

Questions & Answers (Conference Call)

Some parts have been added and modified for a clearer understanding.

Q : What production volume and sales do you plan after the keyboard business is scaled down?

A : We plan sales of less than half of the last fiscal year's sales size of 30 billion yen. Once we verify profitability of the business, we intend to increase sales and production based on our engineering technologies.

Q : By how much will fixed costs be reduced?

A : We intend to reduce fixed costs by 1.5 billion yen.

Q : What is the final target for profit when sales of 15 billion yen is reached?

A : We consider the business needs to achieve operating margin of 10% eventually, however for the keyboard business, we will first target breakeven then we will consider the next step.

Q : I believe a certain level of volume is required to remain competitive. Is it really possible for a keyboard business with focus only in profitability models to be well positioned and secure long term profitability?

A : Our previous policy was to emphasize volume. However, our new policy is not to seek volume but rather to make through review of businesses and to strive to reduce costs. Like HDD spindle motor business, which made a successful turn around, we intend to improve the keyboard business under the new policy.

Q : What are plans for the keyboard plant in China? Do you plan to use it for production of other items? Do you plan to move production of keyboard to another location?

A : In the future, we will consider using the open space for other purposes. However, for now, we will focus on reduction of fixed costs and thus we do not have a concrete plan.

Q : After breakeven is reached, if the likelihood of achieving 10% operating margin becomes difficult, when will assessment for next step be made?

A : We will continue production according to the current order backlog in the first half of the current fiscal year, so the outcome will be judged sometime in the second half. We first need to complete the plan as announced today but we will have a flexible approach according to the market situations.

Q : I understand outsourcing of production is being considered. What are production plans for the current fiscal year?

A : Production plans have not been decided. Transferring orders to another supplier, negotiation for higher prices, outsourcing and other various options are being considered. We will find best solutions that minimize inconvenience to our customers.

Q : Are the extraordinary losses of 3.4 billion yen announced today based on assumption that production will continue in-house? If more outsourcing is used, will there be additional costs?

A : We do not expect a large amount of additional expenses.

Q : What are recent situations and outlook for the other businesses with issues, namely HDD spindle motor business and Minebea-Matsushita Motor joint venture?

A : We would like to refrain from explaining details today. Our preliminary data shows that HDD spindle motor business turned profitable in the fourth quarter and the information motor business (Minebea-Matsushita Motor joint venture) made large improvement from the previous quarter.