Medium-term Management Plan
We would like to hear about the drivers of the operating income ratio increasing from 8.3% to 9.0% this fiscal year, and the underlying preconditions of demand and foreign exchange rates.

There are two drivers of the increase from 8.3% to close to 9.0%. The first is improvements in the RV business and income margins in the developed markets motorcycle business. In the RV business, ROV inventory adjustment will finish this year, and the developed markets motorcycle business should move into the black as structural reform progresses. The second driver is profitability improvements in the emerging markets motorcycle business, including in the ASEAN region, which will also continue in the future. In terms of the preconditions, we anticipate that the current foreign exchange rates (the U.S. dollar at 110 yen and the euro at 115 yen) will continue in the second half-year, and that market conditions will show similar trends to the first half-year.

Developed Markets Motorcycle Business
You have said that there were delayed shipments in the developed markets motorcycle business in the first quarter, and that income was generated in the second quarter by making those shipments. Please give us more details about this.

Delayed shipments occurred in the first quarter, particularly in Europe, and mainly of the TMAX model. The delays had been almost all resolved by June, and business is now progressing smoothly.

Emerging Markets Motorcycle Business
We understand that Vietnam, the Philippines, and Thailand are driving the emerging markets motorcycle business results. Please tell us if you can expect growth up to the next level in 2018.

We are progressively rolling out platform model variants for ASEAN markets, and we are currently preparing several new models for 2018 release there. If there are no factors which cause an exceptional impact on demand, such as those arising from political risk, we anticipate that current trends and momentum will be maintained.

Which are the more at risk markets in the emerging markets motorcycle business? It looks like profitability improvements are progressing smoothly, but how do you plan to respond to the future tightening of regulations?

For example, in the large-scale Indian market, just this year we saw significant regulatory changes through the abolition of high-denomination banknotes, the sudden changes in emission standards, and the standardization of value added tax. Furthermore, with the introduction of BS6 (equivalent to EU5) standards in 2020, costs will increase due to the necessary changes such as from carburetors to fuel injection. However, we believe that we can - building on our development experience in the ASEAN region - respond to these changes. It is both a challenging and an enjoyable market.

Please tell us your thoughts about operating income in your Brazilian motorcycle business.

It had been said that scooters would never be popular in the Brazilian market, but platform model scooters such as the N MAX and the SOUL GT which have been hits in ASEAN markets have indeed been popular in Brazil as well. Unit sales have therefore been maintained above the level of the previous year. In addition, inventory reductions and structural reforms have been successful, and returning to the black is within sight.

IM Business
Tell us about the progress of the IM Business compared to the Medium-term Management Plan.

The targets for the IM Business in the current Medium-term Management Plan were net sales of 60.0 billion yen and an operating income ratio of 20%. In view of the results in this first half-year, we forecast that we will reach these targets this year. Many factors influencing the mounter market are beyond our control, but we are working on sales opportunities through investment generated by the coming of the next-generation iPhone and standardization in China. In addition, we believe that our competitiveness will continue to rise as we are developing new technologies and preparing to launch them onto the market.

Other Products
Please tell us about your automotive business.

We are carrying out technological feasibility evaluation this year on our proposed "i Stream" concept. Evaluation will involve design and prototype development for road testing. We believe that we can reach a conclusion regarding feasibility in a few more months.