



# Commercial & Industrial IJP Business Strategy

June 18, 2020  
**Seiko Epson Corp.**

## Professional Printing Business

Commercial & Industrial IJP

POS printers, other

### Finished product business (printers, ink, service)

#### Photo/proof

Fine art, photos, proofs, etc.



#### Corporate

CAD drawings, GIS (maps), etc.



#### Signage

Indoor/outdoor signs, posters



#### Textile DTG

Direct to Garment  
Direct printing on ready-made articles like t-shirts



#### Textile dye-sublimation transfer

Heat is applied to dye-sublimation ink printed on transfer paper to transfer it to textiles



#### Textile DTF

Direct to Fabric  
Direct printing on fabric



#### Labels

Identifying labels for products such as food and beverages

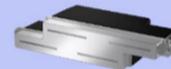


Label presses



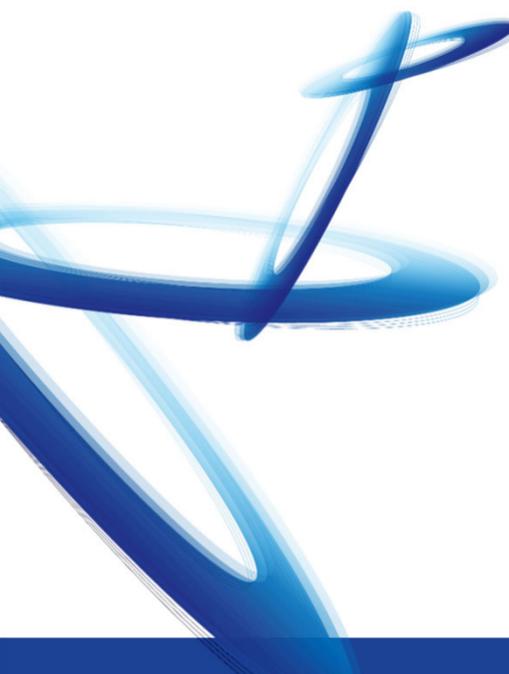
Label printers

### Printhead sales business (printheads & ink)

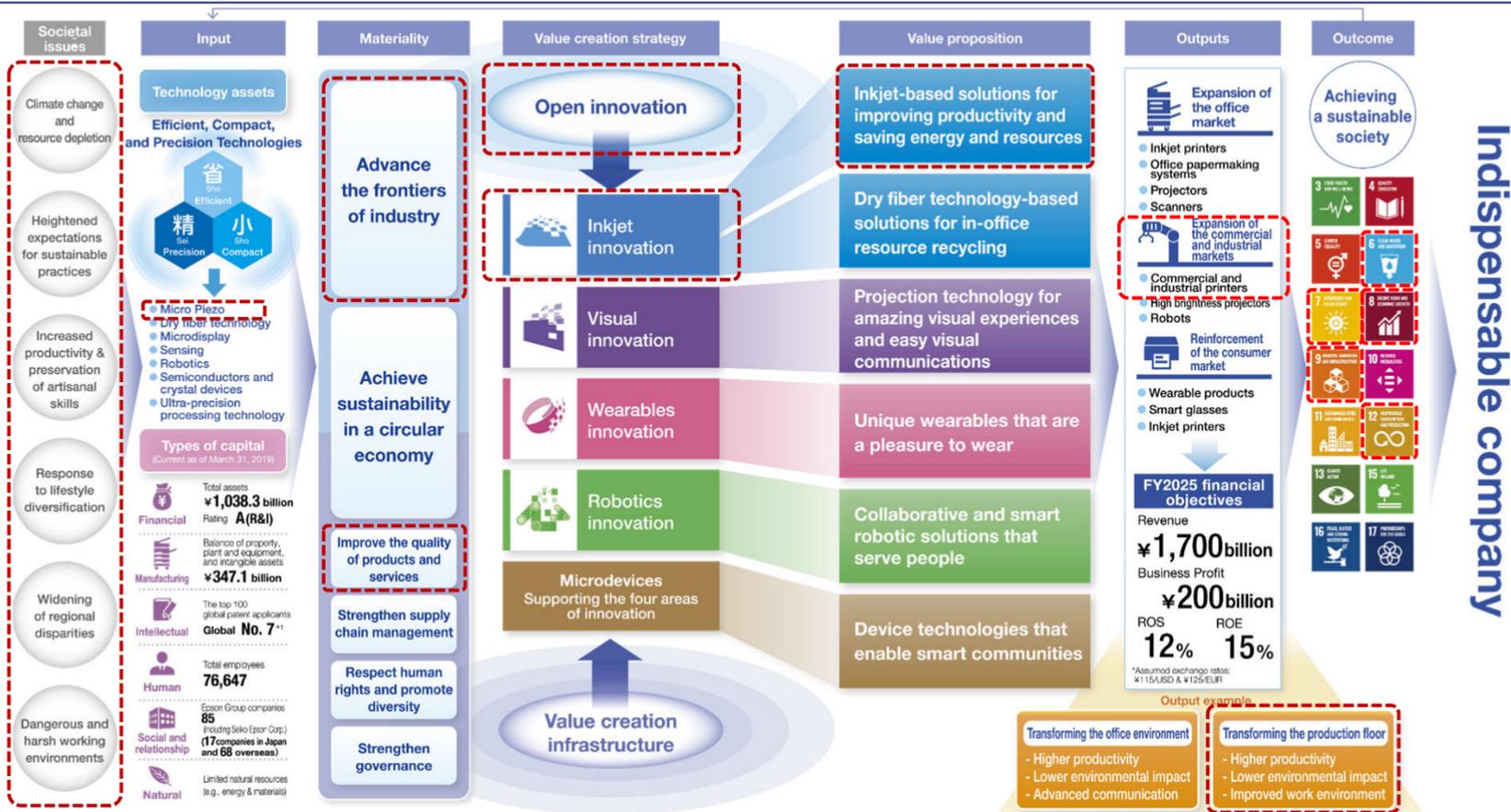


## Contents

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- A decorative graphic on the left side of the slide, consisting of several overlapping, curved blue lines that create a sense of motion and depth. The lines are in various shades of blue, from light to dark, and they curve upwards and to the right.
- 1. Value Creation Story**
  - 2. Epson's Actions to Date**
  - 3. Market Overview**
  - 4. Epson's Growth Strategy**
  - 5. Financial Targets**

# Value creation story





Climate change and  
resource depletion



Heightened expectations for  
achieving sustainability



Increased productivity &  
preservation of artisanal skills



Response to lifestyle  
diversification



Growth in geographical  
inequities in infrastructure,  
education, and services



Dangerous and harsh  
working environments

# Value Creation Story | Innovation on the Printing Floor **EPSON** EXCEED YOUR VISION

- Realize safe, efficient production processes that produce minimal waste
  - Balancing productivity and sustainability with inkjet solutions

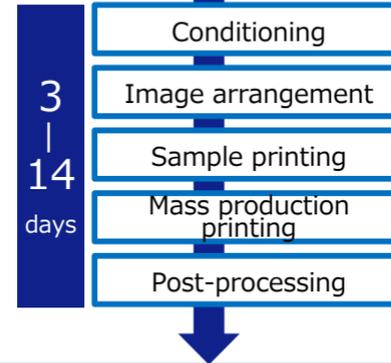
## Complex, wasteful work process

### Analog textile printing



## Simple process, lower environmental impact

### Digital textile printing



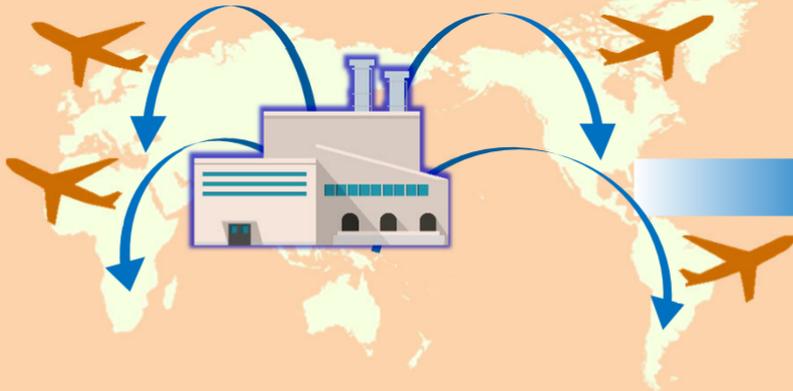
## Value provided

- Faster turnaround. **Less dead stock and disposal losses**
- **Reduces water use** (no plate cleaning) **and waste ink**
- **Saves plate and WIP storage space**
- **Offer a clean and safe printing environment**

# Value Creation Story | Innovation on the Printing Floor **EPSON** EXCEED YOUR VISION

- Growing need for local production for local consumption and for distributed printing
  - Respond to the need for solutions that do not assume travel or movement

Traditional production



Local production and distributed printing



# Commercial & Industrial IJPs: Epson's Actions to Date



# History of Epson's Commercial & Industrial IJPs

- Since launching our commercial printer business in 1998, we have expanded applications by leveraging the extraordinary image quality and broad ink compatibility of Piezo printheads.

High productivity, lower cost

Developed multiple applications  
(for signage and textiles)

Developed the photo segment  
with high image quality

2018 Expanded and enhanced new corporate printers

2016 Made Italian DTF printer manufacturer Robustelli a wholly owned subsidiary

2015 Made Italian DTF company For.Tex a wholly owned subsidiary

2014 Launched minilabs and SureLab

2014 Products for signage

2013 Launched dye-sub and DTG products

2012 Launched products for posters and CAD

2010 Launched the SurePress series of label presses

2005 Launched the photo-quality PX-7500/9500 series of printers

1998 Launched the PM-9000C, our first large-format printer



# Commercial & Industrial IJPs: Market Overview

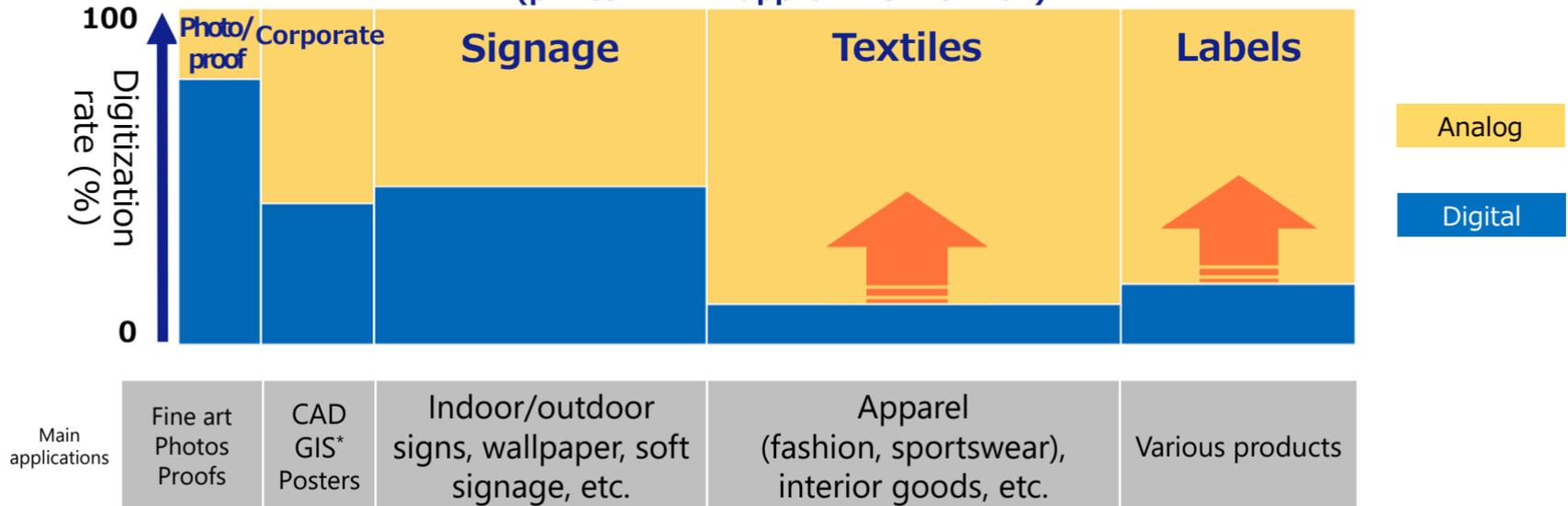


# C&I Market Opportunities

- Commercial and industrial markets are expanding in step with economic development and population growth
- The digitization of textile and label printing presents a huge opportunity

## Rate of digitization in different printing market categories

(printer + ink: approx. ¥3.4 trillion)



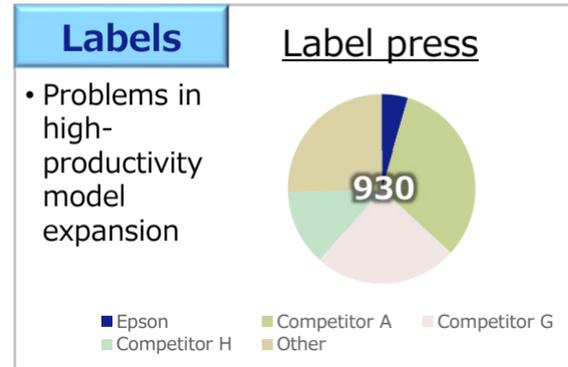
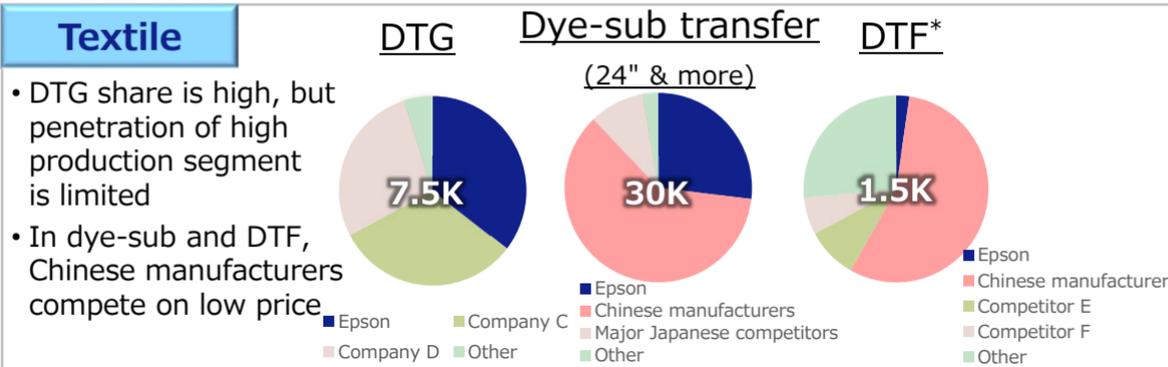
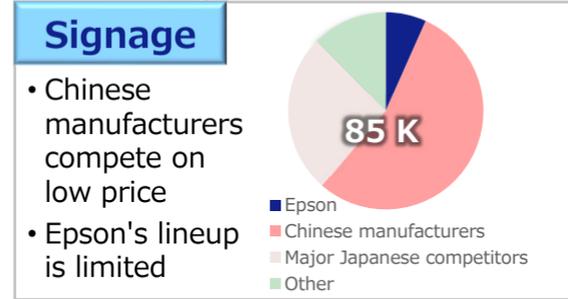
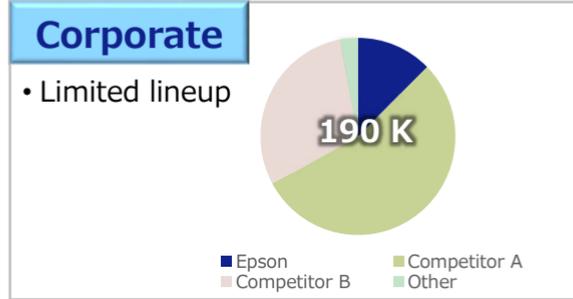
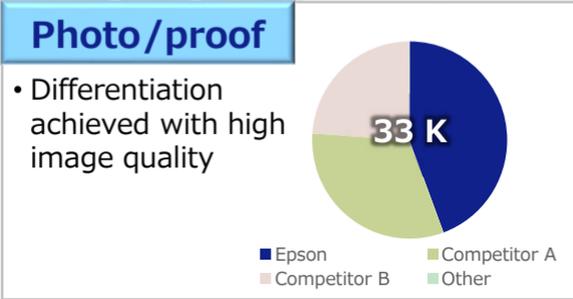
\* Geographic information system

# Epson's Market Share in Finished Products

- **Photo/proofing:** Captured a consistently high share by differentiating with superb image quality
- **Other categories:** Share limited due to time needed to expand the lineup
- **Signage, dye-sub, other:** Chinese manufacturers have won high share

Global unit share in FY19  
Epson research

\*Updated data from original presentation



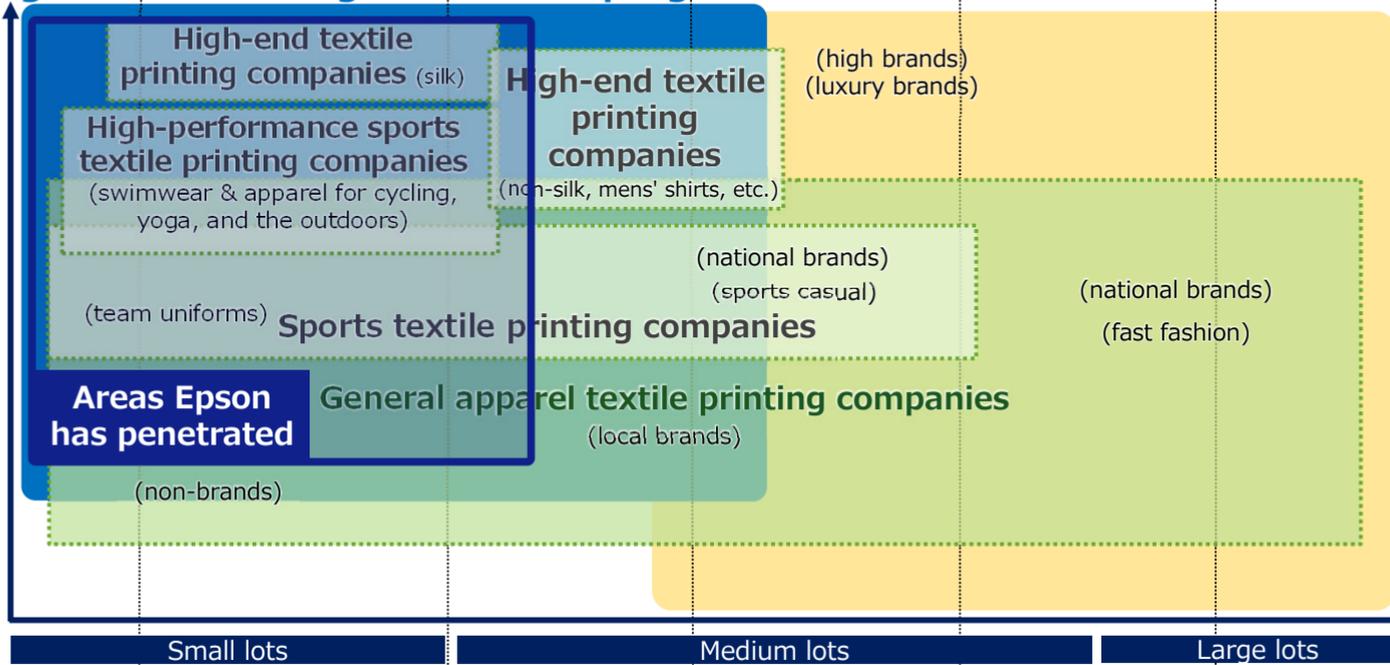
# Textile Digitization (Apparel)

- Digitization is advancing in small lot, high added value segments.
- Higher production segments (medium and large lots) are a growth opportunity for Epson

Segments where digitization has progressed

Mainly analog

Selling price ↑



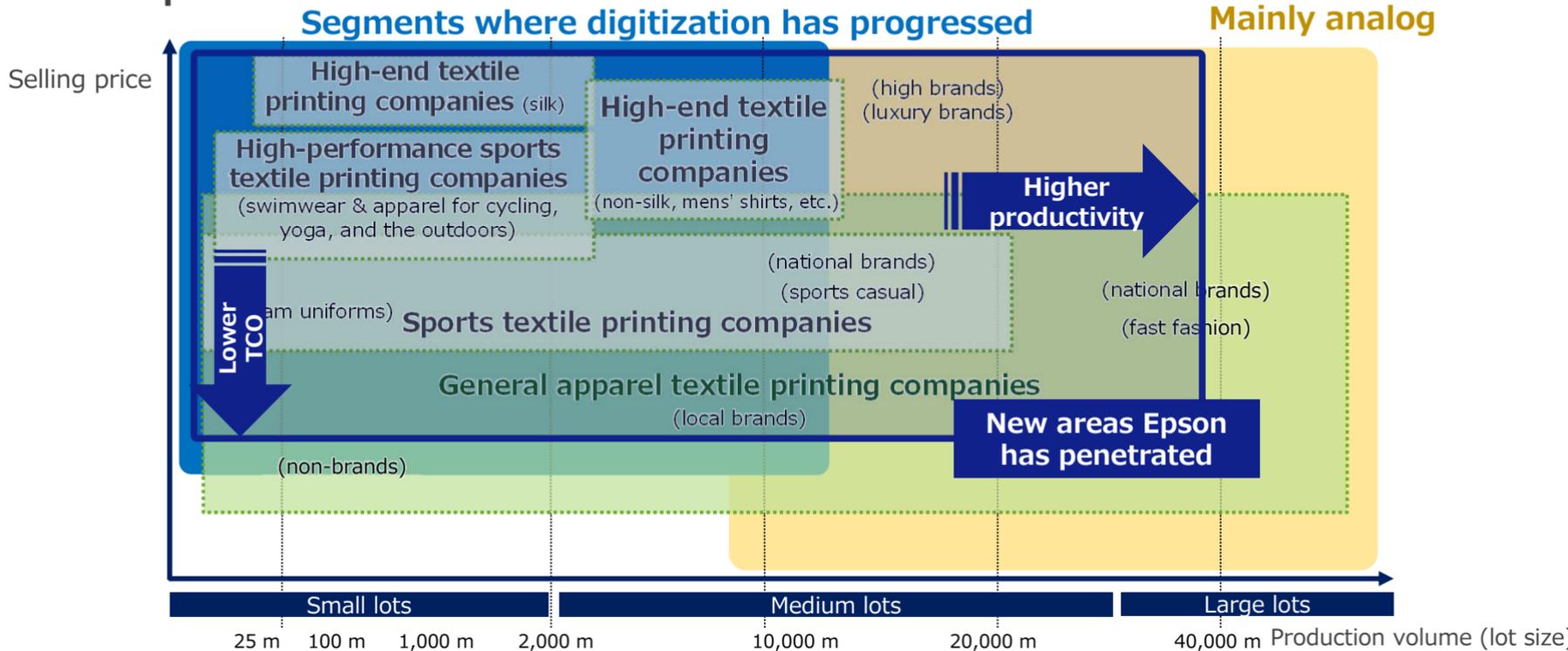
25 m 100 m 1,000 m 2,000 m

10,000 m 20,000 m

40,000 m Production volume (lot size)

# Textile Digitization (Apparel)

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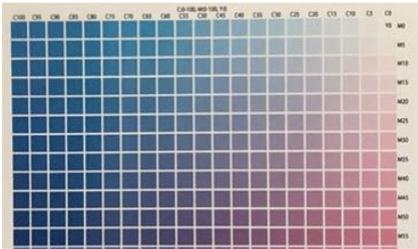
## Color quality control

### Target color

Need **simpler, more accurate** color matching

### Variation

Need the **same output from different machines**



- It is difficult to match the colors of over 1,000 textiles and several hundred color patches
- Repeated trial-and-error: printing → transfer → visual inspection → data correction

- Since colors don't match between different machines and models, production on multiple machines is not possible.
- Model replacement is difficult.

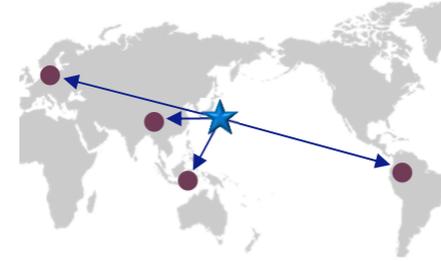
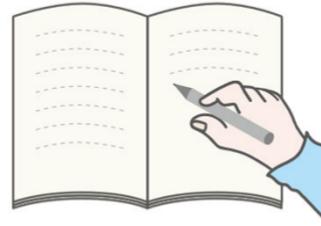
## Production management

### Efficient management

Need to **efficiently run printing equipment**

### Multi-site production

Need to effectively **transfer production between sites and manage operations**



- Many small and mid-sized companies manage their printers and printer settings with handwritten notes.
- It is hard to minimize downtime and run printers efficiently.

- Large companies that have production at multiple sites need to manage operations among sites.
- Move more toward local production, small lots, and multi-site production

# Commercial & Industrial IJP: Epson's Growth Strategy



## Commercial & Industrial IJPs

### Leading the acceleration of digitization

**Rapidly expand the lineup of high productivity products through platforming and collaboration with partners**



**Expand the business by responding to a diverse range of needs with external printhead sales and open innovation**



Printhead business explanatory presentation: [https://global.epson.com/IR/pdf/printhead\\_presentation\\_20200331.pdf](https://global.epson.com/IR/pdf/printhead_presentation_20200331.pdf)

# Epson's Strategy for Accelerating Growth

## Key strategic points

- Capitalize on Epson's strengths in addition to high image quality to further differentiate.
- Use platforming to rapidly expand our lineup of high-productivity products for multiple applications.
- Develop software applications that meet the demand for distributed printing and additional installations.
- Accelerate the transition to digital by strengthening customer touch points and supporting system.

### Customer issues

- Want to raise productivity
- High TCO for digital printing
- Color matching is difficult
- Different machines/models produce different colors
- Production management is inefficient

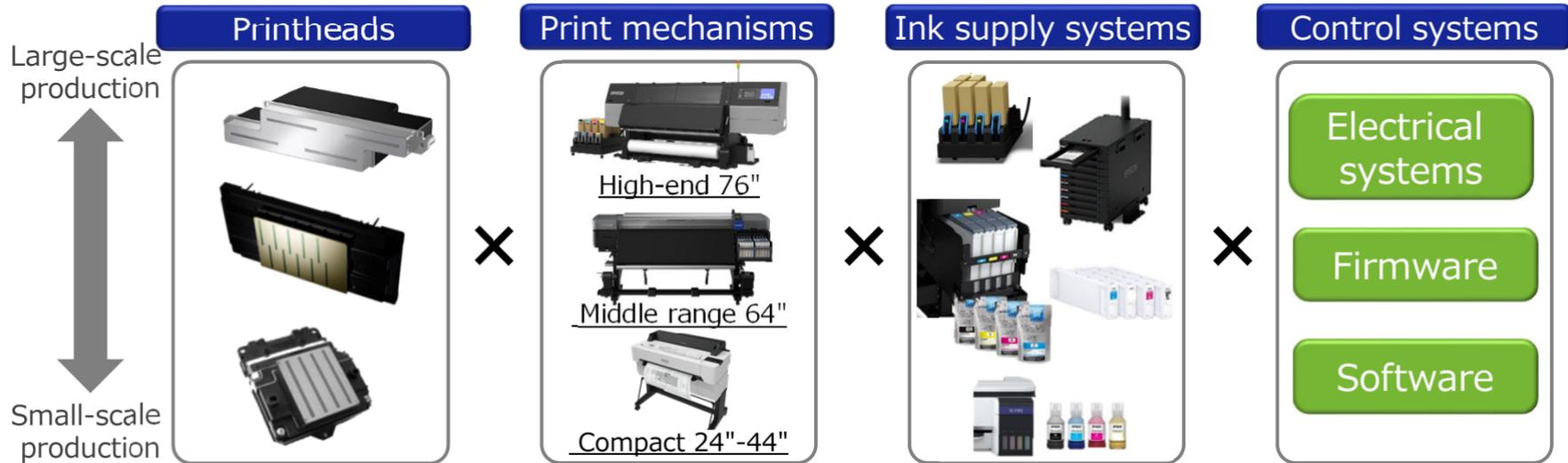
### Epson's issues

- Rapid market launch of products
  - Thin lineup of high-productivity products
  - Textile and signage ink types limited
- Achieving lower TCO
- Lack of color matching and production management solutions

# Commercial & Industrial IJP Platforming

- **Rapidly expand the lineup by engineering platforms.**

- Enable us to expand the lineup without slowing down new product development.
  - ✓ Create diverse products by combining different printheads, print mechanisms, ink supply systems, and control systems.
- Share technologies and assets developed for office and home products, and take advantage of economies of scale.



PrecisionCore  
MicroTFP print chips



PRECISIONCORE

- **Micro Piezo system for C&I printing**
  - Delivers amazing image quality at high speeds
  - Compatible with a wide range of inks
- **A variety of heads can be produced at low cost by combining print chips in different configurations.**

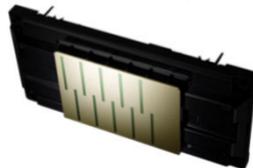
Heads for SOHO  
inkjet printers

Use 1-4 print chips



Heads for large-  
format inkjet printers

Use 10 print chips



Heads for high-speed  
large-format inkjet printers

Use 4 print chips  
for each color



Lineheads for large,  
high-speed label presses

Use 11 print chips

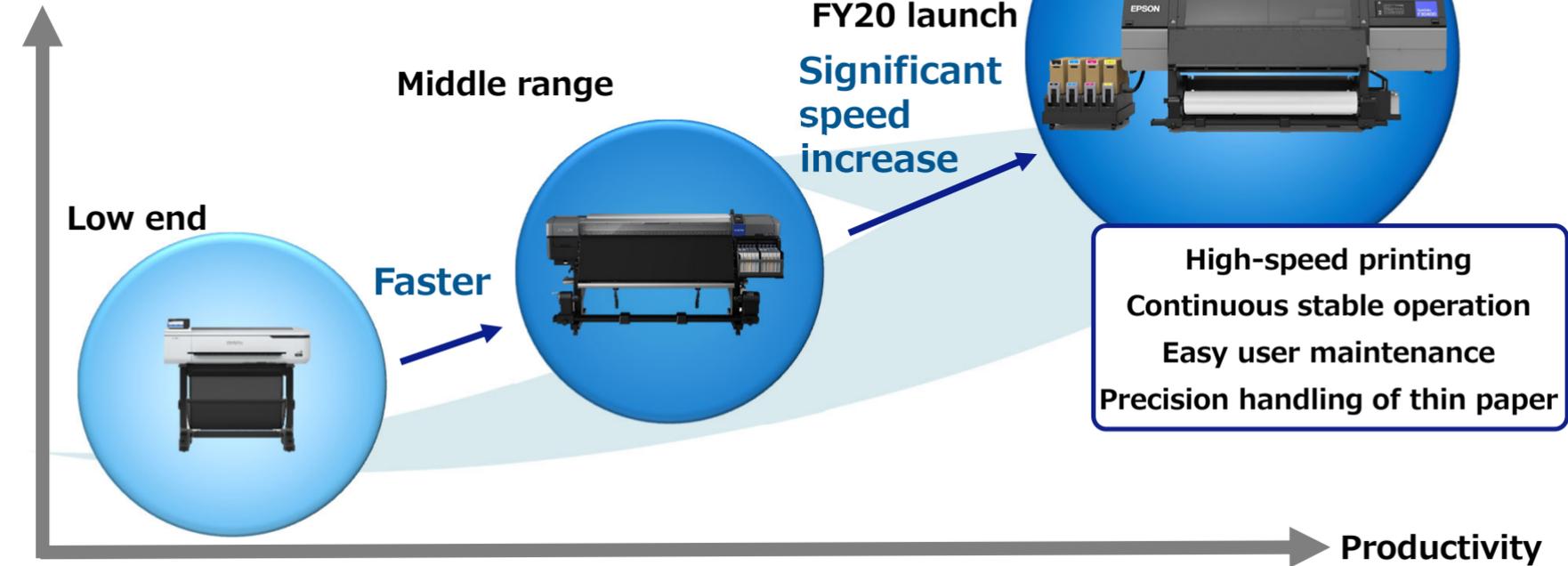


# C&I IJP Platforming | 2) Print Mechanisms

- Introduce high-end, high productivity platforms (76")

- Enable a lineup ranging from low-priced to high-productivity products

Application development



- Create platforms that also utilize office IJP technologies

Ink & control systems	Platform			
	Low end	Middle range	Upper middle	High end
Ink supply systems	Created platforms with different ink capacities			
	 (Utilized high-capacity ink tank model technology)			
Electrical systems	Consolidated according to required data processing capacity			
	System A		System B (Utilized high-speed LIJ technology)	System C
Firmware	Standardize based on an office IJP platform			
Software	Created standardizing remote monitoring infrastructure, color management, and RIP			

# Ink Lineup for a Wide Range of Applications

- Ensure even broader compatibility between Piezo printheads and ink
- Develop and introduce diverse inks while simultaneously expanding the product lineup

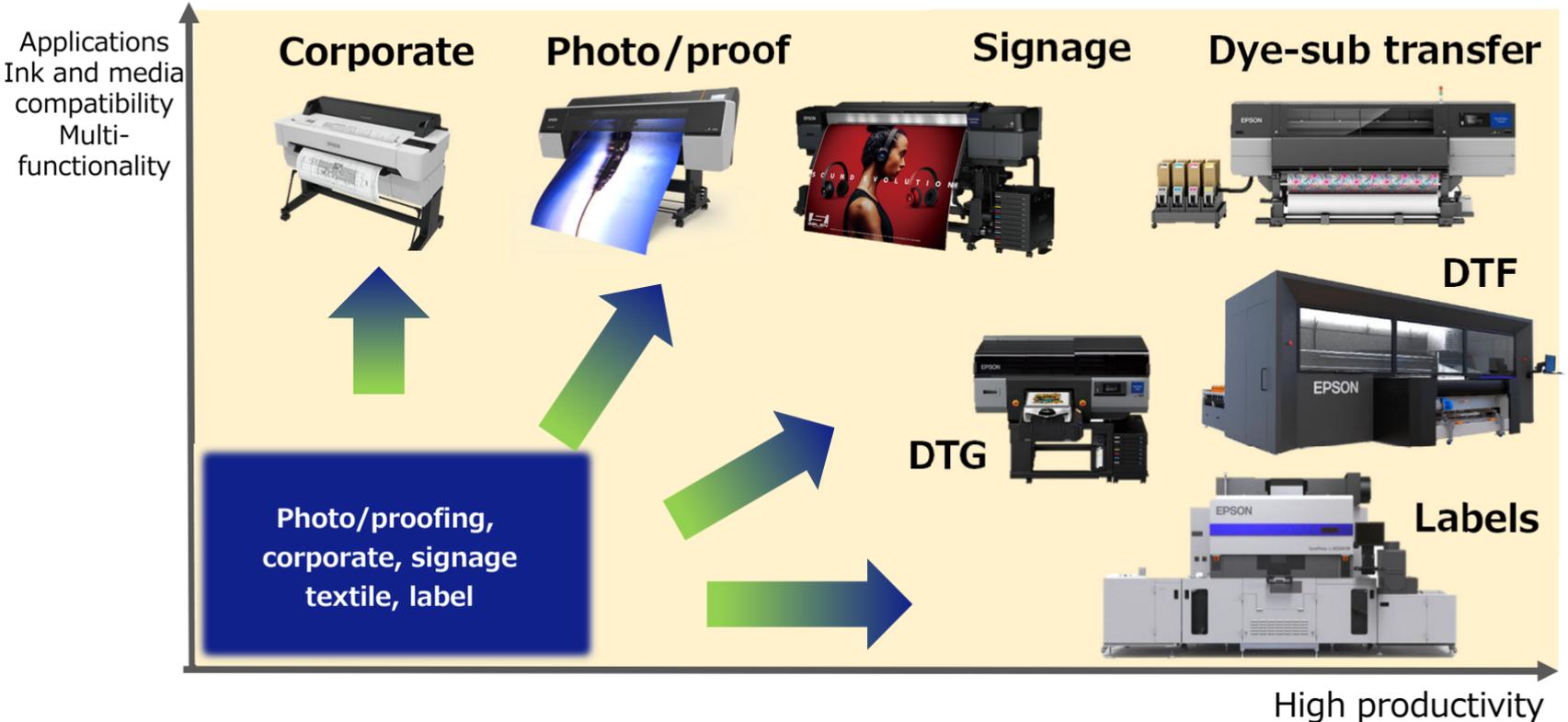


PRECISIONCORE

Category	Photo/proof Corporate	Signage	Textile	Labels
<b>Ink type</b>	Water-based pigment Water-based dye	Eco solvent Water-based dye <b>UV Resin</b>	Dye-sub transfer Acid Reactive dispersion <b>Pigment</b>	Water-based resin UV Pigment
<b>Ink characteristics</b>	Water-based and easy to handle Ideal for paper media	Excellent environmental resistance Ideal for high-quality signage	Excellent image quality and color High washing fastness Wide fabric compatibility	Compatible with broad range of media, from paper to film
<b>Main applications</b>	Fine art, photos CAD, GIS, posters	Indoor/outdoor signs, wallpaper <b>Soft signage, rigid boards, backlit panels</b>	Apparel (fashion, sportswear) Rigid material <b>Interior goods</b>	Various products

# Rapidly Expand the High Productivity, Multi-Application Lineup

- FY19-21: Launch at least 3 times more models than in FY16-18



# Textile Dye-Sub | New High-Productivity Products

- New 6-color model in the 64" series & high-capacity ink tank model in the 24" series
- Expand and upgrade the lineup by adding a 76" high-speed, high-productivity printer



2019 new models



## 24" compact dye-sublimation transfer printer

Based on a corporate model  
Uses high-capacity ink tanks



## 44" model

Reliable compact model ideal for production of smaller items



**64" six-color model launched**  
Fluorescent inks expand design possibilities

## 76" high-productivity dye-sub printer (2020)

- Continuous stable operation
- Precision handling of thin paper
- Enhanced user self-maintenance functions

Fast high-productivity model



- High-productivity flagship model encompasses Epson's textile technology
  - High image quality with up to 8 colors
  - Promote digitization by offering ink prices linked to print volume

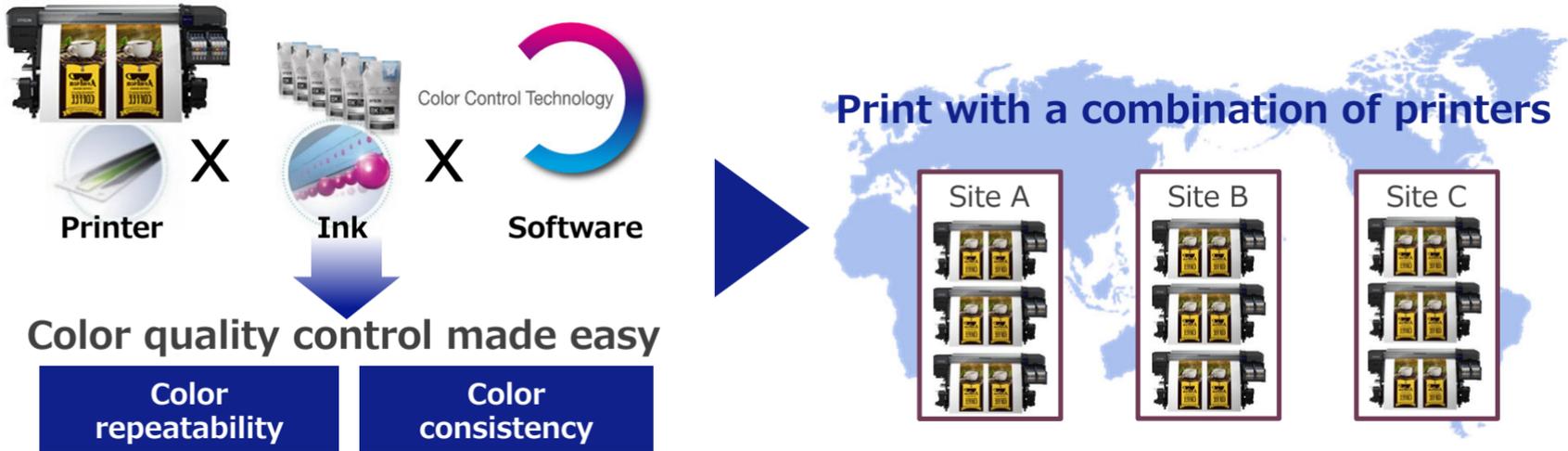


Current machine, the Monna Lisa Evo Tre 32  
600 x 600 dpi 2-pass mode: 423 m<sup>2</sup>/h



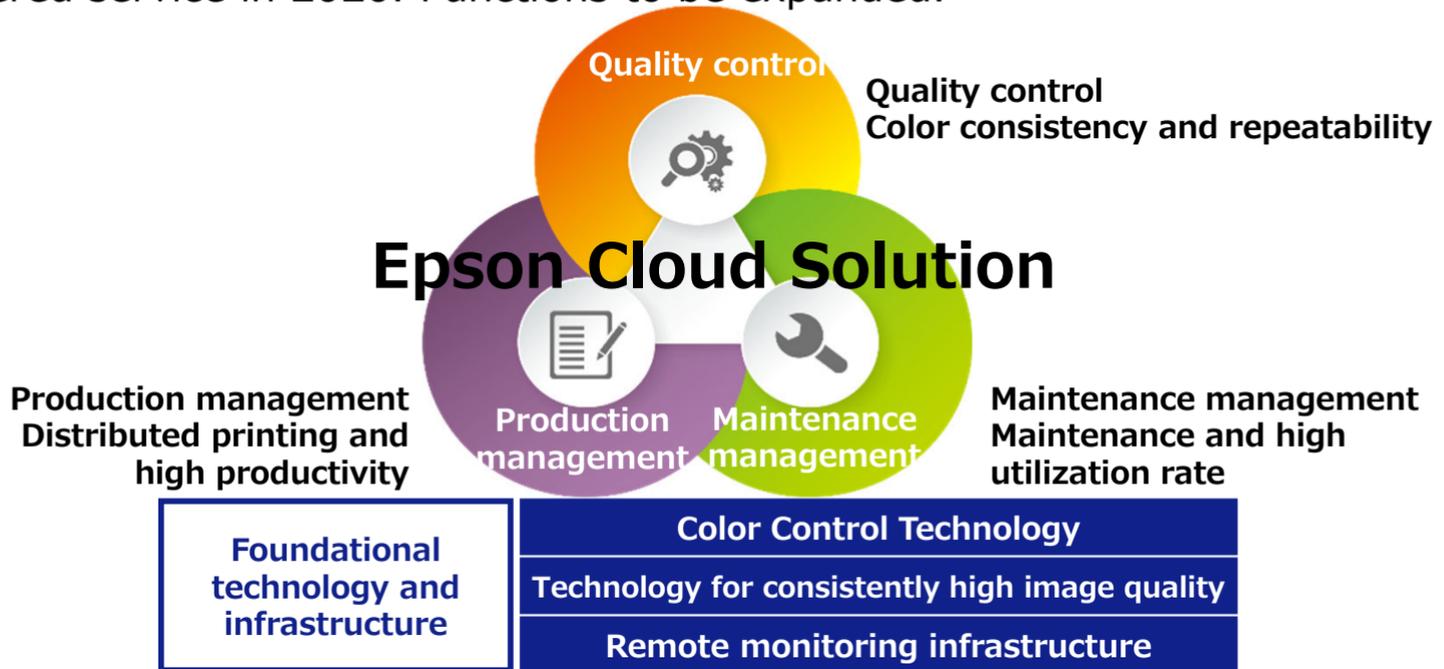
Monna Lisa Evo Tre 64  
600 x 600 dpi 2-pass mode: 740m<sup>2</sup>/h

- **Color quality control made easy with Color Control Technology**
  - Match colors quickly and accurately.
  - Get repeatable, consistent color matching on the same and different models.
- **Achieve scalability with distributed printing.**
  - Avoid stock and supply risk by printing locally.
  - Easily expand production capacity as business expands.



## ● Epson Cloud Solution platform

- Supports production management and maintenance management in addition to color quality control
- Entered service in 2020. Functions to be expanded.

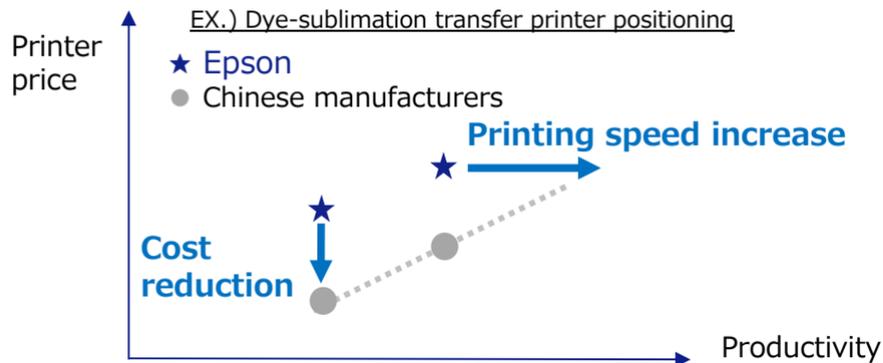


# Reducing the TCO of Digital Printing

- Reduce printer and ink costs through benchmarking.
- Reduce running costs by proposing new services.
  - Offer ink volume discounts commensurate with print volume.
  - Offer programs such as subscription and managed print services.

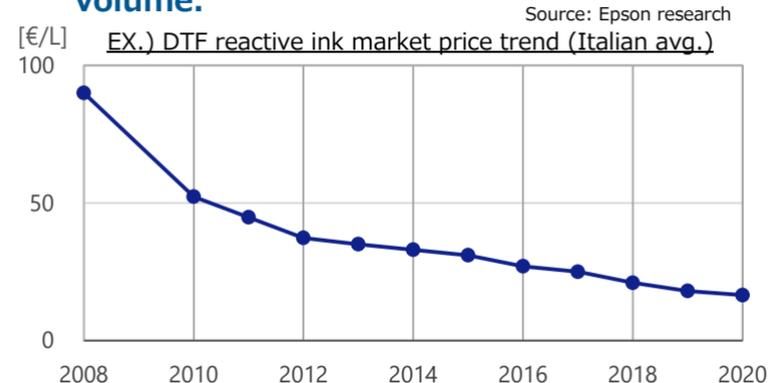
## Printer cost reductions

Using Chinese manufacturers as a benchmark, drive down costs and increase printing speeds.



## Ink cost reductions

Ink prices have been falling as analog inks are replaced. Expand MIF and reduce costs by increasing volume.



# Strengthen Customer Touch Points and Support **EPSON** EXCEED YOUR VISION

## ● Communicate the value of digital printing

- Strengthen customer touch points while using primarily a direct sales approach for large machines and dealer sales for medium- and small-sized large format printers.

### Expand and upgrade showrooms

- Sharply expand in Japan and at global sales sites

### Pre-sales activities

- Step up private demos and seminars for dealers and customers
- Early contact and feedback into products

### Approaching brand owners

- Directly emphasize the value of digital printing
- Promote joint development



France



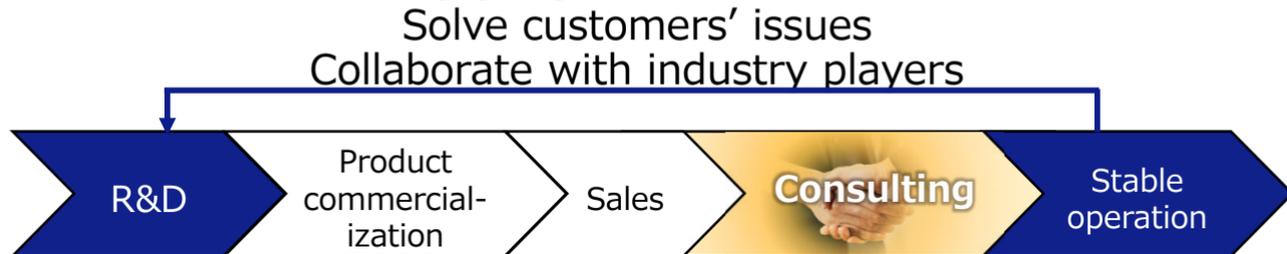
Brazil



# Strengthen Customer Touch Points and Support **EPSON**

EXCEED YOUR VISION

- Enhance consulting in support of customer growth and joint development with industry players



## Textile Solution Centers

Equipped with all digital textile printing processes, including pre- and post-treatment steps

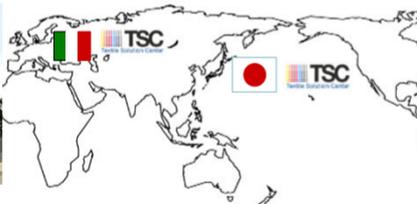
Sell to prospects while checking their quality expectations.

Take on technical support and development functions.



TSC

Jointly established with For.Tex in Italy



TSC Asia

## Solution Center

Cover all commercial and industrial IJP categories



Hirooka Solution Center (Nagano Prefecture)  
(Opened spring of 2020)

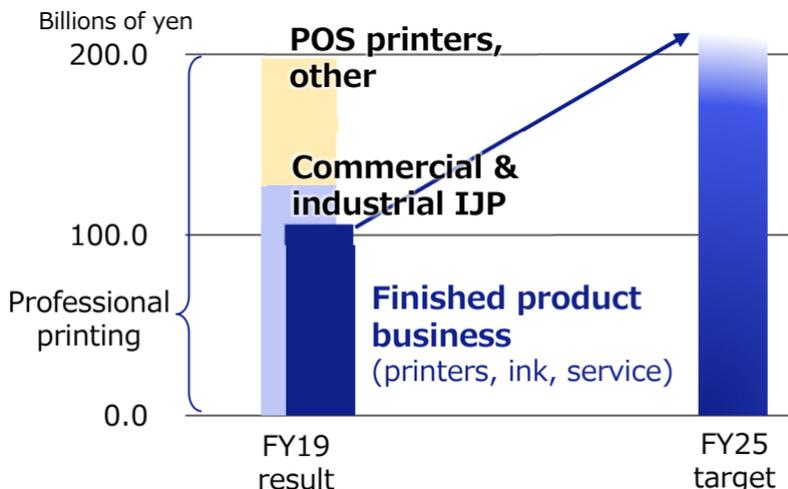
# Commercial & Industrial IJP: Financial Targets



- **Simultaneously realize both revenue and profit growth**

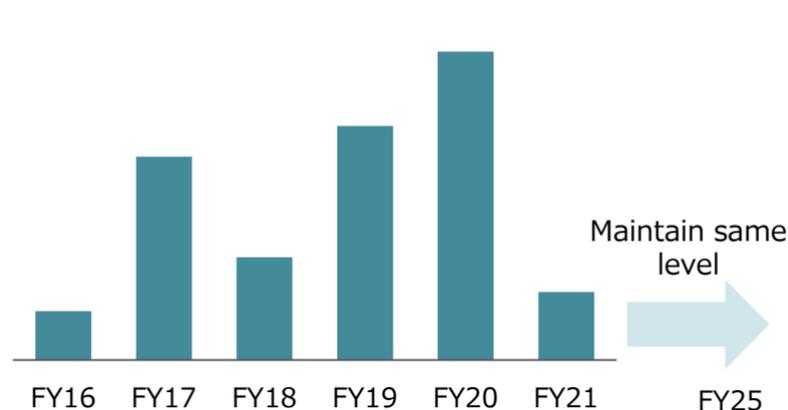
- Double finished product business revenue by FY25
  - ✓ Grow revenue mainly in the corporate, signage, textile, label categories
- FY20 the final year for large capital expenditures

## Finished product business revenue targets



## Capital expenditure

Finished product business  
Investment in molds, dies, machinery



**EPSON**  
EXCEED YOUR VISION

# New Product Lineup

- Textile DTG
- Labels
- Photo/proofing, corporate

# Textile DTG | New Products That Boost Production

- Industrial DTG printer offering elevated productivity and durability
- Two lines created in alignment with customer needs

## Current model

For small and medium-sized print shops



## New model (2020)



High  
productivity  
High  
durability

- Equipped with dual printheads for super-fast printing of even deep-colored t-shirts
- Bulk ink packs (1.5L) support high print volume
- Easy user maintenance features for reduced downtimes

## ● SurePress series: Sharply higher speeds

- Leverage high-production to gain momentum in displacing analog printing
- Promote digitization by offering ink prices linked to print volume



High-quality mode: 15 m/min.

Significant  
increase  
in speed



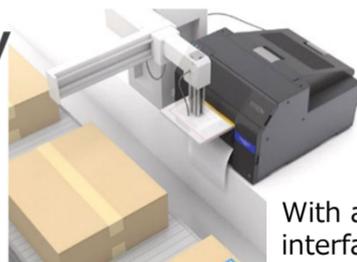
High-quality mode: 30 m/min. \* Not sold in Japan  
High-speed mode: 50 m/min.

## ● ColorWorks series: Advanced functionality

- World's first\* color inkjet printer with a peeler



Released in 2019  
CW-C6520P (8" peel-and-present model)



With a built-in external interface and peeler, the printer seamlessly integrates into automated production lines

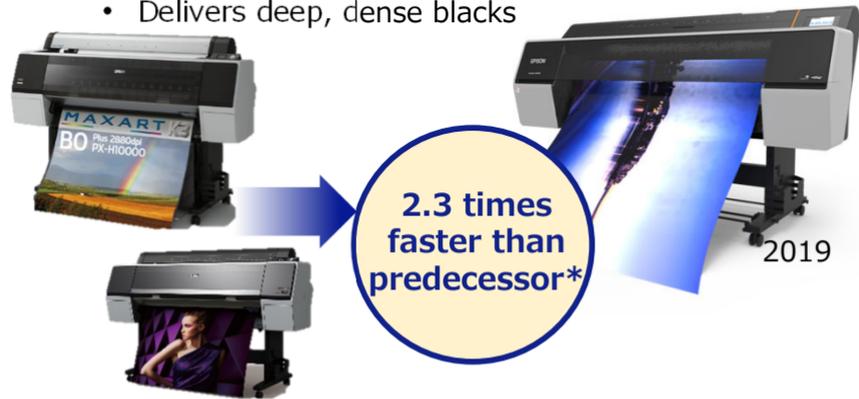
\* Per Epson research conducted on Oct. 24, 2019

- High-speed printing of photos with amazing detail and color

**Image quality for photos, fine art & proofs (11-color machine)**

**2.3 times faster than predecessor**

- Achieves high-speed printing in the photo segment
- Expanded color gamut
- Covers up to 99% of the Pantone color chart
- Delivers deep, dense blacks

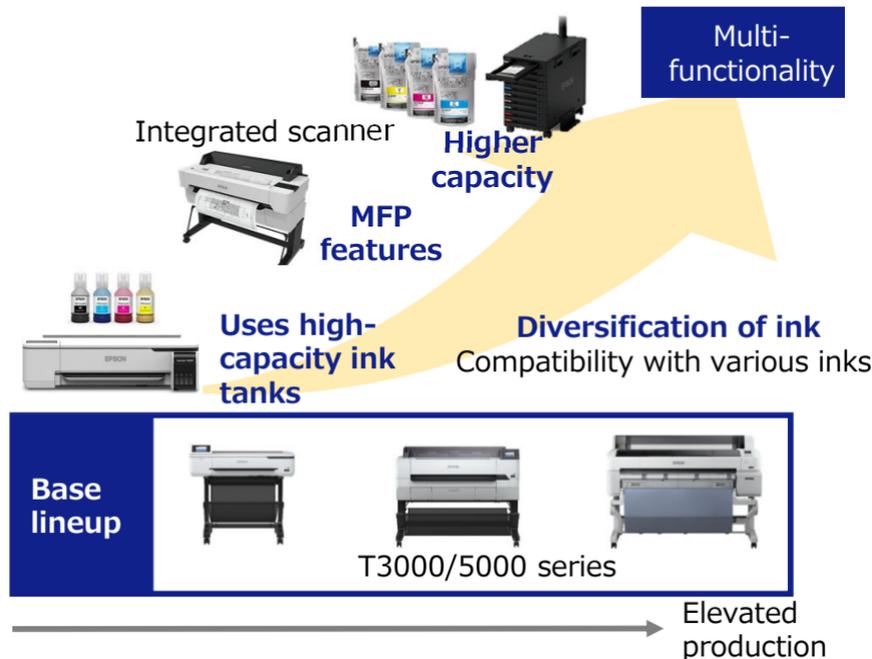


Current lineup

\* Print speed compared to Epson model with the same maximum print width. The SC-P9550 is compared to the PX-H10000 (released in 2008) & SC-P9050V (released in 2015). Comparison conditions: A1 professional photo paper (thin, glossy), level 1 (fast) (720 dpi x 720 dpi). PX-H10000 & SC-P9050V/G: A1 professional photo paper (thin, glossy), level 1 (fast) (720 dpi x 720 dpi). Print speeds do not include data processing and transmission times with the host. Print speeds differ depending on data volume, size, and application software.

- Apply office IJP technology to expand in the corporate segment

**Expanded ink tank, MFP, and high-capacity models based on the T3000/5000 series launched in FY18**



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