

FAQ: Results for FY2016

Q1: Please tell us about the possible effects of foreign exchange fluctuations on operating income for FY2016.

A1: Structurally speaking, the change by one Japanese yen will translate into JPY3.3 billion for the US dollar, JPY0.6 billion for euro, and JPY40 million for the Australian dollar. With respect to renminbi, 0.1 Japanese yen will translate into JPY170 million. Practically speaking, however, these effects will be limited in terms of immediate realization, due to inventory and other factors. In case of the US dollar, we believe the effect will stay around JPY1.6 billion.

Q2: Please tell us about the current market conditions and the outlook for construction equipment in China.

A2: In FY 2016, infrastructure and real estate-related construction increased thanks to the economic stimulus measures of the Chinese government, resulting in a substantial increase of 48% in demand for construction machines from the previous fiscal year. We expect that this year-on-year growth of demand will remain until around autumn of this year.

Q3: Please explain the dividend policy and plan.

A3: With respect to cash dividend, we have already set the dividend policy for a consolidated payout ratio of 40% or higher and no decrease of dividend, as long as the ratio does not surpass 60%. In FY2016 we plan to pay JPY58 per share, including the interim dividend of JPY29, which translates into a consolidated payout ratio of 48.2%. In FY2017, we plan to pay annual dividends of JPY58 per share, the same amount in FY2016, which should translate into a consolidated payout ratio of 59.5%.

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