

FY2017 Full-year Financial Results Presentation
Q&A

● **Overall**

Q: What were the primary reasons for FY2017 business profit falling short of the previous outlook?

A: Business profit fell short primarily because sales were below expectations. High-capacity ink tank printers were behind due to several reasons. First, the heavy extra demand that we expected from tax reforms in India to generate in FY2017 is now seen materializing more evenly spread out across FY2018 and beyond. Second, as was the case in the third quarter, we continued to have problems with the procurement of parts used in products for certain regions. Third, our sales were temporarily hurt when competitors cut prices on end-of-life products. Also, sales of office inkjet printers were behind our expectations. Finally, quartz sales suffered due to sluggish demand for crystal devices in China.

Q: What is the outlook for FY2018 business profit in the segments, excluding foreign exchange effects?

A: We expect business profit to increase in both printing solutions and wearable & industrial products, when foreign exchange effects are excluded. In visual communications, we expect revenue to increase but plan to strategically invest in future growth.

● **Printing Solutions**

Q: What is the first-quarter outlook for business profit in FY2018?

A: In FY2017 we had an extraordinary factor caused by a fire at a supplier's facility. We are not forecasting such a factor in FY2018, and our production and sales are projected according to the market condition.

Q: How do you expect the profit structure over the mid-term to change from an increase in sales of high-capacity ink tank printers?

A: We will increase the sales of high-capacity ink tank printers while the number of ink cartridge printers in the field gradually declines. Ink revenue and profit as a whole will decrease but only gradually, as sales of ink for high-capacity ink tank printers will largely offset a decline in ink cartridge sales. As for printer hardware, sales of high-margin high-capacity ink tank printers will increase while sales of ink cartridge printers will decrease. We therefore forecast revenue and profit growth for the business as a whole.

Q: What is the status of the high-speed linehead inkjet multifunction printer business?

A: Unit shipments in FY2017 fell short of the plan. In FY2018, we will accelerate sales by taking advantage of what we have learned through our activities to date by changing the sales and marketing approach, through measures such as revising our sales pitches and advertising.