

**Analysts' Q&A from the May 28 Briefing on Financial Results  
(Financial Results for the Year Ending March 2019)**

- Q. How much impact will the operating income of the Hungarian company newly consolidated in the year ending March 2019 have on both the years ending March 2019 and the plan for the year ending March 2020?
- A. The income and expenditures from Hungary were only consolidated with the three-month period of the fourth quarter, and it only had a slight impact on the year ending March 2019. As for the plan for the year ending March 2020, establishing the factory was later than initially planned, a more stringent plan was made with regards to income and expenditures.
- Q. Is the consolidation of the Hungarian company having a major impact in terms of worsening the operating profit ratio for our suspension springs business?
- A. The impact from this has been considerable. However, price competition with other companies has been intensifying in Japan, the United States, Europe, and other regions, and payroll expenses have been on the rise due to factors like the difficulty in securing personnel and wage hikes. These have also served as primary factors behind our lowery operating profit ratio.
- Q. Fourth quarter performance for the precision springs and components business quickly slumped. Could you please tell us the reasons for this in terms of both the automotive-related and Hard Disk Drive (HDD)-related businesses?
- A. The drop-off in volume for the HDD-related business was the main cause, while our automotive-related business has rallied back to a position of strength.
- Q. Could you please tell us what the plan for the year ending March 2020 for the precision springs and components business is in terms of the first and second halves of the year respectively for both the automotive-related and HDD-related businesses?
- A. Since the HDD-related market is in a slump, the plan for the first half of the year will be a stringent one, with the plan being to recover in the second half of the year.
- Q. Could you please tell us the figures in the plan for the year ending March 2020 for both halves of the year by business segment?
- A.

(100 million yen)

		Suspension springs	Seating	Precision springs and components	Industrial machinery & others	Total
Plan for the first half of the year ending March 2020	Net sales	648	1,473	725	454	3,300
	Operating income	14	9	11	16	50
Plan for the second half of the year ending March 2020	Net sales	661	1,598	815	526	3,600
	Operating income	13	45	52	40	150
Plan for the full year ending March 2020	Net sales	1,309	3,071	1,540	980	6,900
	Operating income	27	54	63	56	200

- Q. Are there any expense claims from customers resulting from the valve spring recall?
- A. At this point in time there are no such claims from customers.
- Q. How much were the temporary costs incurred in Thailand for the suspension spring business in the fourth quarter? Also, could you tell us about any other temporary costs that might have arisen elsewhere?
- A. For our suspension spring business in Thailand, the costs of a recall arose as a result of the fracturing of leaf springs, for which we have allocated reserves of approximately 600 million yen. In addition, for our suspension spring, seating, and precision springs and components businesses in Thailand, we have allocated another sum of roughly 600 million yen due to rising bonuses and the increase in retirement benefit expenses within Thailand as a result of legal revisions. Furthermore, settlement of negotiations related to price discount with customers for our seat business in China, we have allocated approximately 1.5 billion yen (including the portion for the previous fiscal year).
- Q. It appears as if the plan for the year ending March 2020 anticipates an improvement in profitability in the United States, Europe, and other regions, but are prospects already in sight for achieving such an improvement?
- A. The end is in sight when it comes to resolving our production problems for our seating business. Moreover, we have made progress with streamlining operations, such as promoting automation in each of our businesses, with the expectation being that this will produce results in the second half of the year ending March 2020.
- Q. In the United States, Europe, and other regions, if we were to divide the year ending March 2020 into the first and second halves, can we expect to see greater operating income in the second half of the year?
- A. The results from our streamlining efforts will be greater in the second half of the year, and our production volume also tends to be greater in the second half of the year. As a result, the expectation is for greater operating income in the second half.
- Q. Can you tell us about the background against which the HDD suspension market share has risen?
- A. Our market share has risen on account of the fact that we were ahead of other companies in producing next-generation suspensions (CLA suspensions), and we will work to continue boosting the market share for this.
- Q. What are your thoughts regarding how the suspension count for HDD (drive) will continue to change moving forward?
- A. The full-year suspension count for the year ending March 2019 came to 4.86 units. However, due to the proliferation of near-online storage that uses multiple suspensions, we expect to see this number increase to five or six units in the future.
- Q. While the number of HDDs keeps falling, the HDD suspension count keeps rising. But what are your thoughts on how HDD-related income and expenditures will go about changing in the future?
- A. We think HDD suspension volume will continue to rise, and that income and expenditures will continue to improve as a result of that.
- Q. Although the plan for the start at the year ending March 2019 expected fixed costs to increase, they didn't increase as much as had been planned. Was the reason for this that volume fell versus the plan, or was the plan too conservative?
- A. Fixed costs fell partially due to a drop in volume, and partially due to the plan being too conservative.
- Q. Is the current fiscal year's plan concerning fixed costs conservative or is there a strong likelihood that to the results will reflect the plan?
- A. The plan is somewhat on the conservative side.
- Q. The phrase "intensifying competition" came up with regards to the suspension spring business. When it comes to your competitors, are you envisioning competitors from Japan or from overseas?
- A. Competition is intensifying from both Japanese and foreign manufacturers, but we mainly have overseas manufacturers in mind.
- Q. Specifically, where are the manufacturers that are our competitors located?

- A. Some of our competitors are in Germany. Also, in connection with the comments on intensifying competition, in order to receive new orders, we need to promptly supply samples to customers in tandem with mass production, and so we are currently working to enhance our production system. Moreover, since price competition is growing more intense, we think this is a hurdle that we will overcome on both the production side as well as for securing profits.