

FY2019 Fourth-Quarter Financial Results Presentation
Q&A

Overall

Q: What has the impact of the novel coronavirus pandemic been?

A: As shown on slides 5 and 16, the pandemic has had a negative impact on the sales of most of our businesses and products. Sales of our B2B products such as projectors, commercial & industrial inkjet printers, SIDM printers, and POS printers have stalled because we are unable to engage in business talks.

Home printers and ink sales have also been affected, particularly in India and Southeast Asia, which continue to be under lockdown.

In North America, Western Europe, and Australia, demand for ink cartridge printers has risen more than we initially anticipated due to the large number of people working from home, but it is unknown how long this will continue. In China, demand rose as classes went online, and sales of high-capacity ink tank printers before and after the emergence of the coronavirus have not changed.

The impact on sales of robots and microdevices has been relatively slight.

Production at our manufacturing sites in China has for the most part returned to normal, but our manufacturing sites in the Philippines, Indonesia, and Malaysia are operating under constraints. We are working to restore full operations, but when that will happen is uncertain, and this will impact our sales in the first quarter.

Q: You continued to hold down your selling, general and administrative expenses throughout the 2019 fiscal year. Is there any more room to further reduce these expenses in the first half of FY2020, when the effects of the pandemic will continue to be felt?

A: We are holding back on promotions and our expenses will go down further if this situation continues.

Q: What will your capital expenditure be like in FY2020?

A: Our capital expenditure in FY2019 was ¥80 billion but ¥71.3 billion when operating leases are excluded. In FY2020, our spending will further decrease and will be in the neighborhood of ¥60 billion or less, excluding operating leases.

Q: Do you have plans for additional loans or make other emergency financing arrangements in FY2020?

A: At present we do not have any problems in terms of financing. We had planned all along to keep surplus cash reserves in the event of a major economic slowdown. We are also making arrangements in case the pandemic should further spread and become even more protracted.

Q: Are you considering consolidating sites due to the pandemic?

A: No.

Q: Why do you not anticipate changing your dividends plan when you have yet to finalize your financial outlook.

A: The situation is extremely challenging right now, but financing is not a problem, and we are making progress in carrying out our strategies for future growth.

Printing Solutions

Q: What was the growth rate for high-capacity ink tank printers?

A: The year-on-year growth rate in the fourth quarter was 10% or better and 11% for the year.

Q: How are sales of high-capacity ink tank printers in emerging regions?

A: In the fourth quarter they were growing steadily up until January, but sales have been very slow since March. In India and Southeast Asia, consumers are under lockdown and cannot go to stores.

Visual Communications

Q: Your fourth quarter financial results in the visual communications business were disappointing. Do you foresee a recovery going forward?

A: We don't forecast a better performance than the fourth quarter due to the effects of the pandemic. We anticipate the situation to continue, but will continue to take actions in response to environmental changes.