

The summary of Q&A at the 2015Q2 financial results briefing

Q) The target for Communications & Printers equipment for the second half seems to be slightly higher compared to the ordinary level adjusted for seasonality. Please explain and also describe it by region.

A) On a more conservative note, we do not disagree with you that the target is set high.

By region, while sales are relatively steady in Europe and Japan, price competition remains intense in the U.S. Regarding emerging countries, market conditions have become severe in Latin America and Russia due to currency depreciation. In China, our sell-out remains at the same level as last year. However, considering China is originally a growing market, we think that the market condition is tough.

Q) What is the sales situation with Inkjet multi-function printers with ultra-high yield ink tanks for emerging markets?

A) Sales of these models are strong, exceeding the initial forecast and helping our business grow in emerging markets, where demand is slower due to currency depreciation.

Q) Sales of Machine tools significantly decreased in Q2. When do you expect sales to recover?

A) The current orders of Machine tools are fewer mainly due to the economic slowdown in China. Nevertheless, we expect that sales will recover in the fourth quarter since there is a sign of improvement in orders from IT-related customers.

Q) The Domino business had an operating profit of nearly ¥0.2 billion in the second quarter. Didn't you expect that the business would record an operating loss after the amortization of goodwill?

A) Our previous forecast showed that the Domino business would have an annual operating loss of ¥2.7 billion (¥4.5 billion if the cost of acquiring Domino is included) due to the amortization of goodwill. The forecast remains unchanged. Since we did not complete the calculation of the amortization in the second quarter, we used a provisional amortization figure. As a result, the Domino business posted an operating profit in the second quarter.