

FY2019 Second-Quarter Financial Results Presentation
Q&A

Overall

Q: What were the factors that enabled you to exceed the profit outlook by several hundreds of millions of yen in the second quarter despite negative foreign exchange effects?

A: In high-capacity ink tank printers, the second quarter was in line, whereas the first quarter was below the plan. When compared to the same period in the prior fiscal year, sales increased in developed economies, as well as emerging regions except China and India.

We were also able to hold down expenditures. In addition to cutting back spending in areas such as projectors, devices, and wearable products, we also reduced our spending on the sales and marketing of ink cartridge printers. Platforming also enabled us to reduce the amount of resources allocated to the development and design of high-capacity ink tank models.

Q: What businesses and products look the most promising from the second half to the next year?

A: We are focusing on those listed as priority areas on slide 15 of the presentation.

We are seeing growing awareness of high-capacity ink tank printers in developed economies, in part owing to our new models, and we can expect 50% or better year-on-year growth in Japan, the US, and Europe. We also see the shift of competitors moving toward ink tank printers as a chance to expand our presence, and will work to take full advantage of this opportunity. In addition, although we cannot announce when, we are planning to release powerful new high-capacity ink tank printers that can compete in the laser printer space. We expect these innovative products to generate further change in the market.

In office shared inkjet printers, we are having success selling high-speed linehead inkjet multifunction printers to customers such as schools and hospitals that print in high volume and which have a strong support toward environmental issues. We offer a fee plan to schools in Japan that allows them to replace multiple laser printers and digital duplicators with a high-speed linehead inkjet multifunction printer without canceling existing leases. In Europe, meanwhile, we are leveraging the environmental performance of our inkjets to win contracts.

We have quality commercial and industrial inkjet printers ready, and plan to drive solid sales growth. We are also moving to seal concrete orders for external printhead sales in China, Americas, and Europe toward the next fiscal year.

Printing Solutions

Q: The decrease in ink sales was relatively small compared to the first quarter. Do you expect this trend to continue?

A: There were some sales that slid into the next quarter, so the average in the first two quarters would better reflect actual demand. Our full-year plan is based on this assumption.

Q: Your competitors have announced that they will strengthen their high-capacity ink tank models. What do you think about this?

A: As far as we can tell from the sales situation, we do not see a notable change. We think there is a possibility that the competition will continue to compete on price and not on product competitiveness. Epson's inkjet printers employ heat-free piezoelectric technology, while our competitors employ heat-based bubble technology. Piezoelectric technology gives our printers an unbeatable advantage in terms of durability, speed, and environmental performance. We will advertise this difference using a "heat-free" campaign message.

Visual Communications

Q: Why did projector margins improve compared to the first quarter?

A: In addition to an improved product mix, margins improved because we also kept down expenses.