

The summary of Q&A at the 2017 Q2 financial results briefing

Q1. The P&S business is growing strongly. Does this indicate that there is a change in the market environment?

A1. The printer market itself has reached maturity. Therefore, we think that our business is shrinking slightly on a global basis. However, in the markets for laser printers and all-in-ones for A4-size paper, we are able to increase sales volume while controlling cost. This is partly due to the demand shift of users from products compatible with A3-size paper and changes in the competitive climate. We do not believe that there will be a major change in these trends during the last half of FY2017, as well.

Q2. As compared to sales of hardware, consumables sales seem to be weak. Will you be able to improve profitability of the P&S business further after next term?

A2. As for consumables, a large sales increase cannot be expected easily partly because of the decline in printing volume by users. To increase sales of consumables in even the slightest term, we have been focusing on expansion of sales channels for SMB customers whose print volume is larger as compared to SOHO customers', on a global basis with Europe at the top of our list. The number of large orders is on the increase, as well.

Q3. In the machine tools business, profitability also seems to be improving as compared to the first quarter. Has there been any change in the business?

A3. In addition to the impact of large IT-related orders, a steady increase of automobile-related orders is believed to be contributing to the positive results. The number of orders placed for machine tools in Japan has reached the highest level in the history. Because the entire machine tools industry is continuing to be booming, part procurement may become hampered in the future. However, we believe that the profitability that we achieved during the second quarter is the actual results based on our performance.

Q4. Domino business seems to remain successful. Can you tell me about the progress with PMI between Brother and Domino, if any?

A4. We are pursuing multiple product development projects in collaboration with Domino. However, we are not in a condition to release any detail at this moment. As for the financial results, we believe that we have attained strong growth both in coding & marking business and digital printing equipment business. We think that our market share is becoming larger in response to the fact that Domino's sales and solutions ability is being recognized as a result of reinforcement.