

Q&A at the Conference on Financial Results for FY2018

| Question | Answer |
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| <p>Q1 : Why was the operating income of Aerospace Systems in FY2018 decreased by 3 billion yen from the forecast in January?</p> | <p>A1 : Since the time of sales recognition of aircrafts for ministry of defense (MOD) and jet engines shifted to FY2019, the operating income in FY2018 decreased by 3 billion yen from the forecast in January.</p> |
| <p>Q2 : Why did the operating income forecast decrease 600 million yen, even though net sales increase about 56 billion yen compare to FY2018 in Aerospace System?</p> | <p>A2 :</p> <ol style="list-style-type: none"> 1. Aircrafts : Even though sales of 777X increase, it takes time to reduce manufacturing cash fully. Furthermore, however the sales of 787 increases, most of types of 787 are derived types which R&D and Engineering cost have not fully depreciated. 2. Jet engines : Although sales of jet engines will increase, profitability will decline due to large depreciation on development cost. |
| <p>Q3 : What is the background of improving operation income for FY2019 in Precision Machinery & Robot?</p> | <p>A3 :</p> <ol style="list-style-type: none"> 1. Precision Machinery : Profitability declined in FY2018 due to the temporary cost for increased production capacity. However in FY2019, improvement of production capacity has been almost promoted, and we expect profitability to improve. 2. Robot : Market of robots for semiconductor manufacturing equipment fell in FY2018. However, we expect a recovery from the second half of 2019, and we expect to improve profitability as sales of semiconductor robots increase. |