

Financial Results of FY2010 (ending March 31, 2010)

May 17, 2010

クルマに、居住性という性能を。 Design Your Passion



トヨタ紡織
TOYOTA BOSHOKU



◇ Summary of Financial Results

Shuhei Toyoda
President

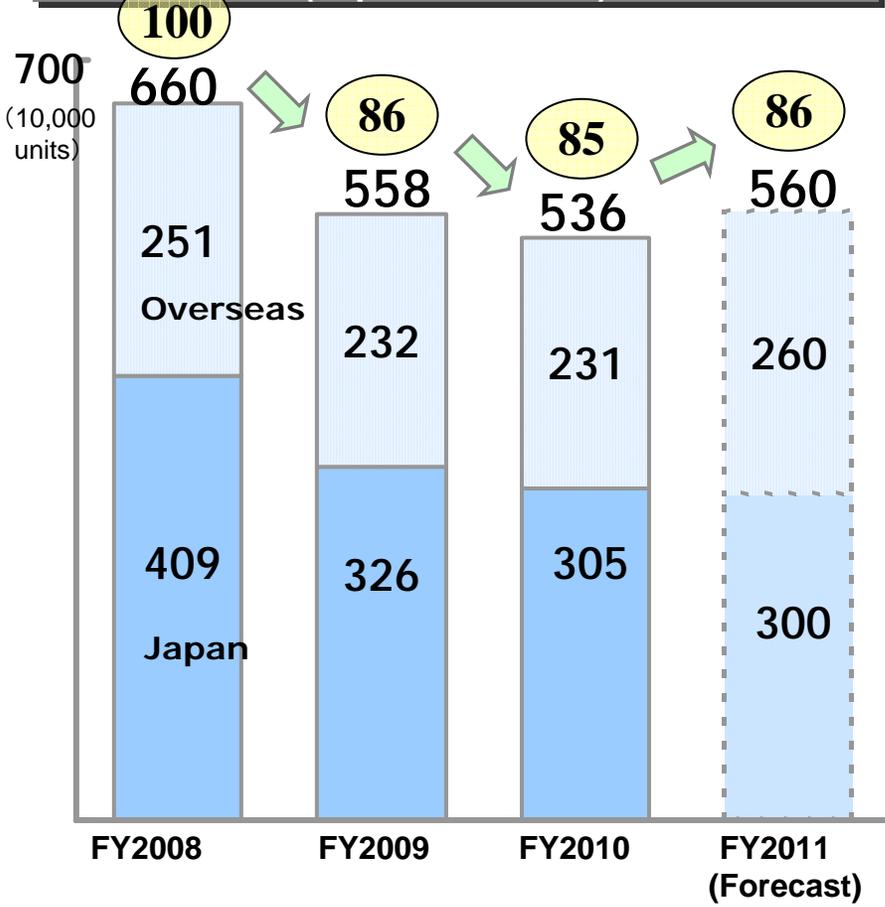
FY2010: Major new models and model changes

	1Q	2Q	3Q	4Q
Japan	 ▼MAJESTA (model change)			
	 ▼WISH (model change)			
	 ▼Prius (model change)			
		 ▼HS250h (new model)		
		 ▼4Runner, Prado (model change)		
		 ◆Fujisusono Plant (launched)		
			 ▼Mark X (model change)	
			 ▼SAI (new)	
			 ▼GX (model change)	
N/C/S America		 ▼Cadillac SRX (new model)		
			 ▼Hilander (new model)	
			 ▼Sienna (model change)	
		 TB Indiana (launched)		
Asia	 ▼Hilander (new model)			
	 ▼Land Cruiser (model change)			
			 ▼Crown (model change)	
Others				 TB Somain (launched)

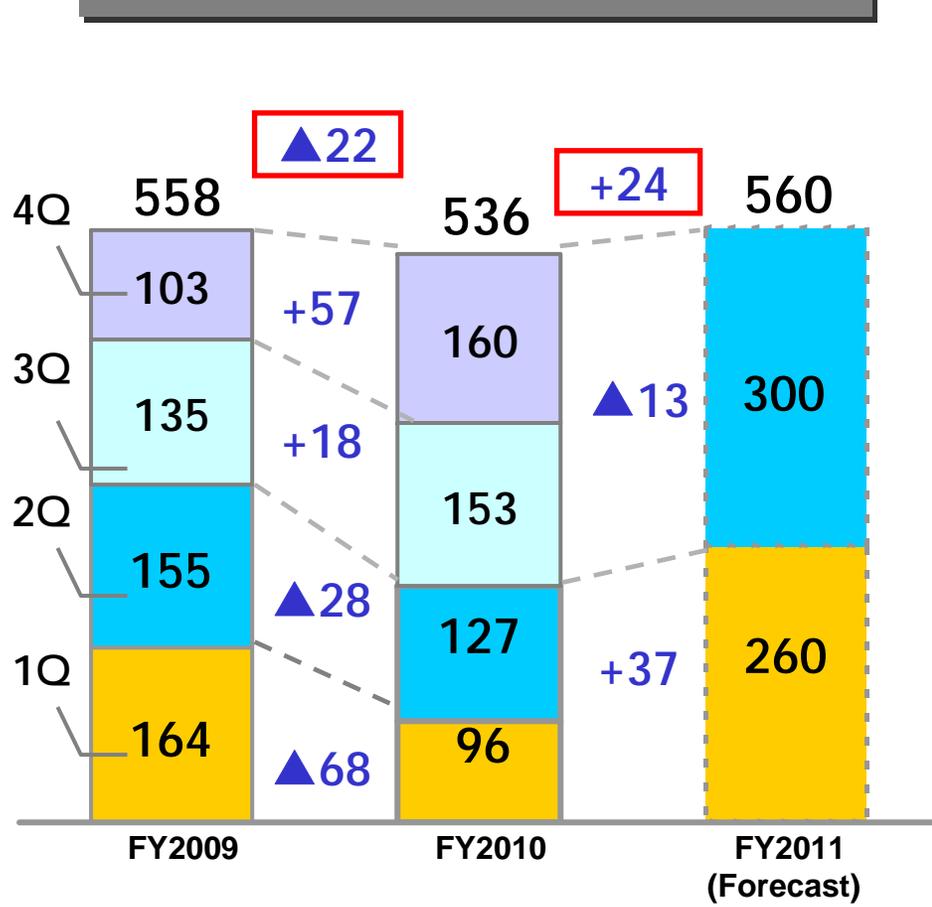
Seat Production (consolidated)

Our business recovered in the second half of the FY2010 as the result of market recovery due to tax reductions and subsidies for eco-cars, as well as due to results of newly released models. However, there was a decrease in the total number of vehicles sold when compared to the previous FY. Although increased production is projected for FY2011, further projections are unclear for after the second half of the FY.

Number of Seats Produced, Consolidated (Japan/Overseas)

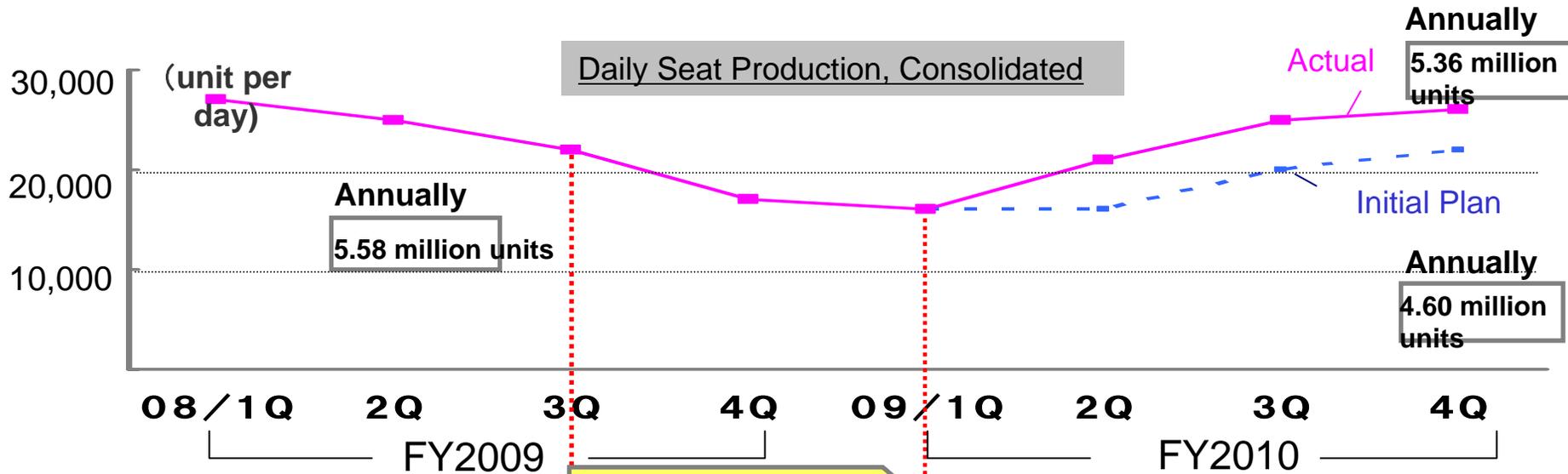


Number of Seats Produced, Consolidated (Quarter Basis)



FY2010: Response to the Business Environment

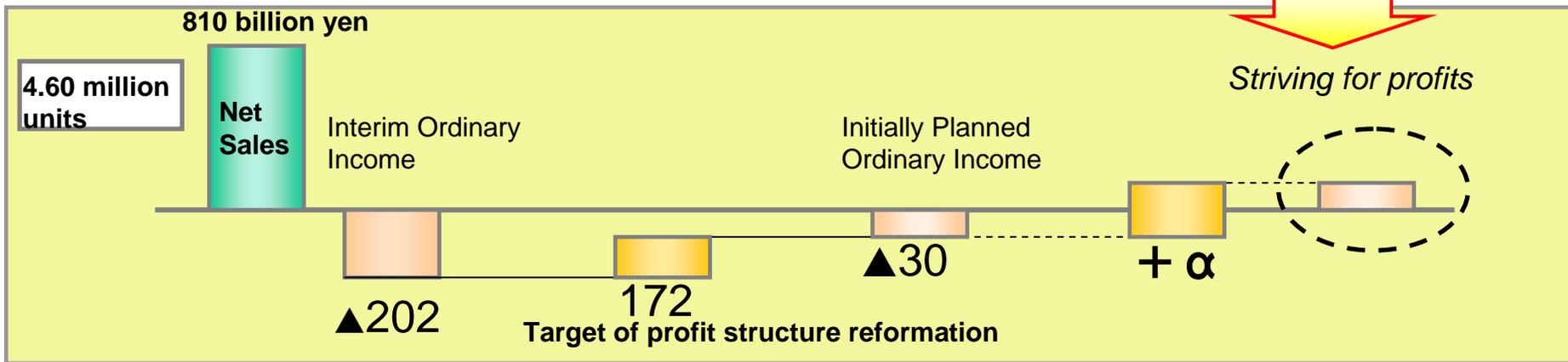
Company-wide efforts made to implement activities for a profitable business structure even with cut backs in operation (4.6 million units per year)



<FY2010: Initial Business Environment>

Emergency Profit Improvement Committee (FY2009)

Profit Structure Reformation Committee (FY2010)



FY2010: Profit Structure Reformation

Profit Structure Reformation Committee launched -Aiming at radical structural improvement

1. Aim of Activity

Reform structure for profitable business, even with cutbacks in operations ⇒ **Create lean, powerful robust system**

(Previous FY: Emergency activities to reduce fixed costs → Current FY: Activities for a fundamental revision of profit structure)

2. Activity Approaches

- Organize **teams** focused on individual subjects for improvements **across the world** (total of 26 teams)

- **Thorough measures to eliminate waste**

(Management of workforce of indirect divisions such as administration, reduction of expenses, efficient investment, etc.)

- Measures to **Enhance Earnings**

(Strengthening the base of manufacturing, improving efficiency in development, etc.)



3. Result

Target: 17.2 billion yen Result: 26.6 billion yen **9.4 billion yen UP**

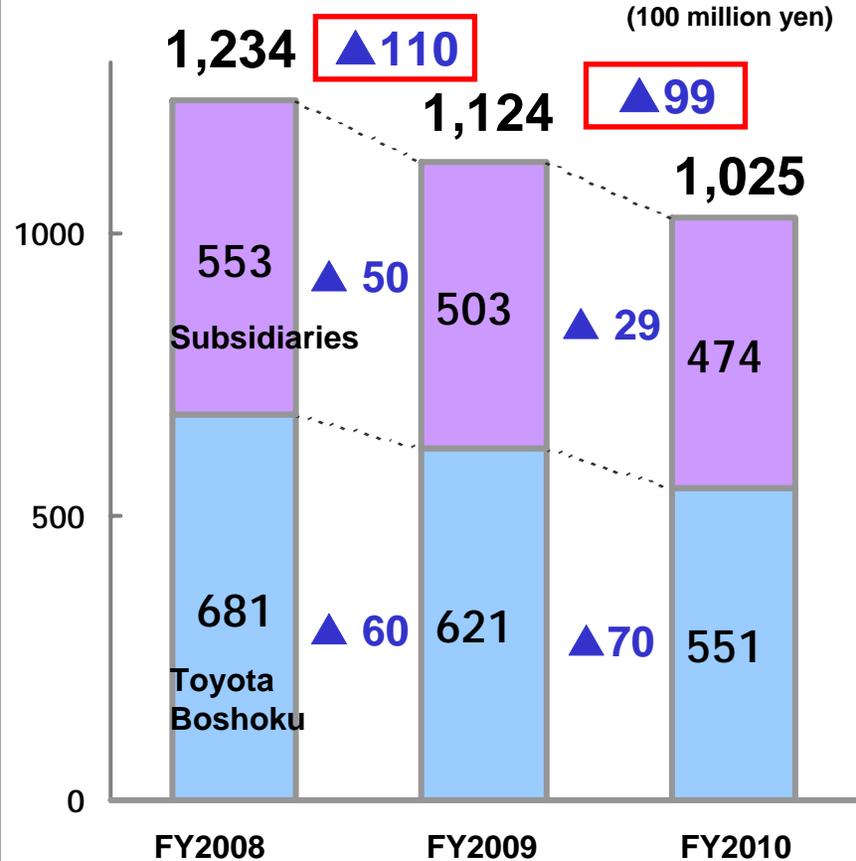
Profit Structure Reformation (Fixed Costs/Number of Staff/Overtime Work)

Fixed costs are perceived as the greatest variable costs
Steady implementation of a realistic, streamlined business

Fixed Costs

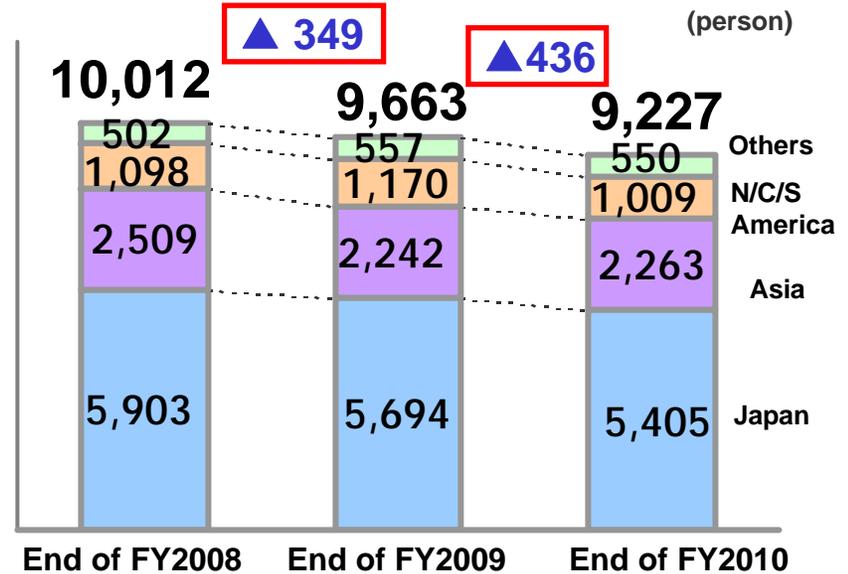
(Excluding depreciation costs)

(100 million yen)



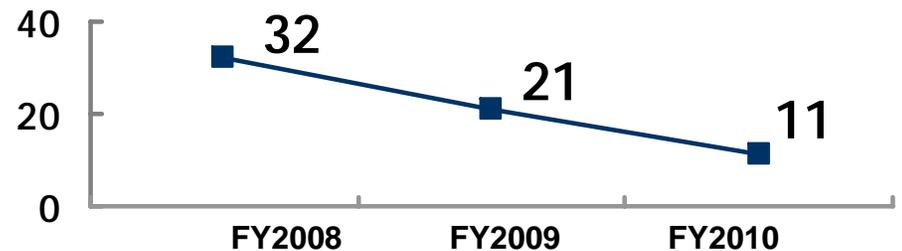
Number of Staff by Region

(person)



Staff Overtime (Toyota Boshoku)

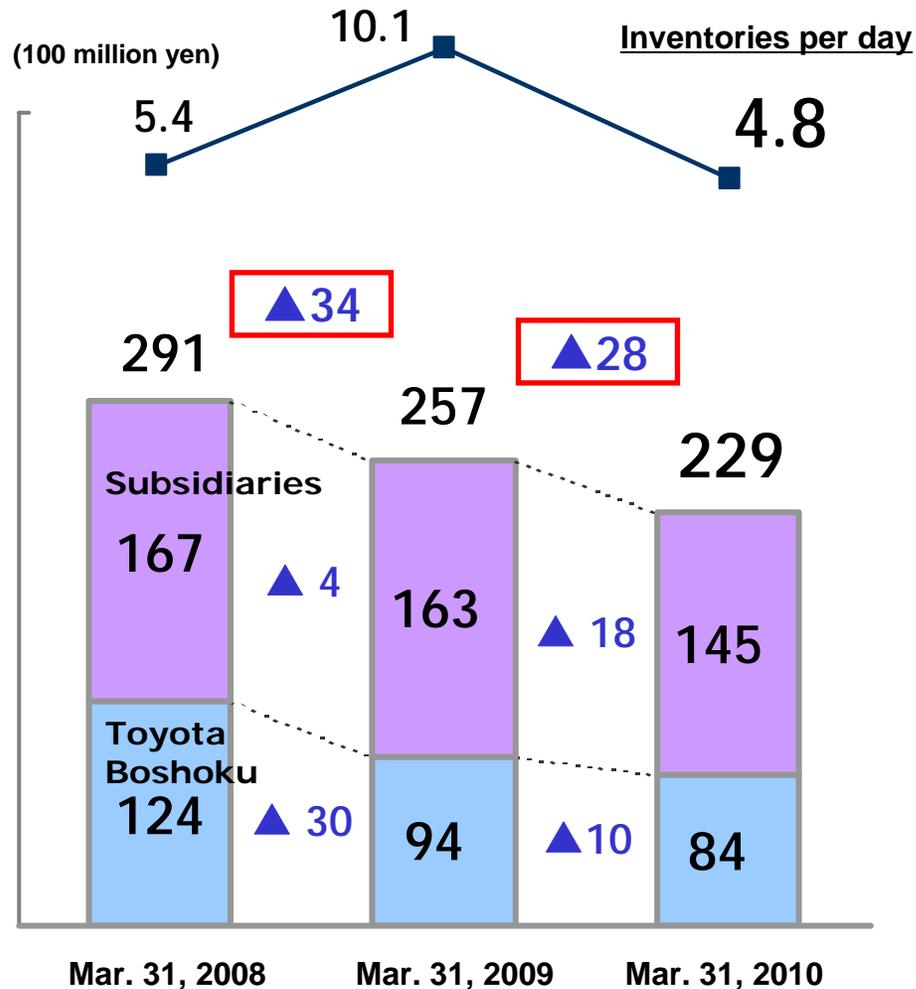
(hour/person/month)



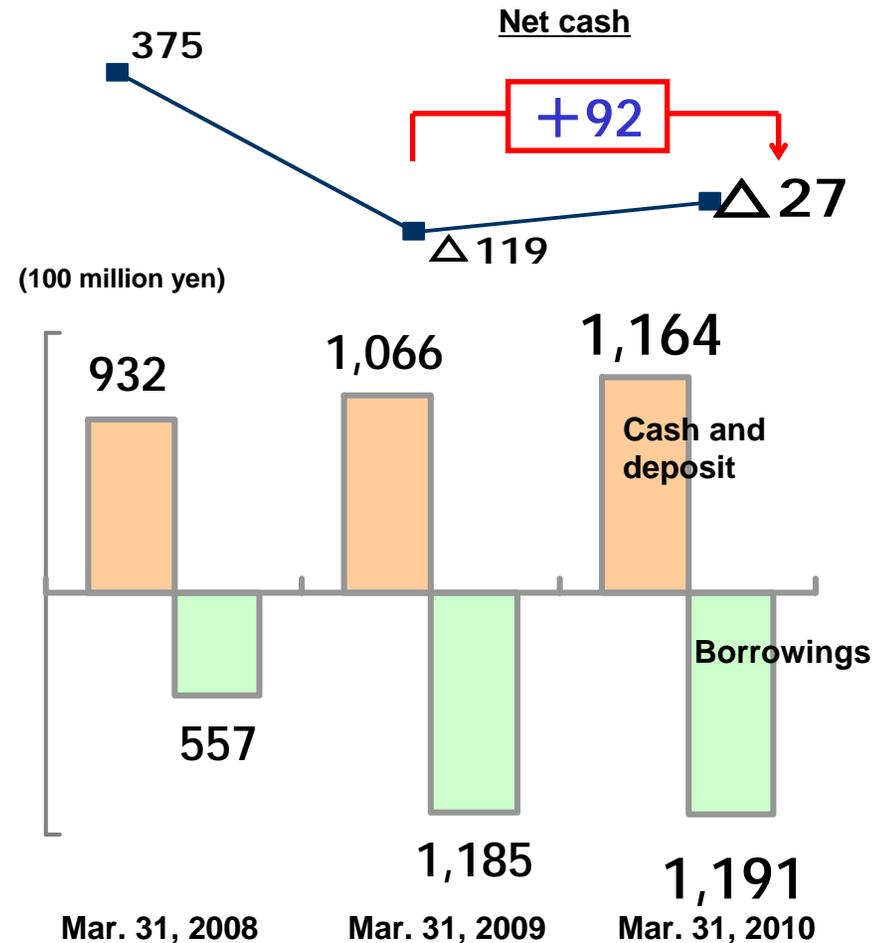
Profit Structure Reformation (Inventories/Capital)

Worked to advance inventory reduction and revise capital

Inventories



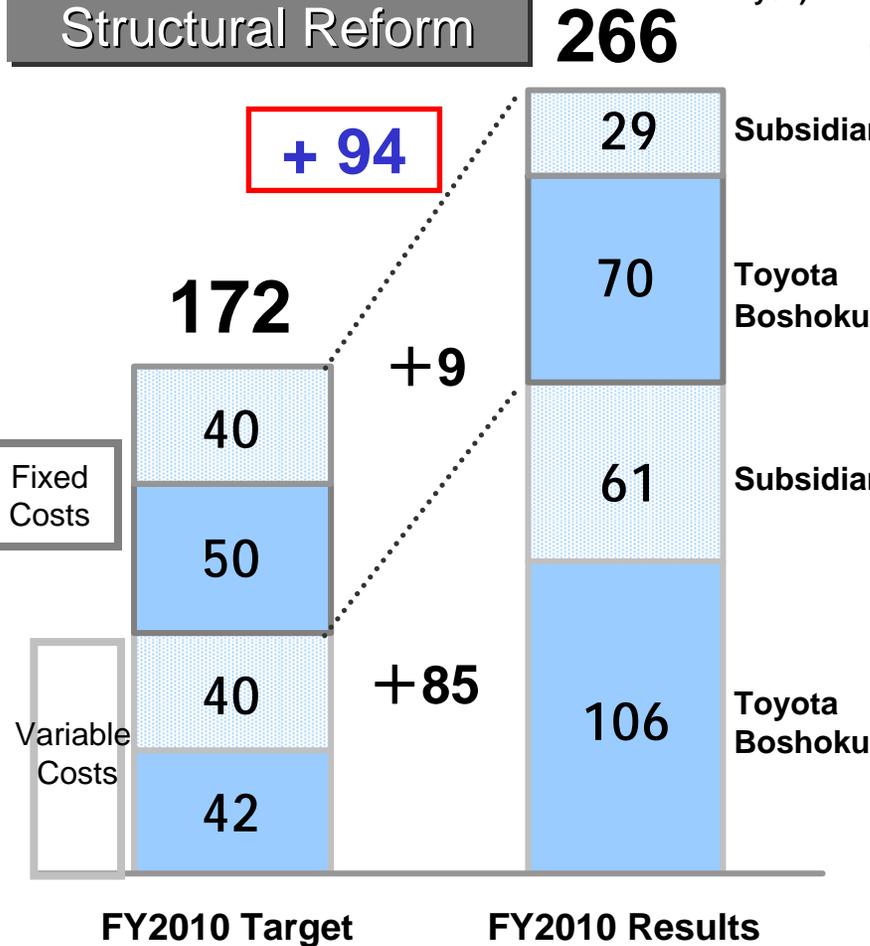
Capital



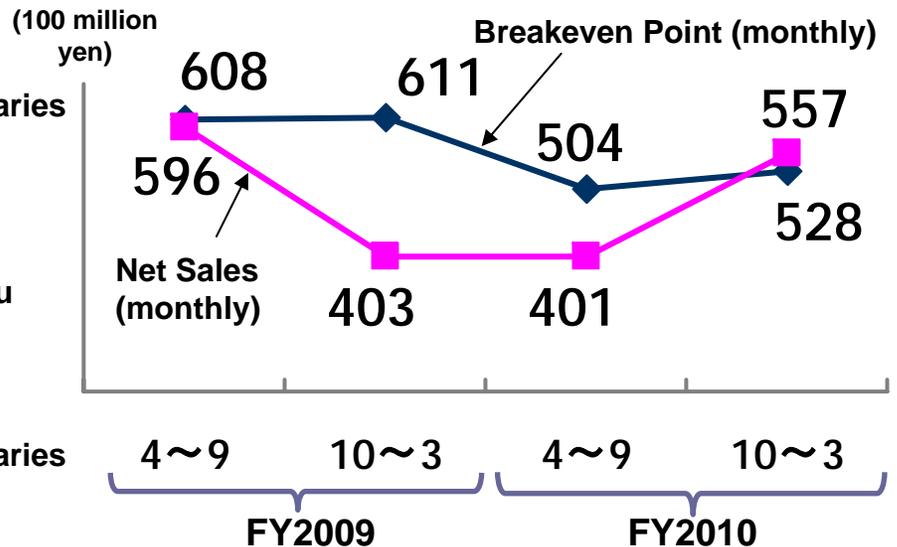
Profit Structure Reformation (Breakeven Sales)

Through results which exceeded goals, greatly reduced the breakeven sales point

Financial Effects of Structural Reform



Breakeven Sales (Toyota Boshoku)



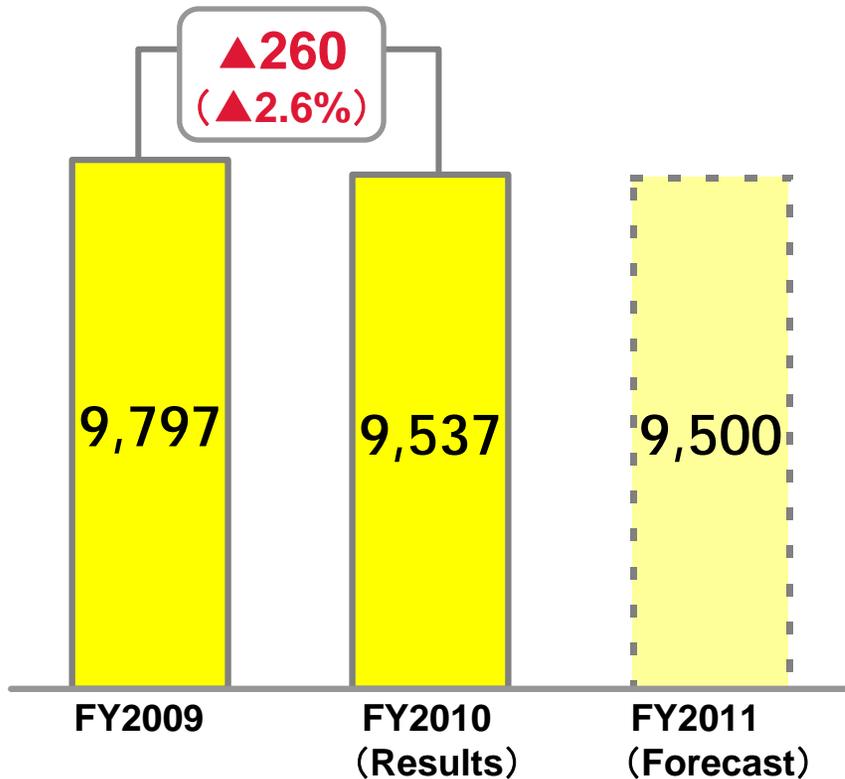
Results of *Genchi-Genbutsu* performed through concerted team efforts between Japan and overseas
 ⇒ Goals greatly exceeded with a focus on variable costs

Steadily increased profit base

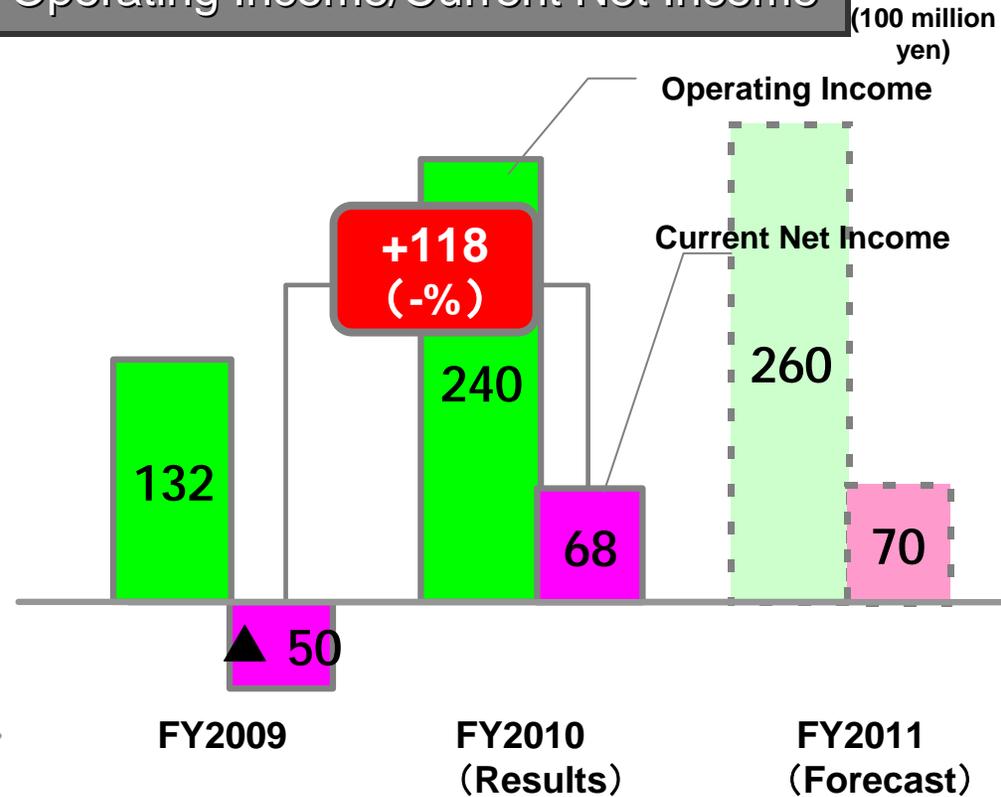
Net Sales/Operating Income/Current Net Income

Even while revenue decreases, secure increased profits by revising profit structure

Net Sales



Operating Income/Current Net Income



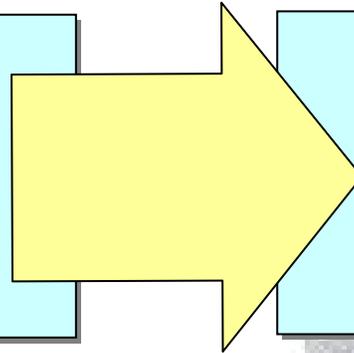
Dividends

	FY2009	FY2010	FY2011(Forecast)
Interim	15 yen	5 yen	7 yen
Year End	5 yen	8 yen	7 yen
Annually	20 yen	13 yen	14 yen

◇ New Vision

Moving to a New Stage

2nd Period of Foundation
(Apr. 2007 to Mar. 2011)



New Stage
(from Apr. 2010)

In order to adapt to a changing business environment and market, to fulfill the trust and expectations of global customers, and to become a true global company

New Vision

[The company we aspire to be]

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

[Call on the employees]

Design your passion with TOYOTA BOSHOKU

◇ FY2011 Actions

Actions for adapting to a changing business environment (priority items)

1

Enhance and promote innovative activities to improve quality, keeping in mind 'Customer First' principle.

2

Improved quality and cost efficiency leads to competitiveness.

3

Concentrate on strengthening of the foundation and the structure of our business, in order to always meet the requirement of an always-changing business environment.

4

Purposefully advance the development of technology to reduce CO2.

5

Build a true global company through fostering a *Kaizen* mind set and teamwork.

- 1 Enhance and promote innovative activities to improve quality, keeping in mind 'Customer First' principle.



Reconstruction of quality assurance throughout all Toyota Boshoku group companies

1) Returning to the origin of quality assurance

① Securing design quality

• Quality is a core part in drawings

- (1) Easy-to-manufacture drawings which combine both design and productivity factors
- (2) Design review from a customer perspective
- (3) Thorough *Genchi-Genbutsu* by designers

② Securing process quality

• Quality from drawing is main focal point in process

③ Securing everyday quality

• Quality is built-in in our daily activities

- (1) Establish standard work that enables us to build in quality
- (2) Thoroughly review unstable processes and build in solutions

Implementation of overall quality inspection throughout the Toyota Boshoku group

2) Implementation of overall quality inspection

- • • Confirm whether required actions are being taken

① Implementation Method

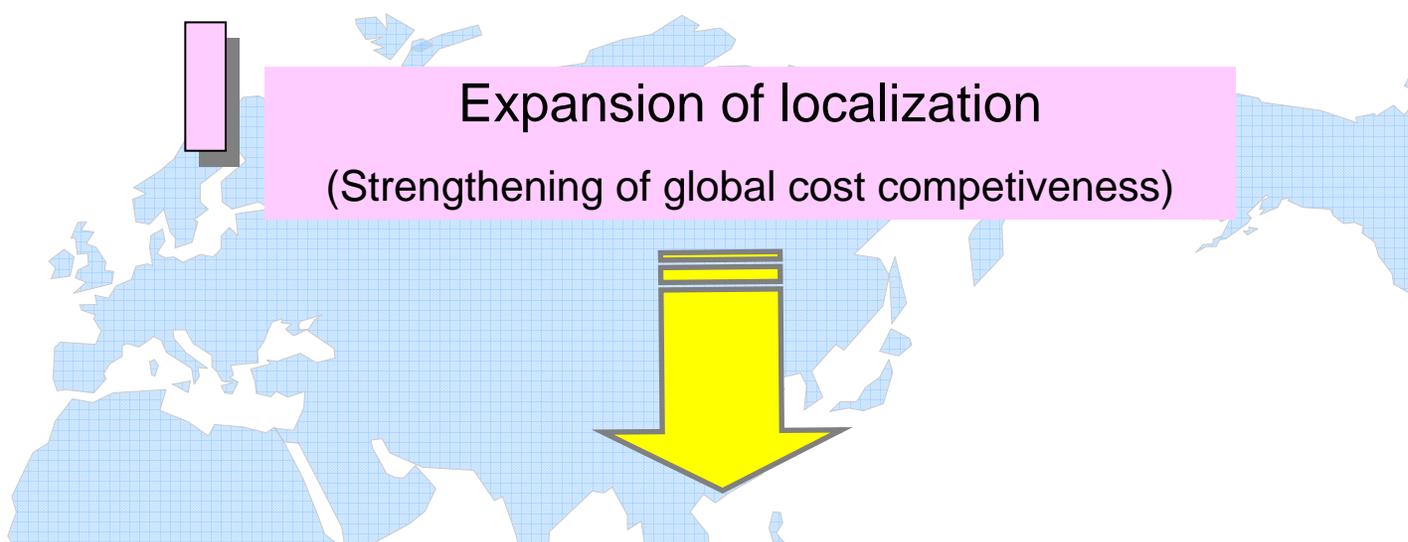
- Use of a check sheet to implement important features (clamping, welding, etc.)
- Includes affiliated companies (domestic, overseas)

② Process

- Autonomous Inspection: up to the end of April
- Executive Inspection: up to the end of May
- Process Audit, Product Audit: up to December



Strengthening of quality assurance functions in each region



Expansion of localization
(Strengthening of global cost competitiveness)

Material Analysis Equipment (Europe)



Materials Evaluation Equipment (Thailand)



① Systems for the use of onsite materials and components

- Establish a Materials Assurance Dept. within the Quality Assurance Divisions (Feb. 2010)
- Establish evaluation methods for selecting a supplier

② Develop milestone management system in accordance with local conditions.

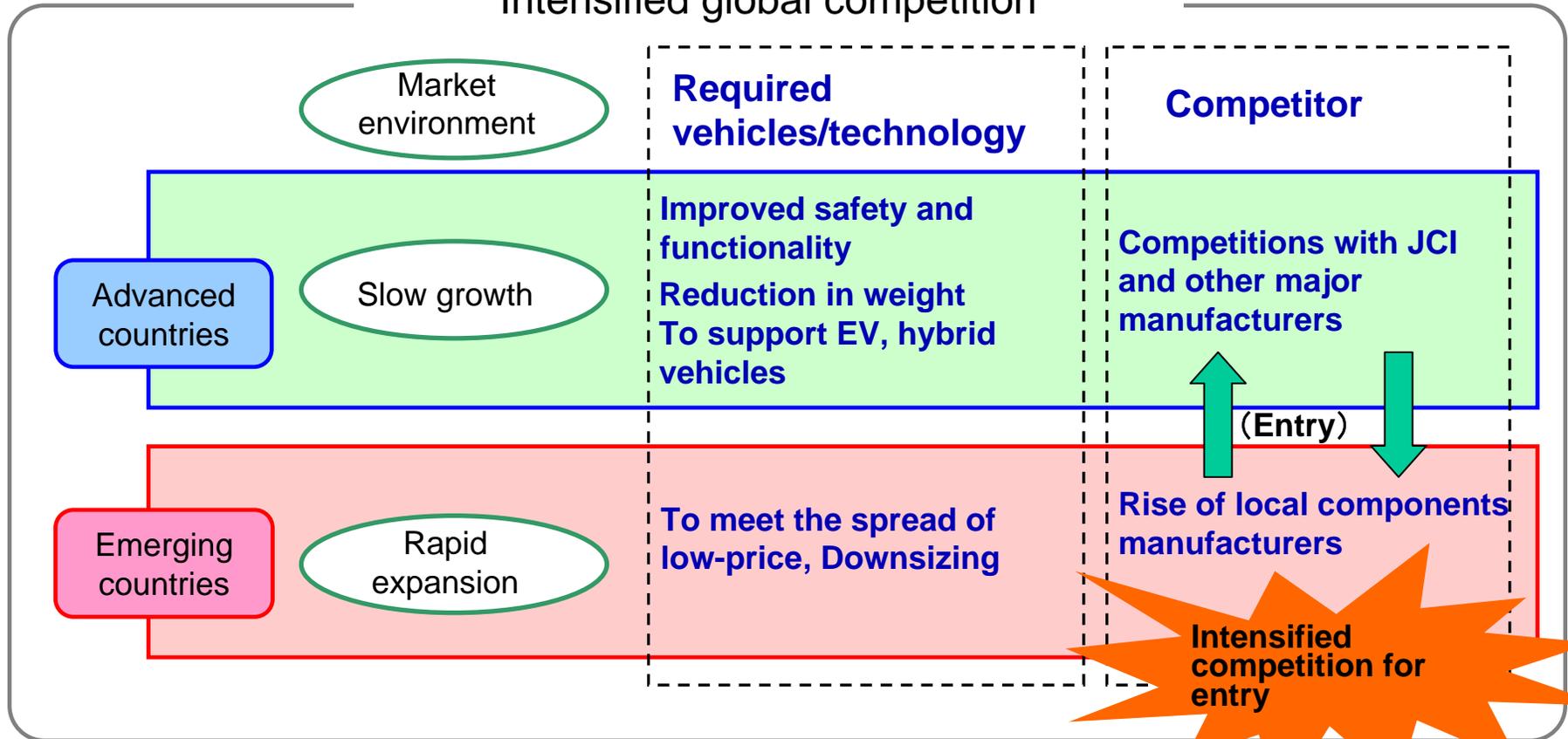
- Implement evaluation for materials and components
- Evaluate process completeness through Supplier Parts Tracking Team activities

2

Improved quality and cost efficiency leads to competitiveness.

Improved quality and cost efficiency leads to competitiveness.

Intensified global competition



Strengthen global competitiveness through **Improved quality and cost efficiency**

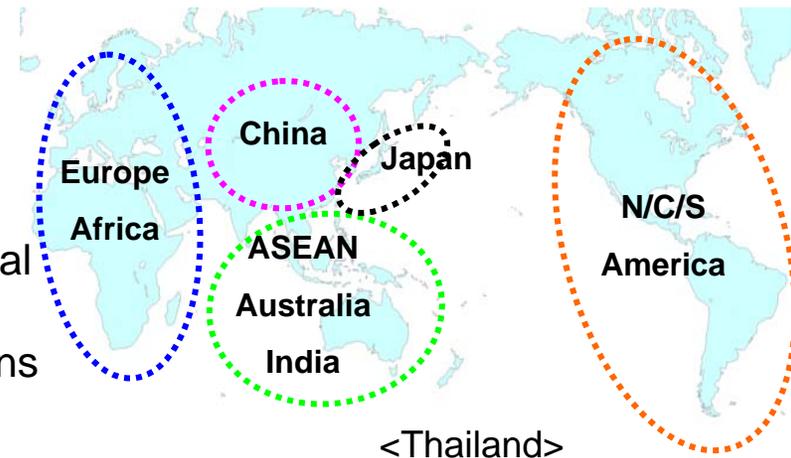
Improved quality and cost efficiency leads to competitiveness.

Further strengthen product competitiveness, styling and design in order to supply attractive and comfortable transportation space.

<Goal>Acquire the development capacity to produce the No.1 competitive products in each region

Actively pursue regional optimization of development, procurement and production

1. Strengthen benchmarks of other globally competitive vehicles
2. Clarify TB quality level
 - Quality levels which must be maintained on a global scale
 - Quality levels in accordance with regional conditions
3. Promote onsite procurement of materials and components
4. Clarify optimal design factors and production factors for the region
5. Expand optimal regional materials, methods and process to all vehicles produced



Improved quality and cost efficiency(technological development ②)

Further enhancement of product/design strength in order to provide an appealing and comfortable vehicle interior

1) Enhance ability to propose plans for the total vehicle interior

- ① Enhance ability to propose plans for the total vehicle interior based on unique package planning
- ② Strengthen benchmarks of other globally competitive vehicles
- ③ Discover and promote new development items in order to establish the TB brand



2) Promote activities to improve interior product strength and commercialization

- ① Remarkably advance design/finishing quality
- ② Improve seat functionality and comfort
- ③ Further development of textile products and fabric



Improved quality and cost efficiency (Production ①)

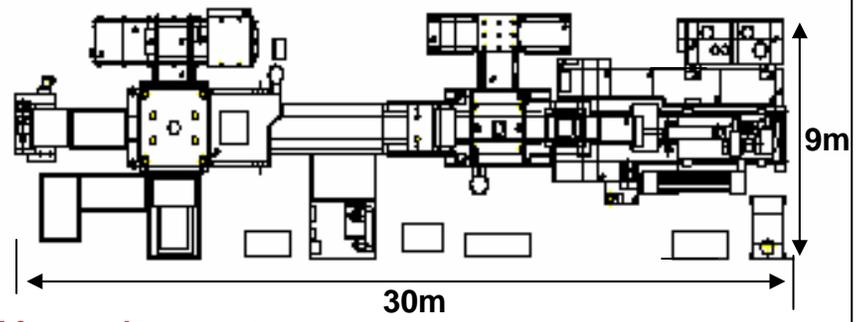
Introducing simple and compact production lines

Production of Fender Liners

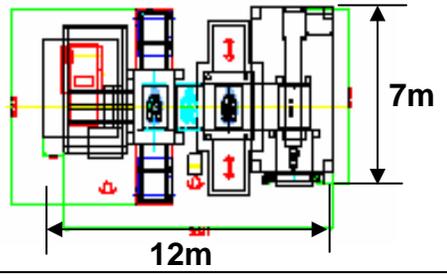
Installation of machines which are half the conventional size

[At TB Tohoku] Replacement of fender liner machines

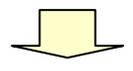
Present



After replacement



- Site ▲69%
- Investment ▲16%
- CO₂ emission ▲32%

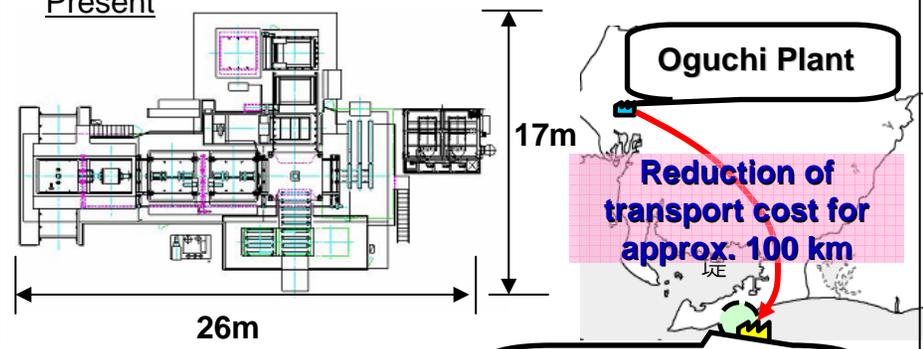


Production of Headliners

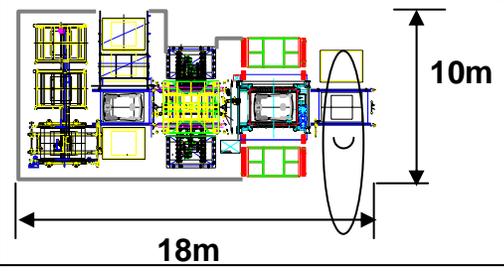
Installation of compact machines at factories close to market regions

[At Toyohashi Plant] Replacement of headliner machines

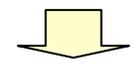
Present



After relocation



- Site ▲58%
- Investment ▲44%
- CO₂ emission ▲42%

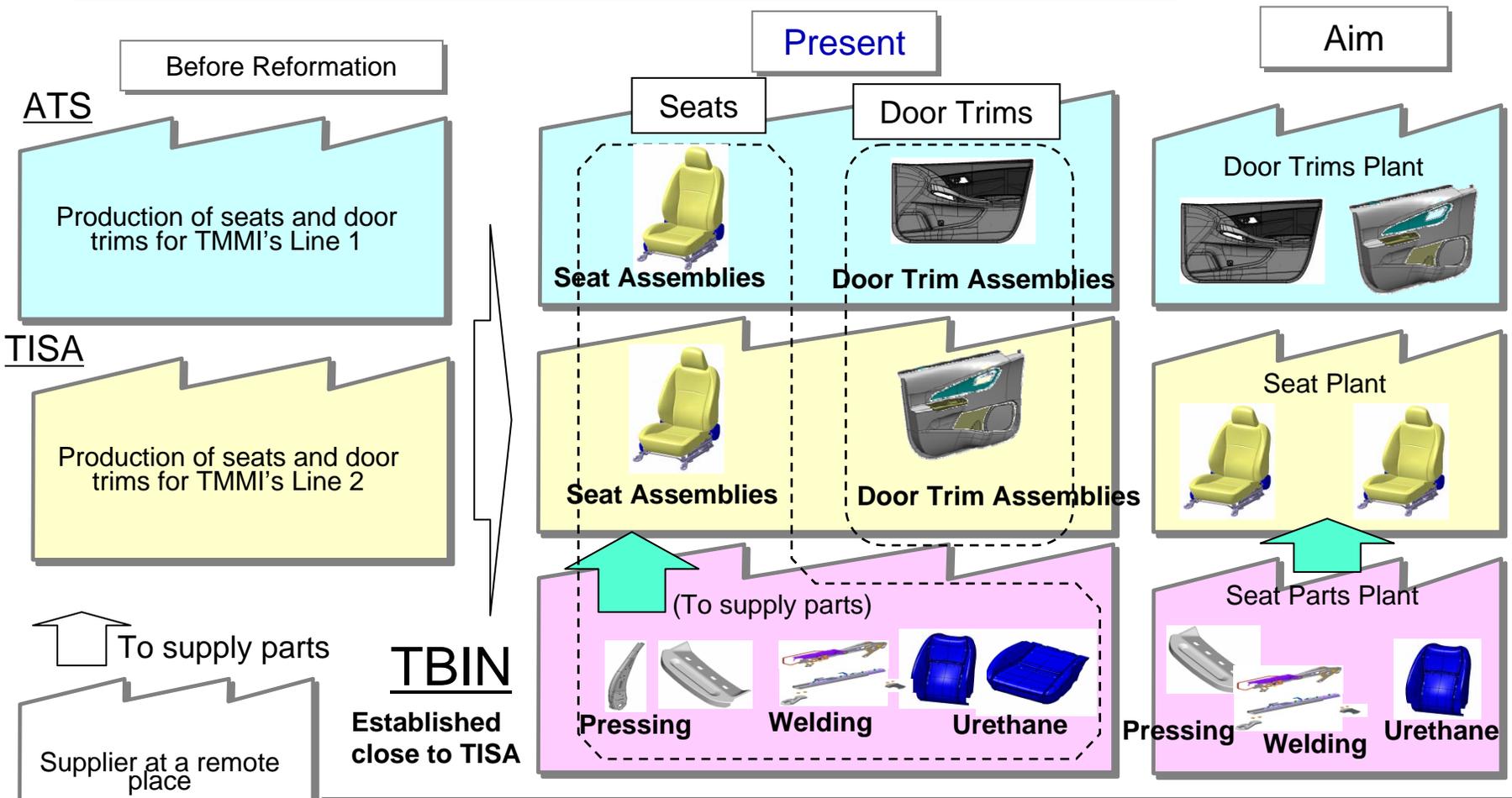


Production line is compact, requires only a small investment, and reduces CO₂ emissions

Improved quality and cost efficiency(Production ②)

Establishment of production systems in North America: Example for the Indiana region

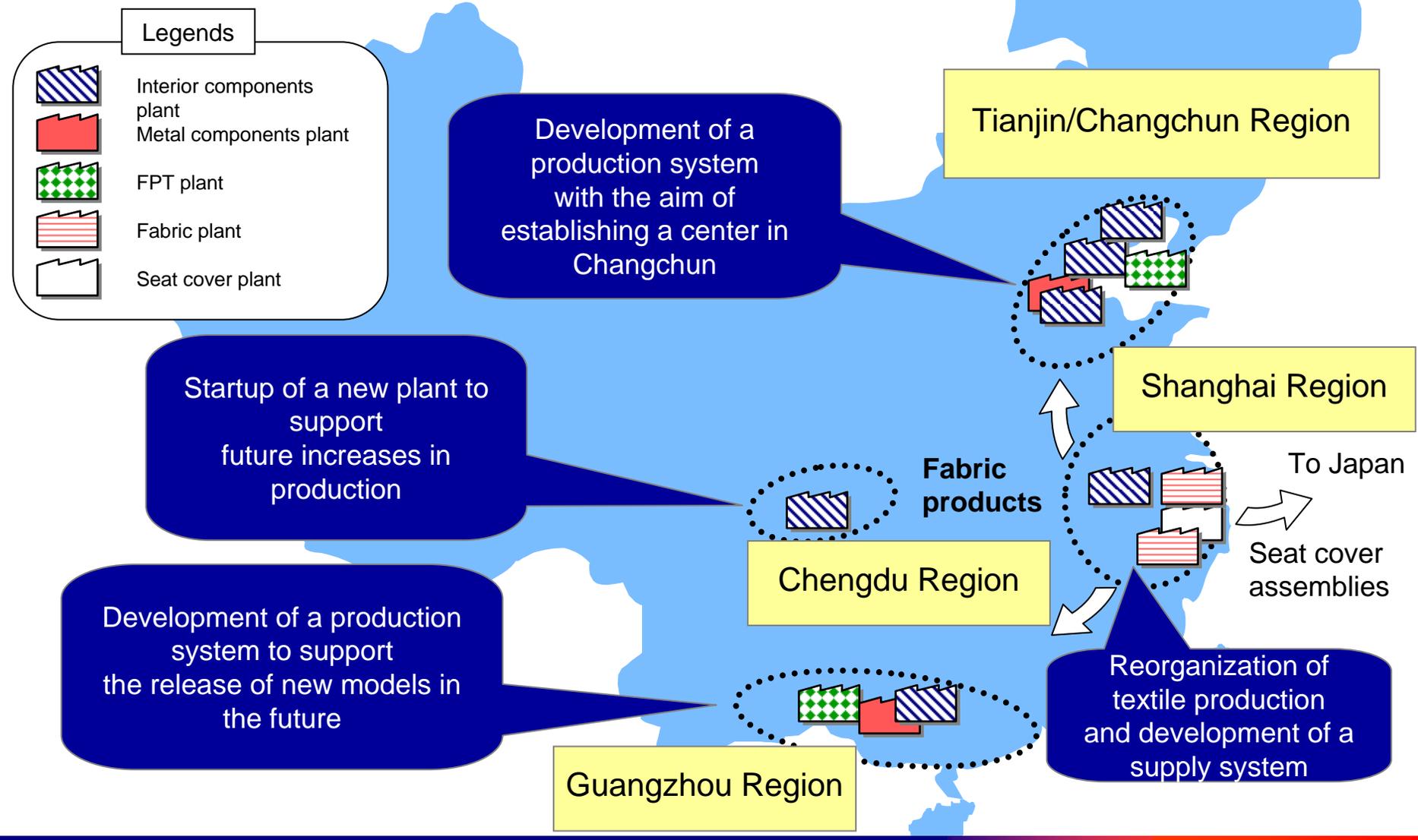
Example: Integrated system of production for sheets through establishment of TBIN (metal factory)



Production base established for sheet components (metal, urethane), thus reducing logistics costs.

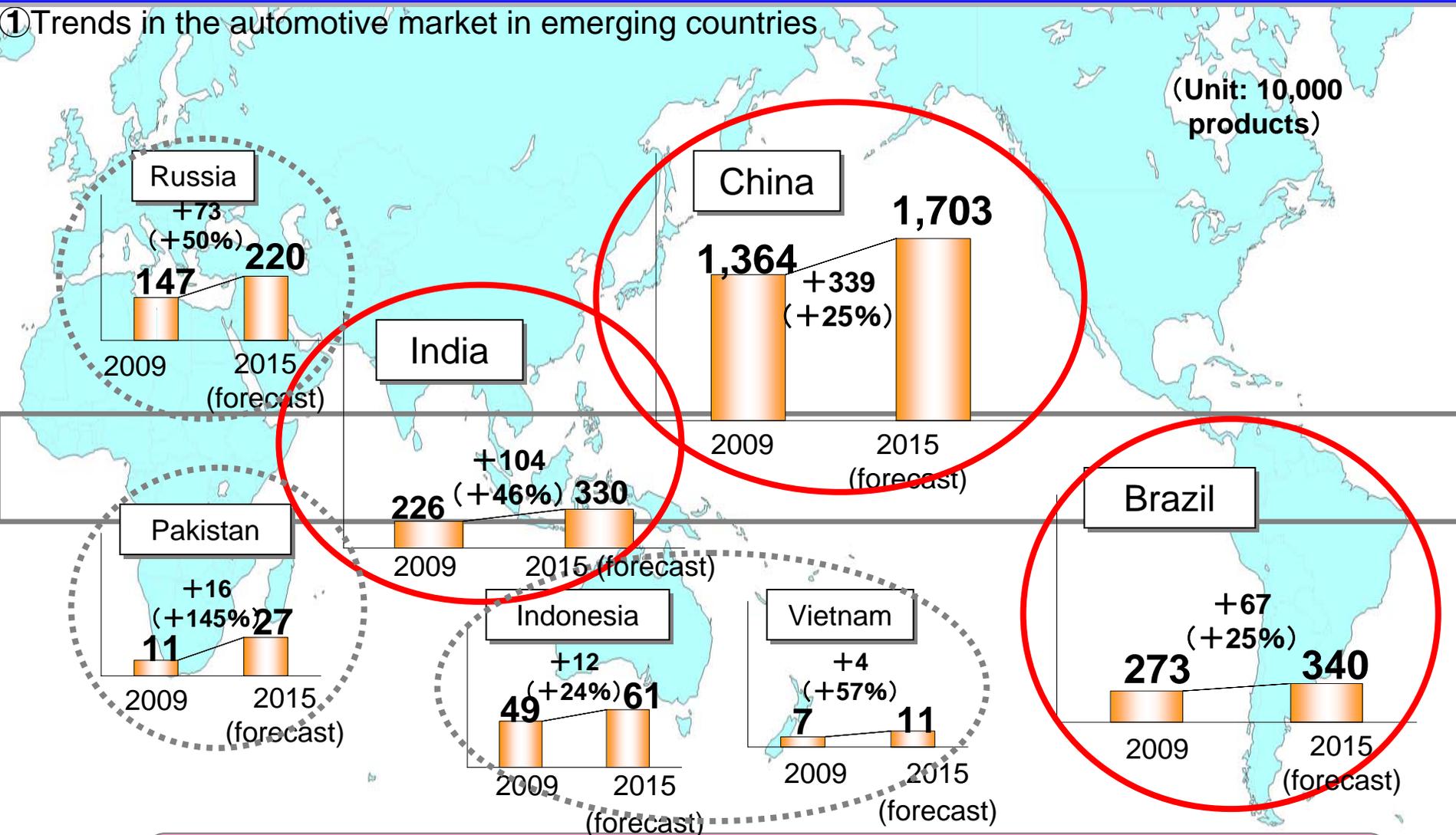
Improved quality and cost efficiency(Production③)

In China: Establishment of complete production bases in regions and development of a textile supply system through integrated production



Improved quality and cost efficiency(emerging Countries)

① Trends in the automotive market in emerging countries

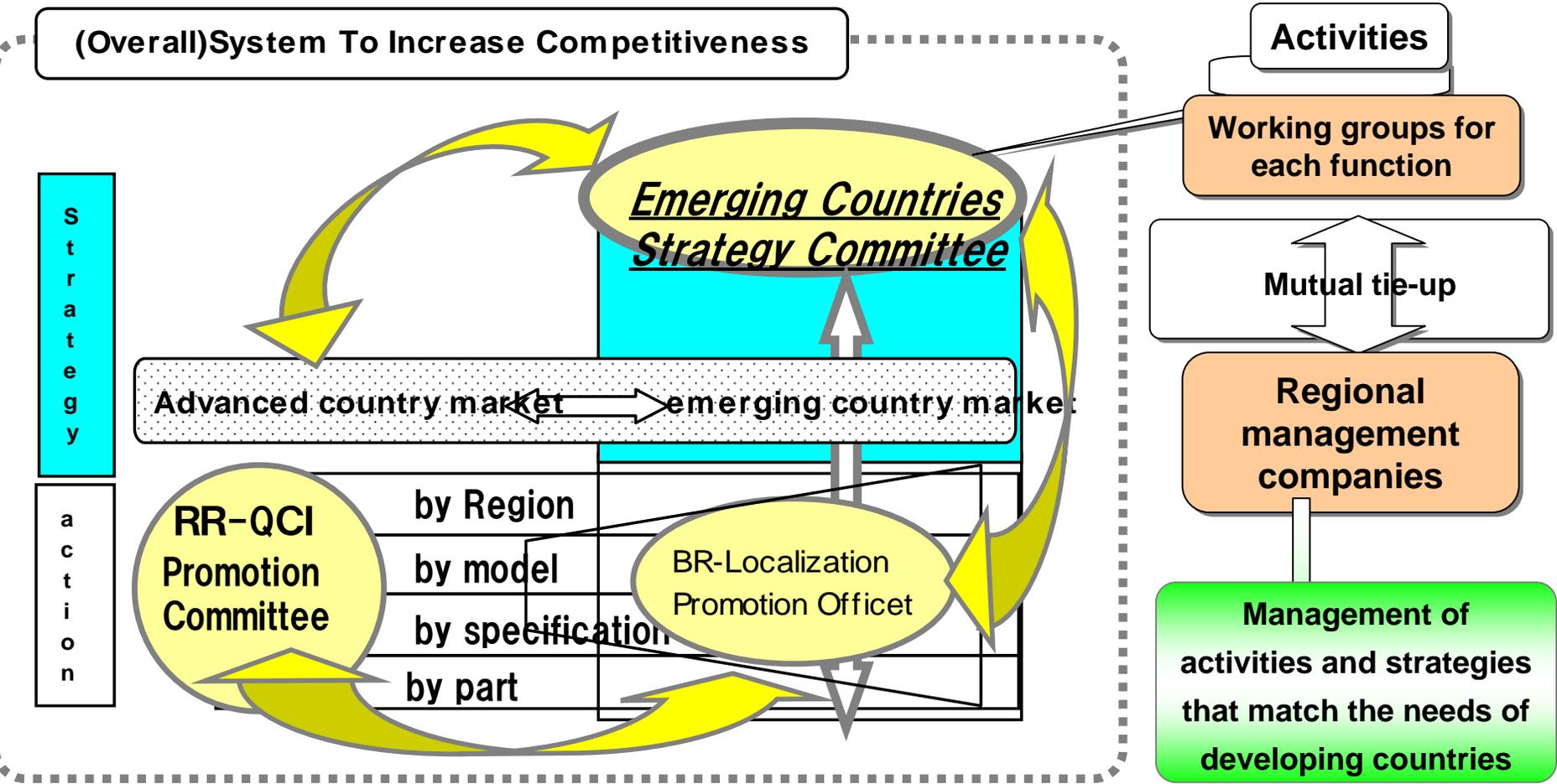


Promote activities with priority to **China, India and Brazil**
(considering action towards other emerging countries)

Improved quality and cost efficiency(emerging Countries)

② Development of an organizational system to advance support for emerging markets

Establish a **Emerging Countries Strategy Committee** for managing activities and developing strategies that match the needs of emerging countries



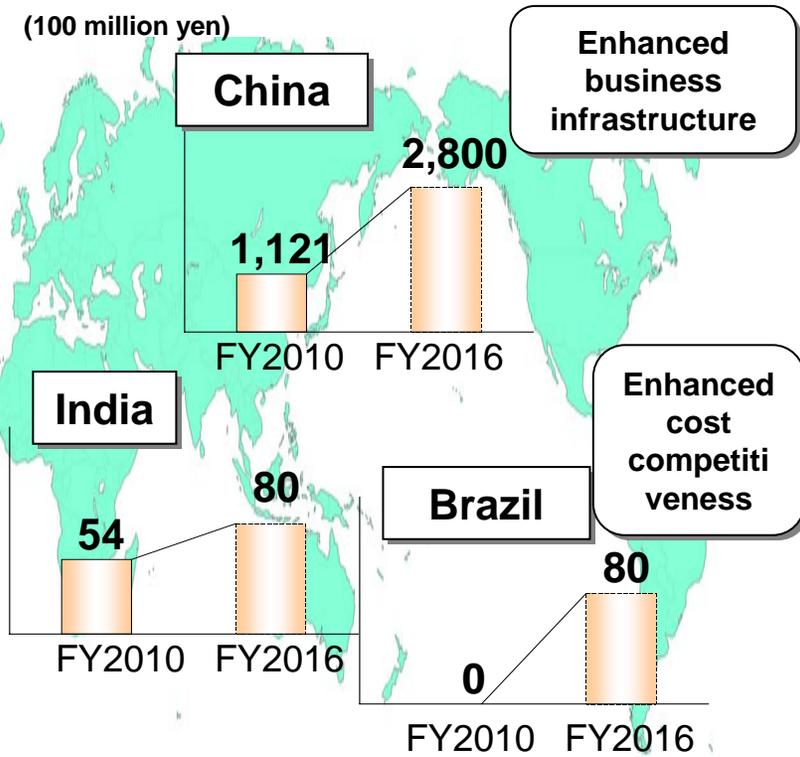
Improved quality and cost efficiency(emerging Countries)

③ Revolutionary actions established by the Emerging Country Strategy Committee

Development of a superior manufacturing system that matches the regional characteristics of emerging countries

Forecasted TB net sales in prioritized emerging countries

(100 million yen)



1. Plan and practice sales strategies to expand orders

2. Create organizational systems that match conditions in emerging countries

3. In order to realize business models in emerging countries, construct systems for development/positioning of organizations and personnel. Also construct stable labor relations.

4. Improve development capability for the proposal of appealing products (cost perspective) *[RR-QCI Committee]*

5. Create a material/component quality assurance system that matches the needs of developing countries

6. Secure overwhelming competitive power through the enhancement of onsite procurement infrastructure *[BR-Localization Promotion Office]*

7. Create a production system with revolutionary competitive power

3

Concentrate on strengthening of the foundation and the structure of our business, in order
To always meet the requirement of an always-changing business environment.

1) Overview of Profit Structure Reformation in FY2011

Seek to further strengthen the profit system through continual revisions of our profit structure

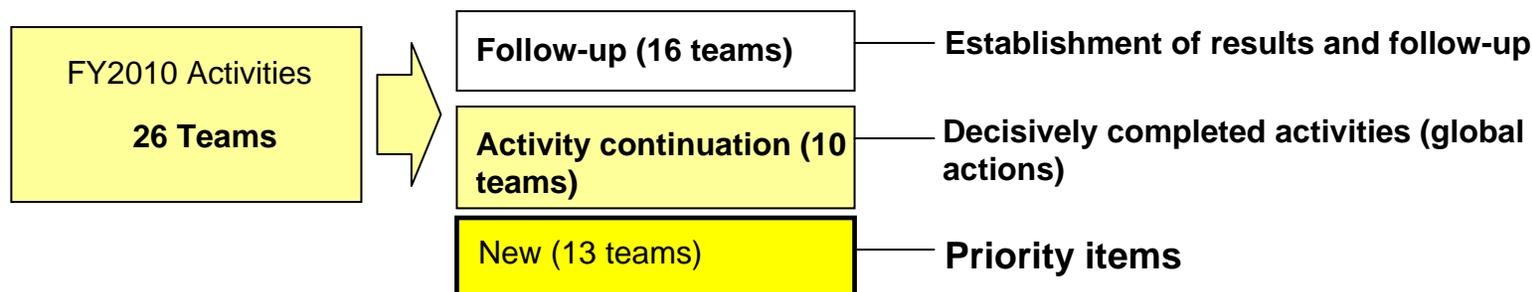
1. Aim of Activity

Reform structure for profitable business, even with cutbacks in operations

2. Consolidated target for FY2011

17.0 Billion Yen (Variable Cost: 15.0 Billion Yen, Fixed Cost: 2.0 Billion Yen)

3. Activity Approaches



1) Decisive action for fundamental profit structure revision in the North/Central/South American regions ⇒ Emergency response through an alliance between functions

2) Profit structure revision for products with worsening profits ⇒ Fundamental revision of profit structure specified for individual products

2) Profit Structure Reformation (N/C/S America)

① Current Status

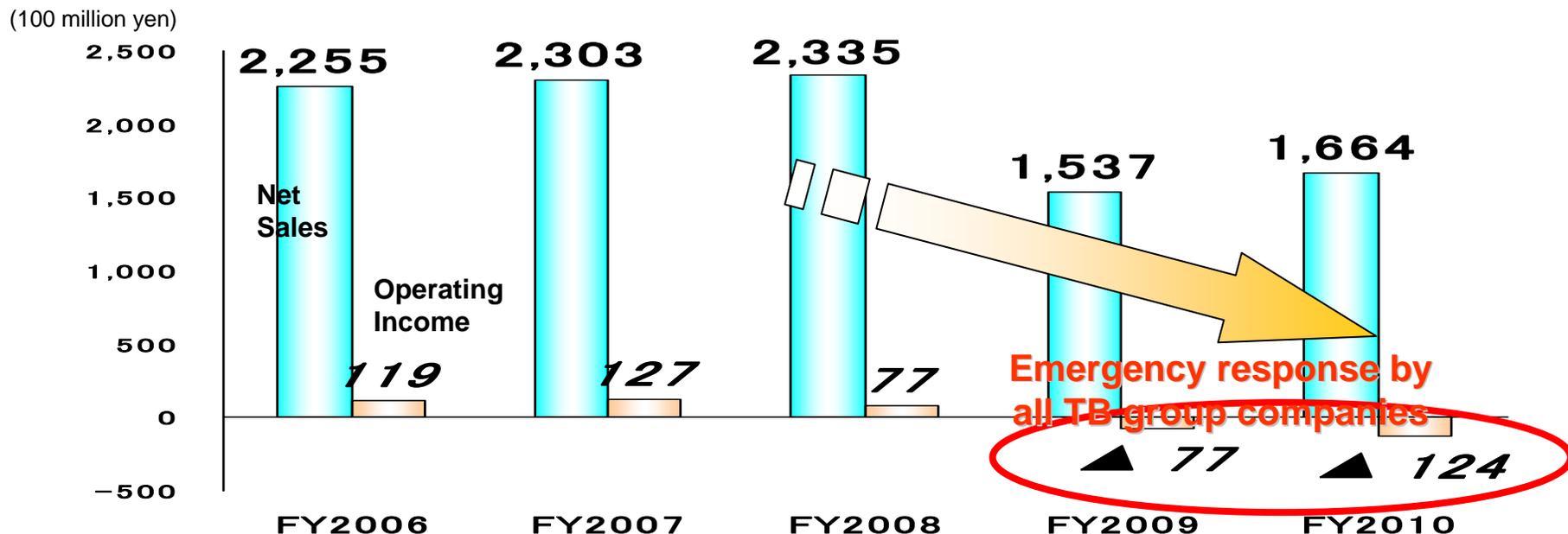
Factors for worsening profits

1) Temporary costs

- ① Preparation for establishment of new companies (TB Indiana, etc.)
- ② Support for new models and full-model changes (Hilander, Sienna, Cadillac SRX, etc.)
- ③ Retirement allowances for workforce reduced, etc.

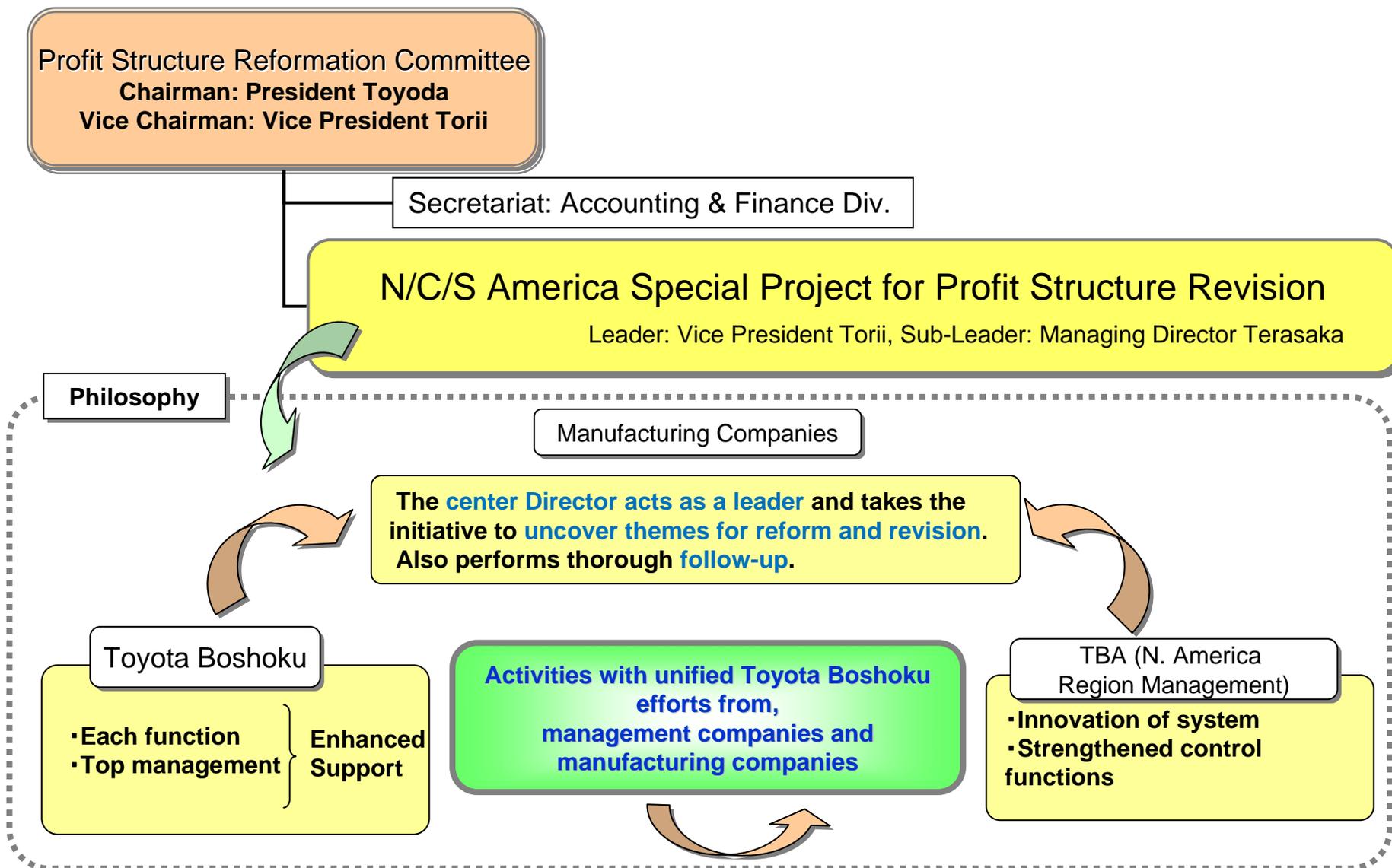
2) Changes of the profit structure such as decrease in marginal profits upon product switching

Profits and Losses



2) Profit Structure Reformation (N/C/S America)

② Response through development of a organizational system with cross-sectional functionality in North/Central/South America

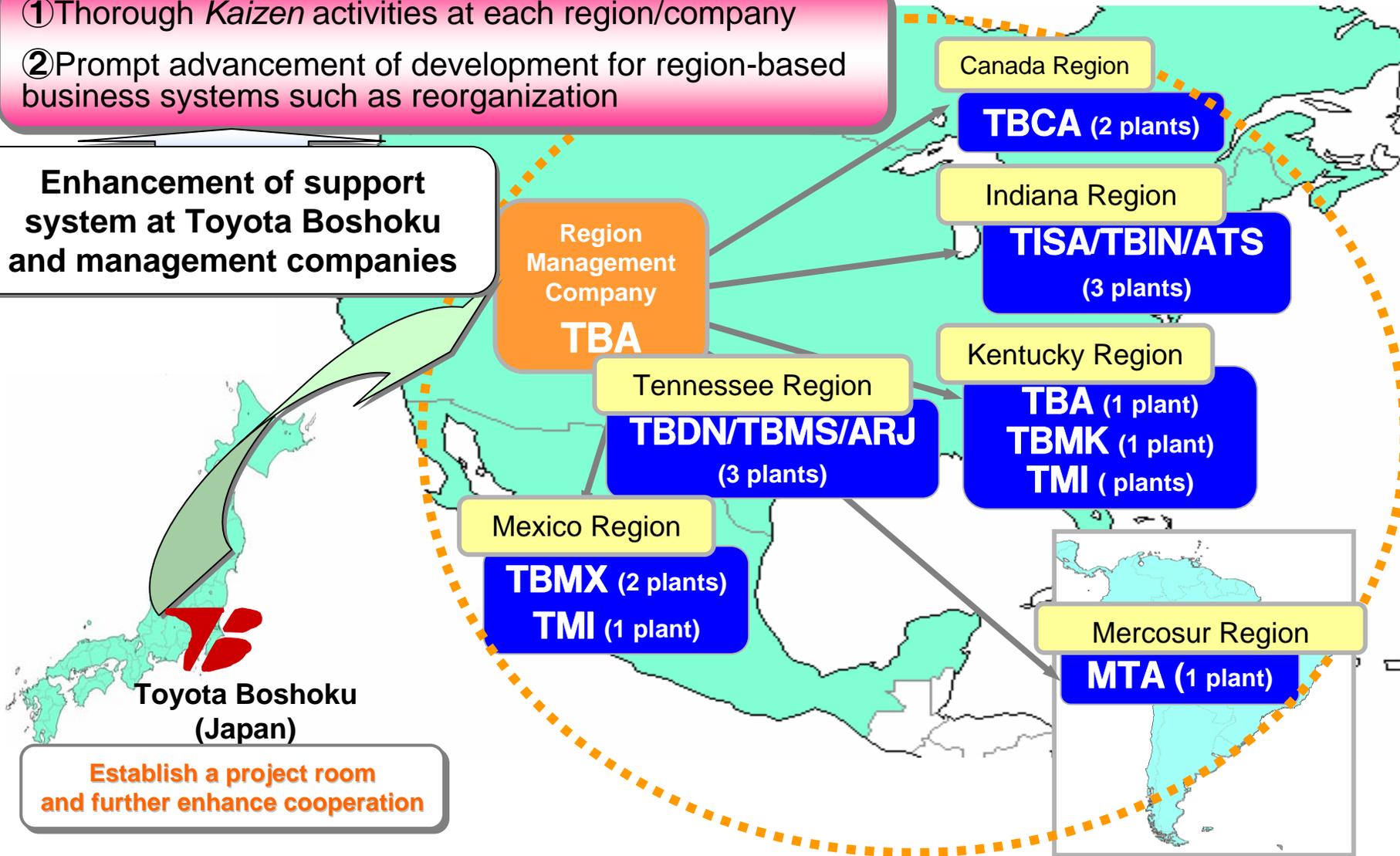


2) Profit Structure Reformation (N/C/S America)

③ Format of the N/C/S America Special Project for Profit Structure Revision

- ① Thorough *Kaizen* activities at each region/company
- ② Prompt advancement of development for region-based business systems such as reorganization

Enhancement of support system at Toyota Boshoku and management companies



Establish a project room and further enhance cooperation

2) Profit Structure Reformation (N/C/S America)

④ N/C/S America Kaizen Activities and Ideal Form

Kaizen Points

(1) Securing Marginal Profits

- ① Streamlining of materials
- ② Change to local procurement
- ③ Logistics Kaizen
- ④ Revision of internal/external manufacturing
- ⑤ Reduced labor costs, etc.

(2) Reducing Fixed Costs

- ① Revision of facilities investment
- ② Reduction of operational costs and costs to prepare for production

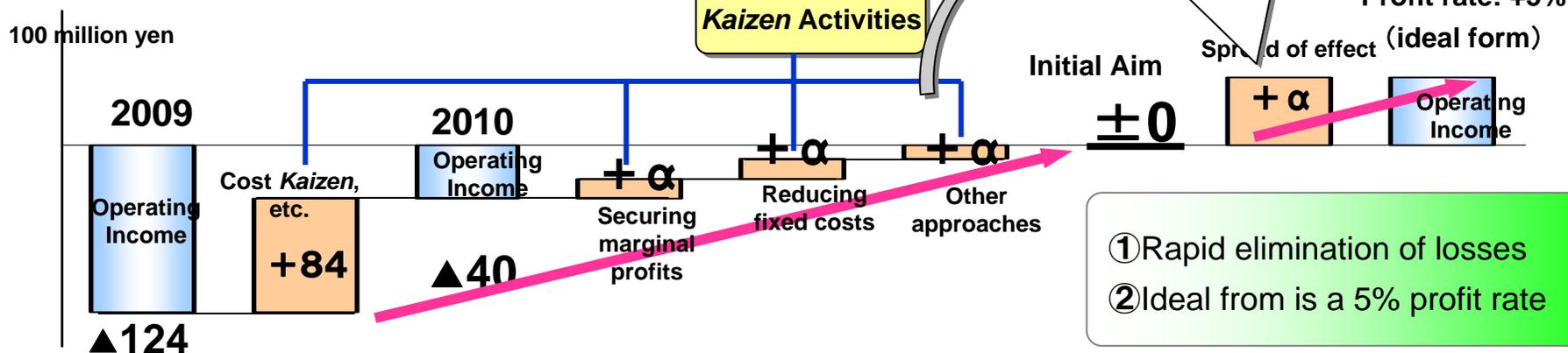
Kaizen Activities

Management of goals by each Kaizen item and by month

Toyota Boshoku, management companies and each business unit cooperate and follow-up activities

Support activities by Toyota Boshoku and management companies for the achievement of goals

Aim of Activities (Operating Income)



- ① Rapid elimination of losses
- ② Ideal form is a 5% profit rate

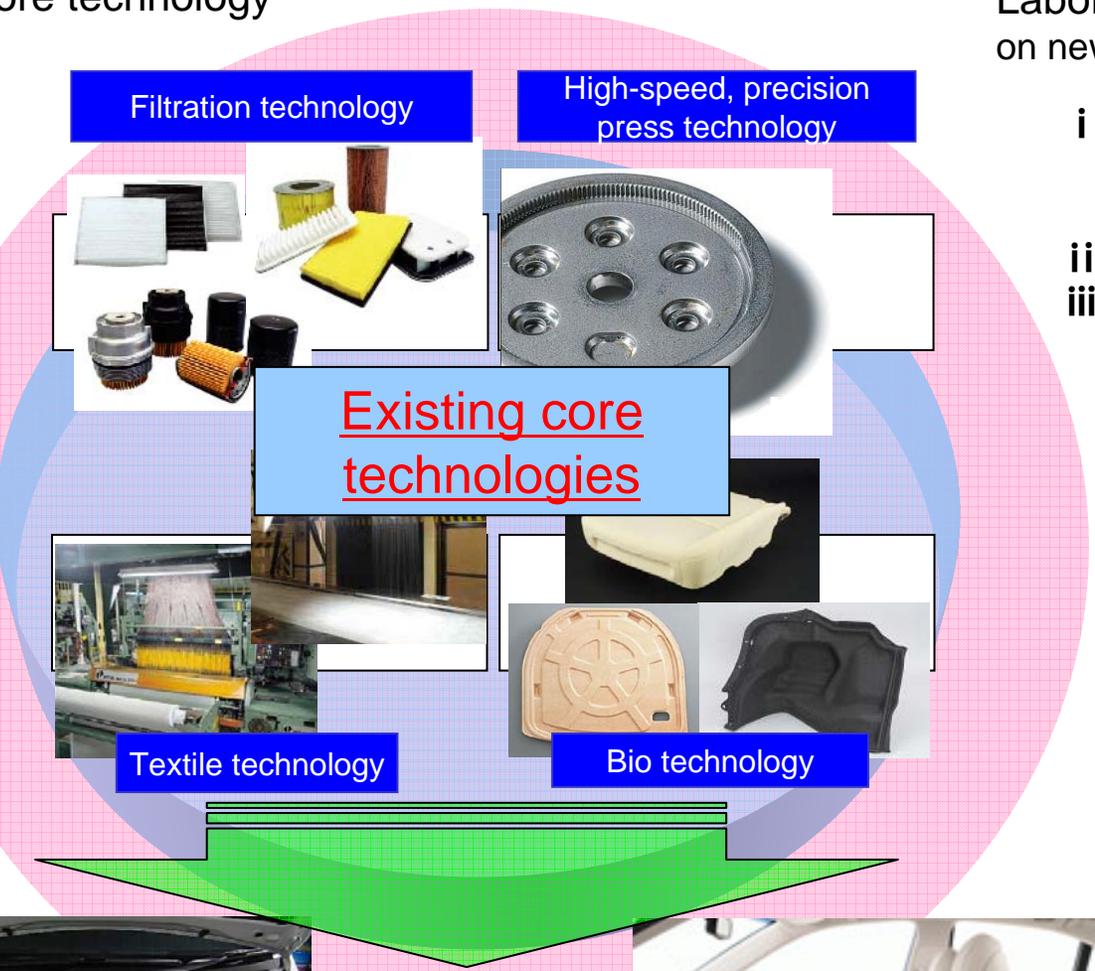
4

Purposefully advance the development of technology to reduce CO₂.

1) Expand to new business area

① Expand to new business area, by building on our core technology

② Enhancement of research Laboratories (promote R&D which focuses on new business 7 to 15 years in the future)



- i) Materials science field
(polymer materials, energy conversion materials)
- ii) Bioscience field
- iii) Human science field
(human psychology and physiological reactions)



2) Further promotion of Environmentally sustainable plants activities

Measures for the Future

Environmentally Sustainable Plant Activities

(Establishment of plants utilizing and existing in harmony with nature)

Eco Innovation

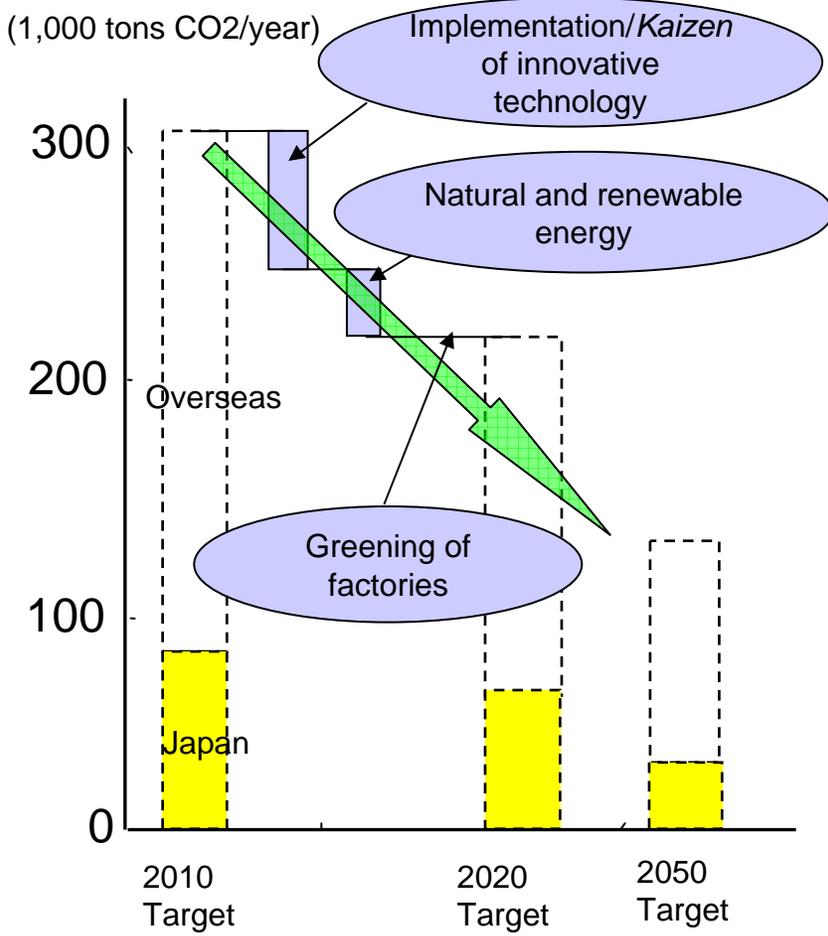
Realization of outstanding environmental performance through the implementation and *Kaizen* of innovative technology such as **highly efficient heating/cooling processes**

Eco Energy

Reducing CO2 through the use of natural energies (solar, wind, etc.) and renewable energies (biomass, etc.)

Eco Communication

Ecological preservation through tree-planting activities at our factories
Communications for cultivating ties between nature-staff-communities



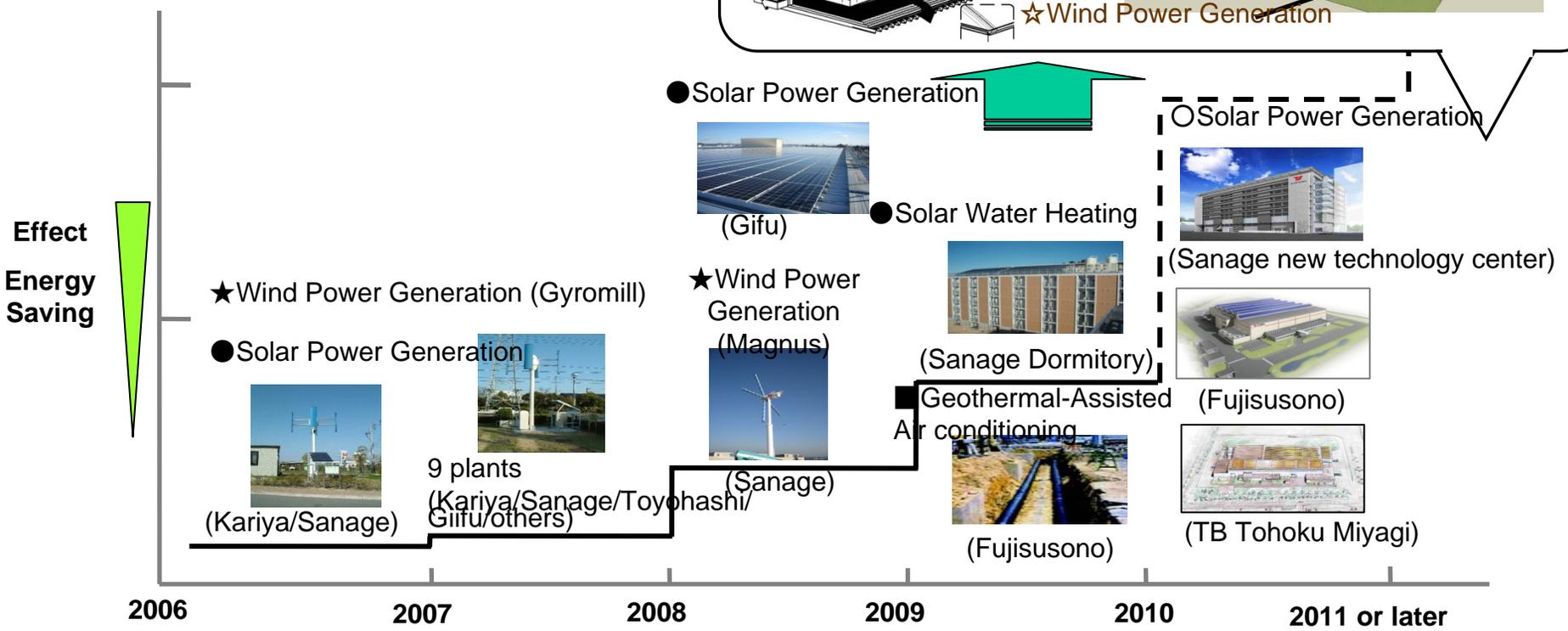
2) Further promotion of Environmentally sustainable plants activities

Eco Energy Example
Implementation record and future plans

Overseas Example

Technology is amassed in Japan and expanded to overseas

- Solar Power Generation (Newly established Poland Plant)
- ◆ Natural Illumination (Sky Light)
- ☆ Wind Power Generation



Respond to changing times and
move towards new growth

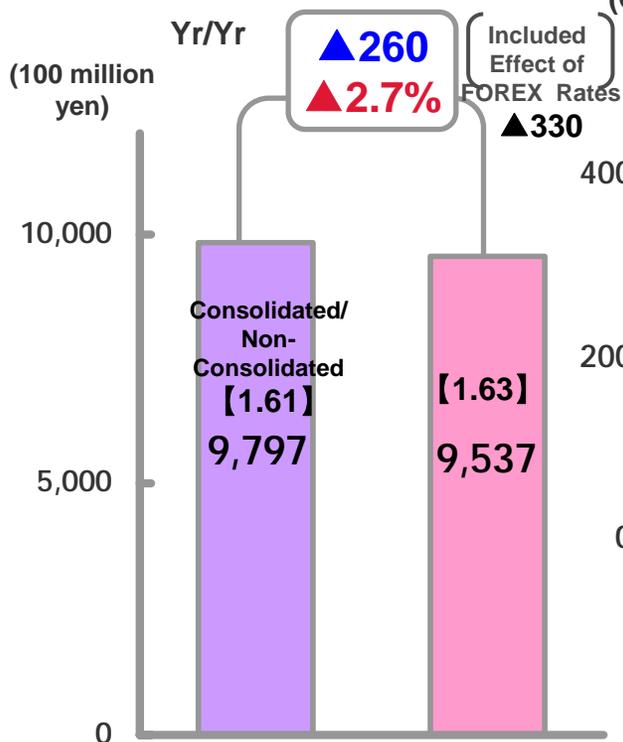
◇FY2010 Financial Results

Ritsuo Torii
Executive Vice President

Financial Highlights

Returned to profitability thanks to reform of the profit structure even though revenue decreased for the 2nd consecutive period

Net Sales

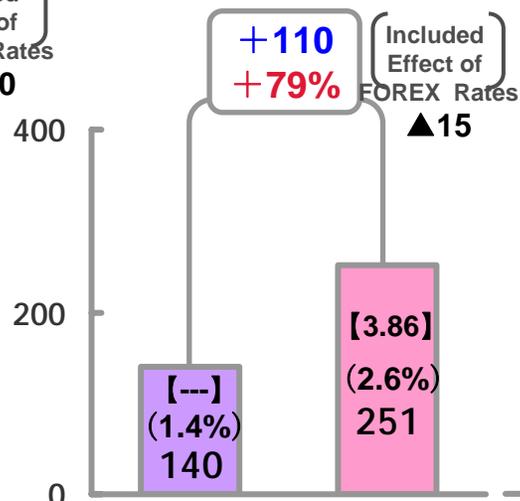


FY2009 FY2010

US\$	¥100.54	¥92.85
RMB	¥14.87	¥13.69
Thai baht	¥2.96	¥2.75
EUR	¥143.48	¥131.15

Operating Income

(Operating Income Ratio)

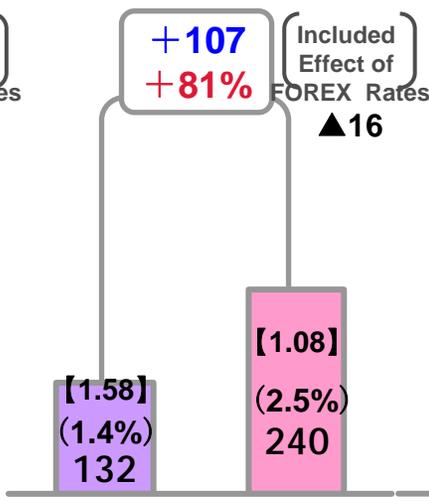


FY2009

FY2010

Ordinary Income

(Ordinary Income Ratio)

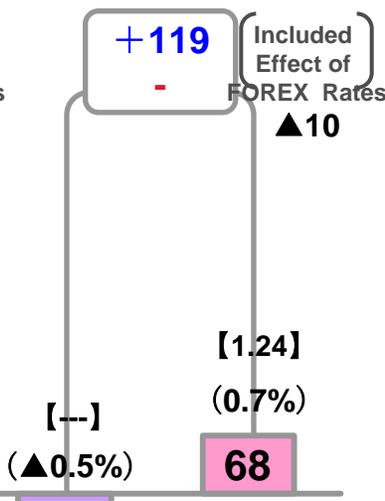


FY2009

FY2010

Net Income

(Net Income Ratio)



FY2009

FY2010

Net Income per Share

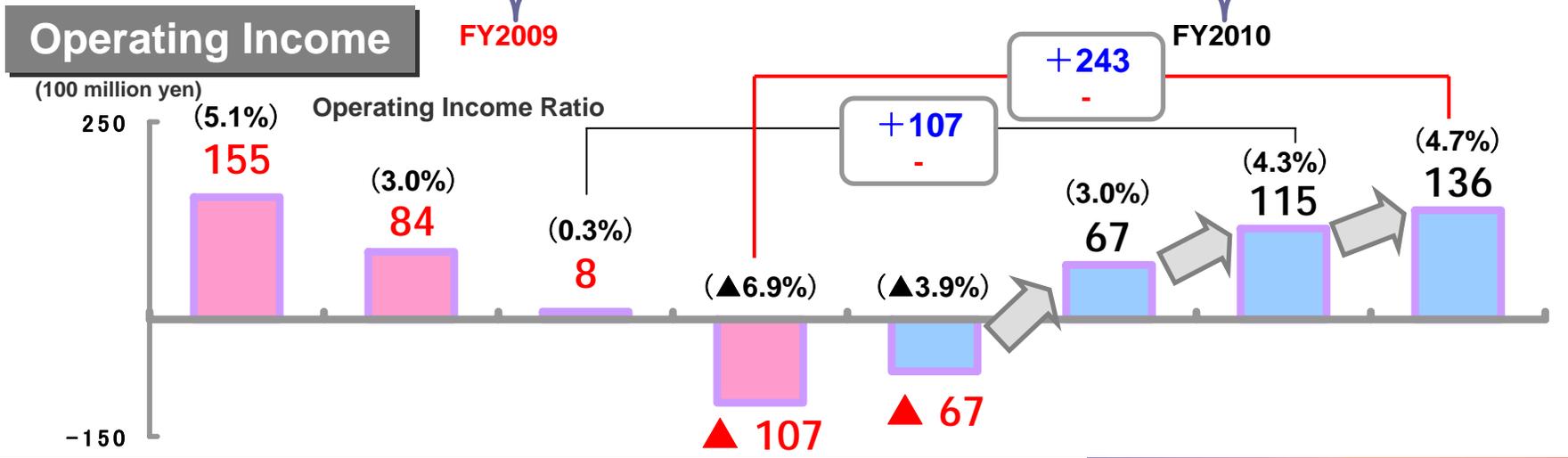
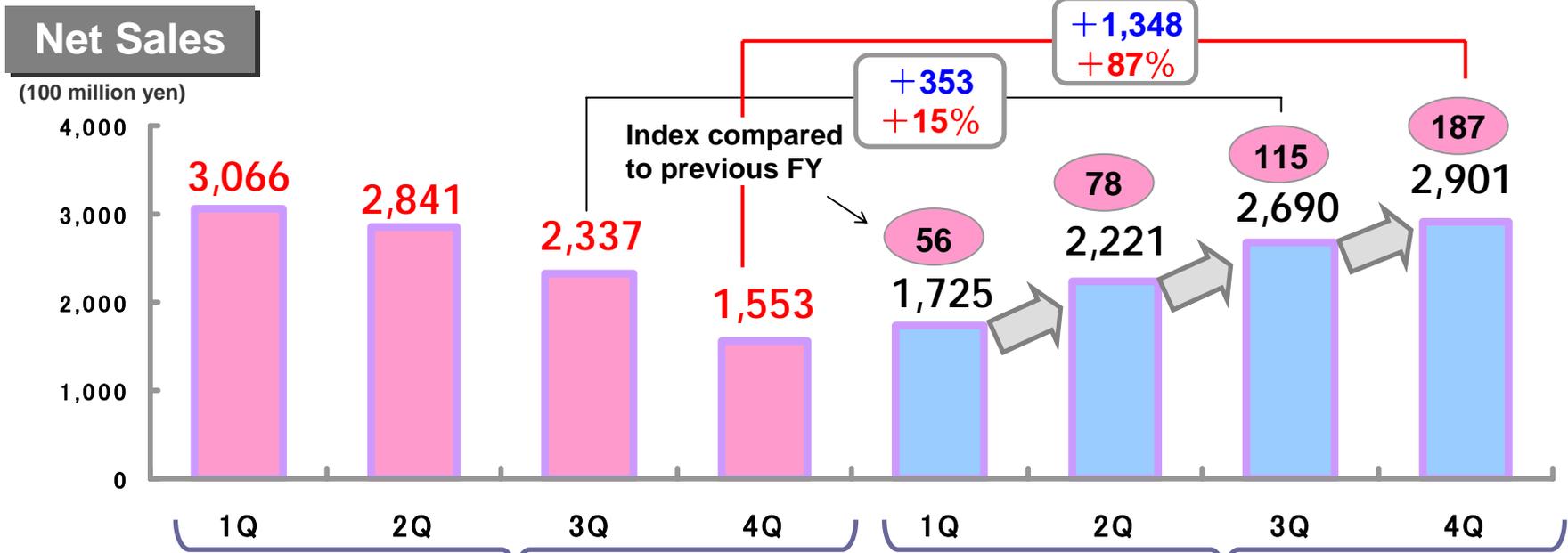
▲¥27.15 → ¥37.00

Dividend

¥20 → ¥13

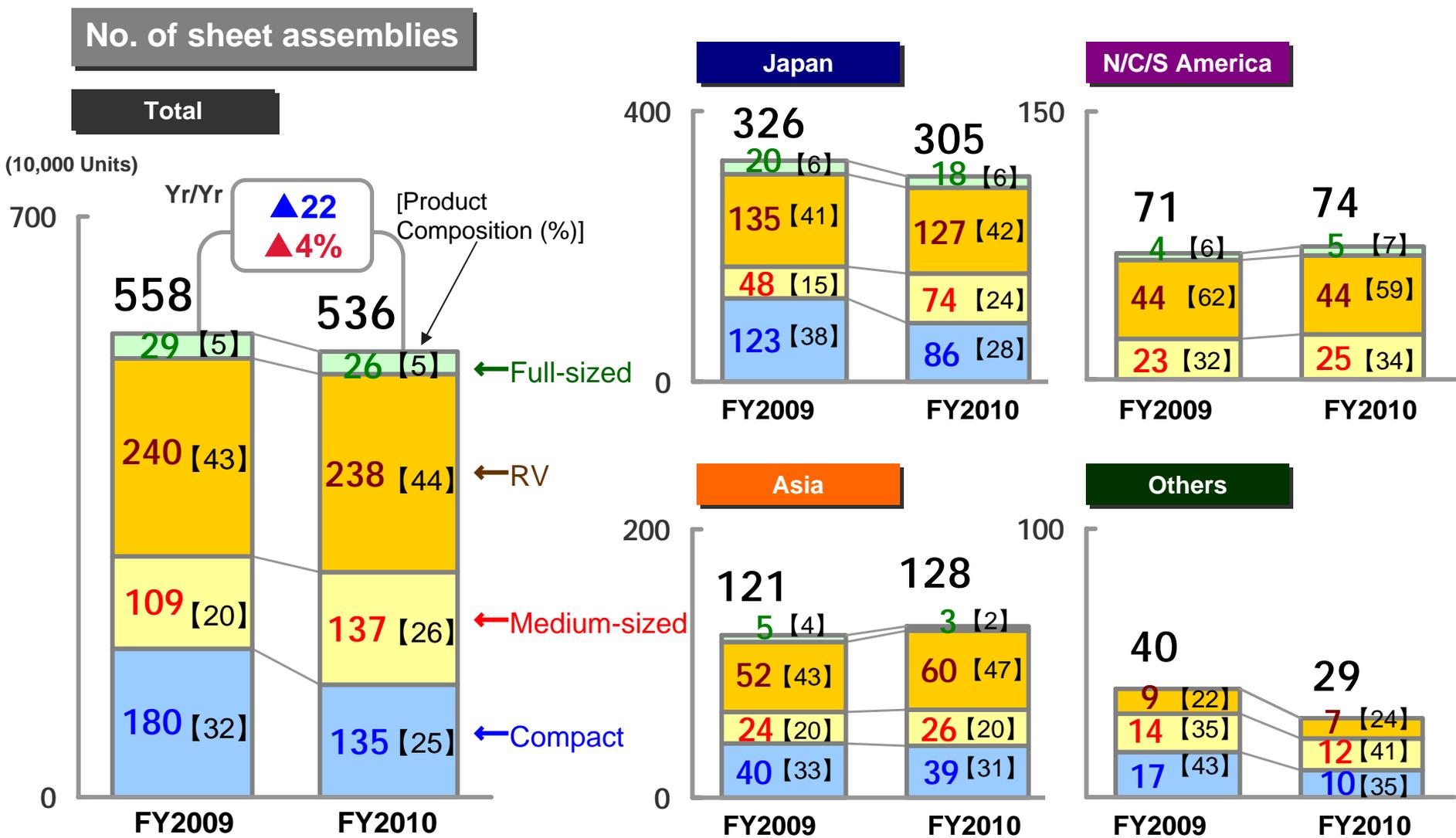
Financial Highlights

From the 2nd quarter, both net sales and operating income showed signs of recovery



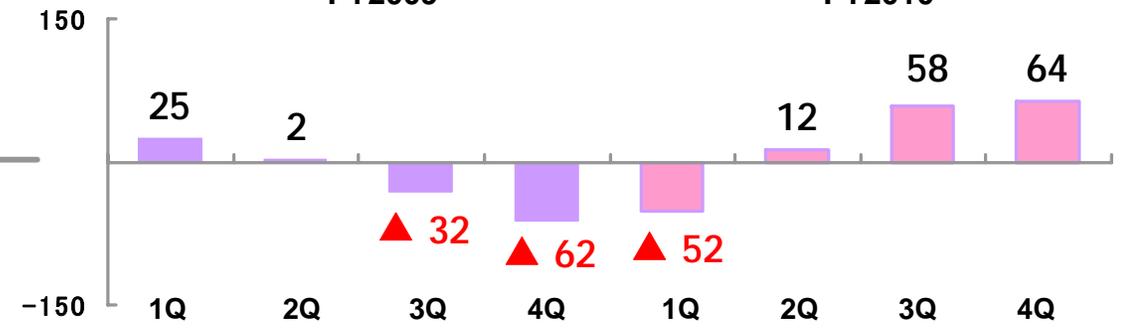
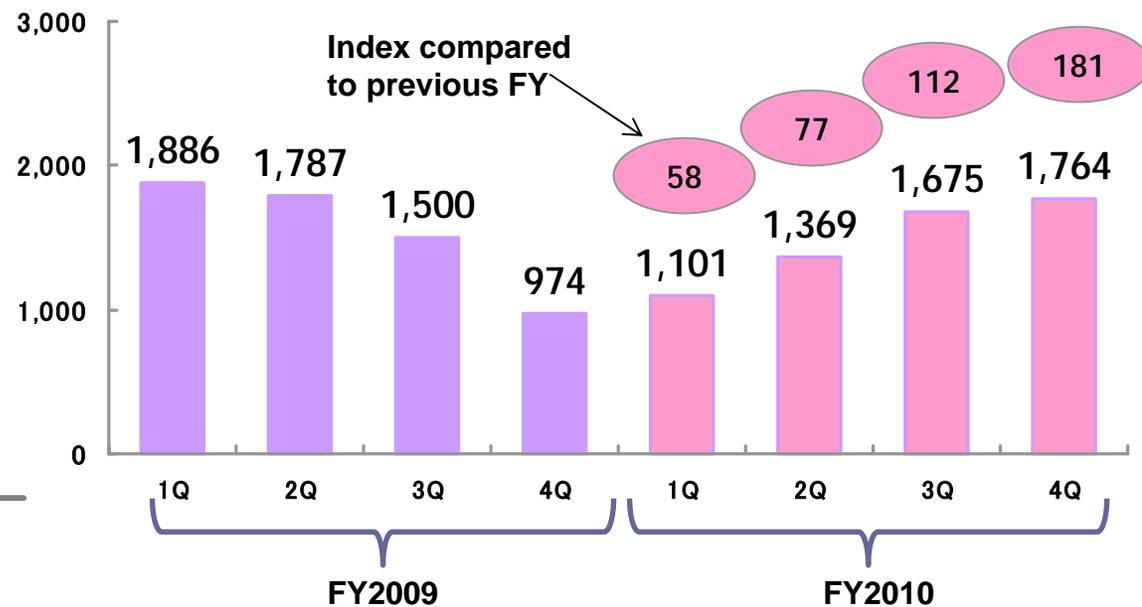
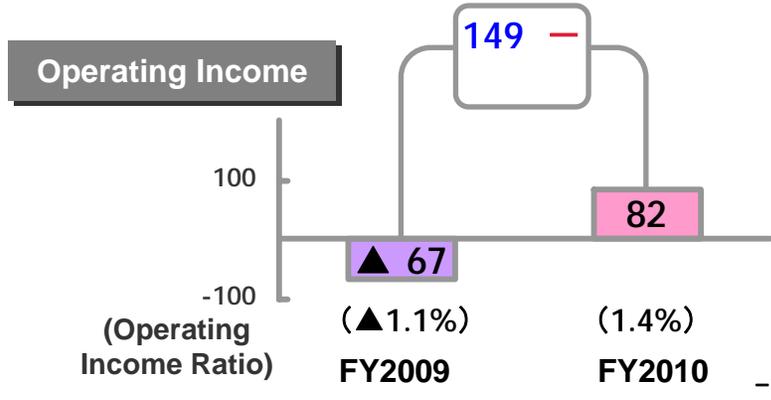
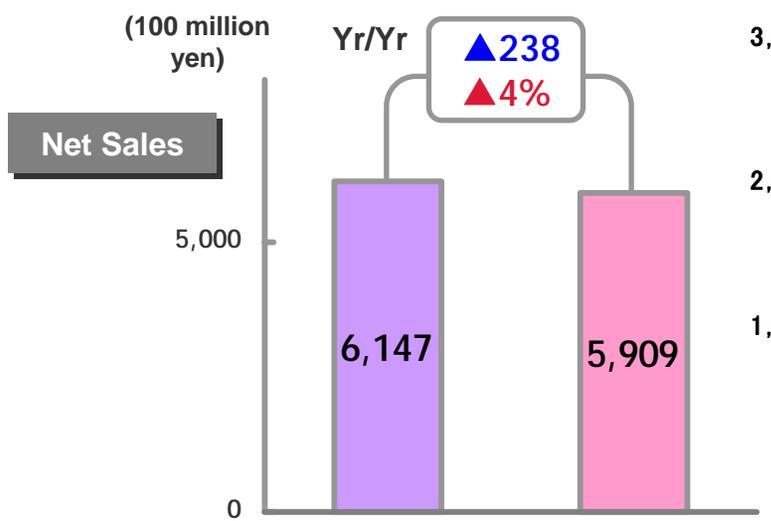
Number of units sold by region

A significant decrease in sales of compact cars in Japan led to an overall decrease



Net Sales and Operating Income by Region ①

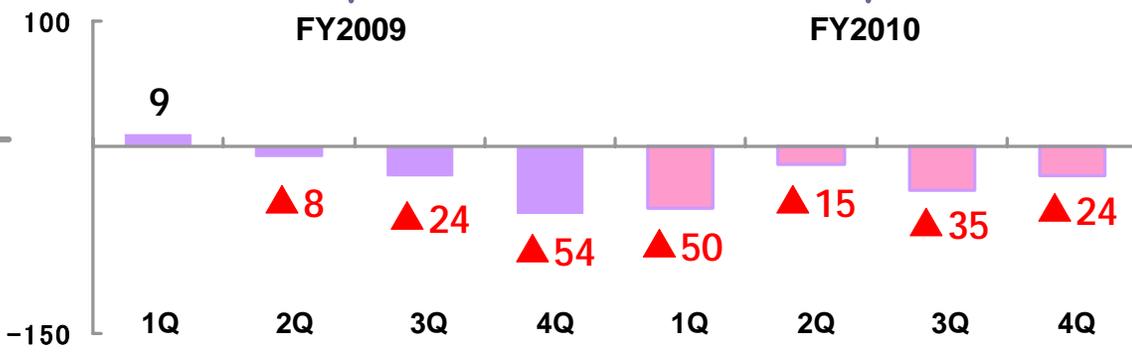
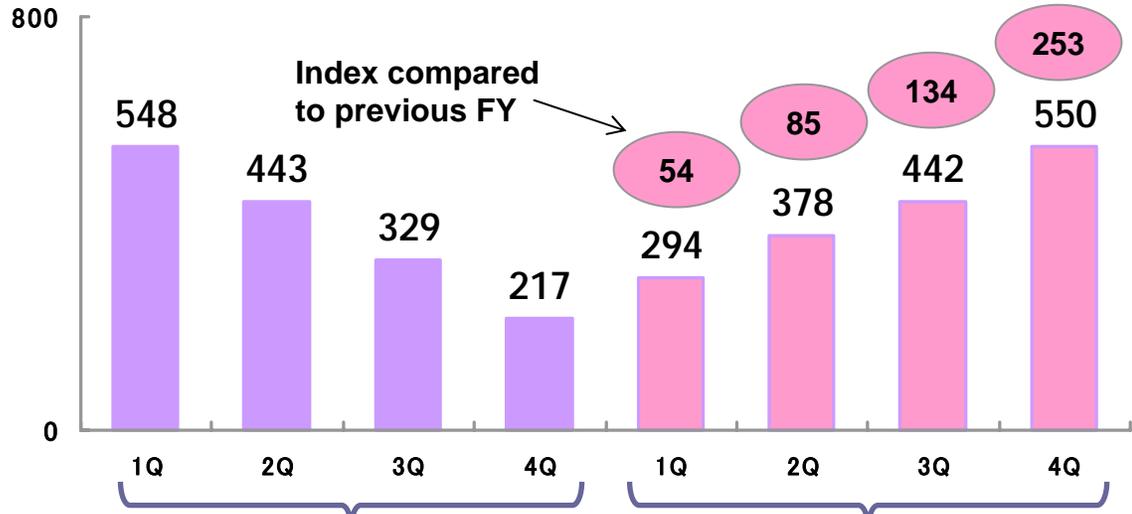
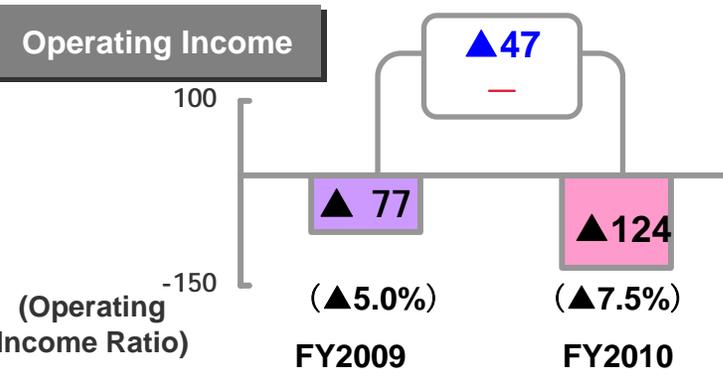
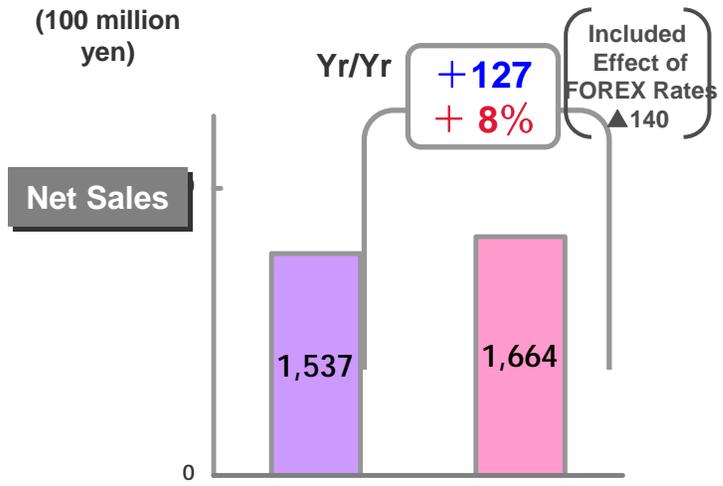
Japan



• Although results were produced by eco-cars and other new models, a decrease in imports to North America led to an overall decrease in revenue.
 • Even while revenue decreased, activities to revise the profit structure resulted in a return to profitability.

Net Sales and Operating Income by Region ②

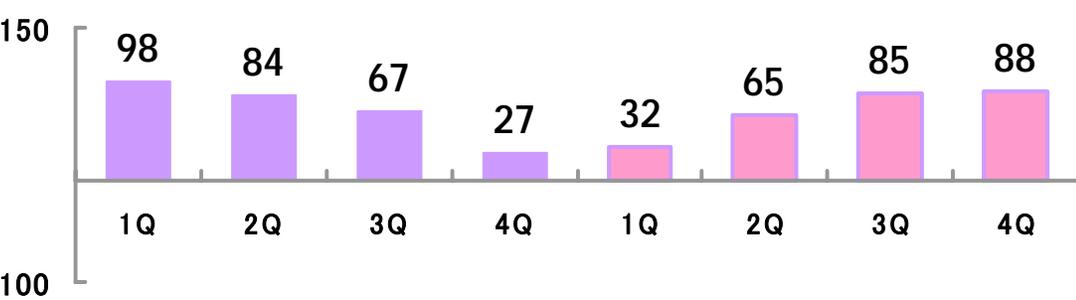
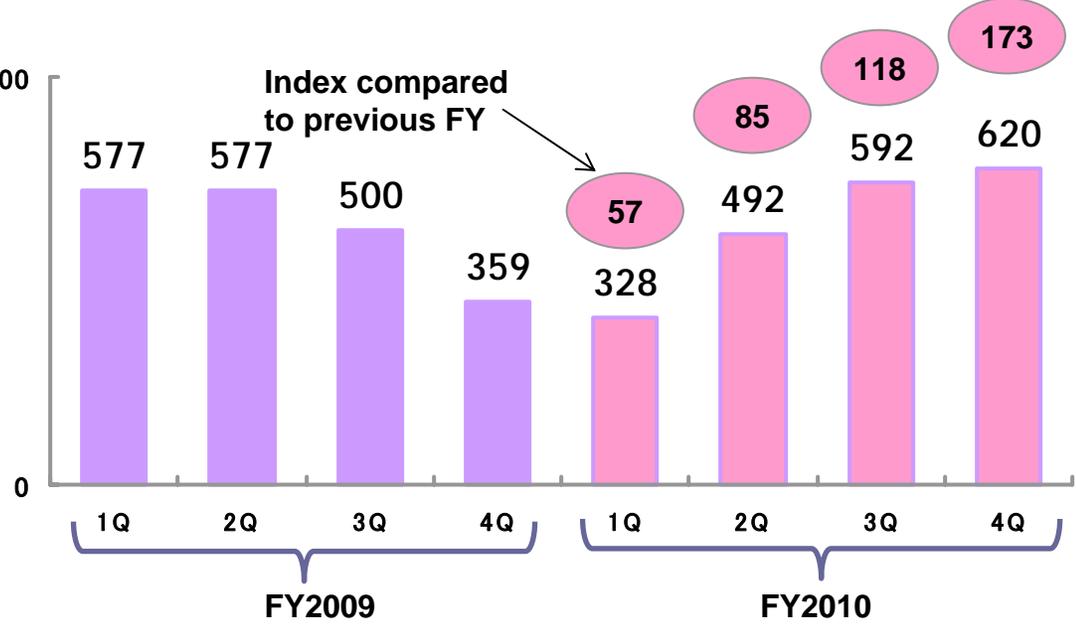
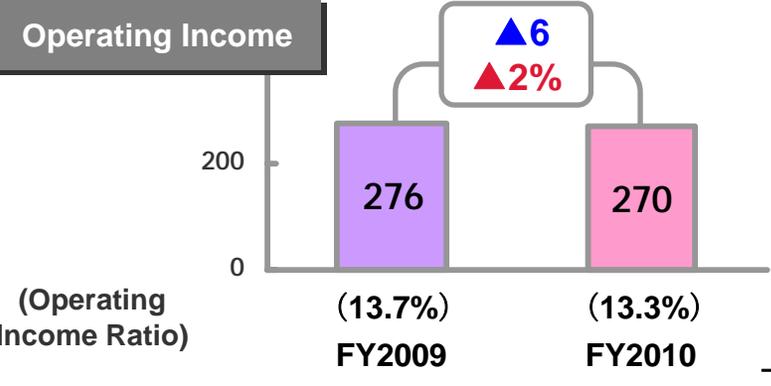
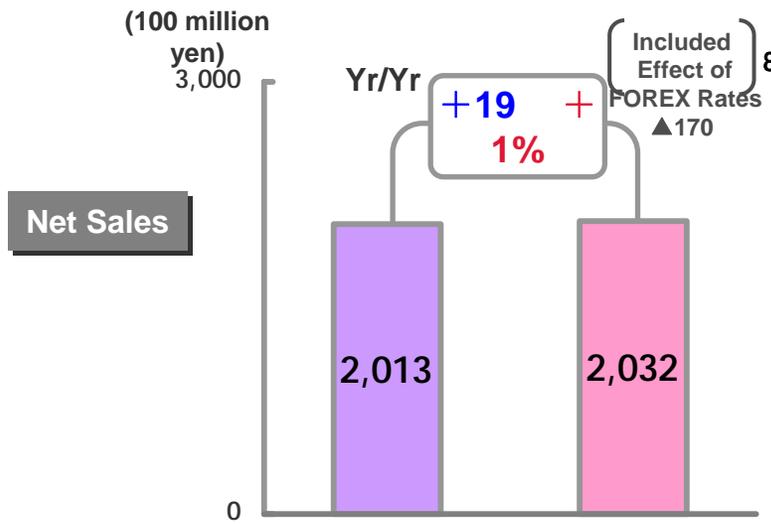
N/C/S America



• Revenue Increased due to the release of the Hilander and Cadillac SRX and increased production of the RAV4.
 • Profits decreased due to costs for preparing for the establishment of new companies and the production of new products.

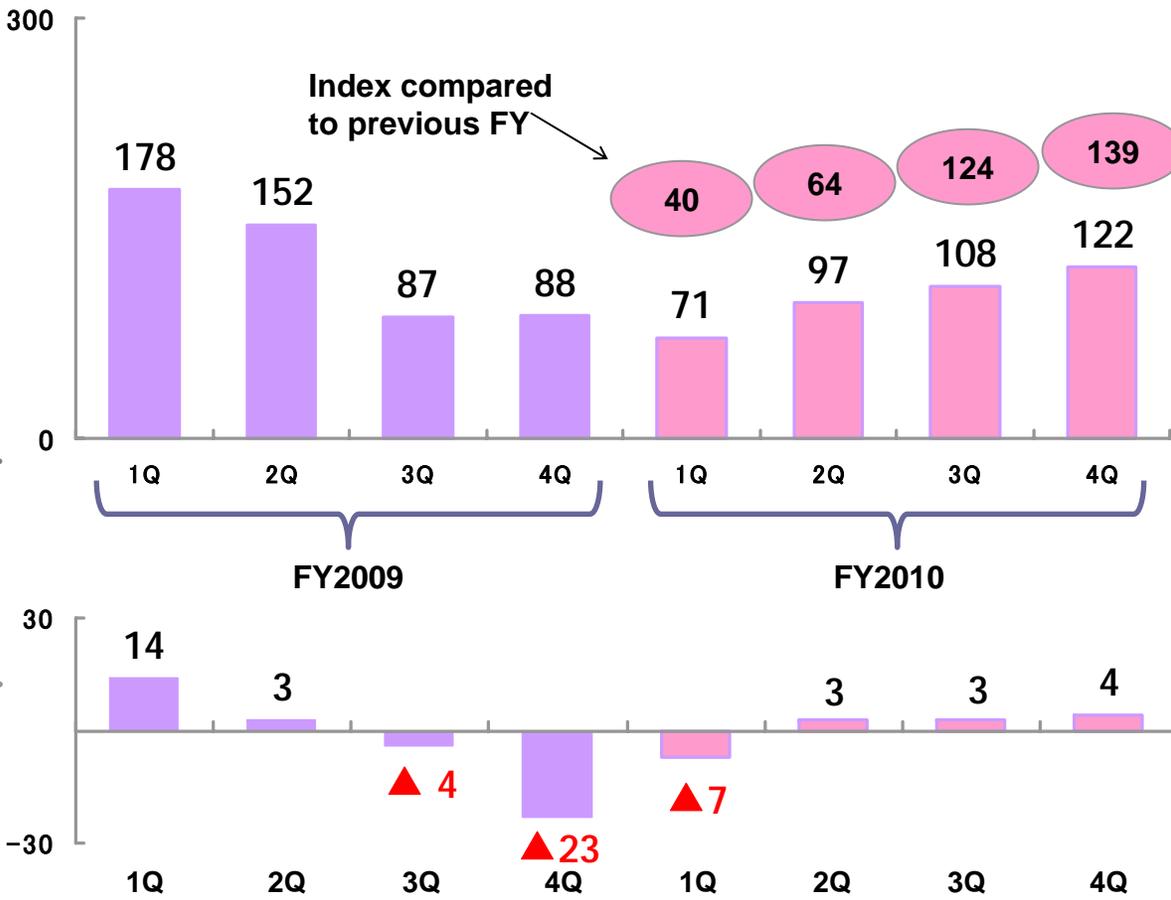
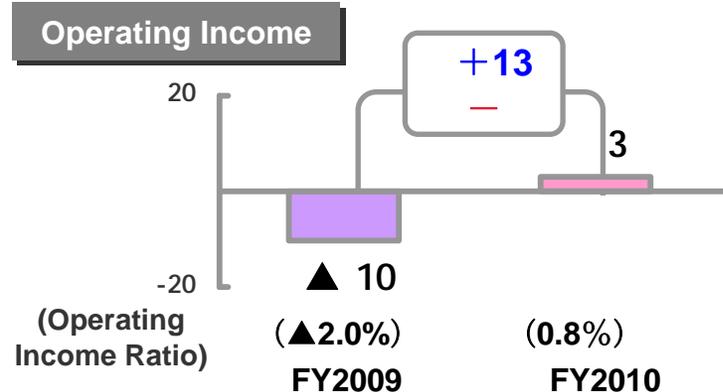
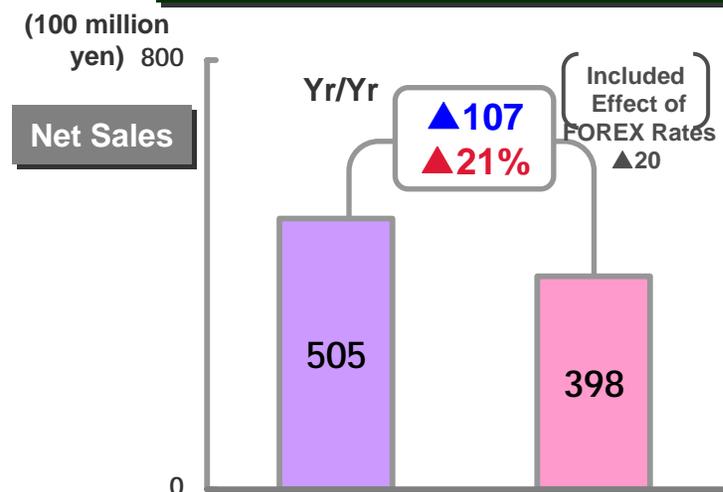
Net Sales and Operating Income by Region ③

Asia



- An overall decrease in the China region was covered by a recovery in the ASEAN market, as well as new release of the Hilander in Guangzhou, China and release of the RAV4 in Tianjin, China.
- Due to the influence of exchange rates, net sales and operating income were approximately the same as the previous period.

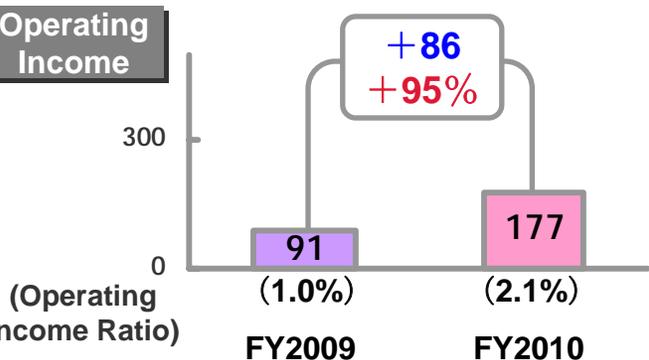
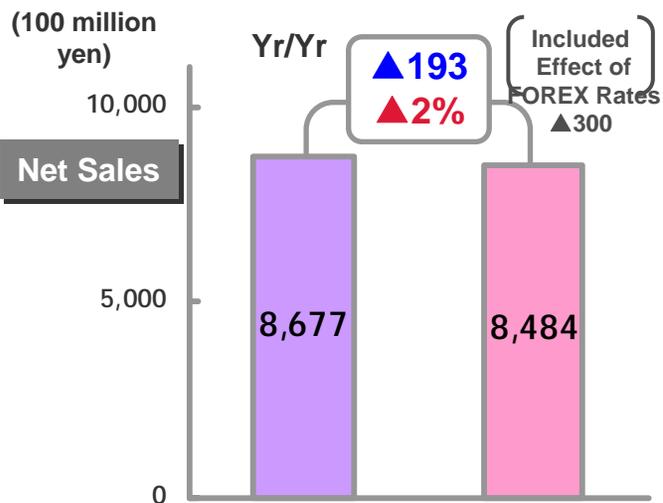
Others (Europe, South Africa and Australia)



- Significant decrease due to stagnant market conditions such as the Camry in Australia and the Corolla Verso in Turkey.
- Return to profitability due to results of profit structure reform and decreases in costs to prepare for the production of new products as incurred in the previous period.

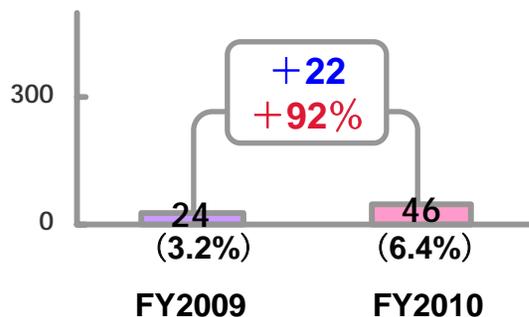
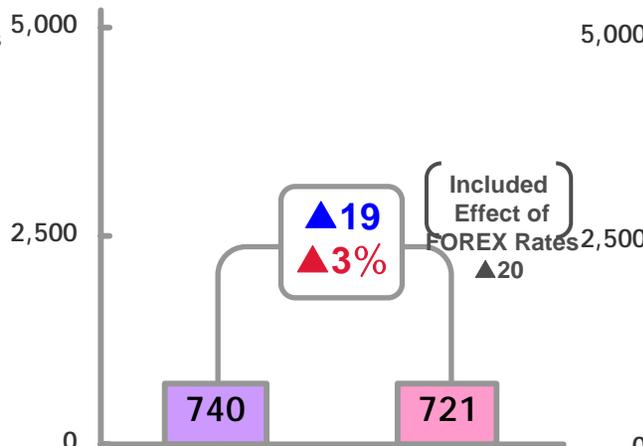
Net Sales and Operating Income by Business

Interior Components



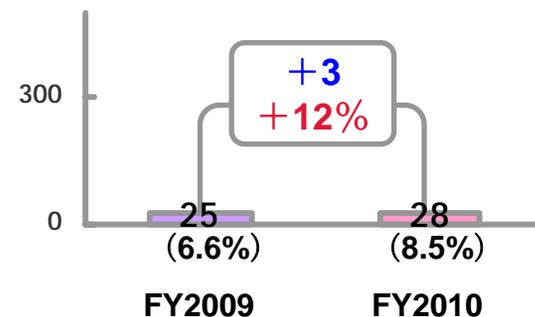
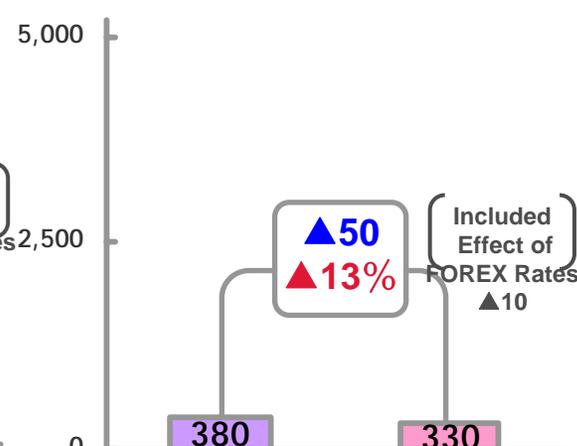
- Decreased revenue due to the influence of exchange rates and decreased production in Japan and other regions.
- Increased profits due to profit structure reform.

Filtration and Power Train Components



- Decreased revenue due to the influence of exchange rates.
- Increased profits due profit structure reform such as equalization of load between Japan and subsidiary companies.

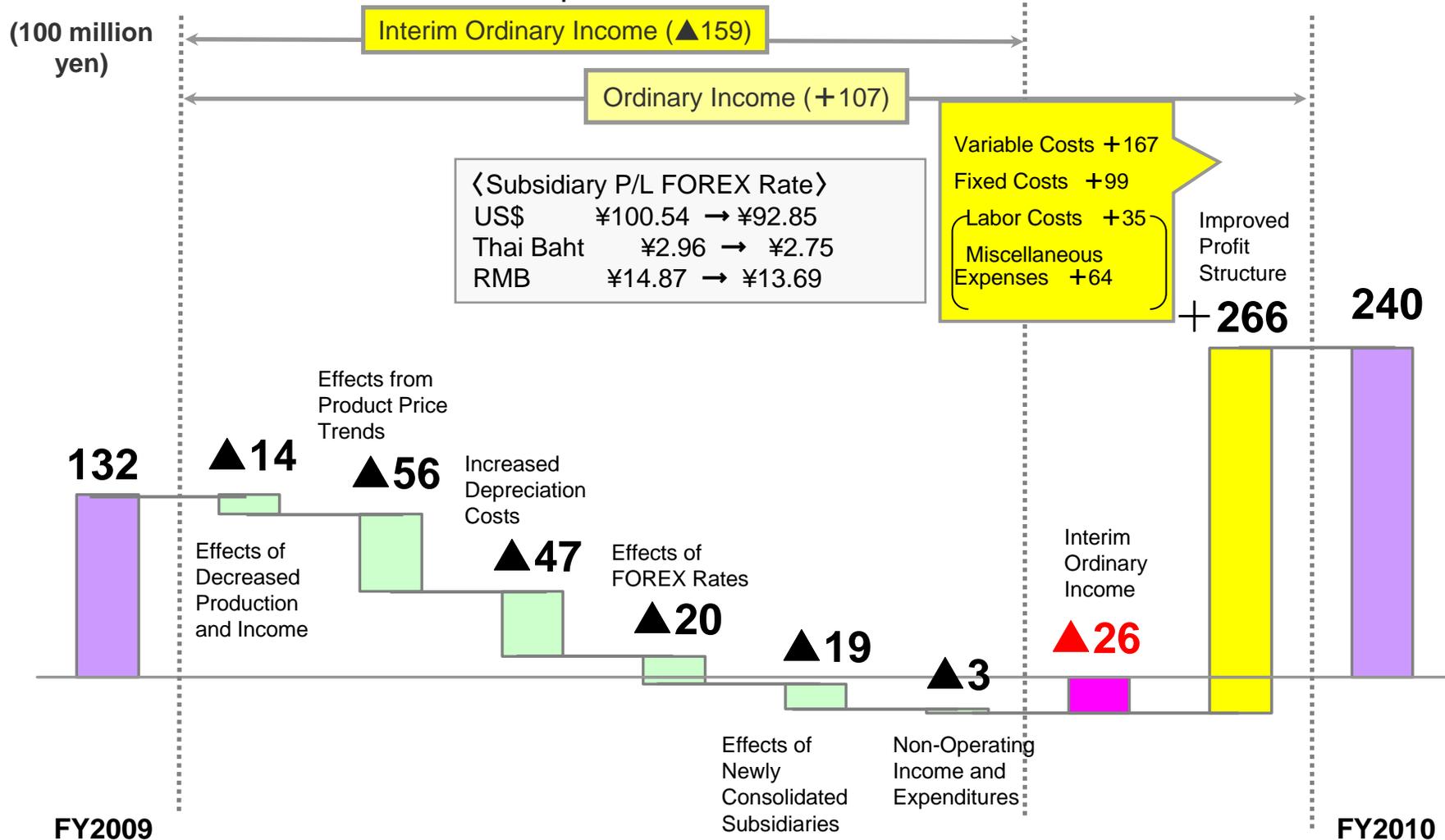
Textiles, Exterior Components and Others



- Decreased revenue due to factors such as decreased orders for bumpers in Japan.
- Increased profits due to profit structure reform.

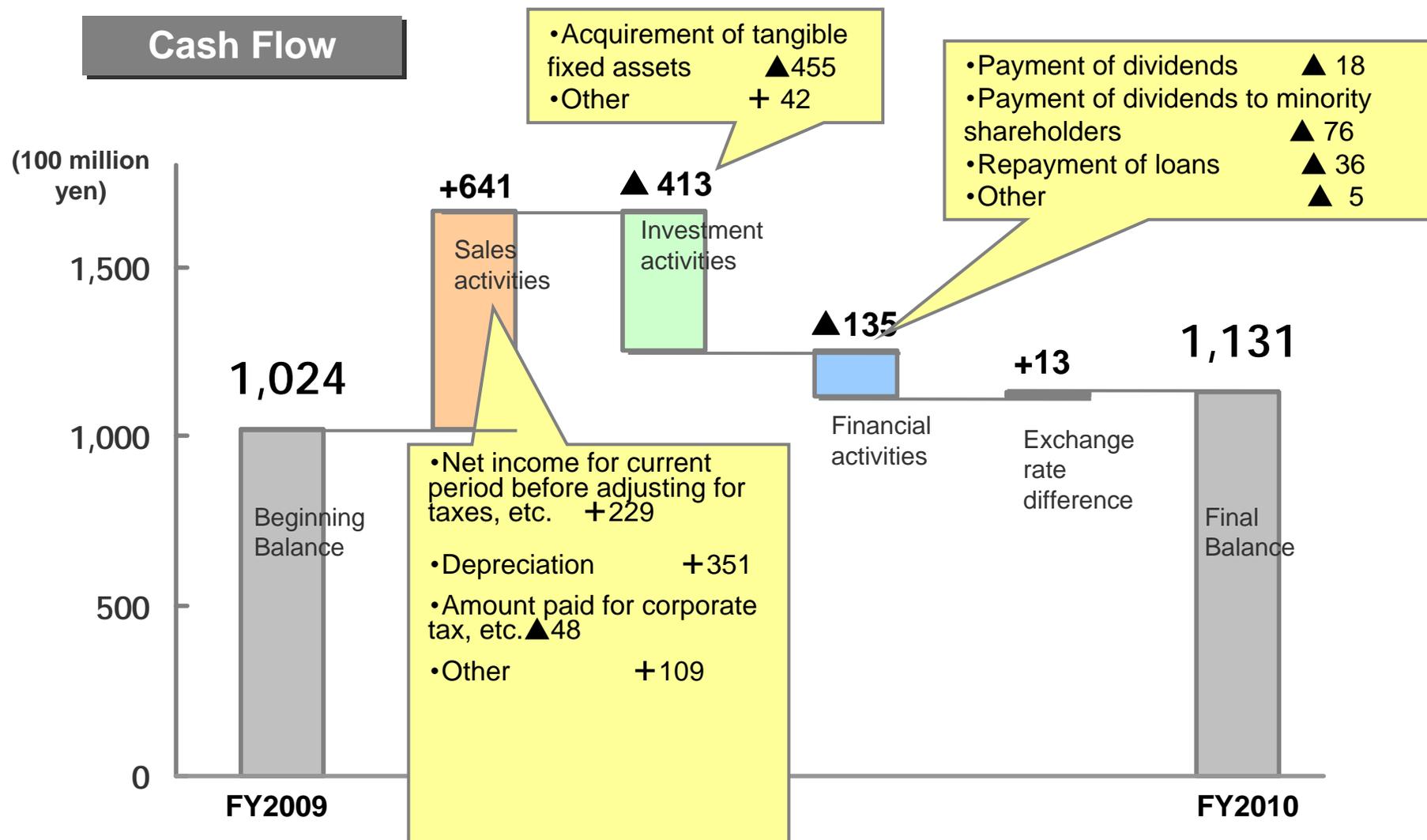
Factors of Increases/Decreases in Ordinary Income

Factors decreasing profit were covered by activities to revise our profit structure, resulting in decreased revenue but increased profit



Record of Cash Flow

Increase in final balance due to an increase in cash flow generated by sales activities

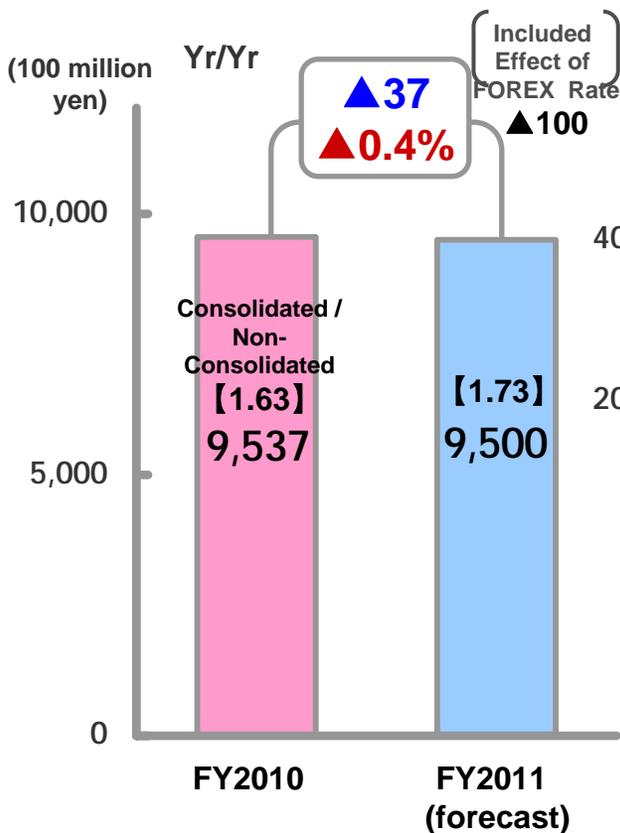


◇ Forecast for FY2011

Performance Forecast

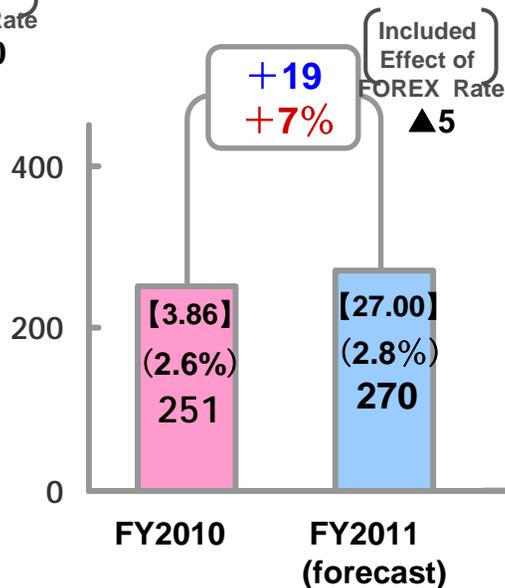
Even while sales will remain level, profit is projected to increase through continual activities to revise our profit structure

Net Sales



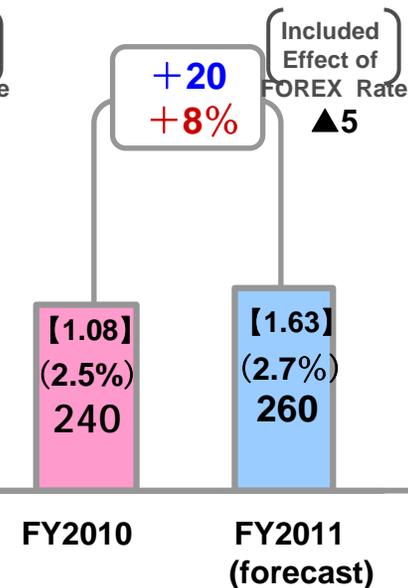
Operating Income

(Operating Income Ratio)



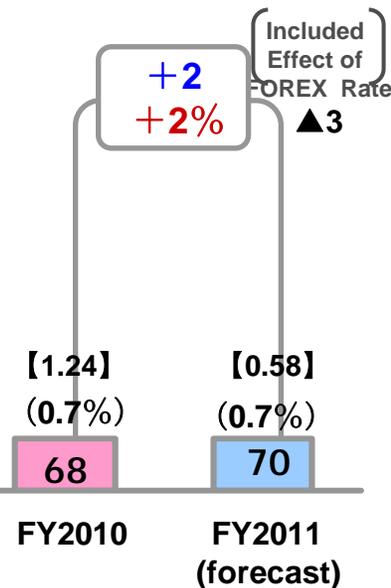
Ordinary Income

(Ordinary Income Ratio)



Net Income

(Net Income Ratio)



Net Income per Share

¥37.00 → ¥37.67

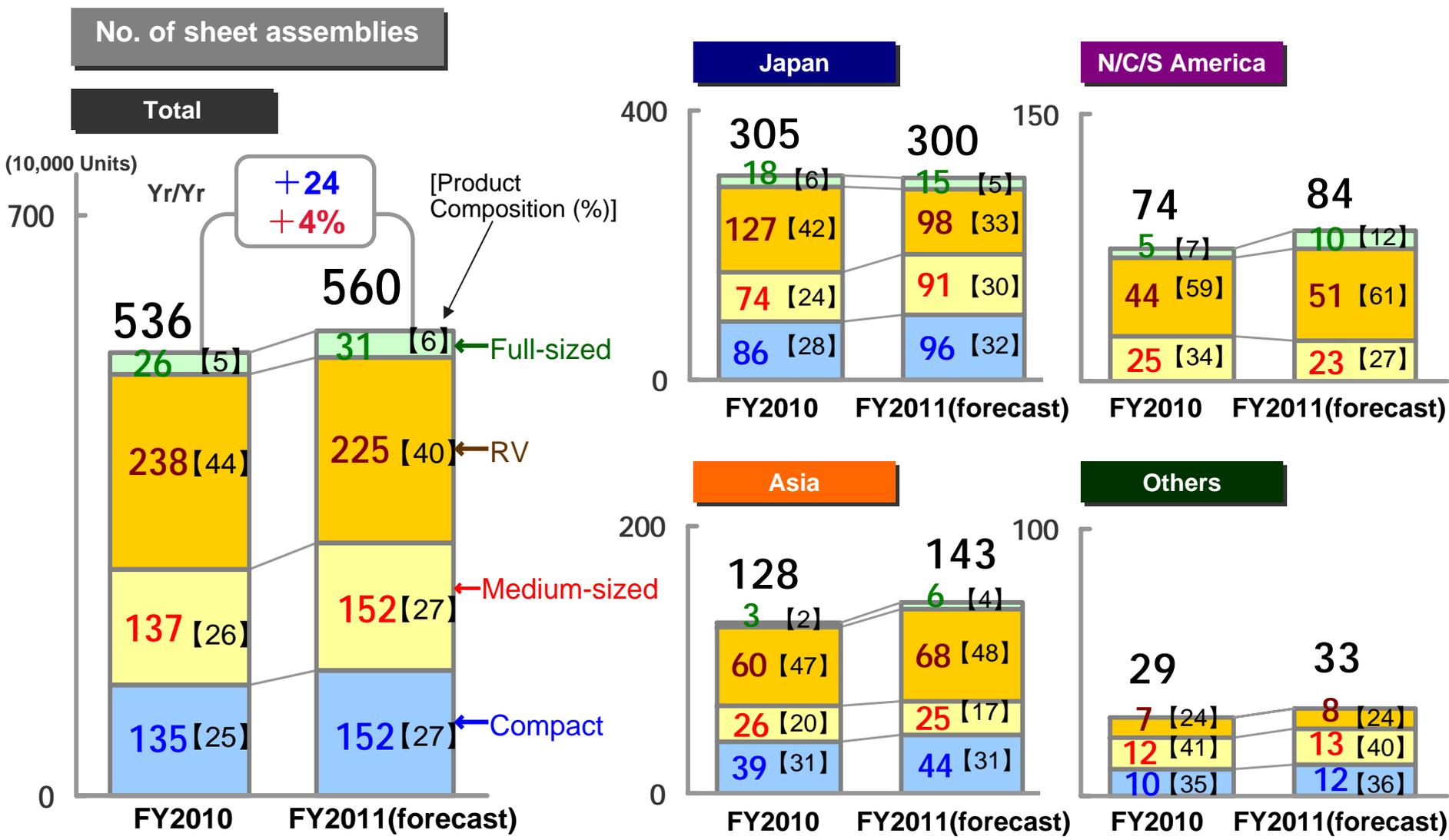
Dividend

¥13 → ¥14

US\$	¥92.85	¥90.00
RMB	¥13.69	¥13.20
Thai Baht	¥2.75	¥2.75
EUR	¥131.15	¥125.00

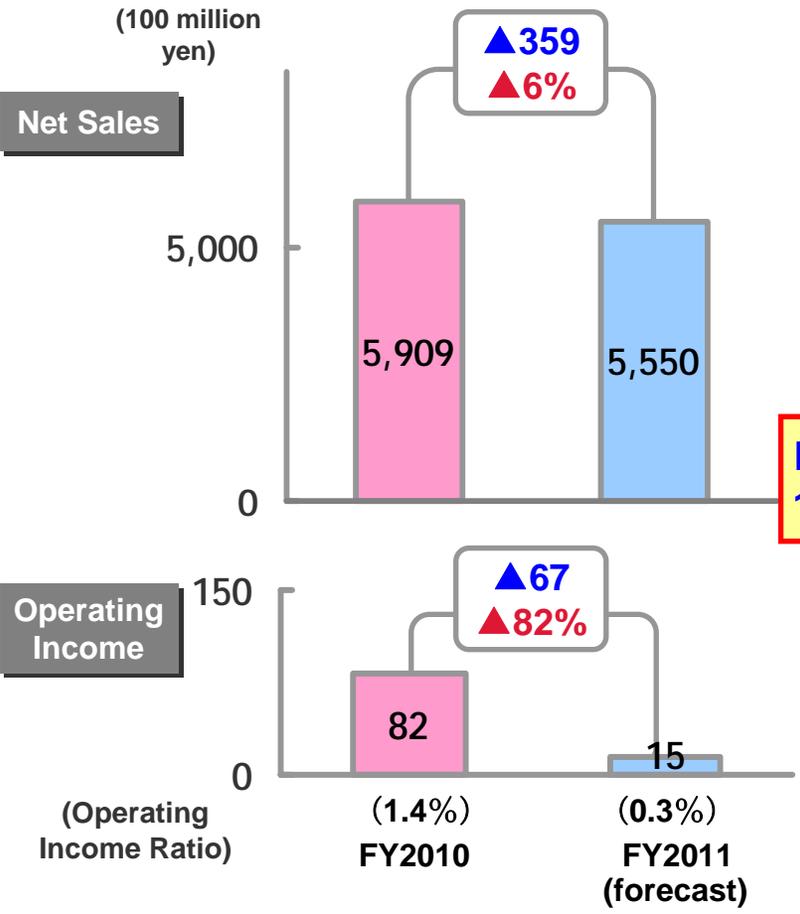
Number of units to be sold by region

Although the numbers of units will increase in every region except Japan, there will be a shift to compact cars

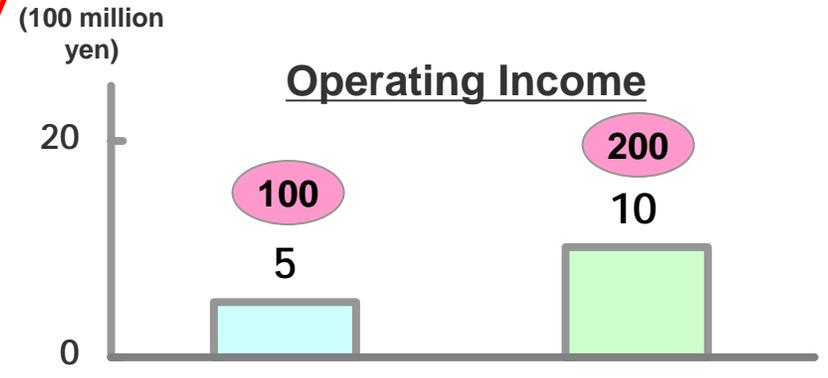
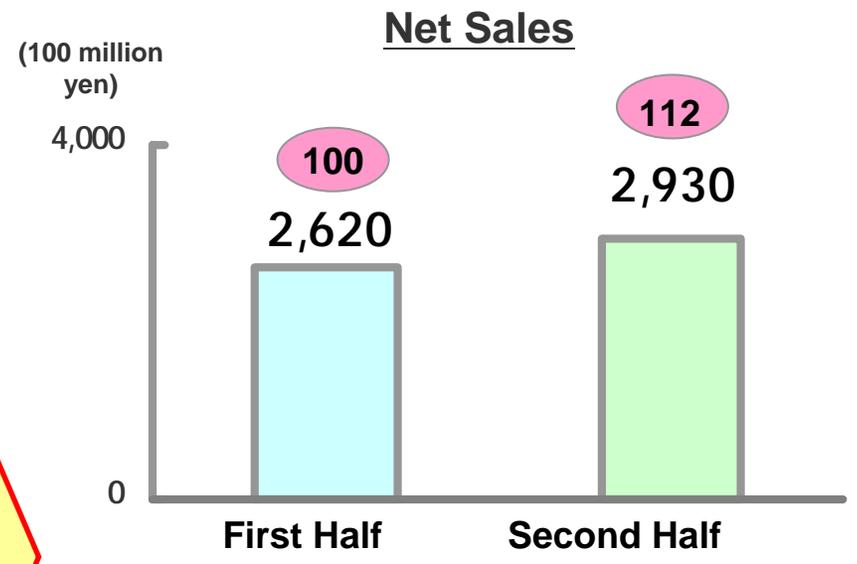


Net Sales and Operating Income by Region ①

Japan



FY2011
1/2 Half



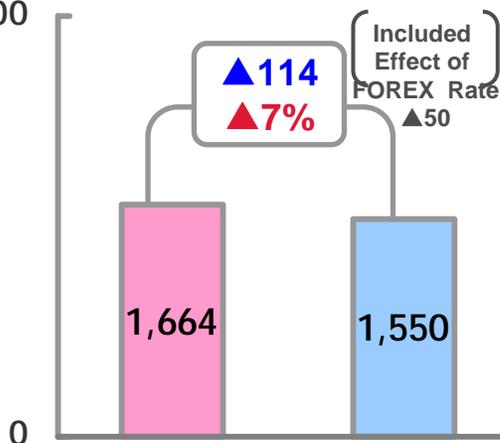
Even though our profit structure reform will continue, profits will be reduced due to decrease in the number of units to be sold and a worsening of the product composition. KS1

Net Sales and Operating Income by Region ②

N/C/S America

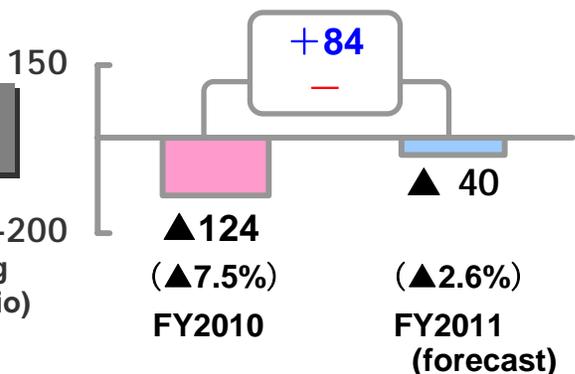
(100 million yen)

Net Sales



Operating Income

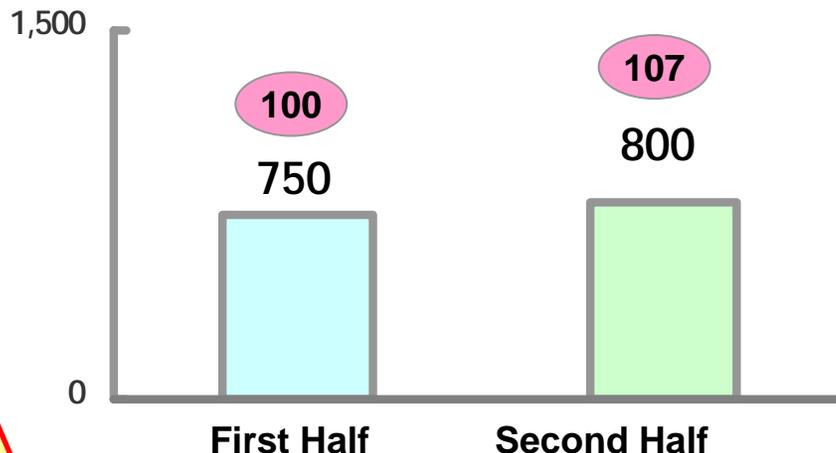
(Operating Income Ratio)



FY2011
1/2 Half

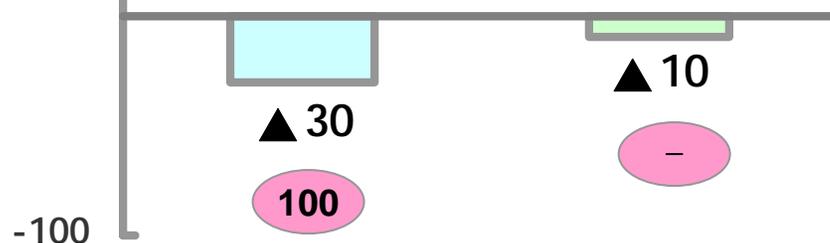
(100 million yen)

Net Sales



(100 million yen)

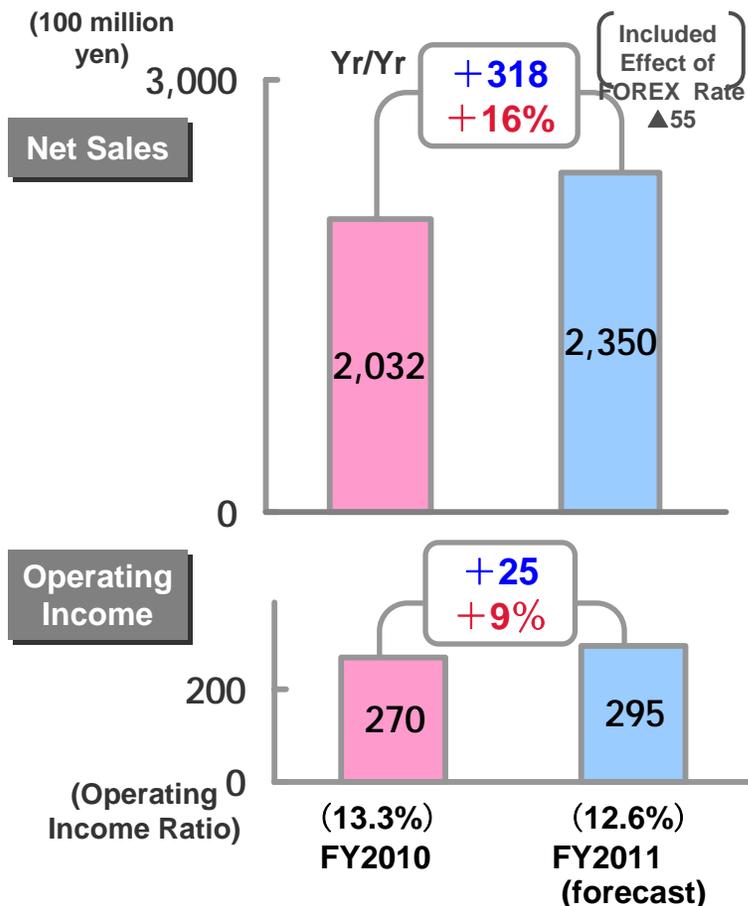
Operating Income



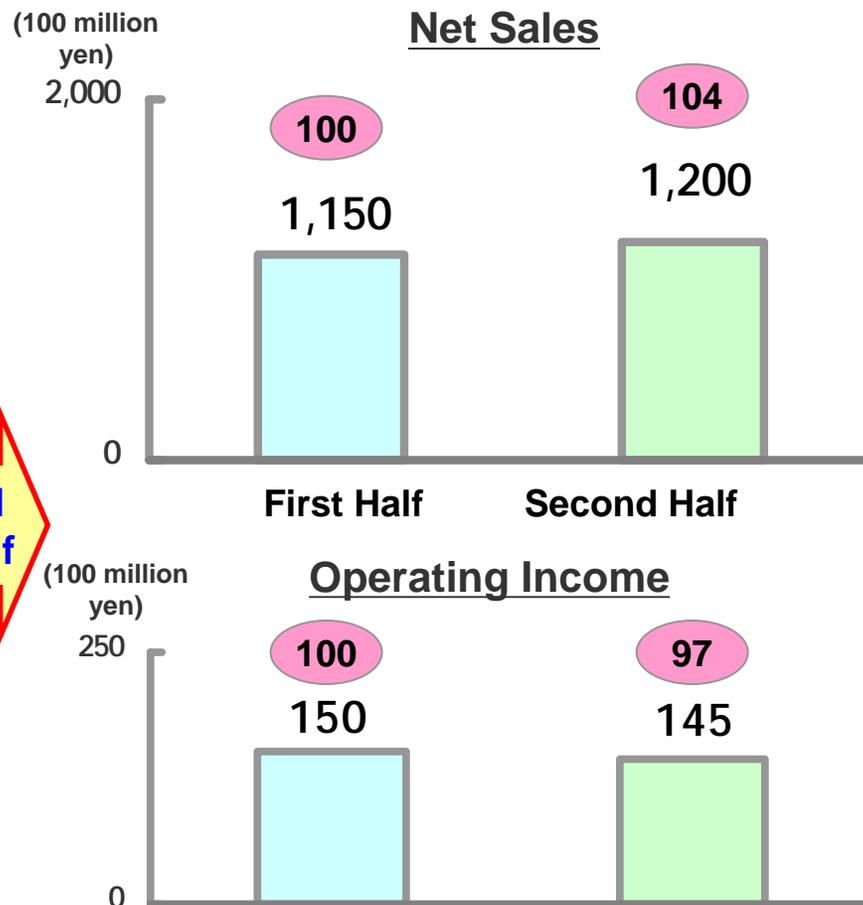
- Revenue will decrease due to the influence of exchange rates and other factors. However, losses will be minimized due to reductions in expenses such as preparatory costs for production of new products as incurred in the previous period, as well as due to results of special projects to promote the revision of our profit structure in N/C/S America.
- Due to ripple effects from revision of the profit structure, losses in the second half will be less than those incurred in the first half.

Net Sales and Operating Income by Region ③

Asia



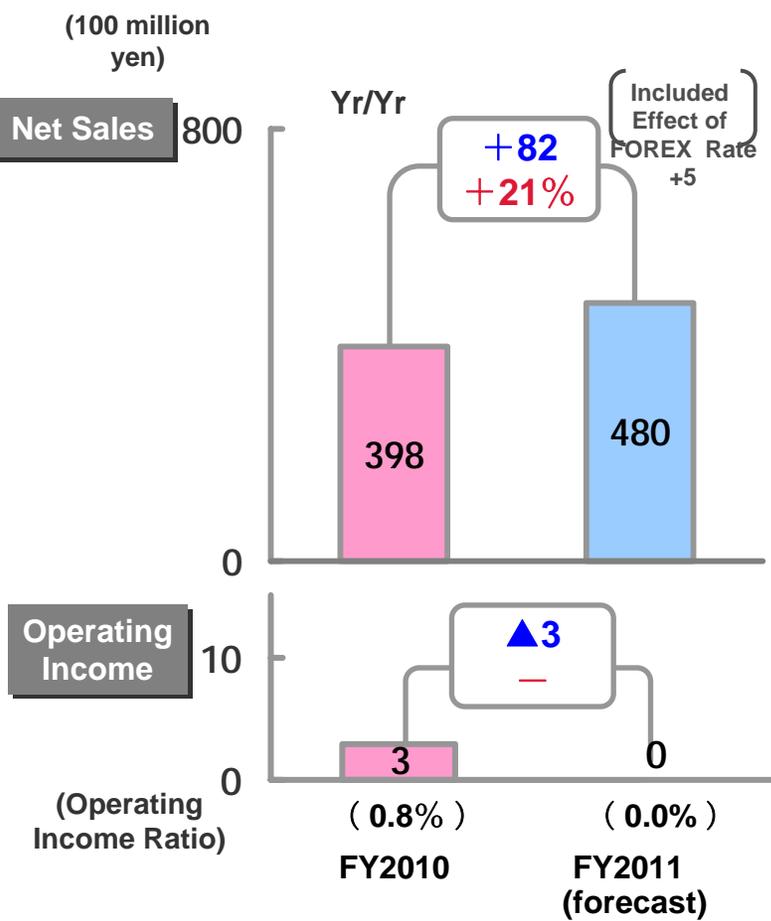
FY2011
1/2 Half



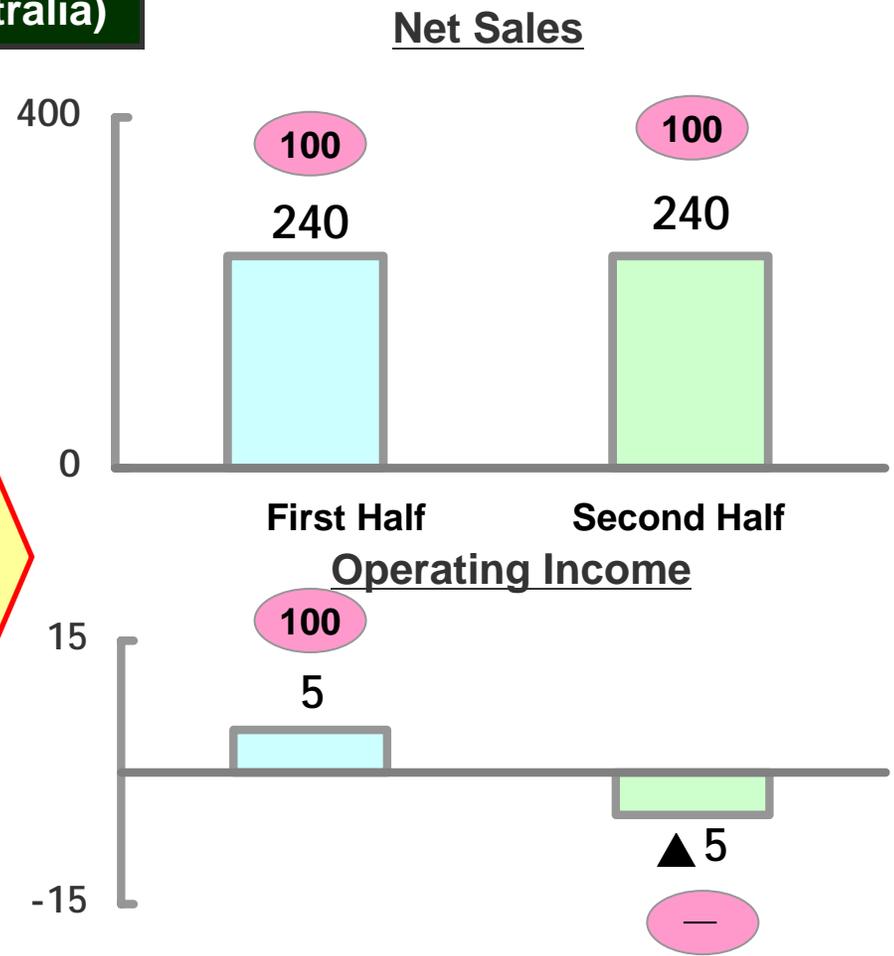
The number of units sold is recovering steadily. Although the influence of exchange rates is a factor that will decrease profit, our revenue and profits is expected to increase.

Net Sales and Operating Income by Region ④

Others (Europe, South Africa and Australia)



FY2011
1/2 Half



Revenue will increase due to an increase in the number of Camrys that will be sold in Australia. However, profits will decreased due to the occurrence of preparatory costs for production for new Yaris in TB Somain and TBAI Poland.

Net Sales and Operating Income by Business

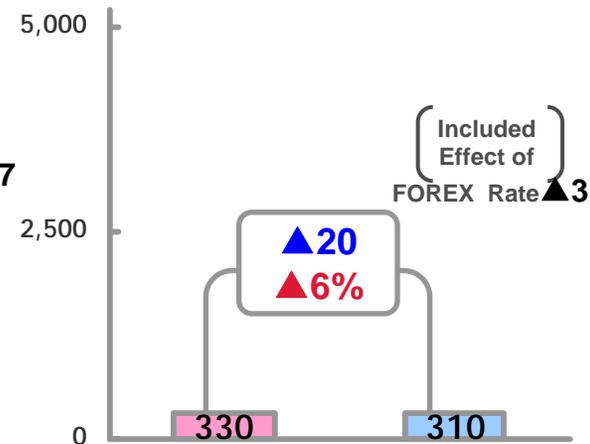
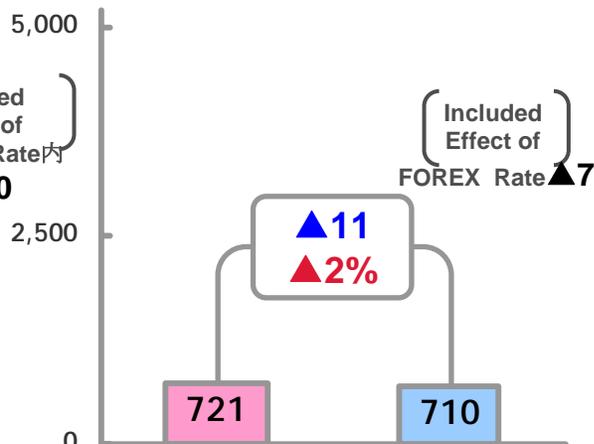
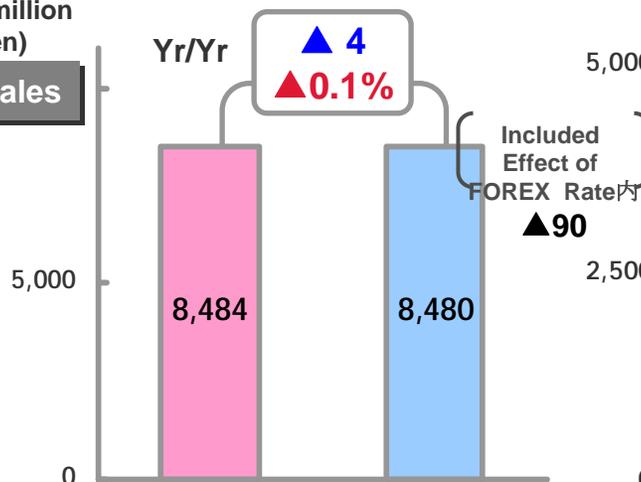
Interior Components

Filtration and Power Train Components

Textiles, Exterior Components and Others

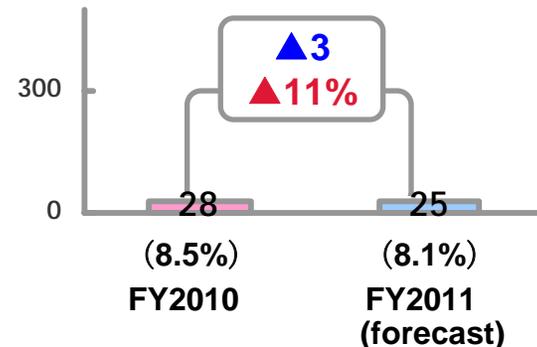
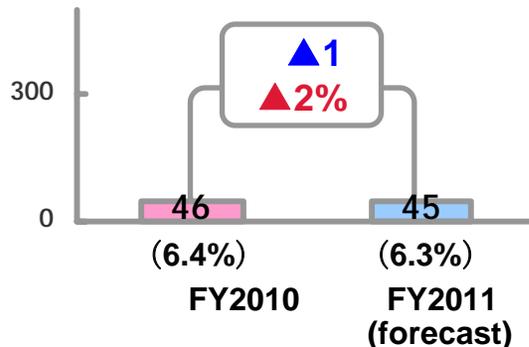
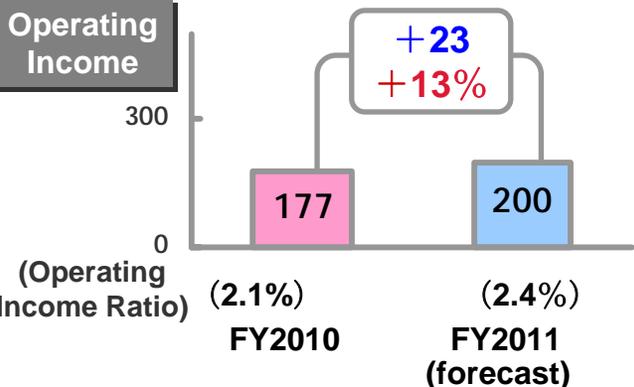
(100 million yen)

Net Sales



Operating Income

(Operating Income Ratio)



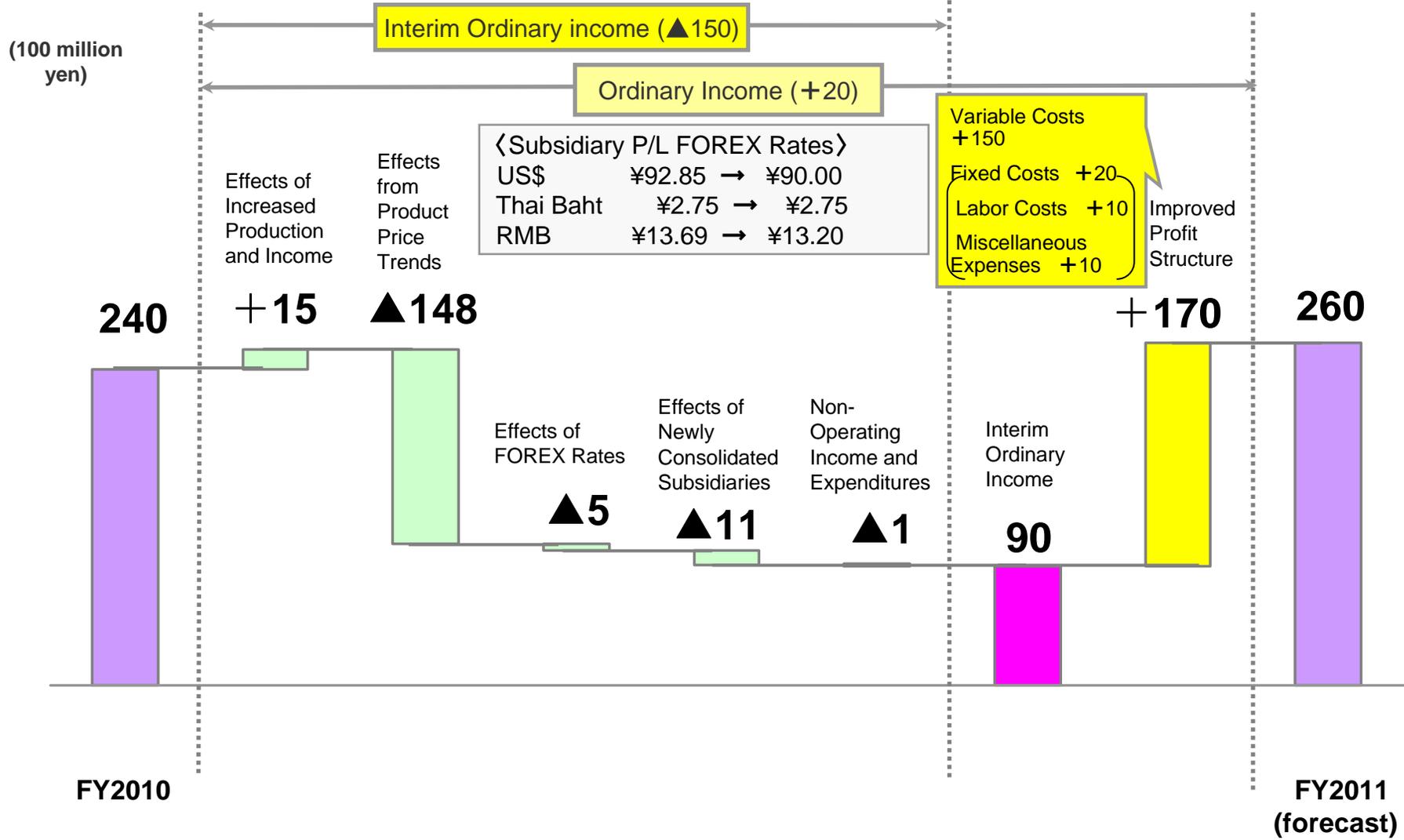
- Increase in revenue when excluding the effect of exchange rates
- Increased profits due to profit structure revisions for products with worsening profits and for the regions of N/C/S America

- Although revenue will decrease in Japan and N. America, sales will remain constant due to increased revenue in the Asia region.
- A level of operating income will be achieved equivalent to last year's figures.

- Revenue will fall due to a decrease in the number of bumpers to be sold in Japan.
- Operating income will drop slightly due to the decrease in the number of bumpers to be sold in Japan.

Factors of Increases/Decreases in Ordinary Income

Although events will cause a significant decrease in profit, profits will continue to increase through the revision of profit structure



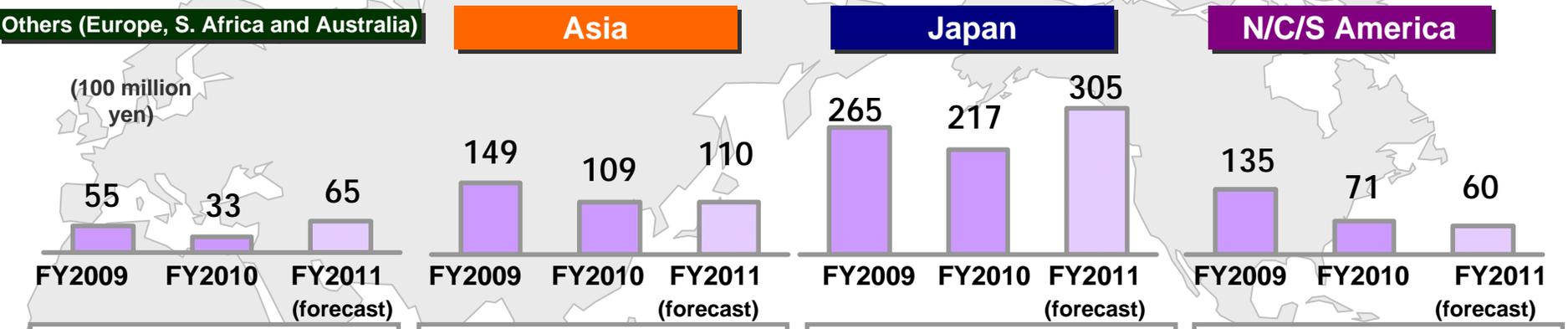
〈Subsidiary P/L FOREX Rates〉

US\$	¥92.85	→	¥90.00
Thai Baht	¥2.75	→	¥2.75
RMB	¥13.69	→	¥13.20

Capital expenditures

Establish a global supply system with a focus on investment for model changes

Capital Expenditures



Investment to support production for new Yaris in TB Somain and TBIA Poland.

China: Investment to support production for new models, etc.

Construction of Development Center in Sanage and Tohoku Miyagi Plant

TMI: Production facilities for Camry new model, etc.

Investment to Strengthen Management Structure

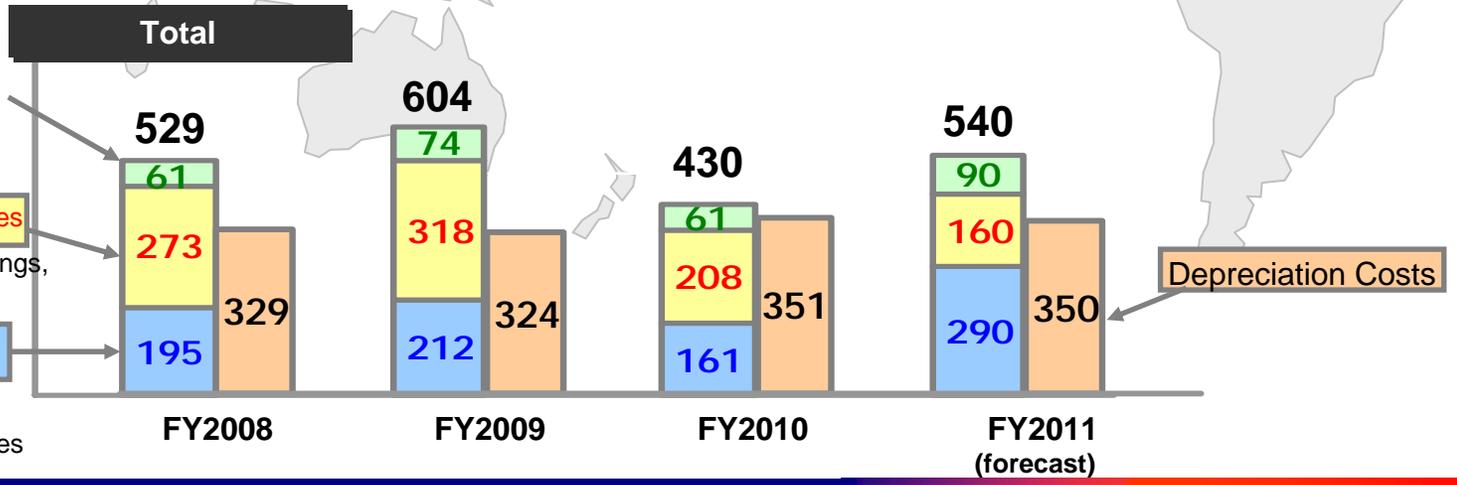
R&D, IT, Human Resources Development

Investment to Reinforce Capabilities

New Investments for Land, Buildings, Production Facilities, Etc.

Investments for New Models

Measures for New Products for Model changes and Minor changes





[References]

1. Product Overview
2. Affiliate Companies
3. Financial Summary (FY2006–FY2010)
 - ① Net Sales and Ordinary Income
 - ② Capital Expenditures and Depreciation Costs

[Reference 1] Product Overview

Supplying Our Customers with Auto Parts Systems

Interior Components

Interior Systems



Seats Door Trims Molded Headliners



Floor Carpet Electric sunshade systems etc.

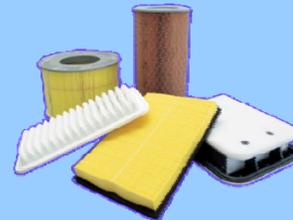
Filtration and Power Train Components

Air Induction Systems

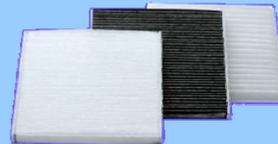
※ Integration of air cleaners, intake manifolds and cylinder head covers



Oil filters



Air filters



Cabin air filters

etc.

Textiles, Exterior Components and Others



Seat fabrics



Strap belts and Seatbelt webbings



Curtain-shield airbags



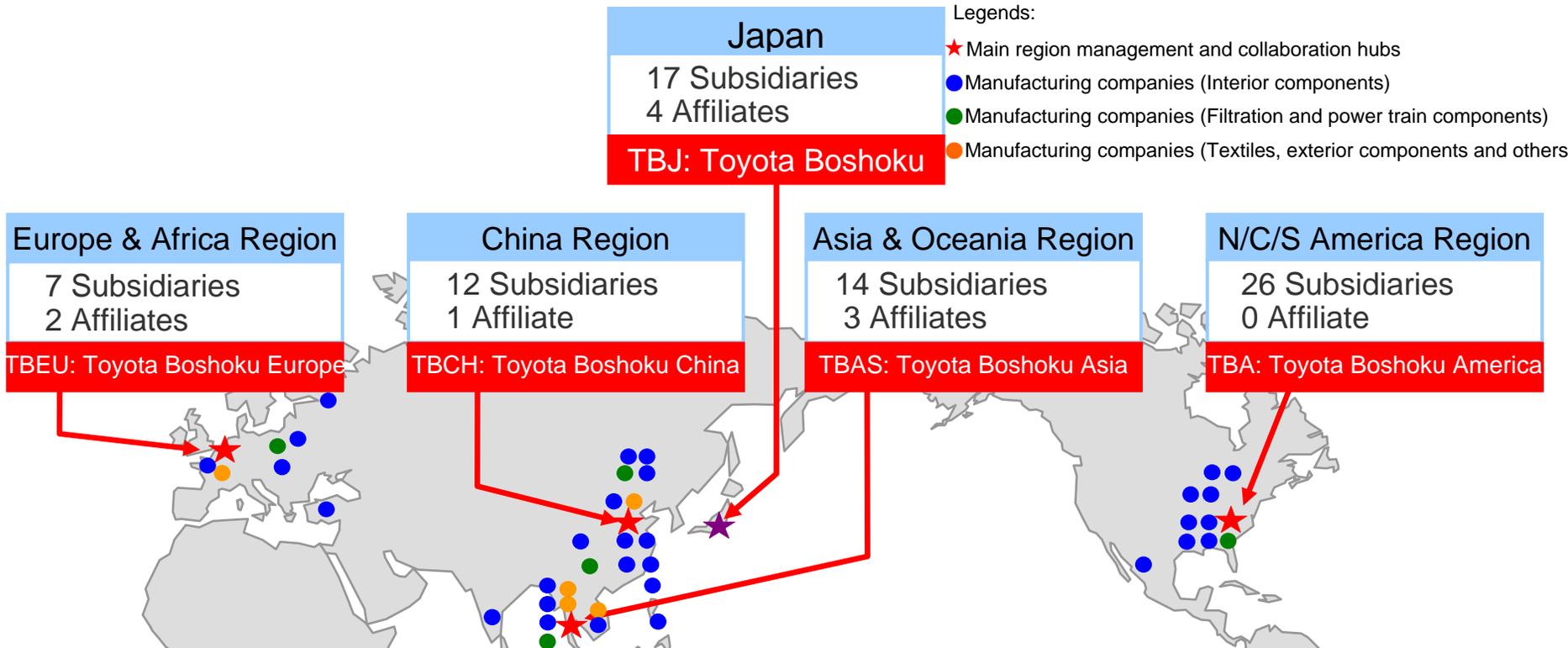
Service bumpers

Fender liners



etc.

[References 2] Affiliate Companies

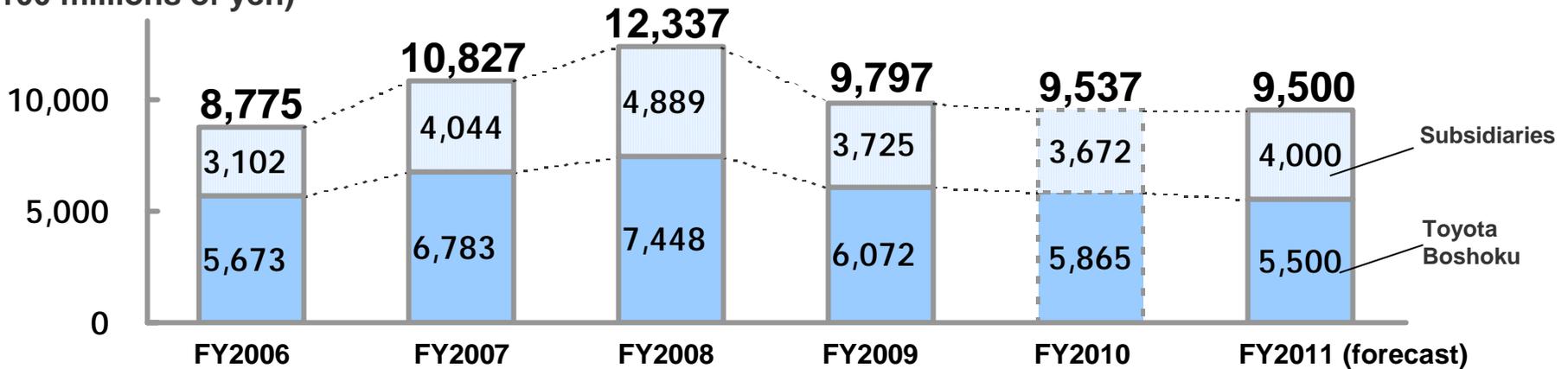


		Mar 31, 2007	Mar 31, 2008	Mar 31, 2009	Sep 30, 2010	Mar 31, 2011
Subsidiaries	+	69 companies	73 companies	75 companies	75 companies	76 companies
	-					
		TBGT (former TASI) TB Mississippi, TB Indiana TB do Brazil Co Werk, TB Uniform	TB Somain TBAI Poland ATS			Toyota Boshoku Tohoku TB SEWTECH TOHOKU
		Aiho TB Transport	Araco de Mexico			TB Iwate
Affiliates	+	12 companies	12 companies	11 companies	11 companies	10 companies
	-					
		Kanto Seat Works Kanto Seat Kitakami	Eco Technology			TB Kawashima Toyota Boshoku Tohoku TB SEWTECH TOHOKU
		TASI, Co Werk				

[References 3-(1)] Net Sales and Ordinary Income

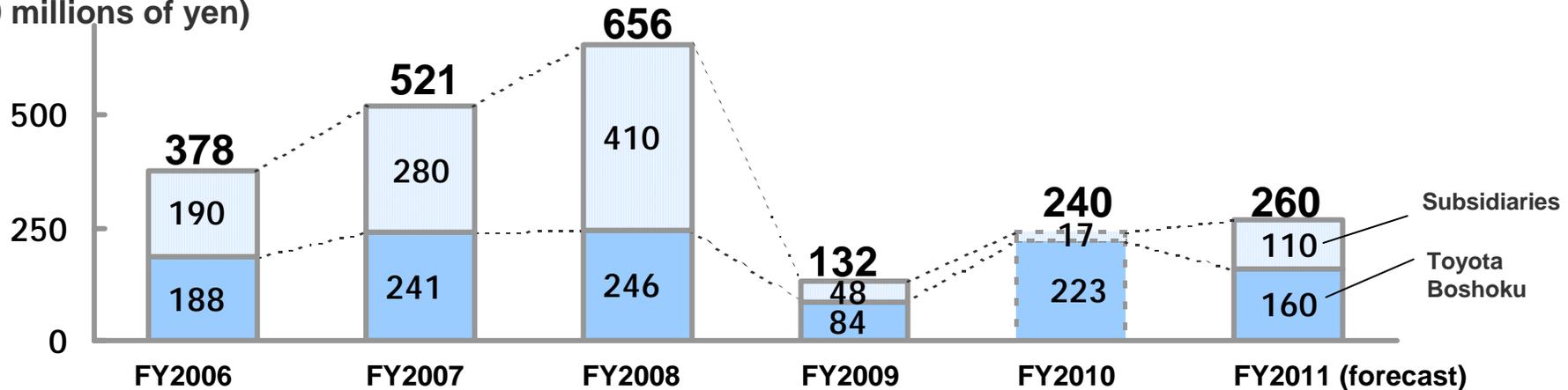
Net Sales

(100 millions of yen)



Ordinary Income

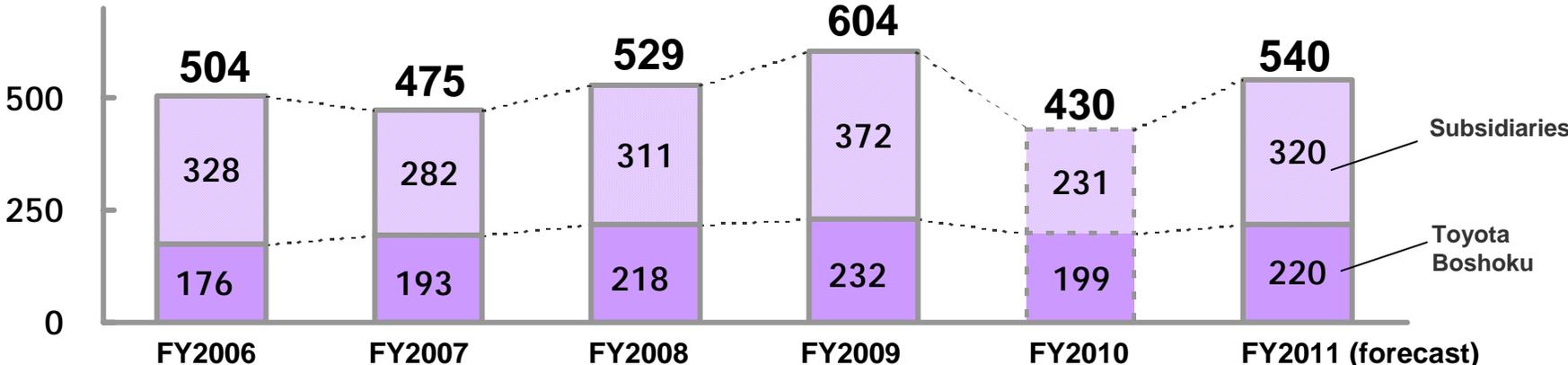
(100 millions of yen)



[References 3-(2)] Capital Expenditures and Depreciation Costs

Capital Expenditures (Consolidated)

(100 millions of yen)



Depreciation Costs (Consolidated)

(100 millions of yen)

