Overall:
As the operating income in 2018 did not make the revised down forecast, please let us know if there were any factors that would cause an increase or decrease other than the exchange rate.

Although there was also some currency impact, the revised forecast was not met due to quality related expenses appropriated for some global models.

Will the increase in SG&A expenses due to factors effecting operating income in 2019 be necessary expenses while the macro environment is unclear? Or is it an issue that has some level of controllability?

The increase in SG&A expenses is largely due to variable expenses and sales fluctuations. Being a transitional period for some models and a year where there were not many strong new models, we made a slight increase in advertising and promotional expenses etc. However, while there were some markets where demand has been growing, some markets are still performing in line with the previous year, so we would like to control the areas we can while looking at each market.

Please tell us about your outlook for the next medium-term management plan onwards. If we rework the forecast exchange rate into the medium-term management plan, would it be correct to assume there will be a settling point in 2019, with results coming in the final year of the medium-term management plan? And, how does the business integration announced today have an impact on the medium-term management plan? Having integrated the businesses in the red, how much do you view the time axis of synergies that will follow?

In terms of beyond 2019, we are thinking that both motorcycle and marine can be extended in the second half of the medium-term business plan, in order to introduce models that we have prepared to date. Regarding whether these can generate synergies in business integration or not, figures at the time of the announcement of the medium-term management plan do not include figures for this business integration. After business integration, of course the top line will increase, but we want to aim for the bottom line to be more than ± 0 by 2021. We would like to go over the specific amount of impact again after the business integration is completed.

If 2019 is in line with the previous term, is it possible to presume that the plan will be at an operating income level of nearly 150 billion yen by returning the currency impact amount of the forecast income? Or if exchange rates keep on depreciating the yen, are there any additional costs for development?

If the exchange rate that has been around $110/ €130 keeps on par with 2018, it will certainly add about 15 billion yen in income, however on the other hand growth strategy costs have been kept down a little to balance with income. We would like to use more money than invest for the future if the exchange remains the same. However, we do not think that larger expenses will blow out too much.

The free cash flow will be about 10 billion yen, is there any impact other than existing marine stock?

Besides marine stock, there is stock in the Philippines and in Argentina. In the Philippines, sales were good but there remains a portion that could not be shipped. Argentina has made a high target due to strong demand to date, but due to the sudden depreciation of the peso, business is stagnating, and stock remains. This year, we expect to see free cash flow basically in-line with the average year.
Land Mobility:

For improvement of income from developed country motorcycles in 2019, what kind of improvement will we see other than a change of corporate expense allocations?

Europe was very weak in 2018. As the models that we expect to do well will come out in 2019, we want to increase the scale while strengthening sales. For other areas, there was less burden due to a reduction on the depreciation of large models, the productivity increased in Europe, and marginal income also improved. Improvements in expenses are due to quality related expenditures in 2018, so this decrease is also a positive factor.

Can you tell us about the movements in emerging-market motorcycles from 2018 to 2019 on a unit basis for each country that was heavily affected?

In Indonesia, demand bottomed back 5.8 million units last year, and the Company was able to increase its market share accordingly. Meanwhile, in 2019, due to natural disasters that occurred in the previous year and declines in resource prices for China, demand is expected to be flat and with a similar pattern predicted for the Company. Demand in Vietnam was slightly increased on last year, but our company lost considerable market share due to competition from other companies. We are looking at a demand this year that is reasonably flat, however we want to steadily increase our market share as we focus on new models. For India, we expect that demand in 2018 will exceed 21.5 million units, reaching 22.5 million this year. Based on that premise, we plan to increase the number of wholesale units that was less than 800,000 last year to 840,000 this year. As we will introduce several new models in the sports category, we expect the top line to grow more than the growth in unit number.

Please explain about factors that may cause the ATV/ROV to worsen further this term.

Foreign exchange is the biggest factor that will cause negative growth in the current term. Other than that, as the models that we launched two years ago and last year have not reached the planned number of units sold, we are drastically reviewing product planning and development. In the future, we are looking trying to rework these using a new platform model.

Marine:

If we exclude the effect of foreign exchange in 2019, we should expect an increase in sales by about 5% for outboard motors alone. Considering the influence of the increase in the number of outboard motors and the impact of unit price increases, it seems to be a conservative plan, but can you tell us of any special circumstances that you know of?

Although the outboard motor market growth is not in double digits, the shift to large size models continues in North America and Europe. We announced our 2019 forecast based on the fact that the current situation in North America is quite favorable, but also that the US economy remains steady. Regarding the increase in SG&A expenses, the logistics market in North America is very tight, and transportation will be affected, but we would like to make further efforts to reduce expenses.

Robotics:

We understand that the IM business is strong and stable for automobiles, however, it is thought that the two companies integrating this business seem to have high volatility. Can you tell us why you intend to integrate these two companies and the prognosis for future income?
Although it is said that the semiconductor itself is a market with high volatility, the semiconductor industry has also changed since the start of the smartphone era, and other modules of semiconductors are increasing. Among these are packaging including condensers etc., which add further functionality, and we will propose a total solution which will demonstrate our strengths going forward. We will raise income through business integration and share common cost benefits. In addition, by utilizing the technology of each company, we want to extend our top line by introducing new designs for existing facilities and upgrading functionality.