

FY2016 Full-year Financial Results Presentation

Q&A

● **Overall**

Q: What impact do you anticipate from yen appreciation in your earnings outlook for FY2017?

A: We expect the yen to be stronger in value in FY2017 versus the previous year. In light of this, we factored in negative impact of roughly ¥37.0 billion to revenue and negative impact of about ¥12.0 billion to business profit.

Q: Capital investments are continuing to run high. How much longer do you expect to maintain this level of capital investment?

A: FY2016 was the first year of the Epson 25 Mid-Range Business Plan (FY2016-2018). This plan places priority on laying the foundations for growth.

Our capital investment plan focuses on boosting production capacity so that we can meet demand for products, including printers and projectors, in the medium- and long- term. We believe that our capital investment will plateau during the three years of this mid-range plan.

● **Printing Solutions**

Q: Sales of high-capacity ink tank printers continued to expand in FY2016. Can you explain how demand differed by region? Also, what regions do you believe will drive growth in FY2017?

A: Sales of high-capacity ink tank printers are growing steadily in all regions. In FY2016, we even experienced steady expansion of sales in Latin America, where economic activity was lethargic in the second half of FY2015.

During the past year, competitors have introduced similar products to the market. The market is brisk reflecting heightened recognition in the market of high-capacity ink tank printers. Amid these market conditions, Epson achieved growth while maintaining its competitive edge.

Sales of high-capacity ink tank printers are rising in developed economies, but we are mainly focused on emerging markets. We expect demand in these emerging regions will continue to drive growth in FY2017.

Q: What progress have you made in developing a sales infrastructure to expand sales of inkjet printers, including high-speed linehead inkjet MFPs for enterprise and large offices?

A: In Europe, we already sell laser printers for office use but the number of sales offices is limited. At present, we are pushing forward with the development of sales channels, including increasing the number of cities in which we have a sales presence.

In North America, we have just started developing sales channels to supply equipment for large offices. We are actively looking for personnel that can build relations with distributors, and also people with experience in selling office equipment.

- **Wearable & Industrial Products**

Q: What assumptions for product growth have you employed for each business segment in your FY2017 forecast?

A: In wearable products, in addition to the customers we have served thus far, we plan to increase sales of our products, including Orient watches, and GPS sports monitors, which include sensor technologies.

In robotics solutions, we are forecasting growth in robot sales backed by market expansion and an increase in sales owing to an improvement in high-added-value IC handlers. In the microdevices and other segment, we anticipate steady growth owing to steady demand.