

FY2021 First-Quarter Financial Results Presentation
Q&A

Overall

Q: To what extent did the first-quarter results exceed the internal plans underlying the previous forecast? What were the factors behind this growth?

A: Revenue exceeded our target by 25 billion yen, and business profit by 10 billion yen. The Office & Home Printing, Commercial & Industrial Printing, Visual Communications, and Manufacturing-related & Wearables segments all surpassed our business profit guidance by roughly the same amount. Within the Manufacturing-related & Wearables segment, we saw outperformance in manufacturing solutions and crystal devices. We attribute this to unexpectedly strong demand and greater reductions in SG&A costs than initially planned in each business.

Q: What are your assumptions for the coming quarters?

A: Demand is robust in our main businesses and products. However, we are still having trouble procuring sufficient materials like semiconductors, and the logistics situation remains in turmoil. We do not expect those problems to be resolved within this fiscal year. We are looking for alternative products and suppliers for semiconductors and such, and while we do expect to benefit from higher demand, we will not be able to address all of that expected growth. We assume now that supply constraints will continue and that costs will increase more than we had initially thought.

Office & Home Printing

Q: Despite the strikingly high profits in the first quarter, you predict a decline in the fiscal year's second half. Could you explain your reasoning?

A: We anticipate a rise in logistics charges and material costs in the second quarter and beyond. In addition, we believe last fiscal year's relatively high product prices will retreat to some extent, and while we were able to hold down SG&A costs in the first quarter, it will be difficult to maintain that in our marketing activity ahead.

Q: What is behind the marked increase in sales of high-capacity ink tank printers?

A: Sales of high-capacity ink tank printers have grown not only in emerging markets but in all regions, including developed economies and China. Even emerging markets have seen greater demand for home printing and study during the pandemic, and the printers are being used for a wider range of applications.

Q: Why have ink sales fallen despite the rise in printer sales?

A: Epson has promoted a shift to high-capacity ink tank models that can print more cheaply, which has resulted in a gradual decline in ink revenues.

Commercial & Industrial Printing

Q: What are the key factors behind the ongoing rise in commercial and industrial printing sales?

A: The main reasons are the comeback from the pandemic and the launch of new products.

We have received especially positive feedback on products for textiles, signage and labels.

External sales of printheads have also increased, especially in China, and we expect that category to contribute to profit growth going forward.

Visual Communications

Q: Have projectors experienced any change in demand or the competitive environment?

A: The projector market remains harsh. We maintain our view that the market will contract somewhat amid the aggressive push from flat panel displays.

At the same time, education-related demand has rebounded in the US and Europe, and the home projector market is growing thanks to stay-at-home demand. These developments were better than we had anticipated in our last forecast.

Manufacturing-related & Wearables

Q: How are robot orders at present, and what is your market outlook for the coming quarters?

A: Robot orders beat our expectations in the first quarter thanks to orders from China related to solar panels and lithium ion batteries.

We are seeing a comeback in products for the automotive sector in the US and Europe and expect demand to remain healthy.