

FY2017 Third-Quarter Financial Results Presentation
Q&A

- Overall

Q: Your ability to achieve the full-year financial outlook is predicated on a substantial year-on-year improvement in business profit in Q4. What factors other than the positive effects of a weak yen do you expect to contribute to this improvement? You said that you will continue to invest in growth in Q4. Does that mean that you expect revenue growth, which you achieved in the past three quarters, to translate into Q4 business profit?

A: We believe that revenue growth will continue.

The demand for high-capacity ink tank printers is especially strong. Tax reform in India is creating extra demand, and sales in developed markets continue to expand. In addition, high-speed linehead inkjet multifunction printers, which we were not selling last fiscal year, will gradually contribute to sales, and we are seeing strong growth in professional printing, visual communications, and robotics solutions. In Q3, sales of high-capacity ink tank printers were hurt by delays in parts deliveries. Meanwhile, Q3 sales of ink cartridges were sluggish due to excess channel inventory. With parts supply issues solved and this channel inventory reduced, we expect to sales to rebound in Q4. Inkjet printer production costs are expected to decrease in Q4 compared to the same period last year.

Q: You raised your capital expenditure and depreciation and amortization forecasts from the previous outlook by ¥2 billion each. What changes prompted this?

A: We raised the capital expenditure forecast because we are moving forward on the purchase of land for possible expansion of overseas manufacturing sites. In addition, from FY2018 we will be bringing forward investment in molds and dies, etc.

The increase in depreciation and amortization is mainly attributable to changes in foreign exchange rates, and the increase in capital expenditure did not affect the increase in the depreciation and amortization outlook.

Q: Fiscal 2018 is the final year of the Epson 25 Mid-Range Business Plan (FY2016-18). What can you tell us about Epson's FY2018 financial targets?

A: This is currently under internal review, and we plan to explain our financial targets at the end of April, when we present our full-year financial results. However, we remain intent on achieving an 8% return on sales, which was the target stated in the mid-range business plan.