

FY2022 Second-Quarter Financial Results Presentation
Q&A

Office & home printing

Q: What was the final demand (sell-through) for inkjet printers in the second quarter, and what is the outlook going forward?

A: Since the outbreak of COVID-19, conventional office printing has become decentralized and is now being done more at home and in small offices/home offices. This is driving growth in sales of ink for high-capacity ink tank printers as we capture print demand in the home and for a variety of business uses. On the other hand, ink cartridges sales are being impacted from at-home print demand peaking out.

Epson will continue to expand sales of large-capacity ink tank printers that can meet a wide range of printing needs, including those for households and businesses, not only in emerging markets but also in developed economies.

Q: What is the channel inventory situation and when do you expect supply constraints to ease?

A: Product supplies were constrained due to semiconductor shortages. Consequently, we were unable to provide enough product to meet channel demand in the first half of the fiscal year, and channel inventories remained low. We expect supply constraints to ease in the second half of the fiscal year, and we will work to optimize channel inventories by the end of this fiscal year.

Commercial & industrial printing

Q: What risk factors have you factored into the finished products business in the second half of the fiscal year?

A: We have factored in the risk of continued supply constraints and a slowdown of the Chinese economy.

Q: What are your thoughts on the future of the printhead sales business?

A: In the short-term, we have to take into account the risk of an economic slowdown. However, printheads have a wide range of applications, so we believe that this business has tremendous potential for growth in the medium term.

Visual communications

Q: Why does the second-half plan show a lower profit level than in the first half?

A: Profit margins improved in the first half due to the easing of supply constraints, dynamic pricing, and strong demand from the education markets in Europe and the Americas. On the other hand, the second-half plan is cautious in view of changes in the model mix and higher costs. The visual communication business is a mature area that has undergone restructuring. This restructuring effort has made the business leaner and more profitable.

Manufacturing-related & wearables

Q: What were sales of microdevices in the second quarter and what is the outlook going forward?

A: Sales to the smartphone and PC markets have been declining since their peak. On the other hand, high demand continues in a variety of industries, including automotive, base stations, and networks.

In the second half of the fiscal year and beyond, demand for smartphones and some other products is expected to decline. We believe that stable business operations will be possible without any significant deterioration in profitability because we have been able to expand our business in a wide range of applications that promise continued growth, such as IoT equipment, automotive, base stations, networks, and industrial equipment.