

MIRA INFORM REPORT

Report No. :	529917
Report Date :	17.09.2018

IDENTIFICATION DETAILS

Name :	SEIKO EPSON CORPORATION
Registered Office :	3-3-5 Owa Suwa City Nagano-Pref 392-8502
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	September 1959
Legal Form :	Limited Company
Line of Business :	Manufacturing of ink jet printers, LCD modules for mobile phones, other electronic devices
No. of Employees :	70,632

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A++
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Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default

Maximum Credit Limit :	Yen 31,042.3 Million
Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

COMPANY NAME AND SUMMARY

SEIKO EPSON CORPORATION

REGD NAME: Seiko Epson KK

MAIN OFFICE: 3-3-5 Owa Suwa City Nagano-Pref 392-8502 JAPAN

Tel: 0263-52-3131 Fax: 0263-58-8216

URL: <http://www.epson.co.jp/>

E-Mail address: info@epson.co.jp

ACTIVITIES: Mfg of ink jet printers, LCD modules for mobile phones, other electronic devices

BRANCHES: Nagano, Tokyo, Yamagata, Hokkaido, other (Tot 14)

OVERSEAS: USA (5), China (5), Taiwan (3), Canada, Mexico, UK, Germany, France, Korea, India, other (Tot 59 locations) (-- marketing/sales/servicing operations)

FACTORIES: At the caption address, Nagano (13)

OVERSEAS: USA, China, Malaysia, Indonesia, UK, Singapore, other (Tot 23)

Group Firms: Domestic 16, overseas 71 totaling 87 firms.

OFFICERS: MINORU USUI, PRES & CEO Shigeki Inoue, s/mgn dir
Koichi Kubota, s/mgn dir Masayuki Kawana, dir
Tatsuaki Seki, dir Yasunori Ogawa, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 1,102,116 M
	PAYMENTS	REGULAR	CAPITAL	Yen 53,204 M
	TREND	STEADY	WORTH	Yen 512,728 M
	STARTED	1959	EMPLOYES	70,632

COMMENT

MFR SPECIALIZING IN INK JET PRINTERS.

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 31,042.3 MILLION, 30 DAYS NORMAL TERMS.

HIGHLIGHTS

This is leading printer mfr, based in Nagano-Pref, ranked top domestically with strength in ink jet printers (IJT). In LCD projector & electronics devices, highly competitive in small & medium-sized LCD modules for mobile phones and other products. Mainline printers pursue "super high resolution equal to photographs". The firm started outsourcing IJT production to Thailand in Oct 2005 (Muramoto Industry Co, subsidiary maker). The Thai plant will

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be joining Seiko Epson's own facilities in China, Philippines, Indonesia, etc in supplying products to Japan, US and Europe. The outsourcing is aimed to meet short-term changes in demand. The worldwide operations cover 33 locations in development/mfg (including outsourcing), and 59 locations in marketing/sales/servicing. Ink consumables as a lucrative product. After making quartz component supplier Epson Toyocom its wholly-owned subsidiary in 2009, it completely sold its unprofitable medium & large LCD business to SONY in 2011. The company operates plants in overseas locations including Indonesia & China.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 1,102,116 million, a 7.54% up from Yen 1,024,856 million in the previous term. The recurring profit was posted at Yen 62,663 million and the net profit at Yen 41,836 million, respectively, compared with Yen 67,470 million recurring profit and Yen 48,320 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 76,500 million and net profit at Yen 60,000 million, respectively, on a 2.69% fall in turnover, to Yen 1,072,500 million.

The financials situation is considered FAIR and GOOD for ORDINARY business engagements. Max credit limit is estimated at Yen 31,042.3 million, on 30 days normal terms.

REGISTRATION

Date Registered: Sept 1959

Legal Status: Limited Company (Kabushiki Kaisha)

Authorized: 607,458,368 shares

Issued: 196,364,592 shares

Sum: Yen 53,204 million

Major shareholders (%): Company's Treasury Stock (11.8), Japan Trustee Services T (6.4), Sanko Kigyō (5.0), Seiko Holdings (3.0), Yasuo Hattori (2.9), Noboru Hattori (2.8), Dai-ichi Life Ins (2.1), TCSB (Mizuho Bank) (2.0), Employees' S/Holding Assn (1.8); foreign owners (16.9)

No. of shareholders: 41,062

Listed on the S/Exchange (s) of: Tokyo

Nothing detrimental is known as to the commercial morality of executives.

Related companies: Epson Sales Japan Corp, Tohoku Epson, other (Tot 94: Japan 21, overseas 73)

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OPERATION

Activities: Development, manufacturing, sales, marketing and servicing of:

(Sales Breakdown by Divisions):

Printing solutions (67%)

Visual communications (18%)

Wearable & industrial products (14%)

Overseas sales ratio (77%)

Clients: [Mfrs, wholesalers] Epson Sales Japan Corp (subsidiary) for marketing/distribution in Japan market, Seiko Watch, other.

Exports to Epson Europe BV (Netherlands), Epson America Inc, Epson Hong Kong Ltd, Epson Europe Electronics GmbH (Germany), other.

No. of accounts: 3,000 (through subsidiary agent dealers)

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Imports from Epson Precision Ltd (Hong Kong, Malaysia, Philippines), PT Indonesia Epson Industry (Indonesia), Suzhou Epson Co (China), other. Also supplied from: Konica Minolta Business Technologies, Fuji Xerox System Service, other

Payment record: Regular

Location: Business area in Suwa City, Nagano-Pref. Office premises at the caption address are owned and maintained satisfactorily.

Bank References:

Mizuho Bank (Shinjuku)

MUFG (Shinjuku)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	1,072,500	1,102,116	1,024,856	1,092,481
Recur. Profit	76,500	62,663	67,470	91,530
Net Profit	60,000	41,836	48,320	45,772
Total Assets		1,033,350	974,387	941,340
Net Worth		512,728	492,196	467,818
Capital, Paid-Up		5,320	53,204	53,204
Div.P.Share(¥)		62.00	60.00	60.00
<Analytical Data>	(%)	(%)	(%)	(%)

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S.Growth Rate	-2.69	7.54	-6.19	0.57
Current Ratio	
N.Worth Ratio		49.62	50.51	49.70
N.Profit/Sales	5.59	3.80	4.71	4.19

Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.81
UK Pound	1	INR 94.16
Euro	1	INR 83.98
Yen	1	INR 0.65

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)