

Summary of Q&A at FY2021 Briefing on 2025 Mid-term Business Plan

Q 1 : Are there any transient factors in the profit target for 2025?

A 1 : The 2025 profit target does not include transient factors. We will achieve our profit targets by expanding sales to our customers' alliance partners, streamlining fixed costs toward BEP 70%, and improving marginal profits through production restructuring in Japan and the Americas.

Q 2 : What is the breakdown of the 250 billion yen capital investment plan over five years?

A 2 : The 2025 mid-term business plan sets the annual capital investment amount at 50 billion yen. We will improve the efficiency of conventional project general-purpose investment, reduce the amount of maintenance and improvement by utilizing IoT and AI, and maintain investment in the future by that amount.

Q 3 : What is the chronological trajectory toward the operating income target of 100 billion yen in 2025?

A 3 : First, we will achieve the profit target of 70 billion yen in the 2020 mid-term business plan at an early stage. On top of that, we plan to make improvements in stages, but from 2023 to 2025, there will be some discontinuities in the growth of new customers, so there will be a slight difference from year to year.

Q 4 : How will you increase the added value of seats and interior products in the future?

A 4 : We aim to implement the safety restraint device, personal air conditioning, and active driver engagement system included in MX191 introduced at the Tokyo Motor Show last year as items that increase added value. In addition,

we will continue to provide products that are suitable for each region while reducing costs by reducing the types of seat frames and frames exclusively for emerging countries. In addition, we will make proposals that go into the materials by utilizing various simulations and evaluations such as soundproofing of carpets, ceilings, and door trims at JV (joint venture) with Autoneum and Nihon Tokushu Toryo.

Q 5 : How do you evaluate the fact that the outlook for the operating profit excluding the impact of COVID-19 in 2020 is approaching the target of 5%?

A 5 : In addition to recovering the number of orders placed by customers, we are steadily gaining the ability to earn profit by strengthening our competitiveness through benchmarking and solving issues by realizing early grasp of management information.

Q 6 : How do you see the profitability and growth potential of each region up to 2025?

A 6 : We believe that the Chinese region will grow steadily. We think that the Asian region will have a lot of trouble because it will be profitable at the price of a small-sized car. We believe that the outcome of new challenges to new customers in Europe and Africa will not begin until 2025. The Americas will continue to select and focus on efficient economies of scale in the lot and just-in-time processes. In the Japan region, we will reorganize our factories, aim for a BEP of 70%, and aim to increase profits on a non-consolidated basis.

Q 7 : Probability of achieving the goals of the 2025 Mid-Term Business Plan.

A 7 : We have received a three-year unit plan from our customers, and we are quite confident in our sales target from 2020 to 2023. We will improve the marginal profit by making the localization of procurement for materials and parts, which account for 70% of the cost price, and thoroughly reduce fixed costs to achieve a BEP of 70% and an operating profit of 6% to 7%.