

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

April 26, 2019

Company name: Toyota Boshoku Corporation
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 3116 URL <https://www.toyota-boshoku.com>
 Representative: President Takeshi Numa
 General Manager, Accounting & Finance
 Inquiries: Division Ryuji Terasawa TEL (0566)26-0313
 Scheduled date of ordinary general meeting of shareholders: June 12, 2019
 Scheduled date to file Securities Report: June 21, 2019
 Scheduled date to commence dividend payments: June 13, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	1,406,441	0.5	58,065	(18.4)	57,780	(20.7)	21,503	(49.7)
Year ended March 31, 2018	1,399,530	3.1	71,198	(1.0)	72,879	(5.6)	42,762	(5.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	115.79	–	8.0	7.7	4.1
Year ended March 31, 2018	230.27	–	17.3	10.1	5.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	752,281	313,021	36.7	1,487.58
As of March 31, 2018	744,558	308,620	35.3	1,414.91

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	64,114	(61,773)	(19,526)	158,192
Year ended March 31, 2018	86,117	(51,707)	(3,528)	178,372

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	25.00	–	29.00	54.00	10,028	23.5	4.1
Year ended March 31, 2019	–	28.00	–	28.00	56.00	10,399	48.4	3.9
Year ending March 31, 2020 (Forecast)	–	28.00	–	28.00	56.00		35.9	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	710,000	3.5	26,000	(6.5)	26,000	(9.5)	13,000	5.9	70.00
Full year	1,390,000	(1.2)	53,000	(8.7)	54,000	(0.6)	29,000	34.9	156.16

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	187,665,738 shares	As of March 31, 2018	187,665,738 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	1,958,513 shares	As of March 31, 2018	1,958,326 shares
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Average number of shares during the period

Year ended March 31, 2019	185,707,271 shares	Year ended March 31, 2018	185,707,497 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	194,158	174,958
Notes and accounts receivable - trade	194,149	188,551
Merchandise and finished goods	7,762	7,623
Work in process	9,648	19,234
Raw materials and supplies	28,560	35,431
Other	42,417	44,526
Allowance for doubtful accounts	(135)	(143)
Total current assets	476,560	470,182
Non-current assets		
Property, plant and equipment		
Buildings and structures	187,552	197,301
Accumulated depreciation	(112,848)	(119,854)
Buildings and structures, net	74,703	77,447
Machinery, equipment and vehicles	308,827	335,193
Accumulated depreciation	(241,418)	(255,980)
Machinery, equipment and vehicles, net	67,408	79,212
Tools, furniture and fixtures	110,222	114,646
Accumulated depreciation	(99,132)	(102,232)
Tools, furniture and fixtures, net	11,090	12,414
Land	26,214	26,717
Leased assets	2,655	2,902
Accumulated depreciation	(2,391)	(2,546)
Leased assets, net	264	355
Construction in progress	21,468	25,479
Total property, plant and equipment	201,150	221,626
Intangible assets		
Goodwill	3,422	2,097
Other	6,740	9,756
Total intangible assets	10,163	11,854
Investments and other assets		
Investment securities	23,300	22,937
Deferred tax assets	27,374	19,893
Other	6,227	6,038
Allowance for doubtful accounts	(217)	(251)
Total investments and other assets	56,685	48,618
Total non-current assets	267,998	282,099
Total assets	744,558	752,281

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	181,061	182,153
Short-term loans payable	5,829	19,459
Current portion of bonds	10,000	–
Current portion of long-term loans payable	19,540	3,463
Accrued expenses	49,461	51,599
Income taxes payable	13,668	5,920
Provision for product warranties	2,517	2,570
Provision for bonuses for directors (and other officers)	353	344
Other	20,977	20,411
Total current liabilities	303,409	285,924
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	31,687	51,838
Retirement benefit liability	53,989	55,260
Provision for retirement benefits for directors (and other officers)	268	245
Asset retirement obligations	250	252
Other	6,332	5,738
Total non-current liabilities	132,528	153,335
Total liabilities	435,938	439,259
Net assets		
Shareholders' equity		
Capital stock	8,400	8,400
Capital surplus	8,406	7,431
Retained earnings	270,951	281,869
Treasury shares	(3,874)	(3,875)
Total shareholders' equity	283,882	293,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,952	1,239
Foreign currency translation adjustment	(12,805)	(9,202)
Remeasurements of defined benefit plans	(10,270)	(9,609)
Total accumulated other comprehensive income	(21,123)	(17,572)
Non-controlling interests	45,861	36,767
Total net assets	308,620	313,021
Total liabilities and net assets	744,558	752,281

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	1,399,530	1,406,441
Cost of sales	1,246,798	1,259,570
Gross profit	152,731	146,870
Selling, general and administrative expenses		
Transportation and warehousing expenses	6,629	6,623
Salaries and bonuses	31,314	30,823
Welfare expenses	4,555	4,913
Retirement benefit expenses	1,136	1,115
Provision for bonuses for directors (and other officers)	388	358
Provision for retirement benefits for directors (and other officers)	17	22
Taxes and dues	3,278	3,177
Depreciation	3,865	4,629
Research and development expenses	3,484	7,723
Amortization of goodwill	1,454	1,325
Other	25,408	28,092
Total selling, general and administrative expenses	81,532	88,805
Operating profit	71,198	58,065
Non-operating income		
Interest income	1,711	1,463
Dividend income	148	184
Rent income on non-current assets	713	733
Share of profit of entities accounted for using equity method	821	838
Foreign exchange gains	1,090	–
Gain on valuation of derivatives	–	914
Other	3,966	4,227
Total non-operating income	8,451	8,361
Non-operating expenses		
Interest expenses	1,285	1,486
Loss on retirement of non-current assets	468	438
Depreciation	462	492
Foreign exchange losses	–	1,684
Loss on valuation of derivatives	987	–
Other	3,565	4,545
Total non-operating expenses	6,770	8,647
Ordinary profit	72,879	57,780
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	3,460
Total extraordinary losses	–	3,460
Profit before income taxes	72,879	54,320
Income taxes - current	17,962	18,034
Income taxes - deferred	4,339	8,135
Total income taxes	22,301	26,169
Profit	50,578	28,150
Profit attributable to non-controlling interests	7,815	6,646
Profit attributable to owners of parent	42,762	21,503

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	50,578	28,150
Other comprehensive income		
Valuation difference on available-for-sale securities	148	(714)
Foreign currency translation adjustment	(2,597)	3,393
Remeasurements of defined benefit plans, net of tax	2,030	736
Share of other comprehensive income of entities accounted for using equity method	383	(183)
Total other comprehensive income	(35)	3,231
Comprehensive income	50,543	31,381
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	42,676	25,054
Comprehensive income attributable to non-controlling interests	7,866	6,327

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,400	8,778	238,150	(3,874)	251,455
Changes of items during period					
Increase from accounting period changes of consolidated subsidiaries			66		66
Dividends of surplus			(10,028)		(10,028)
Profit attributable to owners of parent			42,762		42,762
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(372)			(372)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(372)	32,800	(0)	32,427
Balance at end of current period	8,400	8,406	270,951	(3,874)	283,882

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,803	(10,458)	(12,380)	(21,034)	45,853	276,274
Changes of items during period						
Increase from accounting period changes of consolidated subsidiaries						66
Dividends of surplus						(10,028)
Profit attributable to owners of parent						42,762
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(372)
Net changes of items other than shareholders' equity	148	(2,347)	2,109	(88)	7	(81)
Total changes of items during period	148	(2,347)	2,109	(88)	7	32,346
Balance at end of current period	1,952	(12,805)	(10,270)	(21,123)	45,861	308,620

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,400	8,406	270,951	(3,874)	283,882
Changes of items during period					
Dividends of surplus			(10,585)		(10,585)
Profit attributable to owners of parent			21,503		21,503
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(974)			(974)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(974)	10,918	(0)	9,943
Balance at end of current period	8,400	7,431	281,869	(3,875)	293,826

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,952	(12,805)	(10,270)	(21,123)	45,861	308,620
Changes of items during period						
Dividends of surplus						(10,585)
Profit attributable to owners of parent						21,503
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(974)
Net changes of items other than shareholders' equity	(713)	3,603	661	3,550	(9,093)	(5,542)
Total changes of items during period	(713)	3,603	661	3,550	(9,093)	4,400
Balance at end of current period	1,239	(9,202)	(9,609)	(17,572)	36,767	313,021

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	72,879	54,320
Depreciation	34,755	38,274
Amortization of goodwill	1,454	1,325
Increase (decrease) in retirement benefit liability	2,039	2,347
Interest and dividend income	(1,859)	(1,647)
Interest expenses	1,285	1,486
Foreign exchange losses (gains)	(1,073)	596
Share of loss (profit) of entities accounted for using equity method	(821)	(838)
Loss (gain) on sales of property, plant and equipment	(341)	(87)
Loss (gain) on liquidation of subsidiaries and associates	–	3,460
Decrease (increase) in notes and accounts receivable - trade	(14,482)	6,132
Decrease (increase) in inventories	(3,310)	(17,529)
Increase (decrease) in notes and accounts payable - trade	10,436	433
Decrease (increase) in accounts receivable - other	(4,667)	(2,419)
Increase (decrease) in accounts payable - other	333	1,455
Increase (decrease) in accrued expenses	5,231	2,011
Other, net	(573)	(379)
Subtotal	101,287	88,941
Interest and dividend income received	2,101	2,158
Interest expenses paid	(1,303)	(1,500)
Income taxes paid	(15,967)	(25,485)
Net cash provided by (used in) operating activities	86,117	64,114
Cash flows from investing activities		
Payments into time deposits	(3,003)	(4,466)
Proceeds from withdrawal of time deposits	4,433	3,311
Purchase of property, plant and equipment	(46,082)	(59,122)
Proceeds from sales of property, plant and equipment	2,792	2,434
Purchase of intangible assets	(4,121)	(4,350)
Purchase of investment securities	(5,603)	(417)
Other, net	(122)	836
Net cash provided by (used in) investing activities	(51,707)	(61,773)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(15,962)	14,241
Proceeds from long-term loans payable	6,651	23,000
Repayments of long-term loans payable	(6,245)	(20,054)
Proceeds from issuance of bonds	30,000	–
Redemption of bonds	–	(10,000)
Cash dividends paid	(10,024)	(10,582)
Dividends paid to non-controlling interests	(7,039)	(8,504)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(648)	(1,639)
Payments from changes in ownership interests in investments in capital of subsidiaries that do not result in change in scope of consolidation	–	(6,228)
Other, net	(259)	241
Net cash provided by (used in) financing activities	(3,528)	(19,526)
Effect of exchange rate change on cash and cash equivalents	1,297	(2,993)
Net increase (decrease) in cash and cash equivalents	32,179	(20,179)
Cash and cash equivalents at beginning of period	144,889	178,372
Increase(decrease) in cash and cash equivalents resulting from unification of accounting period	1,303	–
Cash and cash equivalents at end of period	178,372	158,192

Segment Information

FY2017 (April 1, 2017—March 31, 2018)

(Millions of yen)

	Reportable Segment					Eliminations	Consolidated
	Japan	North, Central and South America	Asia and Oceania	Europe and Africa	Total		
Net Sales							
(1)Sales to external customers	701,894	281,510	316,418	99,707	1,399,530	—	1,399,530
(2)Inter-segment sales and transfers	53,496	4,259	22,462	1,239	81,458	(81,458)	—
Total	755,391	285,769	338,880	100,946	1,480,988	(81,458)	1,399,530
Segment profit (loss)	19,237	11,435	32,427	8,058	71,159	39	71,198
Segment assets	463,700	86,234	196,160	48,623	794,718	(50,159)	744,558
Others							
(1)Depreciation expenses	17,497	5,345	9,929	1,983	34,755	—	34,755
(2)Capital expenditure	28,947	10,286	9,613	3,247	52,095	—	52,095

FY2018 (April 1, 2018—March 31, 2019)

(Millions of yen)

	Reportable Segment					Eliminations	Consolidated
	Japan	North, Central and South America	Asia and Oceania	Europe and Africa	Total		
Net Sales							
(1)Sales to external customers	717,045	262,048	329,456	97,891	1,406,441	—	1,406,441
(2)Inter-segment sales and transfers	71,985	4,809	23,416	1,387	101,598	(101,598)	—
Total	789,030	266,858	352,872	99,278	1,508,040	(101,598)	1,406,441
Segment profit (loss)	3,227	20,991	25,960	7,915	58,095	(30)	58,065
Segment assets	483,586	114,353	189,901	50,428	838,270	(85,988)	752,281
Others							
(1)Depreciation expenses	20,980	5,923	9,321	2,048	38,274	—	38,274
(2)Capital expenditure	29,348	16,989	14,558	3,743	64,641	—	64,641