

Third Quarter Financial Results Fiscal Year 2019 (Ending March 2020)

January 31, 2020
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.

■ Note regarding business profit

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.

■ Numerical values presented herein

Numbers are rounded down to the unit indicated. Percentages are rounded off to one decimal place. Years mentioned in these materials are fiscal years unless otherwise indicated.

- FY2019 Q3 Financial Results
- FY2019 Financial Outlook
- Progress in Growth Initiatives

Financial Highlights (Third Quarter)



(Billions of yen)	FY2018		FY2019		Change	
	Q3 Actual	%	Q3 Actual	%	Y/Y	%
Revenue	296.6		279.8		-16.8	-5.7%
Business profit	30.9	10.4%	17.6	6.3%	-13.2	-42.9%
Profit from operating activities	32.5	11.0%	17.6	6.3%	-14.8	-45.7%
Profit before tax	31.9	10.8%	17.3	6.2%	-14.6	-45.7%
Profit for the period attributable to owners of the parent company	25.7	8.7%	12.2	4.4%	-13.4	-52.3%
EPS* ¹ (yen)	72.98		35.47			
Exchange rate (yen, index)	USD	¥112.80	¥108.72			
	EUR	¥128.73	¥120.35			
	Other currencies* ²	100	93			
<small>*1 Basic earnings per share for the period *2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous period. Rates are weighted according to Epson's net volume of revenue and cost for each currency</small>		Exchange Effect (Billions of yen)	USD	EUR	Other currencies	Total
		Revenue	-2.9	-3.0	-3.7	-9.7
		Business profit	+0.7	-1.9	-1.9	-3.1

- Epson's third-quarter results for the 2019 fiscal year were as follows.
- Revenue was ¥279.8 billion, down ¥16.8 billion compared to the same period last year. Business profit was ¥17.6 billion, a decline of ¥13.2 billion. Profit for the period was ¥12.2 billion, down ¥13.4 billion.
- The impact of currency volatility during the quarter is also shown on the slide.
- The impact of other currencies, particularly the Chinese yuan and Brazilian real, was negative.

Main Factors Affecting FY2019 Q3 Results

Year-on-year

Revenue

Sales of strategic products continued to expand, but revenue was hurt by subdued demand for most products and foreign exchange effects.

- + Revenue grew in high-capacity ink tank printers, shared office IJPs, and signage and textile IJPs
- Ink cartridge printer HW and ink, and SIDM sales decreased
- Sustained deterioration of projector market conditions
- Ongoing stagnation of the analog quartz watch market

Business profit

Decreased mainly due to changes in revenue, foreign exchange effects, as well as the effects of inventory changes and decrease in income from patent royalties

Vs. internal plan

Revenue

Although affected by worsening markets for projectors and other products, consolidated total revenue was in line with outlook due to better than anticipated foreign exchange effects

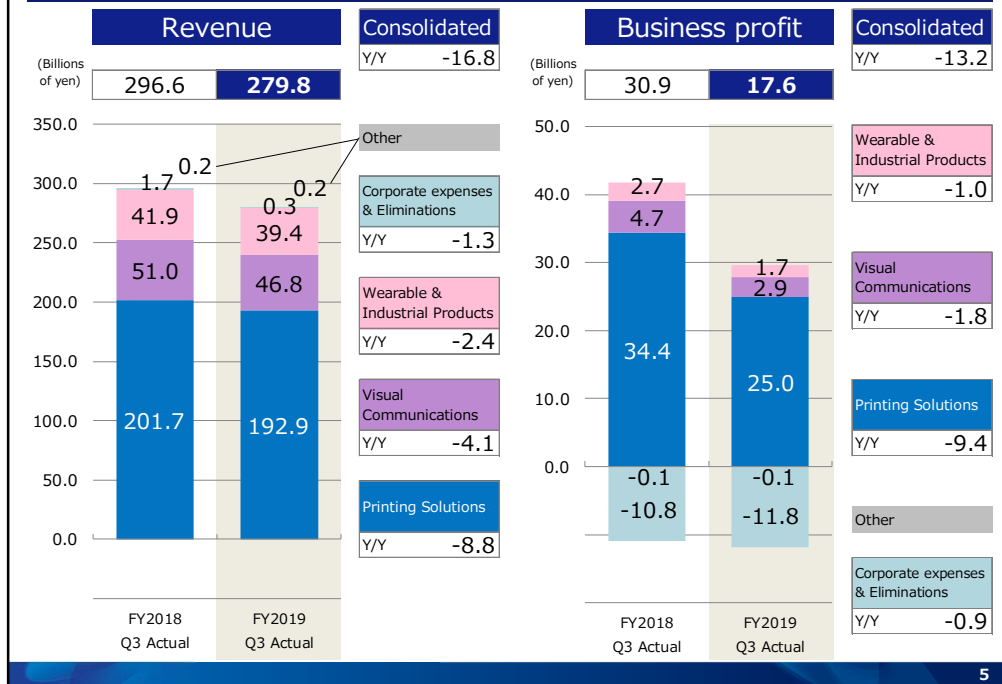
Business profit

Exceeded the outlook due to cost containment and reductions, and better than anticipated foreign exchange effects

4

- The main factors that shaped our third-quarter results are summarized here.
- We saw continued expansion in strategic products such as high-capacity ink tank printers, shared office printers, and commercial and industrial printers for signage and textiles. However, revenue decreased due to a combination of factors, including a decline in sales of hardware and consumables for ink cartridge printers, sales of SIDM printers, worsening conditions in the projector market, stagnation of the analog quartz watch market, and negative foreign exchange effects.
- Business profit decreased despite the growth in strategic product revenue. In addition to lower revenue from other products and negative foreign exchange effects, business profit decreased due to the effects of a reduction in inventories this period compared to the same period last year, when inventories were high, and because of a decline in income from patent royalties.
- Though sales fell short in the worsening projector market, consolidated total revenue ended in line with the internal plan owing to better than anticipated foreign exchange effects, a result of a weaker than expected yen.
- Business profit exceeded the outlook owing to additional cost reductions, the rescheduling of capital spending, and the better than anticipated effects of foreign exchange.

Q3 Financial Results by Business Segment



- This is a year-on-year comparison of third-quarter revenue and business profit in each segment.
- The results for each segment will be explained on the following slides.

Quarterly Comparison by Business

(Billions of yen)

Printing Solutions	Q3/2018 Actual	Q3/2019 Actual	Y/Y	Exchange effect
Revenue	201.7	192.9	-8.8	-6.6
Printers	143.8	134.0	-9.8	
% sales IJP*1	85%	85%		
SIDM	7%	6%		
Other	8%	9%		
Professional Printing	53.1	51.8	-1.2	
Other	4.7	7.0	+2.2	
Inter-segment revenue	-0.0	-0.0	+0.0	
Segment profit	34.4	25.0	-9.4	-1.7
ROS	17.1%	13.0%		

◆ Main Product Sales Trends (based on values tracked internally by Epson)			
	YoY %	JPY	Local currency
IJP hardware revenue		-1%	+3%
IJP hardware volume			+2%
IJP ink revenue		-12%	-9%
Office shared IJP*2 revenue within IJP	Composition ratio		8%
Commercial & industrial IJP revenue within Professional Printing	Composition ratio		66%

Printers	
◆ IJP	• High-capacity ink tank printer unit shipments increased in both emerging and developed economies. • Sales of office shared IJP steadily expanded. • SOHO and home IJP hardware and ink decreased
◆ SIDM	• Demand declined chiefly in China
Professional printing	
◆ Commercial & industrial IJP	• Signage and textiles strong
◆ POS printers	• Lull in demand growth in Italy
Other	
◆ PC	• Captured demand created by OS upgrades

*1 IJP includes high-capacity ink tank, SOHO/ home and office shared IJPs.
*2 Office shared IJP : A printer category for high print volume office users. This includes LI, RIPS, I/C printers, and excludes paid repairs and services.

- This is a year-on-year comparison of quarterly revenue in printing solutions.
- In the printer business, high-capacity ink tank printer and office shared printer revenue continued to grow.
- High-capacity ink tank printer sales grew in large markets like China and Brazil and expanded steadily in emerging markets as a whole, though sales were tempered by political instability in some regions and a delayed economic recovery in countries such as India. We also achieved steep growth in North America where we strengthened promotions, as well as in Europe, Japan, and other developed markets. This helped enable us to increase global unit shipments by more than 20% year on year.
- Nevertheless, inkjet printer revenue as a whole decreased because of falling sales of ink cartridge printers and ink.
- SIDM printer revenue decreased mainly due to a decline in China.
- Professional printing revenue decreased due to foreign exchange effects.
- Sales of commercial and industrial inkjet printers for signage and textiles remained firm.
- There was a lull in the growth of POS printer demand in the wake of first-half tax reforms in Italy. This caused revenue to decline compared to the same period last year, when we won large contracts.
- Other revenue increased due to ongoing upgrade demand for PCs running Windows 10.
- Profit in products such as high-capacity ink tank printers and PCs grew, but segment profit decreased mainly due to falling ink cartridge revenue and inventory changes.
- The printer business accounted for mid 50's% of segment profit.
- Revenue was in line with the internal plan, as better than anticipated foreign exchange effects offset soft sales of products such as SIDM printers and POS printers.
- Segment profit, on the other hand, exceeded the plan owing to foreign exchange effects and cost containment efforts.

Quarterly Comparison by Business

(Billions of yen)

Visual Communications	Q3/2018 Actual	Q3/2019 Actual	Y/Y	Exchange effect
Revenue	51.0	46.8	-4.1	-2.1
Segment profit	4.7	2.9	-1.8	-0.8
ROS	9.4%	6.3%		

- ◆ Projectors
 - Market continued to worsen
 - Declines seen mainly in standard models

◆ Projector sales trends (based on values tracked internally by Epson)

	YoY %	JPY	Local currency
Hardware revenue		-7%	-3%
Hardware volume			-4%

(Billions of yen)

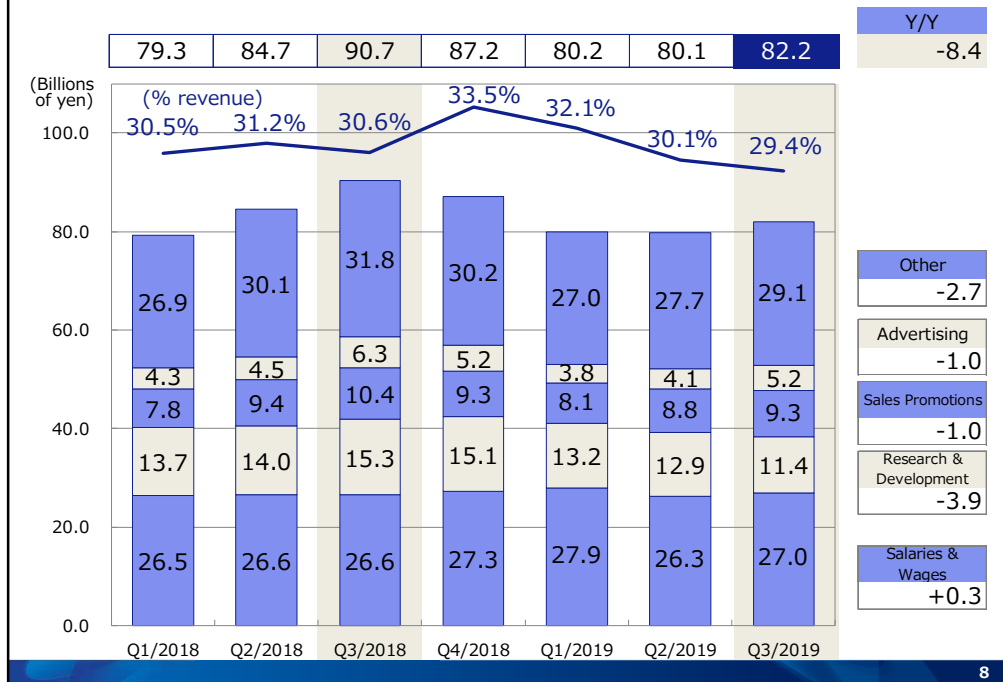
Wearable & Industrial Products	Q3/2018 Actual	Q3/2019 Actual	Y/Y	Exchange effect
Revenue	41.9	39.4	-2.4	-0.9
Wearable Products	14.0	12.0	-1.9	
Robotics Solutions	5.1	5.2	+0.0	
Microdevices, Other	23.9	23.5	-0.4	
Inter-segment revenue	-1.1	-1.3	-0.1	
Segment profit	2.7	1.7	-1.0	-0.4
ROS	6.6%	4.4%		

- ◆ Watches
 - Sales declined for mid to low-range watches and movements
- ◆ Robots
 - Demand remained stagnant
 - Captured contracts in China
- ◆ Microdevices and other
 - Semiconductors: Silicon foundry demand firm
 - Crystal devices: Consumer and telecom equipment sales firm

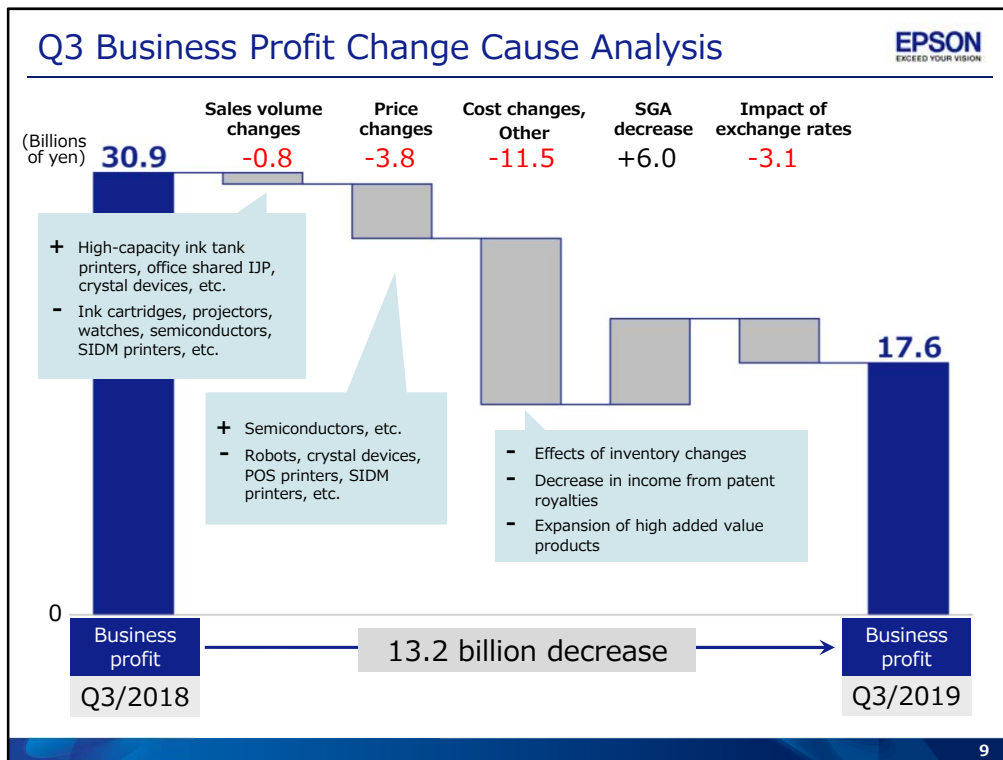
7

- Visual communications revenue and profit decreased due to a decline in unit shipments as well as negative foreign exchange effects.
- In projectors, the market for standard models worsened as FPD prices dropped, and sales in the Americas and China were particularly affected.
- Revenue fell short of the internal plan, but business profit was in line with the plan as a result of cost containment efforts.
- The financial results in wearable & industrial products were as shown here.
- In wearable products, high-end watch revenue increased, but mid to low-range watch revenue decreased.
- Robotics solutions revenue was flat year on year. Demand decreased in conjunction with a decreased appetite for investment, but this was offset chiefly by the capture of large contracts in China and new clients in the Americas.
Revenue was also flat year on year in microdevices and other, which was impacted by negative foreign exchange effects, but benefited from firm underlying demand in the silicon foundry business and growth in crystal devices for headphones and base stations.
- Segment profit decreased on the whole because although wearable products were flat year on year as a result of cost reductions, we continued to spend in areas such as robotics solutions.
- Both revenue and business profit were broadly in line with our internal plan.

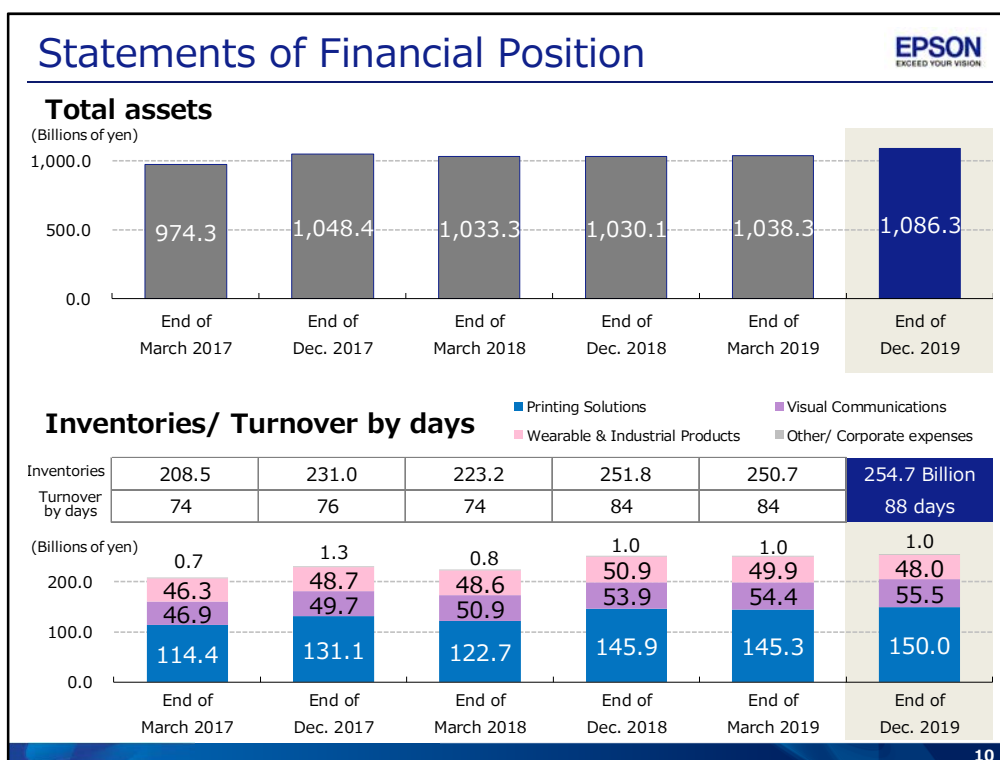
Selling, General and Administrative Expenses



- Quarterly selling, general and administrative expenses were as shown here.
- We have been trying to increase the focus and efficiency with which we invest in advertising, sales promotions, and research and development.



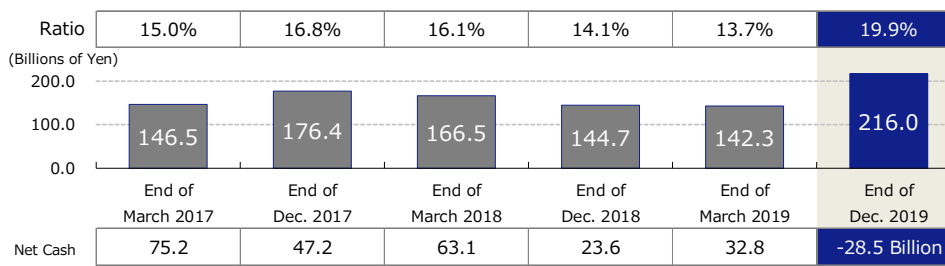
- This slide shows a cause analysis of change in business profit.
- Higher volumes of products such as high-capacity ink tank printers, office shared IJP, and crystal devices positively impacted business profit, but products such as ink cartridges, projectors, watches, semiconductors, and SIDM printers had a negative impact.
- There was a negative impact from price changes. Although an improved model mix in products such as semiconductors positively affected profit, changes mainly in the robot and crystal device model mix had a negative impact.
The high-capacity ink tank printer situation has not significantly changed since the second quarter. Although we adjusted prices region by region, this was largely offset by growth of added value products such as Wi-fi models, and as the ratio of sales in developed economies rose.
- As for cost changes and other factors, our costs rose due to an increase in high added value products, but inventory changes account for the majority of the impact.



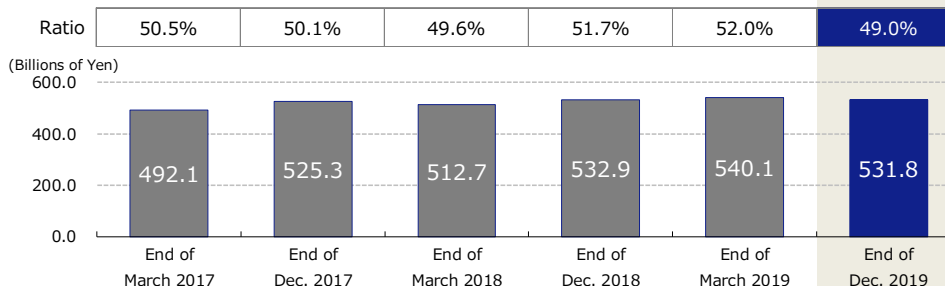
- Next, let's look at some of the major items on the statements of financial position.
- Total assets were ¥1,086.3 billion, up ¥47.9 billion compared to the end of the last fiscal year.
- This increase was mainly due to an increase in property, plant and equipment resulting primarily from the application of a new lease accounting standard, and an increase in cash and cash equivalents.
- Inventories increased by ¥3.9 billion from the end of the previous fiscal year, ending at ¥254.7 billion.
- Inventories are a focal point company-wide.
- We have been reducing inventories in line with our plans since the end of September, but we will reduce them further by the end of the fiscal year.
- As we proceed with our inventory reductions we still anticipate negative impact to profits in the fourth quarter compared to the previous year. However, we will continue with our efforts to generate cash.

Statements of Financial Position

Interest-bearing liabilities and ratio of interest-bearing liabilities, Net Cash



Equity and equity ratio attributable to owners of the parent company



11

- Interest-bearing liabilities increased by ¥73.7 billion compared to the end of the previous fiscal year because, in addition to an issue of bonds payable and an increase in loans payable, ¥29.5 billion in lease liabilities were included in interest-bearing liabilities in line with the application of a new accounting standard. The ratio of interest-bearing liabilities to total assets was 19.9%.
- Net cash was negative ¥28.5 billion, the result of an increase in interest-bearing liabilities and payments for treasury shares.
- Equity attributable to owners of the parent company decreased by ¥8.3 billion compared to the previous fiscal year-end. This was chiefly the result of the payment of dividends and the purchase of treasury shares. The equity ratio attributable to owners of the parent company was 49.0%.

- FY2019 Q3 Financial Results
- **FY2019 Financial Outlook**
- Progress in Growth Initiatives

FY2019 Financial Outlook



	FY2018		FY2019				Change		
	(Billions of yen)	Actual	%	10/30 Outlook	%	1/31 Outlook	%	Y/Y	Vs. 10/30 outlook
Revenue		1,089.6		1,060.0		1,060.0		-29.6	-
								-2.7%	-
Business profit		70.4	6.5%	42.0	4.0%	42.0	4.0%	-28.4	-
								-40.4%	-
Profit from operating activities		71.3	6.5%	37.0	3.5%	37.0	3.5%	-34.3	-
								-48.1%	-
Profit before tax		72.0	6.6%	36.0	3.4%	36.0	3.4%	-36.0	-
								-50.0%	-
Profit for the year attributable to owners of the parent company		53.7	4.9%	27.0	2.5%	27.0	2.5%	-26.7	-
								-49.7%	-
EPS ^{*1} (yen)		152.49		78.03		78.05			
Exchange rate (yen, index)	USD	¥110.86		¥107.00		¥108.00			
	EUR	¥128.40		¥118.00		¥120.00			
	Other currencies ^{*2}	100		92		93			
Exchange rate assumptions for Q4 (yen)	USD	105.00							
	EUR	115.00							
			Exchange sensitivity ^{*3}	USD	EUR	Other currencies	Total exchange effect outlook		
			Revenue	-3.0	-1.5	-3.0	-42.0		
			Business profit	+0.7	-1.0	-1.3	-16.0		

*1 Basic earnings per share for the year
*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous fiscal year
Rates are weighted according to Epson's net volume of revenue and cost for each currency.
*3 Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)
Annual impact of a 1% increase in the value of the yen versus other currencies (in billions of yen)

13

- We have revised our full-year financial outlook for each segment, but the consolidated totals have not changed since the previous outlook. We are forecasting ¥1,060.0 billion in revenue, ¥42.0 billion in business profit, and ¥27.0 billion in profit for the year.
- Exchange rate volatility for the full year compared to the previous fiscal year is expected to have an approximately ¥42.0 billion negative effect on revenue and a ¥16.0 billion negative effect on business profit.

Assumptions

Markets for main products unlikely to recover in foreseeable future

Printing Solutions

Assumptions largely unchanged. Q3 forex effects incorporated in outlook.

- No change in forecast of 10.2 million high-capacity ink tank printer unit shipments
- Continued firm sales of commercial and industrial IJPs in growth areas (signage, textiles, etc.)

Visual Communications

Projector market conditions to worsen. Adapt to market changes & operate efficiently.

Wearable & Industrial Products

Robot demand in Europe and the Americas slow to recover, but invest in future growth

Special factors

Change in the method of accounting for printhead devaluations

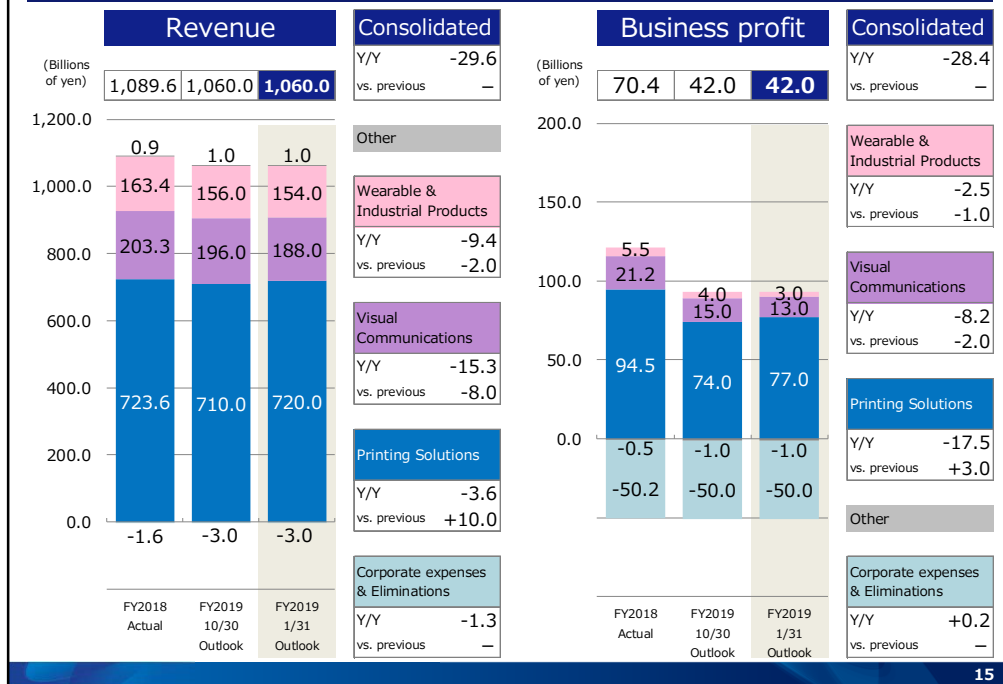
No impact this year compared to a one-time positive effect of approx. ¥5.4B on business profit in printing solutions in FY2018/4Q.

Natural disasters

- Taal volcanic eruption—Impact on production at Epson Precision (Philippines), Inc. has been minor but we will continue to monitor volcanic activity and demand trends
- Coronavirus—Monitor effects on production at factories in Jiangsu & Guangdong provinces and demand trends within and outside China

- I'd like to outline the key factors that shaped the FY2019 full-year financial outlook.
- The external environment remains challenging, and a short-term market recovery is unlikely.
- The assumptions on which the outlook in printing solutions is based have not changed substantially. Only third-quarter foreign exchange effects were factored in.
- We are forecasting sales growth in high-capacity ink tank printers in both advanced and emerging markets as we progress toward our 10.2 million unit sales target.
- Sales of commercial and industrial inkjet printers for key segments such as signage and textiles remain firm despite the subdued macro environment.
- In visual communications, difficult projector market conditions are continuing.
- We will respond as needed to changes in the market, build up lines of competitive products including high-brightness projectors, and increase the efficiency of our business operations.
- Robot demand in Europe and the Americas has been slow to recover.
- There have been signs recently of a recovery in some markets, including the critical Chinese market, so we will continue to position ourselves for continued growth.
- In printing solutions, a change in the method of accounting for printhead inventory devaluations produced a one-time positive effect on business profit in the fourth quarter of last year.
- The eruption of Taal Volcano in the Philippines on January 12 has not as of yet had a substantial impact on production, nor has the spread of the coronavirus. However, we continue to monitor the situation in both cases.

FY2019 Financial Outlook by Business Segment



15

- Here, revenue and business profit outlook are broken out by segment.
- The assumptions for the outlook for each segment will be explained on the following slides.

FY2019 Outlook Comparison by Business

Printing Solutions	FY2018 Actual	FY2019 10/30 Outlook	FY2019 1/31 Outlook	(Billions of yen)	
				Y/Y	vs. 10/30 Outlook
Revenue	723.6	710.0	720.0	-3.6	+10.0
Printers	505.9	479.0	484.0	-21.9	+5.0
% sales IJP*1	84%	84%	84%		
SIDM	8%	7%	7%		
Other	8%	9%	9%		
Professional Printing	198.0	207.0	210.0	+11.9	+3.0
Other	19.7	24.0	26.0	+6.2	+2.0
Inter-segment revenue	-0.1	0.0	0.0	+0.1	-
Segment profit	94.5	74.0	77.0	-17.5	+3.0
ROS	13.1%	10.4%	10.7%		

◆ Main Product Sales Trends*2	FY18 Actual	FY19 10/30 Outlook	FY19 1/31 Outlook
IJP HW volume	-4%	+2%	+2%
IJP HW volume (Approx., million)	15.4	15.8	15.8
High-capacity ink tank	9.0	10.2	10.2
SOHO/ Home	6.1	5.2	5.2
IJP ink revenue (JPY)	- High single-digit %	-11%	-10%
IJP office shared IJP*3 revenue within IJP	High single-digit %	10%	9%
Commercial & industrial IJP revenue within Professional Printing	low 60 %	64%	64%

Printers
◆ Results expected to be in line with outlook despite continued challenging environment
◆ Still expect to ship 10.2 million high-capacity ink tank printers for the year

Professional printing
◆ Ongoing firm demand for commercial and industrial IJPs, etc.

Other
◆ Factored in strong PC sales

* 1 IJP includes high-capacity ink tank, SOHO/ home and office shared IJPs.
 * 2 The indicators in main product sales trends are based on values tracked internally by Epson.
 * 3 Office Shared IJP : One of printer category for high print volume office users. This includes LJ, RIPS, I/C printers, and excludes paid repairs and services.

- The full-year outlook in printing solutions is shown here.
- As I explained earlier, there have been no substantial changes to our assumptions for the fourth quarter, and the majority of the changes to the outlook are the result of having factored in third-quarter foreign exchange effects.
- In the other category, strong PC sales were factored into the outlook.
- The printer business is expected to account for mid-40's% of segment profit.

FY2019 Outlook Comparison by Business

				(Billions of yen)		
Visual Communications	FY2018 Actual	FY2019 10/30 Outlook	FY2019 1/31 Outlook	Y/Y	vs. 10/30 Outlook	Visual Communications ◆ Market continued to worsen
Revenue	203.3	196.0	188.0	-15.3	-8.0	
Segment profit	21.2	15.0	13.0	-8.2	-2.0	
ROS	10.4%	7.7%	6.9%			

◆ Projector Sales Trends*1			
	FY18 Actual	FY19 10/30 Outlook	FY19 1/31 Outlook
HW volume	+1%	-4%	-6%
HW volume (Approx., million)	260	250	250

*1 The indicators in projector sales trends are based on values tracked internally by Epson.

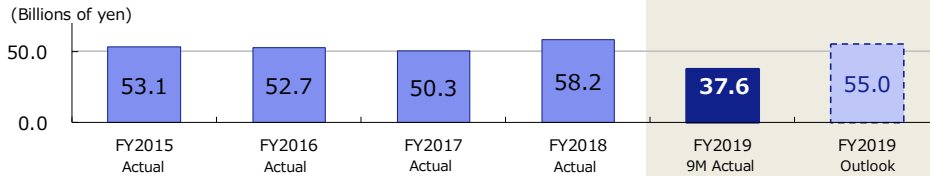
				(Billions of yen)		
Wearable & Industrial Products	FY2018 Actual	FY2019 10/30 Outlook	FY2019 1/31 Outlook	Y/Y	vs. 10/30 Outlook	Wearable Products ◆ In line with outlook despite ongoing challenging market environment Robotics Solutions ◆ Delayed recovery of demand in Europe and Americas Microdevices, Other ◆ No major environmental changes
Revenue	163.4	156.0	154.0	-9.4	-2.0	
Wearable Products	49.8	46.0	46.0	-3.8	-	
Robotics Solutions	22.6	21.0	20.0	-2.6	-1.0	
Microdevices, Other	96.6	94.0	93.0	-3.6	-1.0	
Inter-segment revenue	-5.8	-5.0	-5.0	+0.8	-	
Segment profit	5.5	4.0	3.0	-2.5	-1.0	
ROS	3.4%	2.6%	1.9%			

- The full-year outlooks in visual communications and in wearable & industrial products are as shown here.
- We lowered the outlook in both these segments.
- In visual communications, we have lowered our forecast for projector unit shipments, primarily in standard models.
- In wearable & industrial products, we are seeing in robotics solutions an expansion of the customer base and signs of a recovery in demand in China. However, demand in Europe and the Americas is rebounding later than previously forecast, and the current outlook reflects this.
- In microdevices and other, the outlook for semiconductors and crystal devices has not significantly changed.

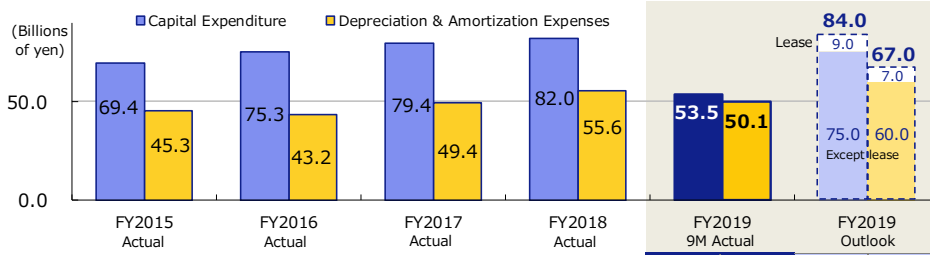
R&D Costs, Capital Expenditure and Depreciation and Amortization Expenses



Research & Development Costs



Capital Expenditure and Depreciation and Amortization Expenses



	Capex.	Depreciation & Amortization	Capex.	Depreciation & Amortization
Printing Solutions	29.6	27.7	45.0	39.0
Visual Communications	8.1	8.7	15.0	12.0
Wearable & Industrial Products	10.7	7.7	15.0	10.0
Other, Corporate	4.9	5.9	9.0	6.0

Includes lease from FY2019 outlook

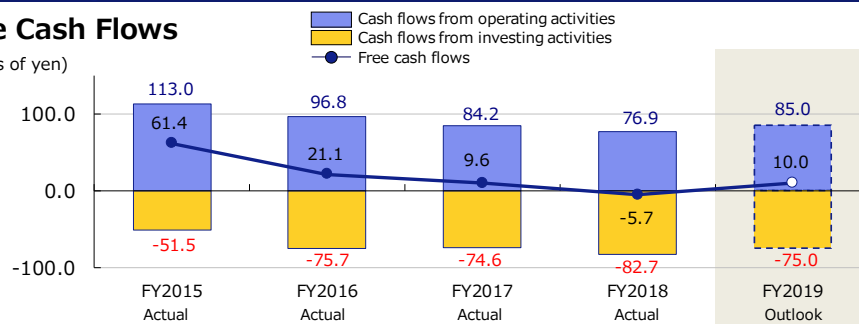
18

- Actual and forecast R&D costs, capital expenditures, and depreciation and amortization are as shown here.
- The outlook for these has not changed from the previous outlook.

Free Cash Flows Main Management Indices

Free Cash Flows

(Billions of yen)



Main Management Indices

(%)	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Outlook
ROS *1	7.8	6.4	6.8	6.5	4.0
ROA *2	8.7	6.9	7.4	6.8	3.9
ROE *3	9.5	10.1	8.3	10.2	5.1

*1 Business profit/ revenue

*2 Business profit/ total assets (avg. balance)

*3 Profit for the year attributable to owners of the parent company/ Equity attributable to owners of the parent company (avg. balance)

- The outlook for free cash flow and major management indicators has not changed since the previous outlook.
- Cumulative free cash flow for the first three quarters last fiscal year was deep in negative territory, exceeding 10 billion yen. By the end of the third quarter this year, however, it was positive 8.5 billion yen. This was achieved in part by revising inventory levels to generate cash.

- FY2019 Q3 Financial Results
- FY2019 Financial Outlook
- **Progress in Growth Initiatives**

Progress in Growth Initiatives

◆ Steady progress in initiatives for the future

Strengthen customer touch points

Office shared IJPs

Began offering “academic plans” to educational institutions in Japan

SOHO and home IJPs / High-capacity ink tank printers

Begin new subscription-based services in Europe (February 2020)



Commercial and Industrial IJPs

Began providing Color Control Technology solutions for commercial and industrial IJPs



Lineup expansion and new product launches

Office shared IJPs

Strengthen lineup of high-speed linehead inkjet MFPs

Commercial and Industrial IJPs

Upgraded lineup for markets expanding due to digitization

External sales of printheads

Advanced negotiations with new clients

Robots

Expanding applications by upgrading the lineup and with small, light spectrographic cameras and other peripherals. Developed an Epson Robot Management System.



21

- I will focus particularly on our efforts to strengthen customer touch points and expand our product lineups.
- Within our efforts to strengthen customer touch points, we are providing a variety of sales plans and services tailored to each type of customer, including large offices, schools, small or home offices, or home users.
- In Japan, we have launched academic plans for educational institutions. We have also begun offering new subscription plans in Europe, as was announced on the 29th.
- Direct relationships with customers will also drive the creation of new business, so this initiative will be strengthened further going forward.
- In the commercial and industrial sectors, we have also begun to provide solutions built around Color Control Technology. We believe that this solution, which facilitates color adjustment for each printer and for each type of media, is the key to digitizing printing and advancing distributed printing.
- We also developed and launched new products to expand our lineups.
- We added new products to our office, commercial, and industrial printer lineups, and have more new models that are preparing to launch.
- In the summer of last year, a new factory for PrecisionCore printheads began operations, and we have begun strengthening our external printhead sales business. Printer manufacturers, most notably manufacturers in China, are adopting these printheads as the lineup expands, and large-format printers with Epson’s printheads are beginning to emerge, so things are looking promising for next year.
- We are also leveraging our core technologies to steadily upgrade our robotic solutions lineup.
- The external environment is extremely challenging, but we will continue to move forward on initiatives that will connect to future growth.

Reference

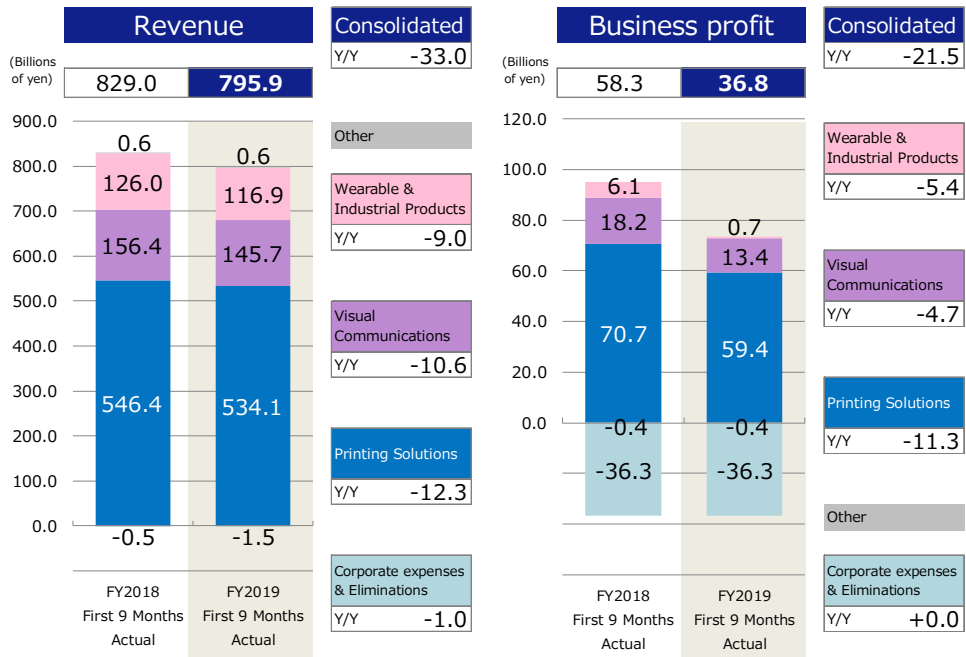
Financial Highlights (First 9 Months)

(Billions of yen)	FY2018		FY2019		Change	
	First 9 Months Actual	%	First 9 Months Actual	%	Y/Y	%
Revenue	829.0		795.9		-33.0	-4.0%
Business profit	58.3	7.0%	36.8	4.6%	-21.5	-36.9%
Profit from operating activities	58.1	7.0%	37.0	4.6%	-21.1	-36.4%
Profit before tax	58.8	7.1%	36.4	4.6%	-22.4	-38.1%
Profit for the period attributable to owners of the parent company	45.9	5.5%	24.5	3.1%	-21.3	-46.6%
EPS* ¹ (yen)	130.36		70.51			
Exchange rate (yen, index)	USD	¥111.11	¥108.65			
	EUR	¥129.50	¥121.08			
	Other currencies* ²	100	94			

*1 Basic earnings per share for the period
*2 Index showing weighted average variance of rates for currencies other than USD and EUR against a benchmark of 100 for the previous period. Rates are weighted according to Epson's net volume of revenue and cost for each currency

Exchange effect (Billions of yen)	USD	EUR	Other currencies	Total
Revenue	-5.3	-8.6	-12.2	-26.2
Business profit	+1.6	-5.2	-6.1	-9.7

9M Financial Results by Business Segment



9M Comparison by Business

Printing Solutions	First 9 Months/2018 Actual	First 9 Months/2019 Actual	Y/Y	Exchange effect
Revenue	546.4	534.1	-12.3	-18.1
Printers	383.9	362.0	-21.8	
% sales IJP	84%	84%		
SIDM	8%	7%		
Other	8%	9%		
Professional Printing	149.5	150.9	+1.4	
Other	13.1	21.1	+8.0	
Inter-segment revenue	-0.0	-0.0	+0.0	
Segment profit	70.7	59.4	-11.3	-6.2
ROS	13.0%	11.1%		

9M Comparison by Business

Visual Communications	First 9 Months/2018 Actual	First 9 Months/2019 Actual	(Billions of yen)	
			Y/Y	Exchange effect
Revenue	156.4	145.7	-10.6	-5.9
Segment profit	18.2	13.4	-4.7	-2.8
ROS	11.7%	9.2%		

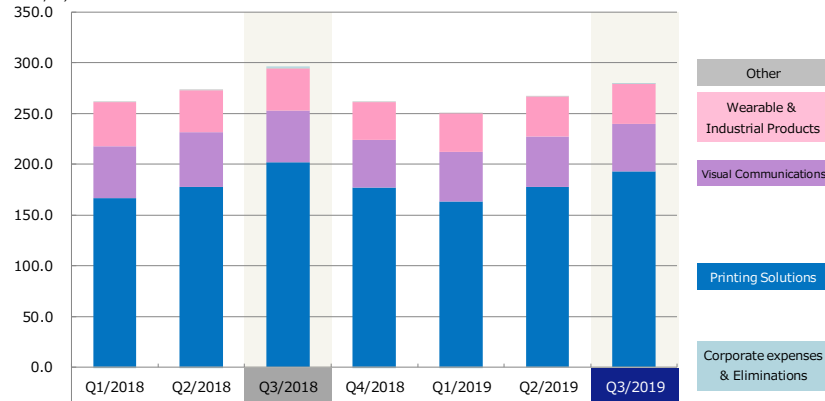
Wearable & Industrial Products	First 9 Months/2018 Actual	First 9 Months/2019 Actual	(Billions of yen)	
			Y/Y	Exchange effect
Revenue	126.0	116.9	-9.0	-2.2
Wearable Products	38.6	35.0	-3.6	
Robotics Solutions	17.5	15.3	-2.1	
Microdevices, Other	74.1	70.8	-3.2	
Inter-segment revenue	-4.2	-4.2	+0.0	
Segment profit	6.1	0.7	-5.4	-0.7
ROS	4.9%	0.6%		

Quarterly Revenue Trend By Business Segment

Exchange rate	USD	109.06	111.46	112.80	110.14	109.93	107.31	108.72	-4.08
(yen)	EUR	130.09	129.66	128.73	125.13	123.54	119.34	120.35	-8.38

Revenue (Billions of yen)	Q1/2018	Q2/2018	Q3/2018	Q4/2018	Q1/2019	Q2/2019	Q3/2019	Y/Y
Printing Solutions	166.6	178.0	201.7	177.2	163.2	178.0	192.9	-8.8
Visual Communications	51.4	53.9	51.0	46.8	49.2	49.6	46.8	-4.1
Wearable & Industrial Products	43.1	40.9	41.9	37.4	38.1	39.3	39.4	-2.4
Other	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.0
Corporate expenses & Eliminations	-0.9	-1.3	1.7	-1.1	-1.1	-0.7	0.3	-1.3
Consolidated total	260.4	271.9	296.6	260.6	249.6	266.4	279.8	-16.8

(Billions of yen)

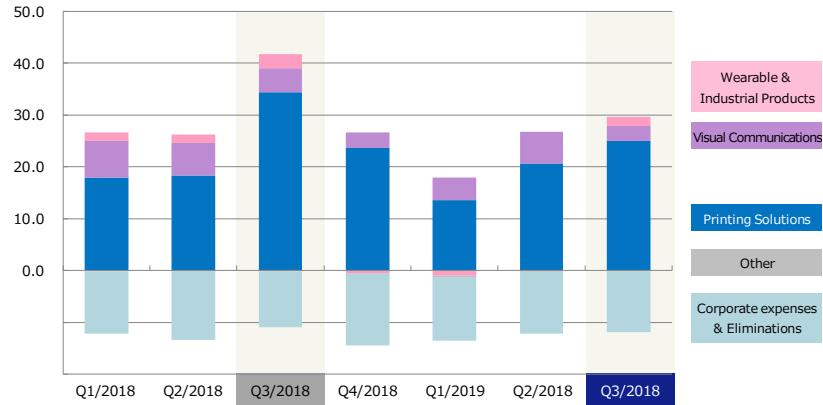


Quarterly Business Profit Trend By Business Segment

Exchange rate	USD	109.06	111.46	112.80	110.14	109.93	107.31	108.72	-4.08
(yen)	EUR	130.09	129.66	128.73	125.13	123.54	119.34	120.35	-8.38

Business profit (Billions of yen)	Q1/2018	Q2/2018	Q3/2018	Q4/2018	Q1/2019	Q2/2018	Q3/2018	Y/Y
Printing Solutions	17.9	18.3	34.4	23.7	13.6	20.7	25.0	-9.4
Visual Communications	7.1	6.3	4.7	2.9	4.3	6.1	2.9	-1.8
Wearable & Industrial Products	1.7	1.6	2.7	-0.6	-1.0	-0.0	1.7	-1.0
Other	-0.1	-0.0	-0.1	-0.0	-0.2	-0.1	-0.1	-0.0
Corporate expenses & Eliminations	-12.0	-13.4	-10.8	-13.8	-12.3	-12.0	-11.8	-0.9
Consolidated total	14.6	12.7	30.9	12.1	4.5	14.6	17.6	-13.2

(Billions of yen)



Revenue to customers outside of Japan Employee numbers

Revenue to customers outside of Japan

Exchange rate	USD	109.06	111.46	112.80	110.14	109.93	107.31	108.72	-4.08
(yen)	EUR	130.09	129.66	128.73	125.13	123.54	119.34	120.35	-8.38

Revenue (Billions of yen)	Q1/2018	Q2/2018	Q3/2018	Q4/2018	Q1/2019	Q2/2019	Q3/2019	Y/Y
The Americas	75.5	82.1	77.0	75.7	74.5	71.7	71.2	-5.7
Europe	52.8	52.0	63.6	56.6	47.9	53.7	59.3	-4.2
Asia/ Oceania	79.2	79.4	76.1	67.5	72.5	75.8	74.4	-1.6
Total revenue to overseas customers	207.6	213.7	216.8	199.9	195.1	201.4	205.1	-11.7
Consolidated revenue	260.4	271.9	296.6	260.6	249.6	266.4	279.8	-16.8

% of revenue to consolidated revenue	Q1/2018	Q2/2018	Q3/2018	Q4/2018	Q1/2019	Q2/2019	Q3/2019
The Americas	29.0%	30.2%	26.0%	29.1%	29.9%	26.9%	25.5%
Europe	20.3%	19.1%	21.5%	21.7%	19.2%	20.2%	21.2%
Asia/ Oceania	30.4%	29.2%	25.7%	25.9%	29.1%	28.5%	26.6%
Total	79.7%	78.6%	73.1%	76.7%	78.2%	75.6%	73.3%

Employees

Number of employees at period end (person)	End of Mar. 2017	End of Dec. 2017	End of Mar. 2018	End of Dec. 2018	End of March 2019	End of Dec. 2019	Compared to end of Mar. 2019
Japan	19,175	19,594	19,436	19,614	19,456	19,789	+333
Non-Japan	53,245	59,249	56,955	58,753	57,191	58,052	+861
Consolidated total	72,420	78,843	76,391	78,367	76,647	77,841	+1,194

Major Business Indicators

(Billions of yen)					(Billions of yen)			
		FY2018	FY2019	FY2021		FY2018	FY2019	Epson 25
		Actual	Outlook	(FY19-21 business plan)		Actual	Outlook	FY19-21 business plan 3-year cumulative Outlook
Exchange rate (yen)	USD	110.86	108.00	110.00	USD	110.86	108.00	110.00
	EUR	128.40	120.00	125.00	EUR	128.40	120.00	125.00
Printing	Revenue	723.6	720.0	780.0	Operating CF	76.9	85.0	Approx. 370
Solutions	Segment profit	94.5	77.0	-	FCF	-5.7	10.0	Approx. 170
Visual	Revenue	203.3	188.0	225.0				
Communications	Segment profit	21.2	13.0	-	R&D costs	58.2	55.0	Invest aggressively
Wearable & Industrial Products	Revenue	163.4	154.0	195.0	Capital expenditure	82.0	84.0	
	Segment profit	5.5	3.0	-	Except lease	82.0	75.0	Approx. 200
Other	Revenue	0.9	1.0	-				
	Segment profit	-0.5	-1.0	-				
Corporate expenses & Eliminations	Revenue	-1.6	-3.0	-				
	Segment profit	-50.2	-50.0	-				
Consolidated total	Revenue	1,089.6	1,060.0	1,200.0				
	Segment profit	70.4	42.0	96.0				
	ROS	6.5%	4.0%	8%				
	ROE	10.2%	5.1%	Over 10%				

Main Product Sales Trends

The indicators in this document are based on values tracked internally by Epson

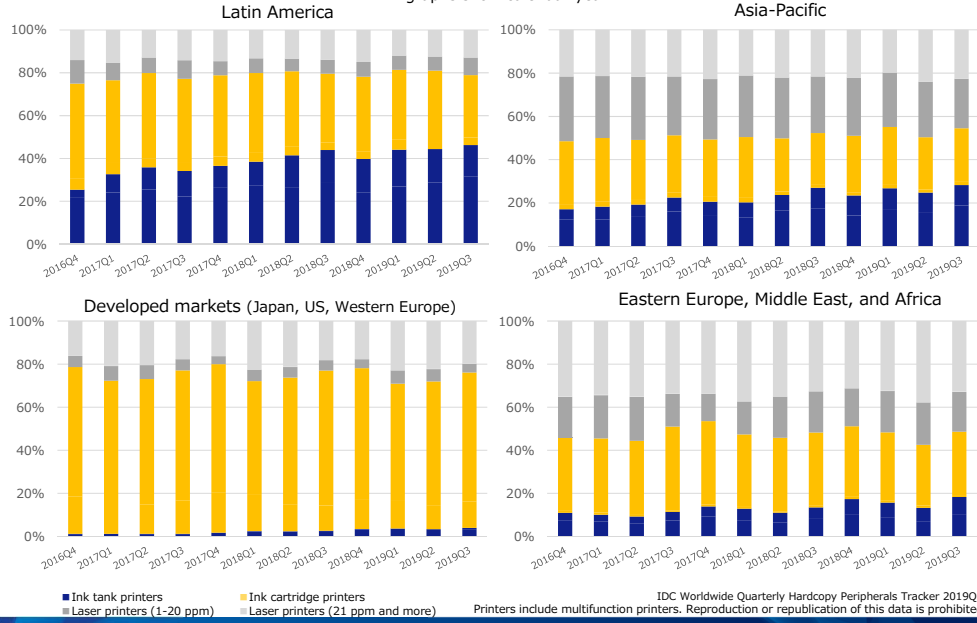
*1 Office Shared IJP : One of printer category for high print volume office users. This includes IJ, RIPS, I/C printers, and excludes paid repairs and services

*2 LC: Local Currency base

				FY2018 Full-year Actual	FY2019 Q1 Actual	FY2019 Q2 Actual	FY2019 Q3 Actual	FY2019 Full-year Outlook
USD				110.86	109.93	107.31	108.72	107.00
EUR				128.40	123.54	119.34	120.35	118.00
Printing Solutions	IJP Hardware	Revenue (JPY)	YoY %	Flat YoY	-6%	+0%	-1%	+2%
		Revenue (LC*2)	YoY %	-	-2%	+5%	+3%	-
		Volume	YoY %	-4%	-7%	+6%	+2%	+2%
		Volume (Approx., million)	Units	15.4	-	-	-	15.8
		High-capacity ink tank	Units	9.0	-	-	-	10.2
		SOHO/ Home	Units	6.1	-	-	-	5.2
	IJP Ink	Revenue within IJP Ink / (HW+Ink)	Composition ratio	Approx. 50%	-	-	-	47%
		Revenue (JPY)	YoY %	- High single-digit %	-9%	-6%	-12%	-10%
		Revenue (LC*2)	YoY %	-	-8%	-2%	-9%	-
	Office Shared IJP*1 (Hardware + Ink)	Revenue within IJP	Composition ratio	High single-digit %	8%	8%	8%	9%
		SIDM Hardware	Revenue (JPY)	YoY %	- High single-digit %	-15%	-14%	-16%
	Revenue (LC*2)		YoY %	-	-12%	-10%	-12%	-
	Volume		YoY %	-6%	-14%	-10%	-10%	-13%
	Commercial & Industrial IJP (Hardware + Ink)	Revenue within Professional Printing	Composition ratio	low 60 %	63%	63%	66%	64%
Visual Communi- cations		Projectors Hardware	Revenue (JPY)	YoY %	+ low single-digit %	-4%	-8%	-7%
	Revenue (LC*2)		YoY %	-	-1%	-3%	-3%	-
	Volume		YoY %	+1%	-8%	-9%	-4%	-6%
	Volume (Approx., million)		Units	2.6	-	-	-	2.5

A4 printer main unit market trend by region

All graphs show calendar year



Definition of terms

Color Control Technology	Color management technology that enhances color reproducibility
Epson Connect	Epson's mobile cloud service for Epson products and services
I/C	Ink cartridges
IJP	Inkjet printers
LIJ	Line inkjet printers, high-speed line inkjet multifunction printers
LP	Laser printers, including multifunction printers
RIPS	Replaceable ink pack system, high-yield cartridge-free ink pack printers
SIDM	Serial impact dot matrix printers
SOHO	Small office, home office
Office Shared IJP	Printer category for high print volume office users. This includes LIJ, RIPS, and I/C printers.
Photos	Printer category that includes large-format printers for photo, graphics, proofing and CAD printing
Commercial & Industrial IJP	Printer category comprising large-format inkjet printers for commercial and industrial sectors.
High-capacity ink tank printers	Inkjet printers with high-capacity ink tank (includes EcoTank)
High-capacity ink models	General term for high-capacity ink cartridge printers, high-capacity ink tank printers, RIPS, and LIJ
Distributed printing	Printing method that prints out same images/ documents using several printers
3LCD	Technology that projects images by utilizing 3LCD-chips
FPD	Flat panel displays
OLED	Organic light emitting diode
High-brightness laser projectors	High-lumen projectors mainly used in venues such as conference rooms and halls
WP	Wearable Products business
MD, Other	Microdevices, Other business

Business segments

