

Q&A Overview for FY18/12 Results Briefing



Order Situation

Q 1. When did you recognize the impact of the trade conflict between the U.S. and China?

A 1. Cancellations began to appear in around August and the impact on orders received became evident in around September and October, 2018.

Q 2. Have orders in China seen monthly fluctuations during the period between October and December?

A 2. No, there are no large fluctuations during October to December. There are usually around 80 units orders a month during that period.

Q 3. What are the main industries that current Chinese ordering companies are involved in?

A 3. Most of them are in the automotive industry for electronic components, sensors and cameras.

Q 4. What were the order results for the industrial machinery segment?

A 4. Although the impact of the trade conflict between the U.S. and China is limited because sales of injection molding machines in China are smaller than those of EDMs, there were sales declines in the third and fourth quarters.

The Progress of Metal 3D Printers

Q 5. What were the sales results for metal 3D printers in FY18/12? In addition, what are some reasons for sales being lower than the initial sales plan?

A 5. The sales result for FY18/12 was around 20 units with net sales of nearly one billion yen. Although we did not achieve our plan, we have been successful in developing technology to prevent cracks due to carbon contained in stainless steel for 3D printers for metal molds and have thus seen some repeat sales.

Our target is to sell 50 units for FY19/12. We will promote sales and development to achieve this target by expanding sales of LPM machines that relaxed export requirements by removing the high-speed milling function and expanding applicable metal powder.

FY19/12 Financial Results Projections

Q 6. Do you expect a recovery in orders after the Chinese New Year holidays?

A 6. Although we did not see any movement just a week after the Chinese New Year holidays, we heard from local staff that there were orders in the Huanan area before the New Year holidays began. We have also seen a decrease in the number of cancellations that have occurred since last fall.

Q 7. Please tell us about the subsidies situation in China.

A 7. We have information on the development of a subsidy system like the eco-point system, where subsidies are granted for the use of energy efficient devices. Machines may be applicable for the system.

Q 8. The plan for FY19/12 shows a more moderate decrease in sales in the industrial machinery segment than in sales in the machine tool segment. Is this because there is comparatively less of a Chinese influence on the former segment?

A 8. Yes, and in addition to there being less of an influence from China, because we are planning sales in European markets for FY19/12, and because sales in the U.S. remain firm, we expect the overall year-on-year total to decrease only slightly.

Q 9. Your long-term plan shows a sales expansion of machine tools. Among them, what percentage of EDMs do you expect?

A 9. We expect an increase of a few percent in EDMs. We plan to sell about 10 billion yen worth of metal 3D printers by FY26/12. Although the current sales of precision machining centers are several billion yen, by expanding our product lineup, we intend to increase sales in this area to nearly 10 billion yen.

Food Processing machinery Operation

Q 10. Has there been a recognition that the market for food processing machinery is expanding?

A 10. In China, refrigeration facilities and logistics infrastructure have been developed, and the demand for high-quality noodles has been increasing. It is expected that this trend will continue on into the future.

Q 11. Has there been a recognition that the food processing machinery segment has come to generate stable profits?

A 11. Although the cost of sales may temporarily increase when initially starting sales of a new product, we currently have stable production and sales. Since each item has a long lead time, we will reduce revenue fluctuations by shifting the sales basis from the acceptance inspection to the percentage-completion method for some items from FY2019.

Q 12. Do you mean that food processing machinery has stable productivity?

A 12. Noodle-making machines have secured stable profits for the past several years and rice-cooking equipment has earned stable profits since last year.