

Summary of Q&A at the 2018 Q1 Financial Results Briefing

Q1: What is your assessment of the first-quarter results in the P&S business?

A1: Sales of hardware including inkjet printers and LBP were somewhat weak in Europe and the Americas but were strong in Asia and China, and overall, sales exceeded internal plans. Sales of consumables were also above plans. Profits exceeded plans as a result of factors including a product mix that was better than anticipated, the upturn in consumables, and lower expenses. The market environment is stabilizing and there were no major changes.

Q2: The P&S business exceeded plans in the first quarter, but no changes have been made to the forecast for the entire year. Are there any clear risk factors?

A2: Results during the first quarter exceeded internal plans, but there are macro risk factors including exchange rates and trade friction between the United States and China, so we decided to leave the forecast for the entire year unchanged. The forecast does not incorporate any particular clear risks.

Q3: Sales of machine tools to automobile related industries were extremely good during the first quarter. Was this result as expected?

A3: It was as expected. Demand for compact machine tools, particularly in China, is high and orders were strong. In addition, we continue to reinforce sales sites and take other measures, and as a result, we were able to cover the decline in IT.

Q4: Is there any sense that the order environment for machine tools will slow in the short term?

A4: There is an emerging sense that orders will slow in China in automotive and other areas. With regard to IT, we did not anticipate any major projects from the start of the fiscal year, and as of the end of the first quarter, there are no factors that would require a change to this outlook.

Q5: Industrial sewing machines performed well in each region. What were the causes of this?

A5: Sales remain strong in China, and there are signs of recovery in Asia. Another factor is strong sales of garment printers, which are printers used for apparel, in Europe and the Americas.

Q6: Why is the profit and loss situation in the P&H business improving?

A6: In the first quarter, customers held back on making purchases before the introduction of new products, and as a result, sales were down. Operating profit and loss improved substantially because of the absence of the impairment losses on currency exchange futures that were reported last year. We are about to enter the sales season for household sewing machines, and we expect both sales and profits to be up over the year as a result of new product effects from top-of-the-line machines.