

Quantum Leap



FY2014 Financial Results

ended March 31, 2014

Toyota Boshoku Corporation



1. Financial Results for FY2014

- 1) Overview of Financial Results
- 2) Financial Results for FY2014 (ended March 31, 2014)
- 3) Financial Forecast for FY2015

2. Activities for Profit Improvement

- 1) 2020 Vision
- 2) Enhance profit foundation
- 3) Research & Development
- 4) New Customer Business Activities



Quantum Leap

1. Financial Results for FY2014

- 1) Overview of Financial Results
- 2) Financial Results for FY2014 (ended March 31, 2014)
- 3) Financial Forecast for FY2015

1) Overview of Financial Results

1. Year-on-year income and profit increase due to exchange rate effects, growth in production volume in the Americas, Europe & Africa among other factors

2. Annual dividends of 18 yen with end-of-term dividends of 9 yen;
the same as the previous year

3. For the next term, a decrease in income and profit is expected,
due to falling production volume in Japan and model lineup changes
in Asia & Oceania

2) Financial Results for FY2014 (ended March 31, 2014)

Overview of Financial Results

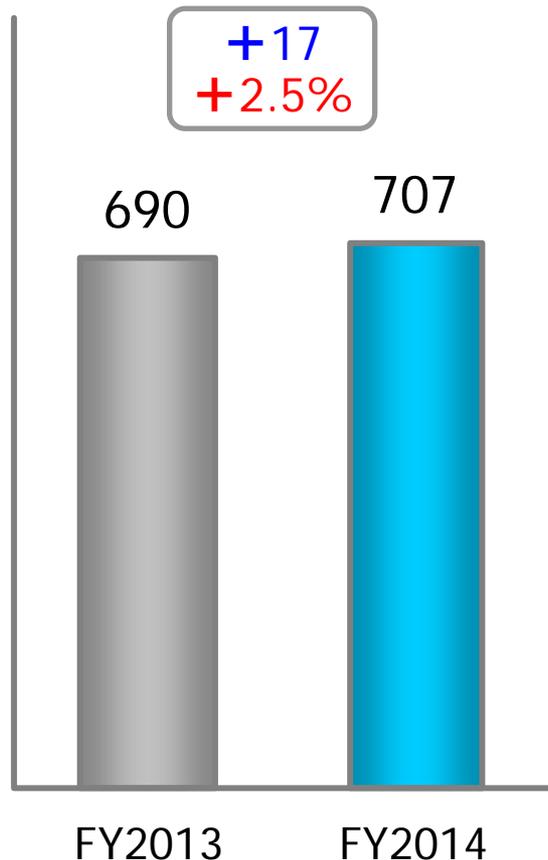
(100 million yen)

		FY2013		FY2014		Fluctuation	
Net Sales		10,794	100.0%	12,183	100.0%	1,389	12.9%
Operating Income		253	2.3%	288	2.4%	35	13.9%
Ordinary Income		339	3.1%	402	3.3%	63	18.8%
Net Income		157	1.5%	126	1.0%	-31	-20.1%
Per Share Net Income		85.23 yen		68.05 yen			
Per Share Cash Dividend		18.00 yen		18.00 yen			
Exchange Rate	US\$	83 yen		100 yen		17 yen (weak yen)	
	Euro	107 yen		134 yen		27 yen (weak yen)	

Seat assembly production

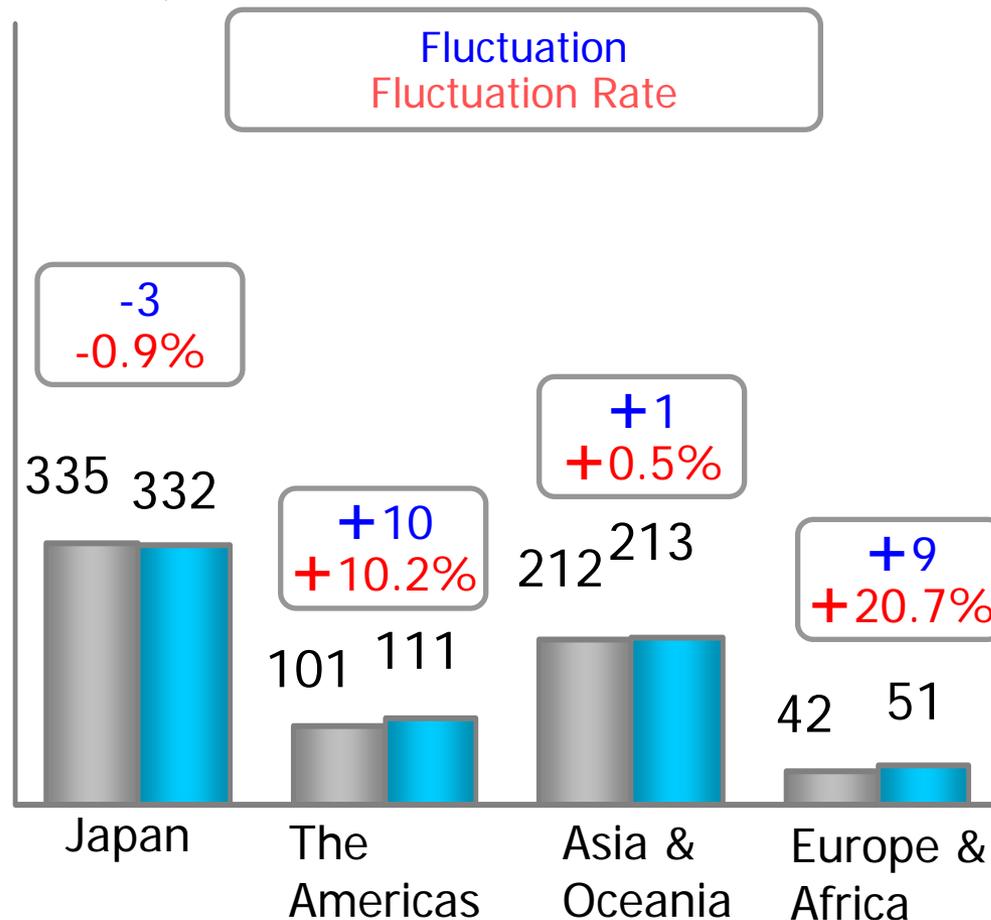
Total

(10,000 Units)



By Region

(10,000 Units)

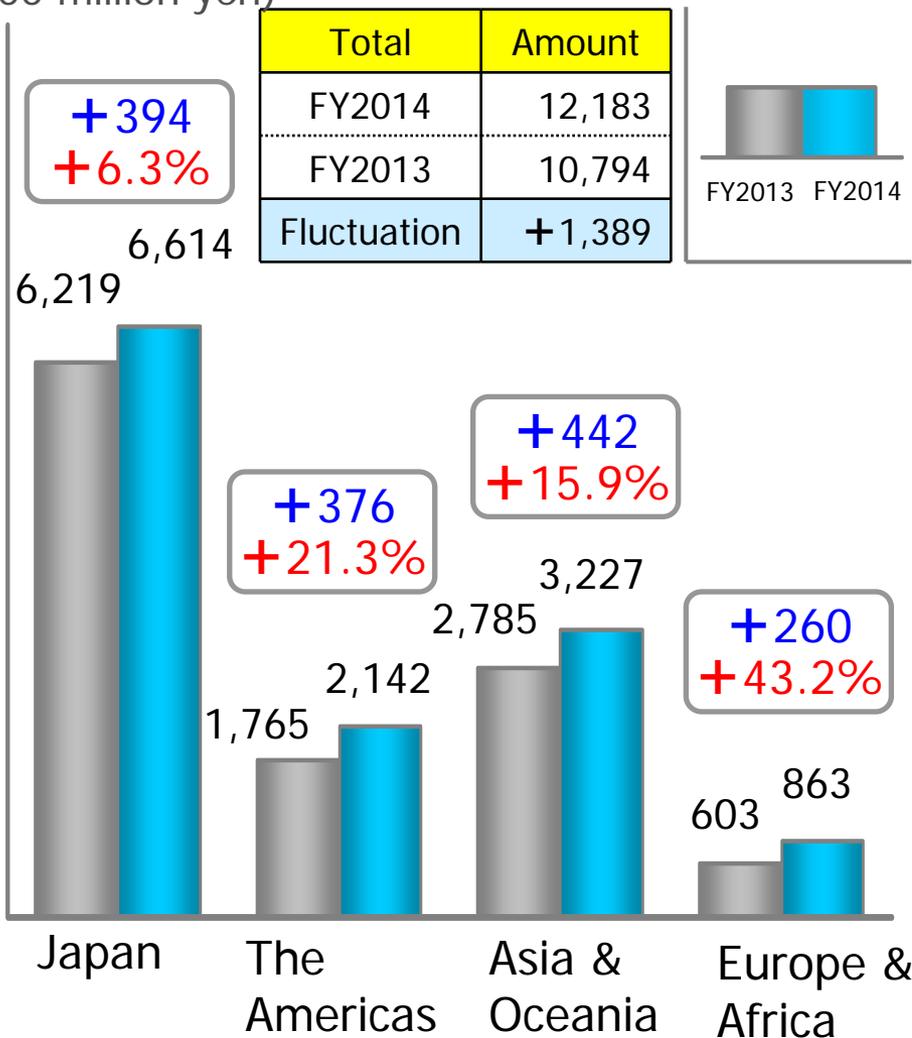


2) Financial Results for FY2014

Net Sales & Operating Income by Region

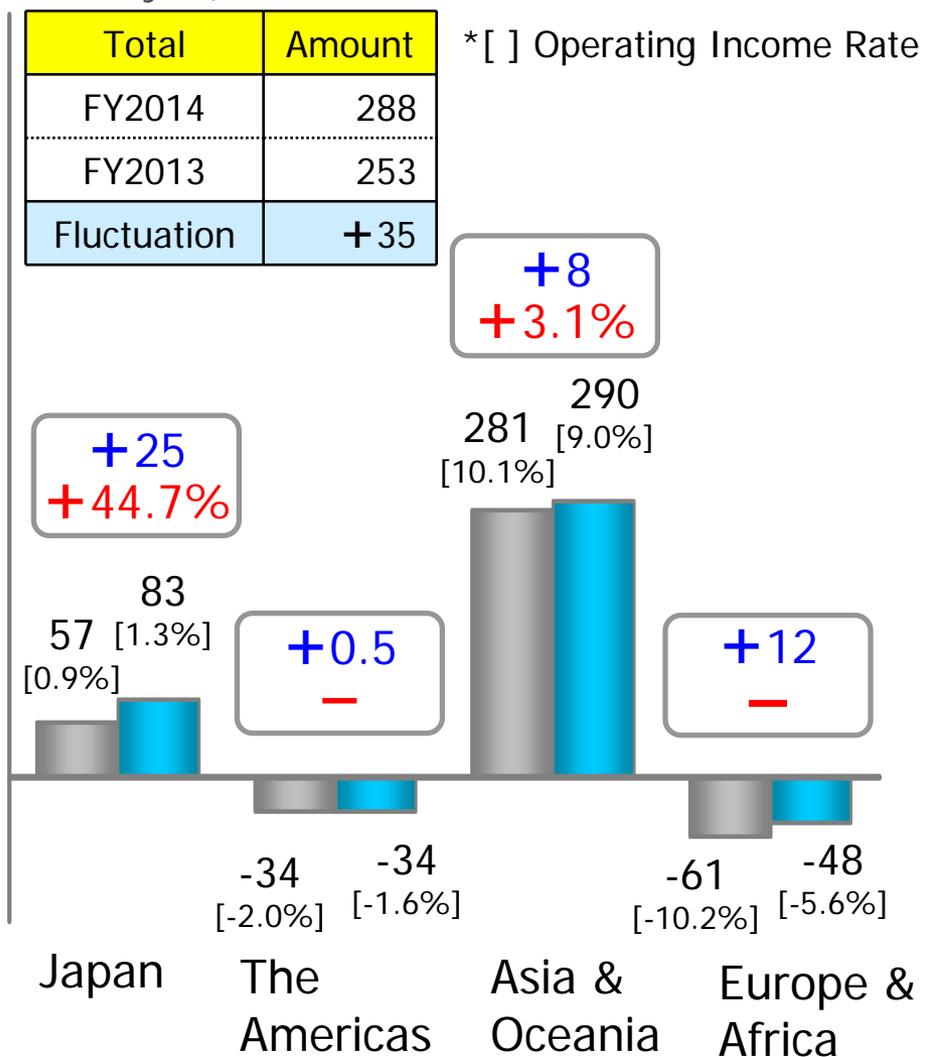
Net Sales

(100 million yen)



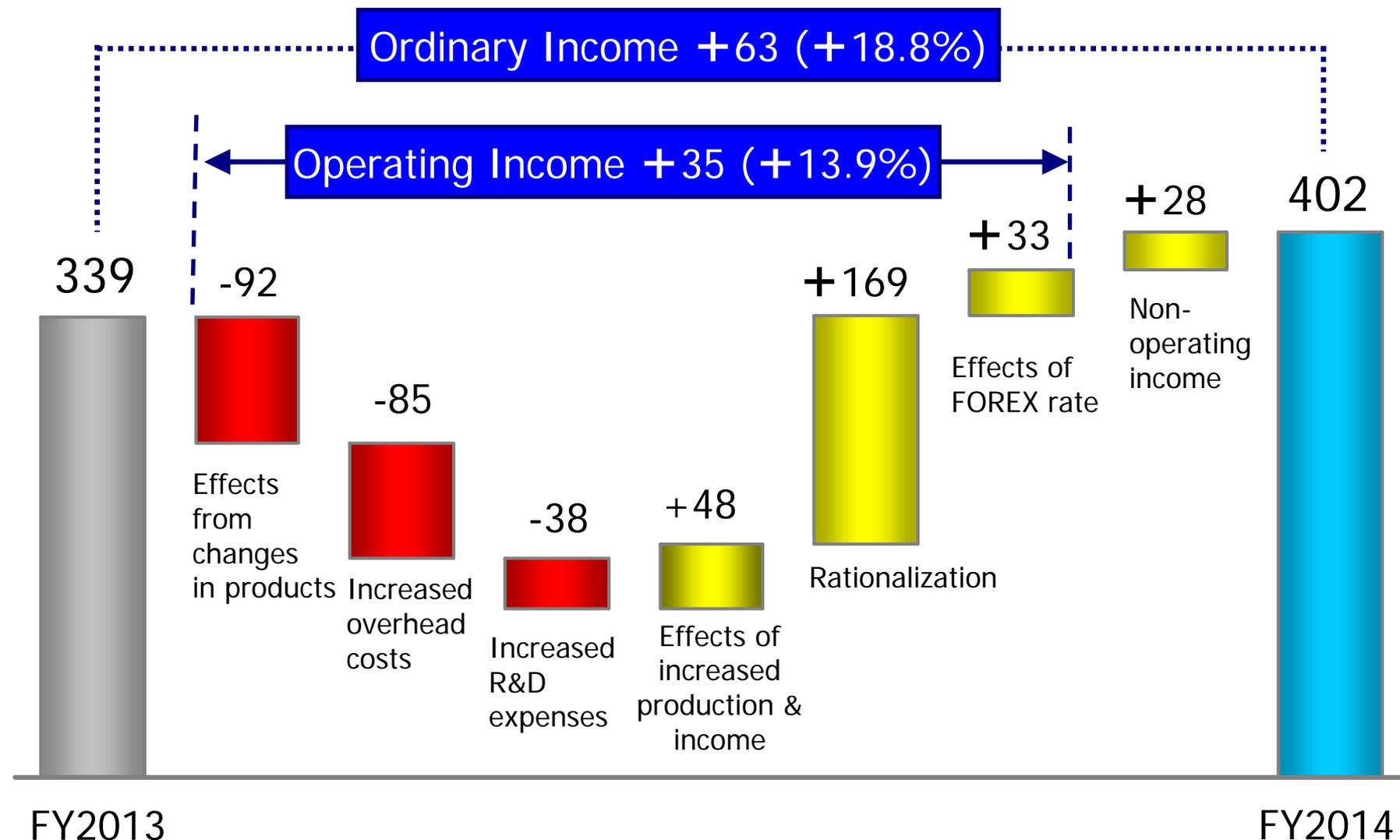
Operating Income

(100 million yen)



2) Financial Results for FY2014 Ordinary Income Increase & Decrease Analysis

(100 million yen)



3) Financial Forecast for FY2015

Financial Forecast for FY2015

(100 million yen)

		FY2014	FY2015	Fluctuation
Net Sales		12,183 100.0%	12,000 100.0%	-183 -1.5%
Operating Income		288 2.4%	270 2.3%	-18 -6.3%
Ordinary Income		402 3.3%	290 2.4%	-112 -28.0%
Net Income		126 1.0%	120 1.0%	-6 -4.8%
Per Share Net Income		68.05 yen	64.76 yen	
Per Share Cash Dividend		18.00 yen	18.00 yen	
Exchange Rate	US\$	100 yen	100 yen	-
	Euro	134 yen	140 yen	6 yen (weak yen)

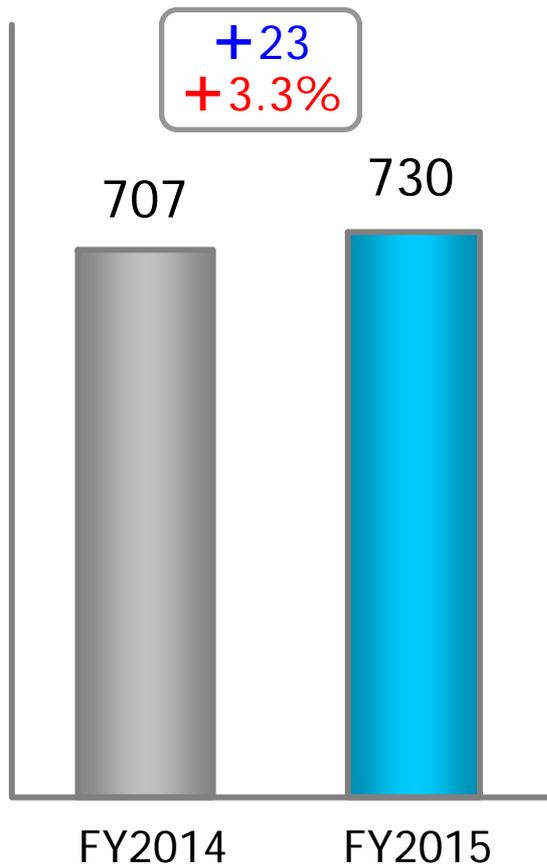
3) Financial Forecast for FY2015

Unit production by Region

Seat assembly production

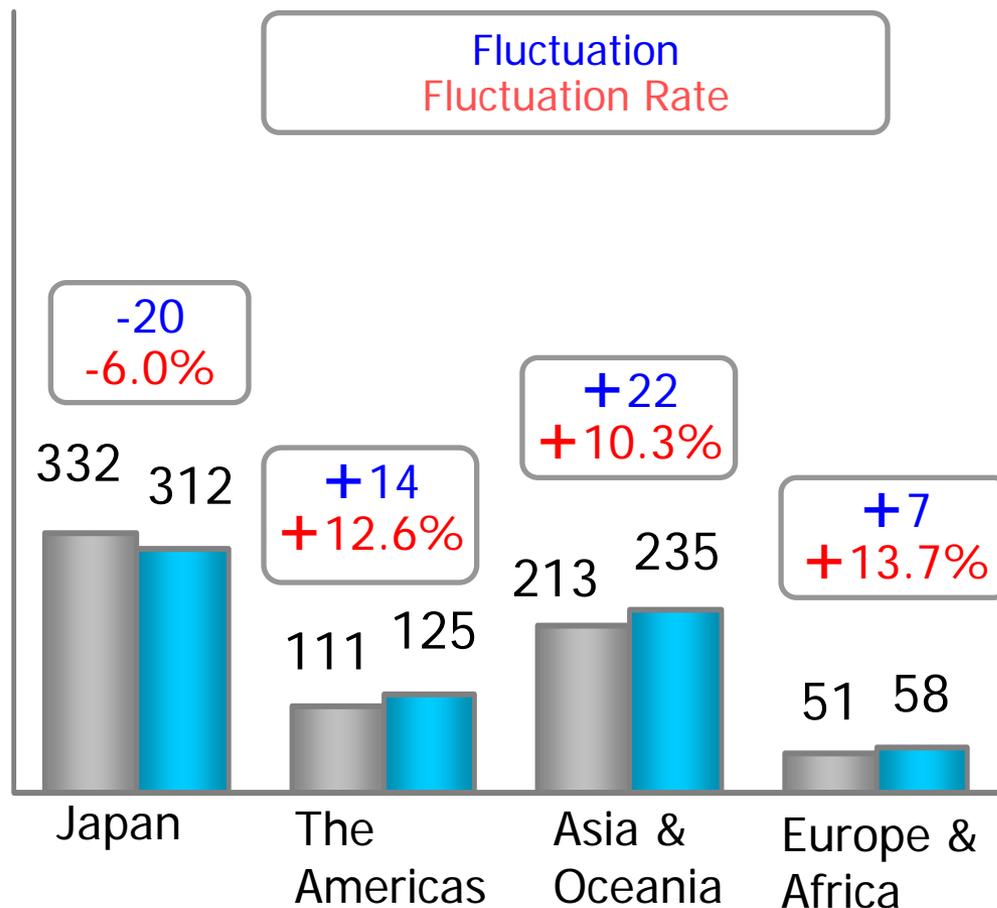
Total

(10,000 Units)



By Region

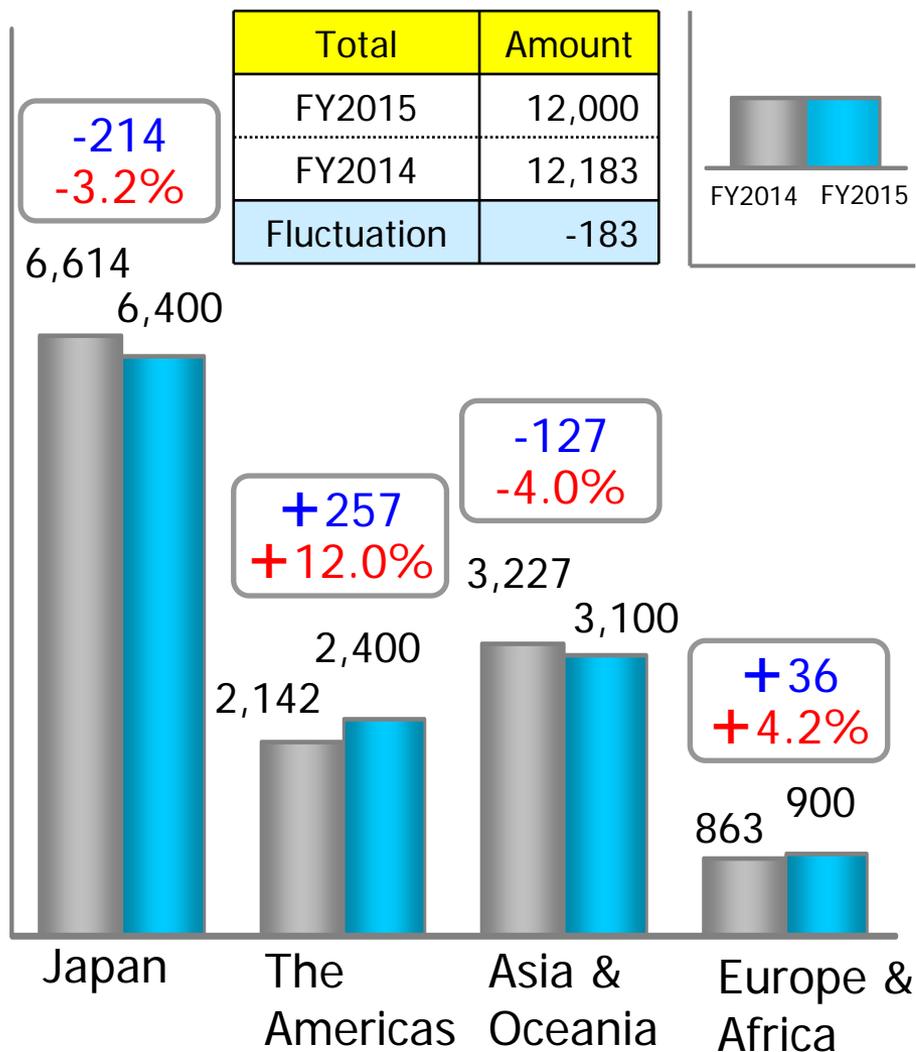
(10,000 Units)



3) Financial Forecast for FY2015 Net Sales & Operating Income by Region

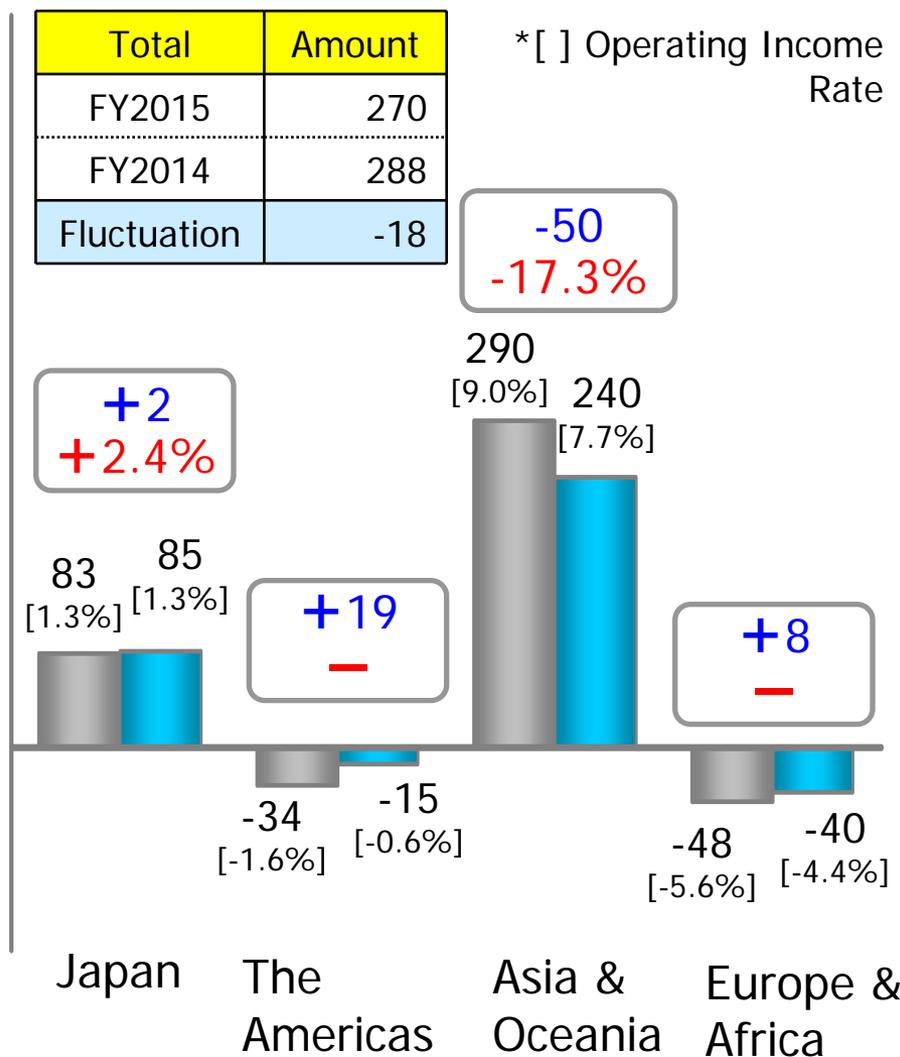
Net Sales

(100 million yen)



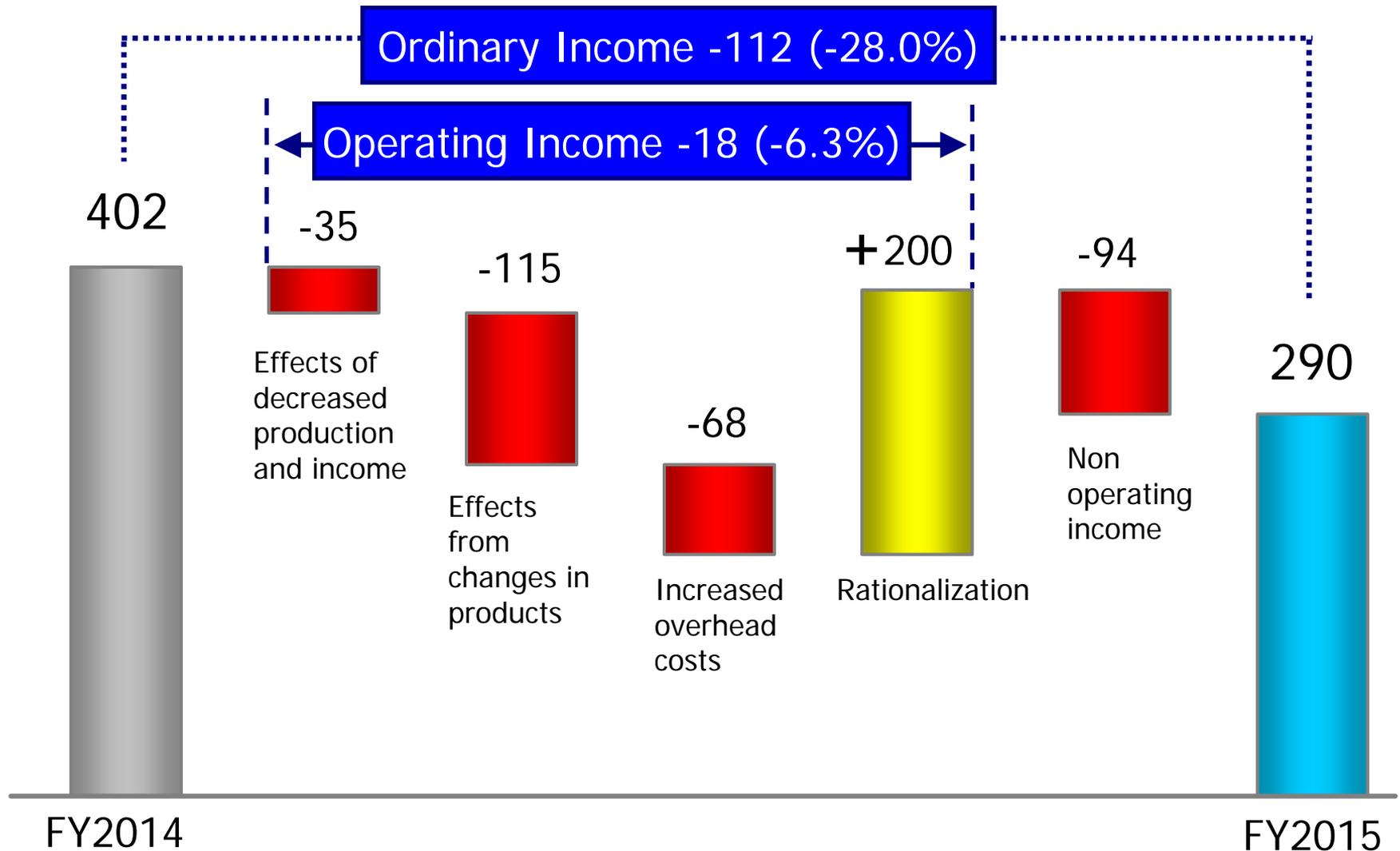
Operating Income

(100 million yen)



3) Financial Forecast for FY2015

(100 million yen)





Quantum Leap

2. Activities for Profit Improvement

- 1) 2020 Vision
- 2) Enhance profit foundation
- 3) Research & Development
- 4) New Customer Business Activities

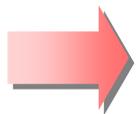
1) 2020 Vision

1. The company we aim to become

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

2. Our company's aspirations for 2020

- (1) A company that persists in proposing excellent mobility for customers throughout the world
- (2) A trusted company that grows together with all stakeholders



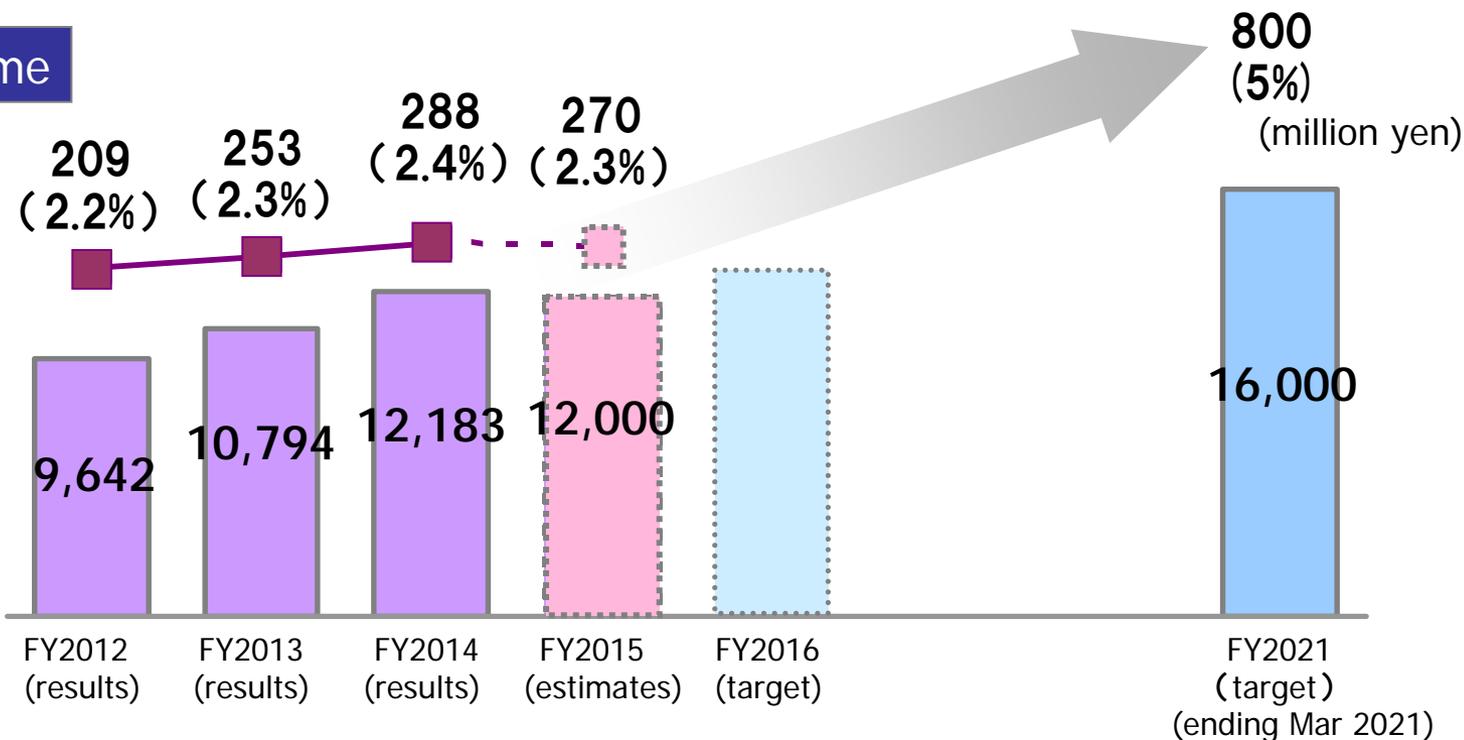
Our vision : Realizing our aspirations for 2020

1) 2020 Vision

Management target

Operating Income

Net Sales



NCB* sales ratio

* New Customer Business

10%

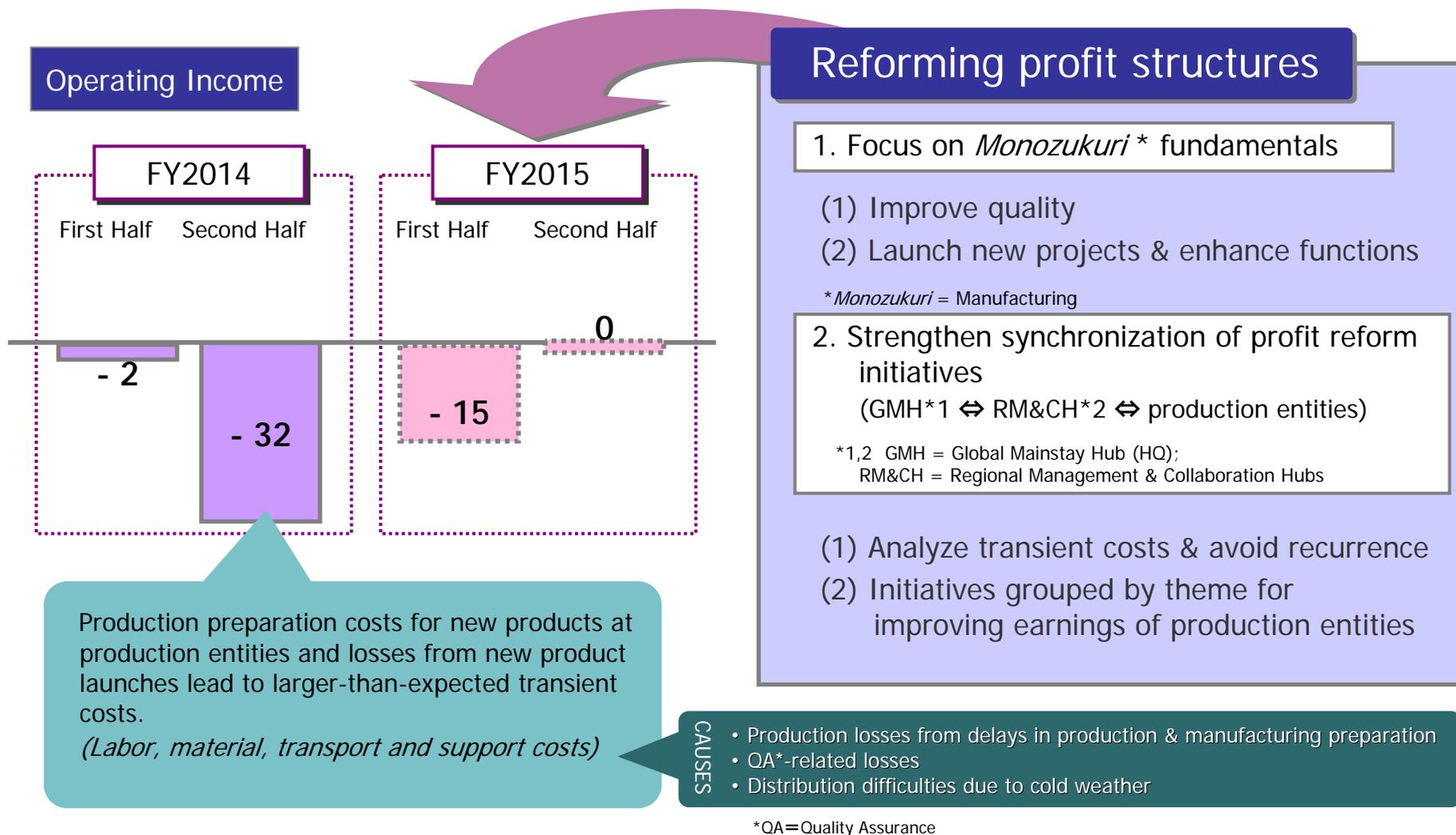
30%

Our aspirations for 2020

Resolution of pressing issues

2) Enhance profit foundation (The Americas)

Profit structure reform through enhanced synchronization between the Americas and Japan



2) Enhance profit foundation (The Americas)

Profit structure reform through enhanced synchronization between the Americas and Japan

1. Focus on *Monozukuri* fundamentals

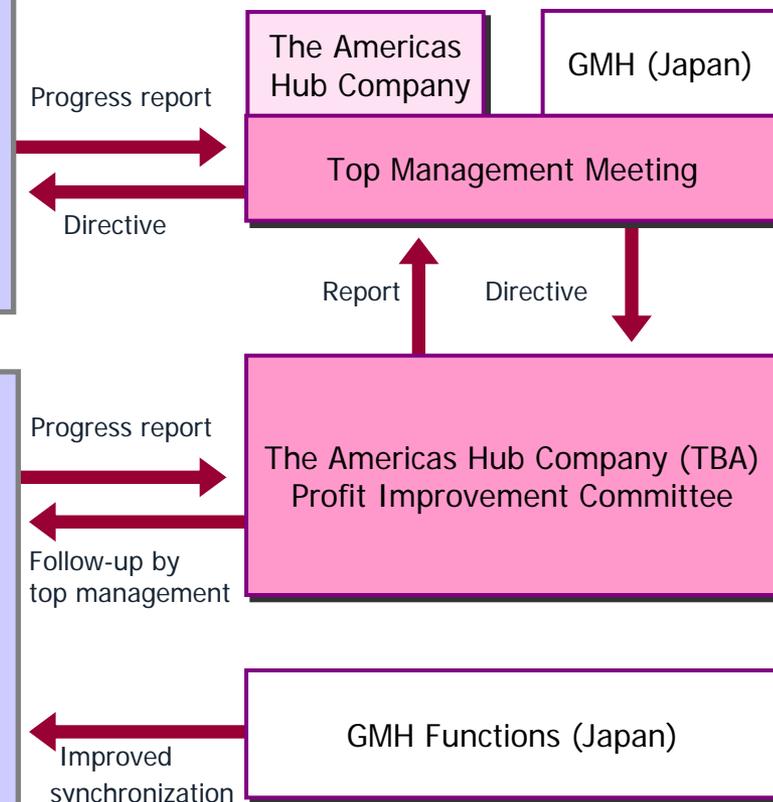
- (1) Strengthen organization: Increase manufacturing supervisors & transferees
- (2) Improve quality
 - Robust worksites that follow established rules
 - Analyze cause of quality issues in primary factories
- (3) Improve functions of new project launches
 - Enhanced production management & engineering functions when starting up projects
 - Management system able to handle exceptional circumstances quickly

2. Strengthen synchronization of profit reform initiatives (GMH*1 ↔ RM&CH*2 ↔ production entities)

- (1) Analyze transient costs & avoid recurrence
- (2) Themed initiatives for improving earnings of production entities
 - Earning improvement activities, divided into themes drawing on individual GMH functions, further analysis of transient costs and creation of plans to avoid recurrences
 - Special management of primary projects by top GMH management

Organizational Response

Per the organization below, this will enable TB to identify issues faster and respond with more speed



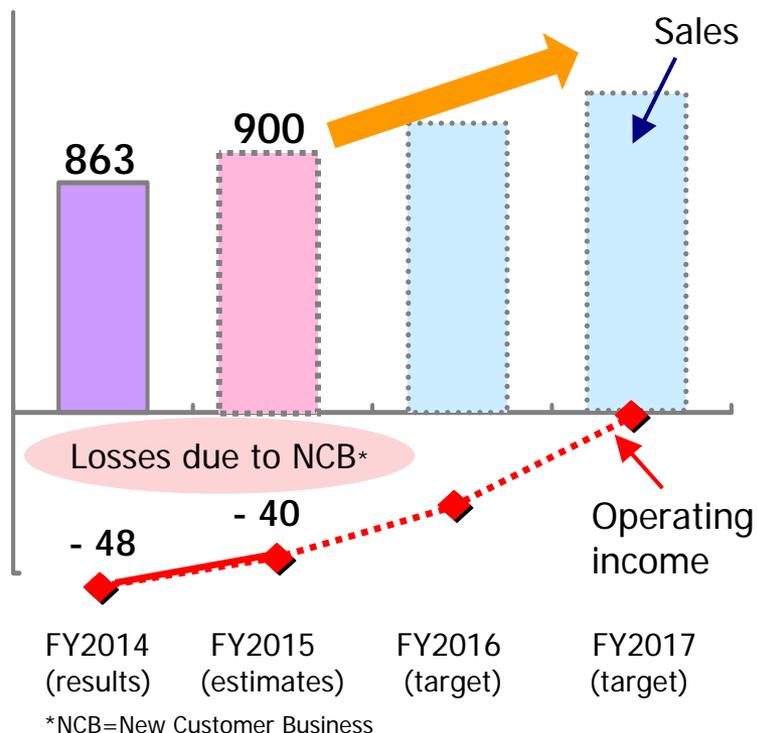
*1,2 GMH = Global Mainstay Hub (HQ); RM&CH = Regional Management & Collaboration Hubs

2) Enhance profit foundation (Europe)

Working on profit structure reform to put European operations in the black by FY2017

Europe & Africa profit structure reform

Aim to secure profit by unifying Europe & Africa region through BAE reorganization plan (May 2013 on)



1. Merge European HQ Functions

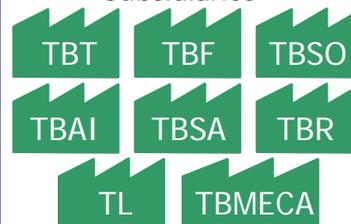
- 1) Separated management departments from BAE and integrated into European hub company (April 2014)

Goal: Streamline organization and boost efficiency

European hub company (TBEU)

Munich Branch

TBEU Manufacturing Subsidiaries



BAE (Manufacturing)

HQ Functions

4 German companies



2) Enhance profit foundation (Europe)

Working on profit structure reform to put European operations in the black by FY2017

2. Bolster manufacturing department

Challenge : Create rapid stabilization after new product changeovers and form a stronger organization that closely adheres to the TB Way.

1) Improve productivity

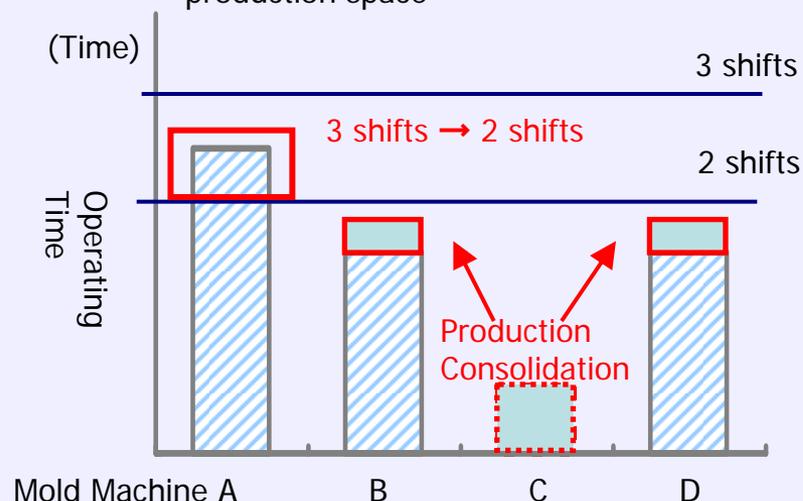
- Move from 3 to 2 shifts (reduce operation time)
- Consolidation of location (improve operational availability)

2) Strengthen organization & Develop human resources

- Dispatch Japanese transferees
- Train core personnel in Japan

3) Close unprofitable factories and further streamline workforce

(Example) Switch from 3 to 2 shifts and consolidate production space



Improvement Initiatives: Level production, tackle operational availability and yields, reduce defects, speed up repairs and die changes, etc.

2) Enhance profit foundation (Japan)

Earnings improvement through restructuring of factories

Medium-term restructuring from FY2015 and on

Challenge: Secure earnings from domestic production of 3 million units or less

1. Production of high-added value components



Door trim high quality stitching, etc.

Improved profitability

2. Further bolster new projects

New powertrain components, etc.

Increased sales

3. Optimize location

Move closer to customer's factories and reduce delivery transfer costs at production bases

Reduced losses

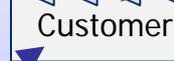
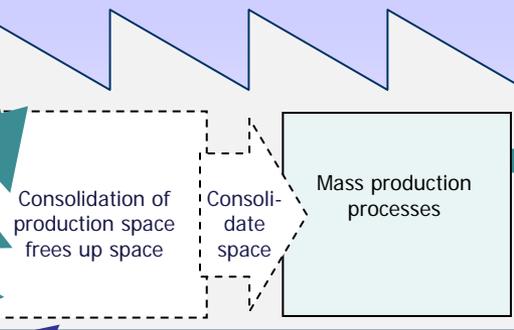
Distance

Close

4. Effective use of equipment

Effective use of surplus equipment around the world

Control investment



Customer trends
• Changing environment

Further consolidation
and boosting
efficiency

Introduce new projects

3) Research & Development (TNGA)

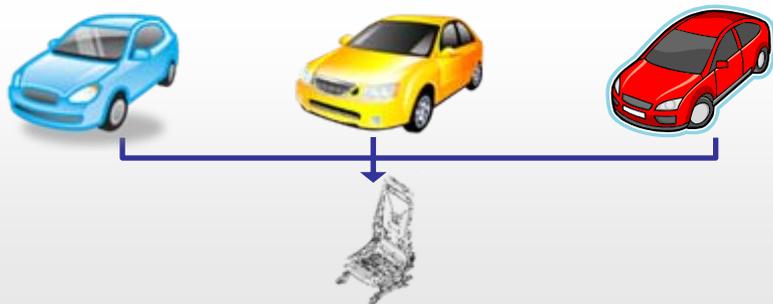
Engaging in TNGA activities

(TNGA: Toyota New Global Architecture)

Previous: **New designs for each car model**



TNGA: **Common design for all car models**



Contributions to Toyota

1. World-leading front seat performance
(Comfort, safety & responsiveness)
2. Common parts utilization with global-based *Monozukuri* *
(Reduced number of frame models & increased cost competitiveness)

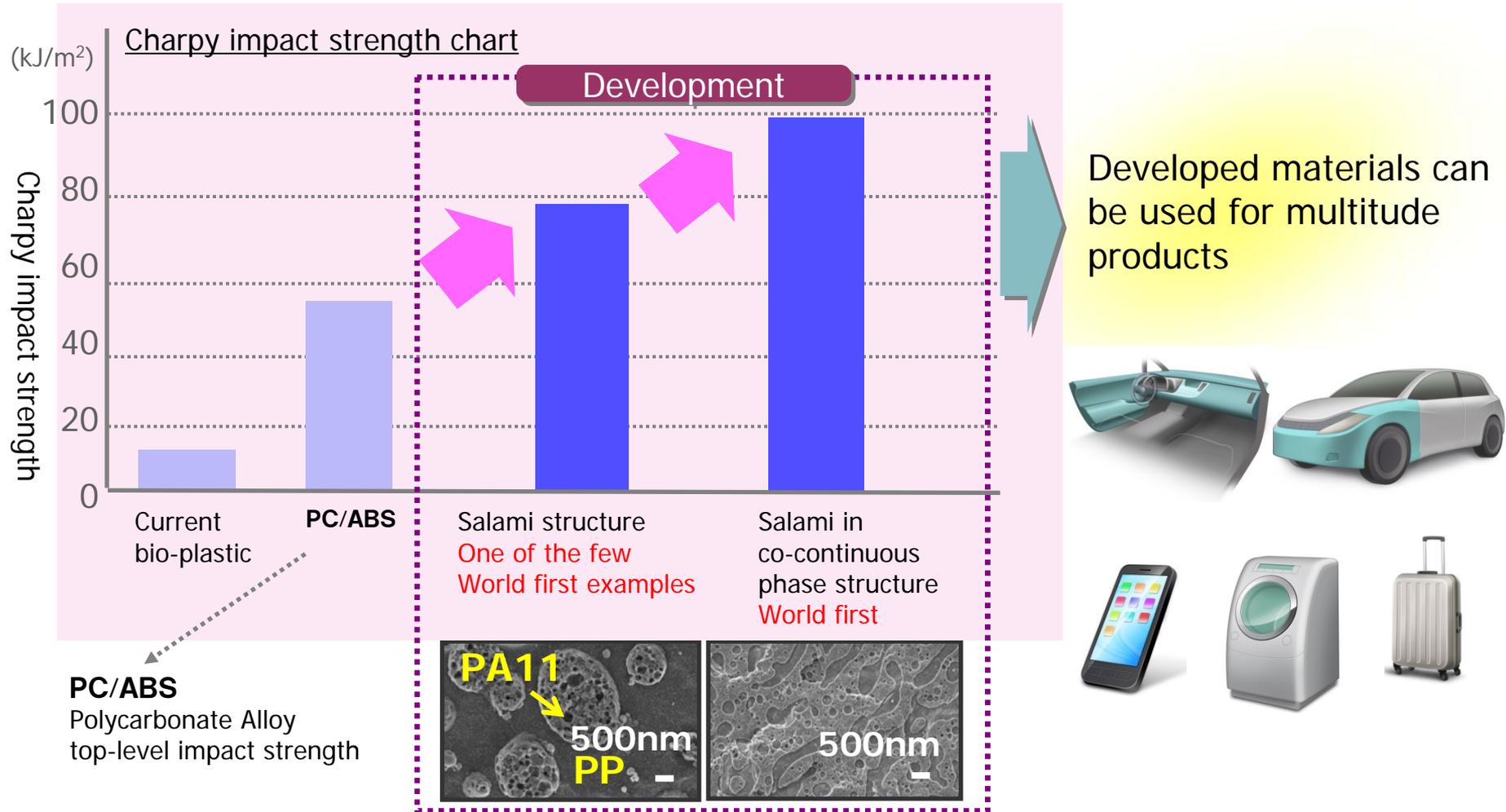
* *Monozukuri* = Manufacturing

Received award of excellence from Toyota Motor Corporation excellence for promoting TNGA
Promoted TNGA activities for interior parts such as rear seat frames, door trim, etc.

3) Research & Development (Bio-Plastic Alloy)

Novel bio-based plastic with top-level impact strength

Joint development partner: Toyota Central R&D Labs., Inc.



3) Research & Development (Train Seating)

Gran Class seat production (March 2014)

To be installed in the new E7 Hokuriku Shinkansen* passenger cars

* Hokuriku = North region of Japan; Shinkansen = Bullet train

1. Passenger-friendly design enfold passenger in comfort
2. Luxurious seat made to match the Gran Class experience (genuine leather quilting, etc.)
3. Control system that is simple and easy to use (single-motion stowable table, etc.)



New E7

(Photograph courtesy of JR East)



Gran Class seat

4) New Customer Business Activities

Expanding sales activities for NCB (new customer business)

Undertake the promotion and sales of new products, creation of new technology and meeting customer needs

Debuted at the Frankfurt Motor Show (IAA)



Sept.
2013



We promoted Toyota Boshoku group's high technological capabilities to European automotive manufacturers

Tech Day: Ford head office



Nov.
2013

Tech Day: Daimler head office



Jan.
2014

4) New Customer Business Activities

Began production of new customer business products and proactively worked to increase this business

Adapt global production bases to handle new business

Status of products that began production in FY2014

Europe & Africa

- Seat assembly
- Seat covers
- Door trim

Asia & Oceania

- Seat back board
- Seat covers
- Cylinder head cover

Japan

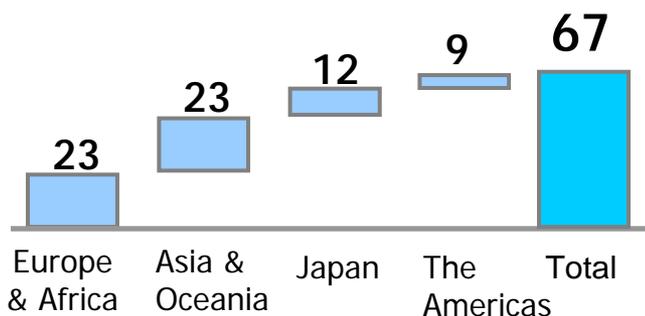
- Cabin air filters
- Oil filters

The Americas

- Seat covers

(Reference: order status)

*Total as of March 31, 2014



First seat assembly orders from European manufacturers



4) New Customer Business Activities (Regional In-house development)

Premium Seat Package to meet customer needs in Thailand

Designed specifically to enhance luxury & comfort

Per customer order, rear seat packages can be installed in Thailand produced "Camry" models



Quantum Leap 

Moving to the next stage with

Quantum Leap and Tenacity

Design Your Passion



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.