

FY2023 First-Quarter Financial Results Presentation
Q&A

Overall

Q: Was profit affected by changes in inventories in the first quarter? If so, will profit be affected by inventory changes moving forward, as well?

A: In the first quarter of the 2022 fiscal year, profit rose along with increases in inventories in the visual communications segment. On the other hand, in the first quarter of the 2023 fiscal year, inventories were kept in check, which had a negative impact on profit. We are planning to reduce inventories further in the second quarter and onward, and the effects have been factored into the annual outlook.

Q: What are your inventory reduction targets?

A: The inventory turnover in days as of the end of June was high, at 118 days. We are looking to reduce this to less than 100 days by the end of the fiscal year.

Printing solutions

Q: You said that unit sales of office and home inkjet printers fell short of expectations. Can you tell us the demand trend by region and the channel inventory situation?

A: We had anticipated a slight decline in demand in North America and some other developed markets because the increase in demand caused by the pandemic had stalled. With inflation also having an impact, the first quarter was softer than expected. In regions like Southeast Asia and Europe, total market inventories were rising, and we believe that this impacted Epson's sales.

Q: First-quarter business profit in office and home printing decreased compared to the same period last year. What are you going to do to increase profit for the full year?

A: In the first quarter, profit decreased compared to the same period last year because we increased SGA expenses as we ramped up sales activities. For the second quarter and onwards, we anticipate IJP channel inventories to normalize, and we plan to increase sales by flexibly adapting prices and by conducting promotions to stimulate demand. At the same time, we will control costs thus increasing profit compared to the same period last year.

Q: Have commercial and industrial inkjet printers been impacted by external environmental factors such as the economic slowdown and pullbacks in investment?

A: The finished products business is feeling the effects of a pullback in demand due to the economic slowdown and curtailed investment associated with rising interest rates around the world, but we recorded growth in growth areas such as signage and textile printing. We also expect the easing of supply constraints and sales of new products to help drive year-on-year growth in full-year revenue.

External sales of printheads grew on higher demand from Chinese printer manufacturers, in part due to the resumption of business exhibitions following the cancellations that occurred during the pandemic. We expect revenue to increase year on year from the second quarter onwards as well.

Manufacturing-related & Wearables

Q: How do you see the demand trend for microdevices moving forward?

A: We changed our assumptions and now expect market inventory adjustments to last until the end of the current fiscal year.