

Q&A at the Conference on Group Vision 2030 · Business Direction Briefing

Question	Answer
<p>Q1 :</p> <p>The forecast of hydrogen business sales is expanded to be 120 billion yen in 2030 and 300 billion yen in 2040. How did you calculate them?</p>	<p>A1 :</p> <p>The hydrogen market scale is projected to reach \$2.5 trillion in 2050. Regardless that we did not calculate our sales forecast back from the market scale, but we calculated by anticipating and accumulating sales that can be realistically expected in the liquefied hydrogen-related business that we are promoting.</p> <p>We have technologies highly compatible with each of processes such as “Production”, “Transportation/Storage”, and “Utilization” of hydrogen from brown coal and renewable energy, and we will develop our business centered on a series of supply chains.</p>
<p>Q2 :</p> <p>How long do you plan to continue building LPG carriers at the Sakaide Works in Ship & Offshore Structure business?</p>	<p>A2 :</p> <p>We have an advantage of LPG carrier fueled by LPG even in the fiercely competitive environment of the shipbuilding industry, so we will continue to construct LPG carriers in the Sakaide Works during when sufficient orders are expected. We will shift to build to liquefied hydrogen carriers which have more competitive and high value added than LPG carriers in the future.</p>
<p>Q3 :</p> <p>Is there any possibility of accepting external capital, listing, or even selling the business after the split about Rolling stock and Motorcycle & Engine business which is planned to spin off the company in October 2021?</p>	<p>A3 :</p> <p>We will consider various choices according to the demands of the market, but we plan to operate it as a wholly owned subsidiary. We do not plan to sell the business at this moment.</p>

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<p>Q4 :</p> <p>How do you look back on the ROIC management so far? How do you expect the role of ROIC due to continue to position ROIC as a KPI?</p>	<p>A4 :</p> <p>Traditionally, businesses with a pre-tax ROIC of less than 8% on a certain time axis have been positioned as structural reform projects. After that, drastic reforms have been carried out through the internal discussion. However, the expression of ROIC 8% as a hurdle rate has led to misunderstand as if a single-year ROIC alone would make a decision to withdraw from the business. We will continue to use ROIC as an important KPI. But even if the business is below 8%, we will conduct a comprehensive analysis and consider the ideal way of doing business with other factors such as the company's competitiveness and growth potential, market conditions and attractiveness to competitors.</p>
<p>Q5 :</p> <p>You set an operating profit margin of 5 to 8% as an appropriate profit level in the future. Do you have any goals for achieving this?</p>	<p>A5 :</p> <p>We have not set a deadline because the achievement time may be depends on how long the effects of COVID-19 will last. However, when the operating income is 5%, the pre-tax ROIC of 8% can be exceeded, so we would like to achieve 5% as soon as possible. In FY 2030, we will achieve an operating profit margin of 5% and aim for 8%.</p>
<p>Q6 :</p> <p>What is the overview of the new personnel system to support your growth?</p>	<p>A6 :</p> <p>Our current personnel system is somewhat seniority-based, so we would like to bring it closer to a job-oriented system that focuses on abilities. By introducing a new personnel system, we will promote the growth of young employees and also activate transfers and exchanges that transcend the boundaries of the segment. We would like to promote the growth of individuals by having them experience various businesses, and raise the overall strength of the company by eliciting synergies between businesses.</p>