

Q&A at the Conference on Financial Results for Second Quarter FY2020

質問	回答
<p>Q1 :</p> <p>In the Aerospace System business, How did the business environment change from FY2020 1Q to 2Q? How do you forecast the business environment for FY2020 3Q and beyond?</p>	<p>A1 :</p> <p>The impact of COVID-19 did not change from FY2020 1Q to 2Q and passenger demand remains sluggish. According to the announcement of IATA on September 29, it expects full-year 2020 traffic to be down 66% compared to 2019, which declined 3point from the previous estimate.</p> <p>In addition, since the time to reduce the monthly production of the component part for Boeing 787 from 10 to 6 will become earlier, it will be still difficult to improve business environment after FY2020 3Q.</p>
<p>Q2 :</p> <p>What is the reason for operating income will be about 1 billion yen in the second half even though it was about 23.8 billion yen in the first half in Aerospace Systems business?</p>	<p>A2 :</p> <p>In the aircraft, operating income will turn into the black due to the following factors</p> <ul style="list-style-type: none"> (1) We temporarily shut down our factory due to COVID-19 in the first half but we do not anticipate same situation in the second half (2) Sales of aircrafts for defense will increase significantly in the second half <p>In the jet engine, a large deficit occurred in the first quarter due to a transient factor *, but same kind of loss is not expected in the second half.</p> <p>*Details can be found at A1-(1) in the link below https://global.kawasaki.com/en/corp/ir/library/pdf/qa_200820-1e.pdf</p>

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<p>Q4 :</p> <p>Is it the possibility to carry out the impairment losses at the other business after the second half?</p>	<p>A4 :</p> <p>As a business that has been in the deficit for the second consecutive term intend to the impairment loss, Rolling stock business and Motorcycle & Engine business show signs of impairment. But we do not expect to recognize the impairment losses in FY2020, based on certain assumptions about the convergence of COVID-19.</p>
<p>Q5 :</p> <p>Regarding the increase in demand for off-load motorcycles and ATVs in the US market. Which do you infer temporary or sustainably?</p>	<p>A5 :</p> <p>We presume that it is the special demand due to COVID-19. But since sales of both off-road motorcycles and ATVs for kids are increasing and we developed new demand group, high demand is expected to continue in FY2021.</p>