

FY2016 First-Quarter Financial Results Presentation
Q&A Summary

- Q1: The macro environment in which Epson operates is becoming increasingly uncertain, so I want to know actions you plan to take in response from the second quarter onwards.
- A1: The three-year period under the Epson 25 Mid-Range Business Plan (FY2016-2018) will be dedicated to laying the foundations needed to achieve the Epson 25 Corporate Vision.
We will not slow down our actions aimed at future growth; they are and will remain our top priority. Realizing our full-year financial objectives is also important, and we will adapt to changes in the environment to enable us to simultaneously lay the foundation for growth and achieve our financial outlook.
- Q2: Foreign exchange rate fluctuations had a ¥6.8 billion negative impact on your business profit for the quarter. Does that mean that, if exchange rates remain at the same level during the second and following quarters, your results will be similarly impacted by foreign exchange fluctuations?
- A2: As is shown on the third slide of our presentation, changes in exchange rates for currencies other than the US dollar and euro had a ¥6.1 billion negative impact on business profit. These other currencies did not begin to plunge until the second quarter of last fiscal year, so the difference in exchange rates between the first quarter this year and last was large. If exchange rates remain at about the same level in the second and later quarters, foreign exchange differences between current and year-ago quarters will gradually shrink, and we will not see the same kind of negative impact as we saw in the first quarter.
The initial exchange rates on which Epson's financial outlook were based were set conservatively. The current foreign exchange rates are about what we assumed at the start of the period, and we still believe that foreign exchange effects will have about a ¥23.0 billion negative impact for the year.
- Q3: How has the inkjet printer market environment been, and how have Epson's sales been?
- A3: Competitors have entered the market for high-capacity ink tank printers, which we sell mainly in emerging economies, but the impact of competition has been limited, and Epson's sales continue to expand. Sales in Latin America, where economic activity was sluggish, recovered and grew in the first quarter.
In developed economies, Epson's printer unit shipments decreased as a result of the slow Japanese market. Unit shipments in the Western European and US markets as a whole dipped slightly as prices gradually eroded, but Epson succeeded in increasing unit shipments in these markets, especially of office printers.
Ink sales also remained firm, particularly in developed economies.
- Q4: First-quarter business profit in visual communications declined year-on-year, yet your full-year outlook shows business profit being flat year-on-year. What are the assumptions on which this is based?
- A4: Projector sales account for the large majority of sales in visual communications. In June we shipped more projectors than in any other month on record, meaning that

our market presence is bigger than ever.

In the first quarter, sales of volume zone models increased as a percentage of total sales, and profit decreased due to strategic investments and foreign exchange effects. In the second and future quarters, however, we will launch to market strategic, high-added-value products such as high-brightness projectors with laser light sources. We expect these to drive improvements in earnings.