

Q&A at the Conference on Financial Results for FY2019

質問	回答
<p>Q1 : How much was the FY2019 performance reduced by COVID-19?</p>	<p>A1 : Net sales were decreased about 20.0 billion yen and operating income was decreased about 6.0 billion yen. About half of them were Motorcycle & Engine segment.</p>
<p>Q2 : Was it the impact of COVID-19 that deferred tax assets have been reversed in FY2019?</p>	<p>A2 : Deferred tax assets were withdrawn in FY2019 due to expecting a significantly decline in sales and profit in FY2020 forecast. As a result, net income attributable to owners of parent decreased from 25.0 billion yen as a forecast in February to 18.6 billion yen.</p>
<p>Q3 : To Aerospace System segment, how much it will be decline in sales and profit in commercial aircrafts and commercial aircraft jet engines in FY2020?</p>	<p>A3 : It is expected to be decline about 30% from the production planning of Boeing but we are verifying the details</p>
<p>Q4 : To Motorcycle & Engine segment, how much it will be decline in FY2020?</p>	<p>A4 : It is difficult to build forecasts since time of COVID-19 end is unknown, but it is possible to be decline about 30% in the worst case. We concern about sales declining because it is season of half of sales in Europe and the US every April to June.</p>

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<p>Q5 :</p> <p>What is the business environment and sales direction of Precision Machinery & Robot segment in FY2020?</p>	<p>A5 :</p> <p>To Hydraulic components business, sales in Chinese market decreased compared to FY2018 because it was the peak of COVID-19 in January to February but sales has increased since March and demand is recovering. On the other hand, developed markets in Europe and the US are unclear yet.</p> <p>To Robot business, robots for semiconductor manufacturing equipment are expected to increase due to background of the semiconductor related investment but there is concern about the future of investment of industry robots including automobiles manufacturing. Therefore, whole Precision Machinery & Robot segment is expected to decline.</p>
<p>Q6 :</p> <p>Since the financial condition has deteriorated, if FY2020 would be red, we need to take not only asset sales but also further measures. Do you have any quantitative targets for curbing fixed costs, promoting debt collection and any other else?</p>	<p>A6 :</p> <p>We are working on considering measures such as reducing fixed costs, since we expect it will fall into a difficult financial situation in FY2020 caused by COVID-19. As a part of that, we will thoroughly reduce R&D expenses, CAPEX, travel expense, and other expenses, and control personnel, although quantitative targets are under consideration. Also, we will thoroughly improve financial conditions due to early collection payment, delay stocking, and avoid an increase in accounts receivable due to production adjustment and reducing inventory.</p> <p>In addition, we have already implemented sales of non-business assets such as dormitories and company housing, and active use of external funds. Furthermore, we have launched a working capital improvement program and are working to break down and improve our CCC (Cash Conversion Cycle) by factors, using other companies in the same industry or excellent companies in the industry as benchmarks.</p>

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<p>Q7 :</p> <p>The year-end dividend for FY2019 is planned to be no dividend.</p> <p>What is the background of this decision?</p>	<p>A7:</p> <p>We planned to pay dividend until the beginning of March, but the situation deteriorated rapidly from the middle of March due to the impact of COVID-19.</p> <p>Under this situation, we need to keep enough liquidity at hand due to expecting of performance in FY2020 will be tough. Therefore we decided to plan the year-end dividend for 2019 to be no dividend.</p>