

Quantum Leap



FY2015 2nd Quarter Financial Results

ended September 30, 2014



1. FY2015 2nd Quarter Financial Results

- 1) Overview of 2nd Quarter financial results
- 2) 2nd Quarter financial results for FY2015
- 3) Forecast for FY2015

2. Activities for Profit Improvement

- 1) By region (The Americas, Europe & Africa)

3. Improvement Efforts on Manufacturing

- 1) Initiatives to strengthen business foundation
- 2) New technology activities



1. FY2015 2nd Quarter Financial Results

- 1) Overview of 2nd Quarter financial results
- 2) 2nd Quarter financial results for FY2015
- 3) Forecast for FY2015

1-1) Overview of 2nd Quarter financial results

1. Although the first half saw increases in revenue due to increased production in the Americas, profits decreased due to poor model composition in Asia & Oceania and launch of production in the Americas.
2. Despite an increase in units produced in Japan, this financial year's forecast were unchanged due to decreased production and poor model composition in Asia & Oceania.
3. Dividends for the 2nd Quarter are 9 yen per share.

1-2) 2nd Quarter financial results for FY2015

2nd Quarter financial results for FY2015

(100 million yen)

		FY2014 2Q		FY2015 2Q		Fluctuation		1Q Estimate	
Net Sales		5,921	100.0%	6,257	100.0%	335	5.7%	5,800	100.0%
Operating Income		161	2.7%	145	2.3%	-16	-10.1%	90	1.6%
Ordinary Income		228	3.9%	189	3.0%	-39	-17.2%	100	1.7%
Net Income		114	1.9%	87	1.4%	-27	-24.0%	20	0.3%
Per Share Net Income		62.00 yen		47.15 yen					
Per Share Cash Dividend		9.00 yen		9.00 yen					
Exchange Rate	US \$	99 yen		103 yen		4 yen (weak yen)			
	Euro	130 yen		139 yen		9 yen (weak yen)			

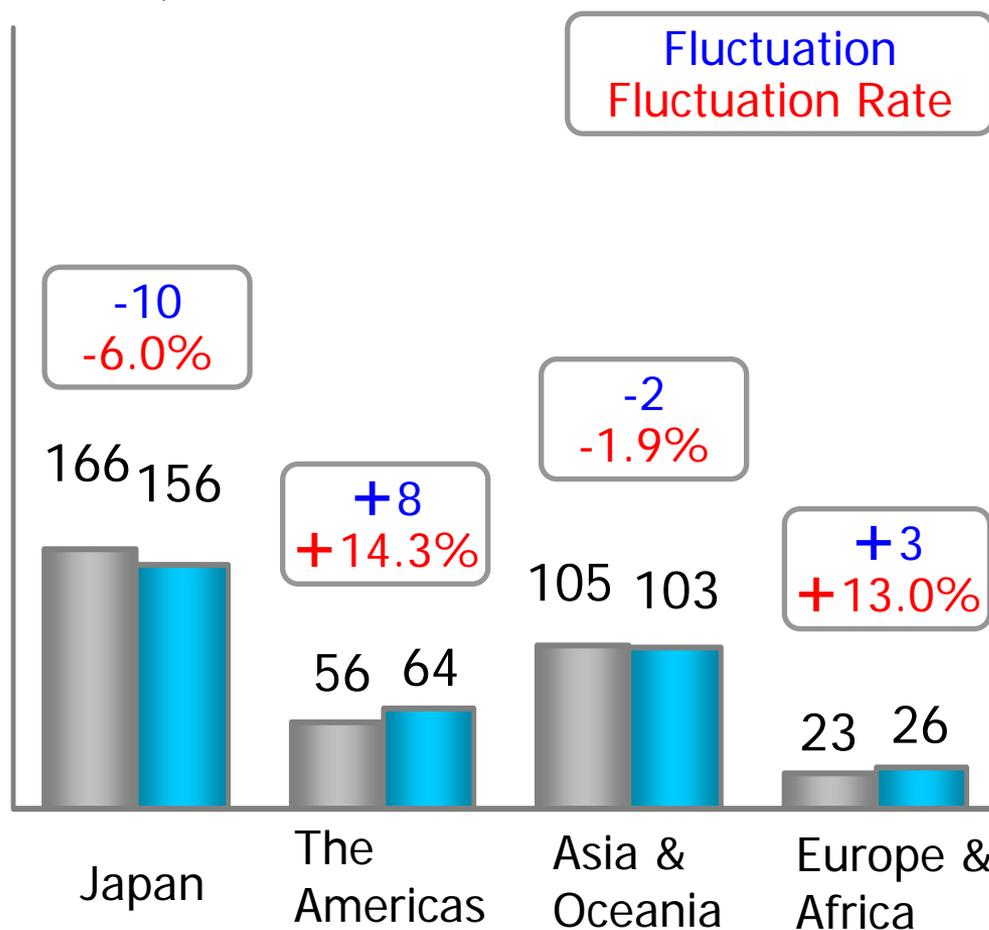
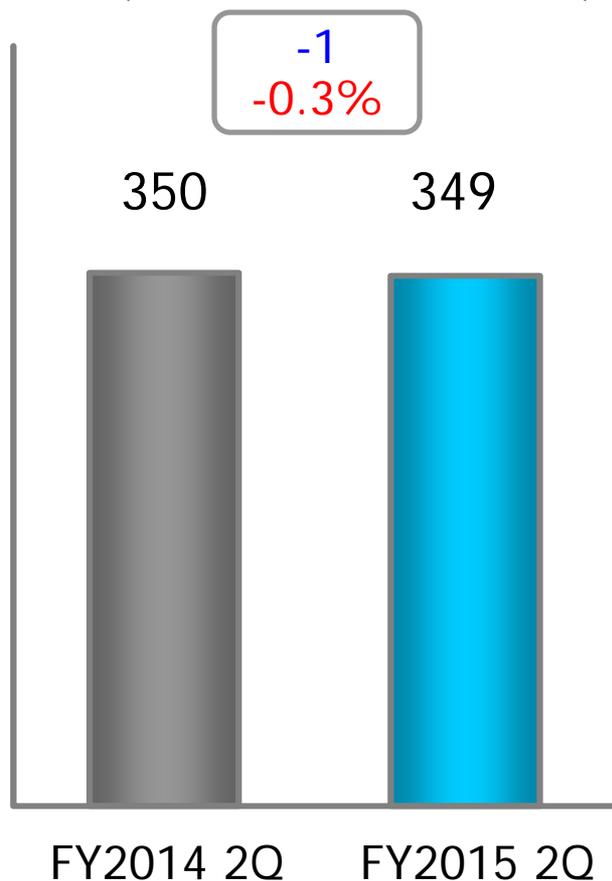
Seat assembly production

Total

By region

(10,000 Units)

(10,000 Units)

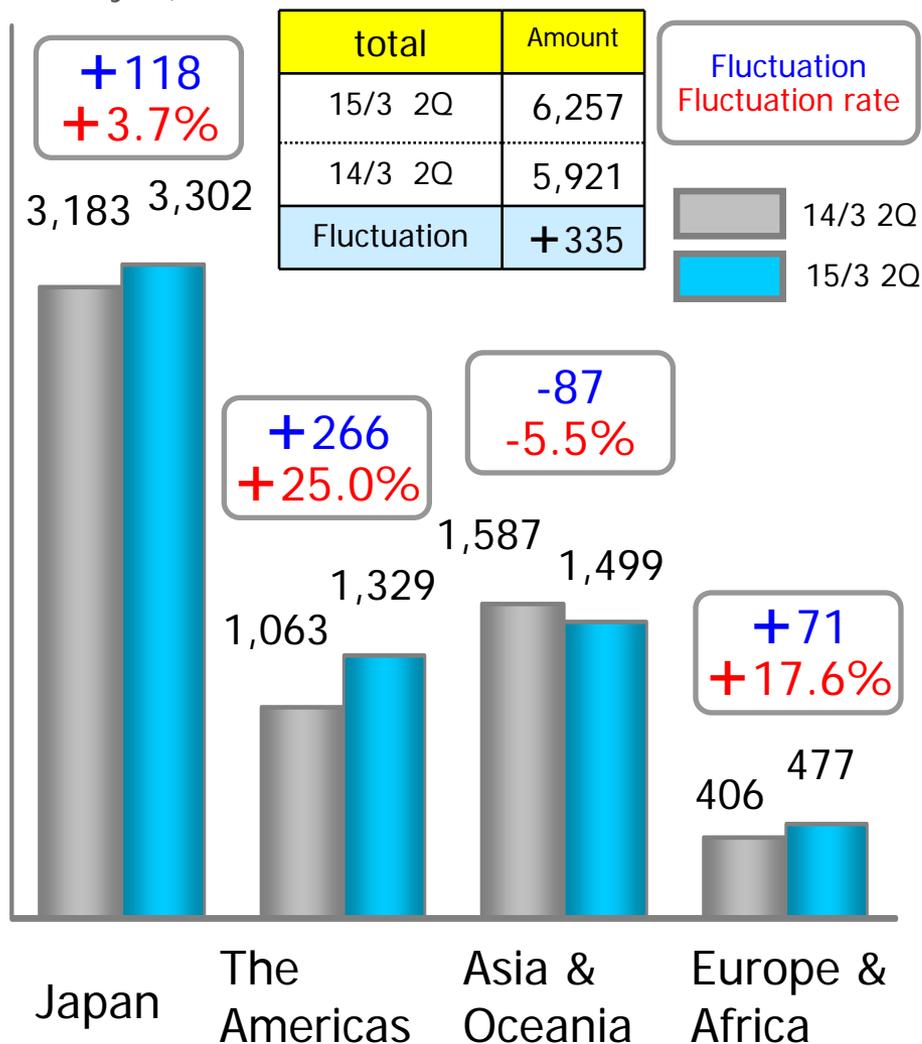


1-2) 2nd Quarter financial results for FY2015

Net Sales & operating Income by region

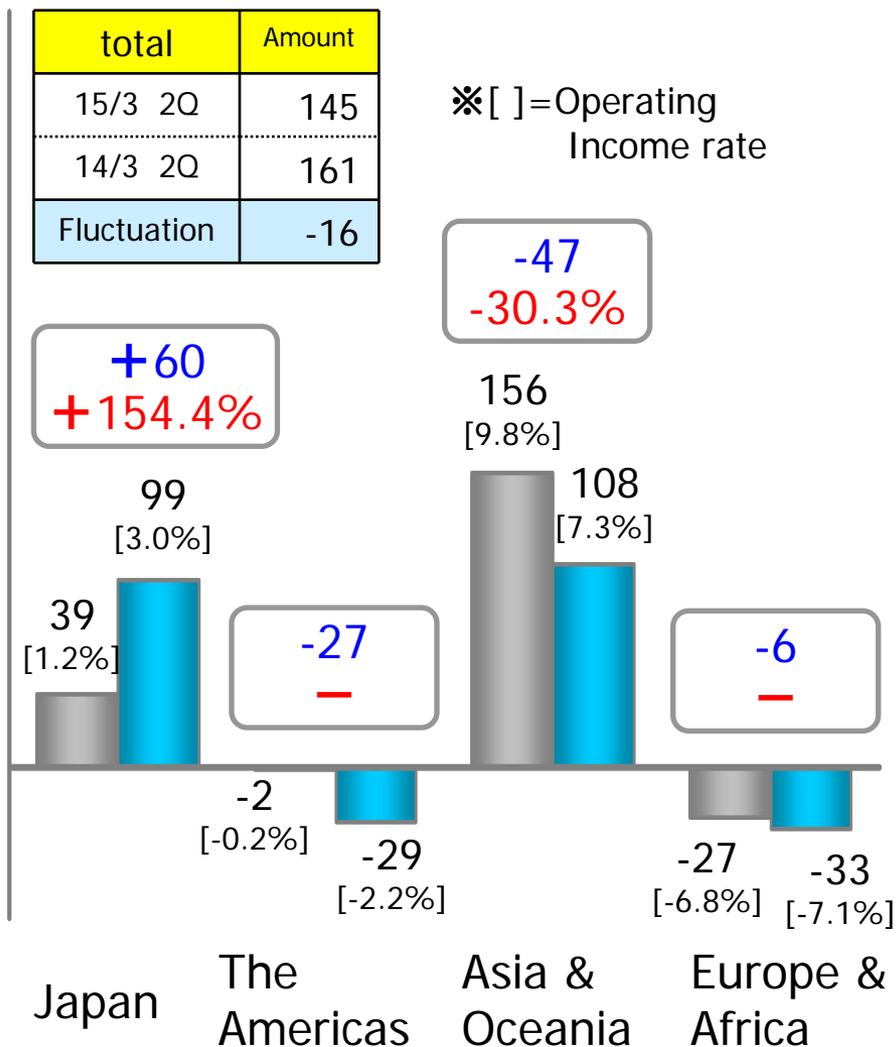
(100 million yen)

Net Sales



(100 million yen)

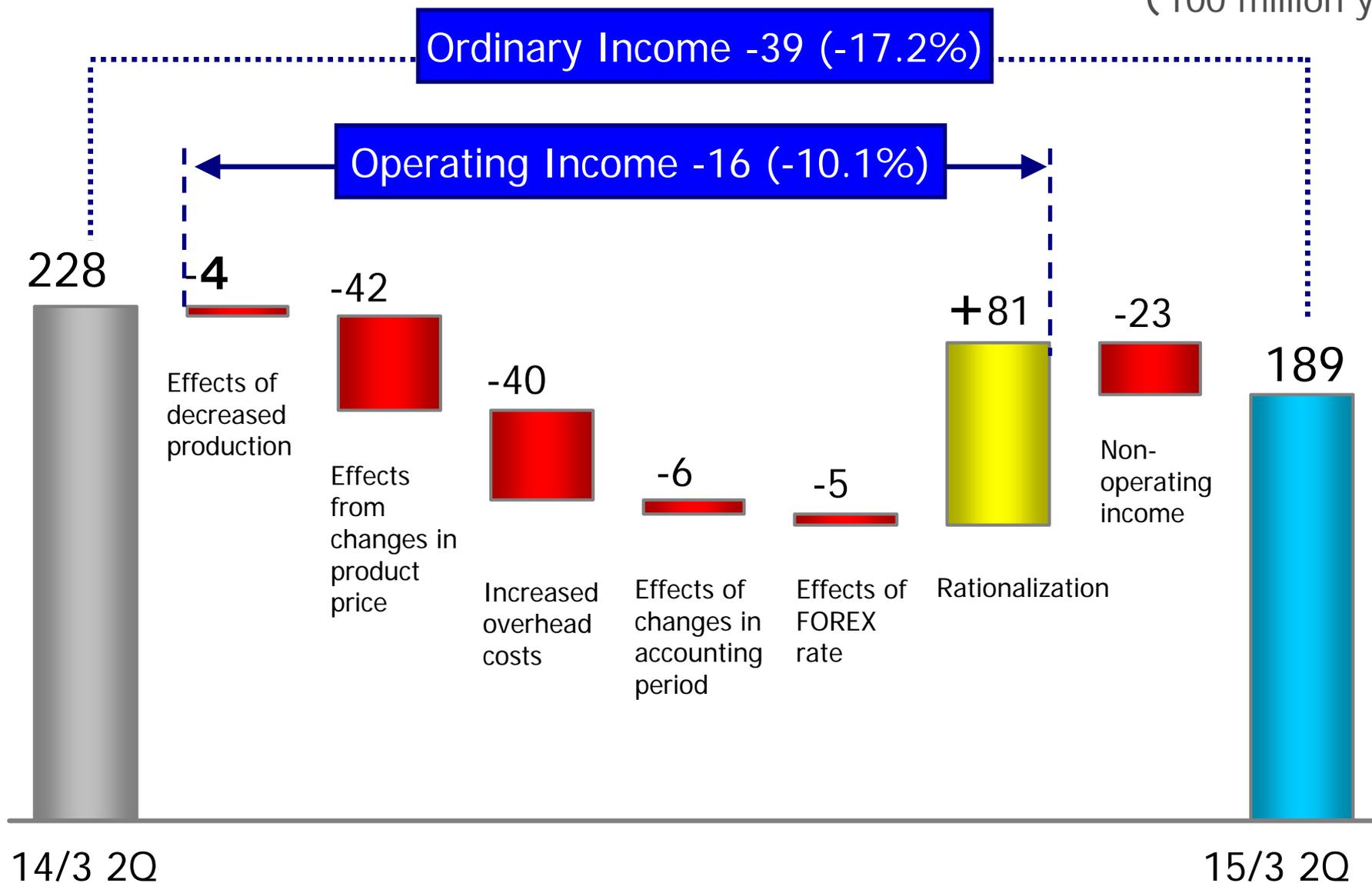
Operating Income



1-2) 2nd Quarter financial results for FY2015

Ordinary Income
Increase & Decrease Analysis

(100 million yen)



1-3) Forecast for FY2015

Forecast for FY2015

(100 million yen)

		FY2014 Results		FY2015 Forecast		Fluctuation		Estimate at 1Q	
Net Sales		12,183	100.0%	12,000	100.0%	-183	-1.5%	12,000	100.0%
Operating Income		288	2.4%	270	2.3%	-18	-6.3%	270	2.3%
Ordinary Income		402	3.3%	290	2.4%	-112	-28.0%	290	2.4%
Net Income		126	1.0%	120	1.0%	-6	-4.8%	120	1.0%
Per Share Net Income		68.05 yen		64.76 yen				64.76 yen	
Per Share Cash Dividend		18.00 yen		18.00 yen				18.00 yen	
Exchange Rate	US \$	100 yen		104 yen		4 yen (weak yen)		101 yen	
	Euro	134 yen		137 yen		3 yen (weak yen)		136 yen	

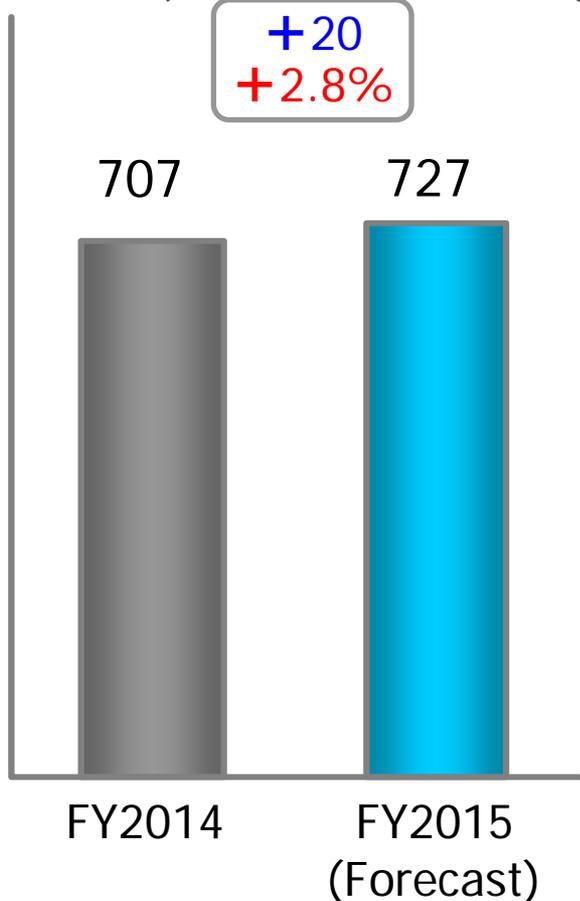
1-3) Forecast for FY2015

Unit production by region

Seat assembly production

Total

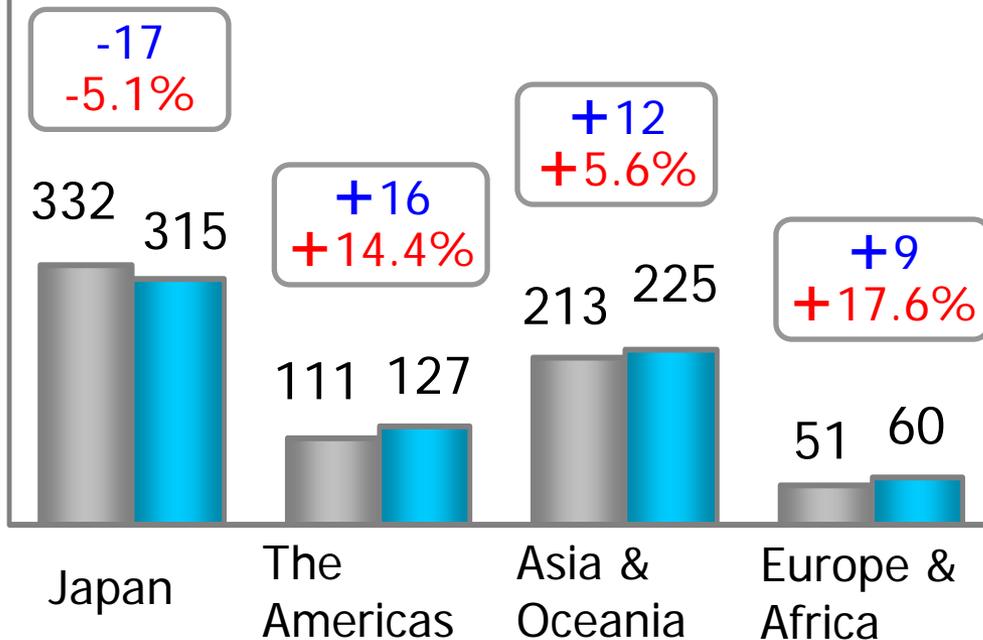
(10,000 Units)



By Region

(10,000 Units)

Fluctuation
Fluctuation Rate



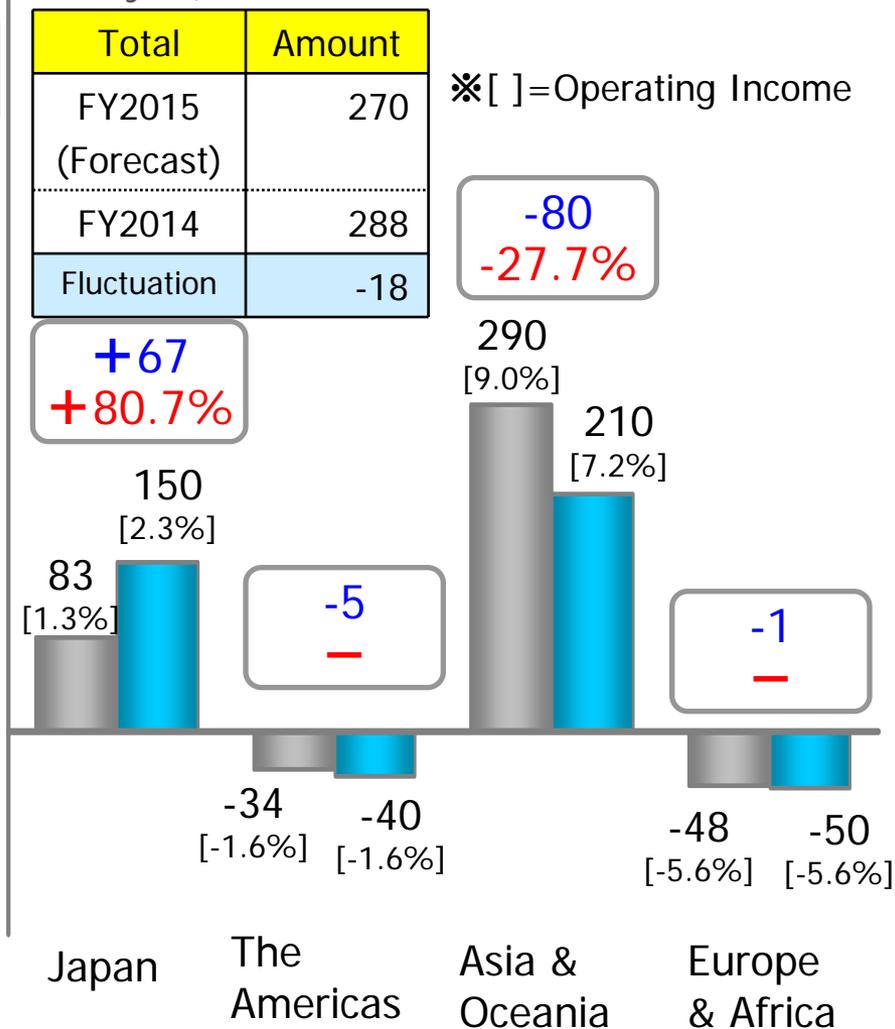
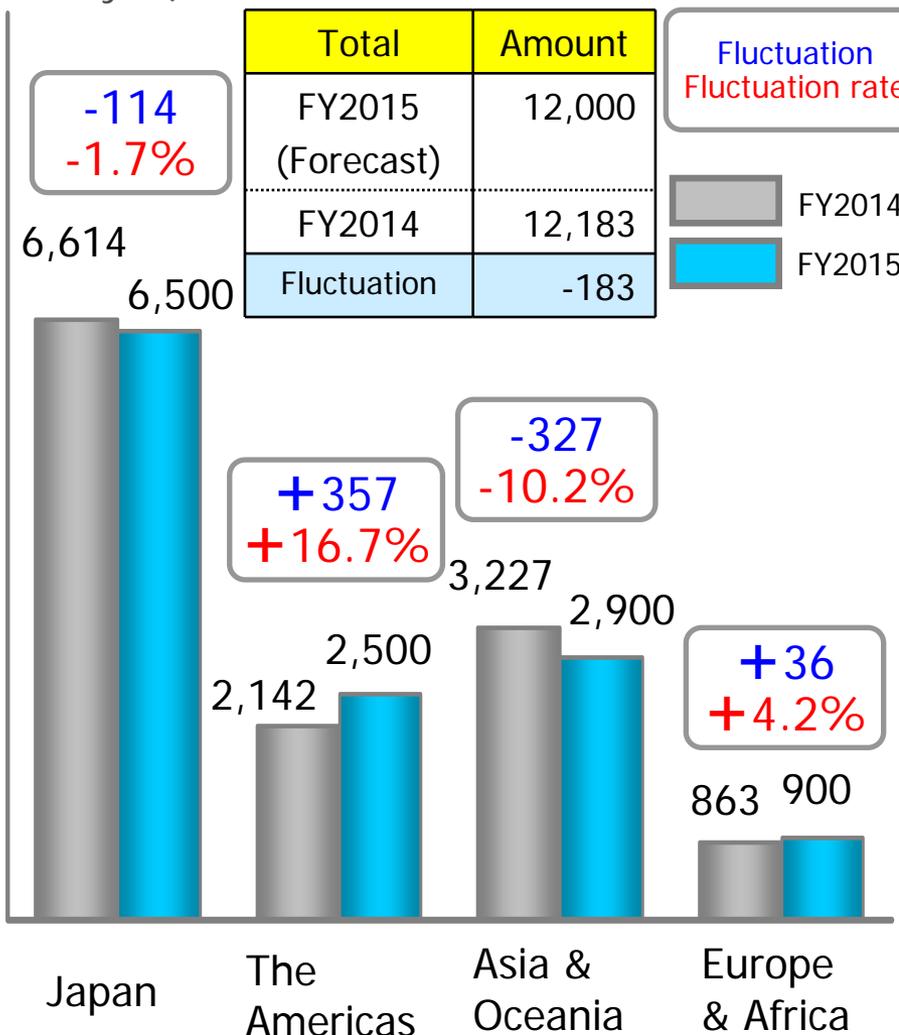
1-3) Forecast for FY2015

Net Sales

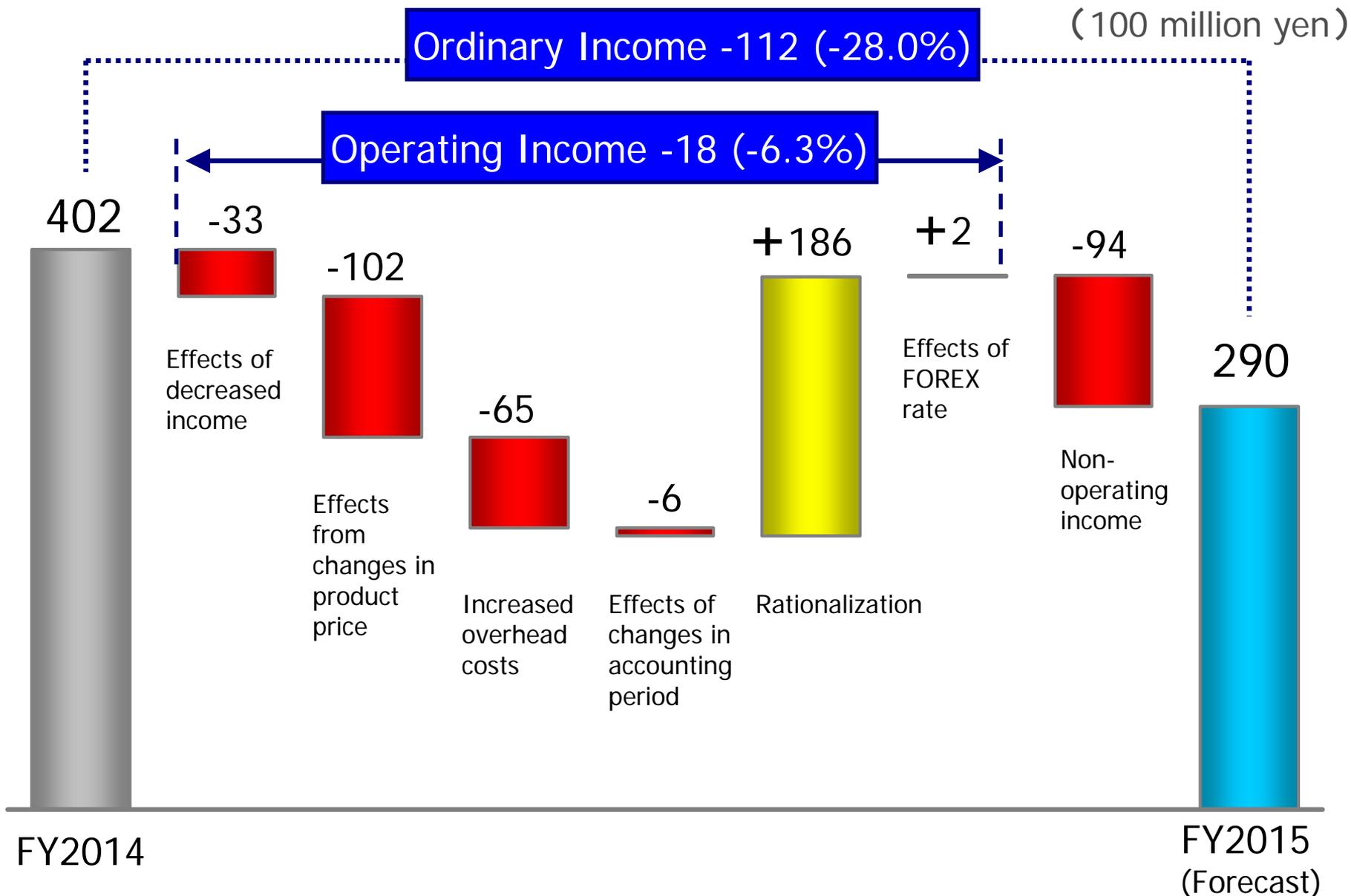
Operating Income

(100 million yen)

(100 million yen)



1-3) Forecast for FY2015





2. Activities for Profit Improvement

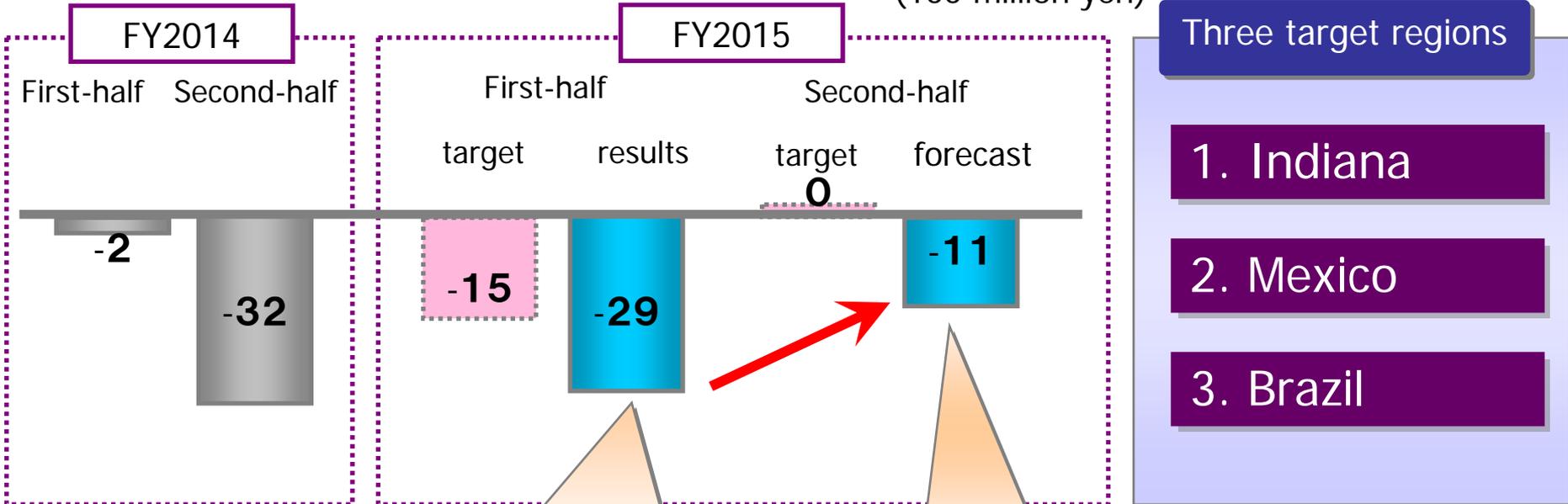
1) By region (The Americas, Europe & Africa)

2-1) By region (The Americas)

In-depth look at regional issues in the Americas

Operating income

(100 million yen)



Three target regions

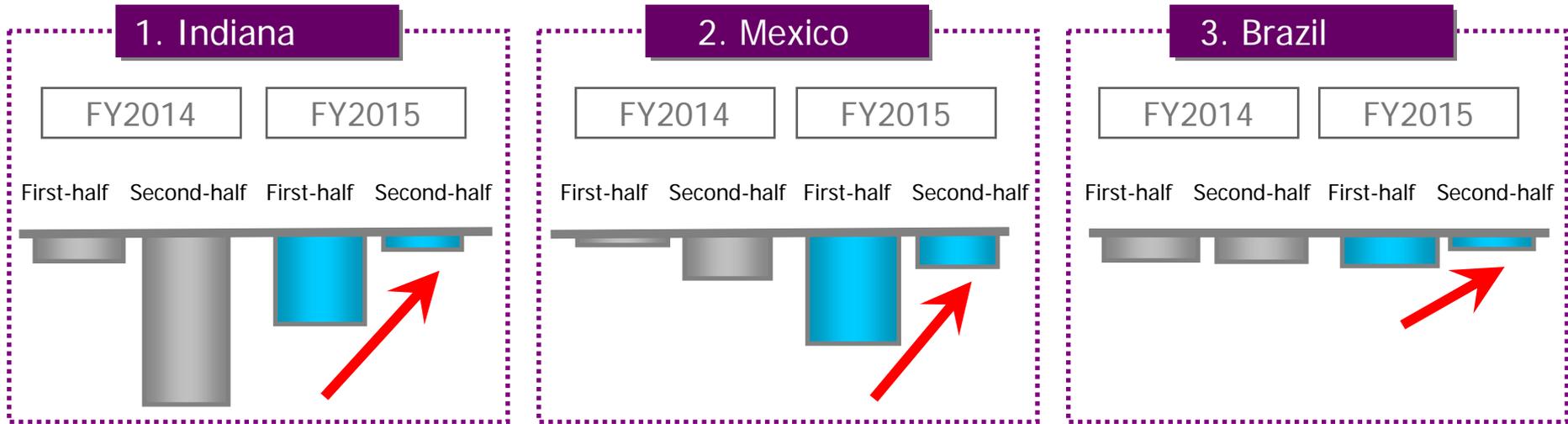
- 1. Indiana
- 2. Mexico
- 3. Brazil

Company unable to make up losses from launching production in Indiana and Mexico [Labor costs and rush shipping costs, etc.]

Activities for profit improvement effective in reducing operating losses

2-1) By region (The Americas)

Three target regions—solid implementation of activities for profit improvement



- 1) Borrowings for external warehousing needed due to insufficient space
- 2) Low employee retention rate, low work attendance

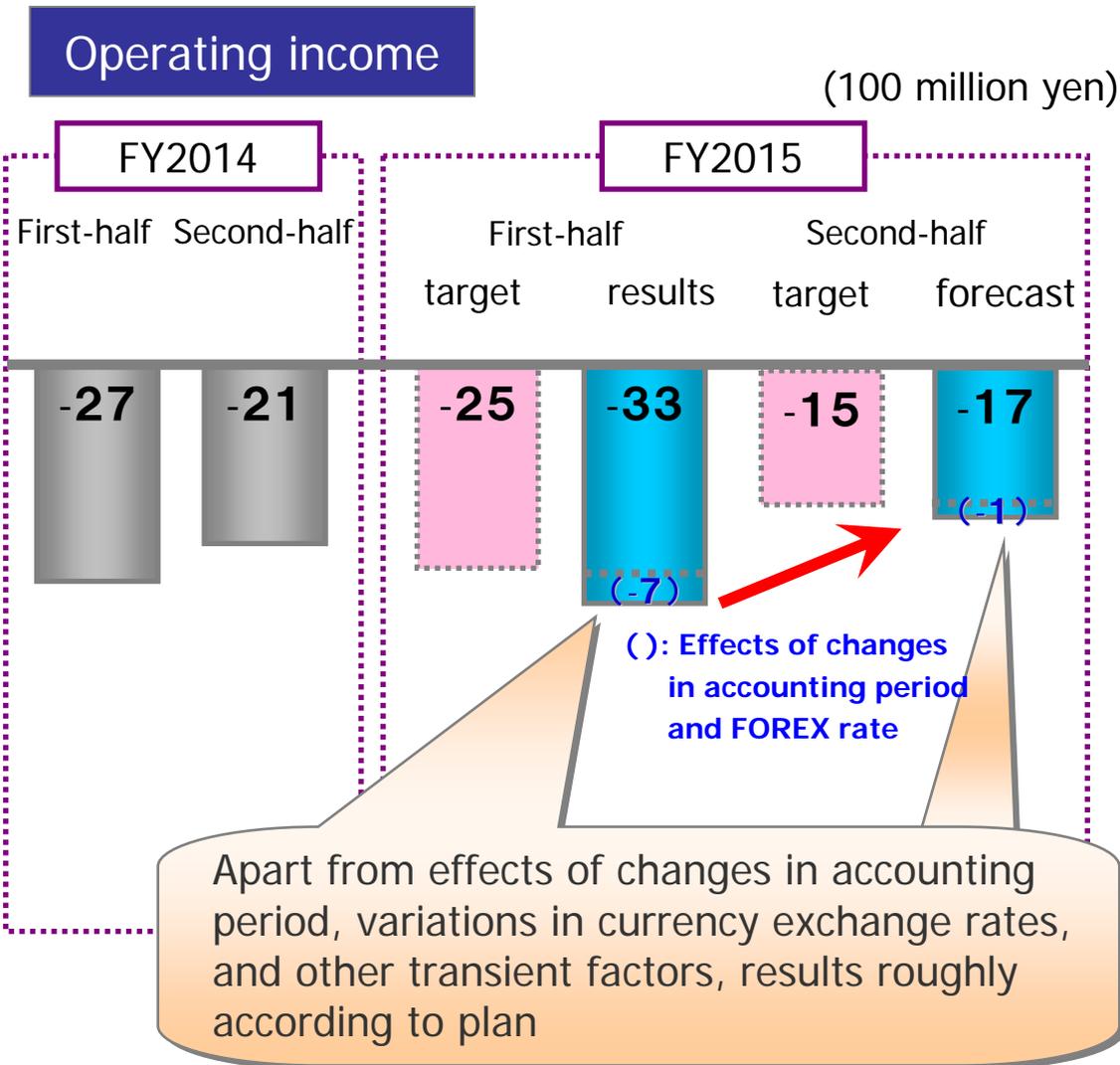
- 1) Labor costs and rush shipping costs in response to changes in customers' quality standards
- 2) Delayed reduction in labor costs

- 1) Production lower than forecast
- 2) Delayed reduction in labor costs
- 3) Increased costs for support of new production

Follow-up on status of improvement progress at Profit Improvement Committee and active support by headquarters' functions

2-1) By region (Europe & Africa)

Promoting Europe & Africa profit structure reform according to plan



1. Headquarters' functions

Optimization of personnel

BAE headquarters' functions integrated with Europe RM&CH* TBEU so as to reduce scale and increase efficiency (2014.4)

*RM&CH = Regional Management & Collaboration Hubs

2. Manufacturing sector

Strongly promoting plant improvements

- 1) Improve productivity (Move from 3 to 2 shifts, Rationalization of workforce)
- 2) Enhancing Manufacturing sector, human resources development



3. Improvement Efforts on Manufacturing

- 1) Initiatives to strengthen business foundation
- 2) New technology activities

3-1) Initiatives to strengthen business foundation [1]

Measures targeting upcoming global models

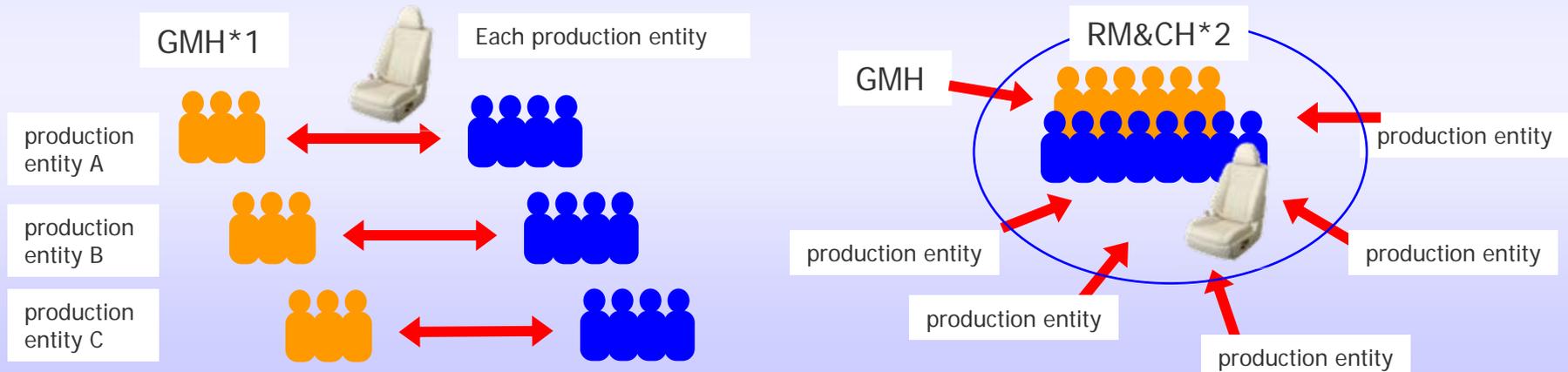
《Target》

Steady development and preparations for production to meet continued launch of production globally

Before: Linking headquarters with each production site, building in quality and resolving problems with each model launched

After: **Rapidly resolving problems globally at identical sites**

Key personnel from production, development and technical departments worldwide meet together, confirm and work on issues using actual seats



Reconsidering past models

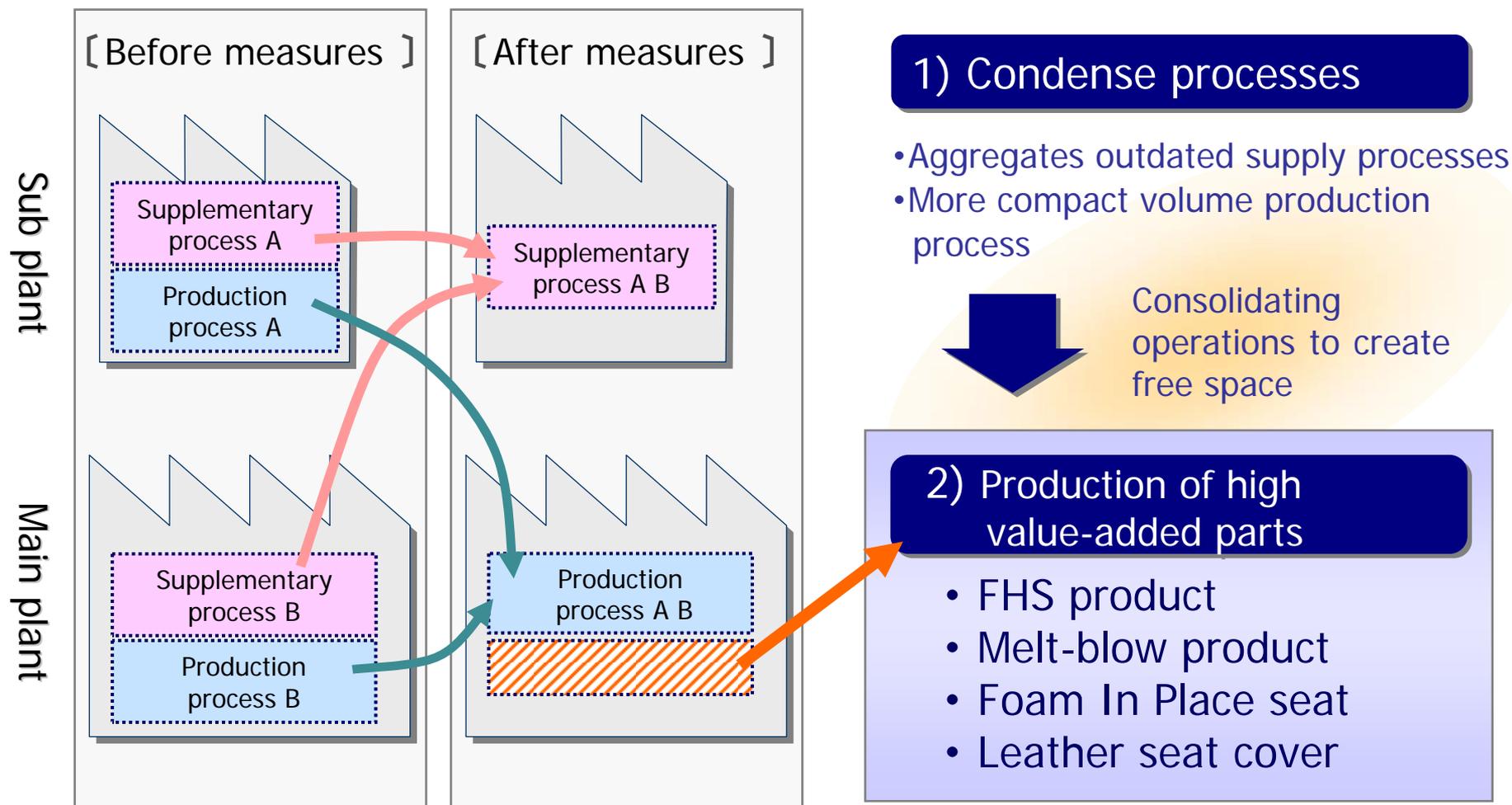
Reform process of development and preparations for production through upcoming global models

Standardize global models

3-1) Initiatives to strengthen business foundation [2]

Strengthen optimized production system within global regions (Domestic)

1. Reorganize plants to secure profits



3-1) Initiatives to strengthen business foundation [2]

Strengthen optimized production system within global regions (Overseas)

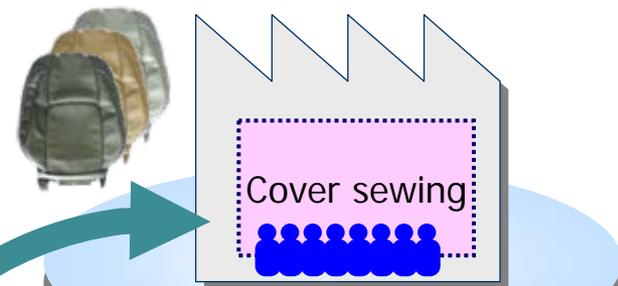
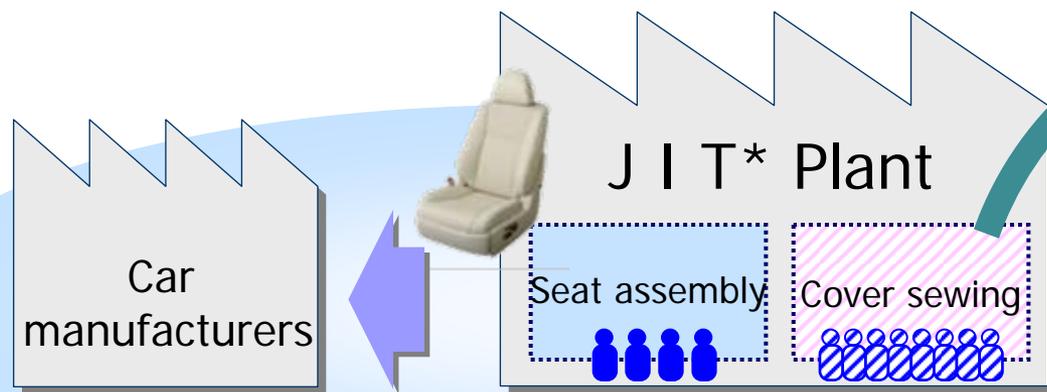
2. Securing competitiveness in seat covers by optimizing assignment of production sites

Reorganization of sewing processes

Close to customer

distribution

New production entity



- Turkey : TB Sewtech Turkey
- Asia & Oceania : Toyota Boshoku Lao
- China : Heyuan Toyota Boshoku Automotive parts

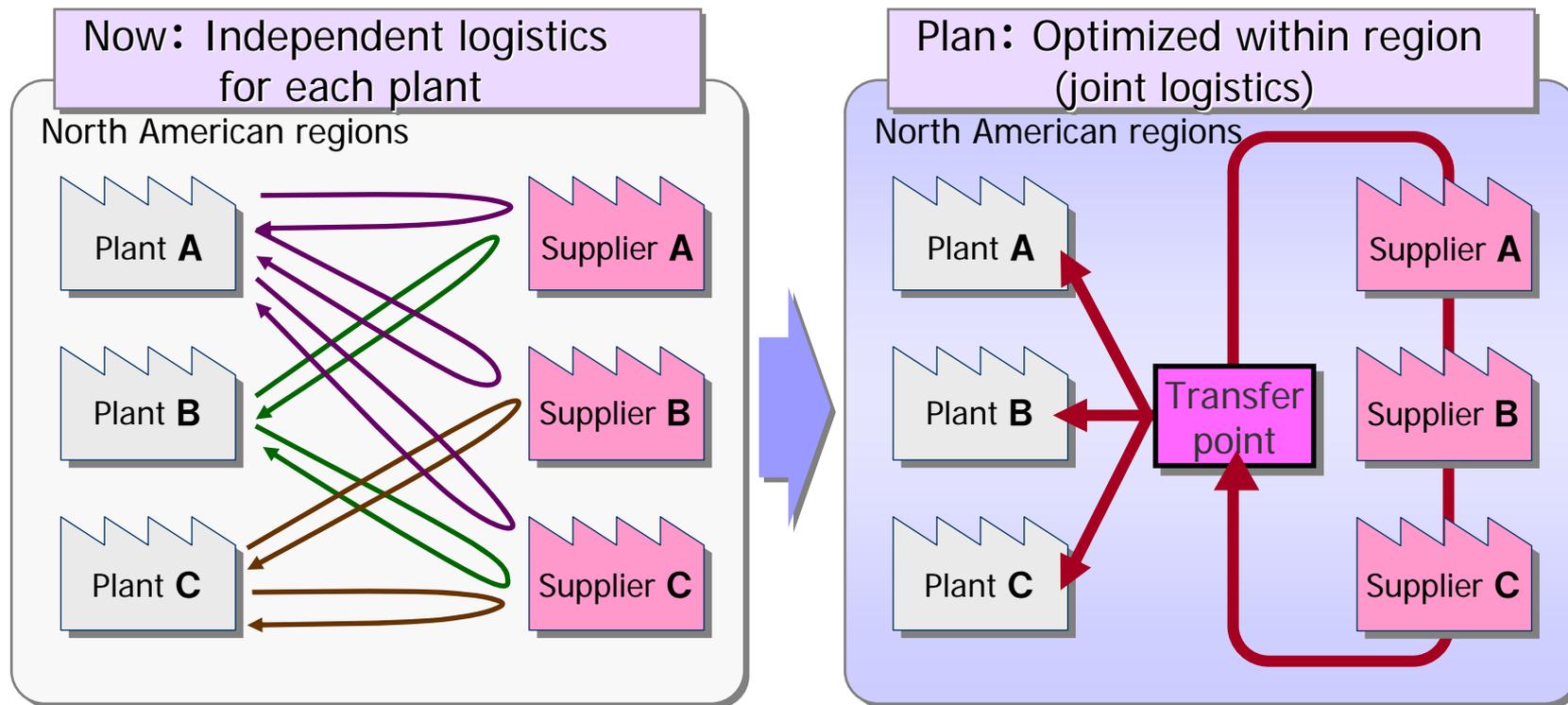
*Just in time

Reducing labor costs by distributing labor-intensive sewing processes

3-1) Initiatives to strengthen business foundation [2]

Strengthen optimized production system within global regions (Logistics)

3. Measures for more efficient logistics in North America



Efforts to create optimal intra-regional logistics from North American regions
Aiming to reduce logistics costs and CO₂ emissions in each region

3-2) New technology activities [1]

Expanded use of Foam In Place seats

Promoting development of seats using the Foam In Place method to enhance both design and hold performance

Use now
increasing

LEXUS RC (2014)
Coupe

LEXUS NX (2014)
SUV

LEXUS IS (2013)
Sporty Sedan



LEXUS RC-F (2014)

3-2) New technology activities [2]

Trial operations have commenced at the Tajimi Technical Center proving ground

Through vehicular testing on our proving ground, we perform dynamic evaluations with the aim of developing competitive, attractive products.

Name : Toyota Boshoku Tajimi Technical Center

Location : Tajimi City, Gifu Prefecture, Japan

Area : Site area is approx. 360,000 m²
the test course area is approx. 140,000 m²

Test course : Track (total length: 1,800 m with a 670 m straight-line stretch of road)
Course that recreates a wide variety of road surfaces



3-2) New technology activities [3]

Expanding business by enhancing core technologies

FHS Method (Fine Hold Stamping)
Precision stamping process

High-quality

Precise

Enhanced production

Round recliners

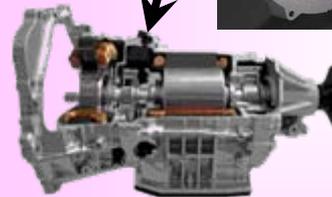
Seat frames

Competitive capacities in functional seat components

Low fuel consumption

Low pollution

Motor core for HV



Expand business fields to meet trend needs

Utilizing in next-generation key automotive components

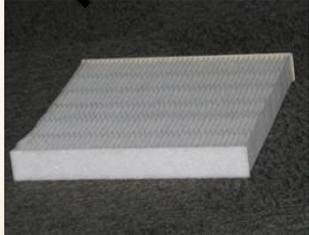
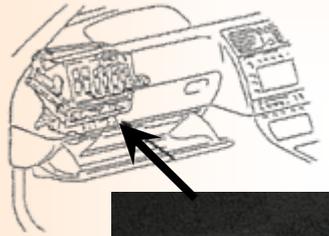
3-2) New technology activities [3]

Expanding business by enhancing core technologies

Melt-blow method
Ultra-precise fiber spinning technology



- Superior function
- Low cost
- Fine fibers



Cabin air filters

Blending hybrid materials
Developing fiber spinning technology

Hybrid materials



High performance filters

Fiber spinning technology

Control of fiber diameter
Producing even thinner fibers

Creation of high value-added products

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.