type: none"> <li>● <b>Assumed Q4 exchange rates</b> USD: ¥115.00 / EUR: ¥125.00</li> <li>● <b>Exchange rate sensitivity</b> <ul style="list-style-type: none"> <li>- Effect on business profit of 1-yen drop in yen value USD: -¥0.4 bill. / EUR: +0.8 bil.</li> <li>- Effect on business profit of 1% depreciation in yen value For currencies other than USD &amp; EUR: +¥1.2 bil.</li> </ul> </li> </ul>		
Exchange rate	USD	¥109.93	¥118.00		¥120.00				
	EUR	¥138.77	¥130.00		¥132.00				

\*1 FY2014 business profit includes a one-time profit of approximately 30 billion yen from the revision of the pension system.

( ) Figures in parenthesis indicate profit excluding the effects of revisions to the pension plan.

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





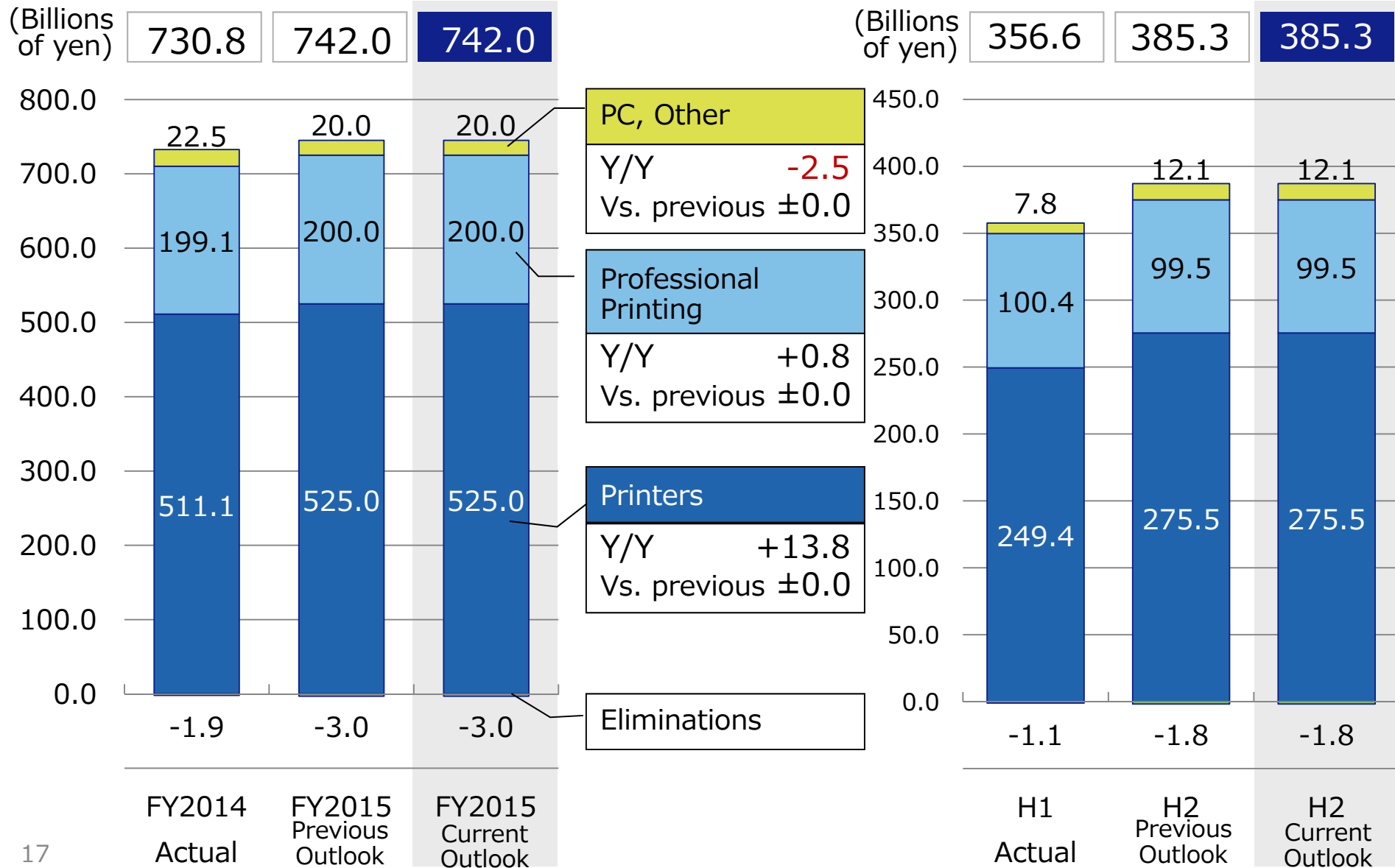
# Revenue Outlook by Business

## ▶ Printing Solutions Segment



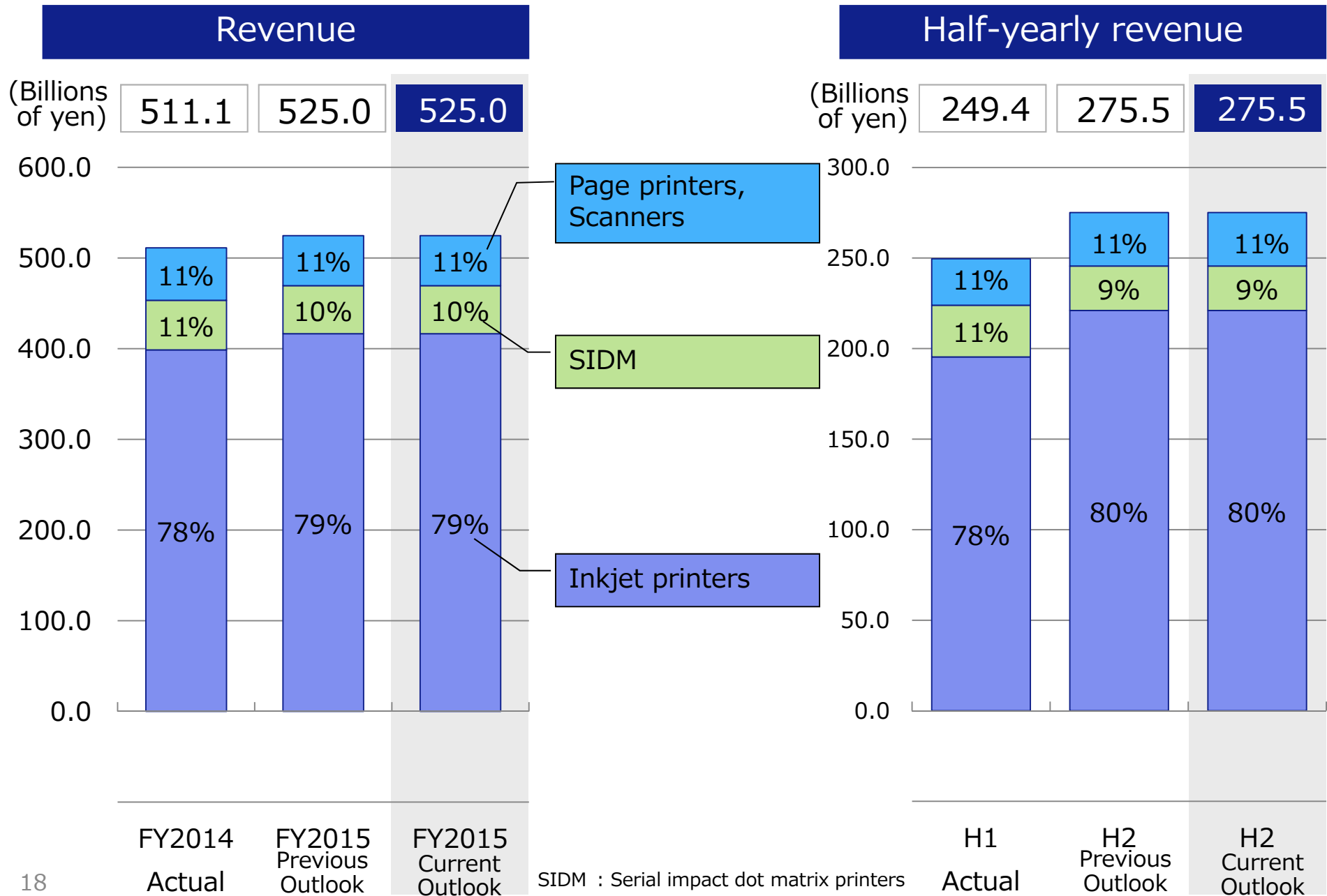
### Revenue

### Half-yearly revenue



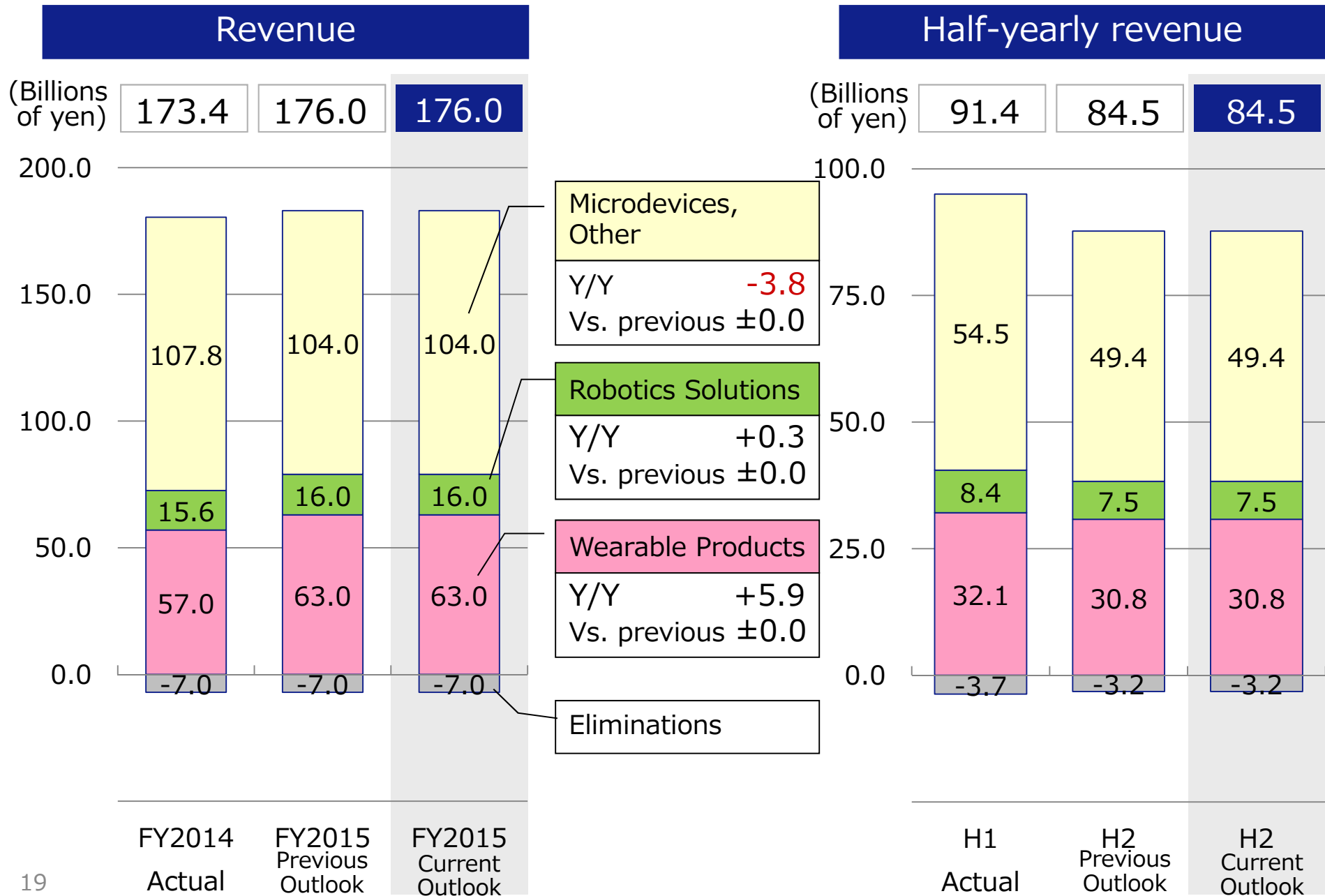
# Revenue Outlook by Business

## ▶ Printers Business



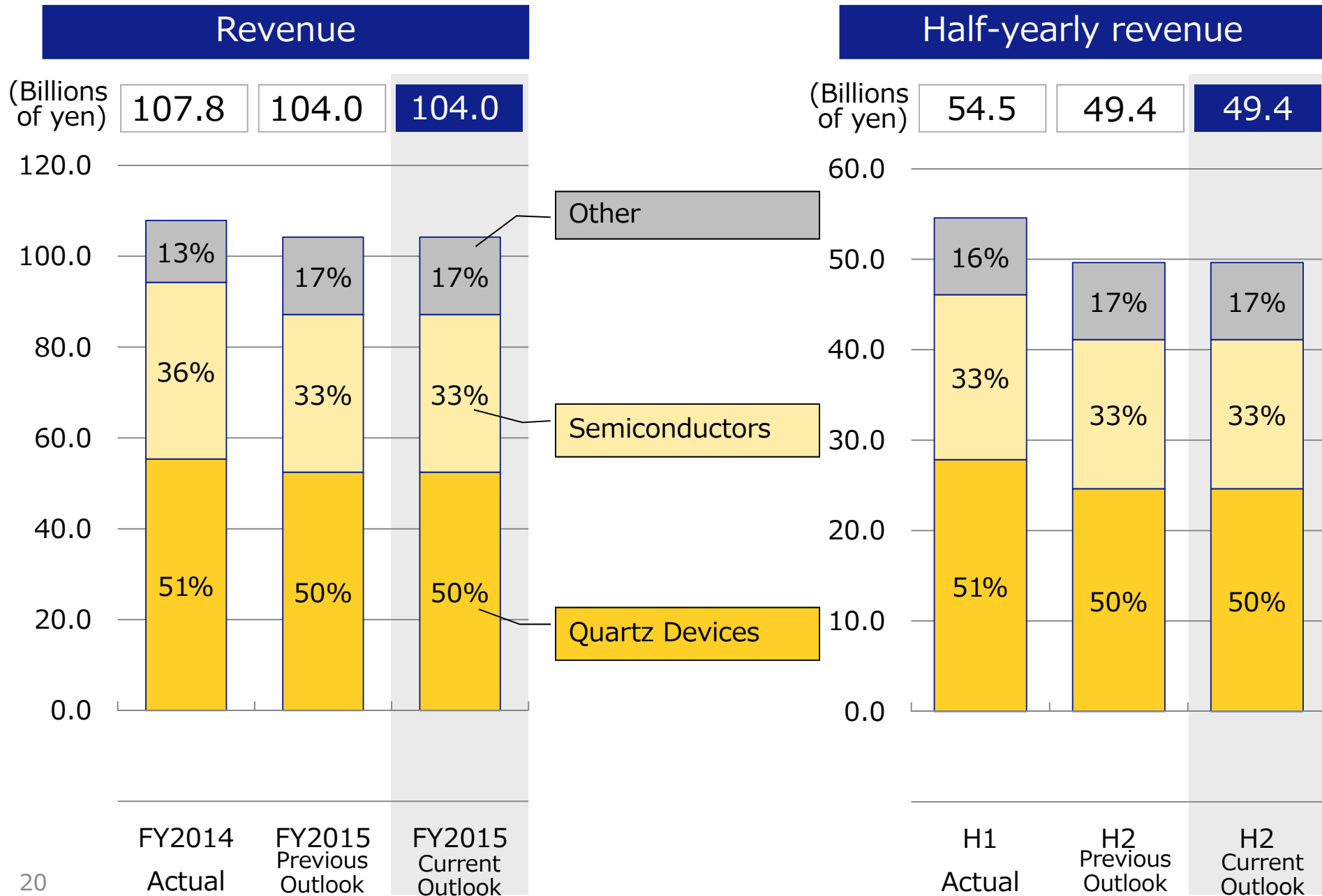
# Revenue Outlook by Business

## ► Wearable Products & Industrial Products Segment



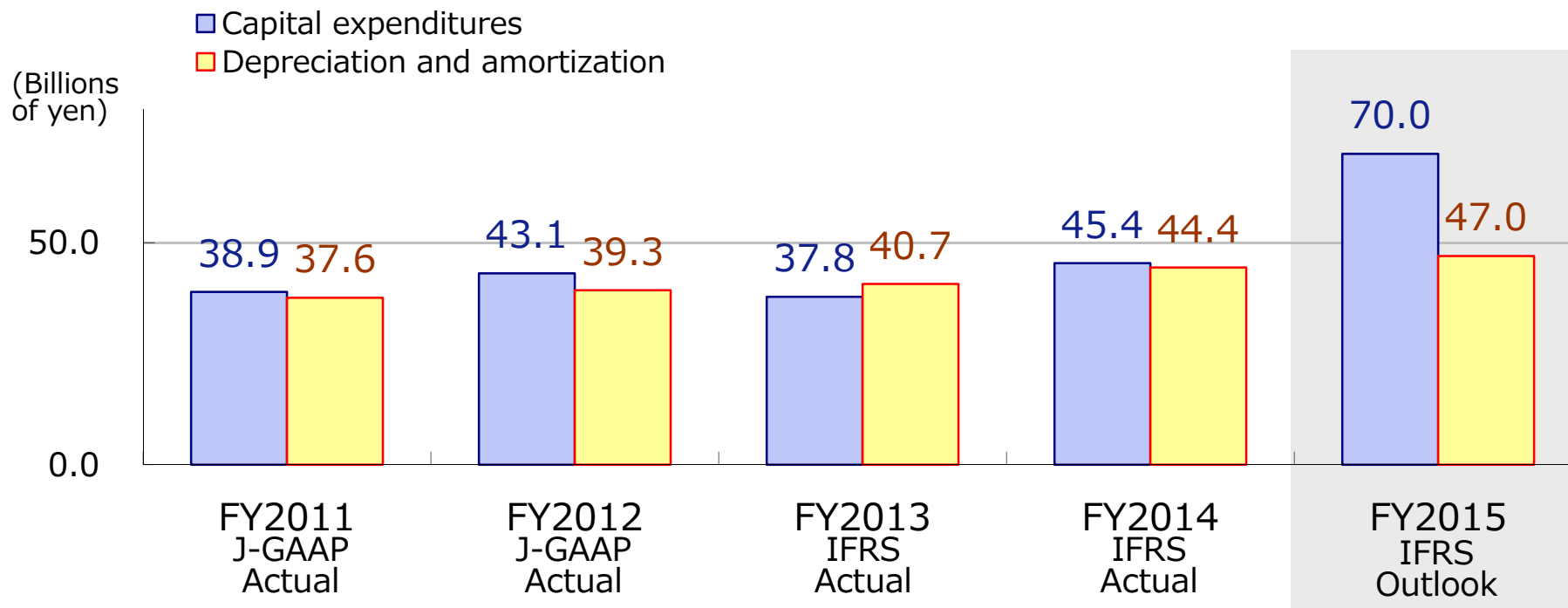
# Revenue Outlook by Business

## ▶ Microdevices, Other Business



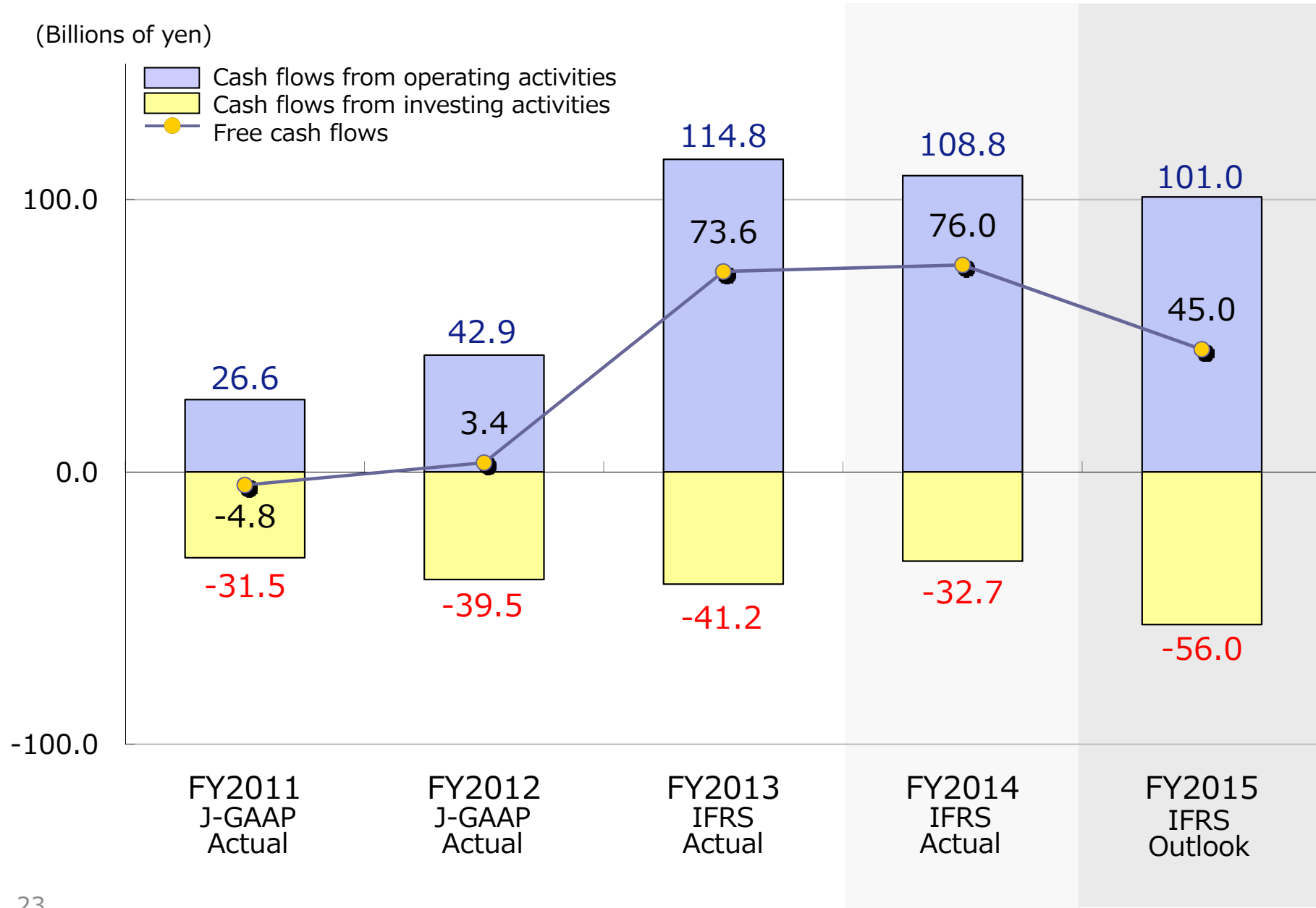


# Outlook for Capital Expenditure and Depreciation and Amortization Expenses



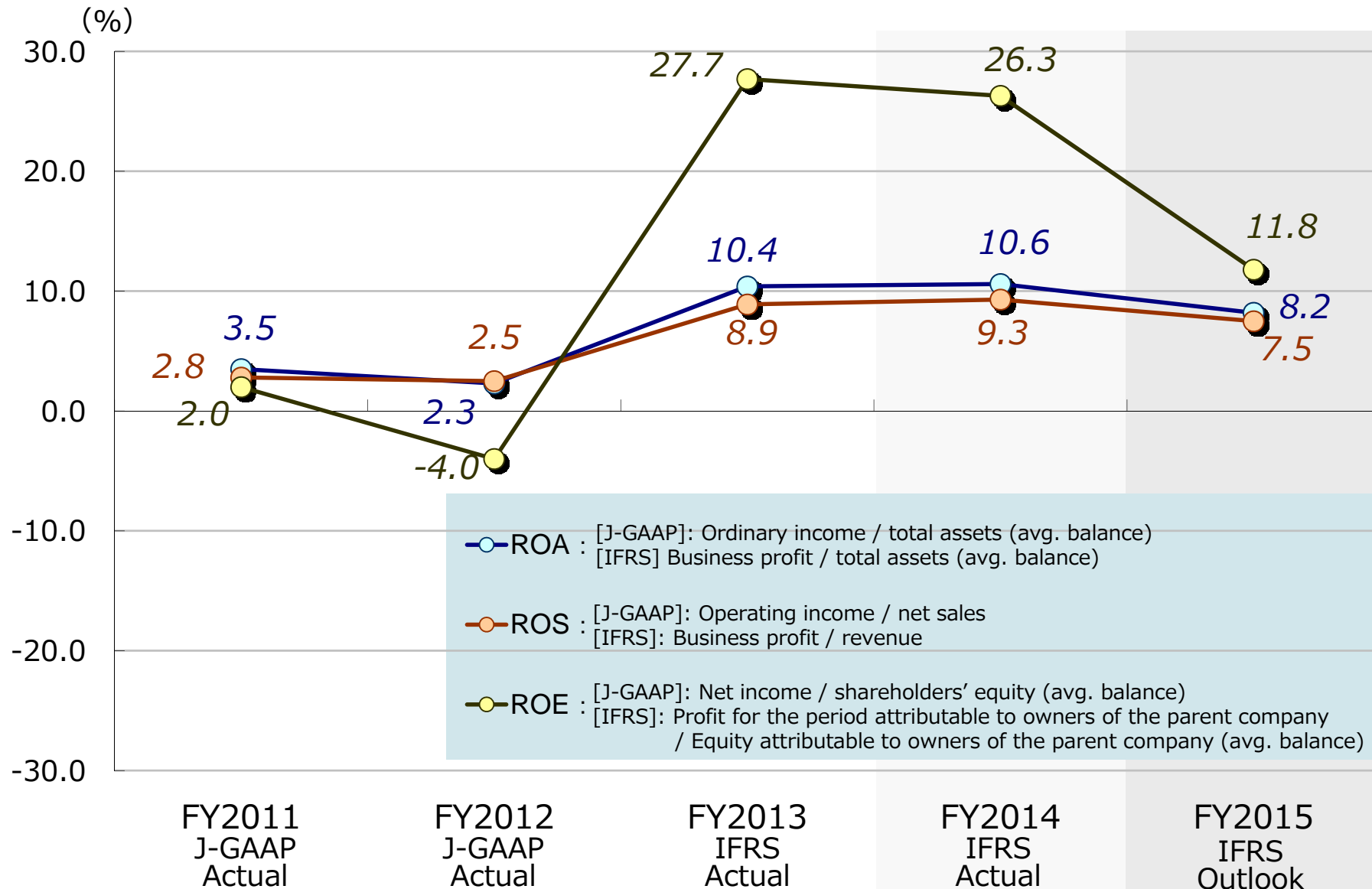
Breakdown by segment	FY2014 Actual		FY2015 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Printing Solutions	22.1	23.0	39.0	25.0
Visual Communications	6.8	7.2	10.0	8.0
Wearable & Industrial Products	8.3	8.0	9.0	9.0
Other, Corporate	8.0	6.1	12.0	5.0

# Free Cash Flows Outlook





# Main Management Indicators



**EPSON**  
EXCEED YOUR VISION