

No	Item	Question	Answer
1	Earnings forecast	How confident are you of achieving the full-year earnings forecast?	The brisk investments in North America and China are the most important factor for our precision reduction gear business. In addition to the stable growth in demand for precision reduction gears during the 1st and 2nd quarters, the operation status at the plant in China has improved to date. We are now more certain than we were at the drafting of the plan at the beginning of the fiscal year that we will be able to achieve the goals, although the situation varies day by day.
2	Head Office expenses	The head office expenses were posted late. Will they be recorded as scheduled on a full-year basis?	We give instructions to reduce the head office expenses for unnecessary or nonessential matters. However, some delayed matters such as development expenses may arise in the second half.
3	Medium-term Management Plan	Please tell us your view on achieving ROE of 15%.	Unchanged from the previous briefing, we remain of the view that we will achieve the goal of 15% in ROE through the increase in operating income.
4	MRO	Please explain the growth in MRO sales.	MRO sales account for approx. 20% on a corporate basis, and just over 30% in the TRS segment. The figure on a corporate basis is lower because there are no MRO sales in the CMP segment. MRO sales have been increasing as the numerator has increased significantly while the ratio remained almost unchanged. We will positively focus on increasing MRO sales in the railroad vehicle equipment and marine vessel equipment businesses.
5	Cross shareholding	Are the shares of HDS included in the shares held by cross-ownership?	No. They are not included in cross-ownership shares because HDS is an equity method affiliate.
6	CVC	Are there any changes in the initiatives of CVC in Switzerland?	Although we are unable to specify projects, there are some candidate investees, and we are in the phase of deciding whether or not we should make
7	CMP segment	Are there any changes in the competitive position of precision reduction gears?	Not specifically. We observe some activities by Chinese local manufactures, but that does not affect us.
8	CMP segment	Have you observed any signs of a recovery in sales of precision reduction gears since July? Do you have any grounds for the sales projection for the second half which is a historic high of 37.7 billion yen?	We have no clear evidence for it due to its short lead time. Sales are weighted in the second half, but even if sales of precision reduction gears fail to achieve the goal, we have made up for the shortfall by other business in the past. Our goal of operating income of the entire Company is 30 billion yen. The orders received for precision reduction gears in the April-June period exceeded those in the first quarter. I would like to refrain from commenting on the status of order receipt for July and thereafter.
9	CMP segment	As to the outlook for precision reduction gears, what is behind your view that the market will not deteriorate?	Amid the announcements of operating results of robot manufacturers, the basic tone of the evaluation is that the current business trend remains slow but will recover in the future. The period of such recovery is under discussion, either the second half of fiscal 2019 or fiscal 2020. On the other hand, for example, there are potential projects for new cars in North America, which will lead to real demand if those projects are implemented. In China, the current production of automobiles has been decreasing, but the momentum for automatic driving remains strong. Therefore, we do not anticipate that further deterioration will occur toward the future. And, there was a case in which once the production began to increase, the upward trend continued further.
10	CMP segment	Please explain the outlook for precision reduction gears by region.	A recovery in capital expenditure is expected in North America. In China, we believe that we have transitioned out of the period of low operation at our plant. In Europe and Japan, there is no need to revise the initial plans.
11	CMP segment	Please explain the sales ratios by region of the hydraulic equipment business in the first half.	The sales ratios by region in the first half were; 40% in Japan, 45% in China and 15% in Other region.
12	CMP segment	Please explain the outlook for the hydraulic equipment business by region for the second half.	Currently, the Chinese market seems weaker, but tends to increase inventories from the year-end to the Chinese New Year. It is said that Japanese manufacturers face difficulties in China, but local manufacturers enjoy good business. As local production for local consumption is advancing, we expect that sales of our products to Chinese manufacturers will increase in the future. Sales in Japan are expected to be robust.
13	TRS segment	What are the causes of the delay in the cut off date for posting sales of TRS?	The delays in the cut off date are attributable to the delay in the overseas market for the railroad vehicle equipment business, and the delay in the cut off date for new shipbuilding in the marine vessel equipment business. We recognize each of the factors. The scale of the delay is outlined in the presentation documents.
14	TRS segment	Do you find any impact from Boeing's problems?	At present, no major impact from the B737MAX aircraft has been identified on our business performance. Sales of aircraft equipment will increase in the current fiscal year from the previous fiscal year, according to our plan. Currently, we have been shipping the products in response to the orders from the customers.

15	TRS segment	Please explain the present status of OVALO.	Shipping of some products have already begun, but we are not allowed to disclose their content and volume in accordance with the relevant agreement. There is a possibility of disclosure if there is a motor show, etc. in autumn this year. Please give us a little more time until then. The business is still at a starting phase, and we remain below the break-even-point (BEP). But we will be able to reach the BEP if the production volume increases. However, the impact on the operation performance will be immaterial due to its small scale. Operating income will turn profitable if mass production of automotive products starts in 2020 and thereafter
16	ACB segment	Do you expect that sales of platform doors will also continue to post favorable performance in the second half? And, as to the PMI cost that did not arise in the first half, do you expect that it will be recorded in the second half?	We do not expect that PMI cost will be posted in the second half. There is already no PMI cost associated with the M&A of subsidiaries in North America and Japan in 2017 and 2018. Demand for platform doors is observed mainly in the Tokyo Metropolitan area, and we expect we will be able to secure robust demand in the future.
17	MFR segment	What is the outlook for the MFR segment for the second half.	While we constantly receive orders for packaging machinery, we face a shortage of production capacity. Customization is necessary to for the completed products of packaging machinery. We do not worry about it because we can respond by our internal efforts.

18	ESG	Please explain your initiative for the TCFD, specifically from the viewpoints of governance and strategy.	In terms of governance, we have completed the identification of risks against the scenario of +2 degree centigrade by establishing a cross-sectional team. Still, we will have to identify the opportunities and strategies from now.
19	ESG	What procedures do you implement in terms of human rights risks on suppliers?	As to the human rights issue, we conduct human rights due diligence to identify issues. The Company has many overseas suppliers because we implement the production system of "local production for local consumption." Our SAQ (Self-Assessment Questionnaire)-type investigation includes items concerning human rights, and we do not recognize that there are major risks at present. We conduct risk management while checking with the management team.
20	ESG	What measures do you take to improve employee satisfaction in Japan?	Based on The Nabtesco Way, we conduct enlightenment activities on how we should fulfill our contribution to society. Furthermore, not only numerical performance but also environmental initiatives and efforts concerning the creation of intellectual property, etc. will be reflected on the performance evaluation for returning to employees.
21	ESG	Please tell us the relationship between the long-term vision and the SDGs.	We define outcomes by associating the SDGs within the value creation process. We also clearly state materiality by associating it with the SDGs and develop it in the Company.
22	ESG	Does the reduced overtime work produce not only higher productivity but also economic effects (an increase in profit per capita)?	We naturally take into consideration the economic effects in corporate activities. There is, however, a system to return to employees in terms of improved productivity and decreased overtime work.