

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

質問	回答
<p>Q1 : What is the reason for the 8 billion yen upward in operating income with respect to full year forecast in Aerospace System business?</p>	<p>A1 : Main reasons are cost reduction of Boeing 787 and other models, and effect on increased sales due to swift collection of sales information for component parts for commercial aircraft jet engines.</p>
<p>Q2 : You added 6.5 billion yen as payments for the in-service issues of commercial aircraft jet engines in non-operating expense. That seems to small amount compared to Rolls-Royce's announcement in November 2019 and your share of the program. How did you calculate that amount?</p>	<p>A2 : We assume that additional charge of £ 1.4 billion for Trent 1000 that Rolls-Royce announced in November 2019 includes the amount should be recognized matching with future revenue. This is our result of examination based on information from Rolls-Royce, but we cannot share the details due to a confidentiality agreement.</p>
<p>Q3 : In Precision Machinery &amp; Robot business, you revised down operating income target, but it is still necessary about 9.3 billion yen in operating income in 4Q FY 2019. Can you achieve the target?</p>	<p>A3 : &lt;Hydraulic components&gt; Since demand is stable, we expect operating income will be almost line with the target. &lt;Robots&gt; The sales in semiconductor robots will contribute from 4Q FY2019 due to orders received are increase significantly. Also sales and profit of general robots will be concentrated in 4Q as usual. Therefore, Precision Machinery &amp; Robot business will achieve the operating income target.</p>

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<p>Q4 : What is your forecast of order received in Ship &amp; Offshore Structure business?</p>	<p>A4 : We expect some order received in FY 2019 due to many negotiations on LPG carriers is ongoing. For LNG carriers, the date of order received will be FY 2020, despite negotiations continue.</p>
<p>Q5 : You recognized additional loss in the contract of Long Island Rail Road. Do you expect another additional loss in the future?</p>	<p>A5 : We have already delivered 48 cars and we are in mass production phase. In additionally, our production process has been streamlined by review. Therefore we do not expect the huge loss in the future.</p>
<p>Q6 : How might your recall of vehicles in the US effect future performances in Motorcycle &amp; Engine business?</p>	<p>A6 : In Motorcycle &amp; Engine, we revised down approximately 6 billion yen of operating income forecast. That includes 4 billion yen for repair cost and sales suspension by recall. We expect that sales will restart from April 2020, even though it depends on how long the US authority takes time for examination.</p>
<p>Q7 : What is your forecast of free cash flow in FY2019?</p>	<p>A7 : Our original forecast of the free cash flow was positive. However it will be hard to achieve our goal by some of other unexpected factors. We currently look at the 70 to 80% level as the appropriate net D/E ratio but, for this fiscal year, our goal is to finish below 90%. We expect that the free cash flow will turn positive in FY 2020, and the net D/E ratio will also be normalized.</p>