

Q&A at the Conference on Financial Results for First Quarter FY2019

質問	回答
<p>Q1 : What is the reason for a decrease in operating income despite an increase in sales in Precision Machinery & Robot segment?</p>	<p>A1 : <Hydraulic components> The expense increased due to an increase production capacity such as capital investment, employee and support for subcontractors and to shipping fee by air, as continuing from last year. These expenses affect to this 1Q but from 2Q the gap of supply and demand will eliminate and these expenses will decrease. <Robots> The biggest factor is a decrease in sales of robots for semiconductor manufacturing equipment because of a prolonged sluggishness in the semiconductor market. Also sales of big projects for automotive painting robots postponed to 2Q even though demand of robots for automotive fields are steady. In addition, fixed cost increases due to an increase in CAPEX for medical robots that we lead in the future, for new fields such as a new robot system (Successor) and for robots that collaborate with human.</p>
<p>Q2 : How is the construction equipment market in China in FY2019? Do you have something updated information?</p>	<p>A2 : Demand is still steady even though some of Chinese domestic construction machinery companies started inventory adjustment. We watch market demand carefully because the Chinese economy seems to be deteriorated due to the US-China trade friction while economic stimulus a measure by large scale of public investment by the Chinese government implements.</p>
<p>Q3 : Why did Rolling stock segment recognize additional 1 billion yen of a loss? Is there any project situation change since April 2019 when 1Q financial results briefing made?</p>	<p>A3 : In the contract of Long Island Rail Road, the performance test is implementing for the first 14 cars. This test was originally scheduled to be completed at the end of May 2019 but it was postponed to the end of August 2019 because of defect parts. Due to an increase in costs with the extension of the test, an additional loss of approximately 1 billion yen was recognized in this 1Q. We do not assume further losses in the future.</p>
<p>Q4 : What is the reason for a decrease in sales in Motorcycle and engine segment? How will be effected to the forecast?</p>	<p>A4 : Main reasons are time lag of wholesales and strong yen against euro. We expect wholesales will be improved from 2Q due to the retail sales of both motorcycles and vehicles are steady, and expect nothing effect to the forecast</p>