

Q&A at the Conference on Financial Results for FY2016

Question	Answer
<p>Q1</p> <p>Why is operating income of Aerospace segment for the fiscal year ending March 31, 2018 expected to substantially decrease from that of the fiscal year ended March 31, 2017?</p>	<p>A1</p> <p>The main causes for the decline in income are a decrease in the number of units of component parts for the Boeing 777 and a revision to the sales price per unit of component parts for the Boeing 787. As for the Boeing 777, as compared to annual production of 91 units for the fiscal year ended March 31, 2017, a decrease in production is expected due to the impact of the decline in production of The Boeing Company for the fiscal year ending March 31, 2018. And for the Boeing 787, the sales price per unit declined under the initial agreement with The Boeing Company, which will affect results throughout the fiscal year ending March 31, 2018. However, the burden of initial development costs for the Boeing 787 will end in the fiscal year ending March 31, 2018 and thus earnings are expected to recover in the fiscal year ending March 31, 2019.</p>
<p>Q2</p> <p>Please explain the restructuring of the Ship & Offshore Structure segment.</p>	<p>A2</p> <p>On March 31, 2017, the Company announced a policy for restructuring, such as reducing its domestic business scale, deepening integrated operations with the Chinese joint venture shipyard, withdrawing from the offshore structure sector, reducing fixed costs and improving productivity. With the restructuring, before-tax ROIC is expected to achieve 8% for the fiscal year ending March 31,</p>

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Question	Answer
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Q3
Before-tax ROIC is 5.0% for the fiscal year ended March 31, 2017 and is estimated at 6.0% for the fiscal year ending March 31, 2016 (according to the