

# FY2015 Financial Results ended March 31, 2015

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# 1. Financial Results for FY2015

- 1) Overview of Financial Results
- 2) Financial Results for FY2015 (ended March 31, 2015)
- 3) Financial Forecast for FY2016 (ending March 31, 2016)
- 4) By region

## 1-1) Overview of Financial Results

1. Despite the effects of a poor model mix in Asia & Oceania, increases in units produced overseas and improved model mix in Japan achieved growth in both income and profit.
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 rise in profit and a fall in income are expected due to profit improvement in the Americas, Europe & Africa and other factors.  
The net sales will be the same level as FY2015.

# 1-2) Financial Results for FY2015

## Overview of Financial Results

(100 million yen)

		FY2014	FY2015	Fluctuation	
Net Sales		12,183 100.0%	13,055 100.0%	871	7.1%
Operating Income		288 2.4%	323 2.5%	35	12.4%
Ordinary Income		402 3.3%	410 3.1%	7	2.0%
Net Income		126 1.0%	52 0.4%	-74	-58.7%
Per Share Net Income		68.05 yen	28.08 yen		
Per Share Cash Dividend		18.00 yen	18.00 yen		
Exchange Rate	US\$	100 yen	110 yen	10 yen (weak yen)	
	Euro	134 yen	139 yen	5 yen (weak yen)	

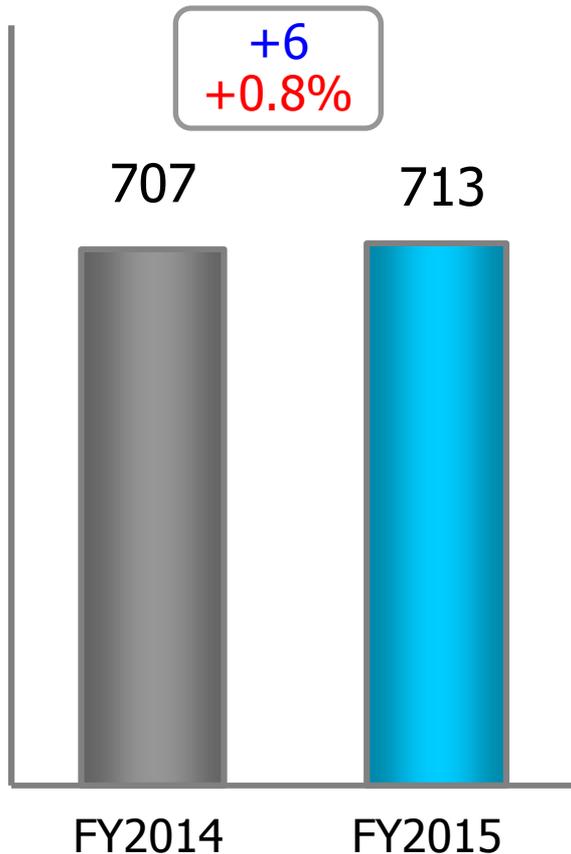
# 1-2) Financial Results for FY2015

Unit production by Region

## Seat assembly production

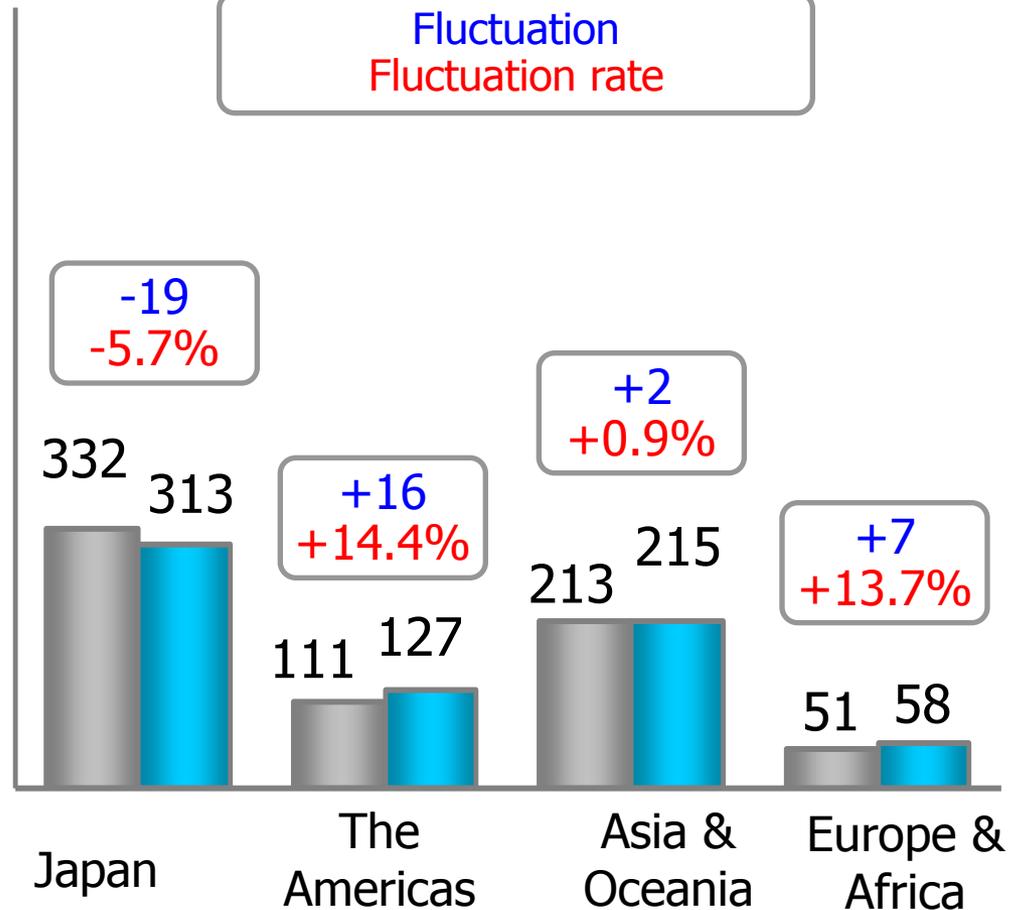
### Total

(10,000 Units)



### By Region

(10,000 Units)



# 1-2) Financial Results for FY2015

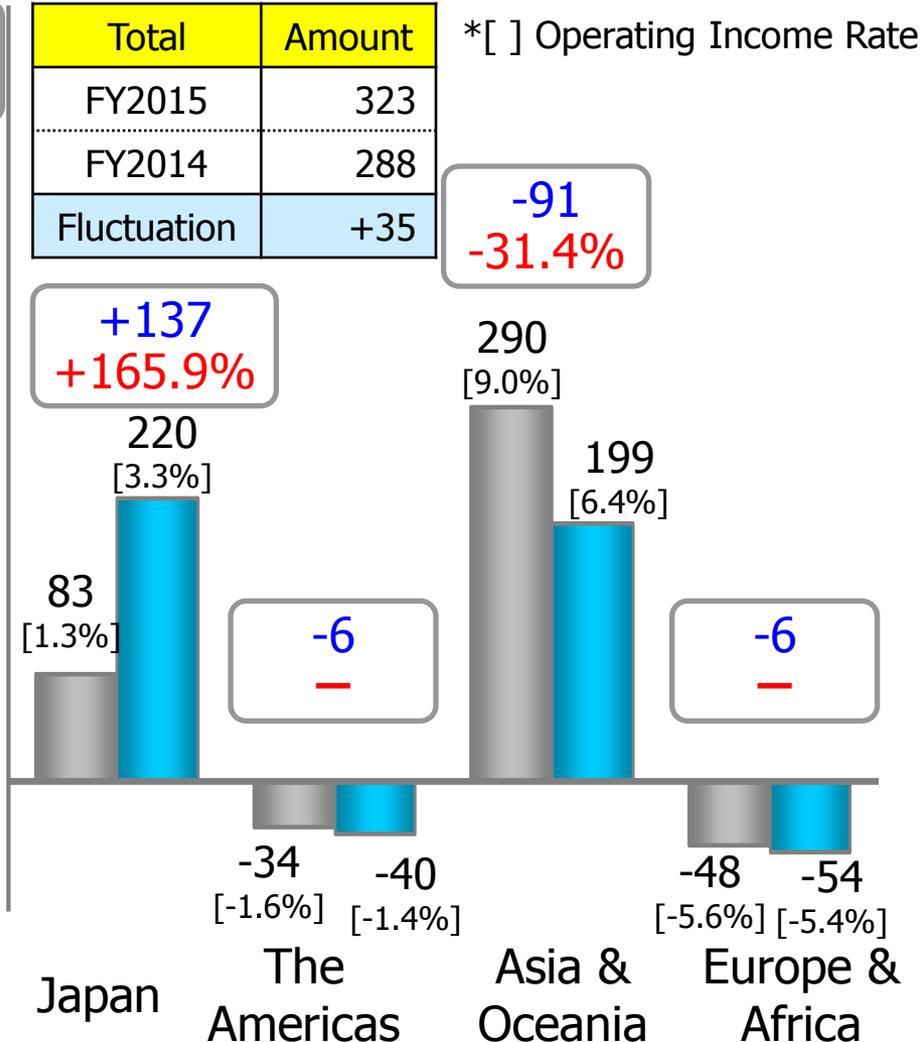
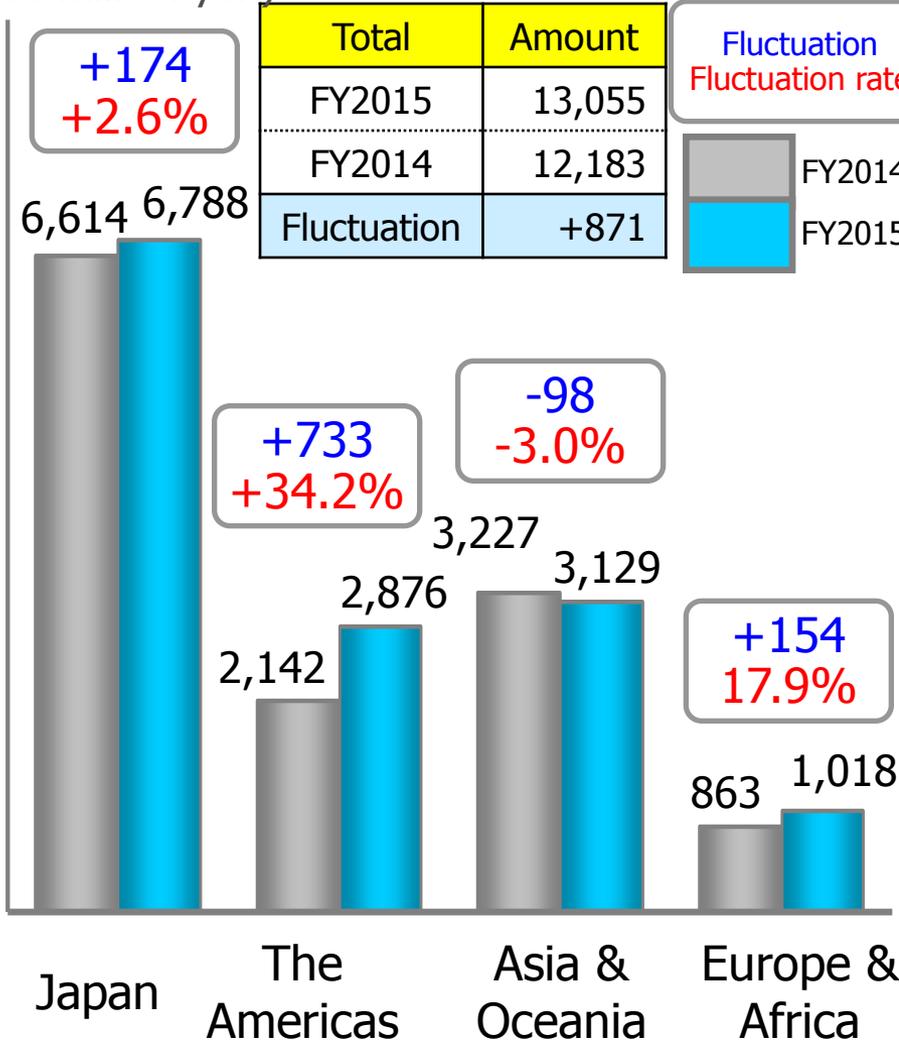
Net Sales & Operating Income by Region

## Net Sales

## Operating Income

(100 million yen)

(100 million yen)

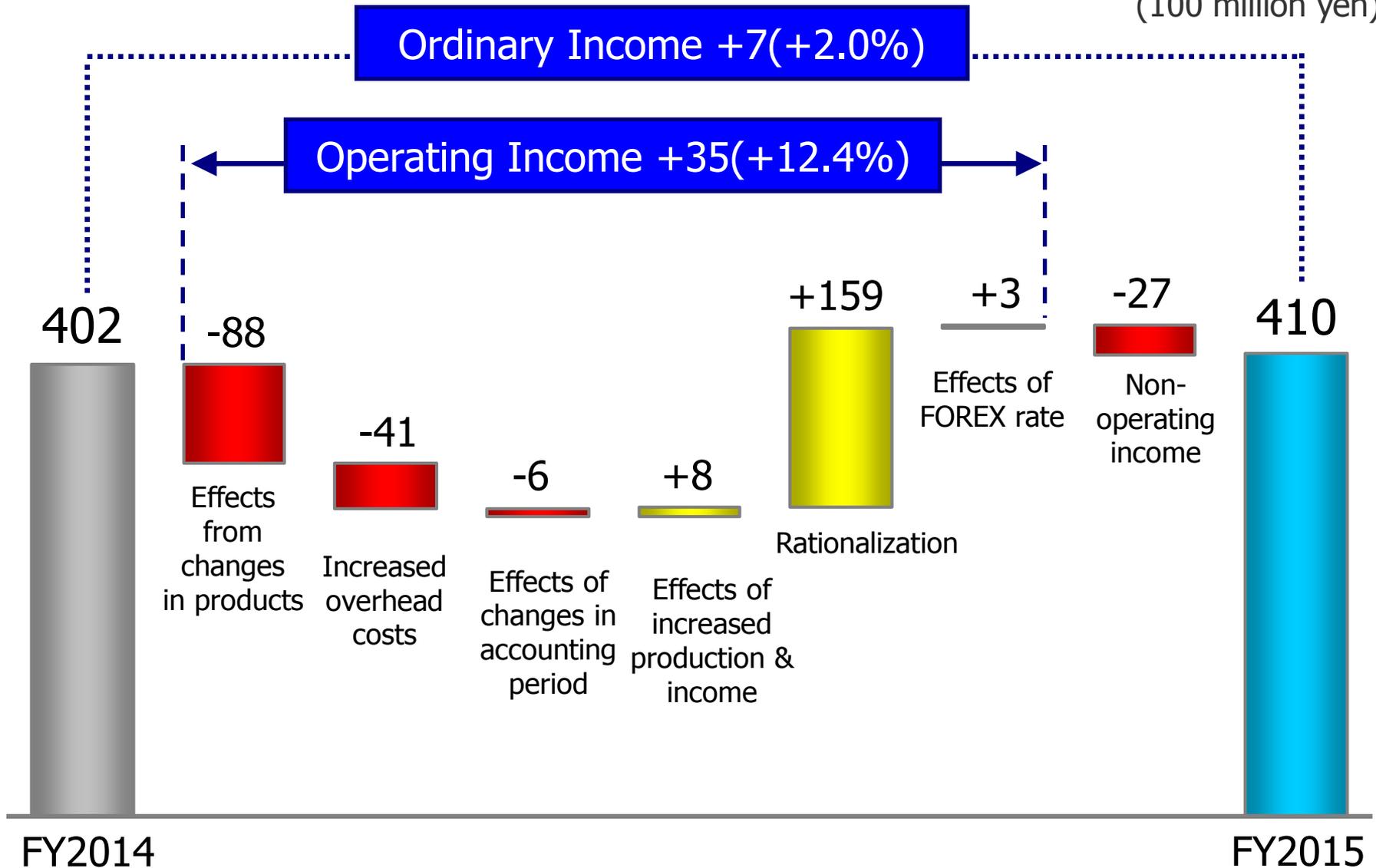


\*[ ] Operating Income Rate

# 1-2) Financial Results for FY2015

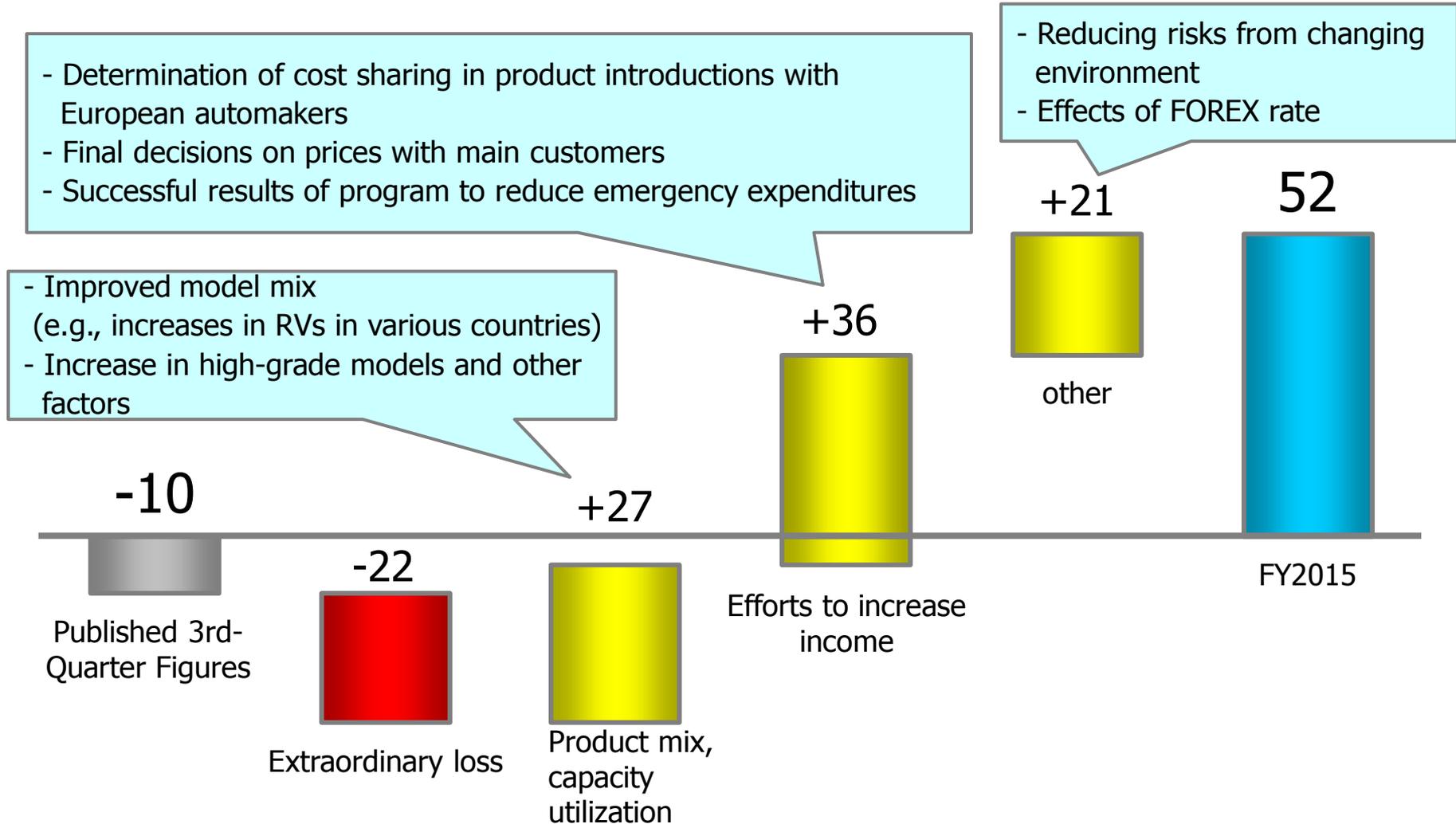
## Ordinary Income Increase & Decrease Analysis

(100 million yen)



### Profitability due to optimized model mix and differentiation and other efforts to improve profits

(100 million yen)



# 1-3) Financial Forecast for FY2016

## Financial Forecast for FY2016

(100 million yen)

		FY2015	FY2016	Fluctuation
Net Sales		13,055 100.0%	13,000 100.0%	-55 -0.4%
Operating Income		323 2.5%	380 2.9%	56 17.3%
Ordinary Income		410 3.1%	400 3.1%	-10 -2.7%
Net Income		52 0.4%	170 1.3%	117 226.7%
Per Share Net Income		28.08 yen	91.73 yen	
Per Share Cash Dividend		18.00 yen	20.00 yen	
Exchange Rate	US\$	110 yen	115 yen	5 yen (weak yen)
	Euro	139 yen	125 yen	14 yen (strong yen)

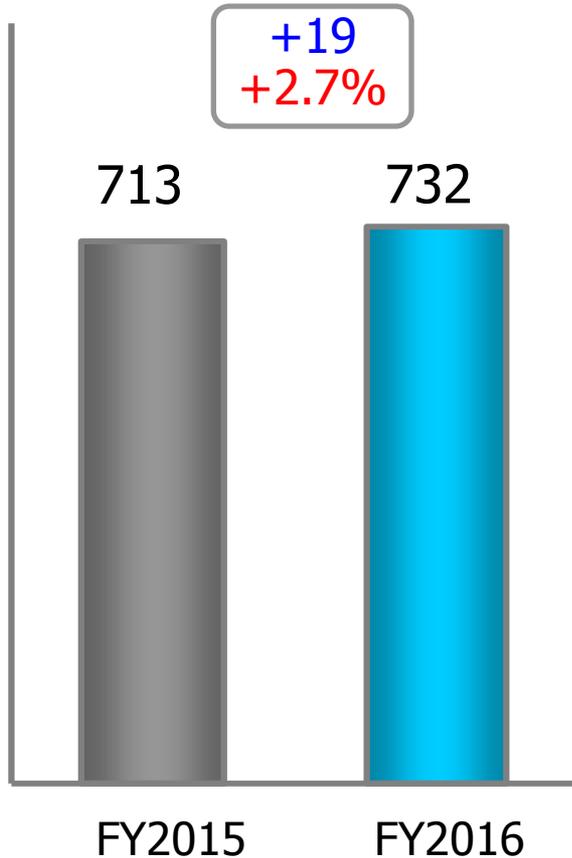
# 1-3) Financial Forecast for FY2016

Unit production by Region

## Seat assembly production

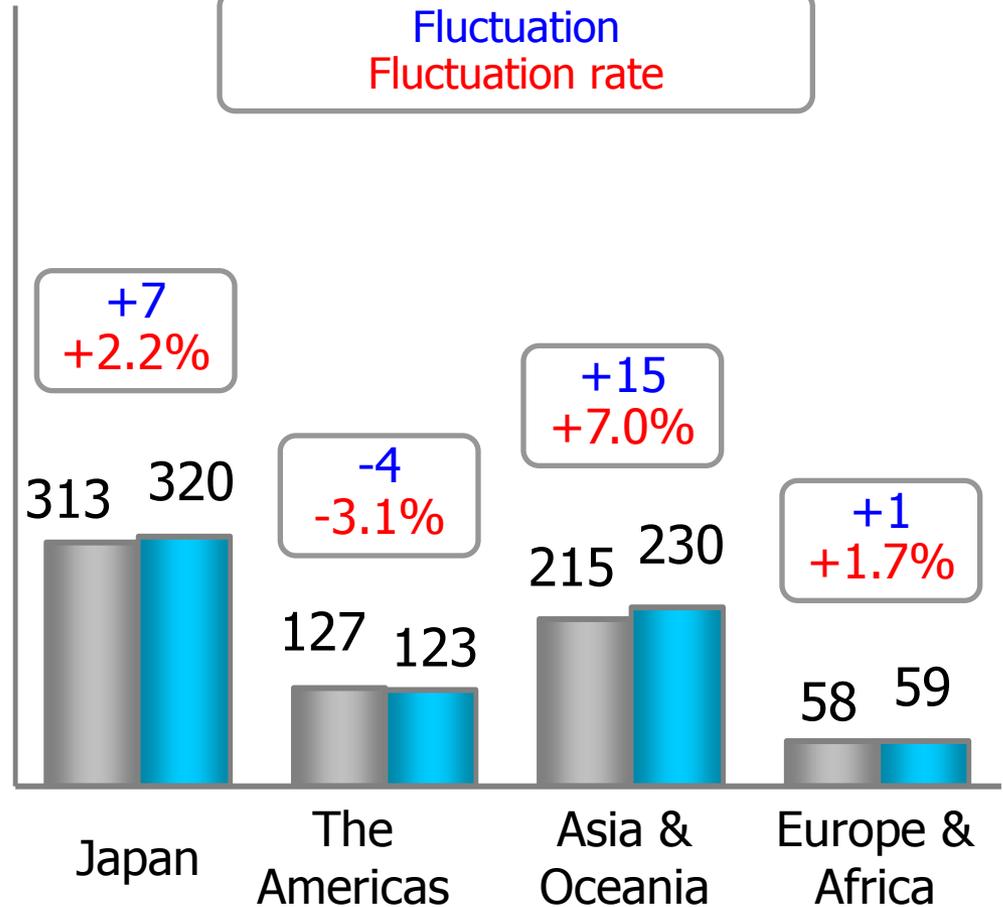
### Total

(10,000 Units)



### By Region

(10,000 Units)

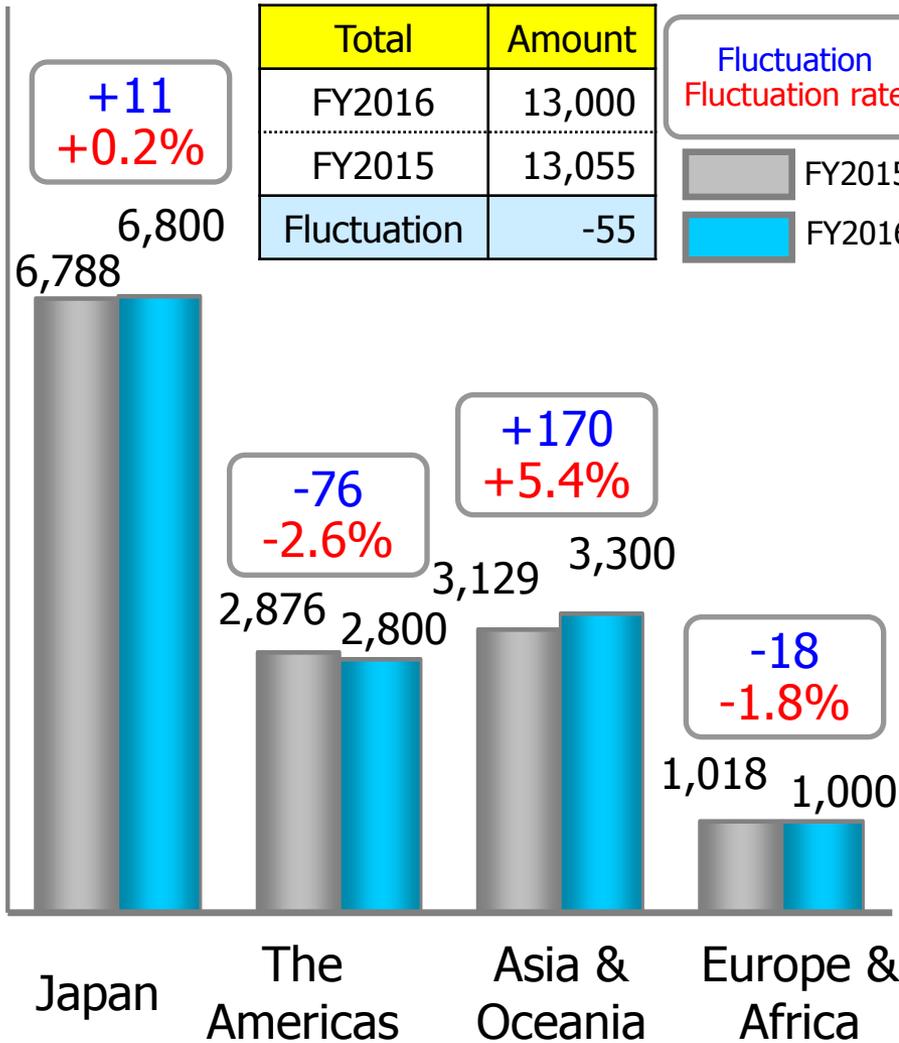


# 1-3) Financial Forecast for FY2016

Net Sales & Operating Income by Region

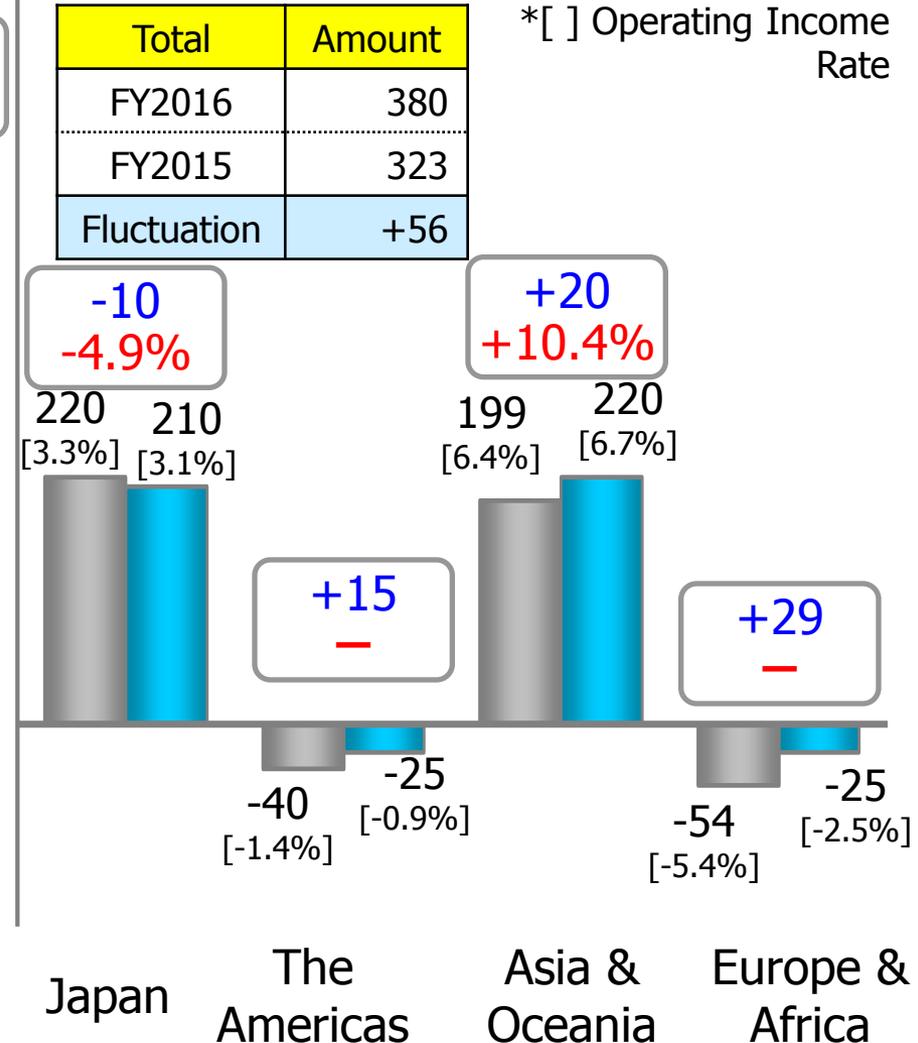
## Net Sales

(100 million yen)



## Operating Income

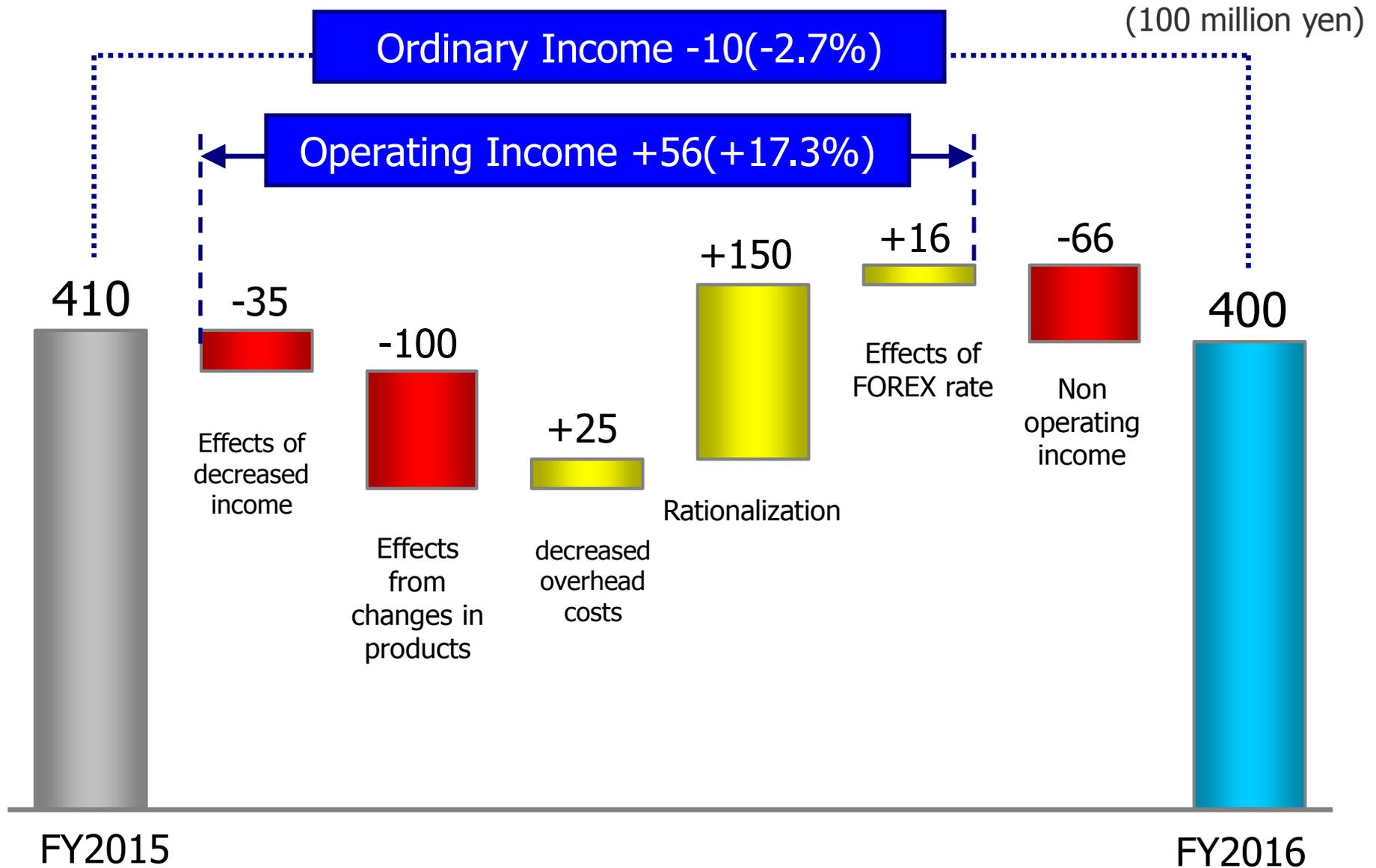
(100 million yen)



\*[ ] Operating Income Rate

# 1-3) Financial Forecast for FY2016

## Ordinary Income Increase & Decrease Analysis



# 1-3) Financial Forecast for FY2016

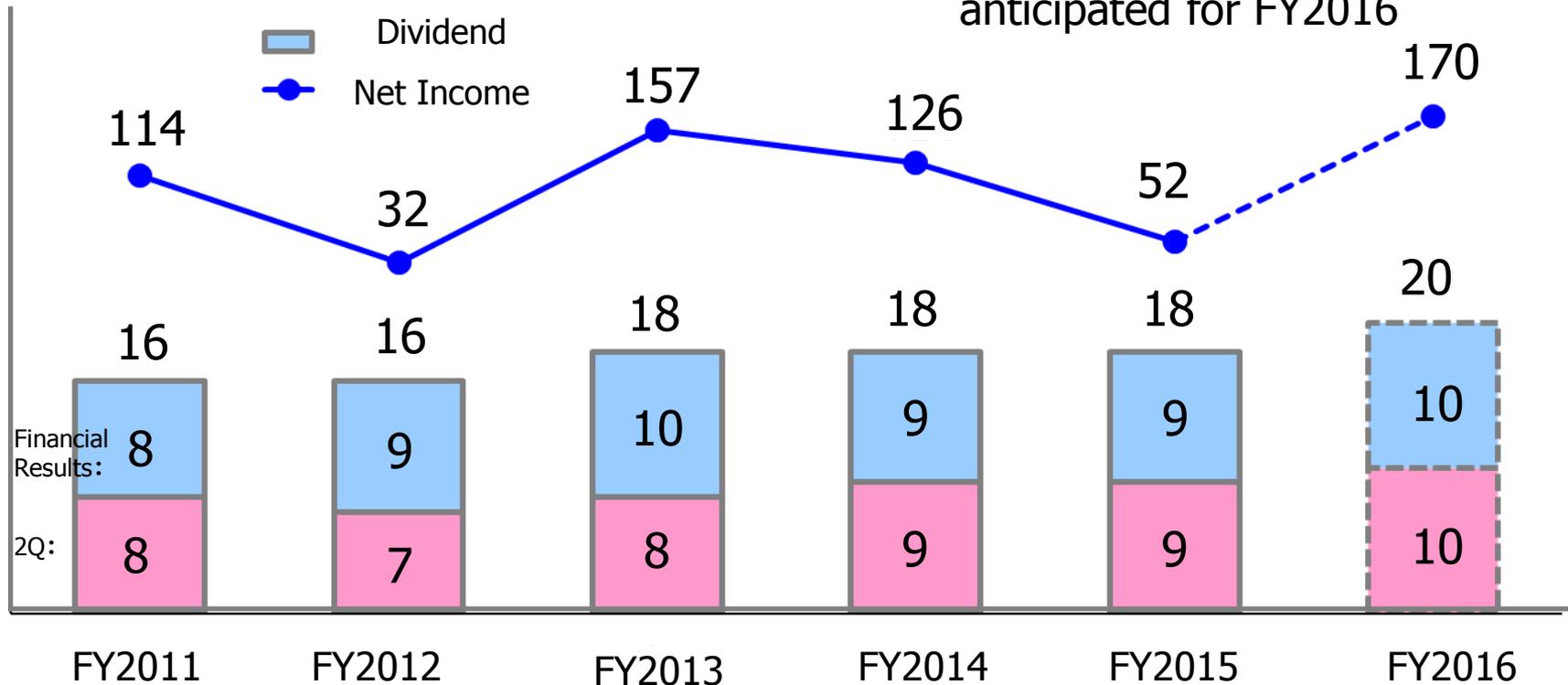
Return to stockholders

- Until FY2017, top priority is given to investment to strengthen fundamental structures
- Plans to improve mid- to long-term profit and provide stable long-term dividends

## Trends in dividends and current-term net income

(100 million yen)

2-yen rise in dividend, up to 20 yen, anticipated for FY2016

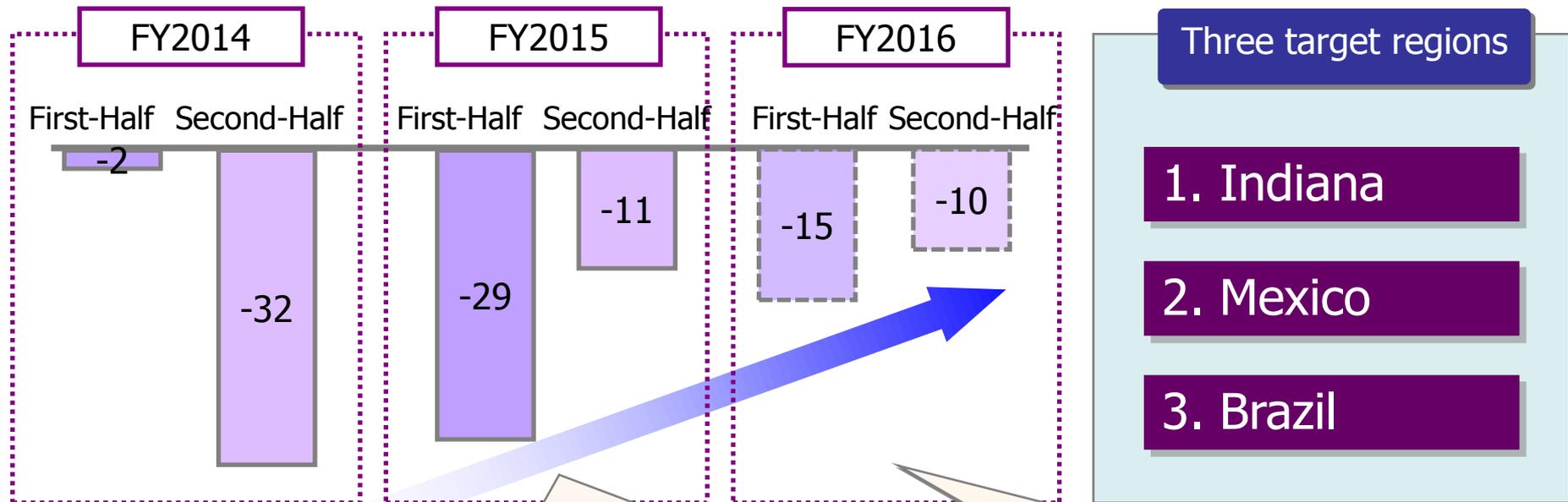


# 1-4) By region (The Americas)

Profit structure reform through enhanced synchronization between the Americas and Japan

## Operating Income

(100 million yen)



### Three target regions

1. Indiana

2. Mexico

3. Brazil

First-Half: Continuing losses from product introductions in Indiana and Mexico

Second-Half: Delays in reducing labor costs and scrap rates, Inflation in South America, Effects of FOREX rate, Despite costs for supplier relief and other expenses, improvements were realized due to recovery of temporary expenses and activities to increase income.

Profit structure reform through enhanced synchronization between the Americas and Japan

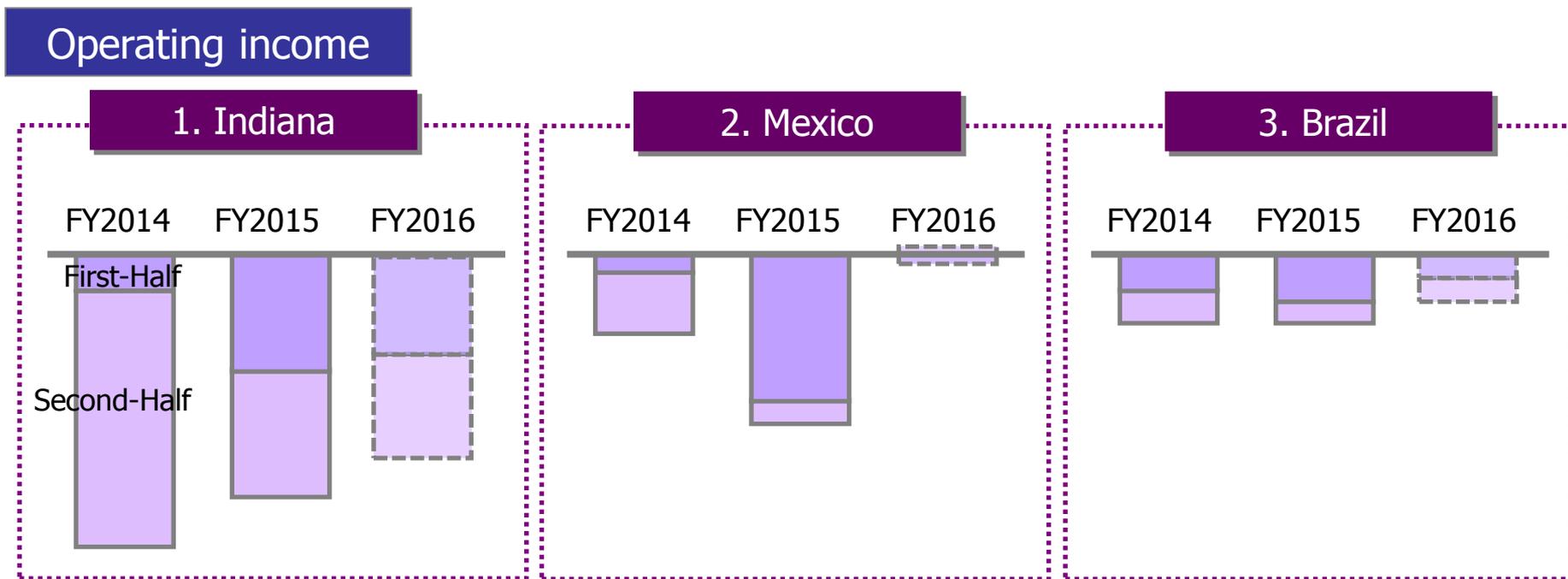
1. Focus on *Monozukuri* \* fundamentals
2. Strengthen synchronization of profit reform initiatives

\* *Monozukuri* = Manufacturing

-> Moving towards breaking even in FY2017

# 1-4) By region (The Americas)

Three target regions—solid implementation of activities for profit improvement



[ FY2014  
FY2015 ]

1) Production preparation costs for new products at production entities and losses from new product launches lead to larger-than-expected transient costs and continuing the situation.

1) Labor costs, material cost and rush shipping costs in response to changes in customers' quality standards

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

[ FY2016 ]

1. Income improvement activities lead to decreased labor costs, reduced scrap, and other benefits  
2. Higher labor retention rates result in increased productivity

1. Thorough attention to *Monozukuri* fundamentals reduces labor costs and transport costs  
2. Negotiations on division of responsibility for product quality

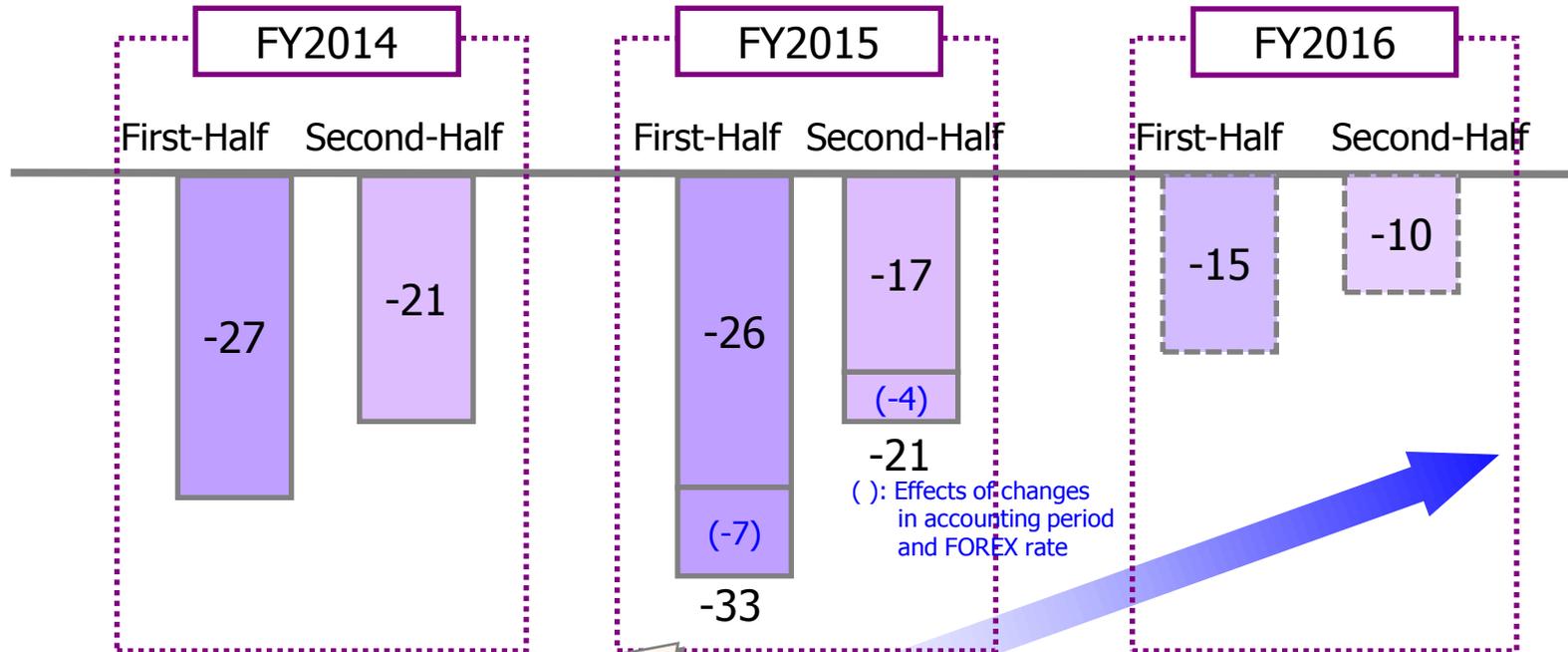
1. Reductions in fixed costs realize a robust company structure highly responsive to changes in production volume

# 1-4) By region (Europe & Africa)

Promoting BAE\* Revival plan \*Boshoku Automotive Europe

## Operating income

(100 million yen)



With a peak in the first half of FY2015, operating losses decrease  
-> Effects of BAE Revival Plan and other structural reforms  
are steadily beginning to appear

# 1-4) By region (Europe & Africa)

## Measures for BAE Revival plan

	FY2014	FY2015	FY2016	FY2017
Current	◆May, 2013 Start BAE Revival plan	◆April, 2014 Merge European HQ Functions	◆the end of 2015	Close down Geretried
	<p>-Improve the efficiency of HQ's function -Bolster manufacturing department</p> <p>Despite achieving constant results, further reforms are needed</p>			
New				<p><b>New Measures</b></p> <p>Carrying out structural reforms, including an optimal production systems (realignment of production sites and focusing on selected auto manufactures and products)</p>



## 2. Improvement Efforts on Manufacturing

- 1) 2020 Vision
- 2) Technological development to support growth
- 3) Improved *Monozukuri*
- 4) Strengthening development and production systems

## 2-1) 2020 Vision

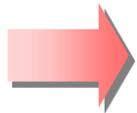
### 1. The company we aim to become

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**

### Indispensable for company growth

Technological development to support growth

Improved *Monozukuri*

FY2016, FY2017: Initiatives to strengthen business foundation  
**Resolutely strengthening the company's systems and  
creating a robust corporate structure**

## 2-2) Technological development to support growth

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

### Technology Development 3 keywords

**Safety**



**Comfort**

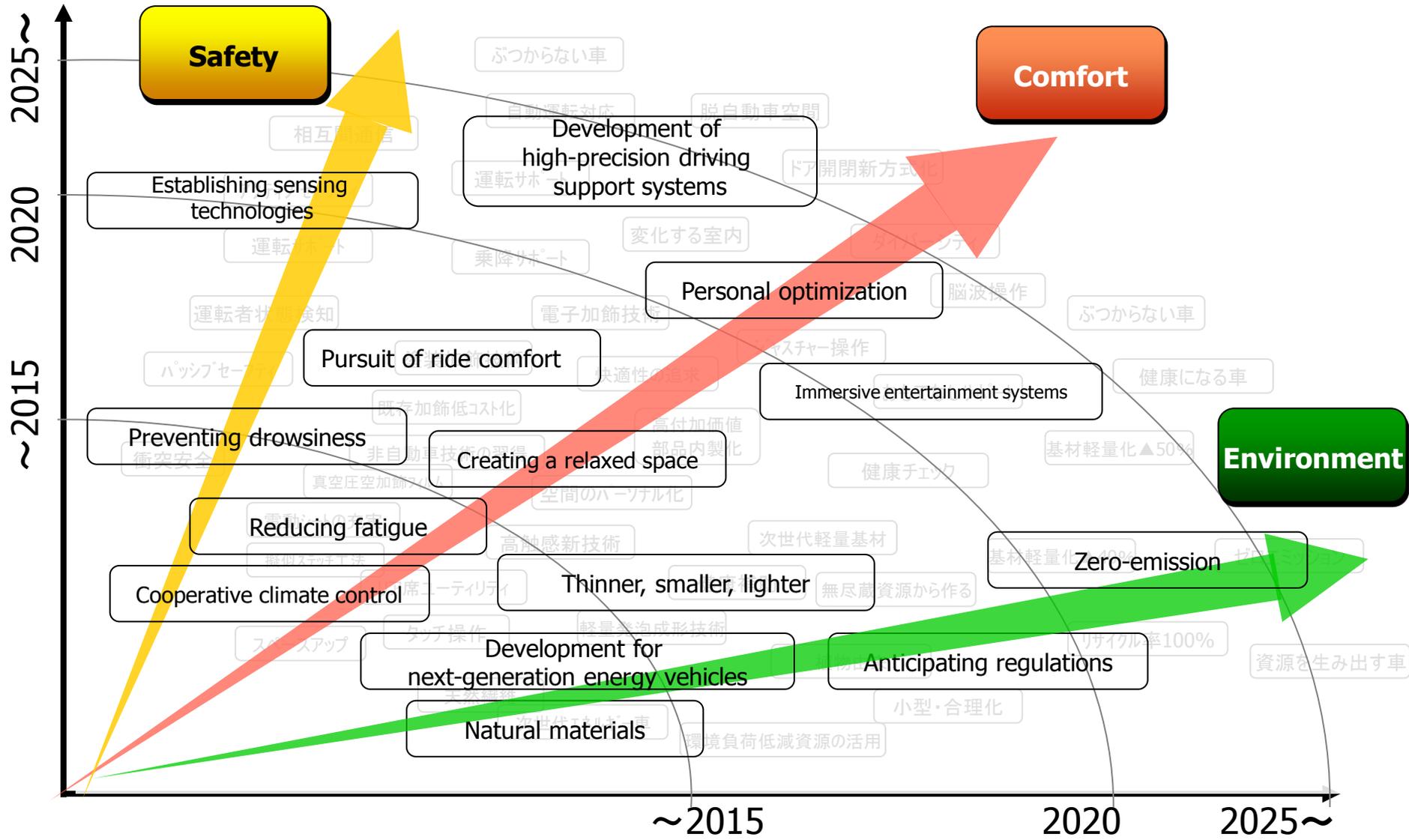


**Environment**



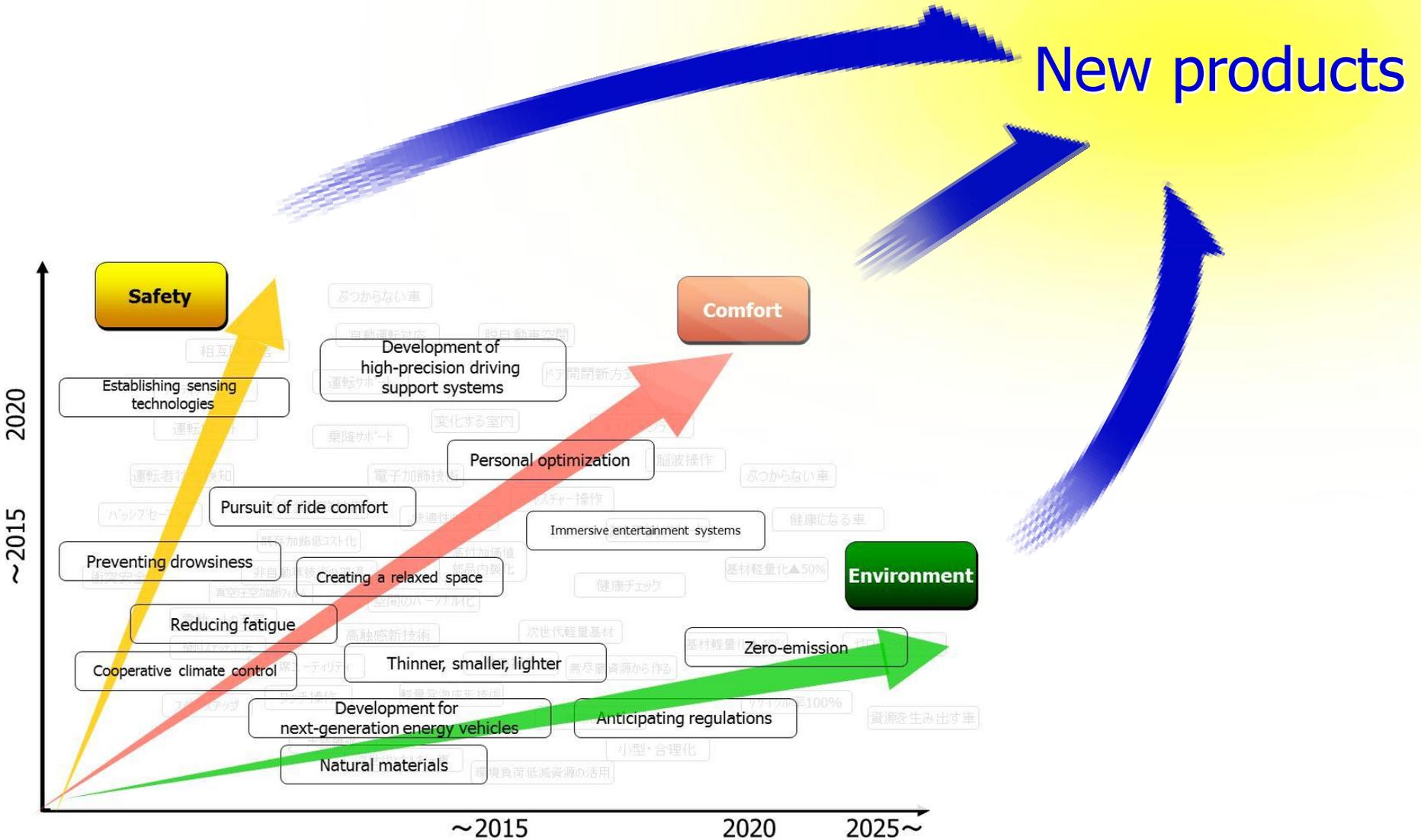
# 2-2) Technological development to support growth

## Technology Development Road Map



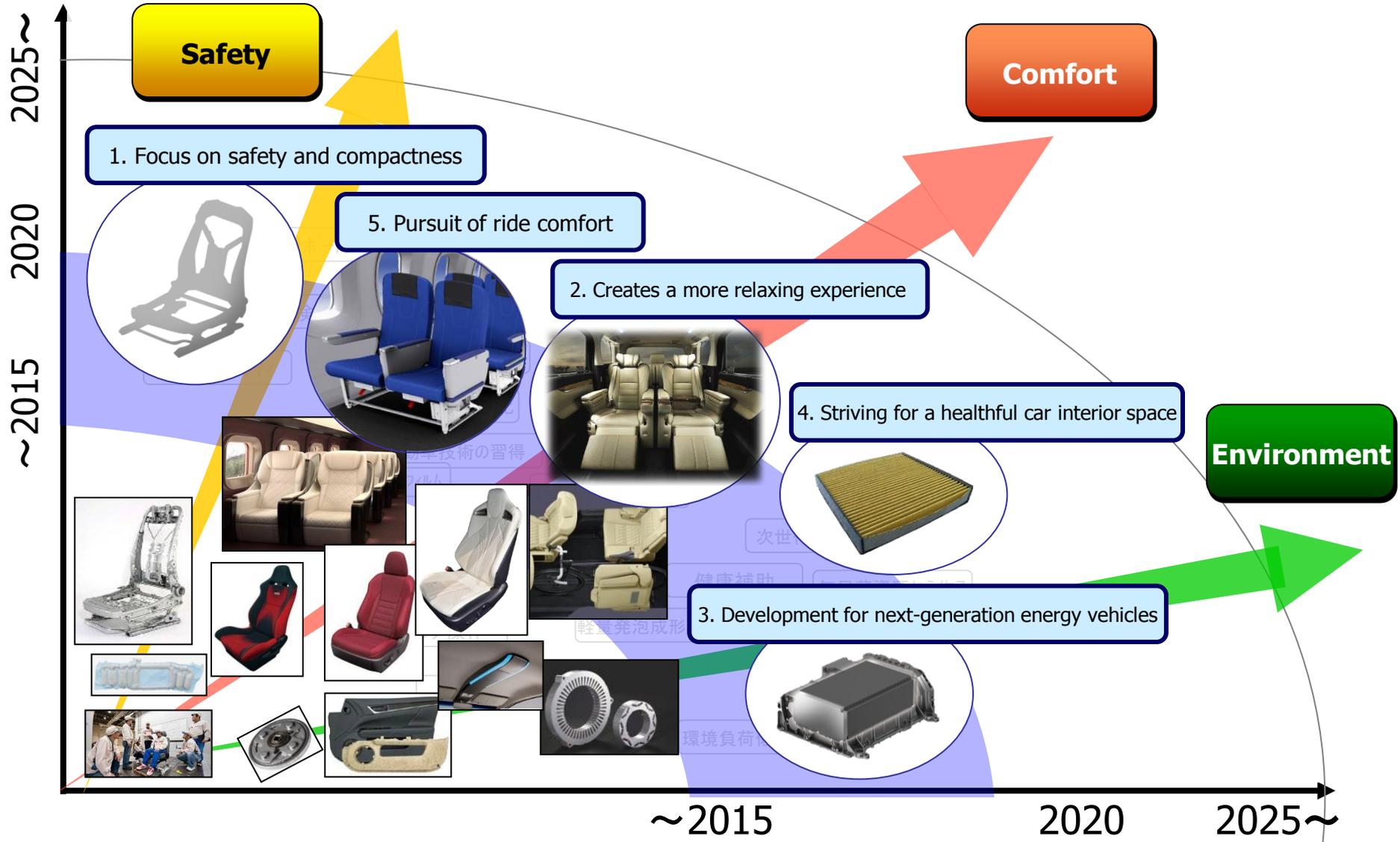
# 2-2) Technological development to support growth

## Technology Development Road Map



# 2-2) Technological development to support growth

## Technology Development Road Map



# 2-2) Technological development to support growth

Safety

Comfort

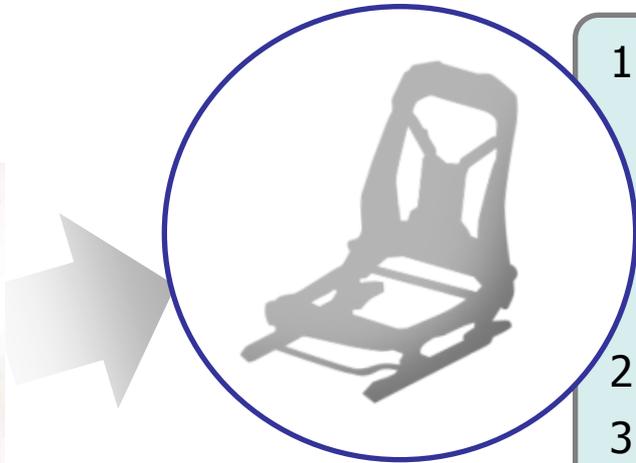
Environment

## 1. Focus on safety and compactness

### Developing next-generation frames



TB-NF110



Next-generation frames

#### 1. World's top-class frame performance

- Improved safety
- Increased strength and stiffness
- Reduced weight

#### 2. World's top-class performance in ride comfort

#### 3. Levers and other controls improve operability and feel

#### Reforms in manufacturing

1. Frame-building steps reduced by half
2. Development of new processing technologies
3. Effective use of existing facilities

#### Promoting to Integrate Components Parts

Seatback Frame  
Cushion Frame  
Slide rail

} Major reduction in parts variation

## 2-2) Technological development to support growth

Safety

Comfort

### 2. Creates a more relaxing experience

Creates a new, more relaxing experience in a moving space

#### Super-long-slide Passenger Seat



**world's first**

Front passenger seat slides back into rear seat area, creating a comfortable open space

#### Executive Lounge Seat



Rear seats designed for even greater comfort  
Features storable table and power ottoman

ALPHARD/VELLFIRE  
(January, 2015 release)



# 2-2) Technological development to support growth

Environment

## 3. Development for next-generation energy vehicles

### Commercialization of fuel cell vehicle parts (Products installed in Toyota "MIRAI")

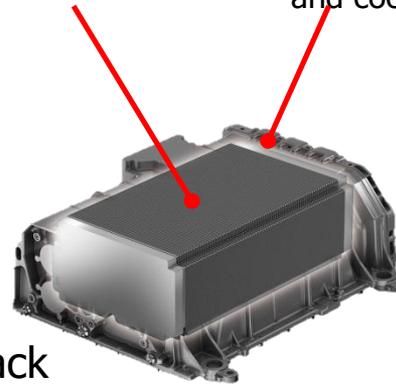
#### Ion Exchanger

Removes impurities from coolants



#### Separator

Molded hydrogen and oxygen channels



Fuel Cell Stack

#### Stack Manifold



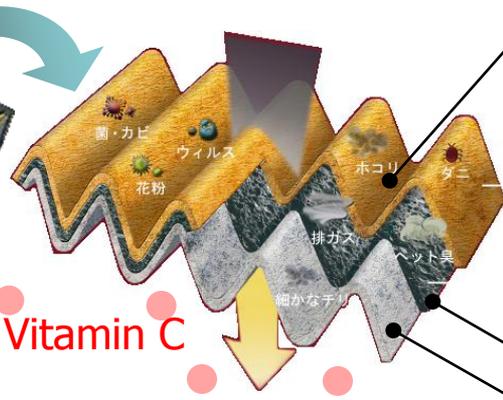
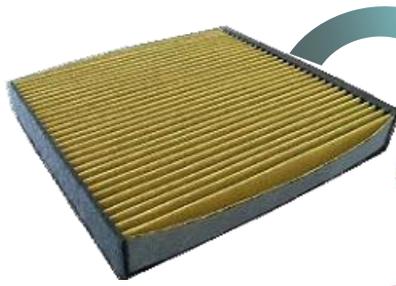
# 2-2) Technological development to support growth

Comfort

## 4. Striving for a healthful car interior space

### Development of high-function cabin air filters

※Joint development partner: Denso, Denso branded product (December 2014 release)

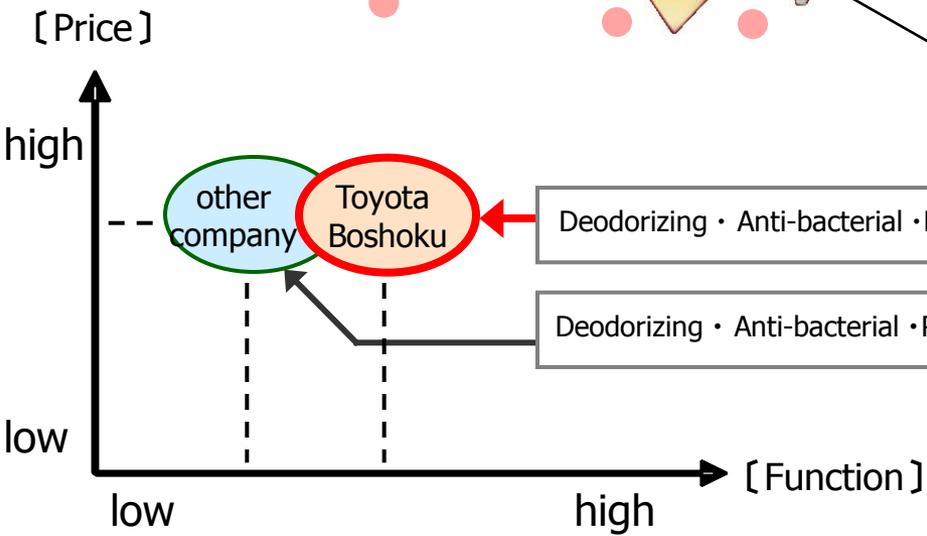


Dust removal layer (upstream side)  
 [Removal function] Bacteria · Mold spore · Virus · Pollen · mite · Dust  
 [Additional functions] Releasing vitamin C

**Moisturizes skin**  
 (Effect varies with individual)



Deodorizing layers  
 Dust removal layer (downstream side)



**Moisturizes skin**

## 2-2) Technological development to support growth

Safety

Comfort

Environment

### 5. Pursuit of ride comfort

Development of aircraft seats commercialization of "economy class seat"

#### Installed in B767s on ANA's domestic routes

1. Designed to comfortably fit passengers of all sizes and increase seating comfort
2. Effect gives passengers a sense of expansiveness in the limited space
3. Extensive use of aluminum alloys to maximize weight reduction

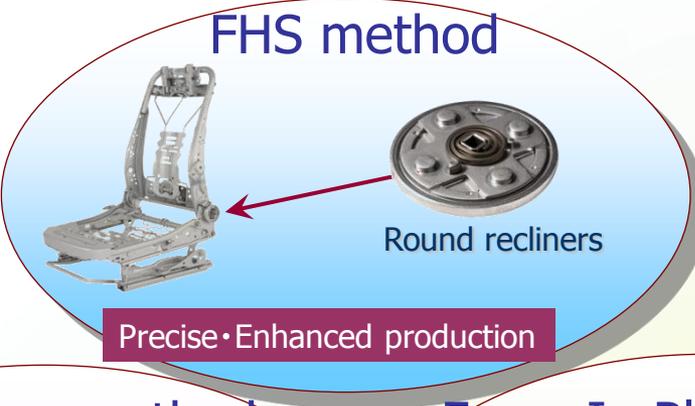


# 2-3) Improved *Monozukuri*

Efforts to improve existing products thorough further development of core technologies

Pursuing further innovation in *Monozukuri*

### FHS method



Round recliners

Precise·Enhanced production

### Melt-blow method



Outsourced filter material

in-house production

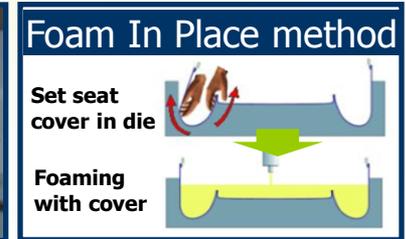
CAF filter material produced by Toyota Boshoku

### Foam In Place method



LEXUS F-SPORT Seat

Achieved both design and hold performance



# 2-3) Improved *Monozukuri*

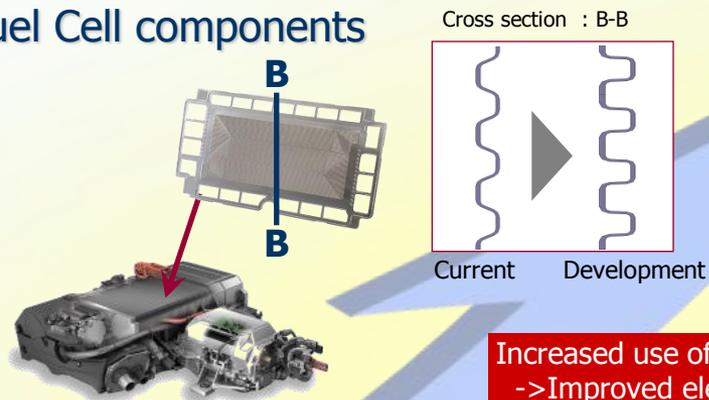
## Applying our core technologies in creating new products - 1



High-precision technologies

Utilizing in next-generation key automotive components

Fuel Cell components



Increased use of molding  
->Improved electrical generation performance

Motor core for HV

Seat frames



More accurate right angles  
->Improved motor performance

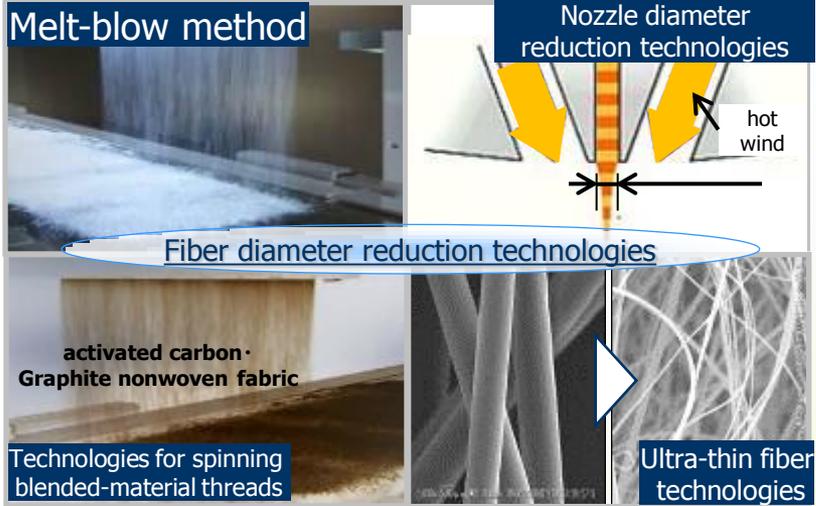
Disseminating the world's No.1 technologies



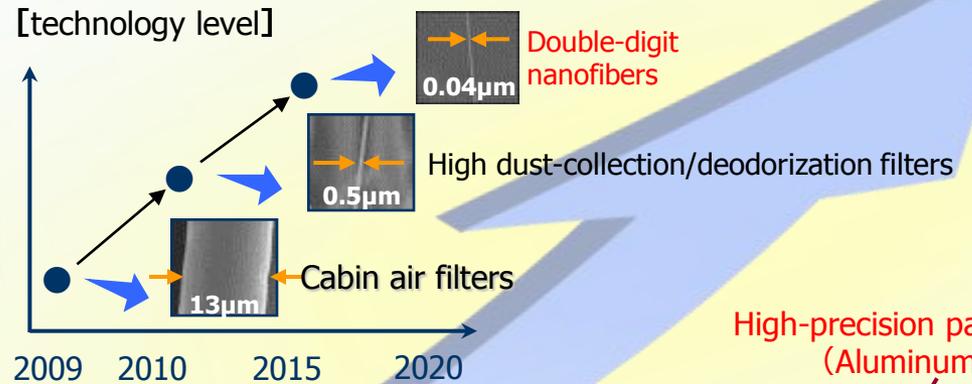
# 2-3) Improved *Monozukuri*

## Applying our core technologies in creating new products - 2

### Creation of high value-added products



#### Control of fiber diameter reduction technologies



Cabin air filters

High dust-collection filters  
High deodorization filters

Cylinder head cover

High-precision parts (Aluminum)

Head cover (Resin)

Multi-material insert molding technology

# 2-3) Improved *Monozukuri*

Working to achieve mass production of new products

## Outstanding Foam In Place method

### 【Target】

Focusing on highly-skilled work  
(Sewing seat covers)

⇒ Securing skilled sewing workers



Skilled work automated  
through development of  
engineering method

Accurate sewing with Form In Place



### [Seam allowance]

Minimizing = sewing is more difficult

⇒ Achieved high-quality design

Moving surely in response to  
the expanding market



LEXUS RC-F



LEXUS RC



LEXUS NX F-SPORT

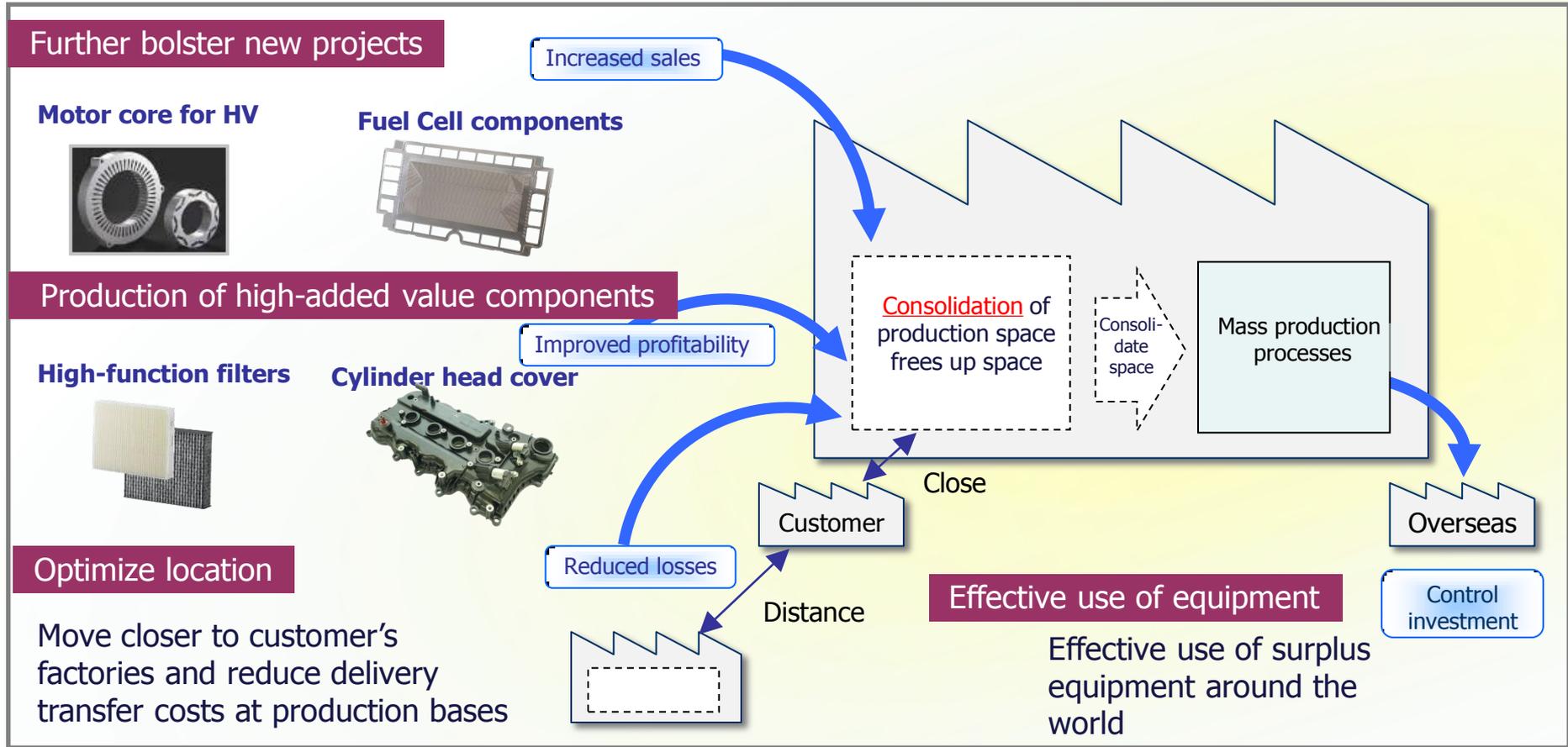


LEXUS IS F-SPORT

Use now increasing

# 2-3) Improved *Monozukuri*

## Restructuring domestic factories for mass production of new products



Customer trends  
Changing environment

Further consolidation and  
boosting efficiency

Invest new projects

# 2-3) Improved *Monozukuri*

## Efforts to improve cost competitiveness

Next-generation frames

### Pursue Simple·Slim line



Next-generation frames

Fewer parts,  
fewer processing points



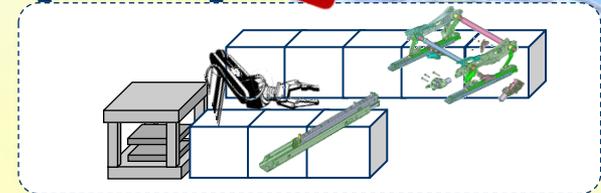
Significantly reducing numbers of  
processes, production space,  
and capital investment

Challenge to be the "world's No. 1 *Monozukuri* plant"

[Current]



[Future]



Asia & Oceania

China

Europe & Africa

The Americas

Japan

World's best  
Line

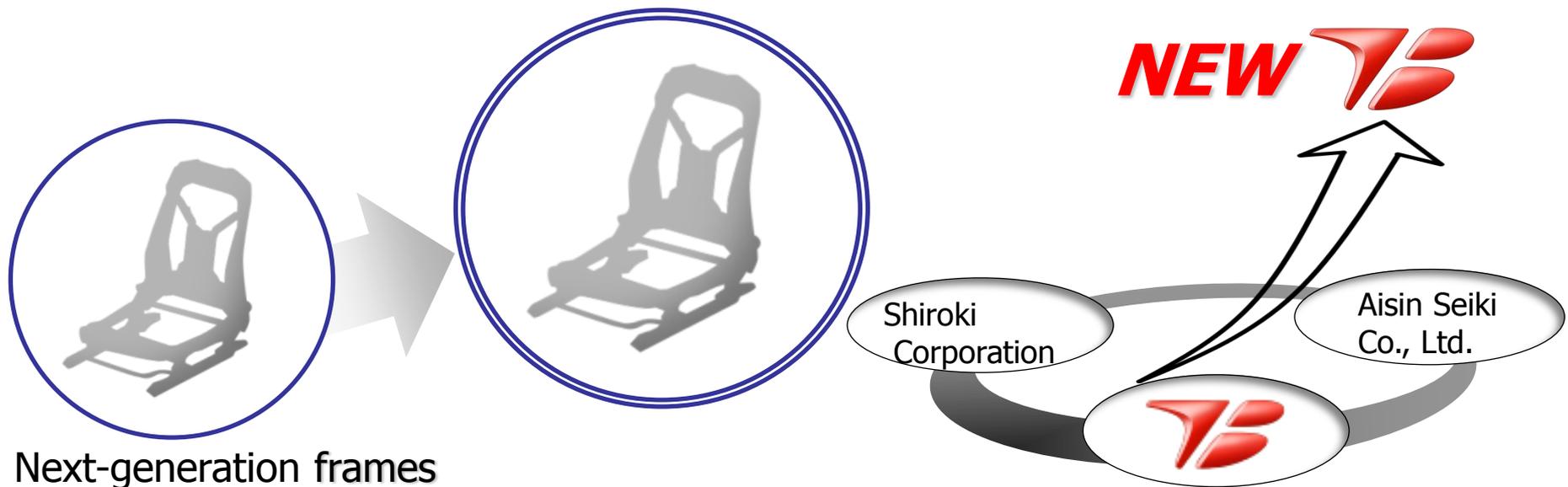
## 2-4) Strengthening development and production systems

### Aggregating seat frame mechanism parts businesses

Signing of business transfer agreement with Aisin Seiki and Shiroki Corporation

(May, 2015)

1. Subsequential transfer of seat frame mechanism part development and production functions
2. Creation of specialized seat frame development system linked to seat development
3. Setting up globally an integrated system from Development to production



## 2-4) Strengthening development and production systems

### Setting up systems for development and management in China region

#### Operations at new Toyota Boshoku (China) Headquarters and R&D Center

(March, 2015)

- Aggregating functions performed at dispersed locations eliminates inefficiencies
- Developing system for new business orders
  - Improving efficiency of design, production engineering, sales, and purchasing operations
  - Complete all steps from development through evaluation within the China region



Gross area :18,000m<sup>2</sup>  
Architectural area :12,000m<sup>2</sup>  
( three stories high )

## 2-4) Strengthening development and production systems

### Setting up a development system in Japan

Operations have commenced at the Tajimi Technical Center proving ground

(April, 2015)

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 m<sup>2</sup>  
the test course area is approx. 140,000 m<sup>2</sup>
- 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



# *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.