

Machine Tool Segment

Q. What are your company's views on future demand trends in China?

A. We need to be cautious about future demand trends in China as they are uncertain. The demand is unlikely to return in the short term but is expected to recover to a certain extent in the medium to long term. However, we recognize that it will be difficult to return to the level of demand around 2018, the most recent peak. Demand for higher-end machines with higher performance will increase in the future. The move to shift supply chains outside China is expected to continue, and we plan to strengthen sales in other regions.

Q. Regarding the laser processing machine business, what are Sodick's strengths, the characteristics of products, and the product development schedule?

A. We just launched a preparatory office and will refrain from giving further details. However, we have accumulated elemental technologies such as galvanos, ceramics and NC controls, and apply these technologies to develop this business. We have been working on femtosecond laser machines for a long time and use them as production facilities for precision parts of our own products. In this business, we will also develop microwave laser machines, etc., in addition to the femtosecond lasers.

Q. In the machine tool segment, the sales projection is not expected to grow much in the second half of the year, about the same amount as the first half. What are future growth potential and a growth driver for this segment? What will improve profitability in the second half of the year?

A. The external environment is expected to remain challenging, and no significant growth is expected. On the other hand, demand for higher-end machines is expected to grow in the automotive market, especially CASE.

We change from selling machines alone to strengthening our comprehensive solution proposals, including maintenance services, and expanding our integrated services in manufacturing, such as machining centers and metal 3D printers other than EDMs, and aim to achieve mid—to-long-term growth.

Regarding profitability improvement in the second half of the year, profits are expected to recover as operating rates of plants have recovered to some extent.

Regarding personnel expenses, we continue to improve employee treatment, but adjust the number of employees to control increases in personnel expenses.

Food Machinery Segment

Q. Why does the profit remains unchanged despite the expected decline in revenue with the revised forecast?

A. Projection for the food machinery segment is formulated by piling up individual projects.

As a result of the revision in the second quarter, despite the lower revenue forecast, profits are left unchanged owing to the steady accumulation of individual projects from the first quarter to the second quarter, as well as the prospect of securing profits from the third quarter onward.

Others

Q. What is the progress of the structural reforms and what effect can be expected?

A. We formulated a long-term management plan in 2018 and implemented corporate transformation from a functional organization to a business-based organization in 2022.

We build a corporate foundation so that each business can operate its business with capital efficiency in mind.

In developing solution businesses, we will advance R&D on the underlying software and automation equipment.

In addition, we are strengthening after-sales services to ensure stable revenue, introducing customer management tools and promoting DX. Under the leadership of COO Akutsu, who has grown the after-sales business in the U.S., the foundation is being developed.

Q. What are measures to improve PBR?

A. We recognize the Tokyo Stock Exchange's request for measures to realize management that takes into account capital costs and stock prices as important management issues, and take the fact that the PBR is below 0.5 times seriously.

As an action plan for improving PBR, our Board of Directors is currently examining measures to strengthen profitability and capital policies for sustainable growth. We will implement specific improvement measures and take other measures in the future.