



TOYOTA BOSHOKU CORPORATION

FY 2017

Financial Results

ended Mar. 31, 2017

Financial Results

Mid-term Business
Implementation Plan 2020

Financial Results for FY2017

1) Overview of Financial Results

2) Financial Results for FY2017 (ended Mar. 31, 2017)

3) Financial Forecast for FY2018 (ending Mar. 31, 2018)

1) Overview of Financial Results

1. All regions became profitable as a result of our “Profit Structure Reform” in spite of lower sales due to appreciation of the Yen.
2. Sales & profit will be lower in FY2018 due to model & product mix change though prior costs will be offset by cost reduction efforts.
3. Dividend per share of FY2017 will be 50 yen, which is higher by 20 yen than that of FY2016. That of FY2018 will be also kept 50 yen.

Financial Results for FY2017

1) Overview of Financial Results

2) Financial Results for FY2017 (ended Mar. 31, 2017)

3) Financial Forecast for FY2018 (ending Mar. 31, 2018)

2-1) Financial Results for FY2017 (ended Mar. 31, 2017)

Overview of Financial Results

(100 million yen)

		FY2016		FY2017		Fluctuation	
Net Sales		14,157	100.0%	13,579	100.0%	-578	-4.1%
Operating Income		594	4.2%	719	5.3%	124	20.9%
Ordinary Income		561	4.0%	772	5.7%	211	37.6%
Profit*		39	0.3%	453	3.3%	414	-
Earnings Per Share		21.02 yen		244.28 yen			
Dividend Per Share		30.00 yen		50.00 yen			
Exchange Rate	USD	120 yen		108 yen		12 yen (strong yen)	
	EUR	133 yen		119 yen		14 yen (strong yen)	

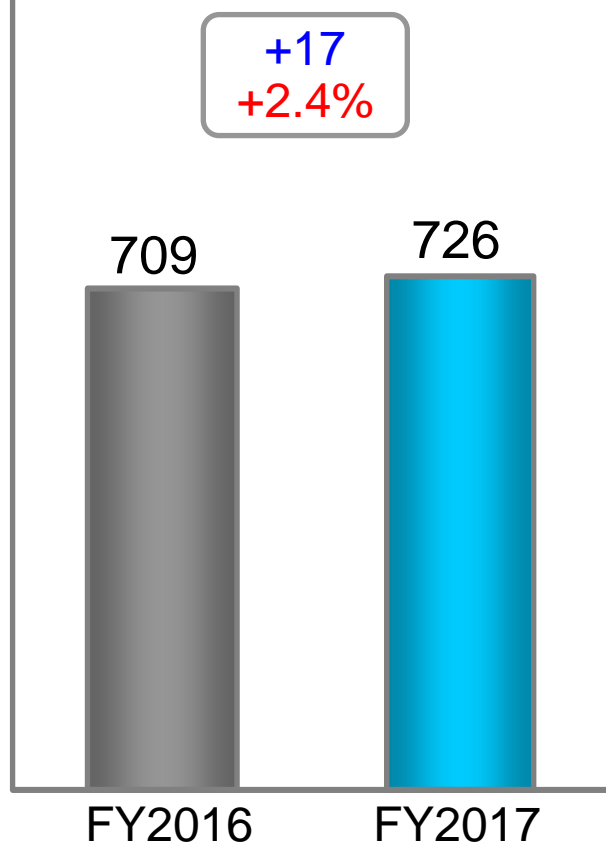
* Profit Attributable to Owners of Parent

2-2) Financial Results for FY2017 (ended Mar. 31, 2017) Unit Production by Region

Seat Assembly Production

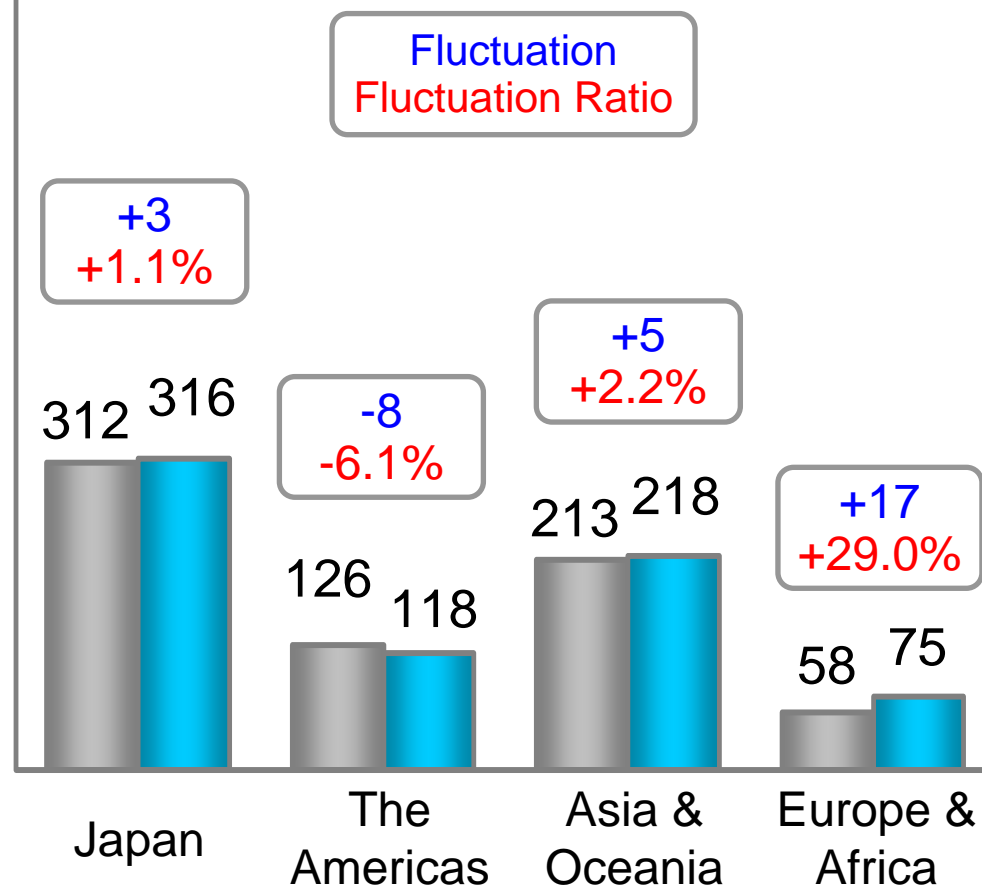
Total

(10,000 Units)



By Region

(10,000 Units)



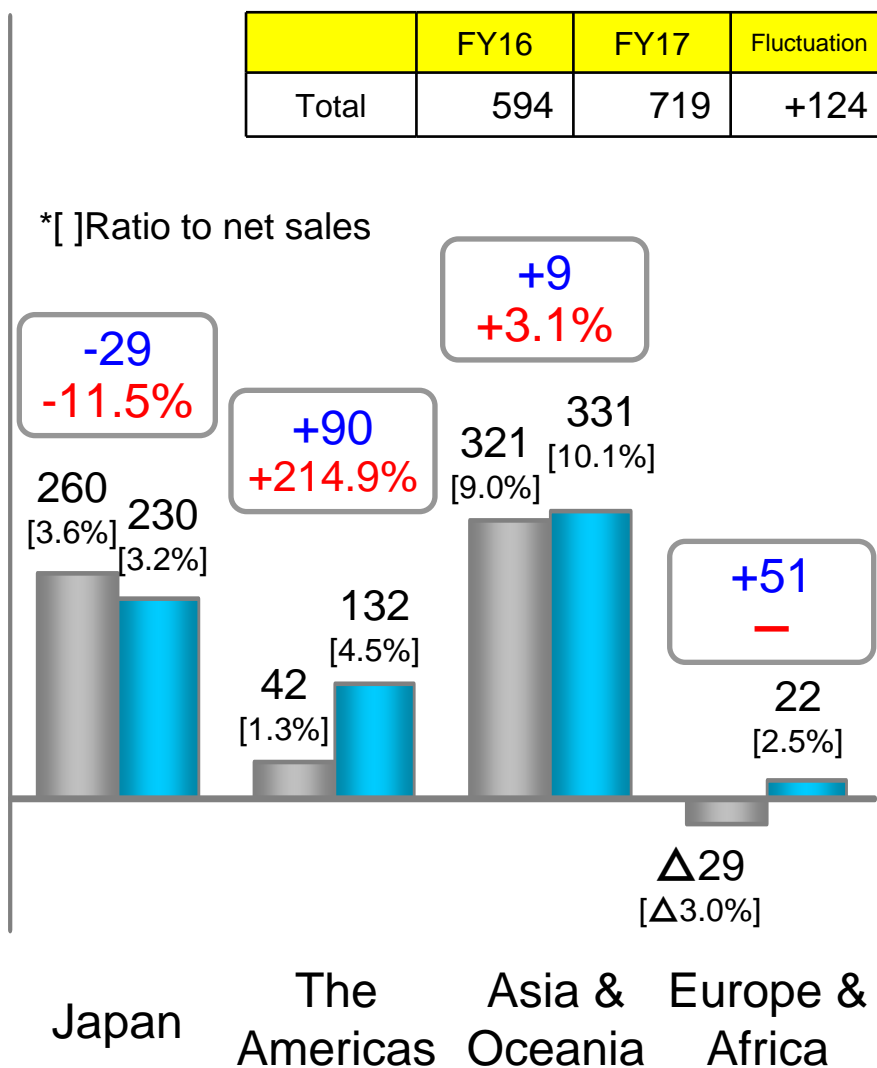
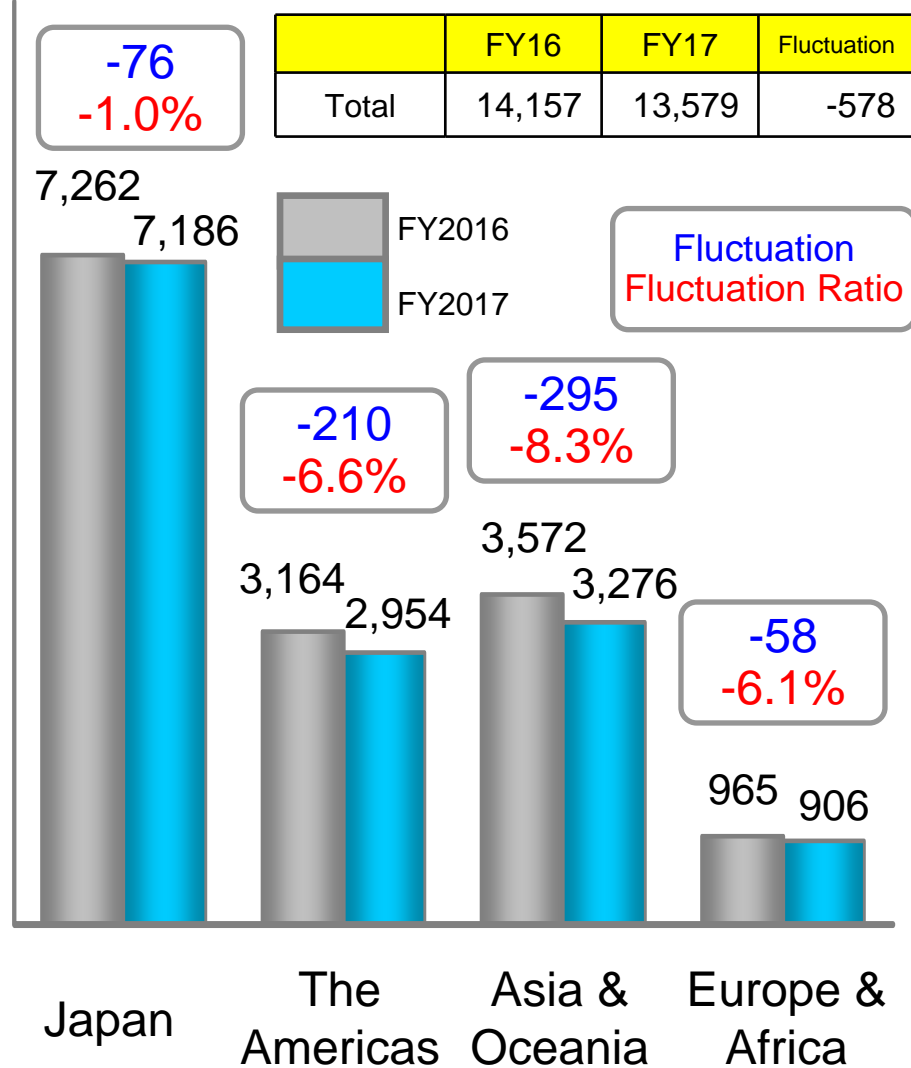
2-3) Financial Results for FY2017 (ended Mar. 31, 2017) Net Sales & Operating Income by Region

Net Sales

Operating Income

(100 million yen)

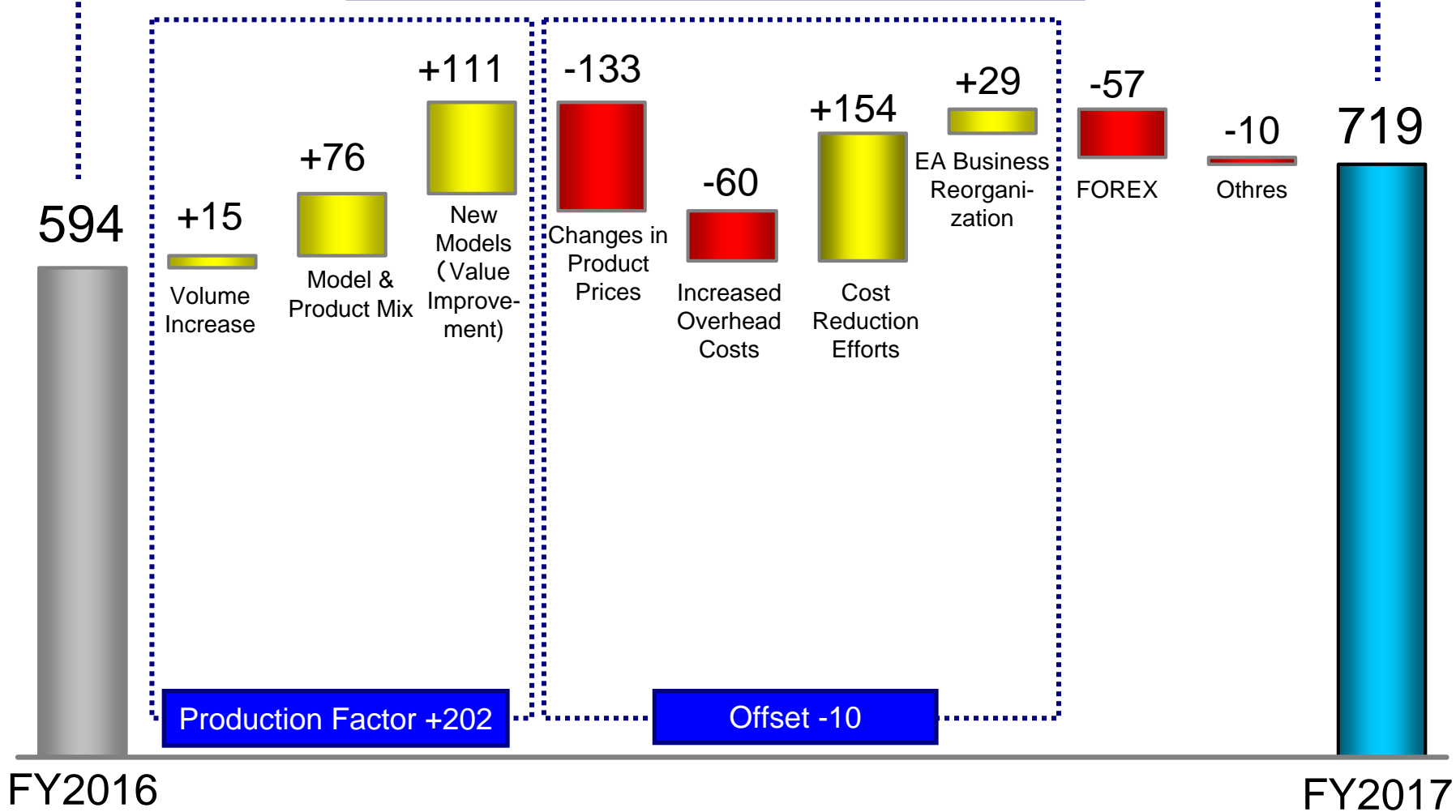
(100 million yen)



2-4) Financial Results for FY2017 (ended Mar. 31, 2017)

(100 million yen)

Operating Income +124 (+20.9%)



FY2016

FY2017

Financial Results for FY2017

- 1) Overview of Financial Results
- 2) Financial Results for FY2017 (ended Mar. 31, 2017)
- 3) Financial Forecast for FY2018 (ending Mar. 31, 2018)

3-1) Financial Forecast for FY2018 (ending Mar. 31, 2018)

Financial Forecast for FY2018

(100 million yen)

		FY2017		FY2018		Fluctuation	
Net Sales		13,579	100.0%	13,000	100.0%	-579	-4.3%
Operating Income		719	5.3%	600	4.6%	-119	-16.6%
Ordinary Income		772	5.7%	600	4.6%	-172	-22.3%
Profit*		453	3.3%	380	2.9%	-73	-16.2%
Earnings Per Share		244.28 yen		204.62 yen			
Dividend Per Share		50.00 yen		50.00 yen			
Exchange Rate	USD	108 yen		105 yen		3 yen (strong yen)	
	EUR	119 yen		115 yen		4 yen (strong yen)	

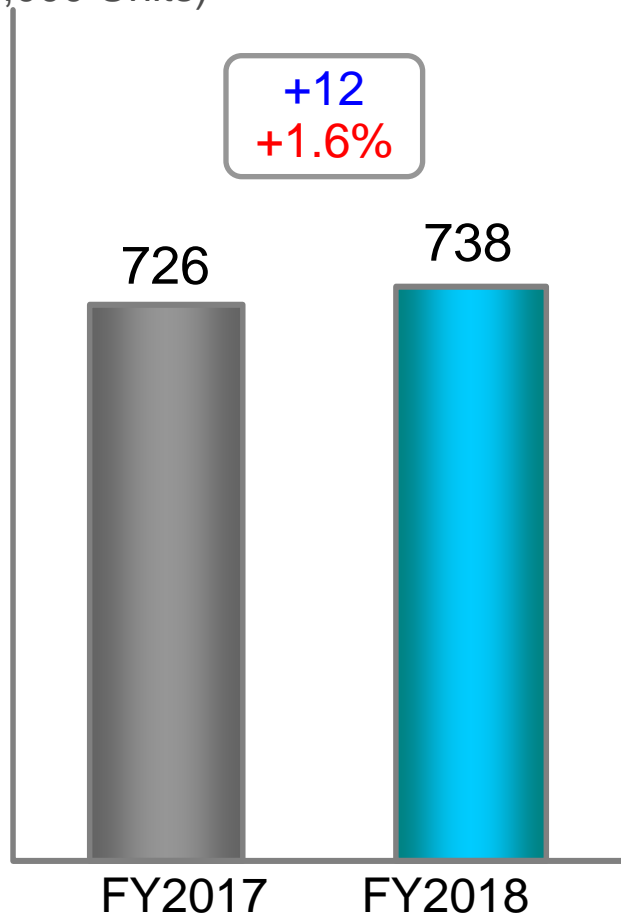
* Profit Attributable to Owners of Parent

3-2) Financial Forecast for FY2018 (ending Mar. 31, 2018) Unit Production by Region

Seat Assembly Production

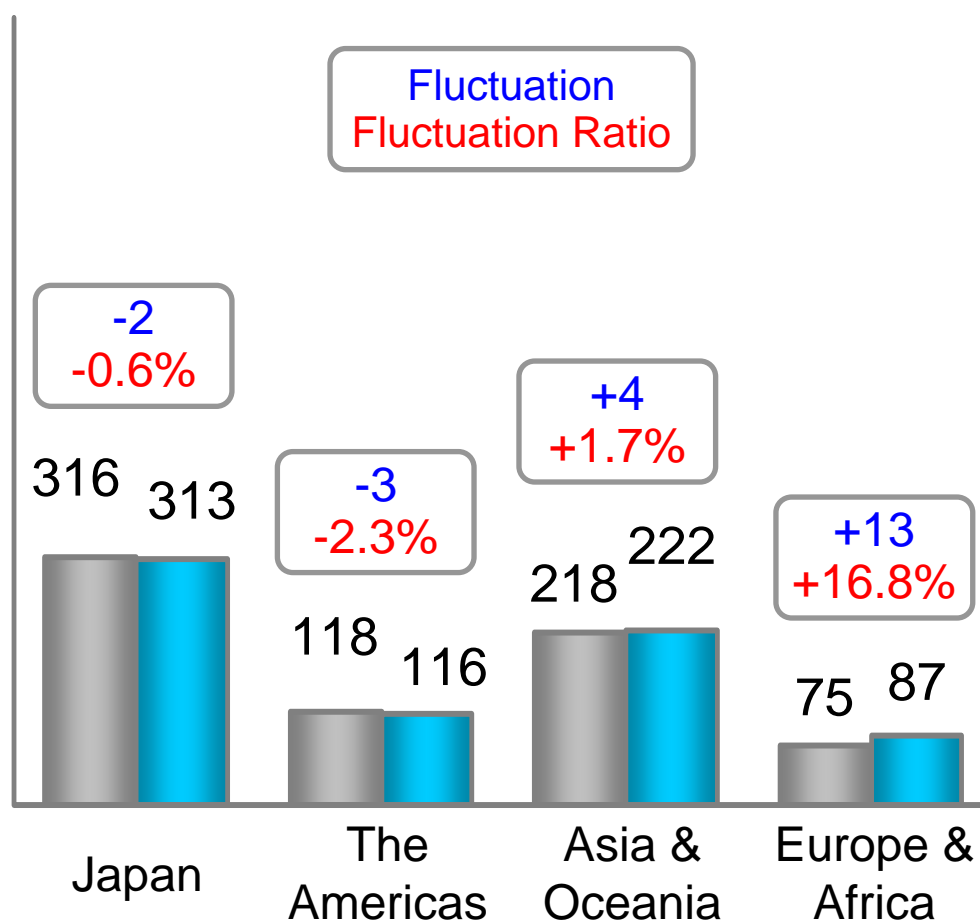
Total

(10,000 Units)



By Region

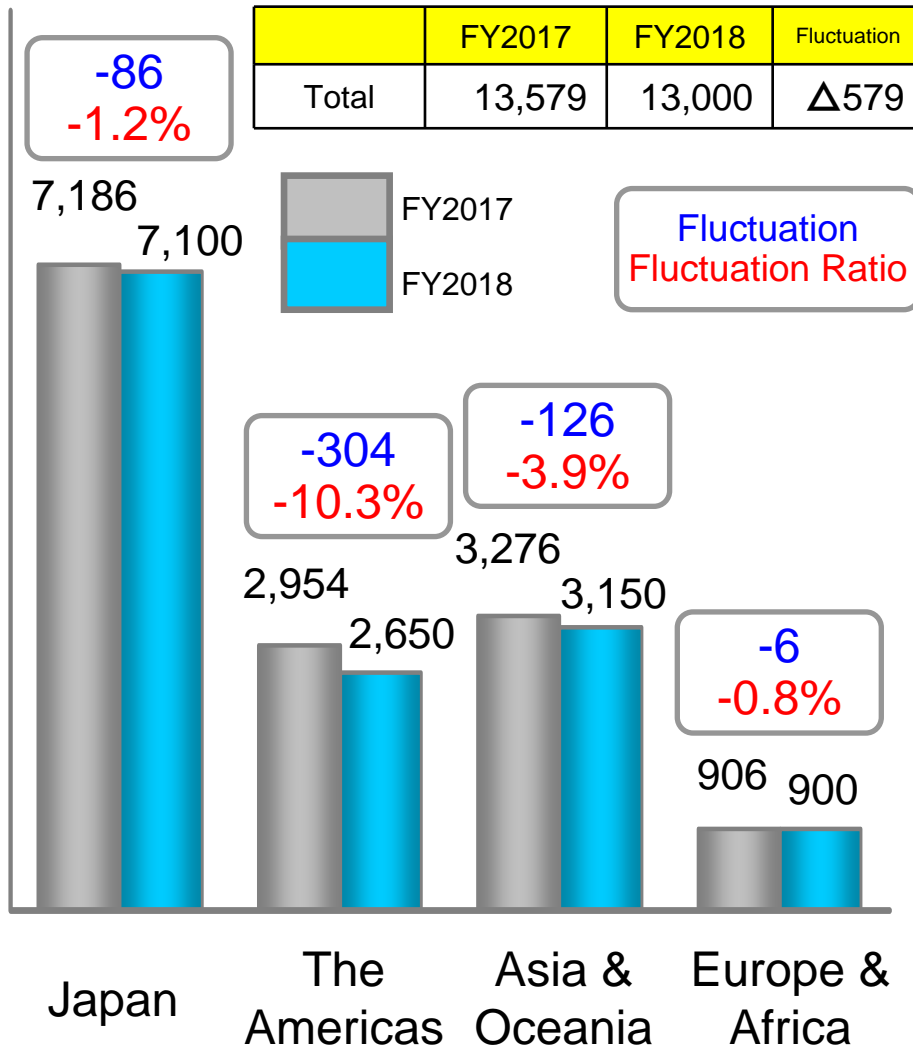
(10,000 Units)



3-3) Financial Forecast for FY2018 (ending Mar. 31, 2018) Net Sales & Operating Income by Region

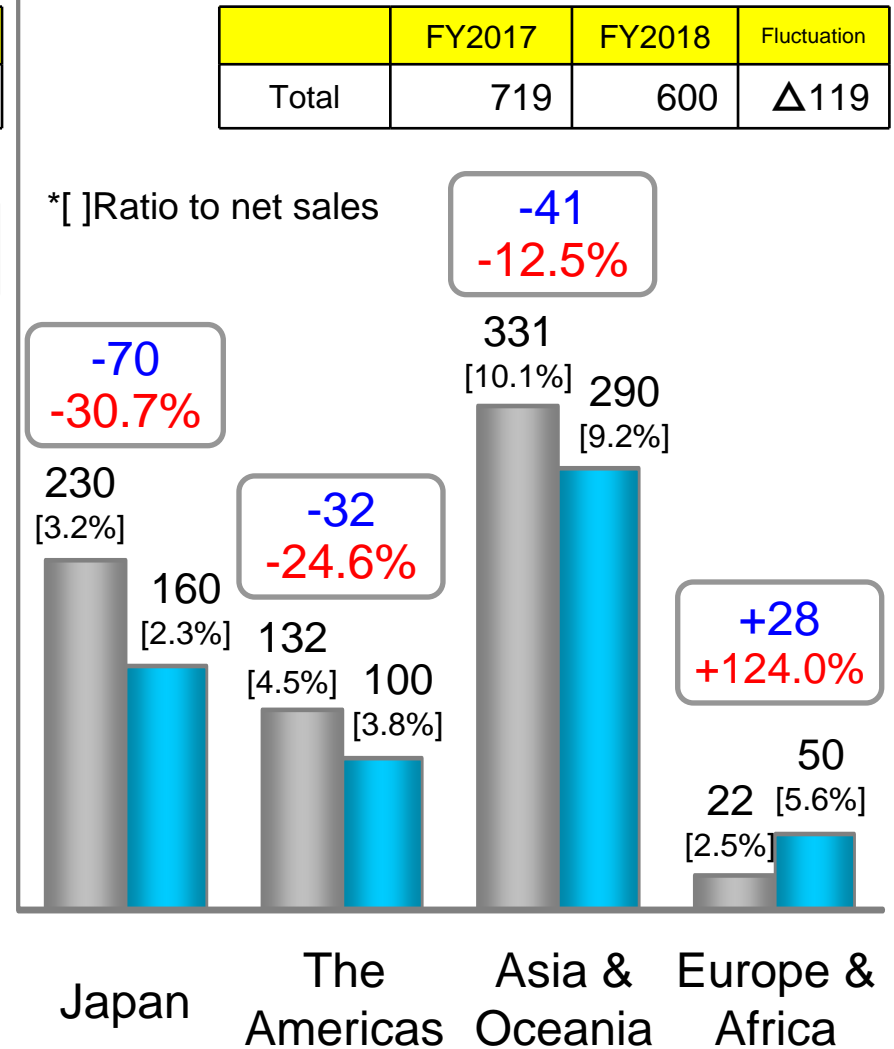
Net Sales

(100 million yen)



Operating Income

(100 million yen)



3-4) Financial Forecast for FY2018 (by Half Year)

Net Sales

(100 million yen)

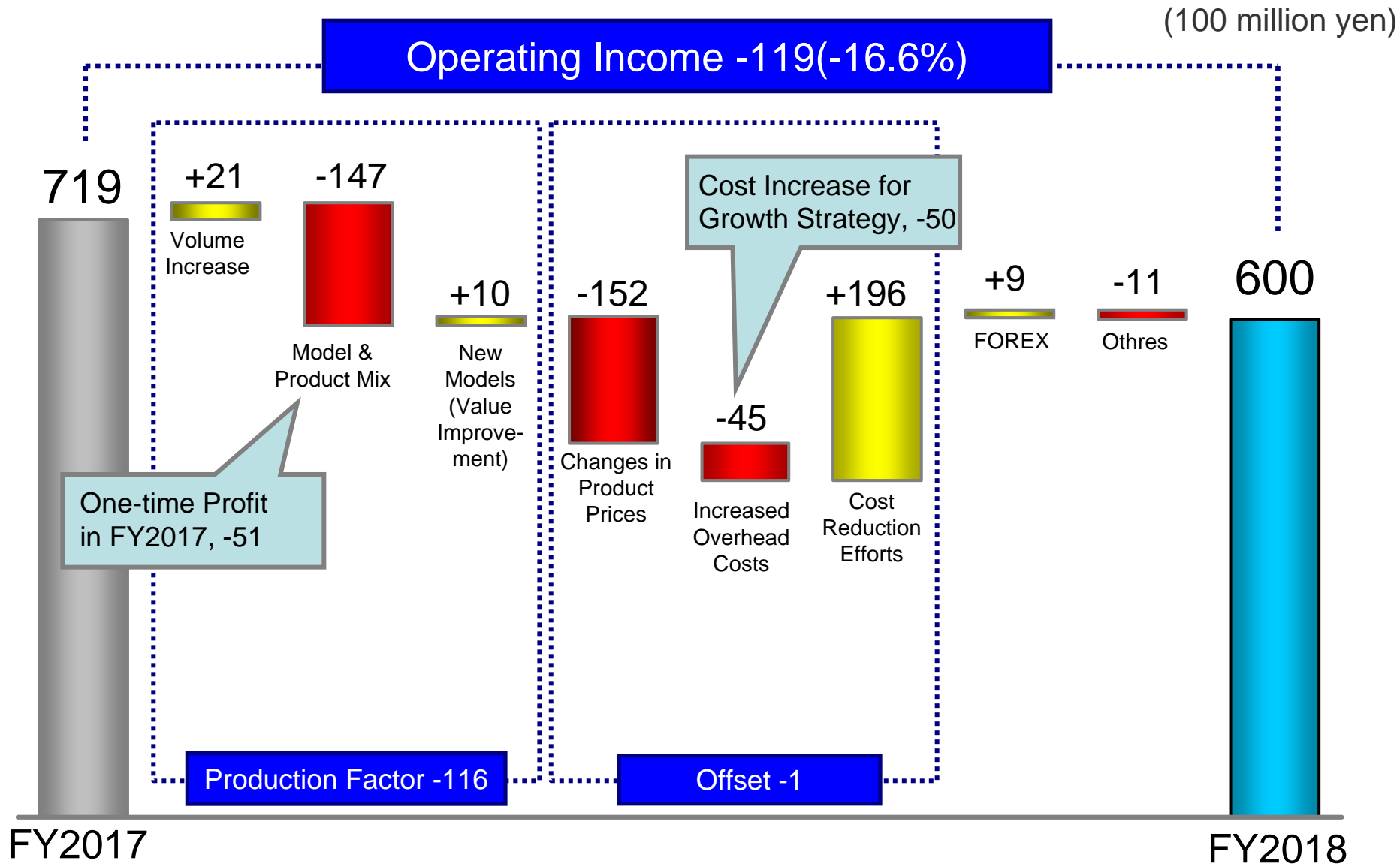
	FY2018 Forecast		
	1st Half	2nd Half	Full Year
Japan	3,400	3,700	7,100
The Americas	1,350	1,300	2,650
Asia & Oceania	1,600	1,550	3,150
Europe & Africa	450	450	900
Consolidation	6,400	6,600	13,000

Operating Income

(100 million yen)

	FY2018 Forecast					
	1st Half		2nd Half		Full Year	
Japan	70	2.1%	90	2.4%	160	2.3%
The Americas	50	3.7%	50	3.8%	100	3.8%
Asia & Oceania	150	9.4%	140	9.0%	290	9.2%
Europe & Africa	25	5.6%	25	5.6%	50	5.6%
Consolidation	295	4.6%	305	4.6%	600	4.6%

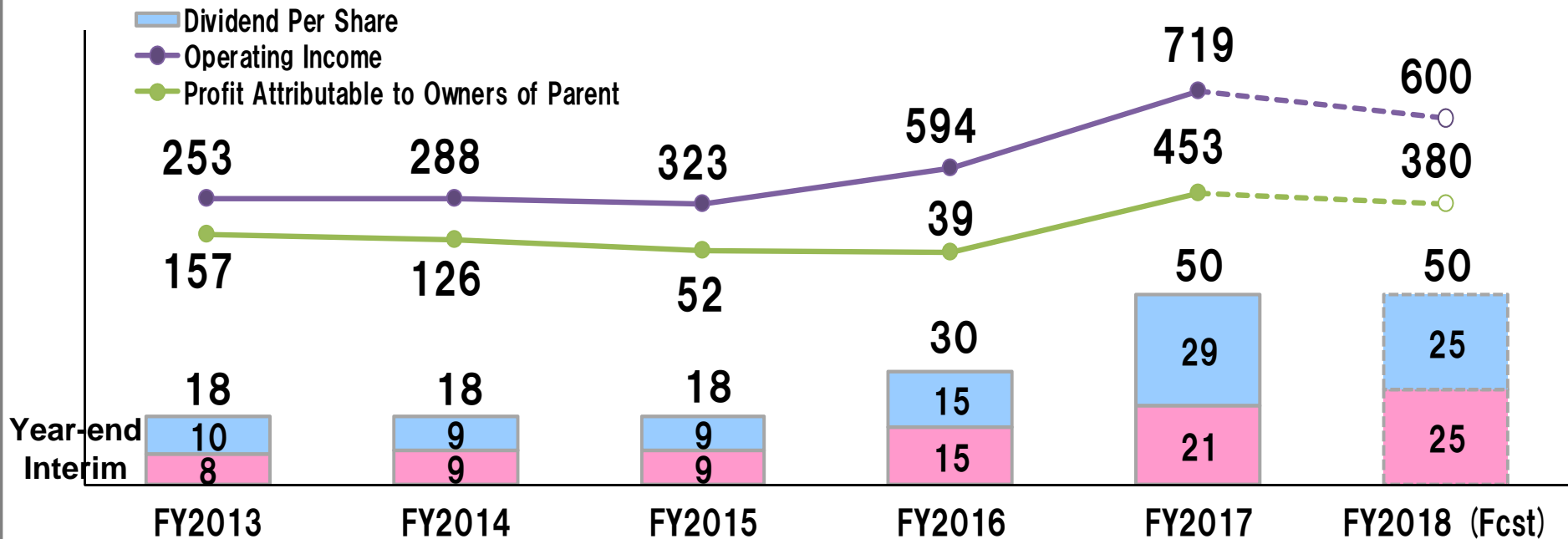
3-5) Financial Forecast for FY2018 (ending Mar. 31, 2018)



3-6) Financial Forecast for FY2018 (Returning to Shareholders)

- DPS will be 50 yen in FY2018 as well as in FY2017.
- We keep long-term sustainable dividends comprehensively taking our consolidated financial results into account.

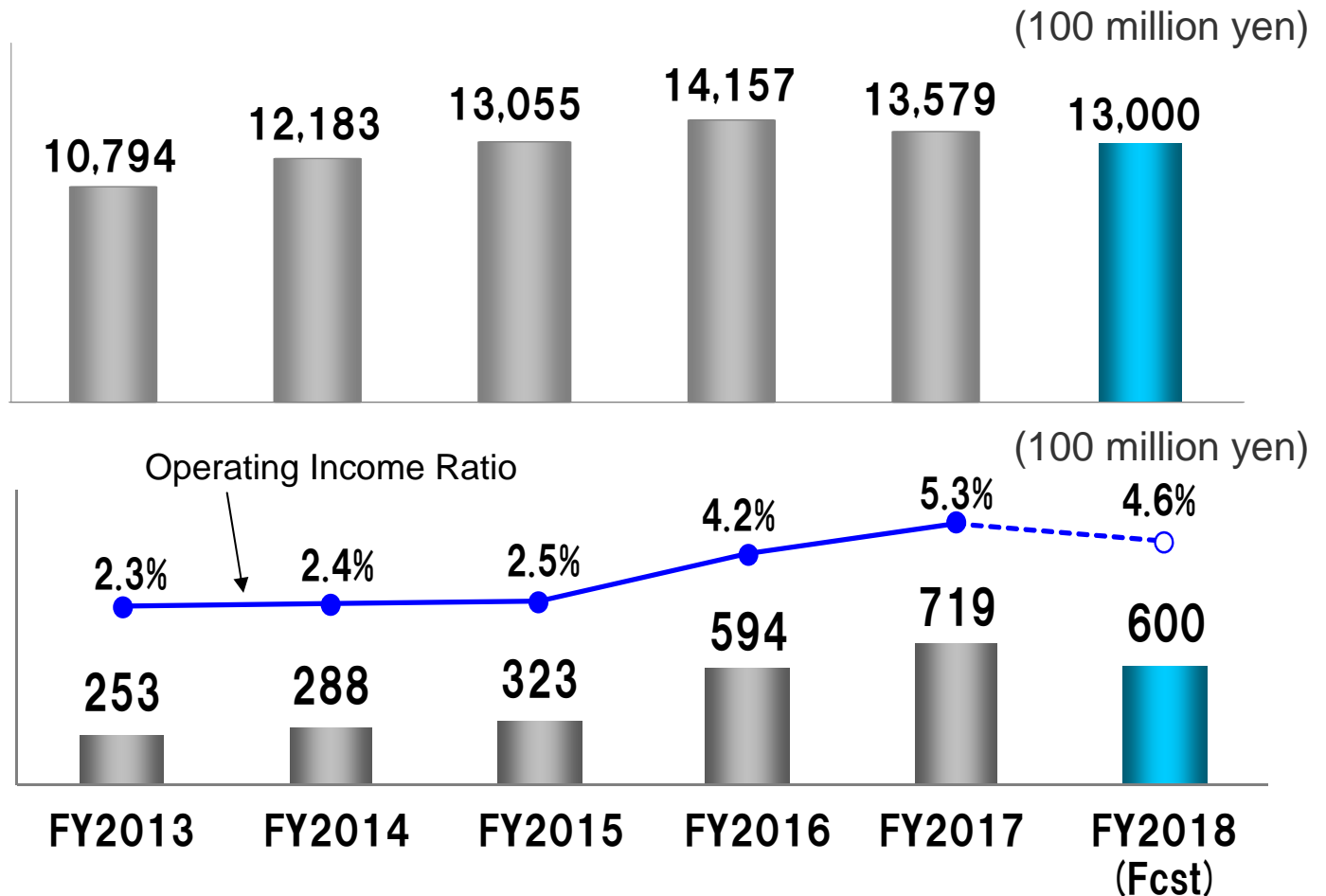
Transition of DPS, Operating Income & Profit



3-7) Summary

Improved Profit & Got All Regions Profitable from Our “Profit Structure Reform”

Promoting “Strengthen Competitive Advantage” & “Strengthen Management Foundation” for Sustainable Growth



Financial Results

**Mid-term Business
Implementation Plan 2020**

Mid-term Business Implementation Plan 2020

- (1) Overview (reported at the previous session)
- (2) Actions toward ensuring effectiveness
- (3) Progress
- (4) Updating the mid-term profit plan

Mid-term Business Implementation Plan 2020

- (1) Overview (reported at the previous session)
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Vision

The company we aim to become

Looking into the future, we will create tomorrow's automobile interior spaces that will inspire our customers the world over.

Design your passion with TOYOTA BOSHOKU

(1) Our desired status in business

A company that persists in proposing excellent mobility for customers throughout the world

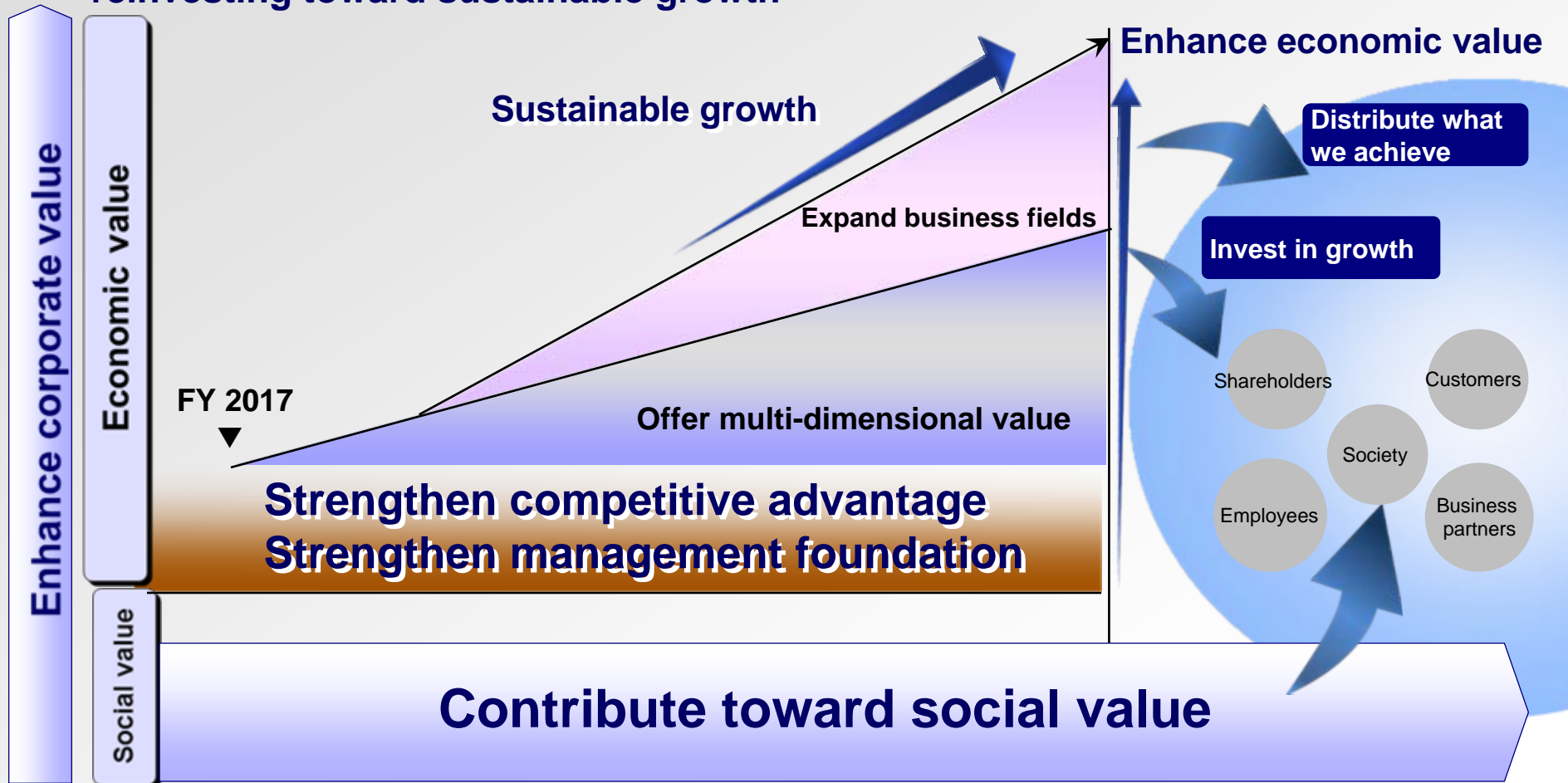
(2) Our desired status in society

A trusted company that grows together with all stakeholders

Mid-term Business Implementation Plan 2020 (1) Overview

Enhancement of corporate value on a mid- to long-term basis and distribution of what we achieve

Distribute to our stakeholders what we have achieved by enhancing corporate value, and meet the mid- to long-term expectations of our stakeholders by reinvesting toward sustainable growth

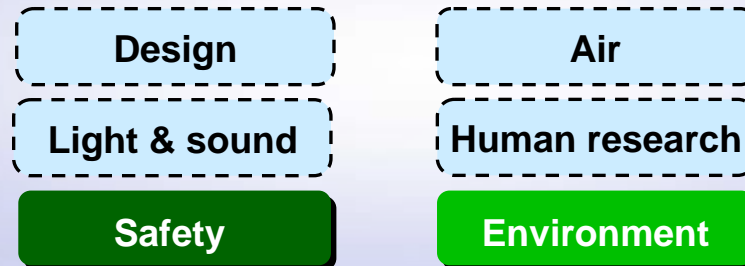


Our desired status in business

A company that persists in proposing excellent mobility for customers throughout the world

QUALITY OF TIME AND SPACE
Offer “quality of time and space” in all mobility

Lead the world by taking initiative in proposing “comfort value”



Expand business fields

Offer multi-dimensional value

Mid-term Business Implementation Plan 2020

- (1) Overview (reported at the previous session)
- (2) Actions toward ensuring effectiveness
- (3) Progress
- (4) Updating the mid-term profit plan

2016/4~

Introduce a product business-based organization system for the formulation and implementation of growth strategies

Clarify the roles, responsibilities, and authorities of the officers, and simplify the decision-making processes

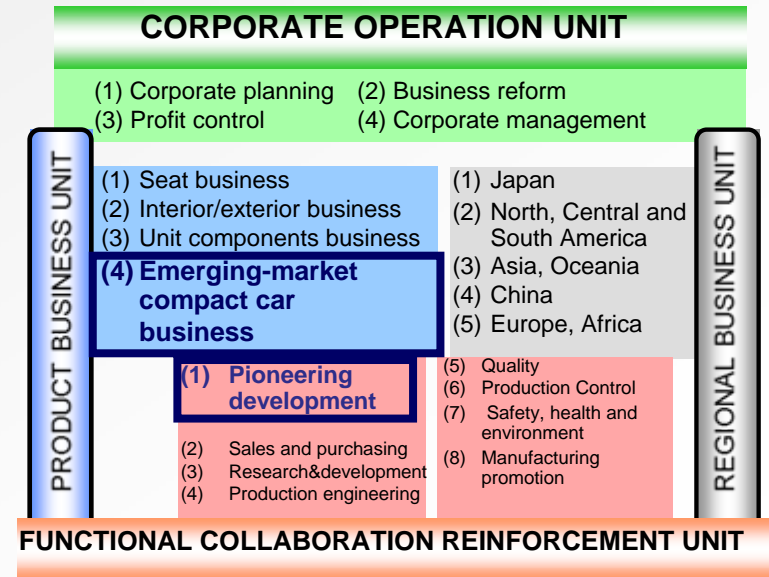
- Review the responsible field of each officer and avoid the appointment of concurrent posts or assistant chiefs, to clarify responsibilities and authorities.

	Jan. 2016	Apr. 2016
Number of jobs of an officer (average)	2.7 jobs	⇒ 1.2 jobs
Organizations with an assistant chief	13 organizations	⇒ 3 organizations

2017/4~

Adjust organizations to environmental changes

- Establish the Emerging-market compact car business group**
Promote cross-functionally the development, purchasing and manufacturing reform of good and reasonably priced seat and interior/exterior products for compact cars for emerging markets
- Establish the Pioneering development field**
Connect pioneering development based on growth strategies to product business in a speedy and steady manner



2017/4~

Hoshin(policy)-based management

- Integrated Hoshin management on a global basis at all levels of region, company, department and section

➔ Ensure the effectiveness of the Mid-term Business Implementation Plan

<Relationship between Mid-term Business Implementation Plan and actions (hoshin) for FY 2018>

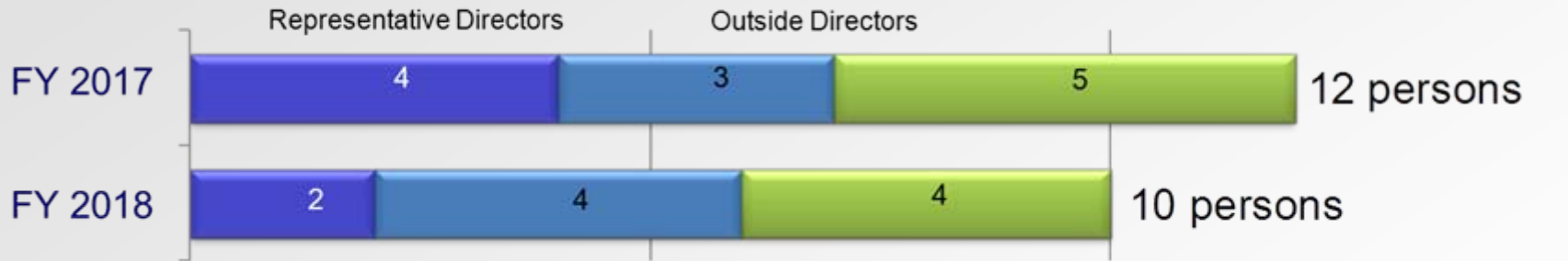


2017/4~

Corporate governance

- Review the system with the aim of ensuring the effectiveness and objectivity of the Board of Directors, and further expediting decision-making. (From June 2017)

Directors



Audit & Supervisory Board members



(Substitute Audit & Supervisory Board member: 1)

Mid-term Business Implementation Plan 2020

- (1) Overview (reported at the previous session)
- (2) Actions toward ensuring effectiveness
- (3) Progress**
- (4) Updating the mid-term profit plan

Framework of the Mid-term Business Implementation Plan 2020

Strengthen competitive advantage

- Develop new technologies and new products toward 2030
- Promote manufacturing innovation toward 2030
- Further enhance basic manufacturing capabilities

Strengthen the management foundation

- Reinforce the profit structure
- Build a resilient business structure
- Develop a global management foundation

Develop new technologies and new products toward 2030

Develop capabilities to offer values

[Comfort] Offer, before others, time and space where people can feel comfortable

[Safety] Offer safe and secure mobile spaces that are ahead of the times

[Environment] Offer mobile spaces that are friendly to the natural environment

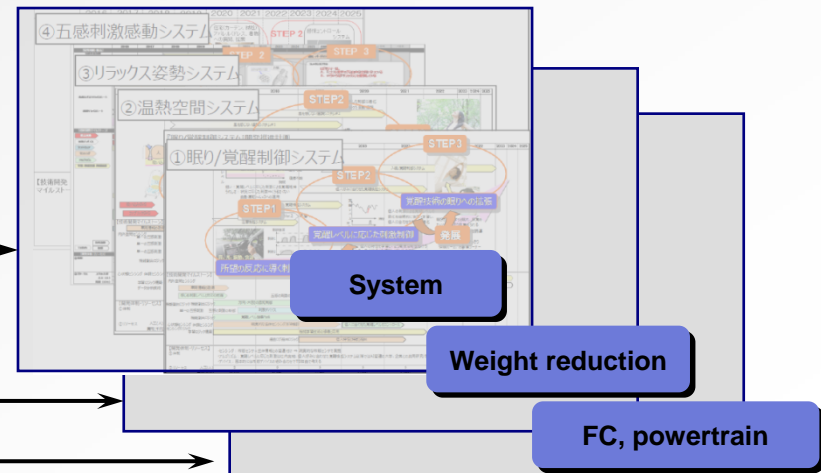
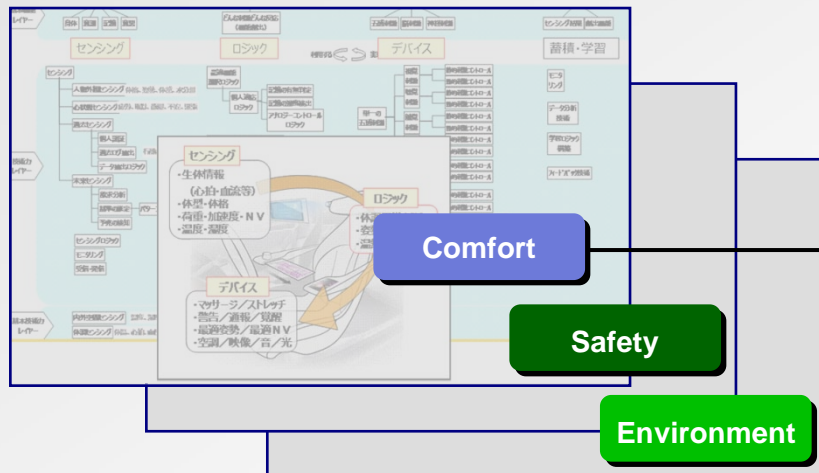
Actions for FY 2017



Clarify the technologies that we should acquire

Formulate value graphs

Formulate a roadmap for each development theme

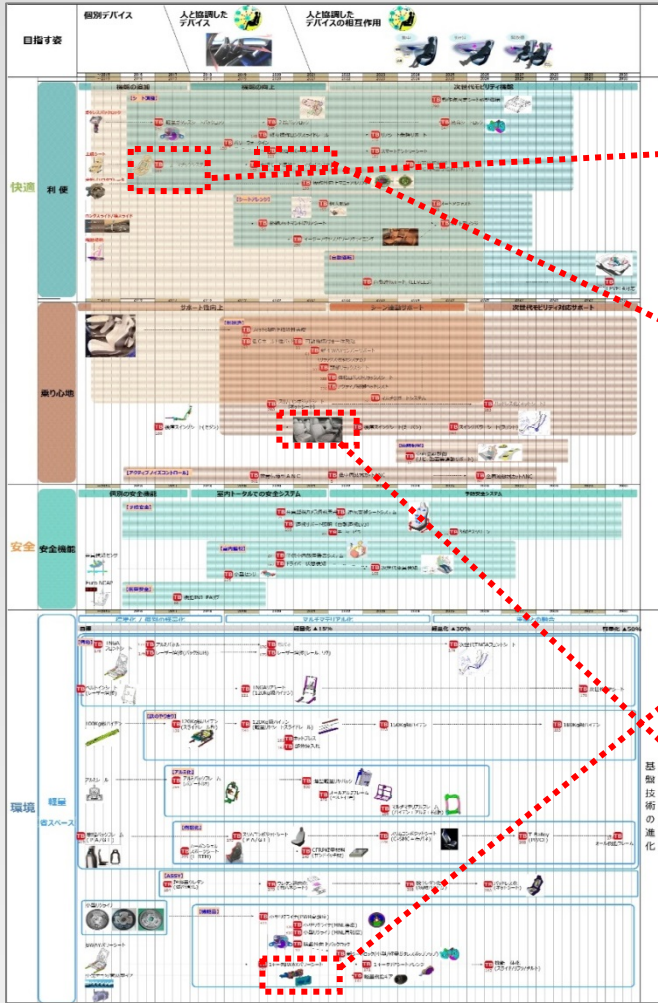


Develop new technologies and new products toward 2030

[Comfort]

■ List on the road map the products to be developed based on the technologies that we should acquire

Launch the products in the market by foreseeing needs



Multi-function adjustable seat

Multi-functional supporting seat that can accommodate people of various body types and sizes



Boarding support seat

Enables users to comfortably get in and out of vehicles, increasing the added value of small cars



Prevailing-type power seat

Enables application to small vehicles by reforming the power seat structure



New seat arrangement system

Offers user-friendly and comfortable interior spaces



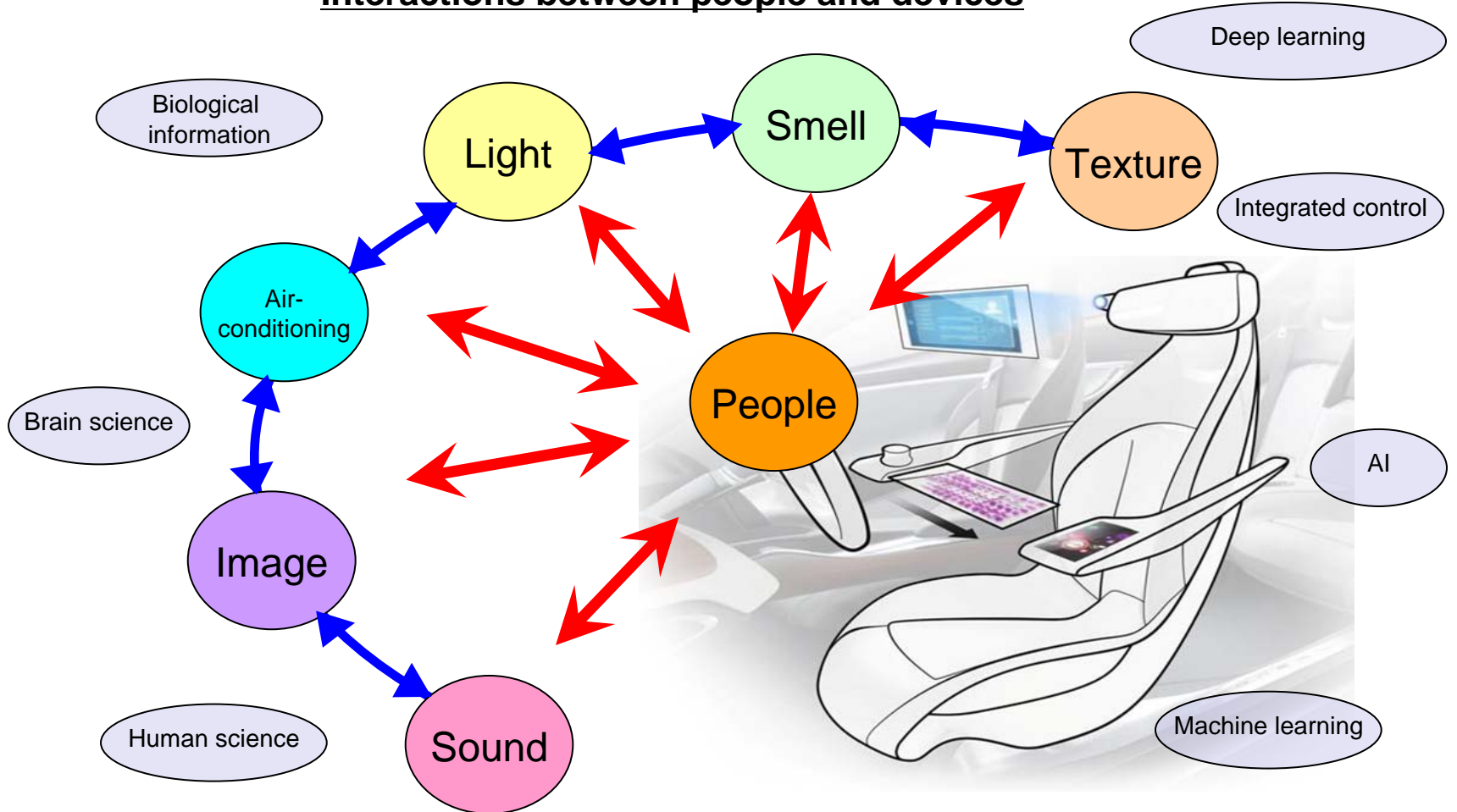
→ 2030

Develop new technologies and new products toward 2030

[Comfort]

Aspired status of mobile spaces: Pursuit of human comfort

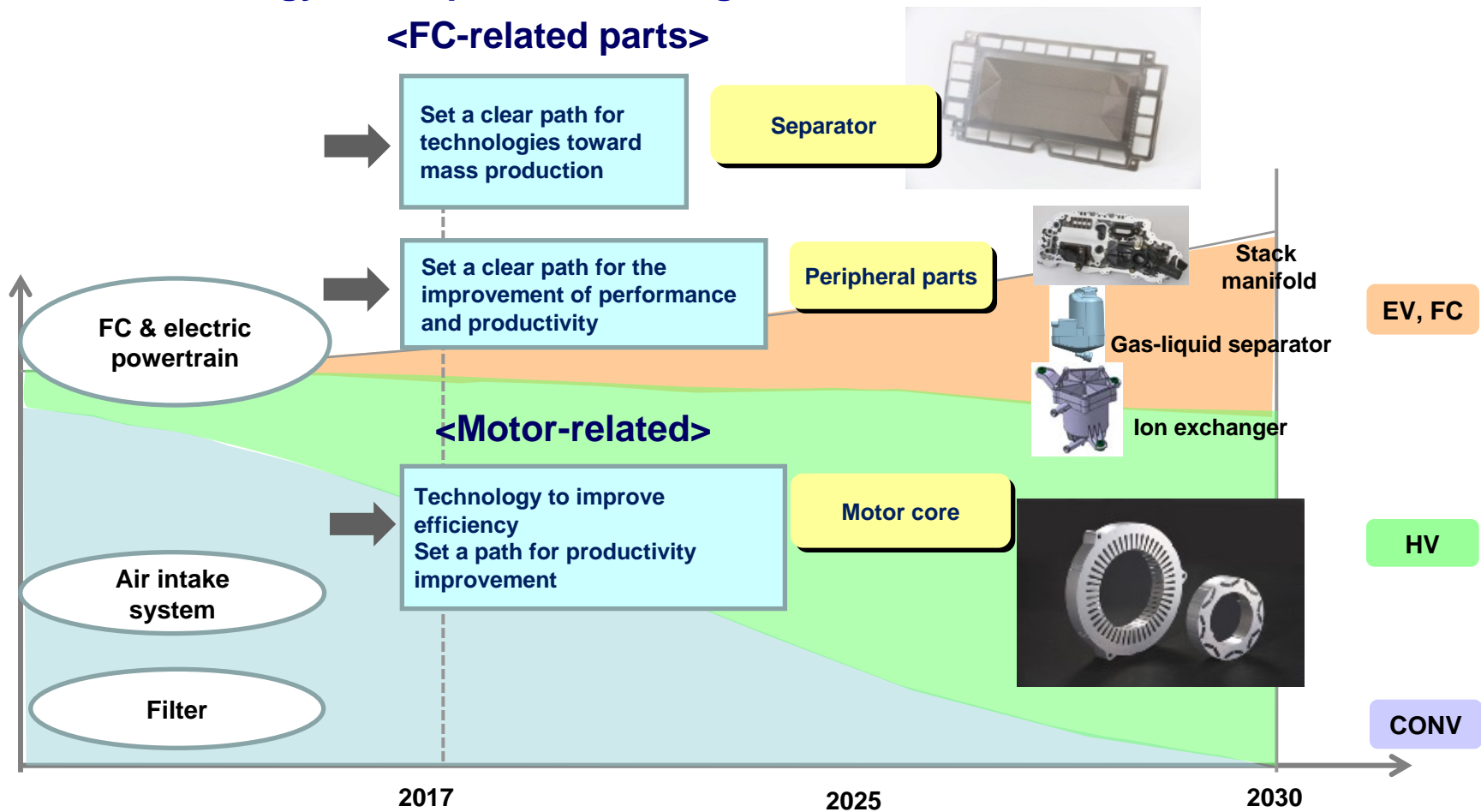
Interactions between people and devices



Develop new technologies and new products toward 2030

[Environment]

- Set a path for the development and product application of technologies for next-generation vehicles
- Start technology development for next-generation vehicles



Promote manufacturing innovation toward 2030

■ Develop capabilities to offer values

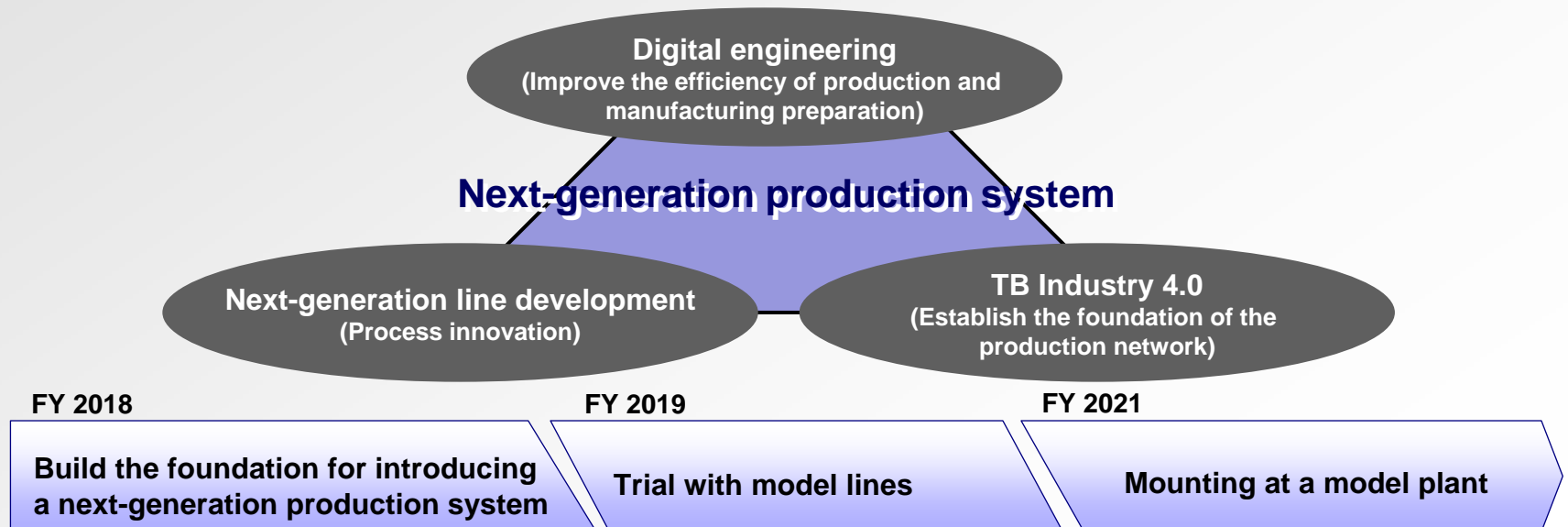
[Affection] Offer customers “what they want” and “the joy of creation”

[Trust] Offer reliable products with sophisticated manufacturing

[Safety] Offer safety by promoting simple manufacturing to enable prediction of risks

Actions for FY 2017

Formulate an action plan for building a next-generation production system

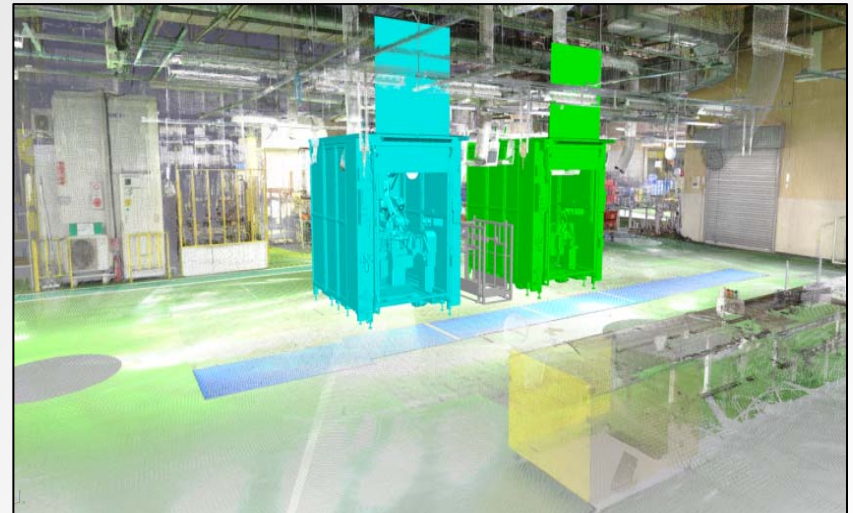


Promote manufacturing innovation toward 2030

- Improve the efficiency of production and manufacturing preparation by employing digital engineering
 - Develop a foundation for the evaluation of process arrangement and layout (being promoted)



Digitally conduct advance evaluation of process arrangement and work behavior



Virtually check the feasibility of layout using VR

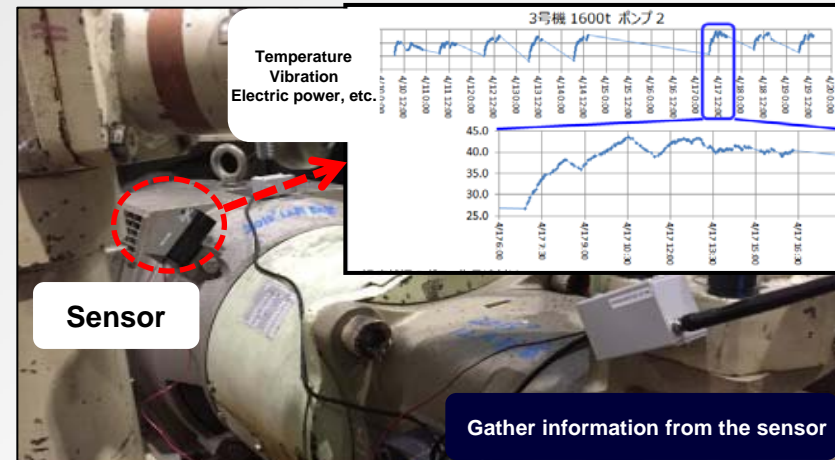
Promote manufacturing innovation toward 2030

■ Establish the foundation of a production network

- Utilize on-site information to enable information sharing and quick decision making (verification trial started)



Visualize the production line status in real time



Gather equipment information to utilize for diagnostic maintenance

Further enhance basic manufacturing capabilities

Strengthen our R&D capabilities

Aspired status for 2020

Globally develop products that are good, reasonably priced and attractive

Actions

Advance our technological development capabilities by establishing new development processes

Progress

Improving drawing completeness

■ Standardization of design processes

- Preparing design navigation/guide (completed for seat [resin design], interior [ceilings, carpets])

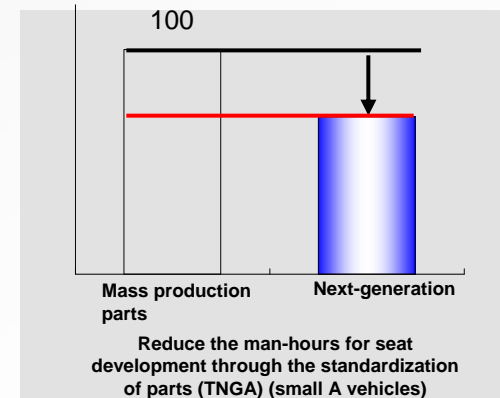
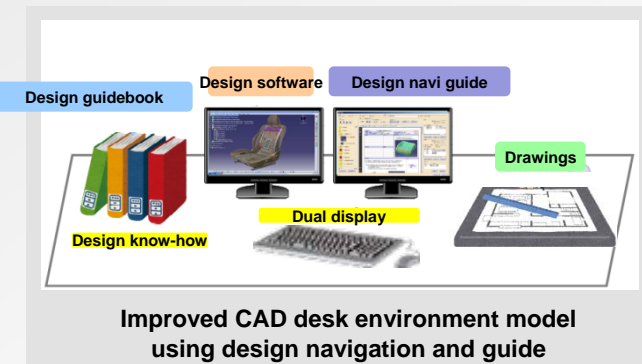
■ Standardization of parts (TNGA)

- Completed standardization of target parts (total 38 items)

Enhancing basic strengths (human resources development, workplace capability improvement)

■ Preparing a skill map, reviewing educational programs

- Examining, revising, or eliminating contents of educational programs for new employees



Further enhance basic manufacturing capabilities

Strengthen our R&D capabilities

Aspired status for 2020

Establishment of a global optimal development system

Progress

Develop uniqueness and complementary relations

- Utilize Global 4 sites + Milan design + Silicon Valley Office

Utilize external capabilities on a global basis

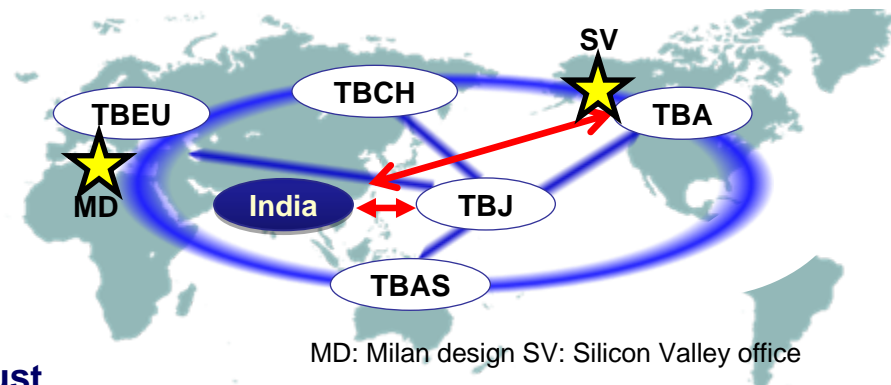
- Shared use of two Indian development trust companies started

Aspired status for 2020

Establish development technologies toward the realization of QUALITY OF TIME AND SPACE

Progress

Formulate the initiative of TB MBD (Model Base Development)



Globally complement excess or shortage of resources

Further enhance basic manufacturing capabilities

Strengthen our production engineering

Aspired status for 2020

Achieve the “autonomous” level, a basic plant requirement, at all plants

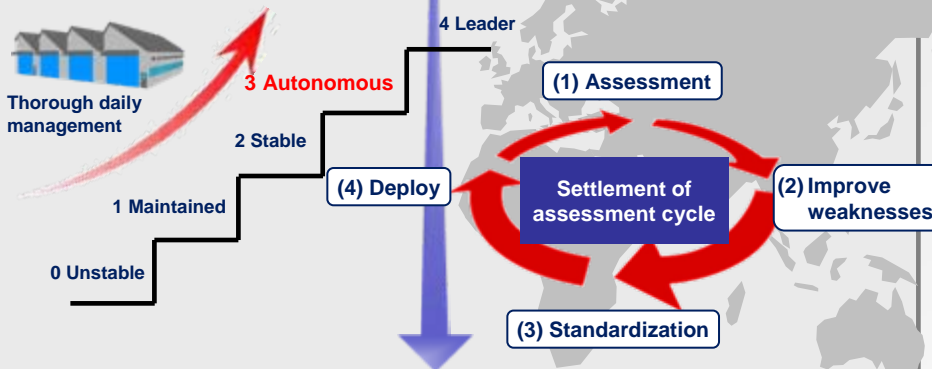
Standardize all processes/Improve quality and productivity by 30%

Actions

Globally implement and establish the basic plant requirements to strengthen workplace competency

Improve quality and productivity by 30% through standardization of processes

Continuously advance to higher ranks



(1) Assessment

(2) Formulate a standardization implementation plan

(3) Reflect in processes

(4) Check the standardization level of processes



FY 2017 status of achievement

Plant basic requirements assessment

Process assessment

■ Rate of assessment implemented: 90% completed

- Regularization rate of process standards: 95% completed (203 completed/Total 214)
- Rate of assessment implemented: 30% completed

Establishment of a global activity organization system completed

Further enhance basic manufacturing capabilities

Strengthen our production engineering

Accelerate production engineering development, to solidify our footing and secure a competitive advantage for the future

Steps toward 2020

Step1

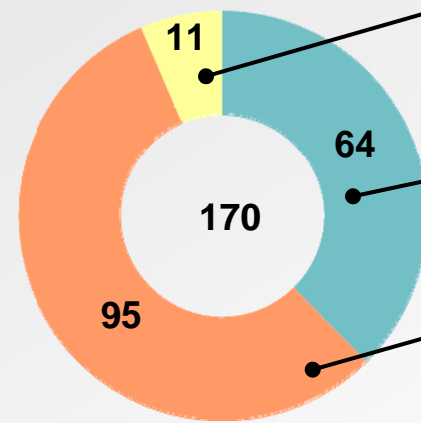
Set a clear path toward mass production
(80% compared to the plan)



Step2

Aim to start the mass production of all production engineering items by 2020

Details of production engineering development items



Sophistication of existing technologies

- Apply existing technologies and become familiarized with them

Product innovation

- Increase product appeal, improve quality, etc.

Process innovation

- Reduce production costs, streamline processes, etc.

Progress

■ Introduce automatic sewing of seat covers



Eliminate shortage of skilled workers

Case

Start trial operation of automatic surface skin setting and 2D sewing



Reinforce the profit structure

Target for 2020

Build a foundation to become a world leading seat system supplier by maximizing synergy effects

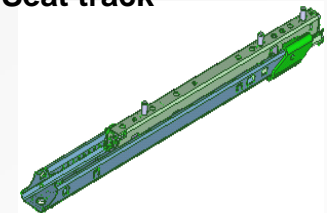
Actions

Complete integration of the mechanical seat frame component businesses to “Make Good Seats”

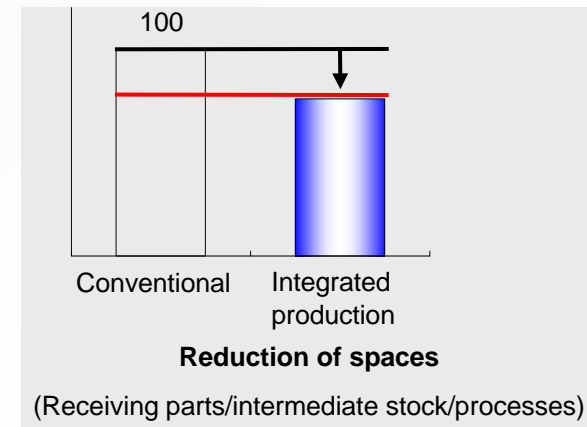
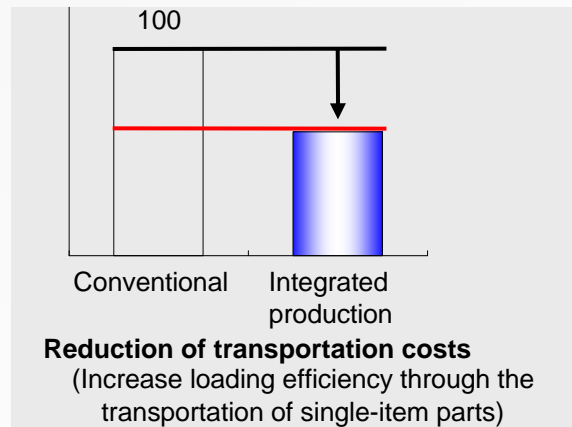
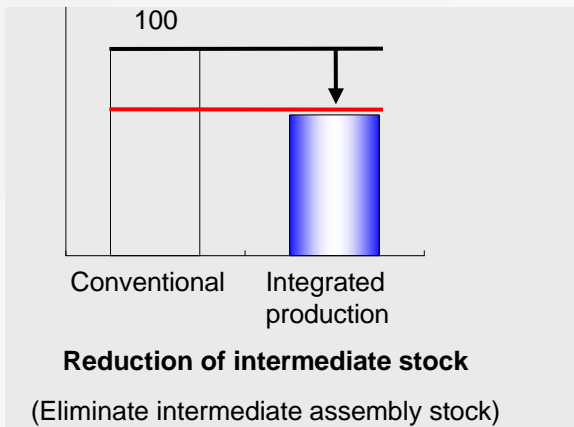
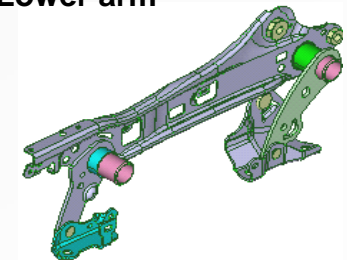
Progress

- **Integrated production from the assembly of seat tracks and lower arms to seat assembly (Japan)**

Seat track



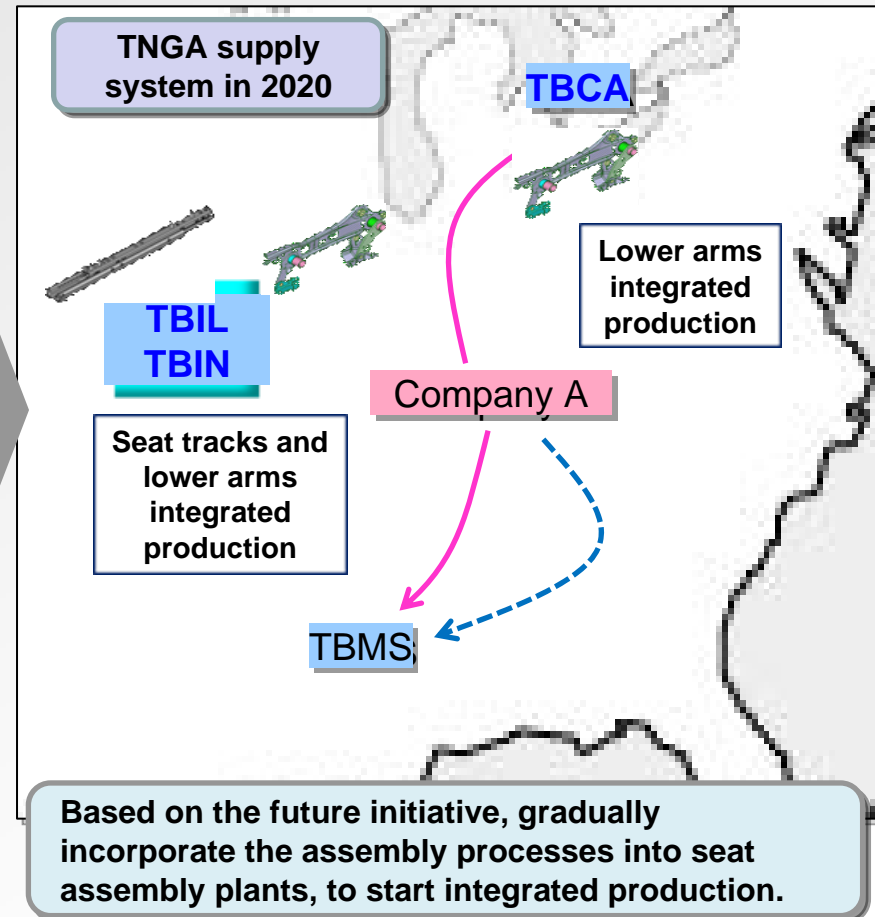
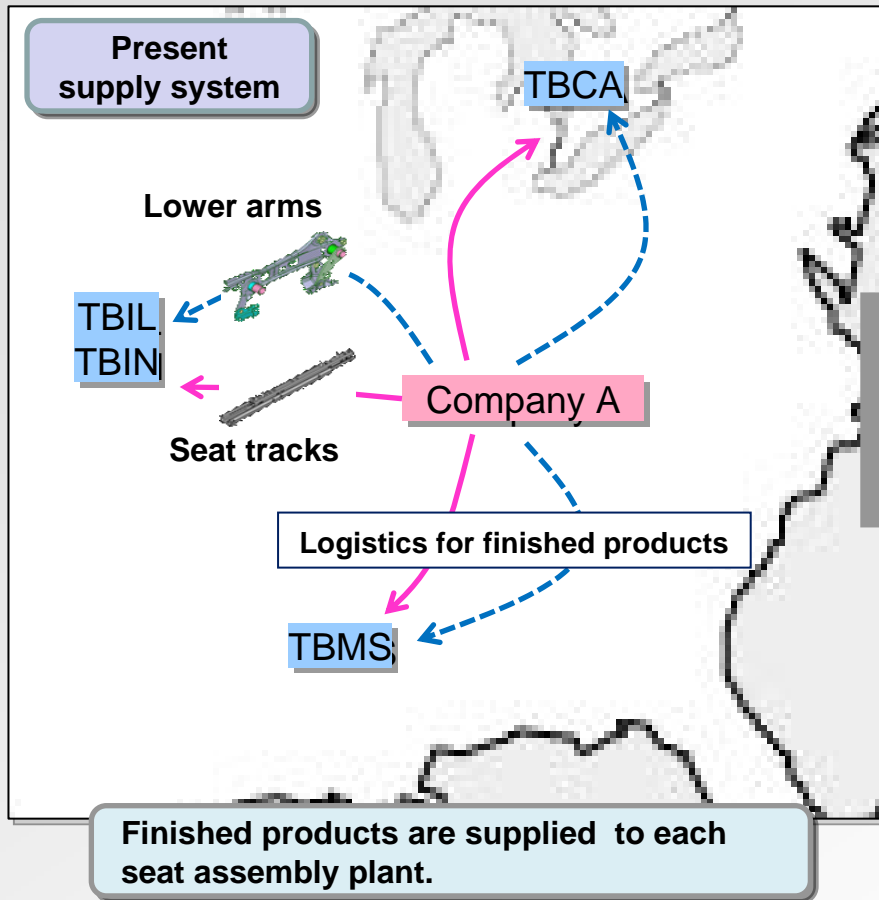
Lower arm



Reinforce the profit structure

Progress **Reorganization of the global optimal development system (North America)**

- Start reorganization based on the integrated production initiative for the assembly of seat tracks and lower arms

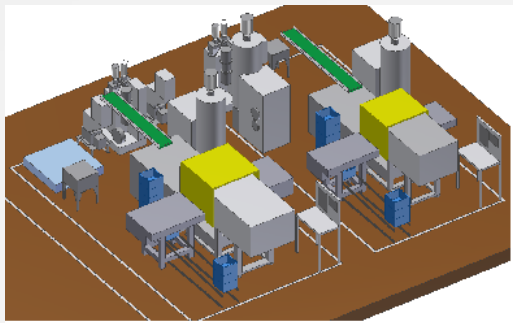


Reinforce the profit structure

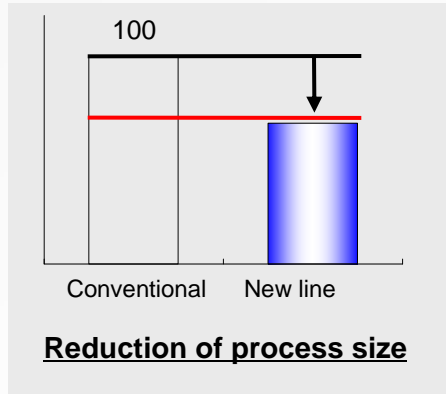
Progress **Improve cost competitiveness by starting the internal production of seat functional devices**

■ Approach for motor with gears

- Combine TB's precision molding technology and existing molding know-how

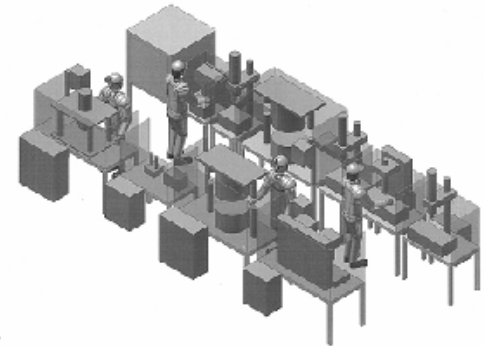


- Precision mold processing
- High cycle
- Precision molding technology



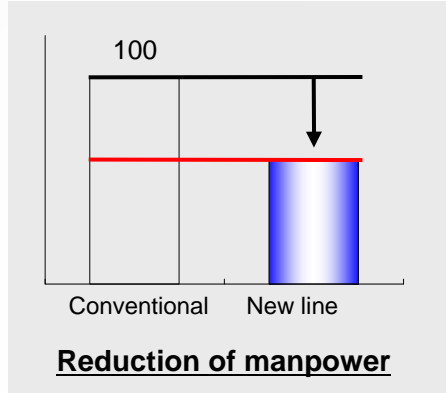
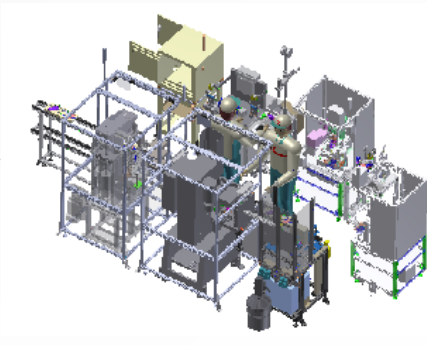
- Realize a competitive assembly line with minimum investment

Conventional assembly process



- Compact
- Space-reducing
- Autonomous operation

New assembly process



Develop a global management foundation

Develop a management information infrastructure

Aspired status for 2020

Enhance business management capability by increasing operation efficiency and expediting decision making

Actions

Promptly share, analyze and respond to global financial and non-financial management information

Progress

**Business management system
(under development)**

Global management infrastructure development plan

**Financial
information
(KPI)**

**Non-financial
information
(KPI)**

Share

Share

Collect

Collect

Executive

Management

Workplace

FY 2018

- Financial and non-financial KPI trial operation start
- Establish global standard specifications of ERP (SAP)
- SAP operation start at the first base Shin San Shing (Taiwan)

Aim to achieve 90% coverage of consolidated sales by 2020 (approx. 50 companies)

Develop a global management foundation

Create a lively work environment where diverse people can fully demonstrate their abilities

Develop and implement a new global HRM* architecture

* HRM: Human Resources Management

Systematic human resource development through global common “grading, evaluation, and training”

Expand human resources platforms

	Certified qualifications of global leaders		2018/4 ~
	Before	2017/4	
Target	G2 and above (Equivalent to V.P, General Manager)	G3 and above (Equivalent to Senior Manager)	
Human resources belonging to overseas companies	43 persons	110 persons	

Basic design of human resources system

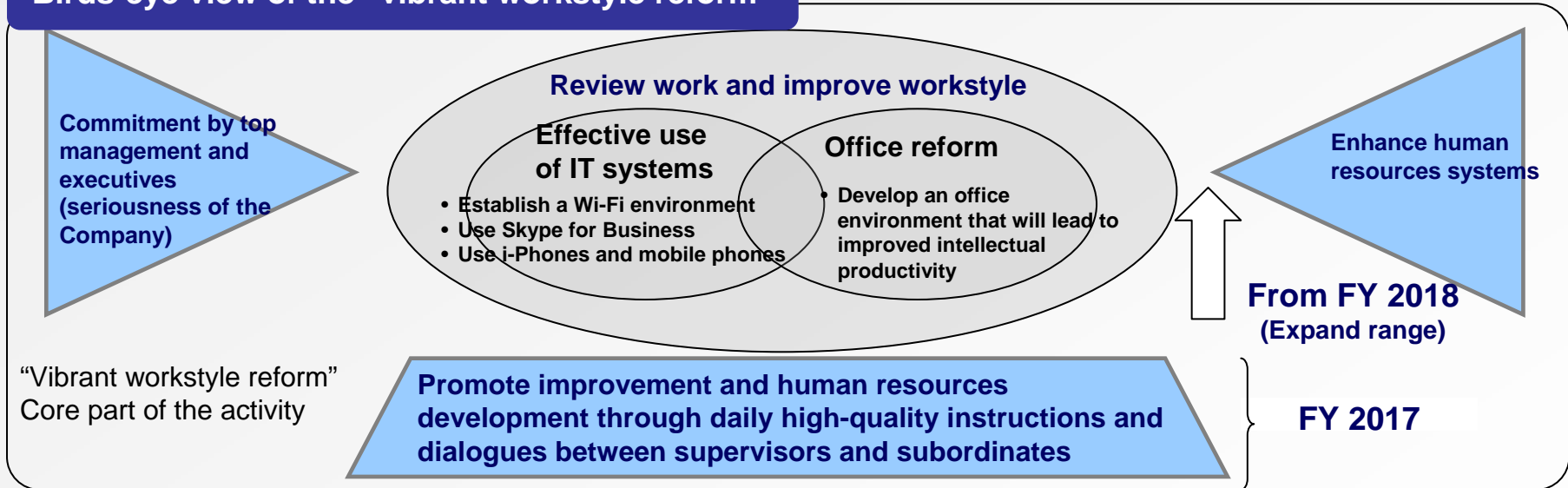
➔ **Scheduled to take effect in April 2018**

- **Establish a hybrid-type** human resources system by combining the axis of global standard “jobs” and the axis of human resources development-oriented “functions”
- **Respect diverse abilities** (management, professional, etc.) and **working styles** (global, specific area, etc.), and develop career paths that allow **employees to choose** how they contribute to the company

Develop a global management foundation

Create a lively work environment where diverse people can fully demonstrate their abilities

Birds-eye view of the “vibrant workstyle reform”



By streamlining and standardizing decision-making processes, make proper and efficient decisions in a timely manner, thereby minimizing reworking

		P		D	C·A	
Company-wide level		[Strategy] Set the overall direction	[Planning] Specific planning based on strategy	[Do] Thorough implementation of the plan	[Management] Monitoring	
Workplace level	Supervisor	Clarify and provide the subordinate with an image of work output (for what, by when, how far), taking into consideration the abilities and development of the subordinate	—	—	Lead and help complete the work (give advice, observe, sometimes reprimand)	Recognition (praise, reward)
	Subordinate	—	Prepare work plan Agreement with supervisor	Promote the plan while reporting, contacting, and consulting with the supervisor as necessary	—	Sense of achievement, fulfillment

Mid-term Business Implementation Plan 2020

- (1) Overview (reported at the previous session)
- (2) Actions toward ensuring effectiveness
- (3) Progress
- (4) Updating the mid-term profit plan

Mid-term Business Implementation Plan (4) Updating the mid-term profit plan

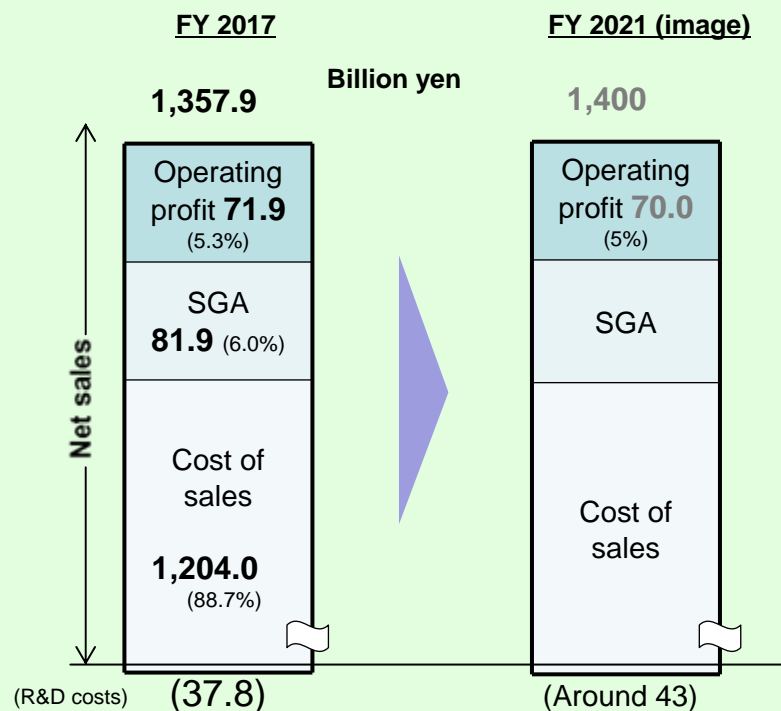
Financial target for 2020

	FY 2017 (results)
Operating profit ratio	5.3%
Equity ratio	33.3%
ROE	21.2%
Dividend ratio	20.5%

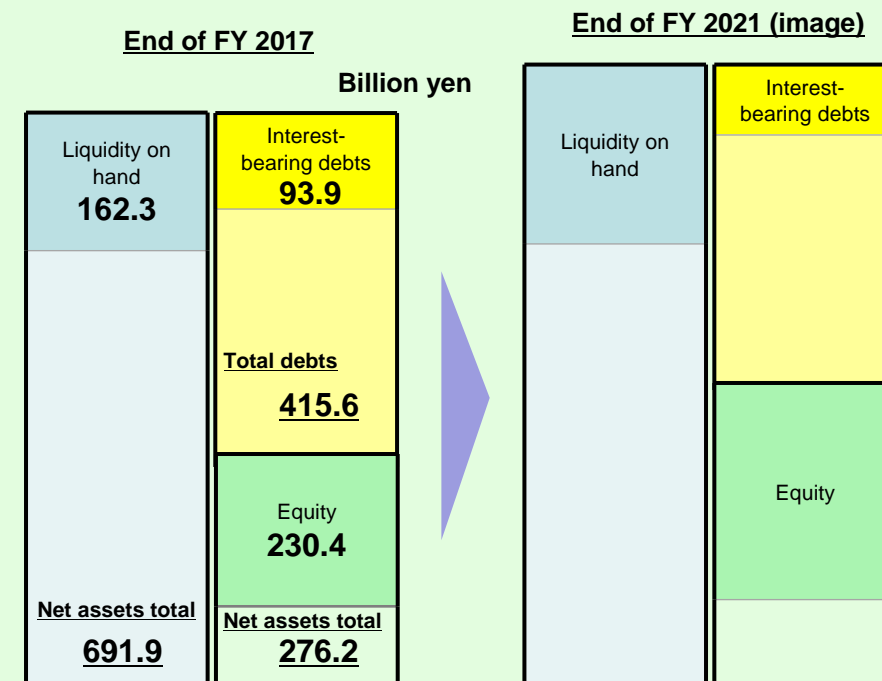


Target for 2021 (desired state)	[Prospect for FY 2018]
Steadily maintain 5% or higher	4.6%
Around 40%	-
Around 10%	15.5%
Around 30%	24.4%

1. Profit & Loss Statement



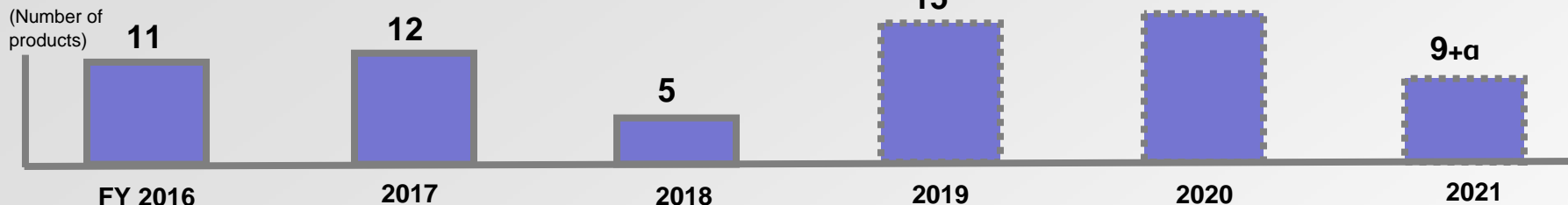
2. Balance sheet



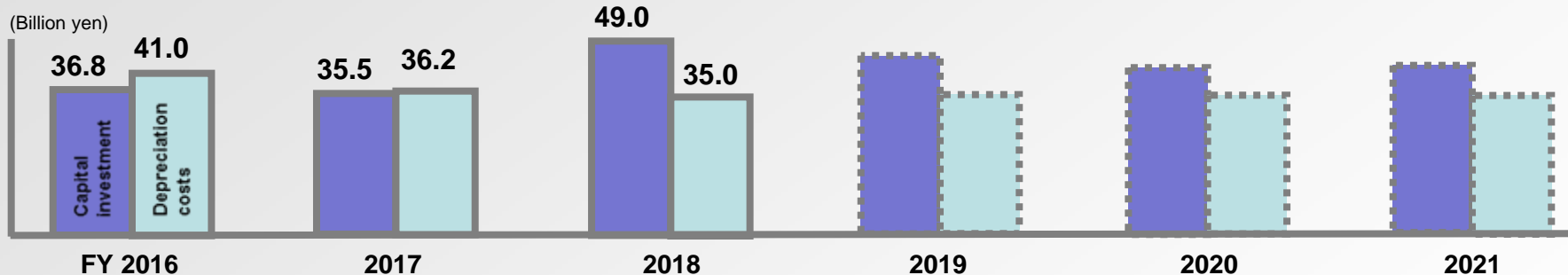
Mid-term Business Implementation Plan (4) Updating the mid-term profit plan

New products and prior investments

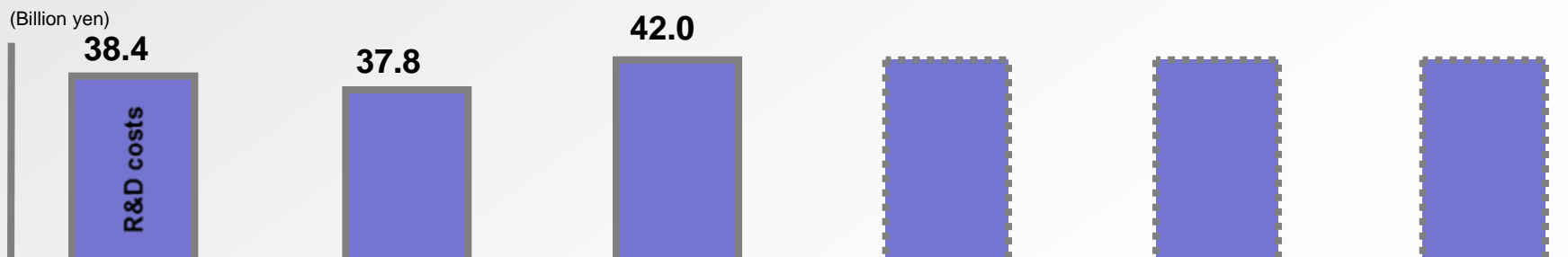
1. Number of new products launched



2. Capital investment, depreciation costs



3. R&D costs



Mid-term Business Implementation Plan (4) Updating the mid-term profit plan

- The basic profit-earning capacity improved from around 30 billion yen to 60 billion yen.
- FY 2018 is a year before the launch of the new products. Promote prior investments and development for growth strategies.
- Starting from FY 2019, the profit level will improve due to the new product launches and business structure reform.

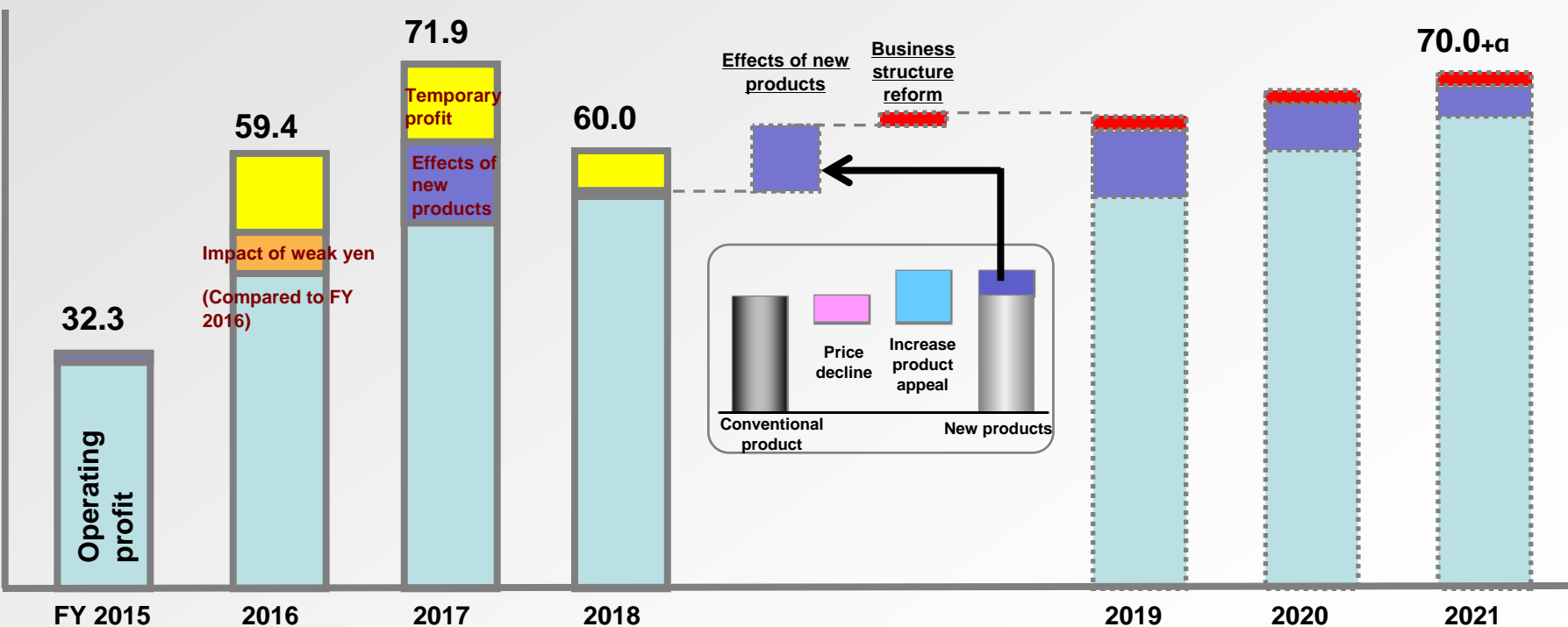
Profit image

[Number of new products launched]

17 11 12 5 15 16 9+a

[Number of new seat products]

780,000 units 1,200,000 980,000 120,000 1,280,000 1,200,000 690,000





Toward sustainable growth



QUALITY OF TIME AND SPACE



<Disclaimer>

The forecasts relating to future business performance provided in this report are estimates made by the Company based on the information available at the time of reporting, and therefore involve risks and uncertainties.

Accordingly, actual results may differ from the forecasts due to various factors.
