



TOYOTA BOSHOKU CORPORATION

FY2018

Financial Results

Ended March 31, 2018

Financial Performance

Aim for Sustainable Growth

1. Overview of Financial Results

2. FY2018 Financial Results

3. FY2019 Financial Forecasts

1-1) Overview of Financial Results

■ FY2018 Financial Results

1. Operating profit Ratio is over 5% subsequently to the previous year mainly due to volume increase in China & Europe in spite of higher labor costs & overhead costs for new product R&D, action for our future plan.

■ FY2019 Financial Forecasts

2. Sales & profit will be lower in FY2019 due to FX effect, volume decrease in North America, increasing cost for new product R&D and action for our future plan though product appeal is improved.

■ Dividend

3. Dividend per share of FY2018 will be 54 yen, which is higher by 4 yen than that of FY2017. That of FY2019 will be 56 yen.

1. Overview of Financial Results

2. FY2018 Financial Results

3. FY2019 Financial Forecasts

2-1) Financial Results for FY2018 (ended Mar. 31, 2018)

Overview of Financial Results

(100 million yen)

		FY2017		FY2018		Y to Y Change	
Net Sales		13,579	100%	13,995	100%	416	3.1%
Operating Income		719	5.3%	711	5.1%	-7	-1.0%
Ordinary Income		772	5.7%	728	5.2%	-43	-5.6%
Profit*		453	3.3%	427	3.1%	-25	-5.7%
Earnings Per Share		244.28 yen		230.27 yen			
Dividend Per Share		50.00 yen		54.00 yen			
Exchange Rate	USD	108 yen		111 yen		3 yen (weak yen)	
	EUR	119 yen		130 yen		11 yen (weak yen)	

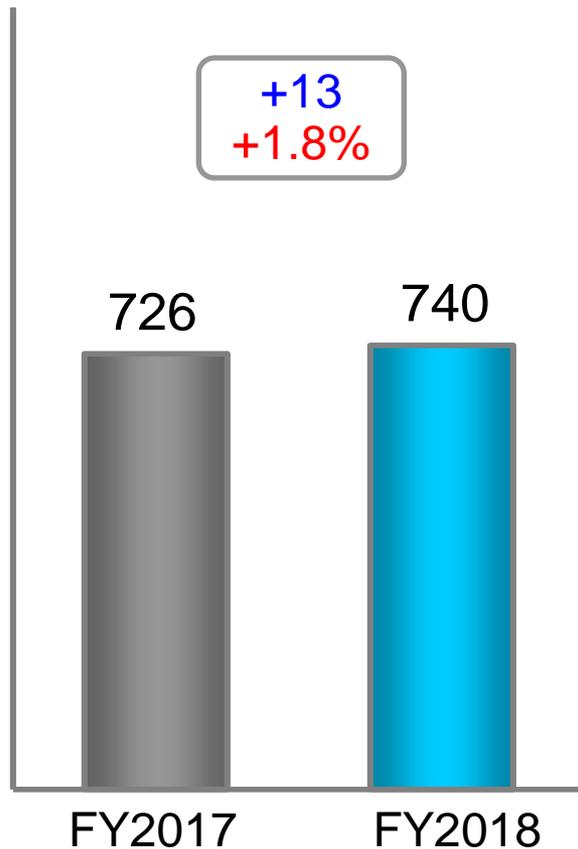
* Profit Attributable to Owners of Parent

2-2) FY2018 Financial Results Unit Production by Region

Seat Assembly Production

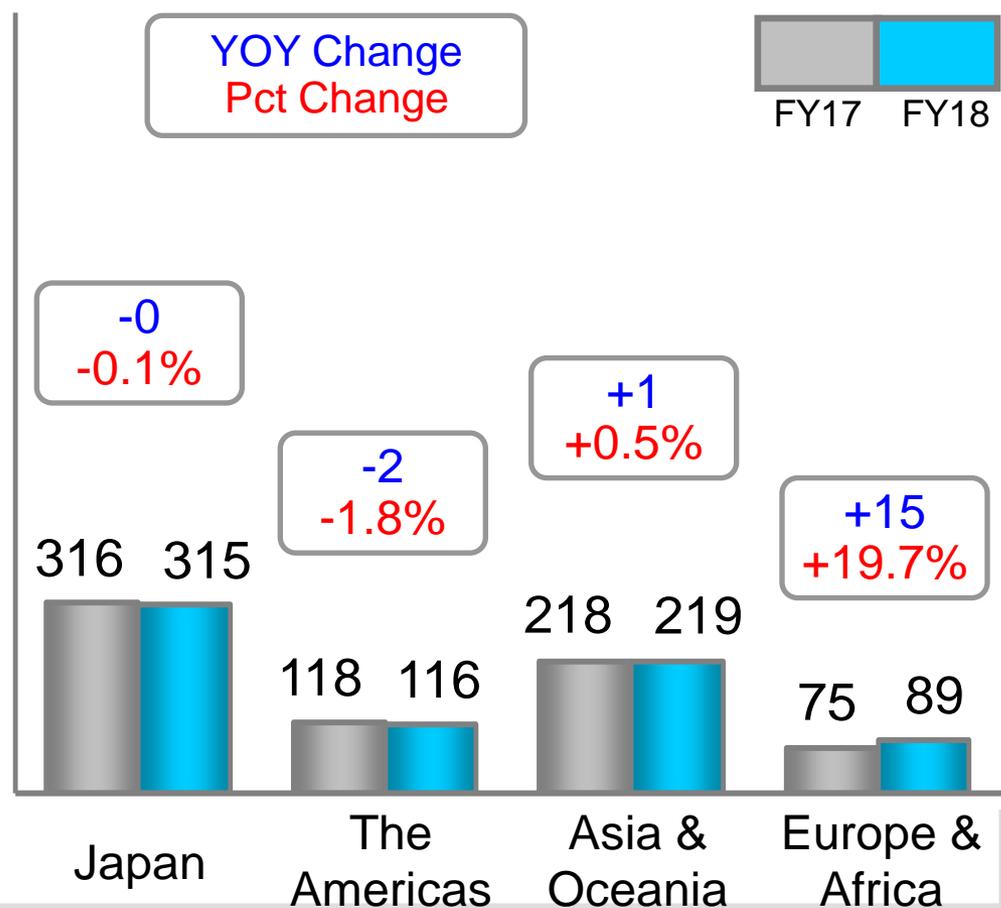
Total

(10,000 Units)



By Region

(10,000 Units)

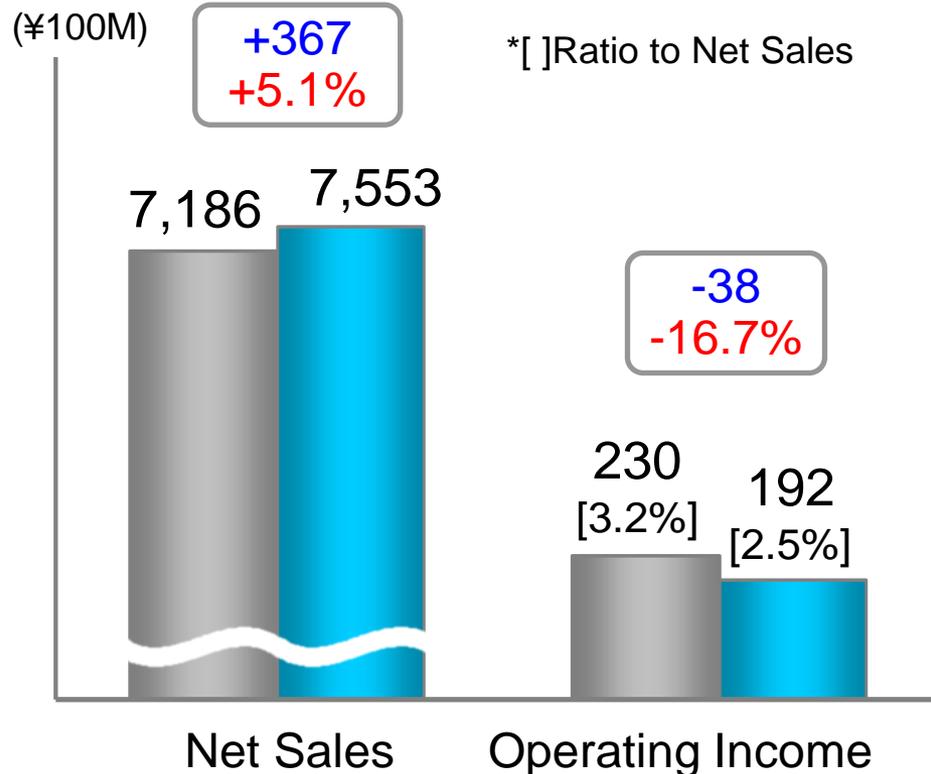


2-3) FY2018 Financial Results Net Sales & Operating Income by Region

Japan

Income Variance ¥-38(100M)

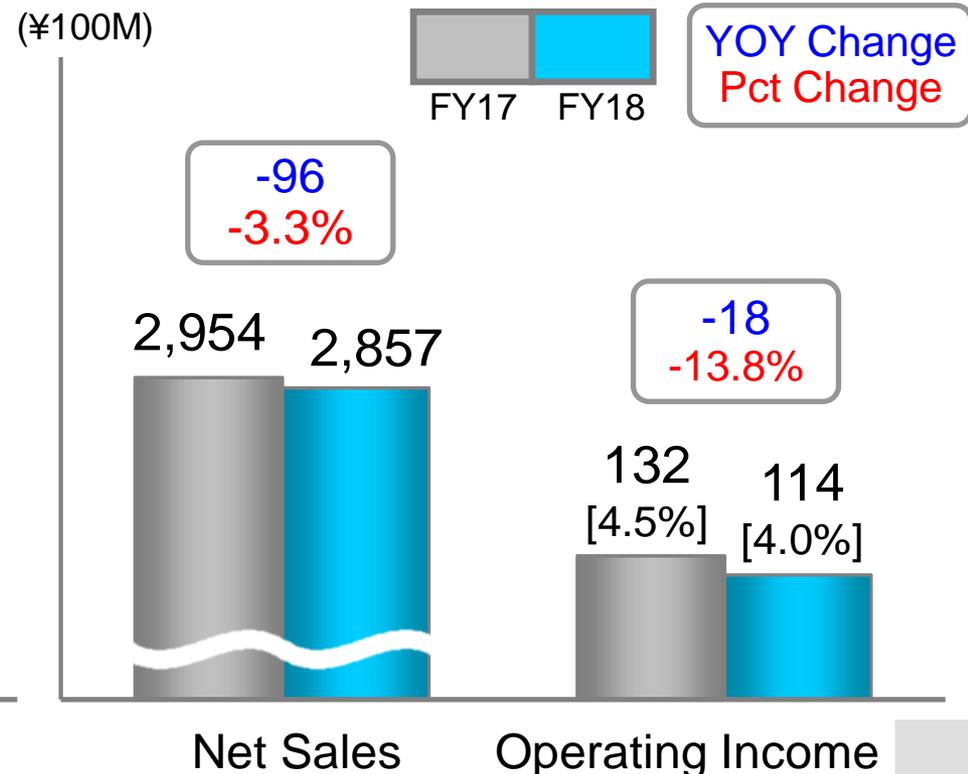
- Higher Sales Due to Model Mix Change
- Higher Labor & Overhead Costs for New Product R&D & Action for Our Future Plan



The Americas

Income Variance ¥-18(100M)

- Lower Sales Due to end of production
- Lower Profit Due to Model Mix Change & Start-up Costs for New Products

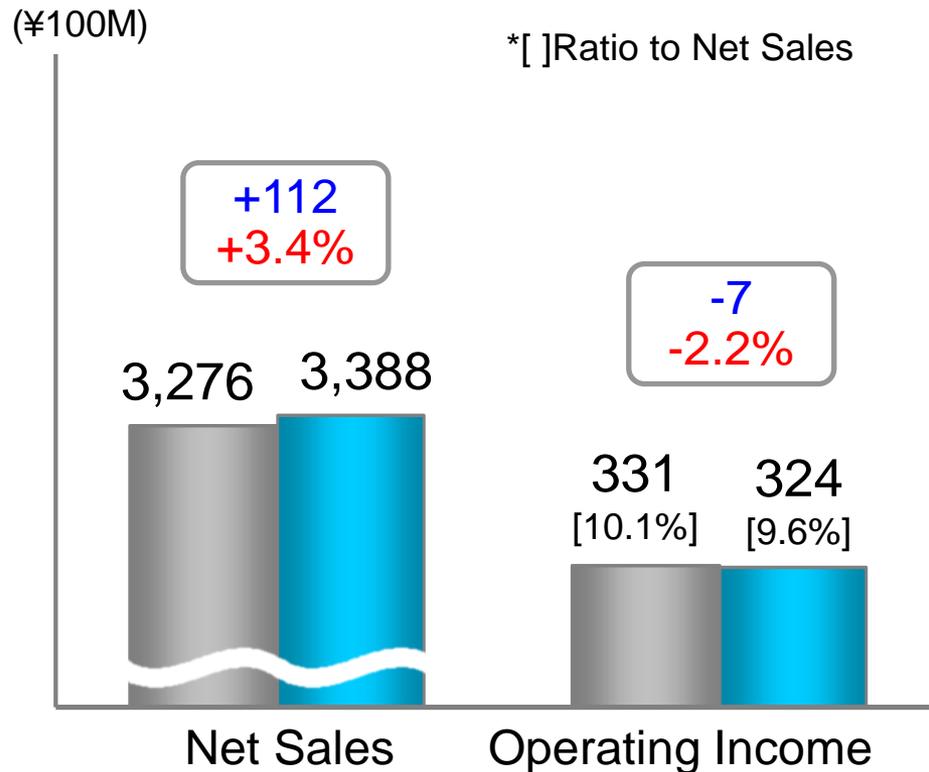


2-3) FY2018 Financial Results Net Sales & Operating Income by Region

Asia & Oceania

Income Variance ¥-7(100M)

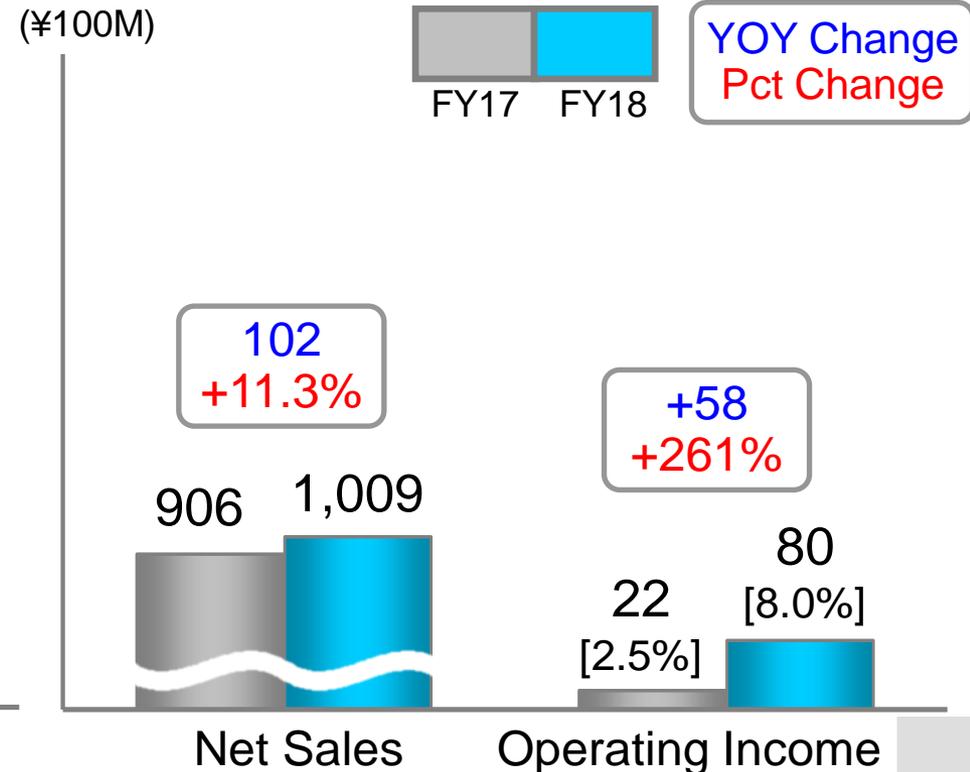
- Higher Sales Due to Forex Impact
- Lower Profit Due to Model Mix Change by Increase of Compact Class



Europe & Africa

Income Variance ¥+58(100M)

- Unprofitable Business Cut Off
- Volume Increase of New Models Launched in FY2017



2-4) FY2018 Financial Results Operating Income Variance Analysis

(100 million yen)

Operating Income -7(-1.0%)

719

+42



Volume Increase

Δ51



Model & Product Mix

+17



New Models

Δ118



Changes in Product Prices

Δ75



Increased Overhead Costs

+156



Cost Reduction Efforts

+25



FOREX

Δ4



Others

711

Production Factor +8

Effort to Offset -37

FY2017

FY2018

1. Overview of Financial Results

2. FY2018 Financial Results

3. FY2019 Financial Forecasts

3-1) FY2019 Financial Forecasts

FY2018 Financial Forecast

(100 million yen)

		FY2018		FY2019		Y to Y Change	
Net Sales		13,995	100.0%	13,600	100.0%	Δ395	Δ2.8%
Operating Income		711	5.1%	620	4.6%	Δ91	Δ12.9%
Ordinary Income		728	5.2%	620	4.6%	Δ108	Δ14.9%
Profit*		427	3.1%	380	2.8%	Δ47	Δ11.1%
Earnings Per Share		230.27 yen		204.62 yen			
Dividend Per Share		54.00 yen		56.00 yen			
Exchange Rate	USD	111 yen		105 yen		6 yen (strong yen)	
	EUR	130 yen		130 yen		-	

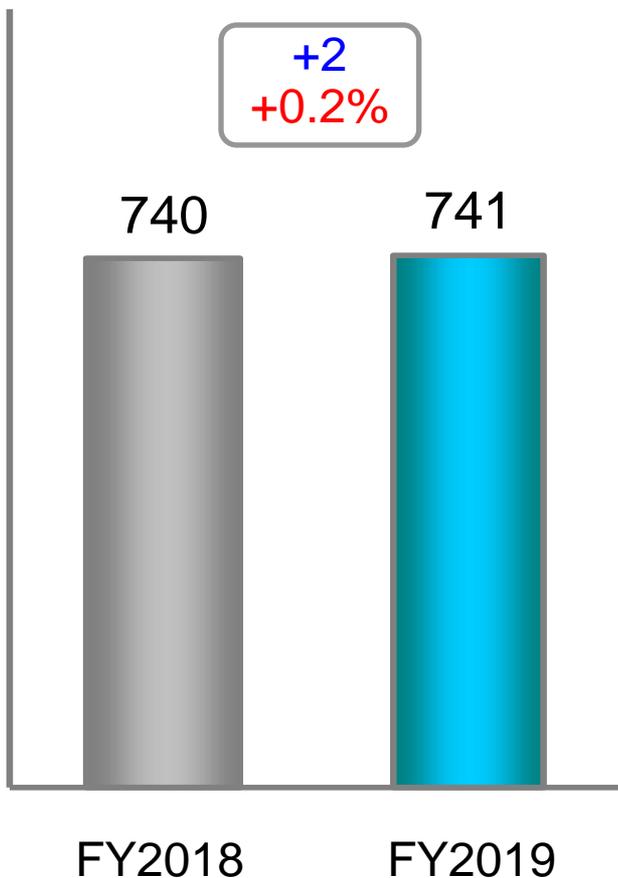
* Profit Attributable to Owners of Parent

3-2) FY2019 Financial Forecasts Unit Production by Region

Seat Assembly Production

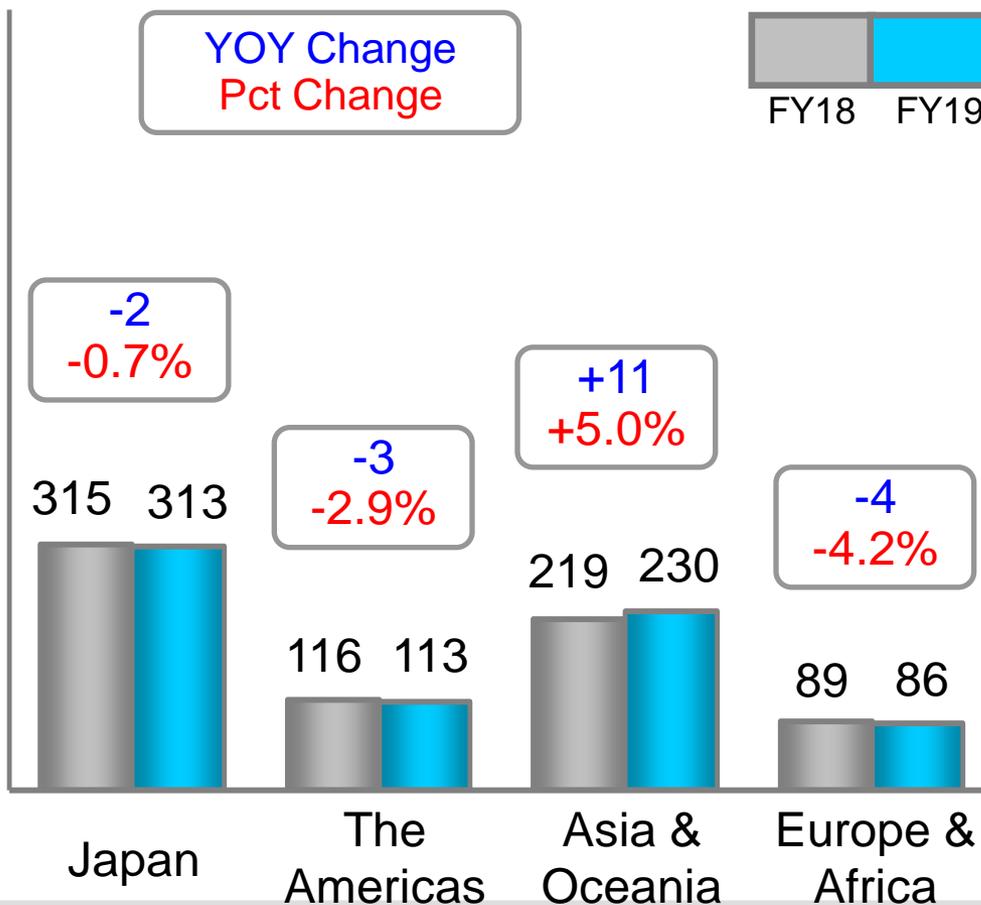
Total

(10,000 Units)



By Region

(10,000 Units)



3-3) FY2019 Financial Forecasts Net Sales & Operating Income by Region

Japan

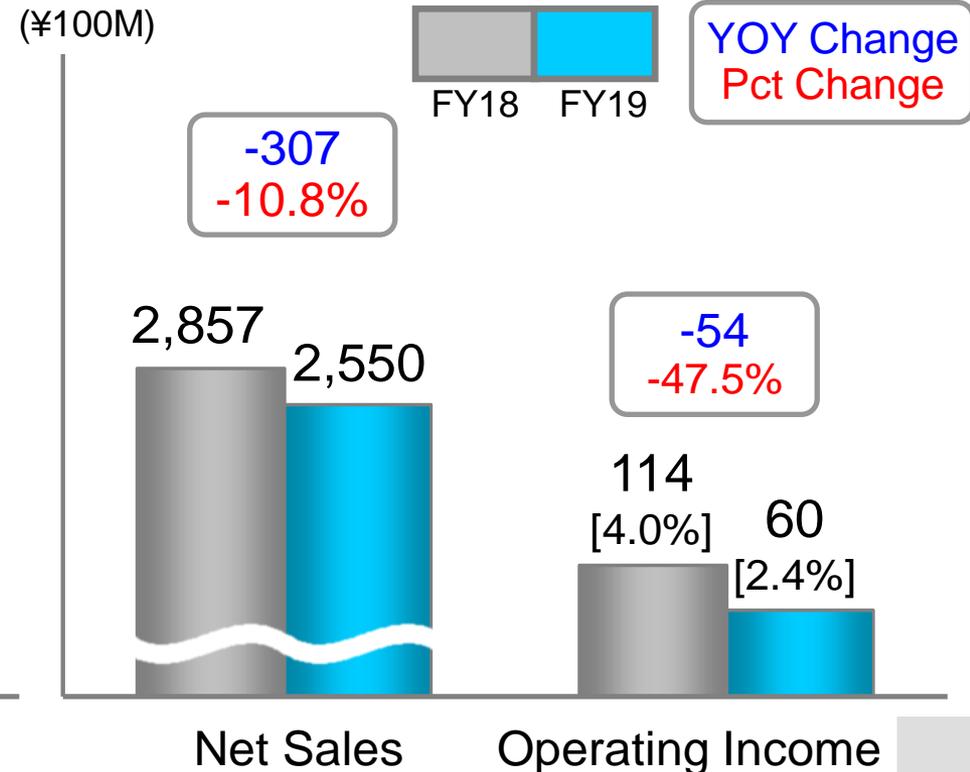
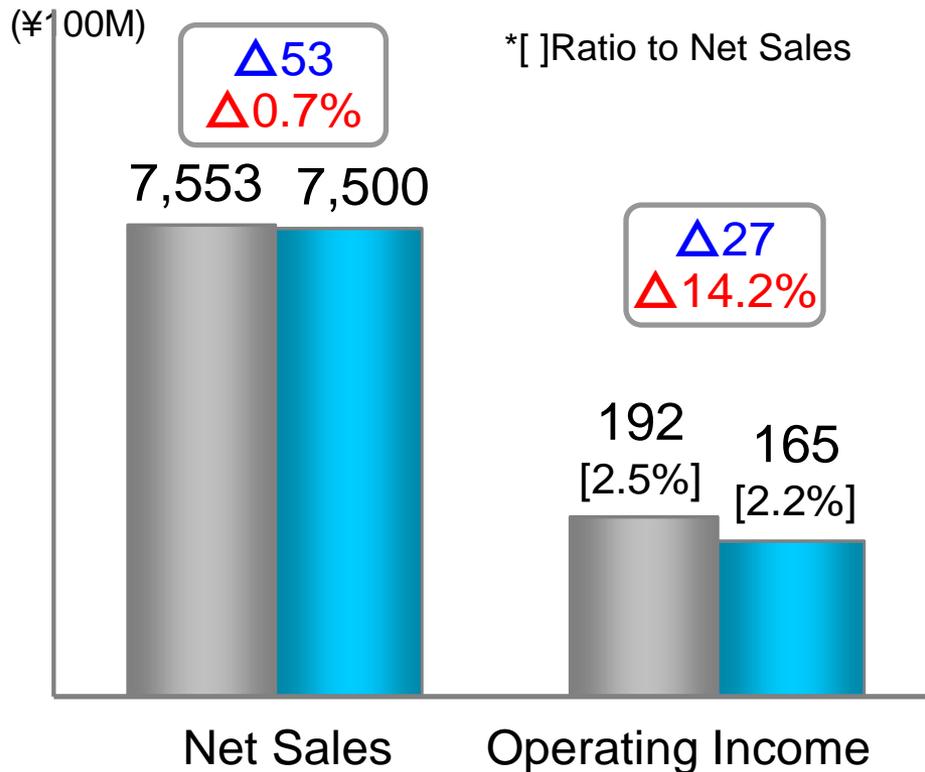
The Americas

Income Variance ¥-27(100M)

- Lower Due to Volume decreasing
- Higher Costs for New Products R&D and Action for Our Future Plan

Income Variance ¥-54(100M)

- Foreign exchange impact
- Volume decreasing in North America
- Start-up Costs for New Products



3-3) FY2019 Financial Forecasts Net Sales & Operating Income by Region

Asia & Oceania

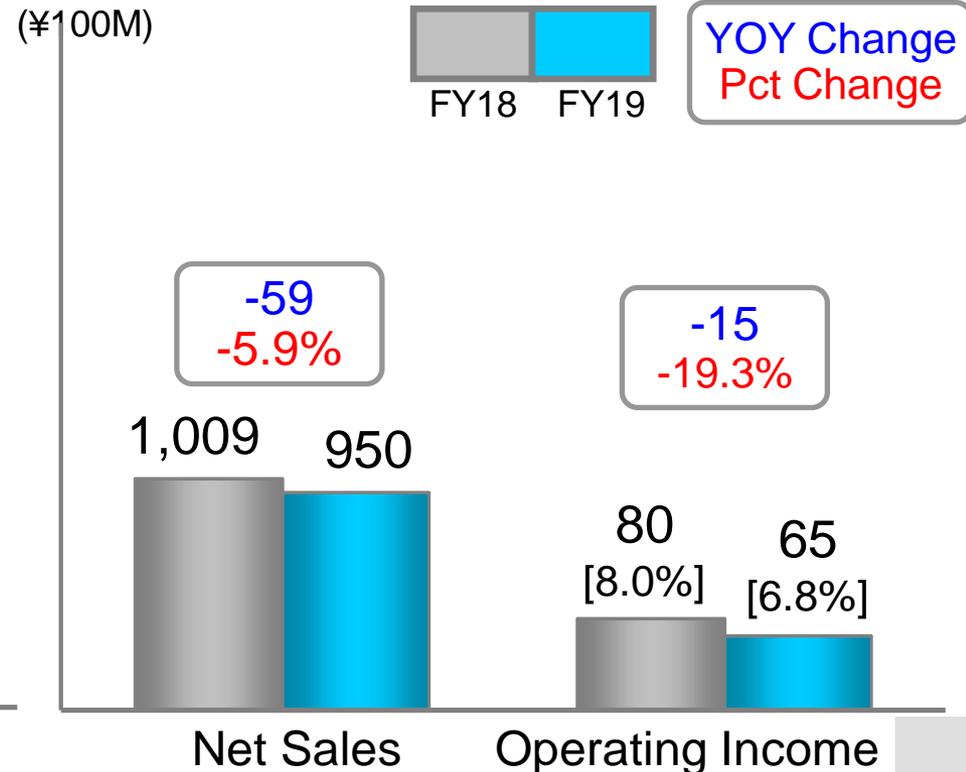
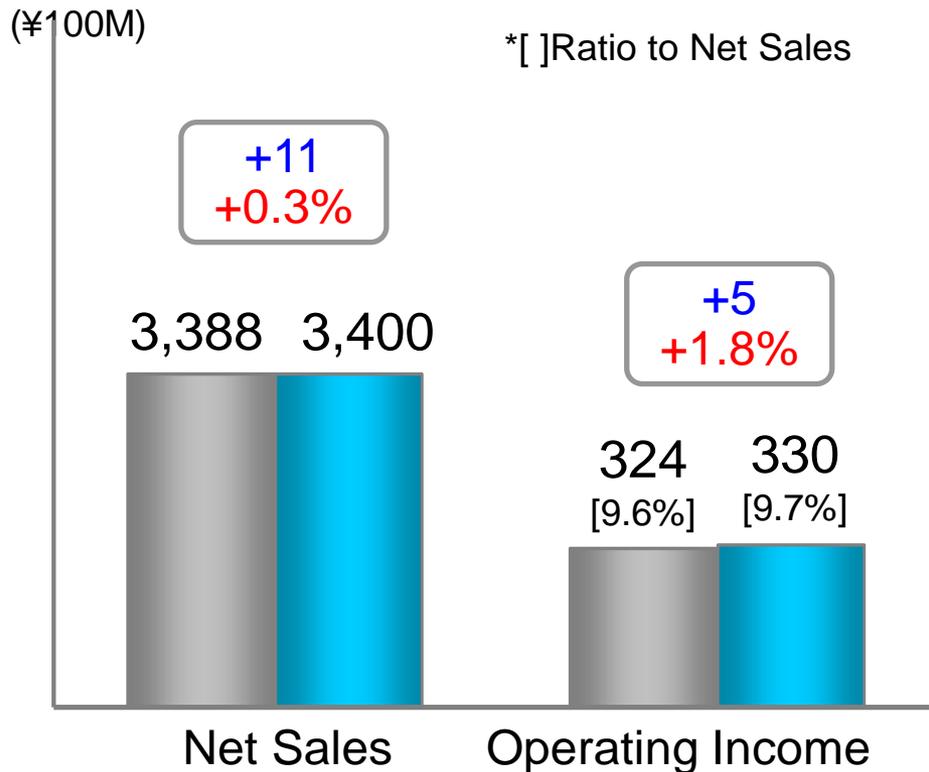
Europe & Africa

Income Variance ¥+5(100M)

- Volume increasing in China
- Favorable Effect by New Models

Income Variance ¥-15(100M)

- Volume Decreasing by End of Production
- Start-up Costs for New Products



3-4) FY2019 Financial Forecasts by Half Year

Net Sales

(100 million yen)

	FY2019 Forecasts		
	1st Half	2nd Half	Full Year
Japan	3,600	3,900	7,500
The Americas	1,300	1,250	2,550
Asia & Oceania	1,750	1,650	3,400
Europe & Africa	450	500	950
Consolidation	6,700	6,900	13,600

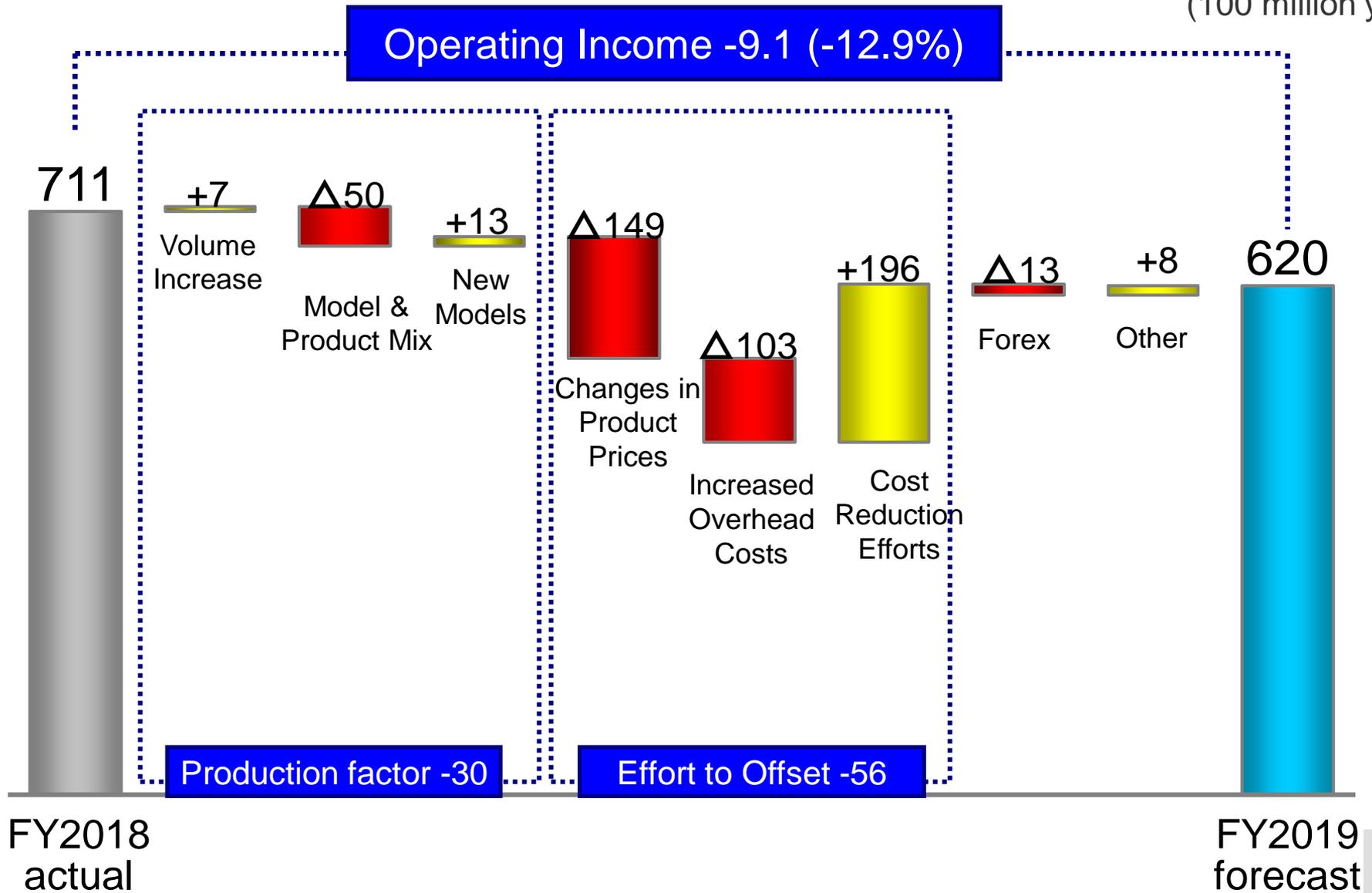
Operating Income

(100 million yen)

	FY2019 Forecasts					
	1st Half		2nd Half		Full Year	
Japan	60	1.7%	105	2.7%	165	2.2%
The Americas	40	3.1%	20	1.6%	60	2.4%
Asia & Oceania	165	9.4%	165	10.0%	330	9.7%
Europe & Africa	30	6.7%	35	7.0%	65	6.8%
Consolidation	295	4.4%	325	4.7%	620	4.6%

3-5) FY2019 Earnings Forecast: Operating Income Variance Analysis

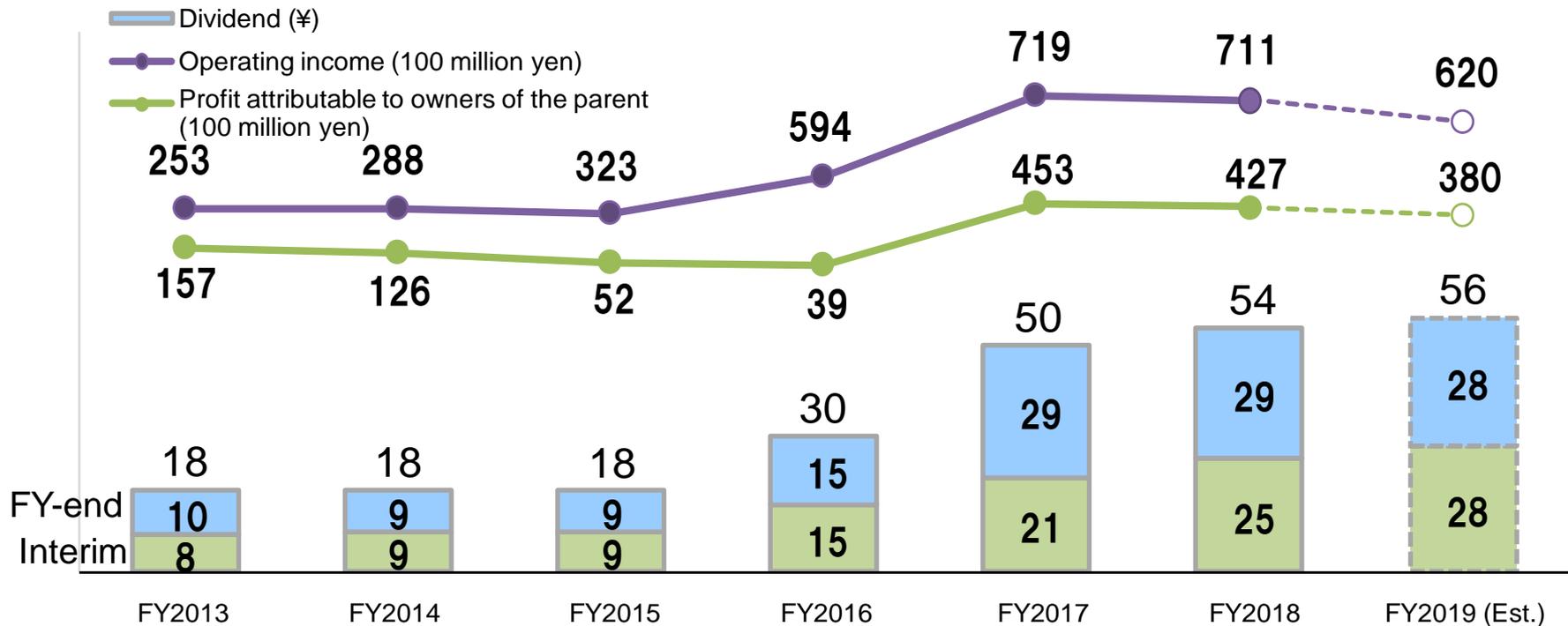
(100 million yen)



3-6) FY2019 Full-year Forecast Shareholder Returns

- In FY2018, we plan to pay an annual per-share dividend of ¥54, which is ¥4 higher than in FY2017.
- In FY2019, our annual per-share dividend payout plan is ¥56, which is ¥2 higher than in FY2018.

Dividend, Operating Income, & Profit Attributable to Owners of the Parent Trends



Financial Performance

Aim for Sustainable Growth

1. Progress with 2020 Mid-term Business Implementation Plan

1) Overview

2) Progress

2. 2020 Management Plan

1) Concept of Management Plan

2) Business Strategies

3) Business Targets

1. Progress with the 2020 Mid-term Business Implementation Plan

1) Overview

2) Progress

1. Progress with the 2020 Mid-term Business Implementation Plan

1) Overview

2) Progress

Vision

The company we aim to become

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

(1) Our desired status in business

A company that persists in proposing excellent mobility for customers throughout the world

(2) Our desired status in society

A trusted company that grows together with all stakeholders

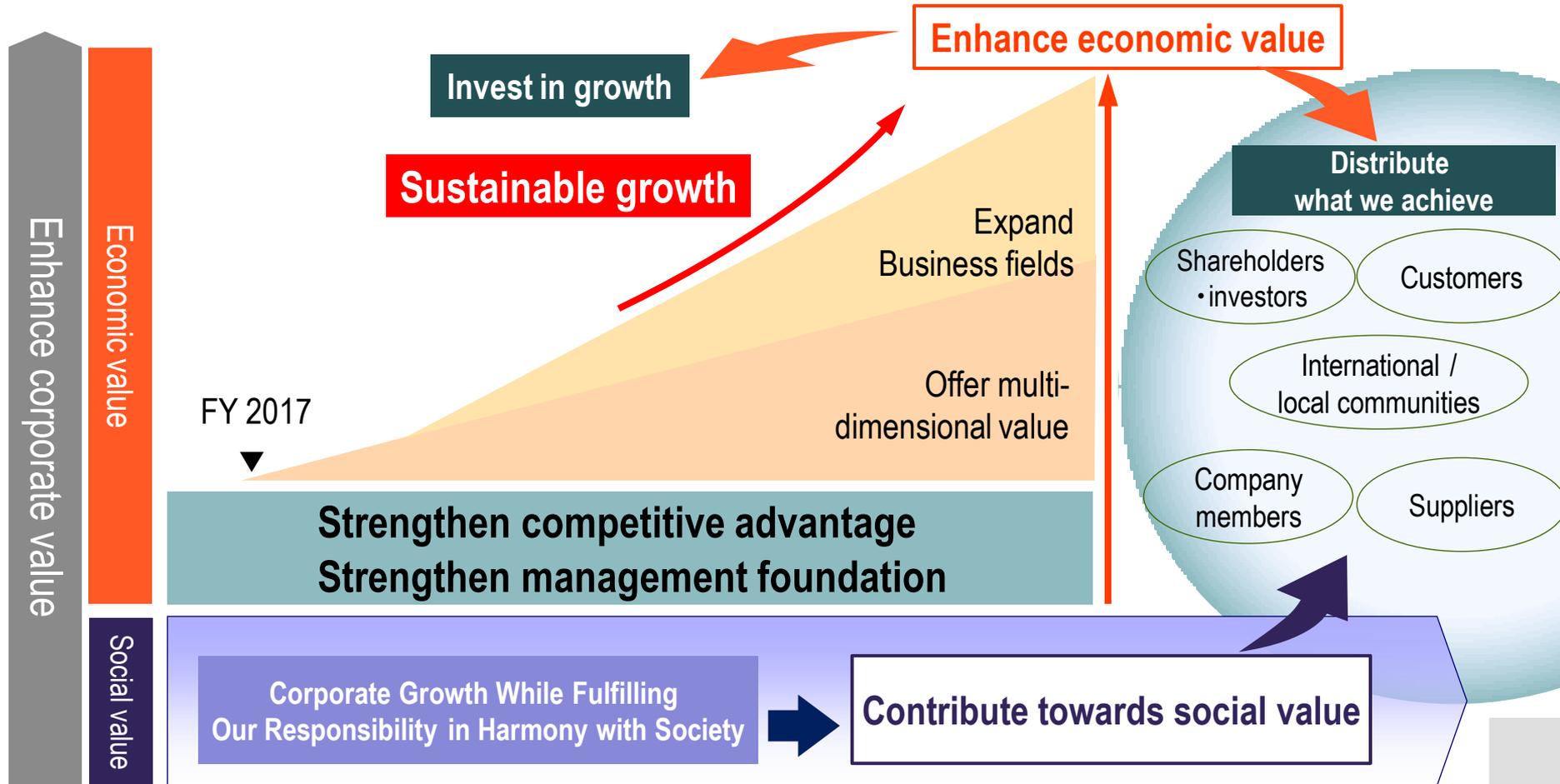
QUALITY OF TIME AND SPACE

Offer "quality of time and space" in all mobility

Overview of 2020 Mid-term Business Implementation Plan

The management structure we aim to achieve

We distribute to our stakeholders what we achieve by enhancing economic value, and enhancing corporate value on a mid-to-long-term basis by re-investing toward growth



Overview of 2020 Mid-term Business Implementation Plan

FY2021: Financial Target

Invest for growth

- Invest towards sustainable development
 - Develop new products / technologies
 - Manufacturing Innovation
 - Build management foundation etc.

Strengthen competitive advantage

Enhance economic value

For a Healthy Financial Status

■ Increase net worth

- Capital Adequacy Ratio 40%
- ROE approx. 10%

Strengthen management foundation

Share achieved value

- Appropriate labor share
- Tax Payment (Individual tax, corporate tax)
- Long, stable dividend payout
- Target: Dividend payout ratio 30%

Operating profit margin: Stably Achieve 5% or more

Mid-Term Business Management Plan for Execution		Improve marginal profit		Optimize fixed costs
		Add value	Reduce cost	
Strengthen competitive advantage	Develop new technologies / products	○		
	Manufacturing innovation		◎	○
	Strengthen development capabilities	◎		○
	Strengthen production engineering capabilities		◎	○
Strengthen management foundation	Strengthen our business model	◎	○	○
	Establish business foundation for GNGB	○		○
	Rebuild business structure in Japan		○	○

1. Progress with the 2020 Mid-term Business Implementation Plan

1) Overview

2) Progress

Progress of 2020 Mid-term Business Implementation Plan

We are progressing in line with plans and steadily improving our management fundamentals.

Desired status		Key measures		Progress & results
Corporate growth while fulfilling our responsibility in harmony with society	CSR	Contribute to enhance social value through activities that meet the expectations of every stakeholders		- Create CSR management system - Establish KPIs, following meetings, and link to director compensation system
	Environment			- Implement 2020 environmental initiative plan as a step toward the 2050 environment vision
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030	Comfort	- Develop time and space, including development of parts to control mechanisms - Embark on development of a mutual management system for five senses and air quality
			Safety	- Develop new products in response to vehicle electrification
		Environment	- Begin collecting data to achieve omen management for maintenance - Execute production technology development themes without failure: completed 22 themes (results in FY2018)	
		Manufacturing Innovations toward 2030	- Reduce development man-hours and implement standardization by improving development process and improve perfection of drawings - Introduce model life profit management	
		Further enhance our fundamental capabilities in manufacturing	Strengthen capabilities	- Begin standardization of processes to improve quality and productivity - Implementing improvement of weaknesses based on plant assessment to achieve plant independence
			Strengthen production and capabilities	

Progress of 2020 Mid-term Business Implementation Plan

Desired status		Key measures		Progress & Results	
Sustainable growth	Strengthen management foundation	Strengthen profit structure	Evolve system supplier system	- Desired status, organize current issues, made proposals to customers, and agreed to start examination	
			Complete business integration for seat frame	- Started restructuring to crease global optimal production system for seat frames (North America, China) - Began in-house frame device production which has a high cost competitive advantage	
			Establish business foundation for Global New Customer Business	- In the emerging market compact car business, redeveloped competitive products and manufacturing methods - Created foundation for aircraft seat business - Developed cooling and circulating water purification system for metal molds and cooling towers	
			Rebuild business structure in Japan	- Established pan to restructure plant to be able to flexibly respond to production fluctuations	
		Build a resilient business structure			- Completed review and set goal for strong business continuity plan
					- Undertaking measures for building business structure that will flexibly respond to demand fluctuations and minimize impact
					- Set goal for dealing with changes in forex and finance environment
		Create a global management foundation	Develop a management information infrastructure	- Established corporate management system and introduced ERP system, and gradually launching operations	
			Create a lively work environment where diverse people can fully demonstrate their abilities	- Establish basic design for global HR platform - Promote lively workstyle reforms	

Items to be explained today

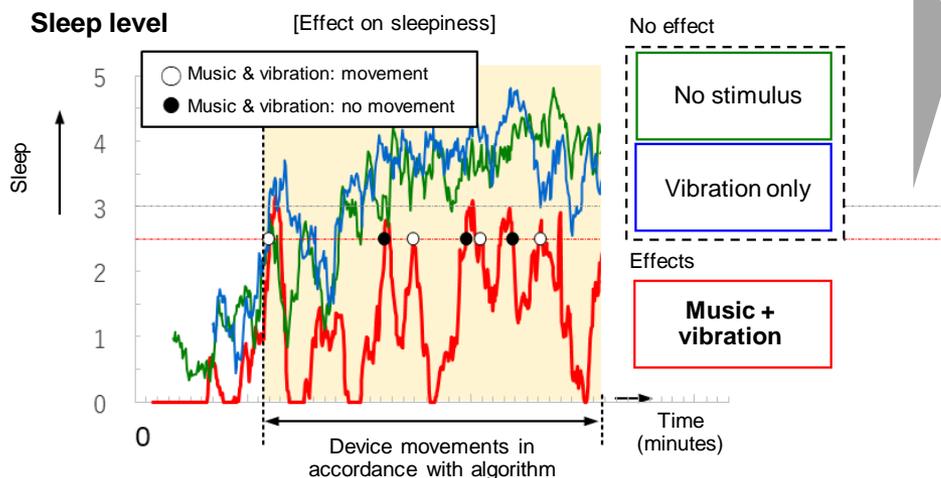
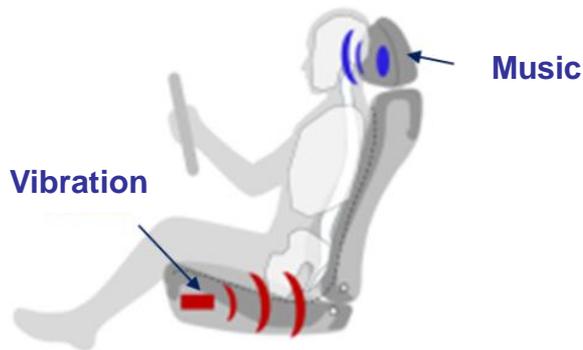
Vision		Key measures		
Corporate growth while fulfilling our responsibility in harmony with society	CSR	Contribute to enhance social value through activities that meet the expectations of every stakeholders		
	Environment			
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030	<div style="display: flex; gap: 5px;"> <div style="background-color: #4a7ebb; color: white; padding: 2px 5px; border-radius: 3px;">Comfort</div> <div style="background-color: #4a7ebb; color: white; padding: 2px 5px; border-radius: 3px;">Safety</div> </div>	
		Manufacturing Innovations toward 2030	<div style="background-color: #00b050; color: white; padding: 2px 5px; border-radius: 3px; display: inline-block;">Environment</div>	
		Further enhance our fundamental capabilities in manufacturing	Strengthen capabilities	
			Strengthen production and capabilities	
	Strengthen management foundation	Strengthen profit structure	Evolve system supplier structure	Complete business integration for seat frame
			Establish business foundation for Global New Customer Business	Rebuild business structure in Japan
			Build a resilient business structure	
		Create a global management foundation	Develop a management information infrastructure	Create a lively work environment where diverse people can fully demonstrate their abilities

Vision		Key measures		
Corporate growth while fulfilling our responsibility in harmony with society	CSR	Contribute to enhance social value through activities that meet the expectations of every stakeholders		
	Environment			
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030		
		Manufacturing Innovations toward 2030		
		Further enhance our fundamental capabilities in manufacturing	<div style="display: flex; flex-direction: column; align-items: flex-end;"> <div style="background-color: #4a90e2; color: white; padding: 2px 5px; border-radius: 3px;">Comfort</div> <div style="background-color: #27ae60; color: white; padding: 2px 5px; border-radius: 3px;">Safety</div> <div style="background-color: #27ae60; color: white; padding: 2px 5px; border-radius: 3px;">Environment</div> </div>	
	Strengthen management foundation	Strengthen capabilities		
		Strengthen production and capabilities		
		Strengthen profit structure	Evolve system supplier structure	
			Complete business integration of seat frame	
Establish business foundation for Global New Customer Business				
Rebuild business structure in Japan				
Build a resilient business structure				
Create a global management foundation	Develop a management information infrastructure			
	Create a lively work environment where diverse people can fully demonstrate their abilities			

Develop technologies that center around “five senses” control and air quality



Developing a system that works with the ADAS that will keep driver's awoken



Driving simulator (Installed in FY2018)



Evaluation using actual cars

Develop and verify system that prevents sleepiness with music and vibrations (FY2018)

Improve level of perfection by accumulating data from driving simulator and evaluation using actual cars (FY2019)

Established ATN Auto Acoustics Co., Ltd. with Autoneum and Nihon Tokushu Toryo Co., Ltd.

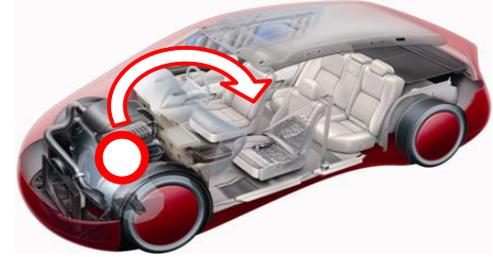
Strengthening “sound” technology – an important factor for creating comfortable mobile spaces



Evaluate and analyze actual cars and parts



Test course evaluation



Use simulator to predict cabin noise from sound source

ATN AUTO ACOUSTICS

Deliver quality sound in the interior space

autoneum

nittoku

Develop time and space that provides a new value of experience.



Exhibited the space concept for diverse scenes at the Tokyo Motor Show (FY2018)



Grasp the level of excitement



Enhanced reproduction excitement at the stadium inside the mobility space

Take the space concept to the next level. Reproduce the value of experience outside, inside the mobility space (FY2019)

Develop new products in response to vehicle electrification

Related Parts for HV/EV

Develop next-generation motor core

Set a path of aiming to improve torque by around 10% versus conventional level while maintaining high quality



Proposing to car makers

Develop rechargeable lithium-ion battery

Energy density on a par with HV battery and output density equivalent to a capacitor

Microfiber technology



Separator

Precision pressing technology



Electrode assembly



Rechargeable lithium-ion battery

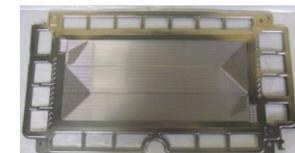


Proposing to a super sports car makers

Related Parts for FCV

Develop technologies related to FCV

Improve separator production efficiency by 50x previous levels



Vision		Key measures	
Corporate growth while fulfilling our responsibility in harmony with society	CSR	Contribute to enhance social value through activities that meet the expectations of every stakeholders	
	Environment		
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030	
		Manufacturing Innovations toward 2030	
		Further enhance our fundamental capabilities in manufacturing	Strengthen capabilities
			Strengthen production and capabilities
	Strengthen management foundation	Strengthen profit structure	Evolve system supplier structure
			Complete business integration for seat frame
			Establish business foundation for Global New Customer Business
			Rebuild business structure in Japan
		Build a resilient business structure	
		Create a global management foundation	Develop a management information infrastructure
		Create a lively work environment where diverse people can fully demonstrate their abilities	

Comfort Safety

Environment

Strengthen capabilities

Strengthen production and capabilities

Evolve system supplier structure

Complete business integration for seat frame

Establish business foundation for Global New Customer Business

Rebuild business structure in Japan

Build a resilient business structure

Create a global management foundation

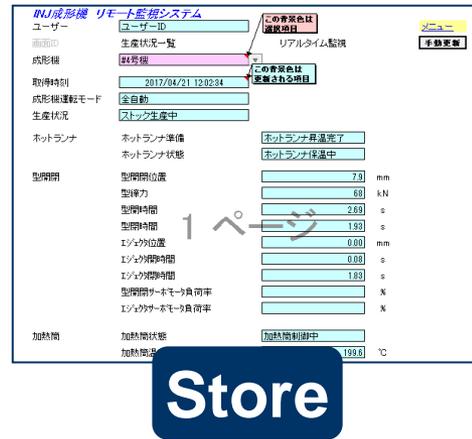
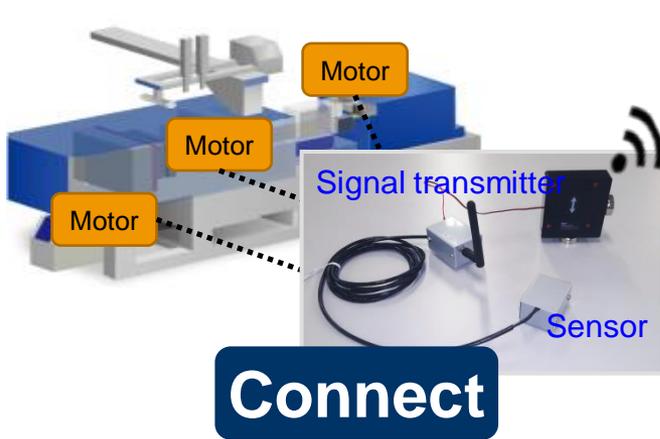
Develop a management information infrastructure

Create a lively work environment where diverse people can fully demonstrate their abilities

Taking future predictions into account, planning to steadily realize TB Industry 4.0 (IoT)

FY 2018	2019		2020	2021
<p>Trial to accumulate data on connections with production facilities</p> <p>Develop facility connection method/security standards</p>	<p>Model line plan</p> <p>Development and trial of indication management at the model line (Sanage plant)</p>	<p>Collect Big Data/ Create infrastructure for use</p>	<ul style="list-style-type: none"> Deploy at model plant (Sanage plant) Standardize system 	<p>Start deployment at all plants in Japan</p>

Measures for indication management

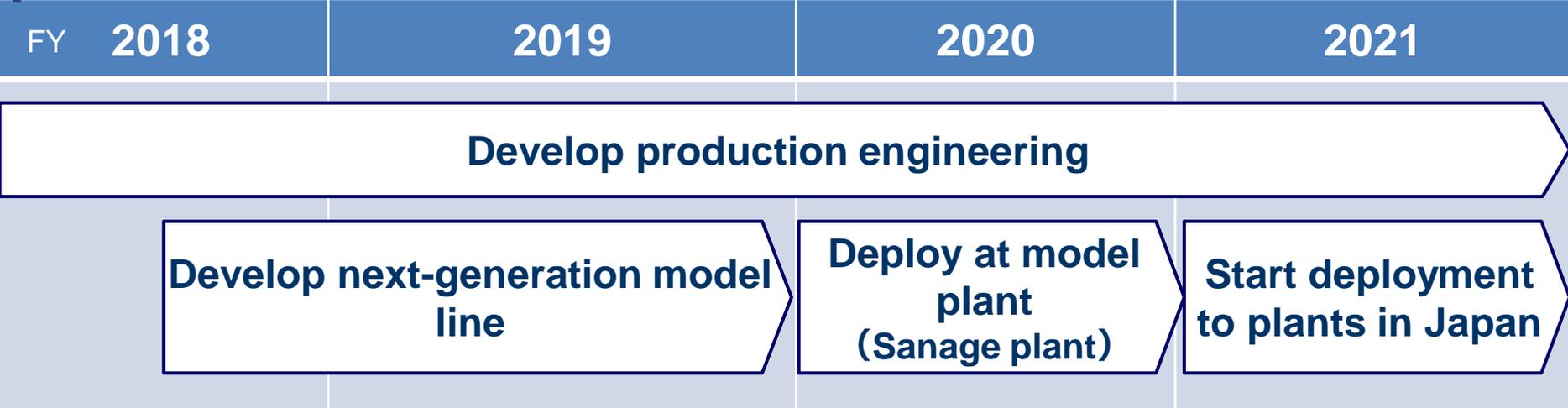


Visualization of facility operations data

Trial to establish indication management

Manufacturing Innovation towards 2030

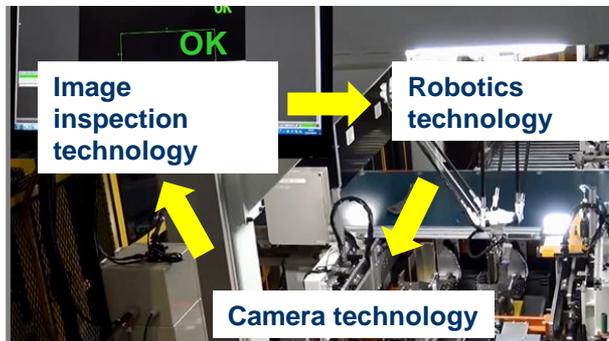
Promotion to build next-generation lines by accelerating process innovations.



■ Examples of production engineering development

Develop multipurpose element technologies

Ex: Automatic picking device for pressed parts



Develop items to reduce production facility CO₂ emissions



Vision		Key measures	
Corporate growth while fulfilling our responsibility in harmony with society	CSR	Contribute to enhance social value through activities that meet the expectations of every stakeholders	
	Environment		
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030	
		Manufacturing Innovation towards 2030	
		Further enhance our fundamental capabilities in manufacturing	Strengthen capabilities
			Strengthen production and capabilities
Strengthen management foundation	Strengthen profit structure	Evolve system supplier structure	
		Complete business integration for seat frame	
		Establish business foundation for Global New Customer Business	
		Rebuild business structure in Japan	
		Build a resilient business structure	
Create a global management foundation	Develop a management information infrastructure	Develop a management information infrastructure	
		Create a lively work environment where diverse people can fully demonstrate their abilities	

Improve development efficiency by standardizing parts and clarifying roles with overseas companies

FY 2018	2019	2020	2021	2022 onward
<ul style="list-style-type: none"> Standardize parts 		<p>Development efficiency: improve 30%</p>		<p>Achieve overwhelming high speed development</p>
<p>Promote backseat TNGA application</p>				
<ul style="list-style-type: none"> Clarify division of roles/responsibilities with overseas R&D 	<p>Expand use of overseas personnel</p>	<p>Apply NEW global operations and HR scheme</p>		
<p>Toyota Boshoku-version Model Based Development</p>				
<p>▶ Aim for super high speed, high added value development. Establish development environment and train engineers to conform to digital engineering</p>				

Promote independence of plants by strengthening frontline capabilities

Activity	FY 2018		2019	2020	2021	
Assessment of basic plant requirements Assess people, process, and management of daily plant management (software)	Improvements based on results of FY2017 assessment	Assessment in FY2018	Grasp weaknesses / Improvement plan			Independence for all sites



*Target businesses globally: Average for 71 sites

Vision		Key measures				
Corporate growth while fulfilling our responsibility in harmony with society	CSR	Contribute to enhance social value through activities that meet the expectations of every stakeholders				
	Environment					
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030		Comfort	Safety	
		Manufacturing Innovation towards 2030		Environment		
		Further enhance our fundamental capabilities in manufacturing	Strengthen capabilities			
			Strengthen production and capabilities			
	Strengthen management foundation			Evolve system supplier structure		
		Strengthen profit structure	Complete business integration for seat frame			
			Establish business foundation for Global New Customer Business			
				Rebuild business structure in Japan		
		Build a resilient business structure				
		Create a global management foundation			Develop a management information infrastructure	
			Create a lively work environment where diverse people can fully demonstrate their abilities			

Strengthen Profit Structure (Complete Business Integration for Seat Frame)

Integrate frame business

Maximize synergy benefits via switch to in-house manufacturing and pursue economic rationalization of scale

FY	2018	2019	2020	2021
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■ In-house manufacturing of front frame mechanism components

Seat track/lower arm (local production)

☆ China (Jan.)

☆ Sanage (Jan.)

☆ Kyushu (May) ☆ US (Nov)

Motor with gears (Kariya production)

☆ For ASEAN/China markets (Jul)

☆ For US market (Jul)

Power reclining (Sanage production)

☆ For ASEAN/China markets (Jul)

■ Steadily switch to in-house manufacturing of rear frame mechanism components

☆ US (May)

■ Switch to in-house seat controls

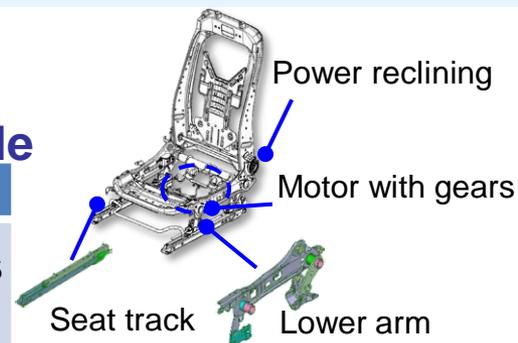
Start vehicle production (Feb. 2021)

■ Strengthen tie-up with Tachi-S

Consider sales expansion via mutual supply of device products

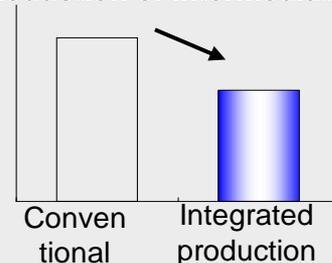
Begin joint product development (cue manual slide rail)

Mutual use of production site and facilities (Seat cover sewing/China, Mexico)

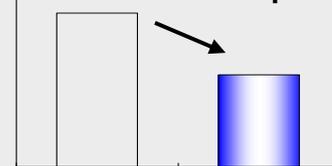


Synergies from switch to in-house seat track and lower arm production

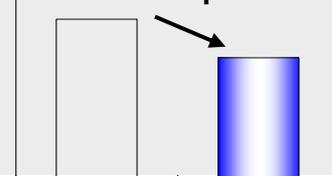
Reduction of intermediate stock



Reduction of Transport cost



Reduction of space



Strengthen Profit Structure (Establish business foundation for global new customers)

Emerging market compact car business

Redevelop products with a competitive advantage and manufacturing methods. Promote business development in India and the ASEAN region.

Market survey/benchmark

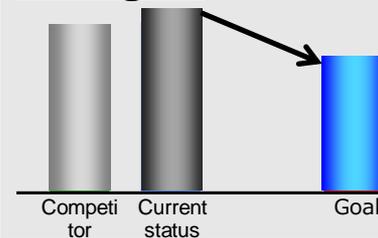
Implement full-fledged market survey and benchmarks

- (1) Features of technical equipment and structure
- (2) Assessment trends
- (3) Design trends
- (4) Optimal performance, etc.

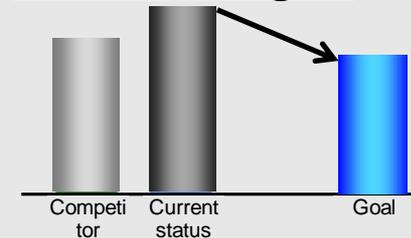
Review goals

Set targets for emerging markets

Cost goal



Quantitative goal



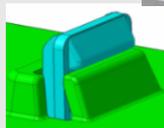
Elemental development for compacts in emerging markets

<Seats>



Light-weight frame (consider rear frame lineup)

<Interiors>



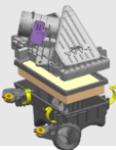
Low-priced decorations

Simplify coupling structure

<Unit components>



Simple foam in place method



Light weight air filter

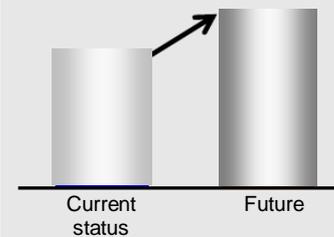
Etc.

Product development

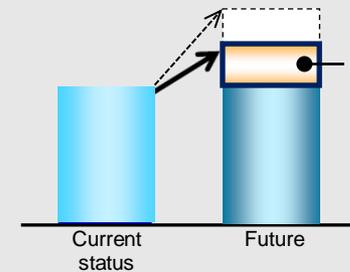
Sales expansion strategy

Business development in emerging markets

Units in emerging markets



Sales target



Target car makers

Aircraft business

Establish infrastructure for aircraft seat business

- Received high evaluation from ANA for seats delivered in 2015
- ▼
- Develop base frame for new standard seats
 - Begin setting up new production line that will maintain high quality by using IoT



B767-300
Seats in 6 aircraft
(June 2015)

Actions going forward

- Customer survey activities in regions with rising demand
- Activities to secure certification by aircraft body manufacturers

Strengthen Profit Structure (Establish business foundation for global new customers)

Develop cooling and circulating water purification systems for molds and cooling towers

■ Reduce mold yield ratio

- Remove scale from inside cooling pipes

■ Reduce coolant maintenance costs

- Regular cleaning of scales not required

■ Maintenance-free filters

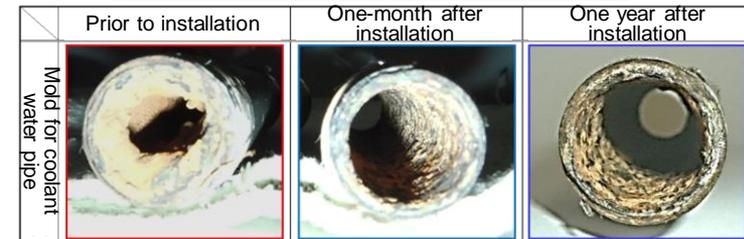
- Does not require specialty filters replacement

■ Energy conservation

- Reduce energy consumption and control rise in temperature in cooling tower

■ Environmentally friendly

- Water conditioner for natural materials can be drained in general



Commercialization of cooling and circulating water purification systems

Weets

Water environment ecology technology systems

We are progressing in line with plans and steadily improving our management fundamentals.

Further Enhance our Fundamental Capabilities in Manufacturing & Strengthen management foundation

- Making progress in line with plans and starting to reap benefits

Development of new technologies and new products toward 2030

- Progress in development of underlying technologies in line with roadmap
- In addition to the impact from major transformation that happens once in a 100 years, we need to continue to implement measures that deal with changing conditions

2. 2020 Management Plan

1) Basic thought of Management plan

2) Business Strategies

[1] Existing core businesses

[2] New businesses

3) Business Target

[1] 2020 Financial Commitment

[2] 2025 AmbitiousTarget

Basic thought

- Accomplish Mid-term Business Implementation Plan coping with changes in market trends
- Steadily realize financial benefits from our efforts by improving management capabilities

2020 Management Plan

- Improve profit and secure growth opportunities in existing core businesses
- Predict changes in market needs and accelerate measures to create new value
- Implement investments for future growth

Establish business foundation to secure consistent operating margin of 5%-plus



2025 Ambitions

Operating income at existing core businesses
¥90.0 billion -¥100.0 billion

- ◆ Expand corporate sales by promoting the new technologies and products that generate profit

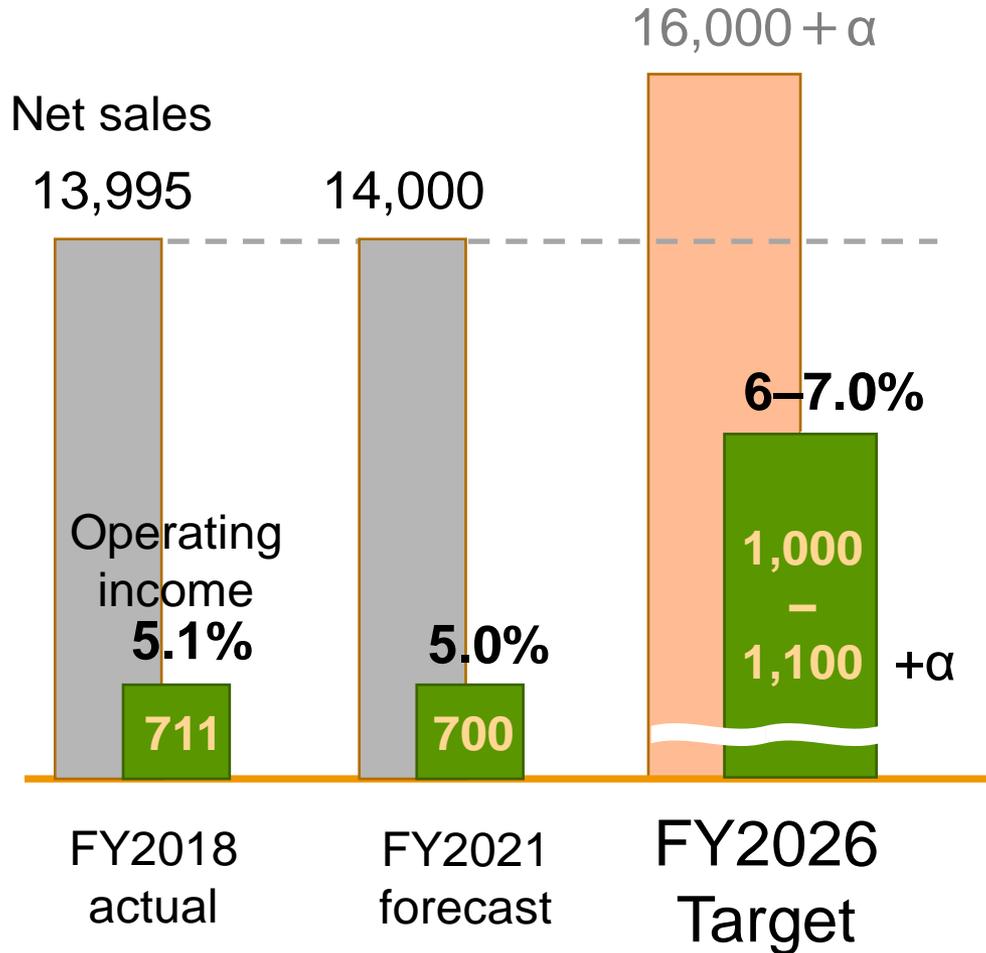
→ Incremental profit : +¥10.0 billion-¥20.0 billion-plus

- ◆ Continue investments in growth areas to realize sustainable growth

Operating income: ¥100 billion-¥110 billion-plus

Aiming operating profit at 6%-7%

Operating profit target



Operating profit	
Existing core businesses	¥90.0 billion- ¥100.0 billion
New businesses	¥10.0 billion- ¥20.0 billion-plus



¥100 billion-¥110 billion-plus

Business strategy (Existing core businesses)

Develop business infrastructure to consistently secure an operating margin of 5%

Mid-term Business Implementation Plan	Expected results	Operating income	
		2020	2025
<p>Improve basic manufacturing capabilities</p> <ul style="list-style-type: none"> - Rebuild and standardize development, production preparation, and production processes - Full-fledged rebuilding of project management - Standardize global best practice production processes 	<ul style="list-style-type: none"> - Launch new project to reduce man-hours and loss - Reduce design changes - Improve manufacturing quality and productivity 	○	○
<p>Strengthen profit structure</p> <ul style="list-style-type: none"> - Making proposals for new specs and functions for new products and model changes - Secure opportunities to expand customers base - Study seat frame business unification and promote partnerships 	<ul style="list-style-type: none"> - Improve product value - Increase business in North America and China - Strengthen profit structure for seat frames & devices and expand business field 	○	○
		○	○
		700	¥90.0 billion -¥100.0 billion

Business strategy (New businesses)

Expand business and improve profit by promoting new technologies and products that generates profit

Mid-term Business Implementation Plan

Development of new technologies and new products towards 2030

- Develop time and space, including control devices to achieve “Quality of Time & Space”
- New technology and product development, and commercialization in response to the needs of electrification

Establish business foundation for global new customers

- Explore new customers by competitive products and manufacturing methods in existing businesses.
- Develop and commercialize products relating to environment

Expected results

- Expand sales of next-generation motor cores
- Commercialize rechargeable lithium-ion batteries

- Develop compact car business in emerging markets (India, ASEAN region)
- Commercialize aircraft seat business
- Commercialize cooling and circulating water purification system for metal molds and cooling towers

Operating income
2025

10 -20
billion
yen -plus

2020 Financial commitment

Item	Vision	FY2018 actual	Commitment		
			FY2019	FY2020	FY2021
Net sales		¥1,399.5bn	¥1,360.0bn	¥1,370.0bn	¥1,400.0bn
Operating income		¥71.1bn	¥62.0bn	¥66.0bn	¥70.0bn
Operating profit ratio	Consistent 5%-plus	5.1%	4.6%	4.8%	5.0%
Net assets		¥308.6bn	-	-	¥400.0bn
Equity ratio	about 40%	35.3%	-	-	about 40%
ROE	about 10%	17.3%	-	-	10%-plus
Payout ratio	30%	23.5%	-	-	about 30%
Capital investments		¥52.0bn	Cumulative FY2019-FY2021 ¥180.0bn		
R&D costs		¥47.3bn	Cumulative FY2019-FY2021 ¥140.0bn		

2025 Target

	FY2018	FY2021	FY2026 Target
	Actual	Forecast	
Net sales	¥1,399.5 billion	¥1,400.0 billion	¥1,600.0 billion-plus
Operating income	¥71.1 billion	¥70.0 billion	¥100.0 billion-¥110.0 billion-plus
Operating profit ratio	5.1%	5.0%	6 - 7%
Net assets	-	¥400.0 billion	¥500.0 billion-¥600.0 billion



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.