

Key Questions and Answers at 2023/3 First Quarter Results Announcement

- Q: Could you give some reasons for the quite strong results in Q1?
A: This was due to favourable price pass-through progressing continuously, particularly in the Architectural glass business, as well as the positive effects of cost reductions, mainly in fixed costs.
- Q: What are the factors for significant profit increase in Architectural business?
A: Profitability improved due to a combination of factors, including continued good supply and demand conditions particularly in Europe, positive foreign exchange movement and strong sales of value-added glasses which are environmentally friendly.
- Q: In the Q1 results meeting, it was explained that the Group is working on price improvement negotiations with car manufacturer in Automotive business. Do you think that operating profit surplus can be achieved in the full year through these negotiations?
A: Now the negotiations with all car manufacturers are in progress, whose results are expected to be seen from Q2. The Group believes that sales volume recovery with the restriction of vehicle production being resolved is also necessary for operating profit surplus, in addition to it.
- Q: Q1 ROS in Technical glass business which had been already high improved further. What is the background of this?
A: It is because sales price improved reflecting strong demand.
- Q: While Q1 operating profit was JPY 8.3 bn, only JPY 2.7 bn is necessary in Q2 to achieve JPY 11.0 bn operating profit in the forecast of the first half of 2023/3. Q2 operating profit appears to be falling compared to Q1 results, is there any specific reasons for this?
A: The Group has a conservative view on Q2 performance since Q1 actuals were much better than expected, although similar business environments are expected in Q2 as Q1.
- Q: H1 forecast has been revised upward reflecting favourable Q1 performance while the full-year profits forecast is unchanged. As a result, H2 profits forecast appears to decrease. Could you provide the background of this?
A: Although there are no specific events expected, full-year profits unchanged considering uncertain business outlook such as potential economic recession due to rising interest rate, and concerns over continuity of strong demand in Architectural business and energy supply. The Group pays close attention to outlook for the business environment in the full-year forecast.
- Q: Could you provide countermeasures against the risk of natural gas supply disruptions in Europe and how much impact to the furnaces is assumed when it occurs?
A: Some float furnaces in Europe can produce glass with alternative fuels. The Group has been developing appropriate plan to mitigate its impact towards autumn and winter when demand for energy increases.
- Q: How much investment is expected to install a new online coating facility in Malaysia in accordance with First Solar's production expansion in Asia?
A: A large investment is not necessary since the Group plans to convert an existing float furnace, which is cost-effective.