

QA during the Presentation of Financial Results for the Three Months of FY2016

【Overall company】

Q1. You have left the assumption for foreign exchange rates unchanged (120 yen to the U.S. dollar and 130 yen to the Euro). Can you explain the impacts of the foreign exchange fluctuations on the operating profit?

A1. In our current business environment, the impacts of the foreign exchange fluctuations differ depending on currency and business segment. When all the currencies fluctuate at same ratio, positive impact and negative impact is mutually offset and, therefore, the impact of foreign exchange is almost neutral.

【Glass】

Q1. What is the cause of significant increase in operating profit in the architectural glass business in Europe?

A1. In this 1Q, the shipment volume did not fall due to a warm winter, and prices improved on year-on-year basis under a situation where supply and demand have become quite tight. These are the major factors contributing to the significant increase.

【Electronics】

Q1. What is the cause of decrease in operating profit in the Electronics business on year-on-year basis? In addition, when will the profit of the Electronic segment improve?

A1. LCD glass business achieved cost reductions, but was affected by decrease in shipments and price decline. Regarding electronic materials, shipments decreased on a year-on-year basis as affected by a slowdown of the smartphone market. Shipments of specialty glass for display applications decreased as well in the field of electric device applications. The shipments of each main products are expected grow gradually from the 2Q, but full-fledged recovery is expected in or after the 3Q.

【Chemicals】

Q1. Regarding the Chlor-alkali business in Indonesia, what is the status of production and sales at the recently completed production facilities?

A1. The new plant has already started up nearly as scheduled in the 1Q. Although it did not reach full-fledged operations in the 1Q, we have already secured customers and the shipment volume is expected to increase in and after the 2Q.

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