



**TOYOTA BOSHOKU**

**TSE 1<sup>st</sup> Section Securities Code 3116**

**FY2021 (ending March 2021)**

# **3rd Quarter Financial Results**

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**Date: February 2, 2021**

# Financial Results

- 1. 3rd Quarter FY2021 Financial Results**
- 2. FY2021 Financial Forecasts**
- 3. Appendix**

# Financial Results

## 1. 3rd Quarter FY2021 Financial Results

## 2. FY2021 Financial Forecasts

## 3. Appendix

# Script

- ◆ This is Fueta, the Segment chief of Corporate & Profit Management Segment.
- ◆ Thank you for attending our FY2021 3rd quarter financial results briefing during a busy time today.
- ◆ Firstly, I would like to explain the Financial Results for the 3<sup>rd</sup> quarter of the fiscal year 2021, then the full year forecasts.
- ◆ Now, I'd like to start by looking at our financial results for the 3<sup>rd</sup> quarter.

# 1-1) 3rd Quarter FY2021 Financial Results Overview of Consolidated Financial Results

(100 million yen)

	Q3 FY2020		Q3 FY2021		YOY Change	
Revenue	10,581	100.0%	9,236	100.0%	△1,344	△12.7%
Operating Profit	399	3.8%	338	3.7%	△60	△15.2%
Profit before income taxes	409	3.9%	333	3.6%	△76	△18.6%
Profit*	175	1.7%	124	1.3%	△51	△29.1%

\*Profit Attributable to Owners of the Parent

Earnings per share		94.25 yen	66.73 yen	△27.52 yen
Exchange Rate	USD	109 yen	106 yen	△3 yen
	EUR	121 yen	122 yen	+1 yen

## Revenue

■ While revenue decreased mainly during 1Q due to covid-19 outbreak, its reduction was moderated by globally recovering demand from the second half

## Operating Profit

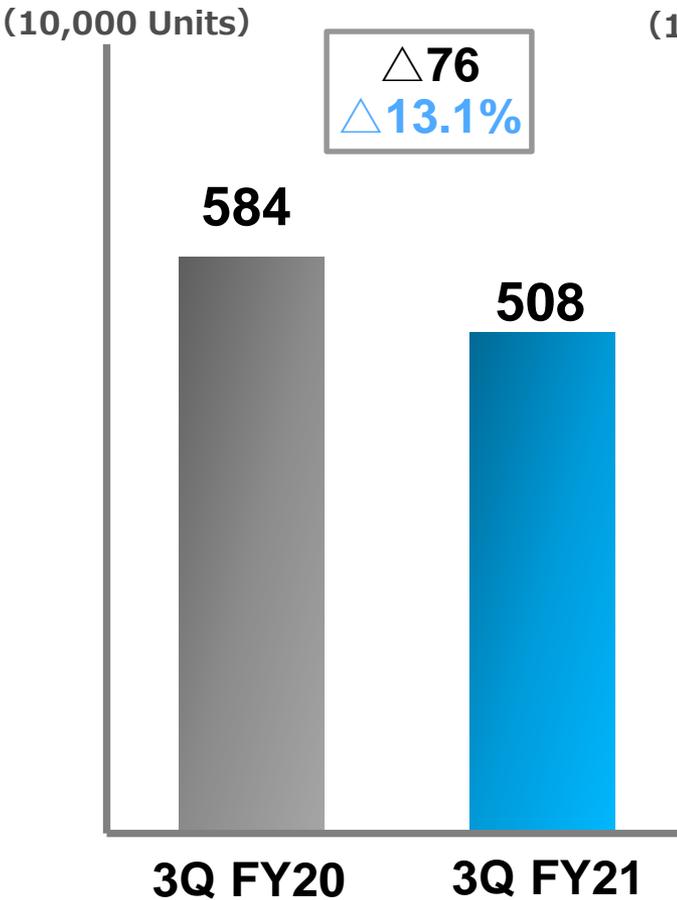
■ Profit increased year-on-year over the 3Q (Oct.-Dec.) as a result of globally recovering demand in addition to profit securing measures including increased overhead cost efficiency

## Script

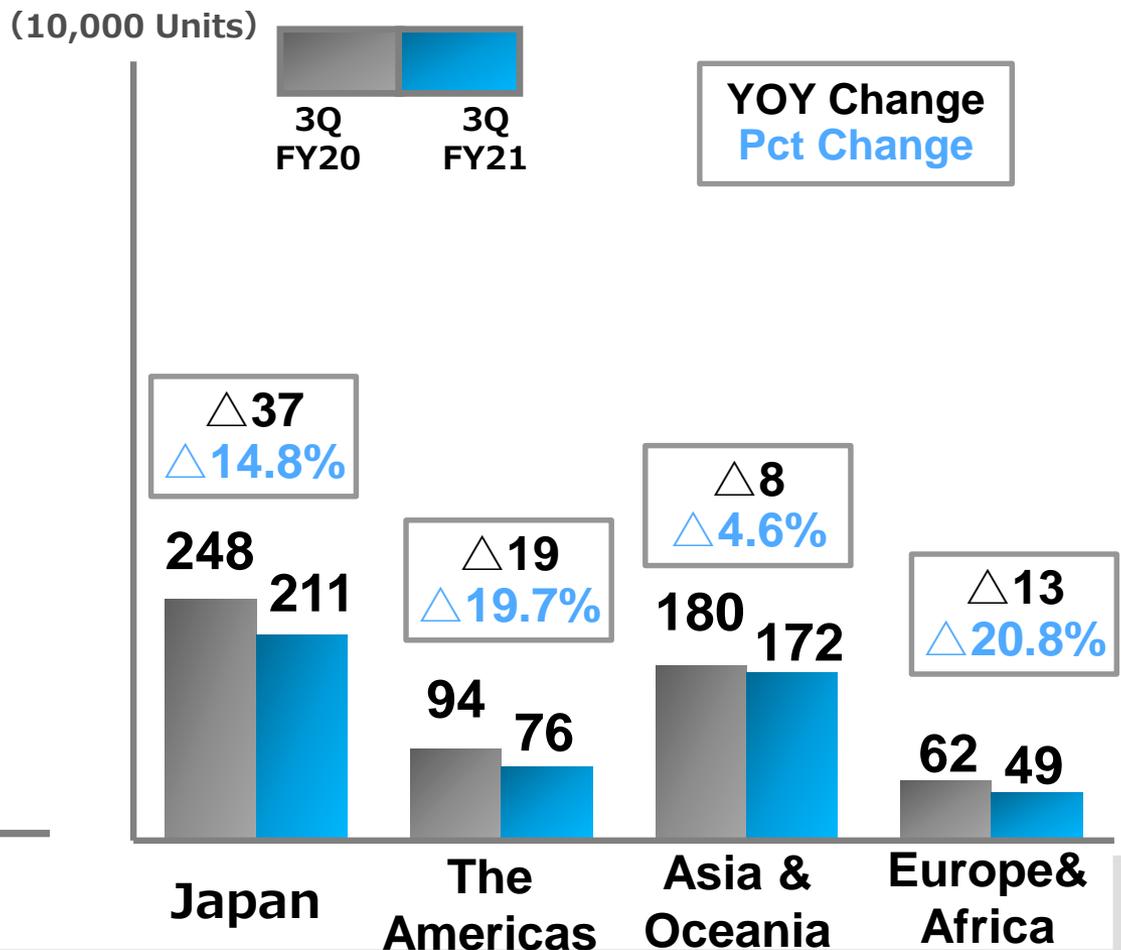
- ◆ Sales revenue decreased by 134.4 billion yen to 923.6 billion yen.
- ◆ Operating profit decreased by 6 billion yen to 33.8 billion yen year-over-year.
- ◆ Profit before income taxes decreased by 7.6 billion yen to 33.3 billion yen.
- ◆ Profit attributable to owners of the parent decreased 5.1 billion yen to 12.4 billion yen.
- ◆ Assumed exchange rates are approximately 106 yen to the U.S. dollar, 122 yen to the euro.  
Exchange loss of 13.6 billion yen for sales, 400 million yen for operating profit are predicted year-over-year.

# 1-2) 3rd Quarter FY2021 Financial Results **Seat Production by Region**

## Total



## By Region



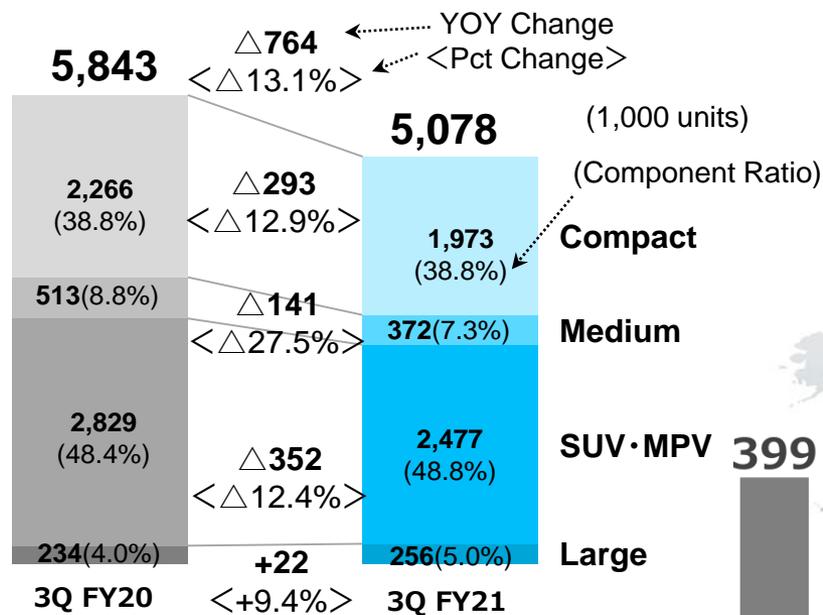
# Script

- ◆ Next, consolidated seat assembly volume, the main product of the company, totaled 5.08 million units, decreased by 760k units compared to the previous year.
- ◆ Seat assembly volume by region in as shown. This will be explained in detail in later slides.

# 1-3) 3rd Quarter FY2021 Financial Results Consolidated Revenue & Operating Profit

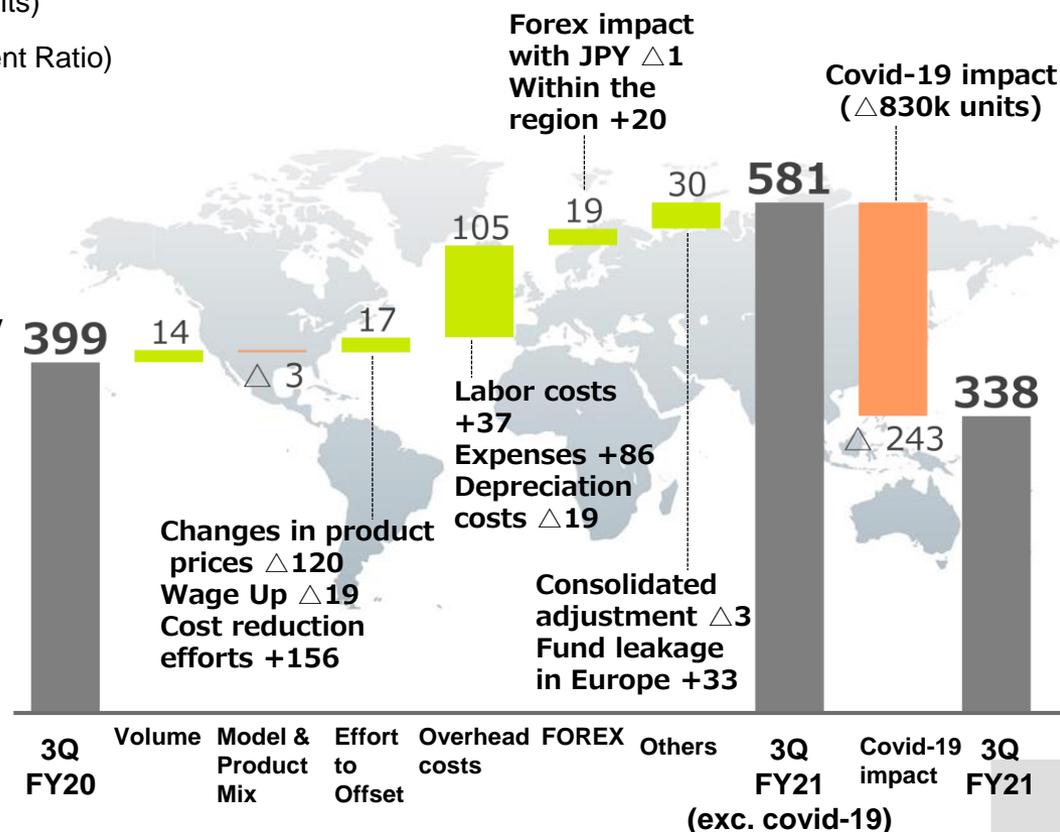
While profit decreased because of covid-19 impact mainly during 1Q, profit increased excluding its impact because profit securing measures such as increased overhead cost efficiency and cost reduction efforts were implemented

## Volume & Model Mix



## Operating Profit Variance Analysis (YOY)

(100 million yen)



## Profit & Loss

(100 million yen)

	3Q FY20	3Q FY21	YOY Change
Revenue	10,581	9,236	$\Delta 1,344$
Operating Profit	399	338	$\Delta 60$
Operating Profit Ratio	3.8%	3.7%	-

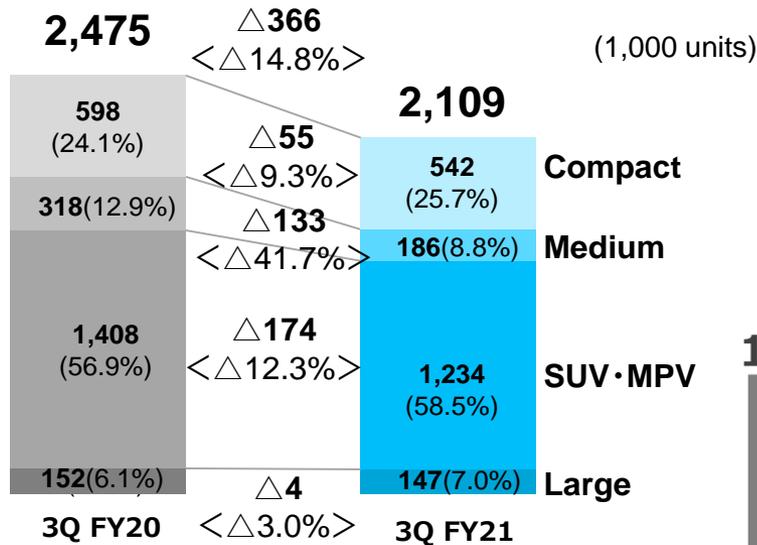
# Script

- ◆ Next, let me move on to consolidated revenue & operating profit.
- ◆ Volume decreased 760k units to 5.08 million units.
- ◆ Sales revenue decreased by 134.4 billion yen to 923.6 billion yen.
- ◆ Operating profit increased excluding covid-19 impact, 33.8 billion yen of profit secured even including the impact, because profit securing measures such as increased overhead cost efficiency and cost reduction efforts were implemented despite negative impacts from covid-19 mainly during 1Q.
- ◆ As a side note, the amount of covid-19 impact was minus 24.3 billion yen, which includes impacts of production decline and direct labor costs covered against volume decline to maintain employment.

# 1-3) 3rd Quarter FY2021 Financial Results Japan Revenue & Operating Profit

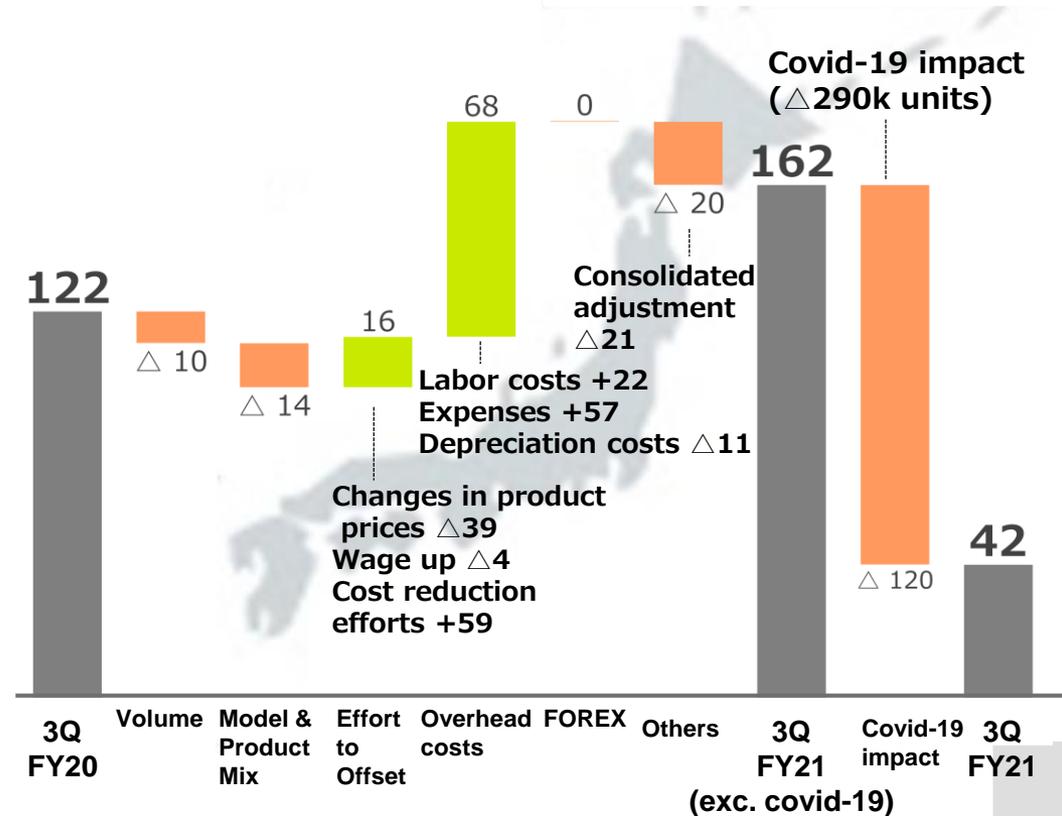
Profit increased excluding covid-19 impact because of reduced working hours by work-style review as well as increased efficiency in overhead cost from expense reduction, however profit decreased due to covid-19 impact mainly during 1Q

## Volume & Model Mix



## Operating Profit Variance Analysis (YOY)

(100 million yen)



## Profit & Loss

(100 million yen)

	3Q FY20	3Q FY21	YOY Change
Revenue	5,826	5,113	$\Delta 713$
Operating Profit	122	42	$\Delta 79$
Operating Profit Ratio	2.1%	0.8%	—

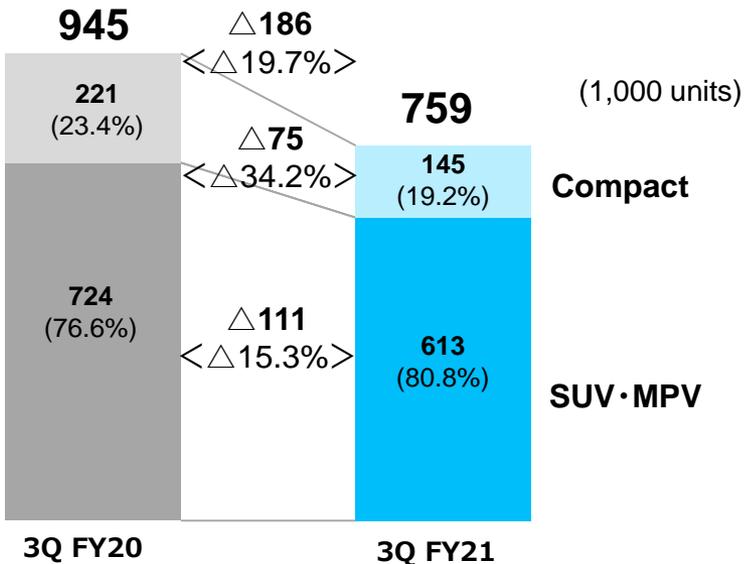
# スクリプト

- ◆ Next, in Japan region,
- ◆ Volume decreased by 370k units to 2.11 million units year-over year.
- ◆ Sales revenue decreased by 71.3 billion yen to 511.3 billion yen.
- ◆ Regarding operating profit, while it decreased mainly due to covid-19 impact during 1Q, profit increased excluding the impact because of reduced working hours by work-style review such as promoting IT tool and remote work as well as increased efficiency in overhead cost from expense reduction.

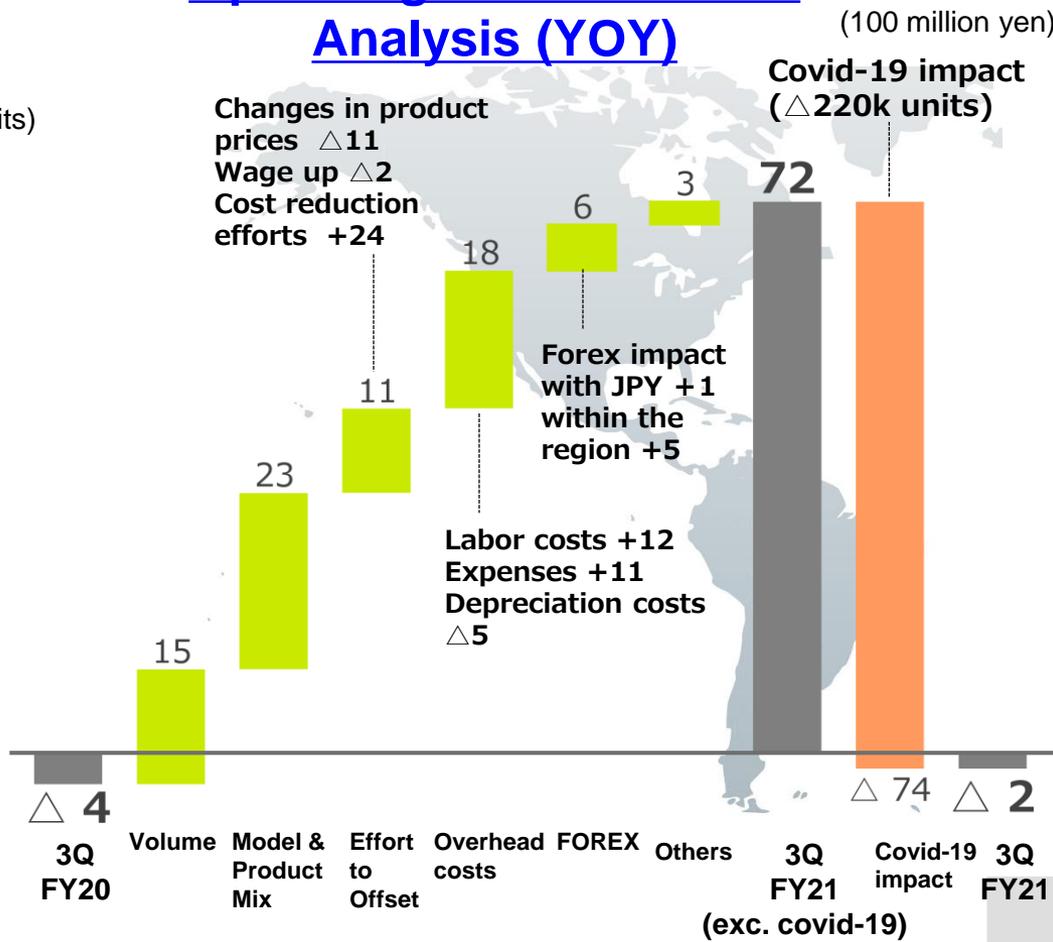
# 1-3) 3rd Quarter FY2021 Financial Results The Americas Revenue & Operating Profit

Profitability steadily recovered excluding covid-19 impact thanks to new product effects and improved overhead costs efficiency

## Volume & Model Mix



## Operating Profit Variance Analysis (YOY)



## Profit & Loss (100 million yen)

	3Q FY20	3Q FY21	YOY Change
Revenue	2,104	1,742	$\Delta 362$
Operating Profit	$\Delta 4$	$\Delta 2$	1
Operating Profit Ratio	$\Delta 0.2\%$	$\Delta 0.2\%$	-

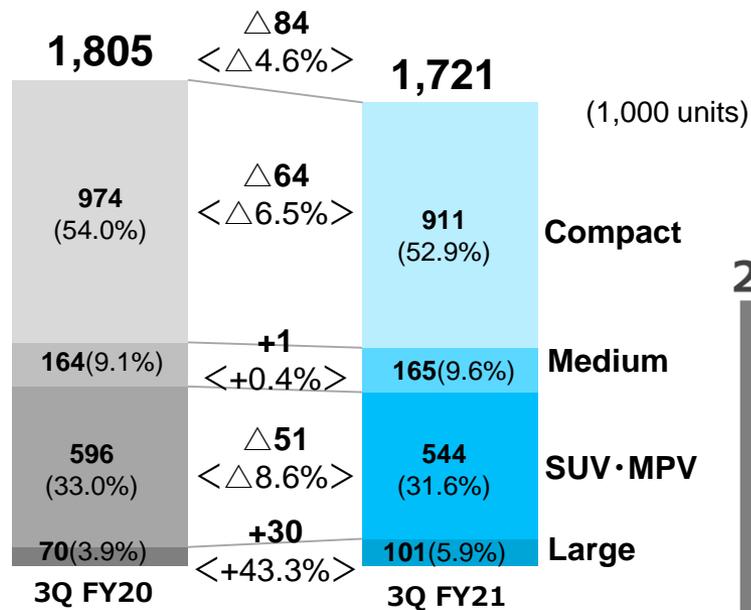
# スクリプト

- ◆ Next in the Americas,
- ◆ Volume decreased by 190k units to 760k units year-over year.
- ◆ Sales revenue decreased by 36.2 billion yen to 174.2 billion yen.
- ◆ Operating profit turned black excluding covid-19 impacts. Profit increased even including the impact due to new product effects that redesigned last year in addition to improved overhead costs efficiency.

# 1-3) 3rd Quarter FY2021 Financial Results Asia & Oceania Revenue & Operating Profit

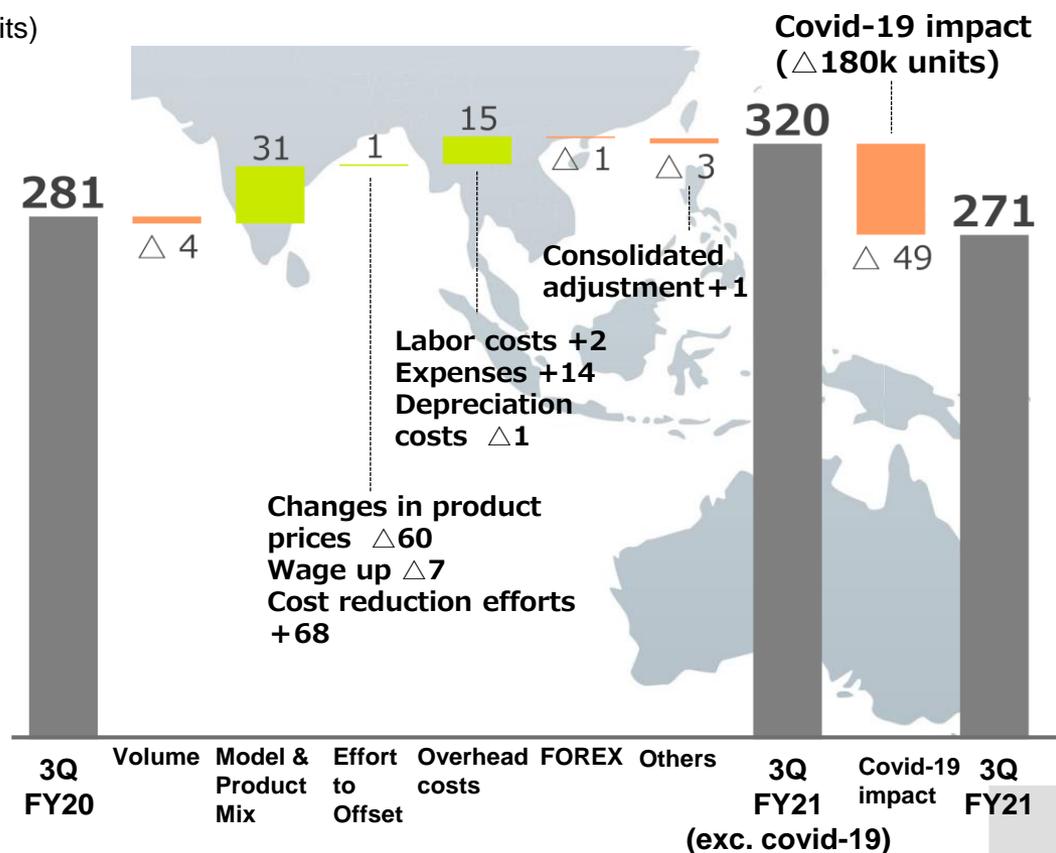
Profit increased excluding covid-19 impact due to new product effects in China and improved overhead costs efficiency, however, profit declined due to covid-19 impacts in ASEAN courtiers

## Volume & Model Mix



## Operating Profit Variance Analysis (YOY)

(100 million yen)



## Profit & Loss

(100 million yen)

	3Q FY20	3Q FY21	YOY Change
Revenue	2,695	2,387	△308
Operating Profit	281	271	△9
Operating Profit Ratio	10.4%	11.4%	-

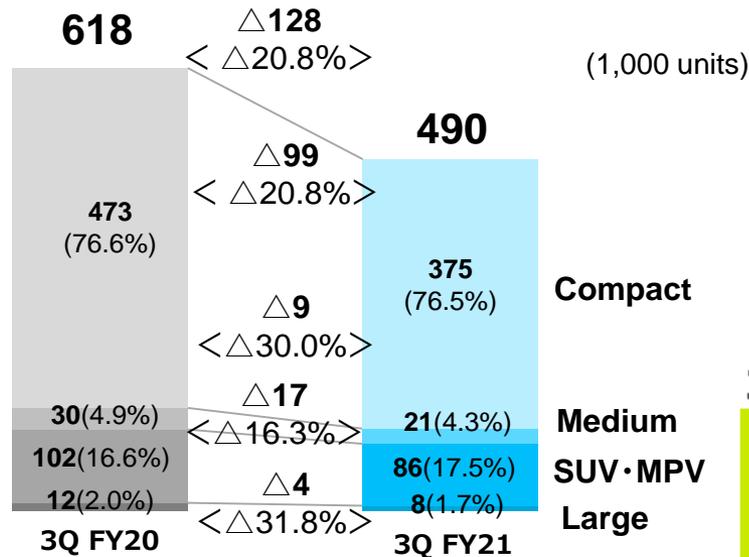
# スクリプト

- ◆ Next, in Asia & Oceania region,
- ◆ Volume decreased by 80k units to 1.72 million units year-over year due to lower volume in ASEAN countries and India, despite volume increase in China.
- ◆ Sales revenue decreased by 30.8 billion yen to 238.7 billion yen.
- ◆ Operating profit increased excluding covid-19 impact due to new product effects in China and improved overhead costs efficiency, however, profit declined including the impacts in ASEAN countries

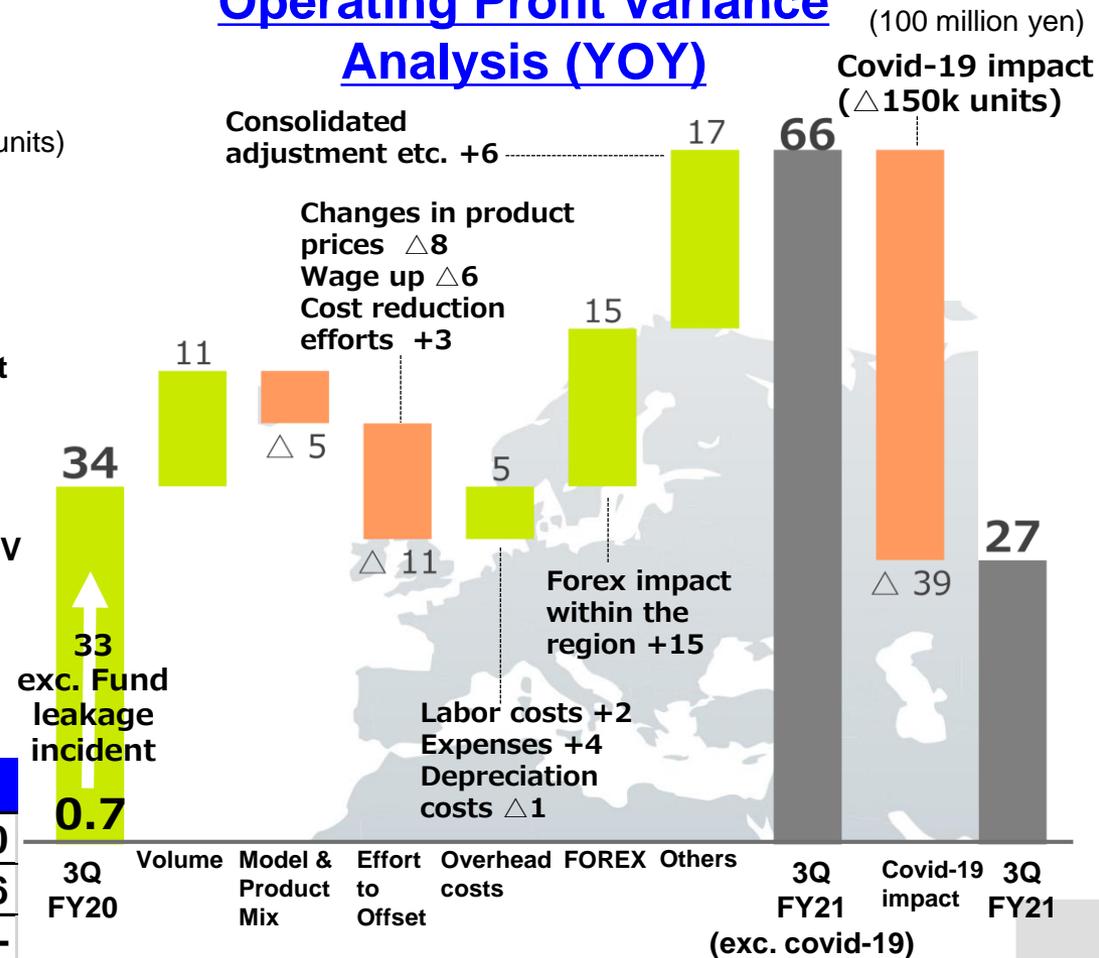
# 1-3) 3rd Quarter FY2021 Financial Results Europe & Africa Revenue & Operating Profit

Profit increased excluding covid-19 impact because of improved overhead costs efficiency and foreign exchange impact, however profit decreased due to covid-19 impact mainly during 1Q

## Volume & Model Mix



## Operating Profit Variance Analysis (YOY)



## Profit & Loss

	3Q FY20	3Q FY21	YOY Change
Revenue	661	570	$\Delta 90$
Operating Profit	0.7	27	26
Operating Profit Ratio	0.1%	4.8%	-

(100 million yen)

# スクリプト

- ◆ Next in Europe & Africa region,
- ◆ Volume decreased by 130k units to 490k units year-over year.
- ◆ Sales revenue decreased by 9 billion yen to 57 billion yen.
- ◆ Operating profit decreased due to covid-19 impact mainly during 1Q, however, profit increased excluding the impact because of improved overhead costs efficiency and foreign exchange impact.

# Financial Results

1. 3rd Quarter FY2021 Financial Results

**2. FY2021 Financial Forecasts**

3. Appendix

- ◆ In the following section, I'd like to explain the full year forecasts for the fiscal year 2021.

## 2-1) FY2021 Financial Forecasts Overview of Consolidated Financial Forecasts

(100 million yen)

	FY20 Actual		FY20 Forecasts		YOY Change		FY20 Forecasts (2Q Announced)	
Revenue	13,726	100.0%	12,800	100.0%	△926	△6.7%	12,400	100.0%
Operating Profit	477	3.5%	470	3.7%	△7	△1.6%	360	2.9%
Profit before income taxes	480	3.5%	460	3.6%	△20	△4.3%	350	2.8%
Profit*	247	1.8%	210	1.6%	△37	△15.3%	140	1.1%

\*Profit Attributable to Owners of the Parent

Earnings per share	132.88 yen	112.40 yen	△20.48 yen	△74.93 yen
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Exchange Rate	USD	109 yen	105 yen	△4 yen	106 yen
	EUR	121 yen	123 yen	+2 yen	121 yen

### Revenue

- Lower Revenue because of production decline due to covid-19 impact mainly during 1Q, although the rate of decrease to be eased thanks to worldwide recovery in demand from the 2<sup>nd</sup> half

### Operating Profit

- Profit is to be about the same level as the previous year thanks to higher profit in the 2<sup>nd</sup> half resulting from recovery in demand, company-wide cost reduction and increased cost efficiency.

# スクリプト

- ◆ Sales revenue will decrease by 92.6 billion yen to 1.28 trillion yen.
- ◆ Operating profit decreased by 700 million yen to 47 billion yen year-over-year.
- ◆ Profit before income taxes decreased by 2 billion yen to 46 billion yen.
- ◆ Profit attributable to owners of the parent decreased 3.7 billion yen to 21 billion yen.
- ◆ We revised the forecast considering the latest volume and performance which will be explained in detail in later slides.
- ◆ Assumed exchange rates are approximately 105 yen to the U.S. dollar, 123 yen to the euro.

### Production Volume

**TOYOTA·Lexus brand 8.3 million units**  
✕8.2 million units at the point of 2Q

### Risk

**incorporates foreseeable risks of covid-19  
and semiconductor shortage**

### Exchange Rate (Jan.-Mar.)

**USD : 100.00 yen**  
**EUR : 125.00 yen**

# スクリプト

- ◆ For your information, Preconditions for the forecast are as follows.

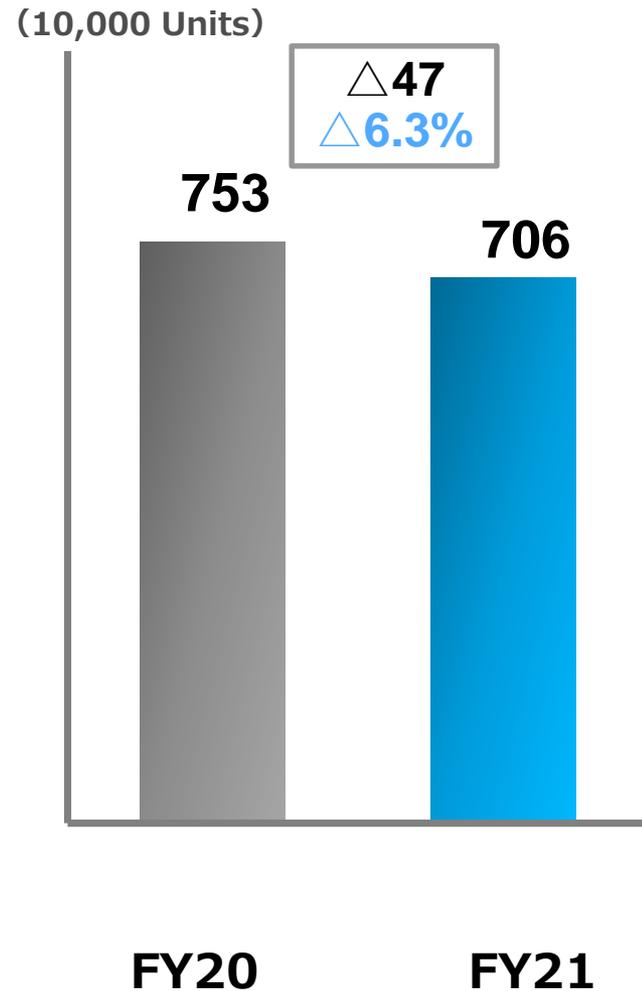
Production Volume is based on TOYOTA・Lexus brand,  
8.3 million units

Foreseeable risks of covid-19 and semiconductor shortage are incorporated into.

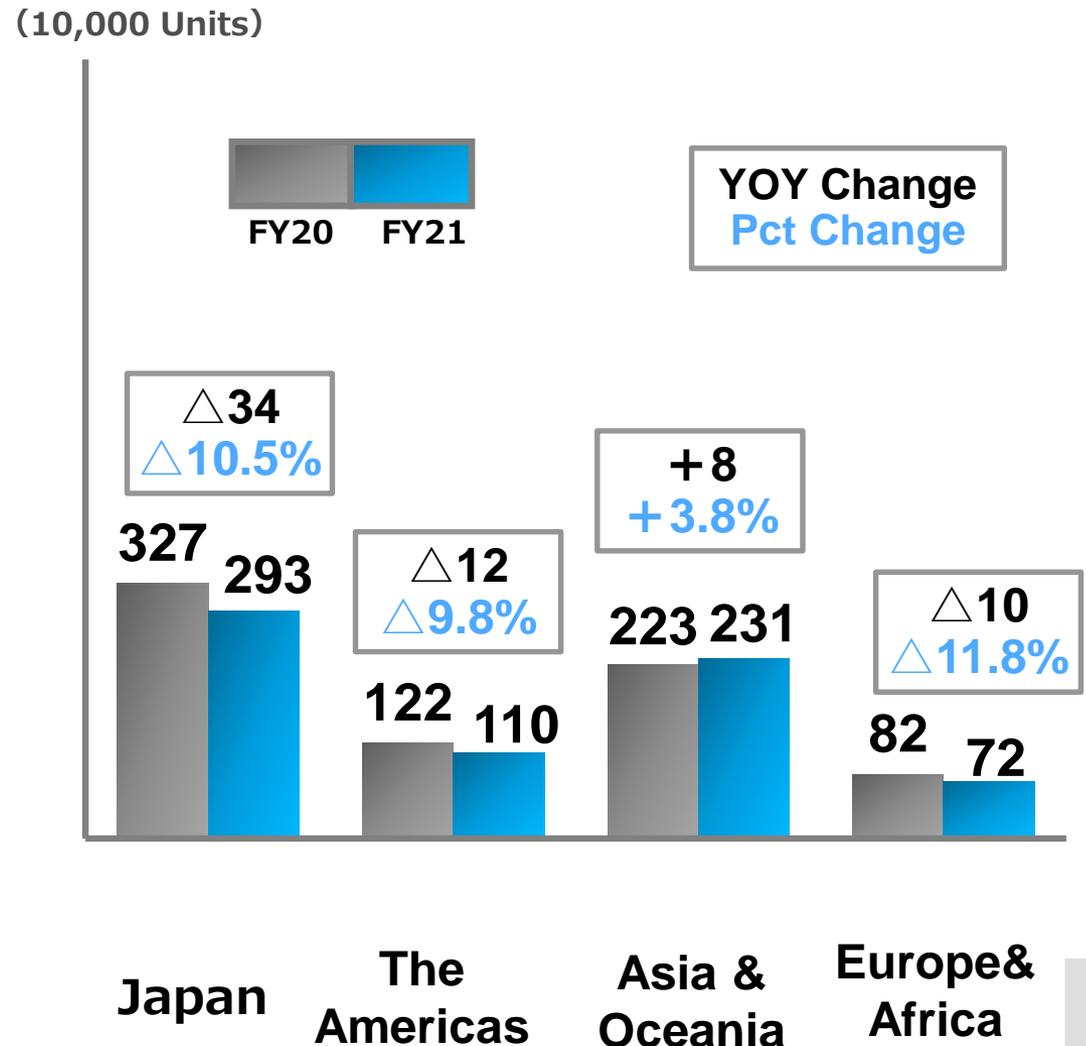
Assumed exchange rates for January to March are 100 yen to the U.S. dollar, 125 yen to the euro.

# 2-3) FY2021 Financial Forecasts **Seat Assembly Production by Region**

## Total



## By Region



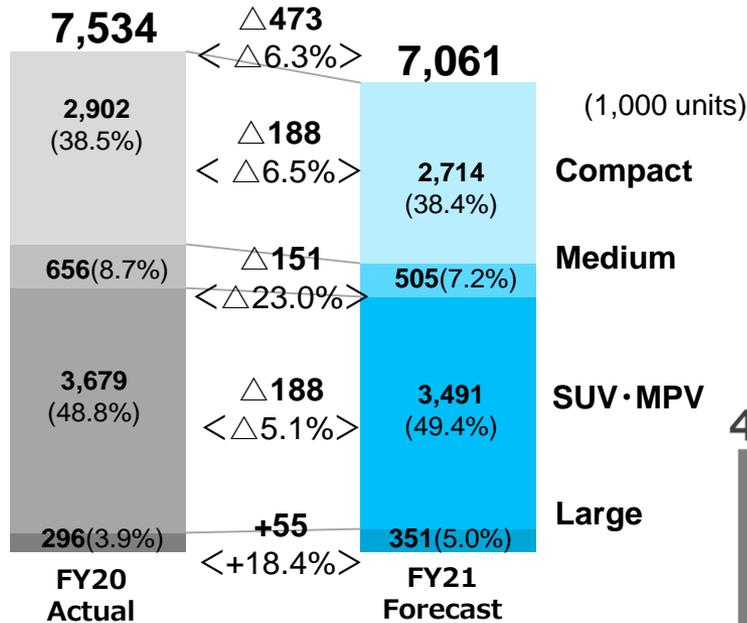
# スクリプト

- ◆ As for consolidated assembly volume, it will be 7.06 million units, decreased by 470k units compared to the previous year.
- ◆ Seat assembly volume by region is as shown. This will be explained in detail in later slides.

# 2-4) FY2021 Financial Forecasts Consolidated Revenue & Operating Profit

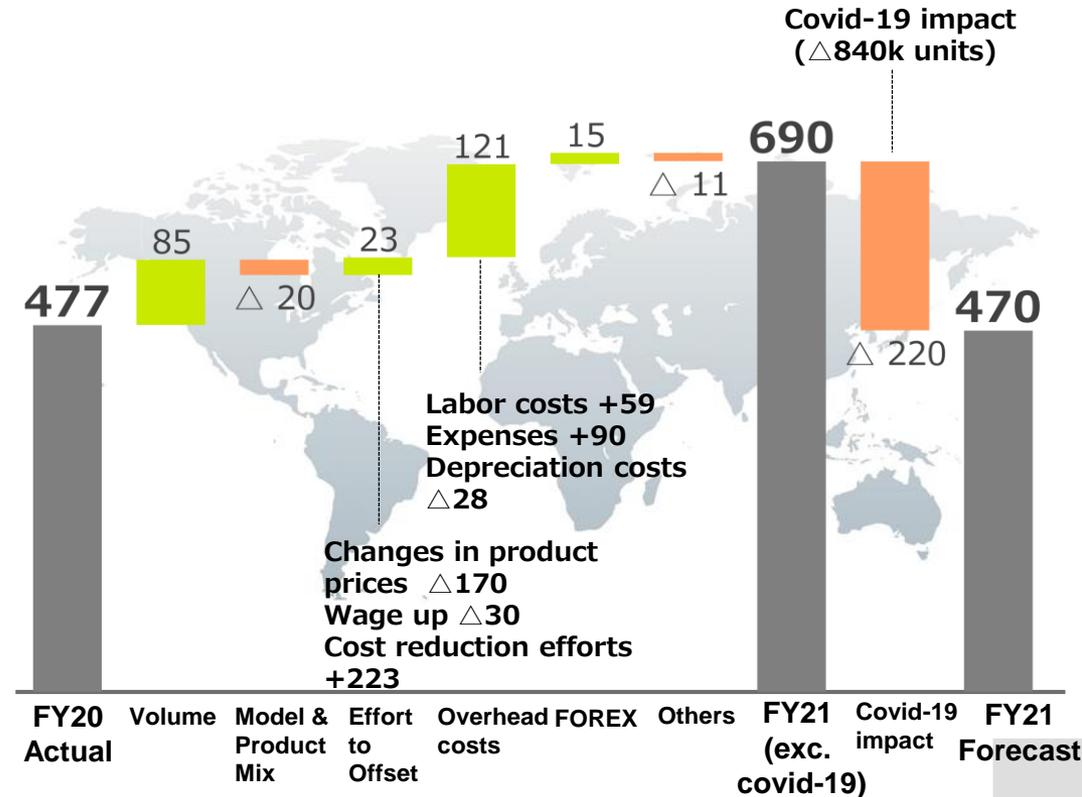
Profit is about to be the same level as the previous year due to company-wide efforts for streamlining expenses and cost reduction efforts despite covid-19 impact.

## Volume & Model Mix



## Operating Profit Variance Analysis (YOY)

(100 million yen)



## Profit & Loss (100 million yen)

	FY20	FY21 Forecast	YOY Change
Revenue	13,726	12,800	$\Delta 926$
Operating Profit	477	470	$\Delta 7$
Operating Profit Ratio	3.5%	3.7%	—

# スクリプト

- ◆ Next, let me explain consolidated revenue & operating profit.
- ◆ Regarding Volume & Model Mix, volume decline is expected in every segments except large, therefore it will be 7.06 million units decreased by 470k units year-over-year.
- ◆ Sales revenue will be decreased by 92.6 billion yen to 1.28 trillion yen.
- ◆ Operating profit will be 47 billion yen, as same as the previous year due to company-wide efforts for streamlining expenses and cost reduction efforts under lower production amid covid-19 outbreak.

However, it is predicted as 69 billion yen excluding the impact, therefore, we believe our earning ability is being reinforced steadily.

## 2-5) FY2021 Financial Forecasts Comparison with the Forecast released for 2Q

Revised upward based on recovery in demand in Japan, Asia & Oceania regions, and reflected further profit improvement measures such as cost reduction efforts and increased overhead cost efficiency

### Volume & Model Mix

(1,000 units)

Previous Forecast at the point of 2Q	Change	3Q Updated Forecast	Model
6,937	+124 <+1.8%>	7,061	
2,703 (39.0%)	+11 <+0.4%>	2,714 (38.4%)	Compact
484 (7.0%)	+21 <+4.4%>	505 (7.2%)	Medium
3,403 (49.1%)	+88 <+2.6%>	3,491 (49.4%)	SUV・MPV
347 (5.0%)	+3 <+1.0%>	351 (5.0%)	Large

### Profit & Loss

(100 million yen)

	Previous Forecast	Updated Forecast	YOY Change
Revenue	12,400	12,800	400
Operating Profit	360	470	110
Operating Profit Ratio	2.9%	3.7%	—

### Operating Profit Variance Analysis

(100 million yen)

	2Q released	3Q released	diff.	contents
<b>FY20 Actual</b>	<b>477</b>	<b>477</b>	—	
Volume	△224	△170	+54	• recovery in demand
Mix・employment maintenance	△114	△75	+39	• efficient response to higher volume • rise in SUV ratio etc.
Cost reduction efforts	74	79	+5	
Improved overhead costs	104	121	+17	• greater efficiency
FOREX	11	15	+4	
Others	32	23	△9	
<b>FY21 Forecast</b>	<b>360</b>	<b>470</b>	<b>110</b>	

# スクリプト

- ◆ Next, here is the comparison of operation profit of 36 billion yen released for 2Q and 47 billion yen released this time.
- ◆ It was revised upward based on recovery in demand in Japan, Asia & Oceania regions compared to 2Q.  
Besides, our efficient response to those demand fluctuation, and rise in SUV ratio is expected to contribute to increase in profit.
- ◆ On the other hand, we applied spared resources and time under lower volume to improvement activity in production site. As a result, productivity was increased by those, and further increase in profit is prospected from profit securing measures such as reduced working hours by work-style review and increased efficiency in overhead cost from streamlining expenses.

## 2-6) FY2021 Financial Forecasts by Half Year

### Revenue

(100 million yen)

	FY2021		
	1 <sup>st</sup> Half (Results)	2 <sup>nd</sup> Half	Full Year
Japan	3,042	4,058	7,100
The Americas	989	1,511	2,500
Asia & Oceania	1,449	1,751	3,200
Europe & Africa	319	481	800
<b>Consolidated Total</b>	<b>5,454</b>	<b>7,346</b>	<b>12,800</b>

### Operating Profit

(100 million yen)

	FY2021					
	1 <sup>st</sup> Half (Results)		2 <sup>nd</sup> Half		Full Year	
Japan	Δ68	Δ2.3%	138	3.4%	70	1.0%
The Americas	Δ28	Δ2.9%	63	4.2%	35	1.4%
Asia & Oceania	138	9.6%	182	10.4%	320	10.0%
Europe & Africa	Δ5	Δ1.7%	50	10.5%	45	5.6%
<b>Consolidated Total</b>	<b>36</b>	<b>0.7%</b>	<b>434</b>	<b>5.9%</b>	<b>470</b>	<b>3.7%</b>

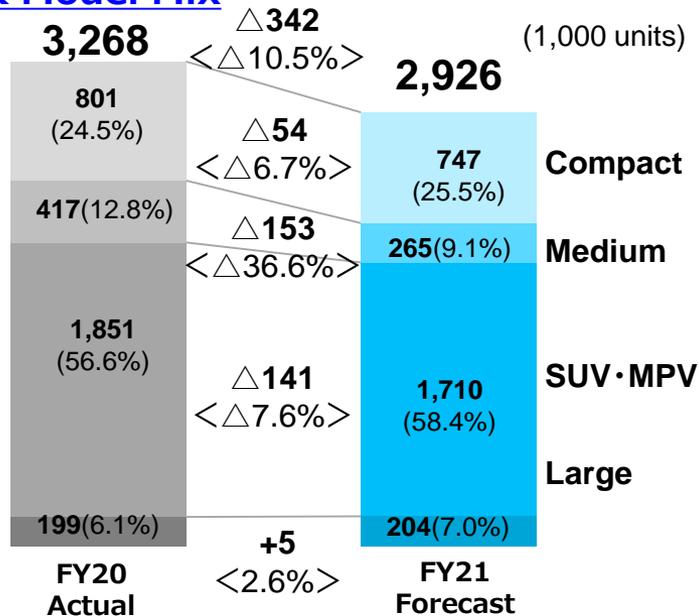
◆ Financial Forecasts by Half Year is as shown.

# 2-7) FY2021 Financial Forecasts Revenue & Operating Profit by Region

## Japan

Lower profit due to Covid-19 impact, despite positive factors such as cost reduction and improvement in cost efficiency

### Volume & Model Mix



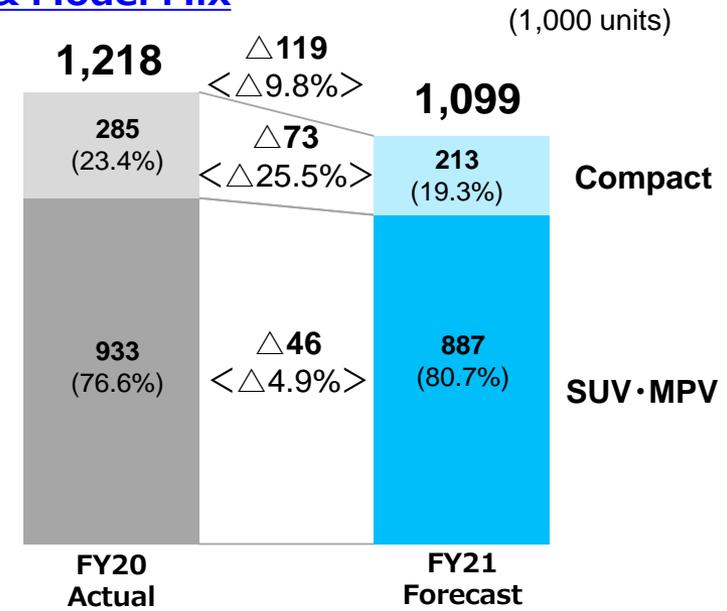
### Profit & Loss

	FY20	FY21 Forecast	YOY Change
Revenue	7,683	7,100	△583
Operating Profit	102	70	△32
Operating Profit Ratio	1.3%	1.0%	—

## The Americas

Higher profit because of improvement in cost efficiency and temporary elimination of inefficiency associated with model change despite volume decline from Covid-19

### Volume & Model Mix



### Profit & Loss

	FY20	FY21 Forecast	YOY Change
Revenue	2,729	2,500	△229
Operating Profit	8	35	26
Operating Profit Ratio	0.3%	1.4%	—

# スクリプト

◆ Next, let me explain financial forecast by regions. First, regarding Japan,

Volume will decrease by 340k units to 2.93 million units year-over year.

◆ Sales revenue will decrease by 58.3 billion yen to 710 billion yen.

◆ Operating profit, is prospected to decrease by 3.2 billion yen to 7 billion yen due to lower production from covid-19 despite positive factors such as cost reduction and improvement in cost efficiency.

◆ Next, The Americas,

Volume will decrease by 120k units to 1.1 million units year-over year.

◆ Sales revenue will decrease by 22.9 billion yen to 250 billion yen.

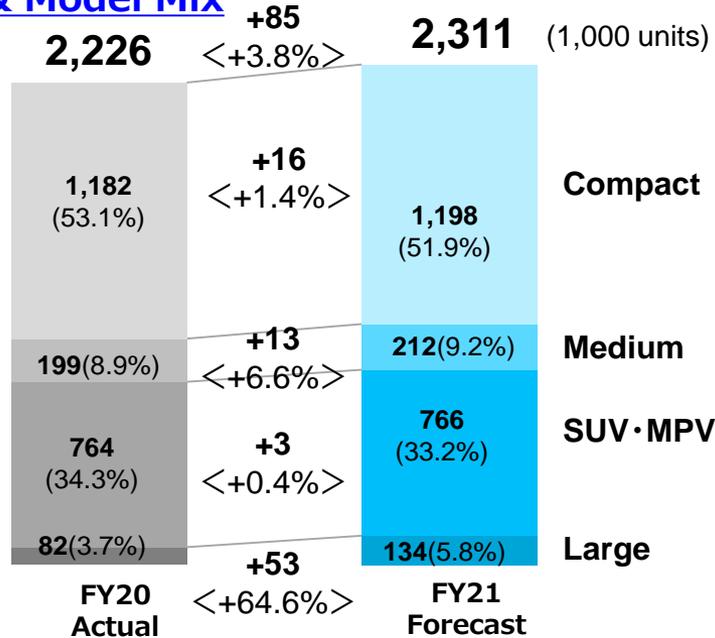
◆ Operating profit, is prospected to increase by 2.6 billion yen to 3.5 billion yen because of streamlined expenses and temporary elimination of inefficiency associated with model change despite volume decline from Covid-19.

# 2-7) FY2021 Financial Forecasts Revenue & Operating Profit by Region

## Asia & Oceania

Lower Profit due to Covid-19 impacts in ASEAN countries despite volume increase in China

### Volume & Model Mix



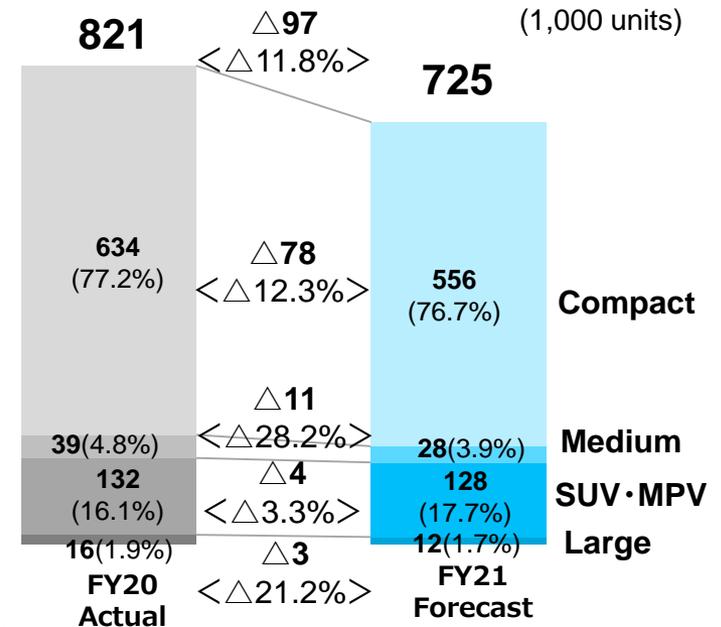
### Profit & Loss

	FY20	FY21 Forecast	YOY Change
Revenue	3,338	3,200	△ 138
Operating Profit	336	320	△ 16
Operating Profit Ratio	10.1%	10.0%	—

## Europe & Africa

Higher Profit due to a one-time loss in the previous year despite negative impacts from Covid-19 impact

### Volume & Model Mix



### Profit & Loss

	FY20	FY21 Forecast	YOY Change
Revenue	883	800	△ 83
Operating Profit	30	45	14
Operating Profit Ratio	3.4%	5.6%	—

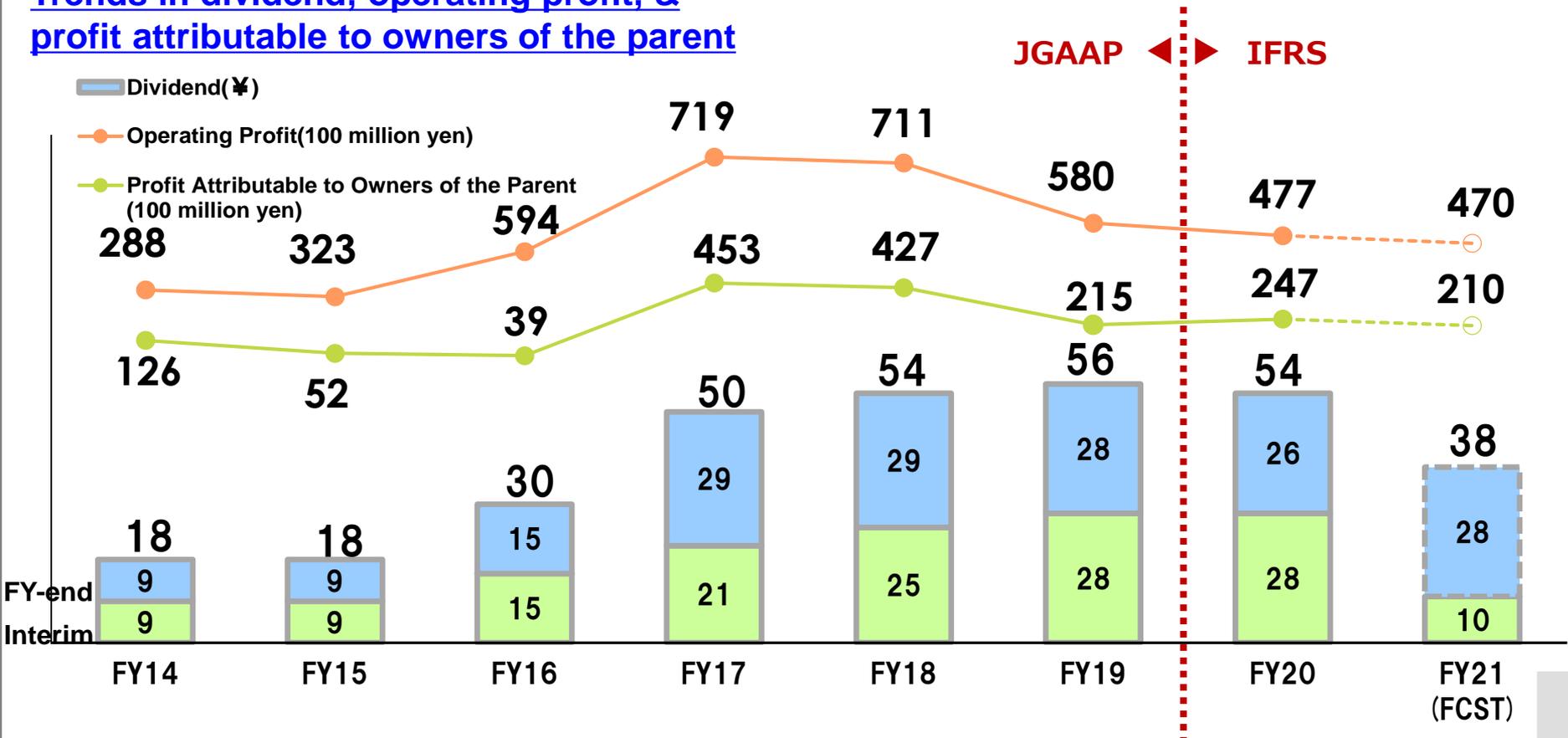
# スクリプト

- ◆ Next, in Asia & Oceania,
- ◆ Volume will increase by 90k units to 2.31 million units year-over year mainly due to increase in China despite lower volume in ASEAN countries.
- ◆ Sales revenue will decrease by 13.8 billion yen to 320 billion yen.
- ◆ Operating profit, is prospected to decrease by 1.6 billion yen to 32 billion yen due to Covid-19 impacts in ASEAN countries despite volume increase in China.
  
- ◆ Next, in Europe & Africa,
- ◆ Volume will decrease by 100k units to 720k units year-over year.
- ◆ Sales revenue will decrease by 8.3 billion yen to 80 billion yen.
- ◆ Operating profit, is prospected to increase by 1.4 billion yen to 4.5 billion yen due to a one-time loss in the previous year despite volume decline from covid-19 impact.

## 2-8) FY2021 Financial Forecasts Returning to Shareholders

■ FY-end dividends payout (¥28) is determined based on comprehensive evaluation to consolidated financial results to keep long-term sustainable dividends

### Trends in dividend, operating profit, & profit attributable to owners of the parent



- ◆ Next, speaks of returning to shareholders, FY-end dividends payout is determined as 28 yen based on comprehensive evaluation to consolidated financial results to keep long-term sustainable dividends.

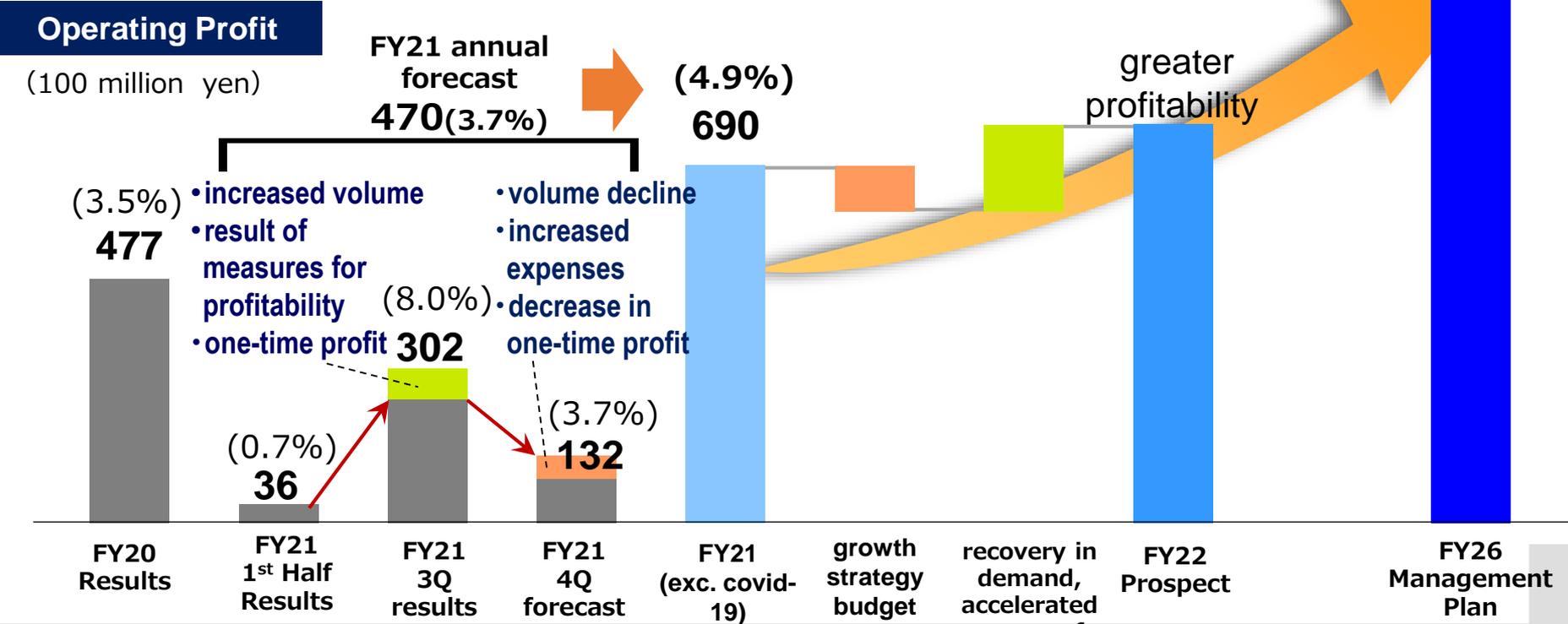
# 2-9) Concluding 3rd Quarter FY2021 Financial Results

**[3Q Results]** Achieved record operating profits on a quarterly basis because of one-time factors such as increased volume from recovery in production in Japan and Asia in addition to streamlined expenses

**[ Annual Forecast]** Further improvement in profitability by continuing profits improvement measures

**[FY22]** Progress towards achieving greater profitability while securing resources for growth strategies based on FY2026 Mid-term management plan

FY2026 target **1000+α**



# スクリプト

- ◆ Lastly, I'd like to conclude this 3rd Quarter Financial Results.
- ◆ In the 3rd Quarter results, we achieved record operating profits on a quarterly basis because of one-time factors such as increased volume from rapid recovery in production in Japan and Asia in addition to streamlined expenses.
- ◆ On the other hand, in the 4Q, profit is prospected to decrease because production volume will decline compared to 3Q, as well as decreased one-time profit from 3Q and increased fixed cost. However, operating profit excluding covid-19 impact will be 69 billion yen in full year thanks to additionally improved profitability resulted from continued company-wide profit improving measures.
- ◆ From next term, we aim to realize sustainable growth by accelerating profit improving measures based on new work style and lean production while securing resources for growth strategies.
- ◆ That would be all for financial results for the 3rd quarter of the fiscal year 2021. Thank you for listening.

# Financial Results

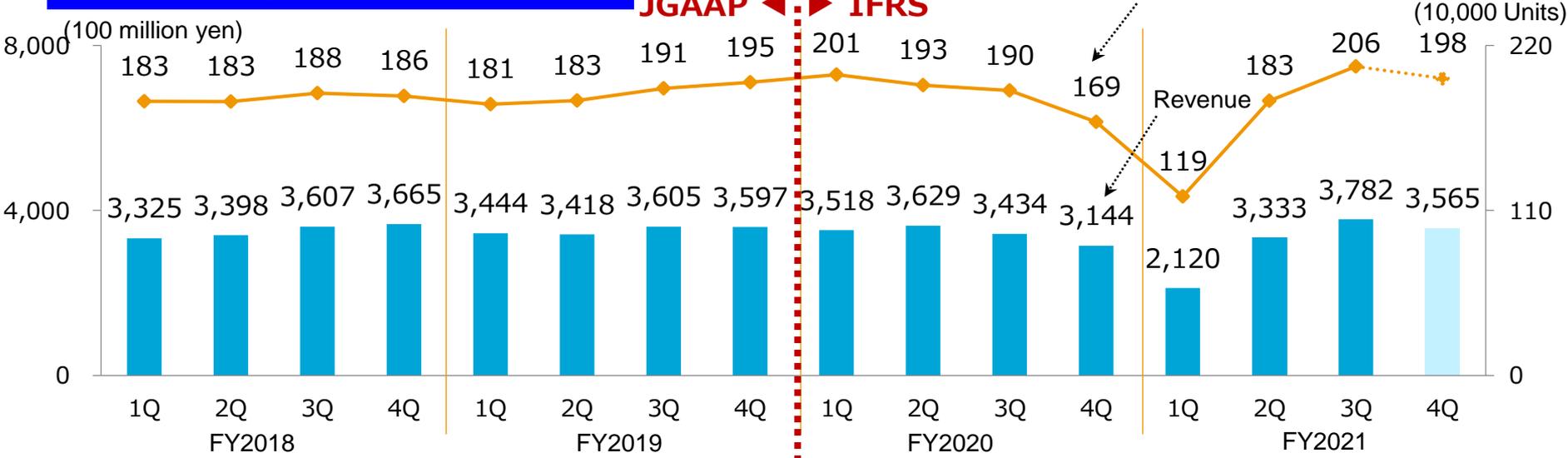
1. 3rd Quarter FY2021 Financial Results

2. FY2021 Financial Forecasts

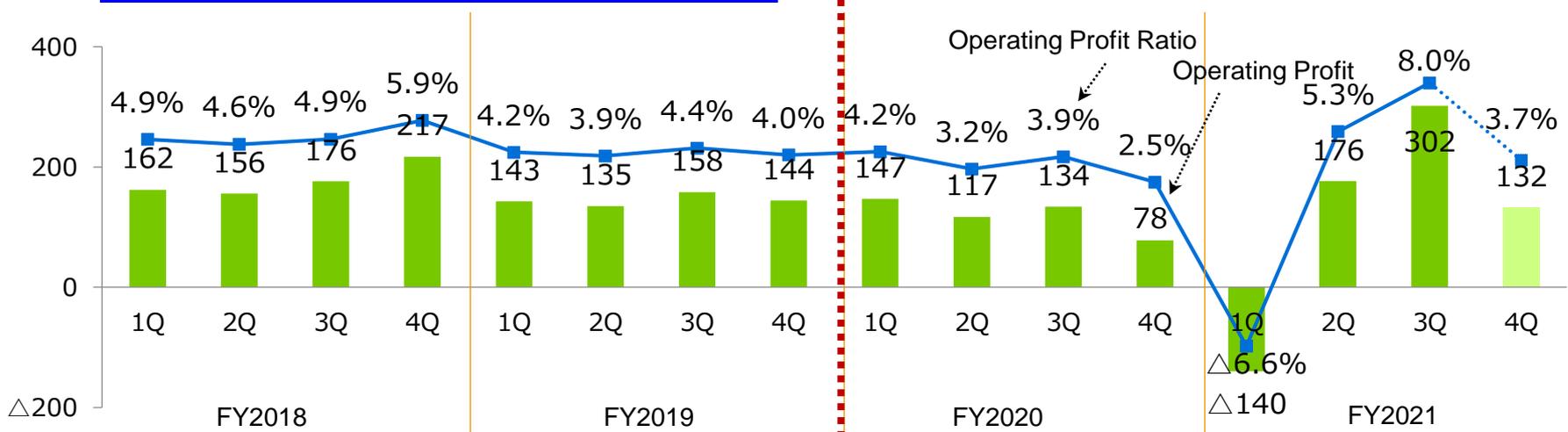
**3. Appendix**

# 3-1) Quarterly Trends: Consolidated volume, revenue, operating profit, operating profit ratio

## Seat Assembly Production / Revenue

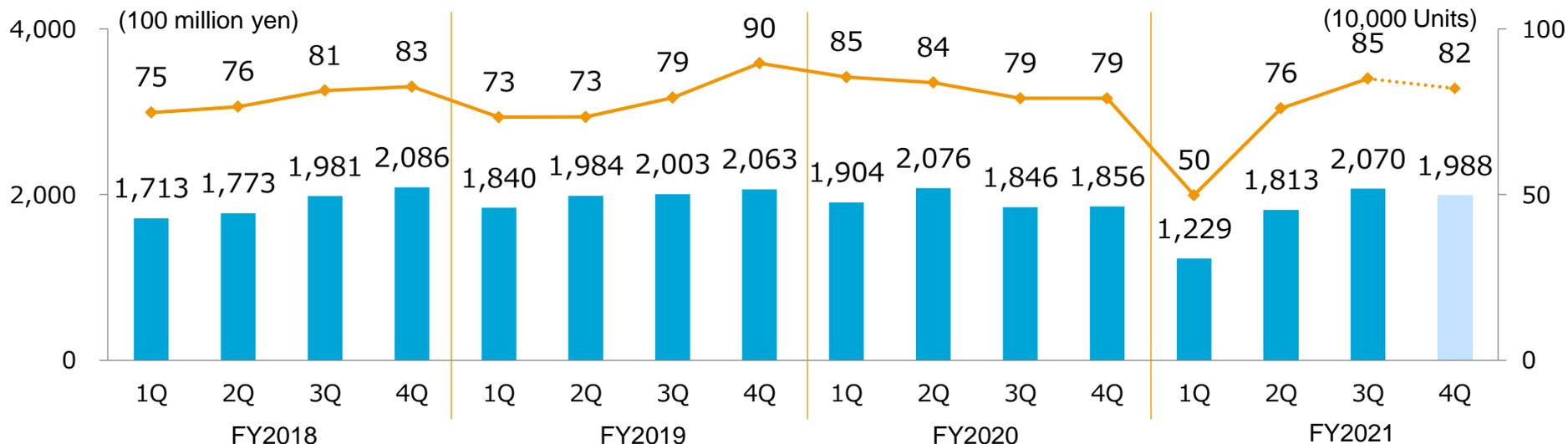


## Operating Profit / Operating Profit Ratio

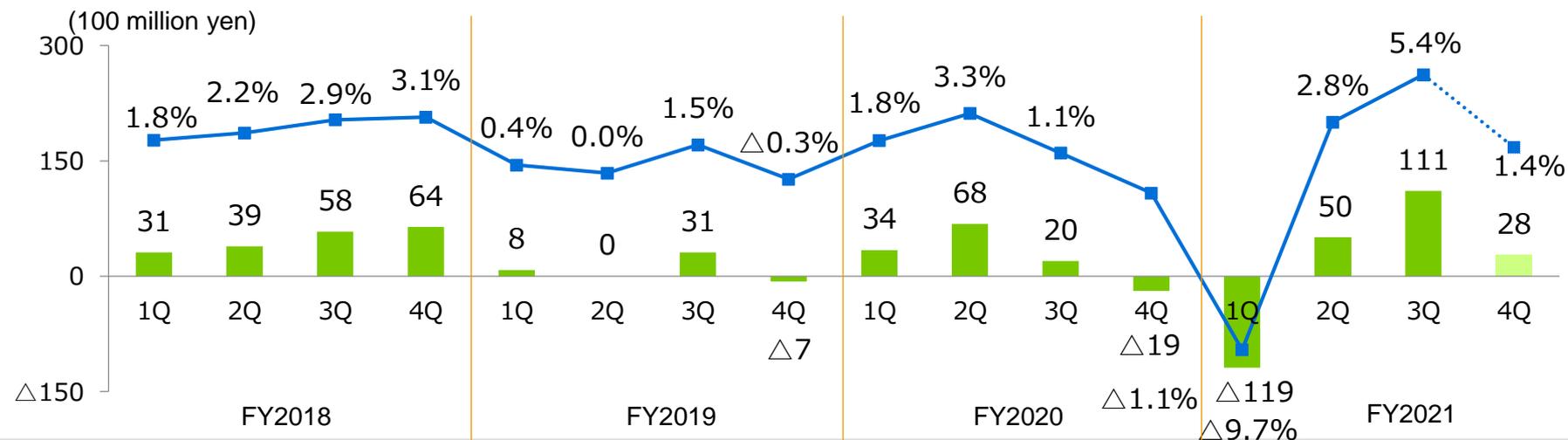


## 3-2) Quarterly Trends: Japan volume, revenue, operating profit, operating profit ratio

### Seat Assembly Production / Revenue

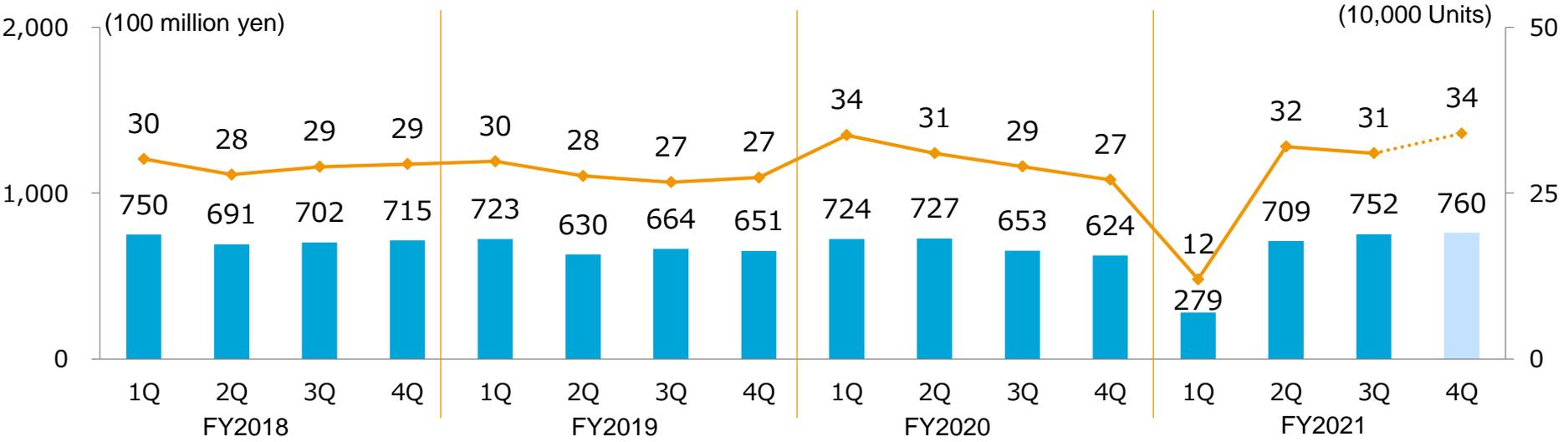


### Operating Profit / Operating Profit Ratio

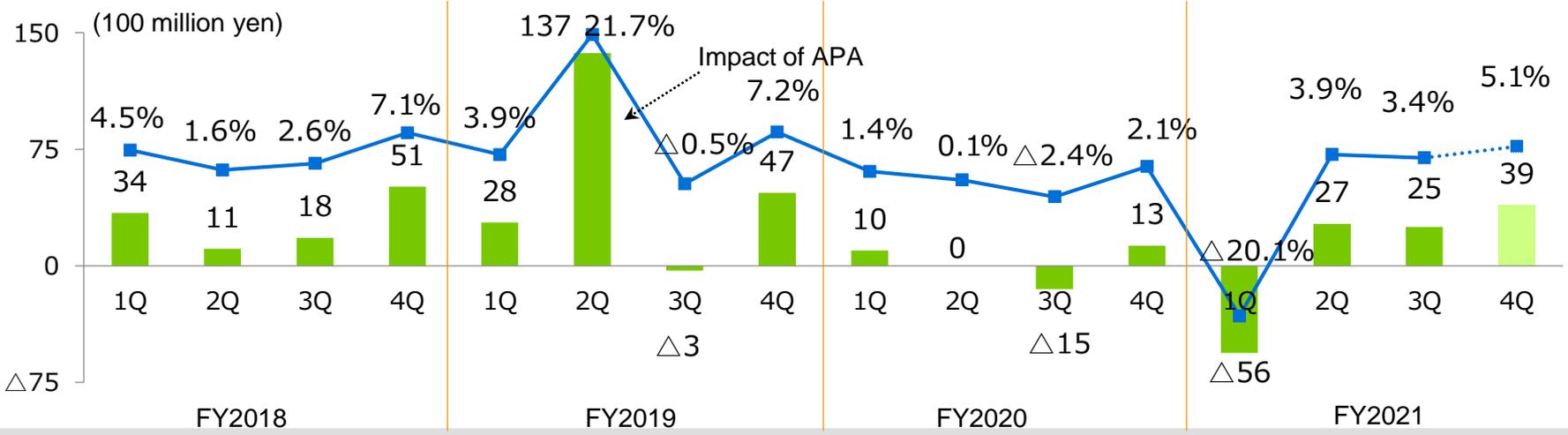


# 3-3) Quarterly Trends: The Americas volume, revenue, operating profit, operating profit ratio

## Seat Assembly Production / Revenue

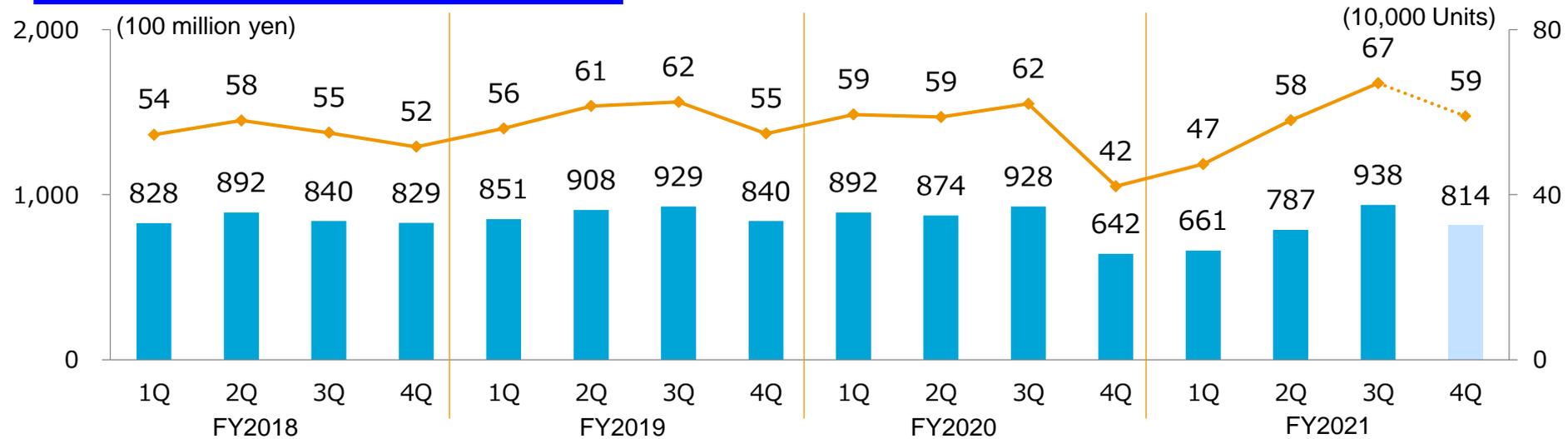


## Operating Profit / Operating Profit Ratio

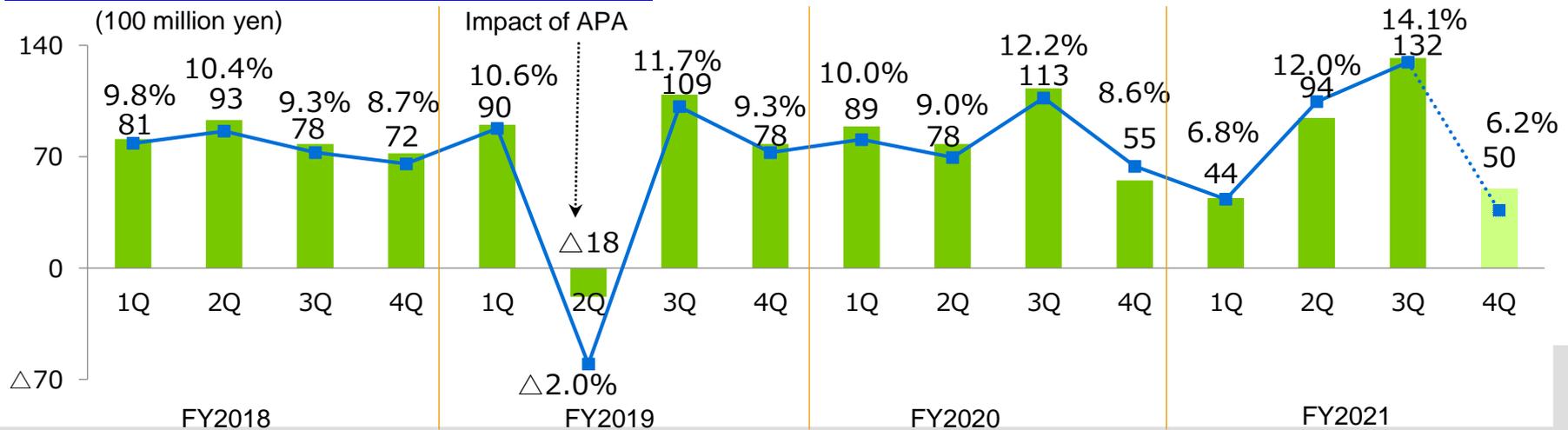


# 3-4) Quarterly Trends: Asia & Oceania volume, revenue, operating profit, operating profit ratio

## Seat Assembly Production / Revenue

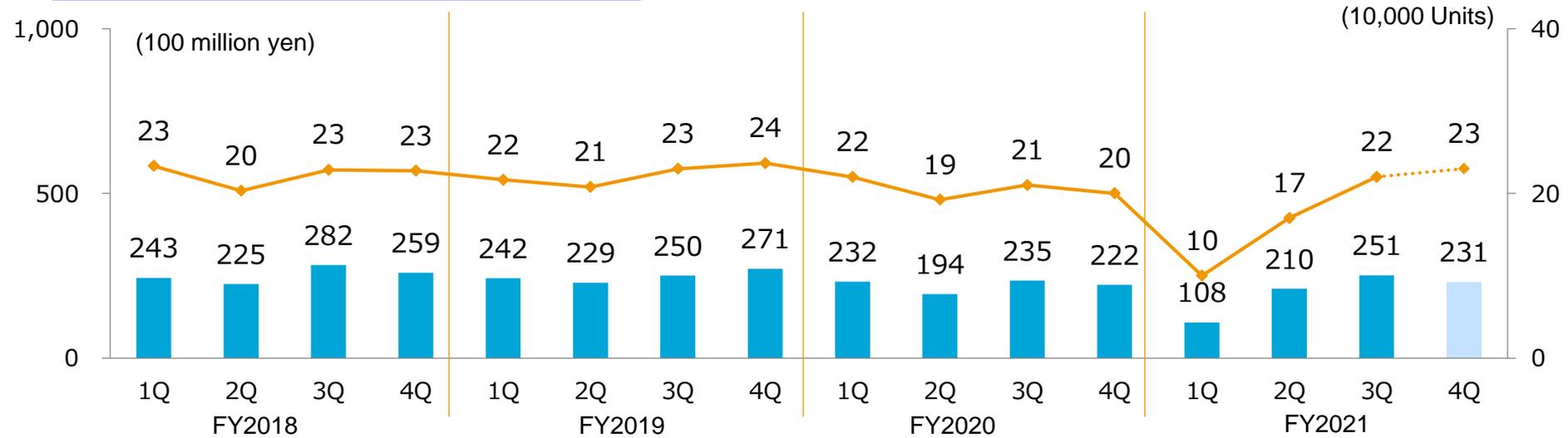


## Operating Profit / Operating Profit Ratio

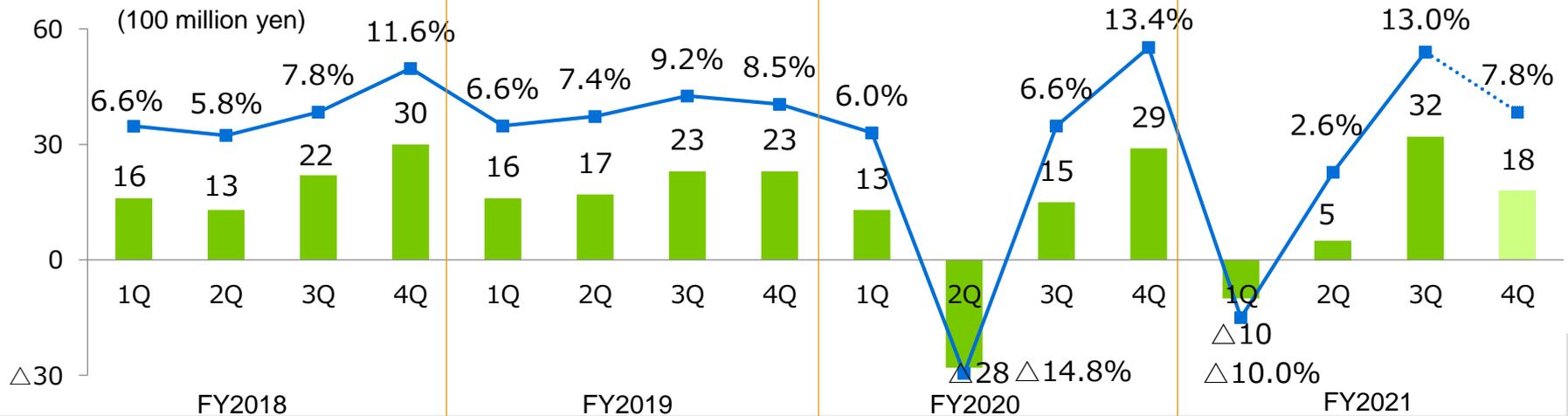


# 3-5) Quarterly Trends: Europe & Africa volume, revenue, operating profit, operating profit ratio

## Seat Assembly Production / Revenue



## Operating Profit / Operating Profit Ratio





<Disclaimer>

This report contains forecasts and expectations that relate to future plans and strategies in addition to the expected financial results of the Toyota Boshoku Corporation and the Toyota Boshoku group.

Within are estimates based on assumptions and opinions that have been formed by the company from the information available at the time of writing.

They involve risks and uncertainties.

Accordingly, actual results may differ from the company's forecasts