

Q and A session of the Financial results Briefing on November 28, 2019

at Yokohama Royal Park Hotel.

(Financial results for Q2 of the Fiscal Year Ending March, 2020)

Q. In the Precision Spring & Components Segment, operating income is expected to bottom out in the first half of this fiscal year, please explain your outlook for next fiscal year with background each for the automotive parts business and HDD suspension business.

A. Although this year's HDD industry demand is stagnant, near line market will continue to grow according to manufacturers announcements.

We developed the technologically advanced suspensions which have been launched ahead of the world. The current volume is steady and expected to increase in the next fiscal year.

On the other hand, as for the automotive products business, transmission-related items are in a recovery trend in the second half of this fiscal year. It is still unclear, however, as to whether the recovery trend will continue after the next fiscal year.

Q. Please tell us how the profitability of HDD suspension business will change in the future under the expectation for the volume of technologically advanced products to increase.

A. The technologically advanced products are becoming the mainstay, and the mass production of next generation products is being promoted, so we would like to secure our sales growth and profits maintaining their unit prices.

Q. Please tell us the operating ratio of the new plant for Precision Spring and the new plant for Industry and Other's products Segment which were built in Nagano Prefecture.

A. The new plant of the Precision Spring is for manufacturing transmission parts, due to the decline of volume, however, it has not yet made a significant contribution to bottom line. The new plant for Industry and Others product Segment, where we are manufacturing semiconductor process parts, have postponed full scale operation due to a significant drop in quantity.

Q. Please tell us the future trend of this Automotive Seat business with its share and volume in the medium to long term outlook.

A. As for our market share, with the background that our customers are mainly Japanese automotive manufacturers, our global share is estimated to be around 3%. We will make continuous efforts to expand our sales in this segment.

Q. In the Automotive Suspension Spring Segment, profitability improvement is not

shown the progress from the first half to the second half of this fiscal year. Please tell us the current issues, including the outlook for the next fiscal year.

A. The operating income of the Automotive Suspension Spring Segment is expected to gradually recover from the next fiscal year. The main factors for its slow recovery of profitability are the global decline of the production volume of automotive manufacturers and the intensive price competition.

Our Hungary subsidiary is striving to improve productivity. Although there will be no major decline in the future, it is expected to take some time for our Hungary operation to turn to be profitable.

Q. Please tell us the level of capital investment in the next fiscal year.

A. In recent years, our capital investment level has been high, but the level of capital investment will be lowered.