

Summary of Q&A at FY2015 1H Financial Results Briefing

- Q Was the lower gross margin of ¥2.6 billion within your projections?
- A Yes, it was close to what we expected. The historical trend is for the gross margin to be higher in the second half. We see no need to revise the gross margin forecast for FY15.
- Q Have there been any changes in your plans to make ¥4 billion in strategic investments?
- A No. While we are behind schedule in making these investments, we plan to devote the entire amount to strategic investments that will prepare the way for growth.
- Q Where in the world do you expect to see growth in orders in the second half of FY15?
- A Regions and countries where we anticipate this growth include the Middle East, Africa, Russia, and Indonesia.
- Q What is the profit outlook for the second half of FY15?
- A Profits will be lower in the second half due to the strategic investments that we will be making. If there is any change in the outlook, we will immediately make an announcement.
- Q Although your competitors have been facing difficulties, you have managed to achieve solid growth. What uncertainties are there that could impact your future results?
- A In addition to the decline in crude oil prices, a cooling in the commodities markets is having an impact on economic activity in emerging nations. These macro-level changes in the business environment could also discourage our customers from making further investments.
- Q Why has the sensitivity to each ¥1 change in the USD/JPY exchange rate been changed from ¥0.4 billion to ¥0.3 billion ?
- A The yen is expected to strengthen relative to most other currencies.
- Q How would you respond to a sudden market turndown?
- A To ensure that we achieve the targets of our mid-term business plan, we would focus on maintaining efficiency and growth. If the macro market were to take an extreme turn for the worse, we would seek to respond flexibly and make the necessary changes in our business operations.
- Q Will it be possible to increase sales and profits next year?
- A At the moment, we think this will be possible.

Note: The information pertaining to our business plans and forecasts that has been provided in this presentation and at analyst meetings contains forward-looking statements that are based on our management's current knowledge and require the making of assumptions about future events. As such, it cannot be guaranteed that these statements will not differ materially from actual results. Some of the text in this document has been modified to aid understanding.