

Q&A at the Conference on Financial Results for FY2016

Question	Answer
<p>Q1 :</p> <p>Why is operating income of Aerospace segment for the fiscal year ending March 31, 2018 expected to substantially decrease from that of the fiscal year ended March 31, 2017?</p>	<p>A1 :</p> <p>The main causes for the decline in income are a decrease in the number of units of component parts for the Boeing 777 and a revision to the sales price per unit of component parts for the Boeing 787. As for the Boeing 777, as compared to annual production of 91 units for the fiscal year ended March 31, 2017, a decrease in production is expected due to the impact of the decline in production of The Boeing Company for the fiscal year ending March 31, 2018. And for the Boeing 787, the sales price per unit declined under the initial agreement with The Boeing Company, which will affect results throughout the fiscal year ending March 31, 2018. However, the burden of initial development costs for the Boeing 787 will end in the fiscal year ending March 31, 2018 and thus earnings are expected to recover in the fiscal year ending March 31, 2019.</p>
<p>Q2 :</p> <p>Please explain the restructuring of the Ship & Offshore Structure segment.</p>	<p>A2 :</p> <p>On March 31, 2017, the Company announced a policy for restructuring, such as reducing its domestic business scale, deepening integrated operations with the Chinese joint venture shipyard, withdrawing from the offshore structure sector, reducing fixed costs and improving productivity. With the restructuring, before-tax ROIC is expected to achieve 8% for the fiscal year ending March 31, 2021 (exchange rate assumptions: 100 yen against 1 US dollar). In the course of undertaking the restructuring, the degree of achievement of the targets for improvement will be regularly reviewed and the state of progress of the restructuring will be evaluated.</p>

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<p>Q3 :</p> <p>Before-tax ROIC is 5.0% for the fiscal year ended March 31, 2017 and is estimated at 6.0% for the fiscal year ending March 31, 2016 (according to the announcement in April 2017). Please explain the measures for improvement of it.</p>	<p>A3 :</p> <p>With respect to business units that do not achieve before-tax ROIC of 8%, future business plans and specific measures for achievement of the target of 8% are examined by the senior executive meeting body. In addition, like the Ship & Offshore Structure segment, the state of business is regularly evaluated to increase the effectiveness of the business plan.</p>
<p>Q4 :</p> <p>Is it possible to achieve the target operating income for the fiscal year ending March 31, 2019 under the Medium-Term Business Plan 2016, 100 billion yen?</p>	<p>A4 :</p> <p>We recognize that the target of operation income of 100 billion yen for the fiscal year ending March 31, 2019 is a high hurdle; however, we will carry on business to come as close to the target as possible.</p>