

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

- Q: It is explained that decrease in demand in European Architectural Glass business was seen. To what extent did demand decrease? Is the Group anticipating continuous weaker demand in Q4?
- A: In Q3, sales volume declined approximately 10% compared to the previous fiscal year. However, on the other hand, sales price increased during Q3, reflecting the energy price increase and a solid demand-supply environment which could absorb its negative impact. This situation is expected in the following Q4.
- Q: It is explained that sales volume and price decreased in the other areas in Asian Architectural Glass business other than Japan due to intensified competition. Could you tell me the background of this? Are there any areas that are particularly affected?
- A: Vietnam was a country that particularly experienced sales volume and price decrease. They were triggered as glass began to be imported from China to Asian countries at low prices.
- Q: How much sales price improvement in Automotive Glass business is included in JPY 21.0 bn of the Group total which is shown in the operating profit change analysis during the 3 months of Q3?
- A: It is around 1/4 including retrospective portions.
- Q: Technical glass recorded less profitability compared to the previous quarters. What are the main factors for this?
- A: It is that the business largely benefitted from demands due to recovery from the Covid-19, which are disappearing, and also, recovery of Metashine demand is slow. In addition, the impacts of rising energy and material costs and other costs are becoming larger.
- Q: Regarding the solar glass business, it is mentioned that the Group is considering expansion in accordance with the customer's production capacity increase in USA. Will the option be likely to convert an existing float furnace, not to construct a new one?
- A: Basically, the Group is likely to choose it to pursue the most profit with the least investment.
- Q: The full-year operating profit forecast of JPY 28.0 bn revised upward appears to be conservative considering Q3 cumulative actuals were above JPY 24.0 bn. What are the backgrounds of this?
- A: It is mainly due to an uncertain business environment still anticipated with a worldwide inflation trend and potential recession caused by rising interest rates. Signs of demand decrease are seen in Architectural Europe and economic slowdown started to affect Technical Glass business.
- Q: Free cash flow is negative in Q3 cumulative. Is it possible to achieve free cash inflow for the full year? How will the Group realize this?
- A: We will be focusing on working capital management for cash generation to achieve free cash inflow and the RP24 target above JPY 10.0 billion inflow for the full year.