

Summary of Q&A at FY2019 1H Financial Results Presentation
(October 31, 2019)

(Responses were based on information available at the time of the presentation.)

Q. Please tell us the company's business outlook for the Power Systems segment in fiscal 2021 and beyond.

A. During the three years of our next Medium-Term Business Plan starting in fiscal 2021, we expect that business performance in Power Systems will be firm, especially in areas such as GTCC systems, nuclear power and aero engines as well as service operations. We anticipate reduced revenue from fewer new steam power projects, but factoring in projected performance in clean energy provision and environmental solutions, we will forge ahead with preparation of the segment's business plans.

Q. Today it was announced that Trans States Holdings (TSH) had cancelled its agreement to purchase 100 MRJ90 aircraft. Please tell us how the company plans to proceed with the SpaceJet program.

A. TSH maintained the right to switch from the MRJ90 to the MRJ70, but due to issues such as the U.S.'s scope clauses, it canceled the agreement for the time being. Going forward, we will enter into discussions with TSH concerning the M100.

As for the status of our SpaceJet program, presently we are manufacturing a final configuration test aircraft for acquiring type certification. We are now reviewing our plans, including scheduling, in terms of rearranging the order of test items, etc., giving highest priority to flight safety.

Q. On page 26 of the MTBP update presentation materials, the fiscal 2020 revenue attainment target for the Industry & Infrastructure segment has been increased by 50 billion yen while the attainment target for profit from business activities has been lowered by 25 billion yen. Meanwhile, the revenue attainment target in the Aircraft, Defense & Space segment has been increased by 50 billion yen but the profit from business activities target remains unchanged. Please tell us why.

A. Originally, we had factored in approximately 400 billion yen in increased revenue as non-organic growth, separate from the segment figures. We have deducted this for now and allocated it in portions to the various segments, for completed or committed M&A deals. For example, we have incorporated the acquisition of an American logistics equipment sales agent into the Industry & Infrastructure segment, and acquisition of the CRJ program into the Aircraft, Defense & Space segment. With respect to profit from business activities, we have taken into consideration the impact of changes in market conditions that had not been assumed when the 2018 MTBP was formulated.