

Briefing on FY2016/3 2nd Quarter Results
Main Questions and Answers

Q1: While the results of 1HF exceeded the Company's budget, those of 2Q were a little behind. How does the Company foresee the situation for the 2HF?

A1: We have made a good progress toward our target for this fiscal year. However, the situation remains unstable for FPD materials business of which sales were sluggish in the 1HF mainly due to inventory adjustment of polarizer. On the other hand, such businesses as photo imaging, medical systems, graphic systems and electronic materials have improved their profitability to generate profit steadily. We expect to achieve our target for this fiscal year, considering our tendency to have more profit in 2HF than 1HF.

Q2: Has the economic downturn centered on China affected the document business?

A2: The negative impact from the slowdown in the Chinese economy is seen in the sales through distributors, which focus on low-end models. However, our direct sales force, which mainly deals with high-value-added products, shows steady sales in the solution services which would result in cost reduction measures.

Q3: What made the OPM of Imaging Solutions in 2Q largely increased on a YoY basis from 1.5% to 8.9%?

A3: While our instant photo systems sell very well, we focus on the high-value-added printing business. We have strived to actively stimulate and satisfy the demand for printing, which is getting accepted in the world. In addition, our electronic imaging business also contributes to increase in the profitability, shifting to high-end models and expanding a line-up of interchangeable lenses.

Q4: What are the sales in volume of instant camera in 2Q? How come their sales were good especially in Europe and the United States?

A4: The number of sales in volume of instant camera in 2Q was 1.15 million to be 2.18 million in 1HF. The sales are proceeding at a good rate for the target volume for this fiscal year, which has been revised up from 4.6 million to 5.0million. Our instant cameras sold well in Europe and the States because the momentum after the launch has been seen for two years as well as our marketing strategy is bearing fruit to promote a different way of enjoying photos from digital image.

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