

Key Questions and Answers at FY2024/3 Third Quarter Results Announcement

- Q: Is the Group's performance still on an improving trend, while Q3 operating profit of JPY 6.1 bn seems to have largely decreased from Q2 operating profit of JPY 11.5 bn mainly due to the impact of the extraordinary devaluation of Argentine Peso?
- A: Q3 operating profit of JPY 6.1 bn would have increased to JPY 9.9 bn with the Q2 FX rate as Argentine Peso devaluated significantly during Q3. Q3 performance is relatively weaker with seasonality and this Q3 was affected by the economic slowdown in Europe on top of that. However, the operating profit was quite solid under such business environment and on an improving trend.
- Q: Looking at operating profit movement by region from Q2 to Q3, operating profit in Europe improved, Asia decreased, and Americas also decreased. Could you give their profit trend breakdown by business segment?
- A: In Architectural glass business, sales volumes decreased in Europe and North America while a favourable situation continued in Japan and sales volumes increased in South America. Automotive glass business tended to improve in all regions.
- Q: How does the Group prospect the business environment for each business segment in Q4?
- A: Generally, the Group predicts a Q4 business environment to be similar to Q3. In Architectural glass business, favourable business environments will continue in Japan and South America while Europe and North America still see uncertain business environments with potential recession.
- Q: European markets are experiencing deteriorating economic activity. Is there any possibility for further slowdown?
- A: It is not easy to predict the future precisely, however, there should be fewer possibilities for further slowdown. On the other hand, this situation may continue after Q4 therefore close attention is required.
- Q: How will the Group improve profitability in Europe?
- A: Details of the measures for the profitability improvement will be explained in the next medium-term management plan discloses in May 2024. We will continue to focus on cost structure reforms and an expansion of value-added products.
- Q: When will the facility in Malaysia which commenced operation in December 2023 start contributing to profit?
- A: The Group expects it from Q4 and in full-year basis from the next FY2025/3.
- Q: Sales prices have been improving in Automotive business. Will the Group continue negotiations for the sales prices improvement or only expect sales volumes improvement?
- A: The ROS of Automotive glass business remains low at 3%, although it has actually been improving. The Group will focus on sales price improvement and cost reduction efforts continuously to enhance profitability.
- Q: What are the upside and downside factors for FY2025/3?
- A: As the upside, the Group see solar panel glass including a new facility in Malaysia, Architectural business in Japan and Automotive business which is in improving trend in all regions. The downside could be economic slowdown in Europe.