

FY2020 Fourth-Quarter Financial Results Presentation

Q&A

Overall

Q: To what extent did you factor logistics risks and the effects of material shortages into your full-year outlook?

A: We are seeing logistics disruptions continue in the first half. We assume that there will be some improvement in the second half, but we are not optimistic. We are responding to shortages of printer parts and materials by using substitute parts and so forth, so shortages are not going to be a problem in terms of the latest outlook. However, demand has grown even stronger recently and supplies may fall slightly short of that demand. Shortages are affecting projectors, and this effect has been factored into the outlook. We will continue to keep a close eye on the situation and respond as needed.

Q: Has COVID-19 had any impact on factory operations recently?

A: Our factories are currently operating normally.

Q: How will you respond to the competitive market environment, and what will be your approach to sales promotions and other selling, general and administrative (SG&A) expenses?

A: We expect the current market environment to continue in the first half. In the second half, however, selling prices will likely fall as demand returns to normal and as logistics improve. SG&A expenses, including promotion expenses, will increase compared to fiscal 2020, but will not return to pre-COVID levels. As we improve the efficiency of our sales and marketing activities, we assume that the SG&A expense to sales ratio will fall below that in fiscal 2019 even if the total amount of expenditures increases from fiscal 2020. Advertising campaigns have raised awareness about high-capacity ink tank printers in North America, but we will strategically control sales promotions while paying close attention to the supply situation.

Q: The number of employees at the end of March 2021 increased. What factors contributed to this increase?

A: Our overseas manufacturing companies increased headcount in order to support increased production, because channel inventory is low compared to the high product demand. In addition, more people were hired than normal in response to COVID-19.

Office and home printing

Q: Average selling prices of inkjet printers for SOHO and home use appear to be up. Does that mean that, with at-home print demand higher, the need for high-performance products is higher than in normal years?

A: The unit price is higher than before even when comparing equivalent printers because of the imbalance between supply and demand. We believe that it is not simply that high-spec products are selling but that a rise in home print volume has generated greater need for high-capacity ink tank printers, which are meant to handle higher print volume.

Commercial and industrial printing

Q: What are the assumptions on which you based the fiscal 2021 outlook in the finished products business?

A: In the finished products business, revenue rebounded at a faster pace than the overall market in the latter half of the 2020 fiscal year because we were able to add new products to our lineup. We believe that we will be able to continue to steadily grow revenue in fiscal 2021 as well, by expanding our lineup in new areas.