



**TOYOTA BOSHOKU CORPORATION**

**FY2019 1st Half**  
**Financial Results**  
**Ended Sep 30, 2018**

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# Financial Results

Aim for Sustainable Growth

**1. Financial Highlights**

**2. 1st Half FY2019 Financial Results**

**3. FY2019 Financial Forecast**

# 1-1) Financial Highlights

## ■ 1st Half FY2019 Financial Results

1. Sales was higher than previous 1<sup>st</sup> Half due to model mix change and new models although seat volume decreased.
2. Operating Income was lower due to FX effect in South America, investment for the future growth, increase in overhead costs like new product R&D, and start-up costs.

## ■ Full Year Financial Forecast

3. We keep Sales and Operating Income forecast, although there is lower swing risk like soaring raw materials prices and exchange fluctuation at South America.

**1. Financial Highlights**

**2. 1st Half FY2019 Financial Results**

**3. FY2019 Financial Forecast**

## 2-1) 1st Half FY2019 Financial Results

### [Overview of Consolidated Financial Results: Apr - Sep 2018] (100 million yen)

		FY2018 H1		FY2019 H1		YOY Change	
<b>Net Sales</b>		<b>6,723</b>	100%	<b>6,862</b>	100%	<b>139</b>	2.1%
<b>Operating Income</b>		<b>318</b>	4.7%	<b>278</b>	4.1%	<b>-40</b>	-12.8%
<b>Ordinary Income</b>		<b>331</b>	4.9%	<b>287</b>	4.2%	<b>-43</b>	-13.2%
<b>Profit*</b>		<b>191</b>	2.8%	<b>122</b>	1.8%	<b>-68</b>	-35.8%
<b>Earnings Per Share</b>		<b>103.03 yen</b>		<b>66.12 yen</b>			
<b>Dividends Per Share</b>		<b>25.00 yen</b>		<b>28.00 yen</b>			
<b>Exchange Rate</b>	<b>USD</b>	<b>111 yen</b>		<b>110 yen</b>		<b>-1 yen(strong yen)</b>	
	<b>EUR</b>	<b>126 yen</b>		<b>130 yen</b>		<b>4 yen(weak yen)</b>	

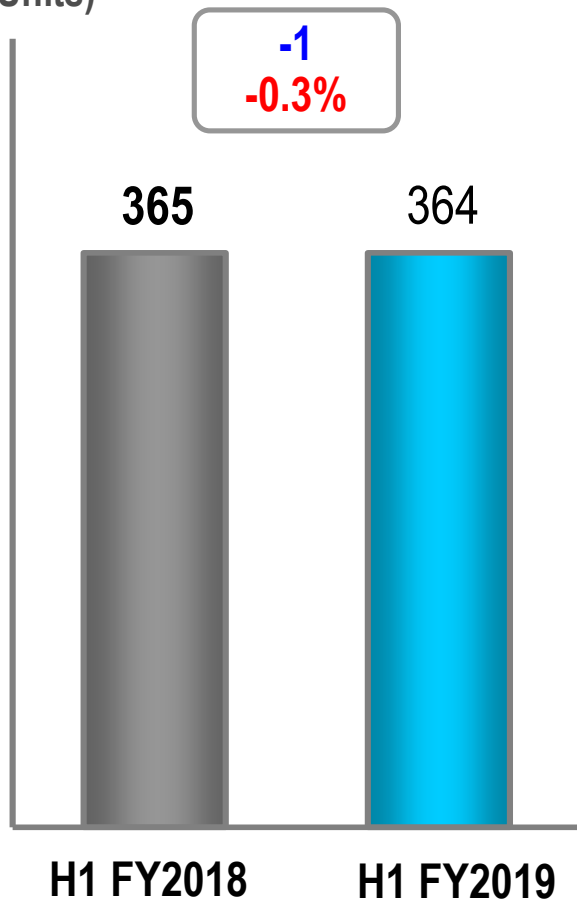
\* Profit Attributable to Owners of Parent

# 2-2) 1st Half FY2019 Financial Results Unit Production by Region

## Seat Assembly Production

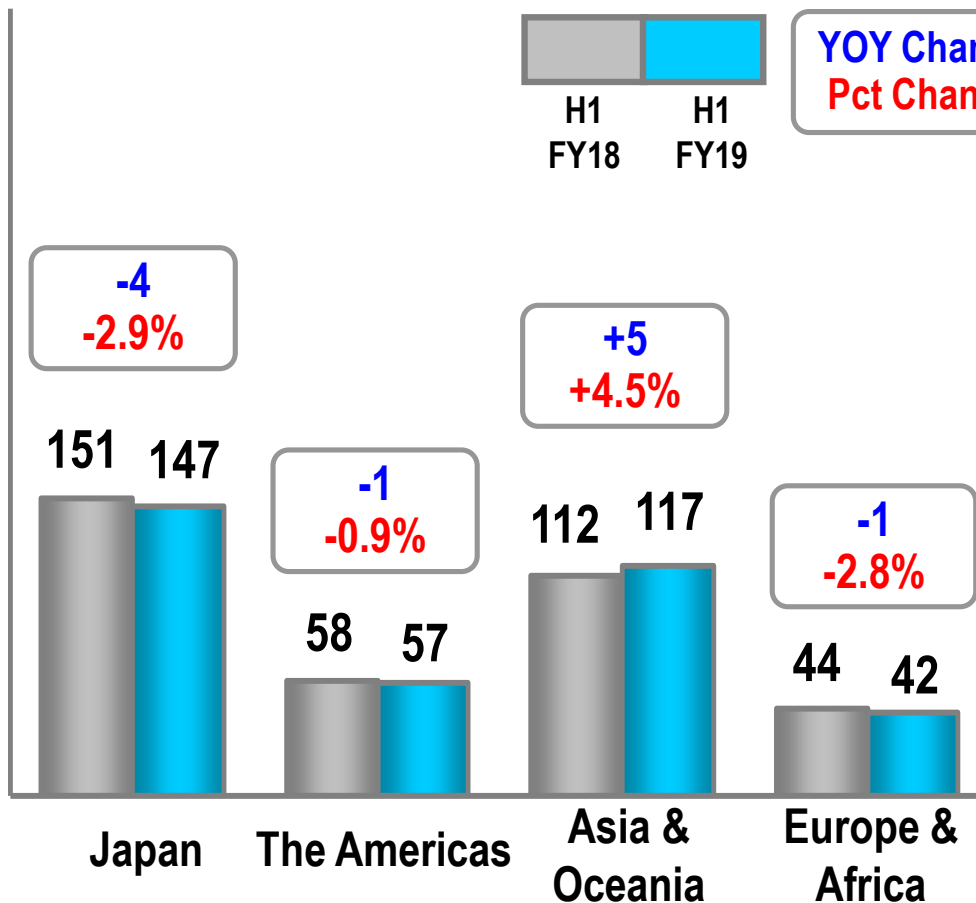
### Total

(10,000 Units)



### By Region

(10,000 Units)



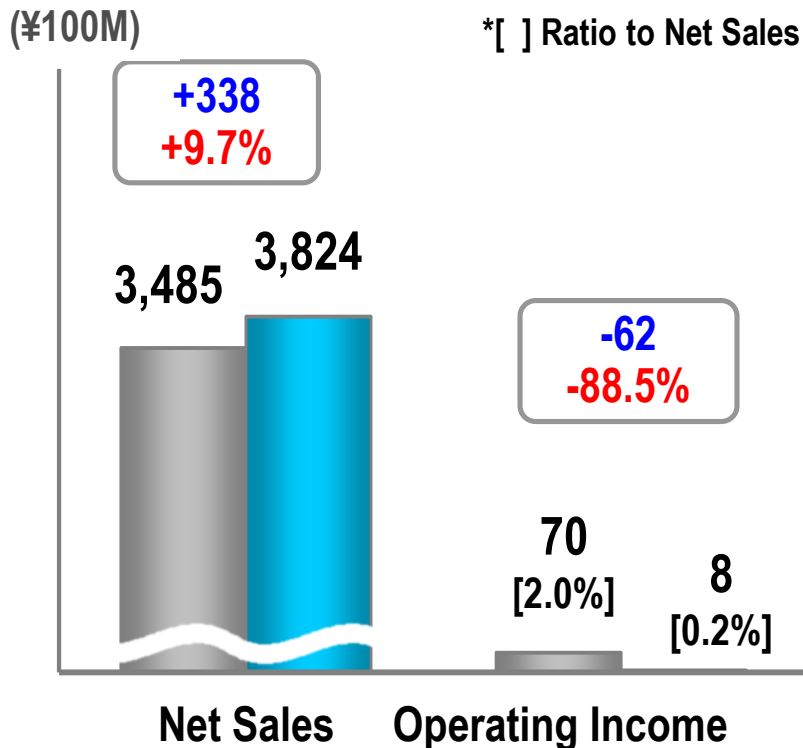
# 2-3) 1st Half FY2019 Financial Results Net Sales & Operating Income by Region

## Japan

**Income Variance** ¥-62 (100M)

- Higher Sales due to Model Mix Change
- Lower Income due to Labor & Overhead Costs, and Influence of APA\*

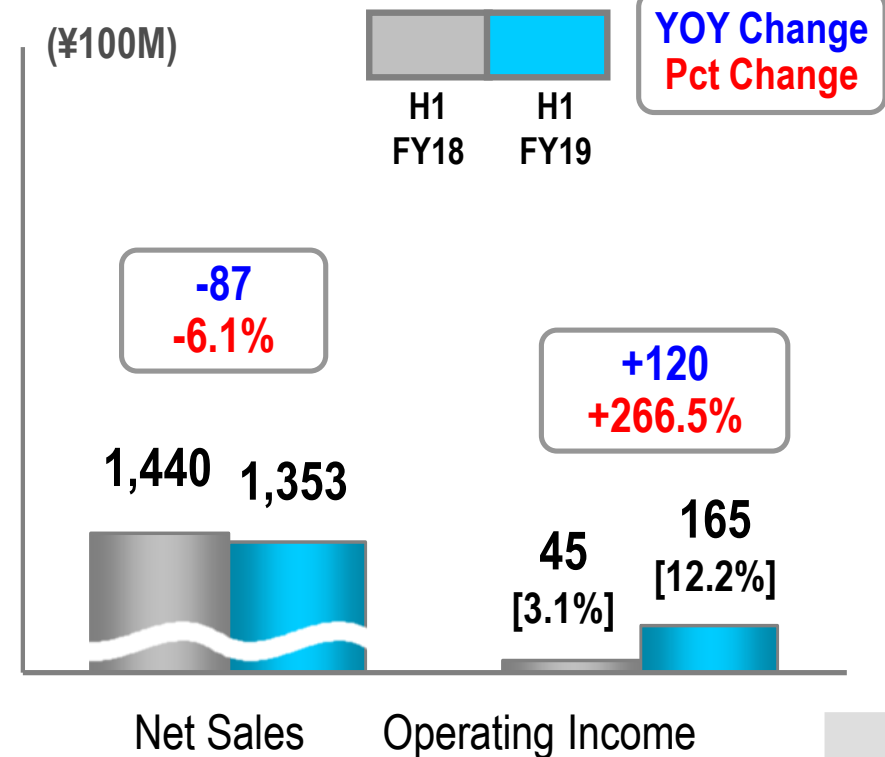
\*Advance Pricing Arrangement (APA)



## The Americas

**Income Variance** ¥+120(100M)

- Lower Sales due to Volume decrease, Forex impact in South America
- Higher Income due to Influence of APA in spite of increase of Start-up Costs



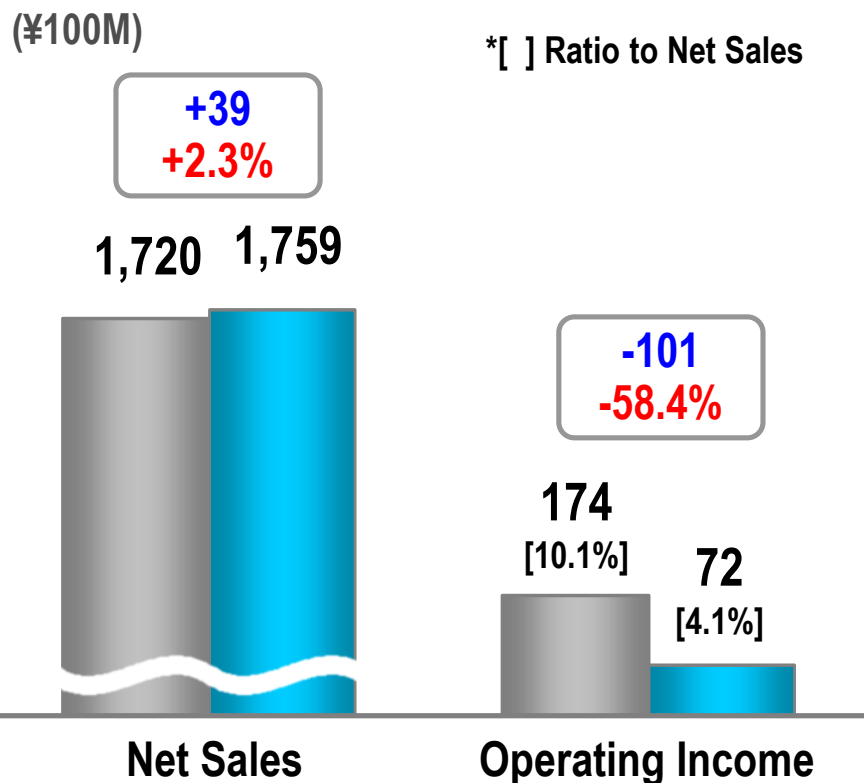


## 2-4) 1st Half FY2019 Financial Results Net Sales & Operating Income by Region

### Asia & Oceania

**Income Variance** ¥-101(100M)

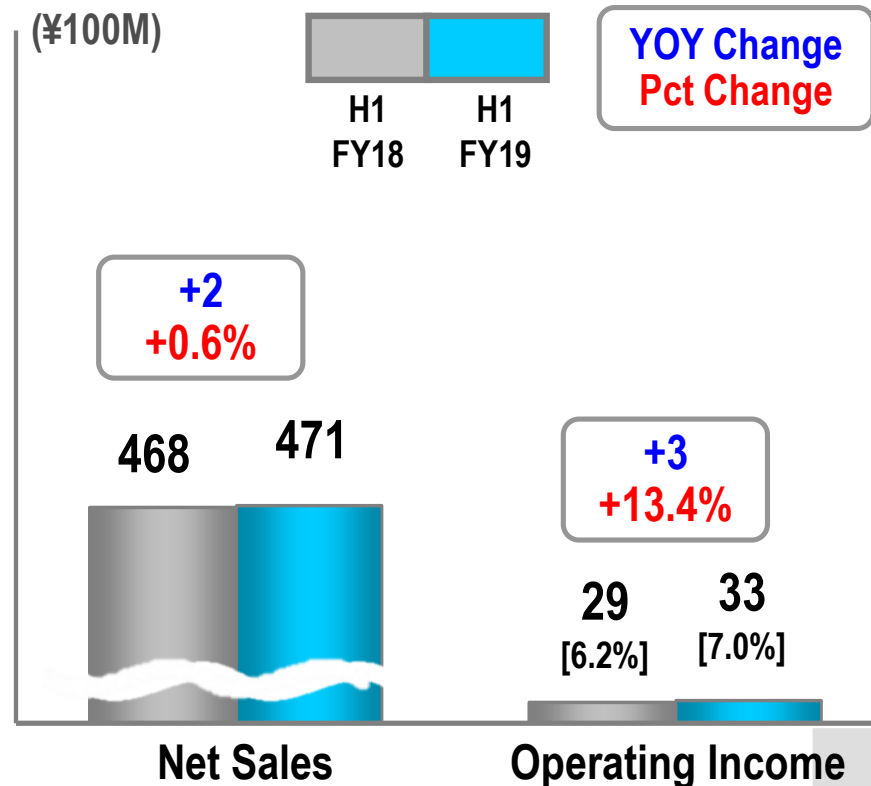
- Higher Sales due to Volume increase in China, Forex Impact
- Lower Income due to Influence of APA in spite of Favorable effect by New models



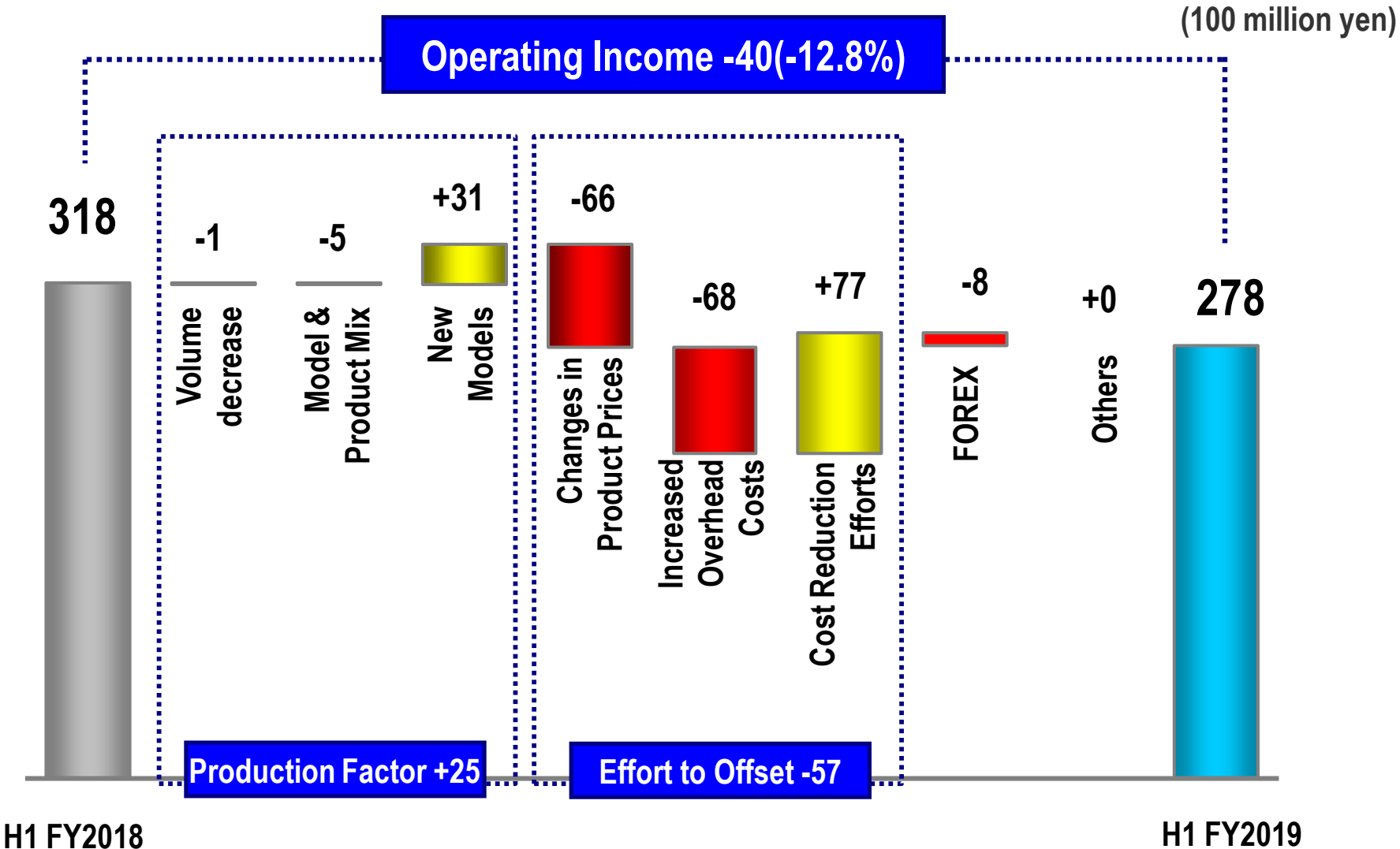
### Europe & Africa

**Income Variance** ¥+3(100M)

- Higher Sales due to Foreign exchange impact in spite of Volume decrease
- Higher Income due to Model Mix Change



# 2-5) 1st Half FY2019 Financial Results Operating Income Variance Analysis



**1. Financial Highlights**

**2. 1st Half FY2019 Financial Results**

**3. FY2019 Financial Forecast**

# 3-1) FY2019 Financial Forecast

[Consolidated Financial Forecast: Apr 2018 - Mar 2019]

(100 million yen)

		FY2019 (Announced on 7/31)		FY2019 (Revised)		FY2018		YOY Change (18 vs. 19 Revised)	
<b>Net Sales</b>		<b>14,000</b>	100%	<b>14,000</b>	100%	<b>13,995</b>	100%	<b>4</b>	0.0%
<b>Operating Income</b>		<b>620</b>	4.4%	<b>620</b>	4.4%	<b>711</b>	5.1%	<b>-91</b>	-12.9%
<b>Ordinary Income</b>		<b>640</b>	4.6%	<b>630</b>	4.5%	<b>728</b>	5.2%	<b>-98</b>	-13.6%
<b>Profit*</b>		<b>350</b>	2.5%	<b>340</b>	2.4%	<b>427</b>	3.1%	<b>-87</b>	-20.5%
<b>Earnings Per Share</b>		<b>188.47 yen</b>		<b>183.08 yen</b>		<b>230.27 yen</b>			
<b>Dividends Per Share</b>		<b>56.00 yen</b>		<b>56.00 yen</b>		<b>54.00 yen</b>			
<b>Exchange Rate</b>	<b>USD</b>	<b>106 yen</b>		<b>110 yen</b>		<b>111 yen</b>		<b>-1 yen(strong yen)</b>	
	<b>EUR</b>	<b>126 yen</b>		<b>130 yen</b>		<b>130 yen</b>		<b>-</b>	

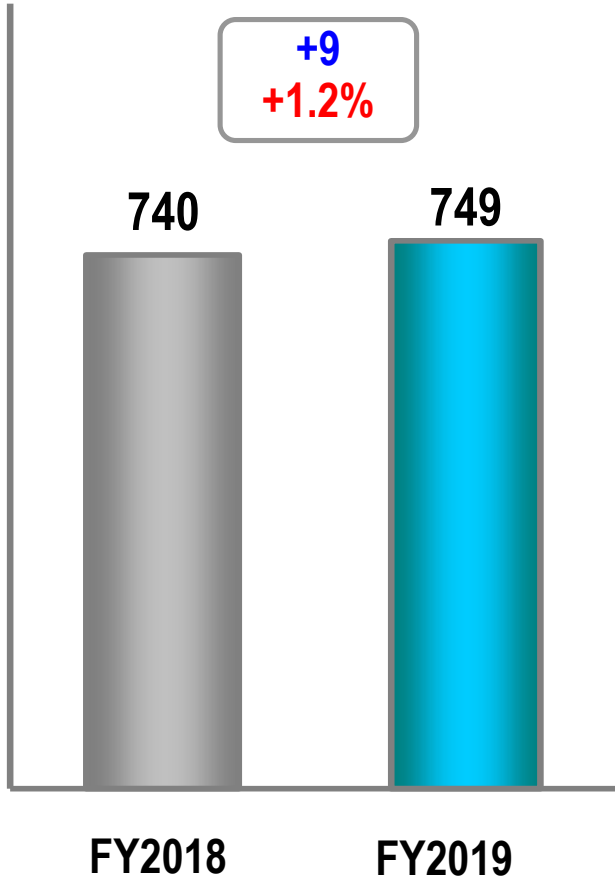
\* Profit Attributable to Owners of Parent

# 3-2) FY2019 Financial Forecast Unit Production by Region

## Seat Assembly Production

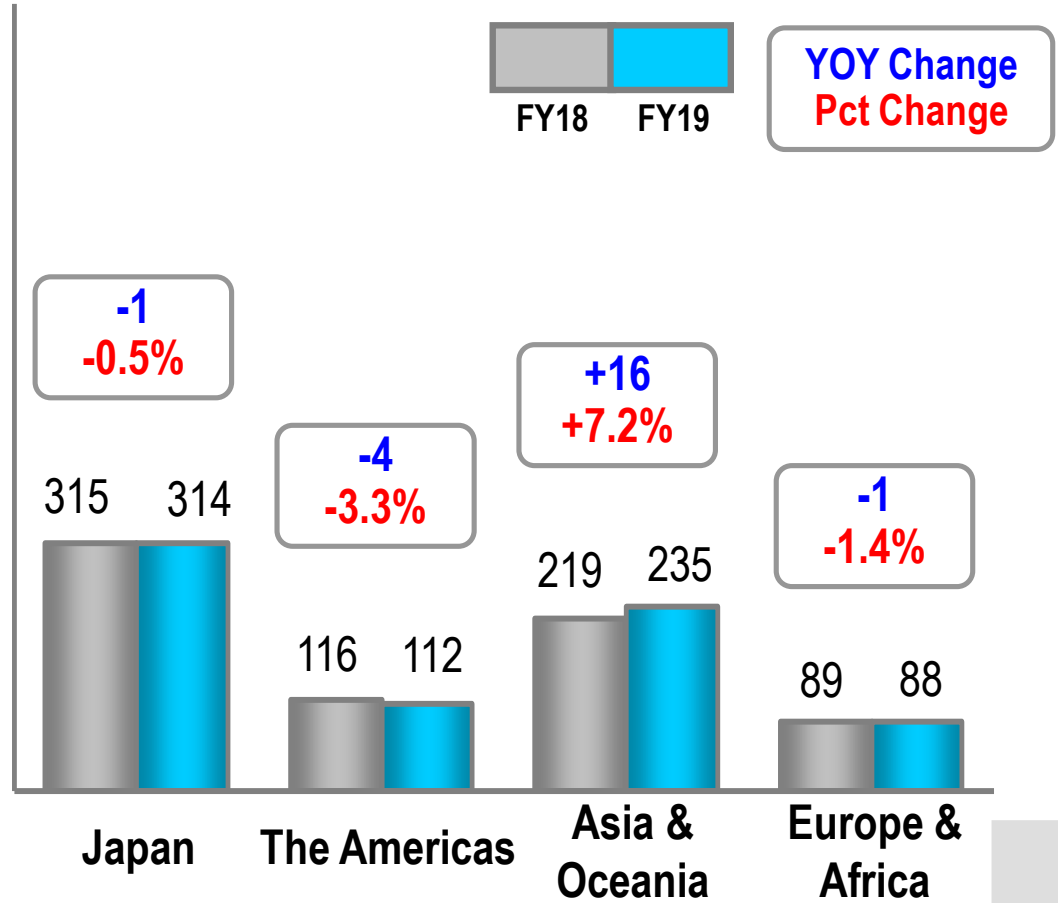
### Total

(10,000 Units)



### By Region

(10,000 Units)

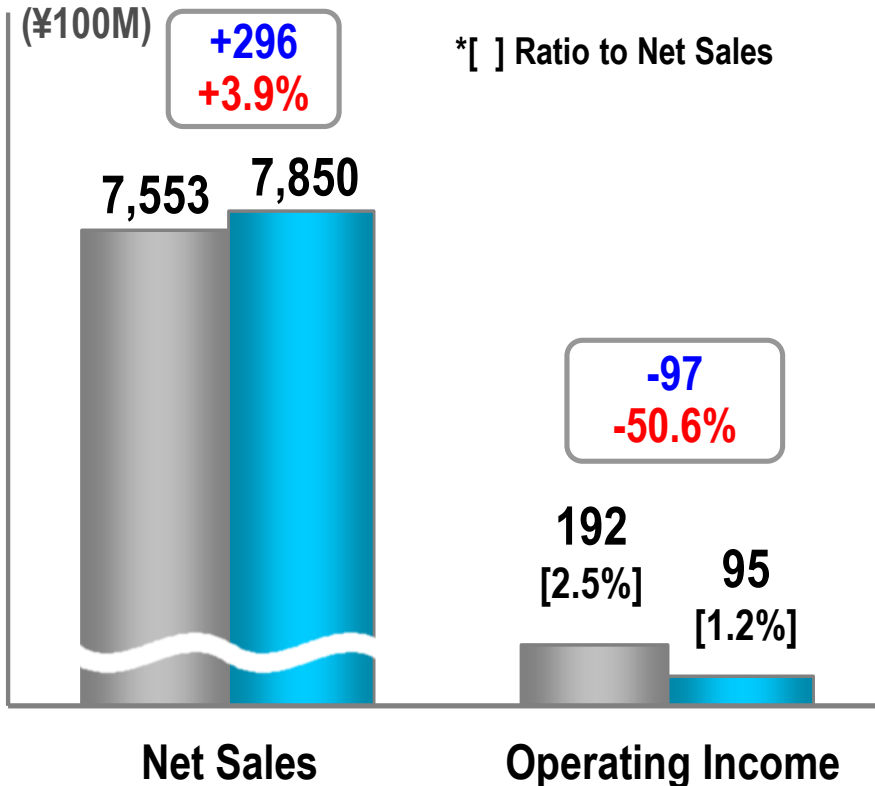


# 3-3) FY2019 Financial Forecast Net Sales & Operating Income by Region

## Japan

**Income Variance** ¥-97(100M)

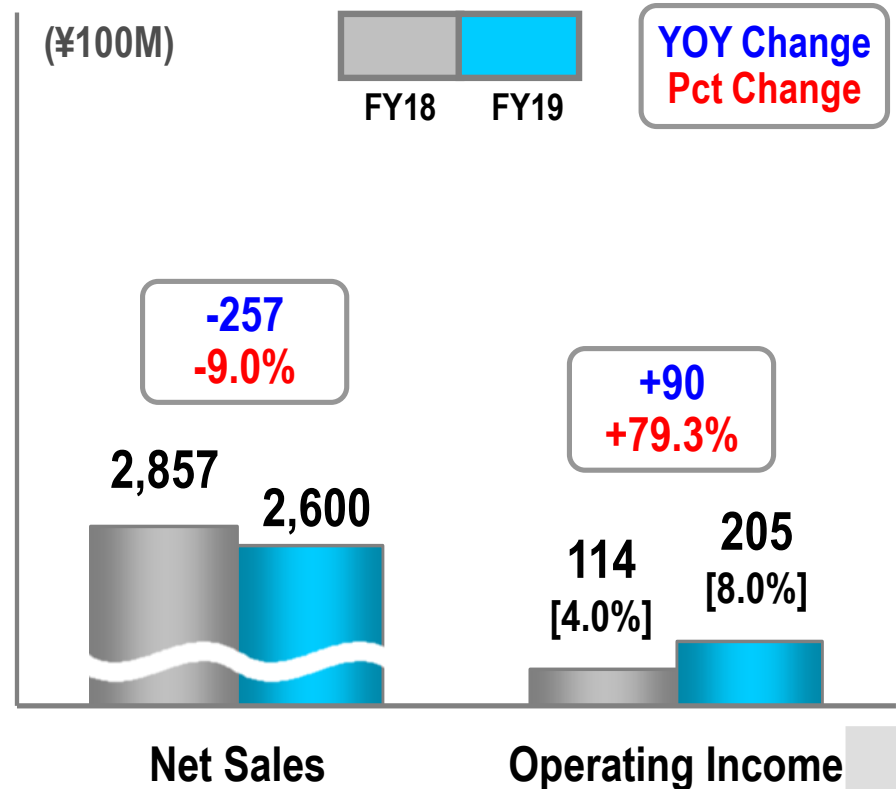
- Higher Sales due to Model Mix Change
- Lower Income due to Higher Labor & Overhead Costs for our future growth and Influence of APA



## The Americas

**Income Variance** ¥+90 (100M)

- Lower Sales due to Volume decrease,
- Forex impact in South America Higher Income due to Influence of APA in spite of Start-up Costs

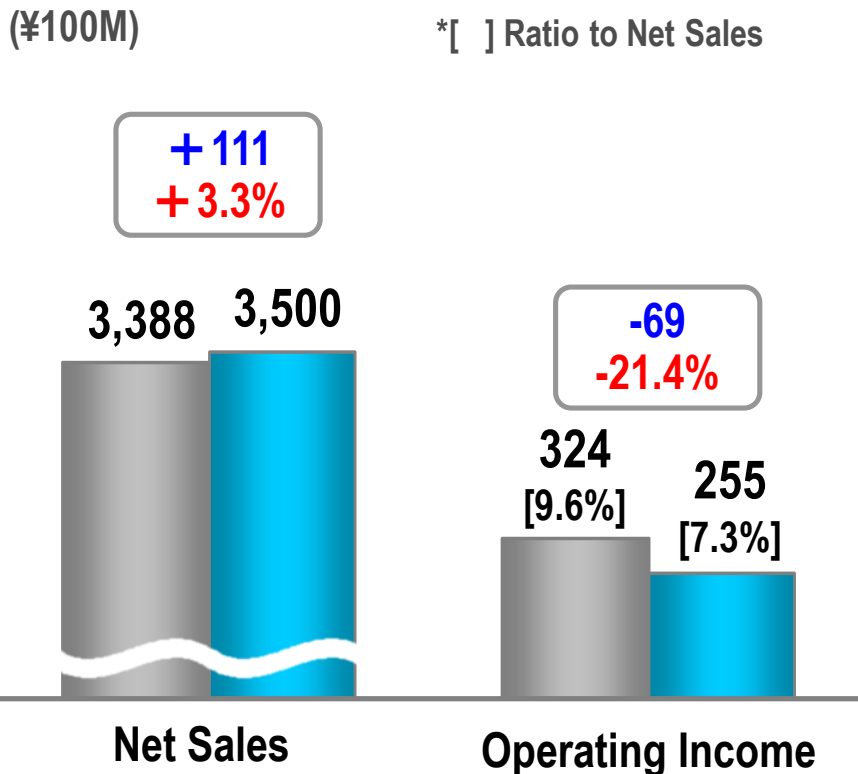


# 3-4) FY2019 Financial Forecast Net Sales & Operating Income by Region

## Asia & Oceania

**Income Variance** ¥-69(100M)

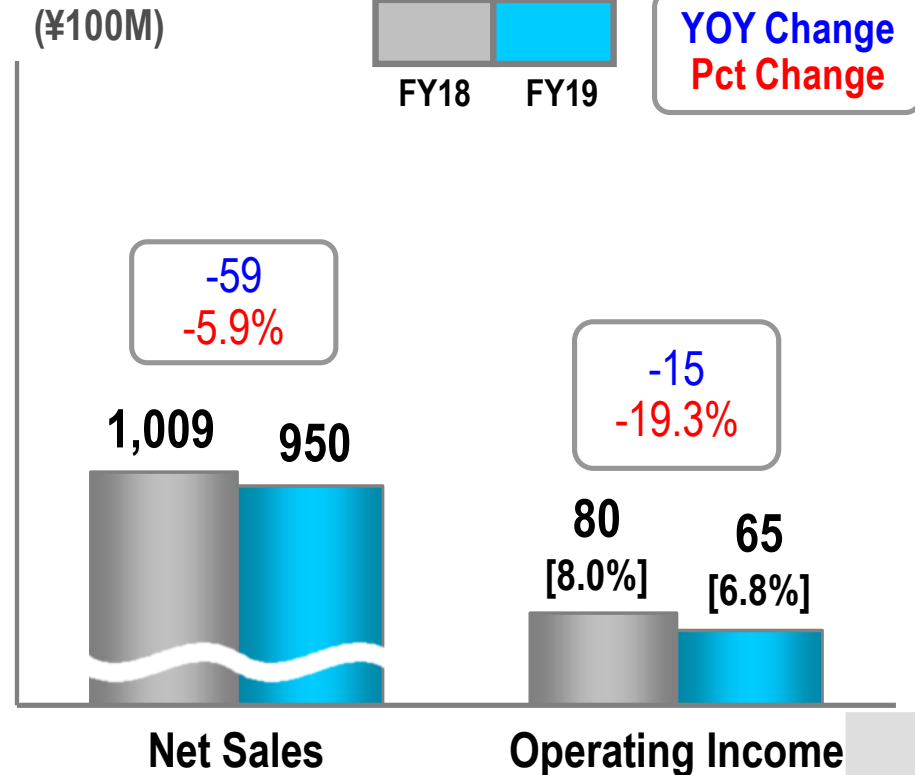
- Higher Sales due to Volume increase in China
- Lower Income due to Influence of APA in spite of Favorable effect by New models



## Europe & Africa

**Income Variance** ¥-15(100M)

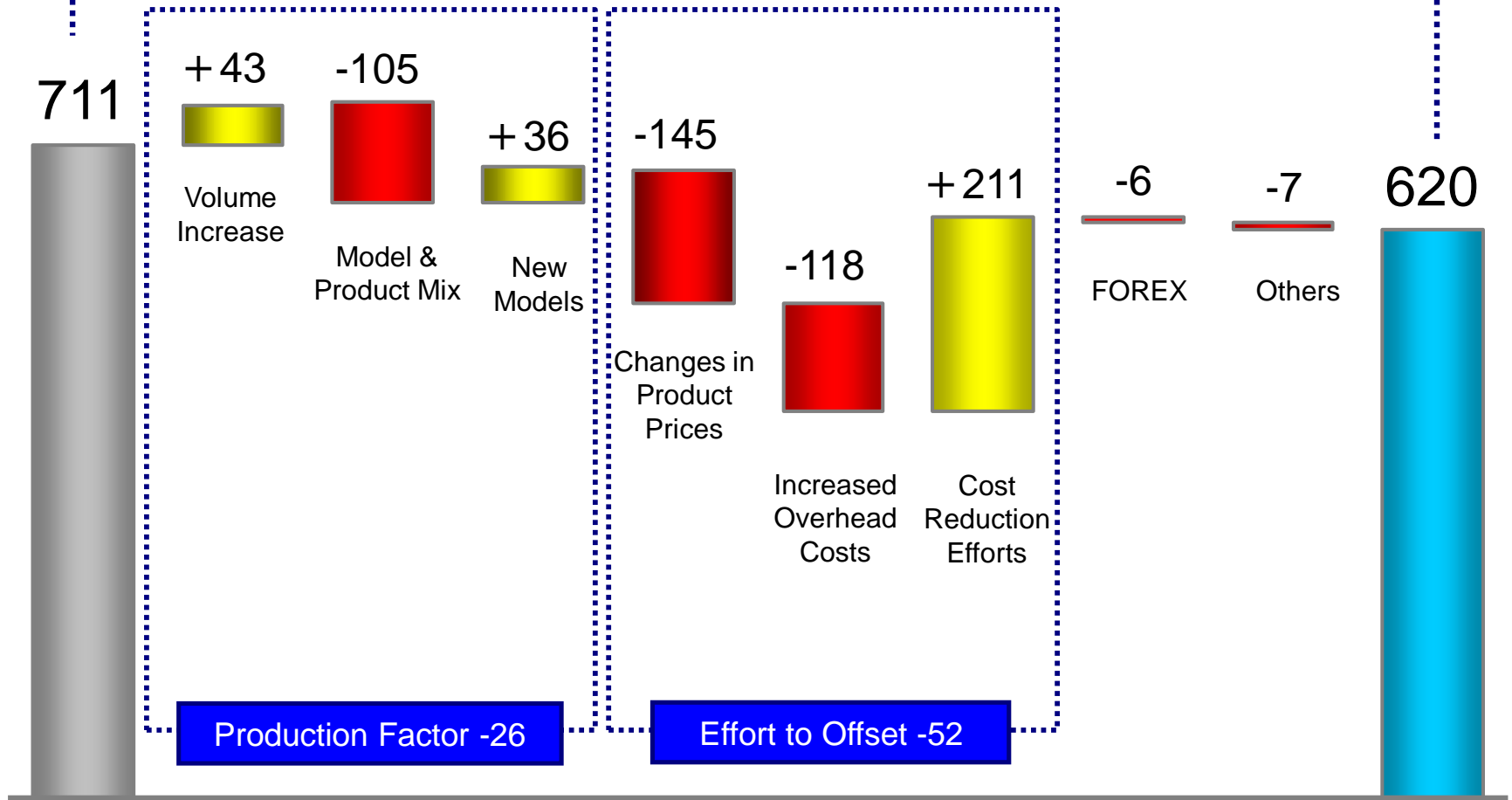
- Lower Sales and Income due to One-time Income decrease of FY2018



# 3-5) FY2019 Financial Forecast Operating Income Variance Analysis

(100 million yen)

**Operating Income -91 (-12.9%)**



FY2018

FY2019



# 3-6) FY2019 Financial Forecast By Half Year

## Net Sales

※[ ]Announced on 7/31

(100 million yen)

	FY2019 Forecast: Apr 2018 – Mar 2019					
	H1: Apr - Sep		H2: Oct - Mar		Full Year	
Japan	[3,800]	3,824	[4,000]	4,025	[7,800]	7,850
The Americas	[1,300]	1,353	[1,250]	1,246	[2,550]	2,600
Asia & Oceania	[1,800]	1,759	[1,700]	1,740	[3,500]	3,500
Europe & Africa	[450]	471	[500]	478	[950]	950
Consolidation	[6,950]	6,862	[7,050]	7,137	[14,000]	14,000

## Operating Income

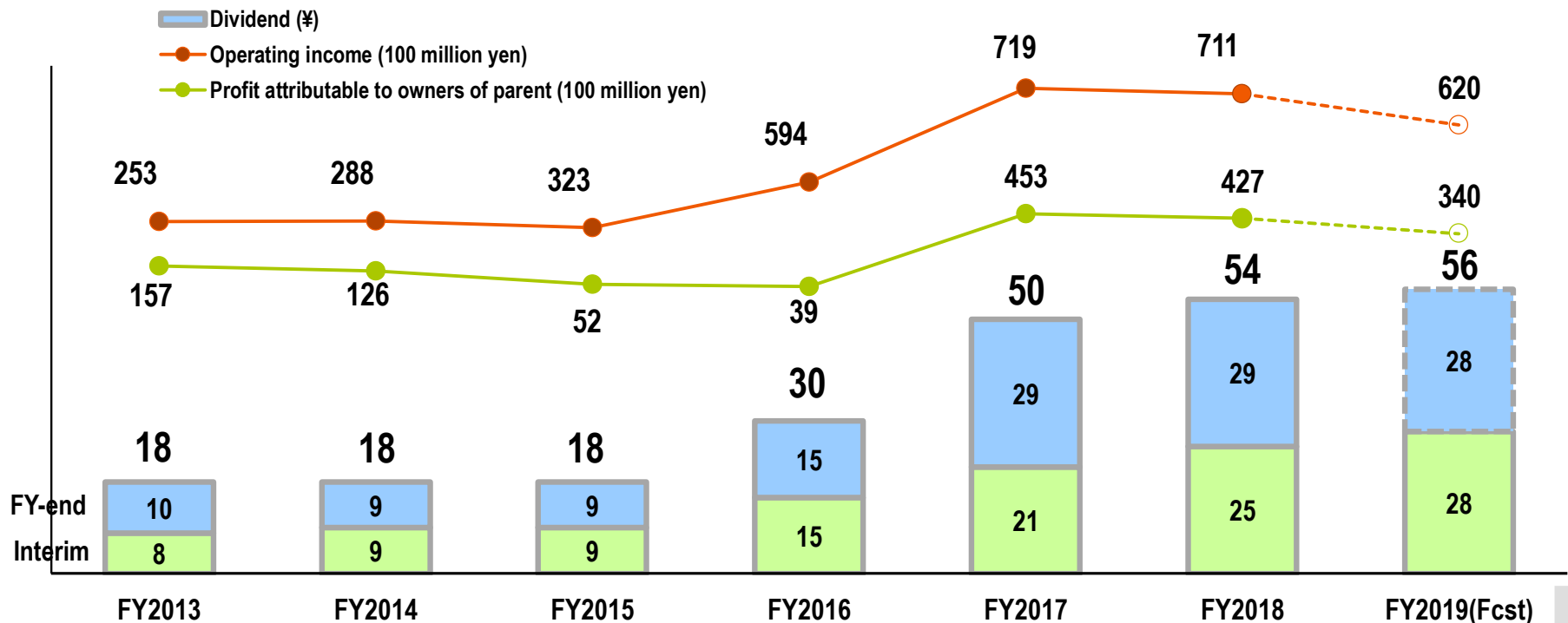
(100 million yen)

	FY2019 Forecast: Apr 2018 – Mar 2019								
	H1: Apr - Sep			H2: Oct - Mar			Full Year		
Japan	[45]	8	0.2%	[85]	86	2.2%	[130]	95	1.2%
The Americas	[40]	165	12.2%	[20]	39	3.2%	[60]	205	7.9%
Asia & Oceania	[180]	72	4.1%	[185]	182	10.5%	[365]	255	7.3%
Europe & Africa	[30]	33	7.0%	[35]	31	6.7%	[65]	65	6.8%
Consolidation	[295]	278	4.1%	[325]	341	4.8%	[620]	620	4.4%

## 3-7) FY2019 Financial Forecast Returning to Shareholders

- In FY2019, our annual per-share dividends payout plan is ¥56, which is ¥2 higher than in FY2018.
- We keep long-term sustainable dividends comprehensively taking our consolidated financial results into account.

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



Financial Performance

**Aim for Sustainable Growth**

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

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**1) Overview**

**2) Progress**

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

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**1) Overview**

2) Progress

## Vision

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### 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

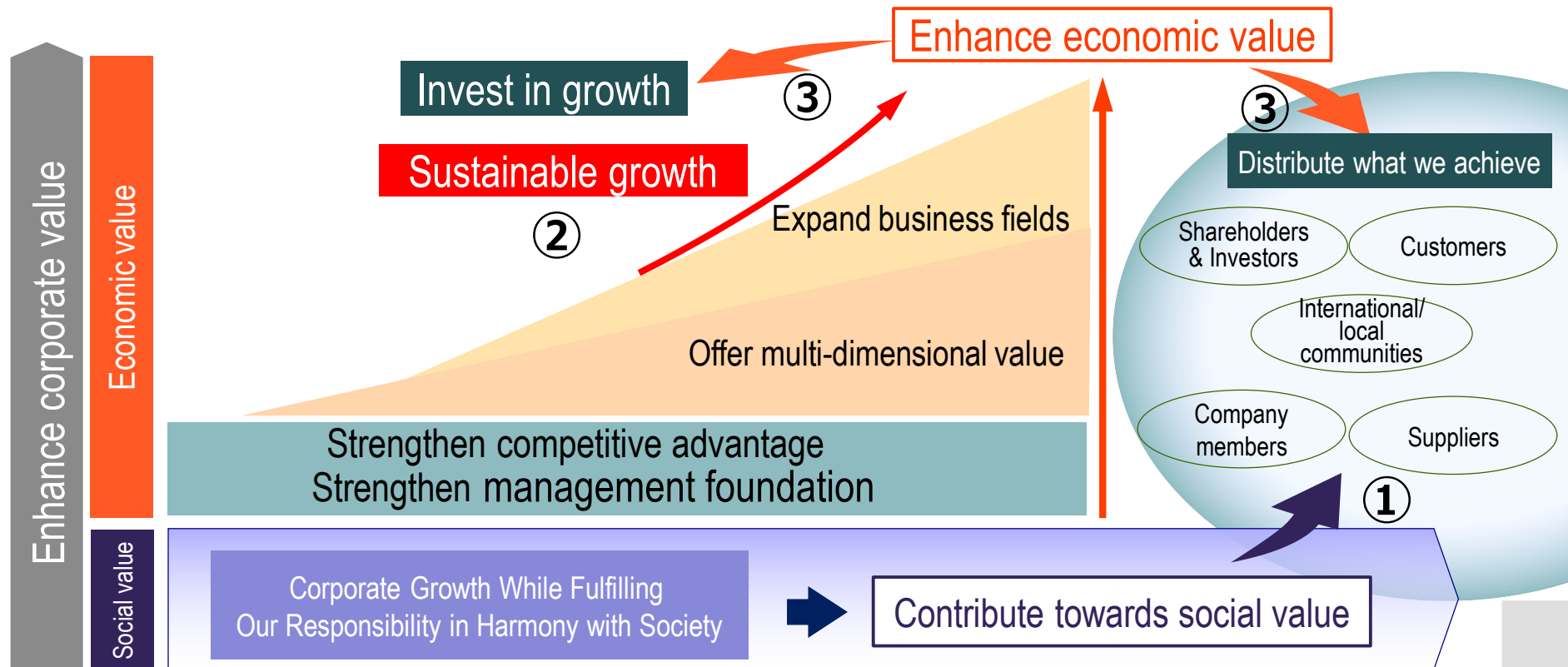
**QUALITY OF TIME AND SPACE**

Offer "quality of time and space" in all mobility

# Overview of 2020 Mid-term Business Implementation Plan

## The management structure we aim to achieve

- (1) We **contribute towards social value** by pursuing the **corporate growth while fulfilling our responsibility in harmony with society**.
- (2) We pursue **sustainable growth** by focusing on **strengthening our competitive advantage** and **strengthening our management foundation**, thereby **enhancing the economic value**.
- (3) 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**.

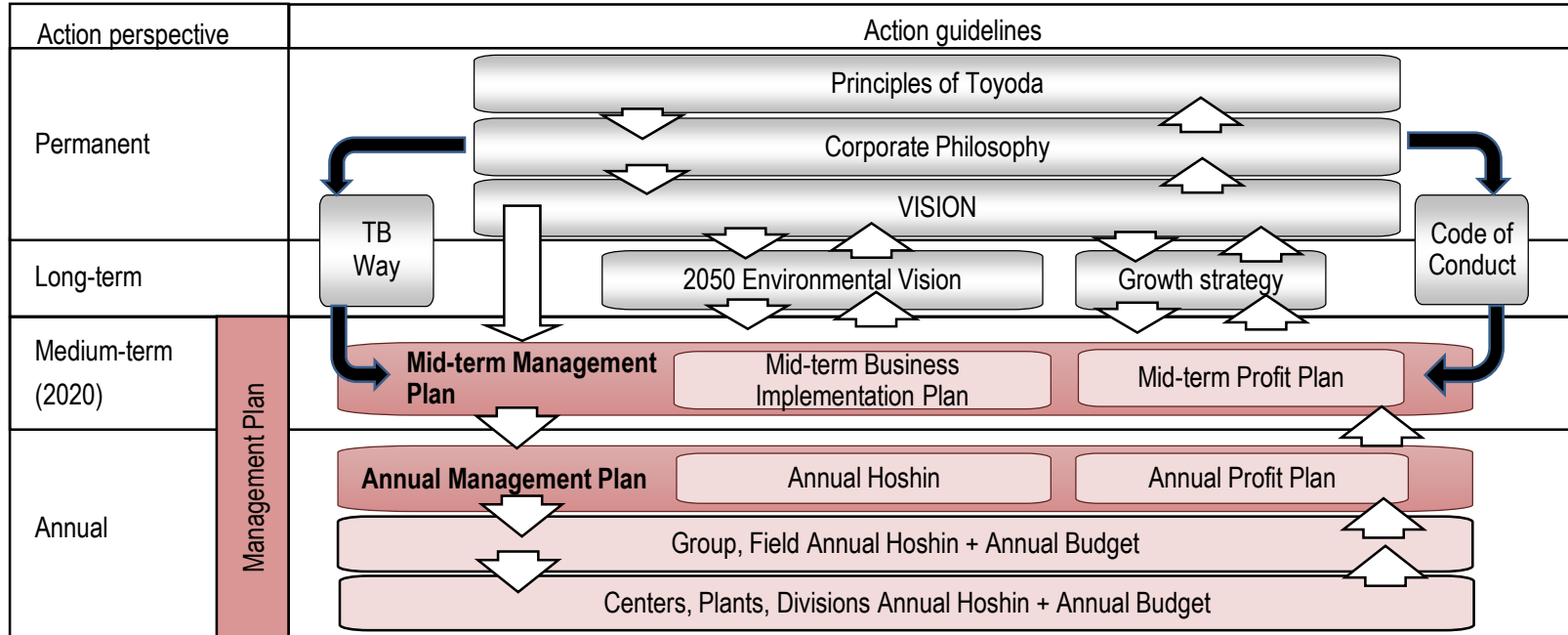


# Overview of 2020 Mid-term Business Implementation Plan

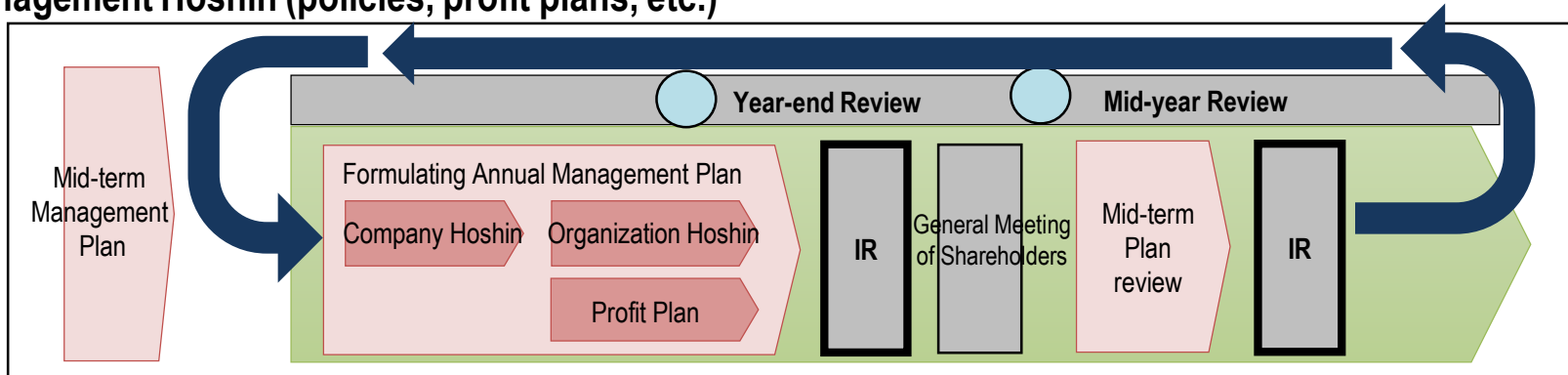
## Management System

### 1) Management System Chart

**Management Plan** is formulated, decided, and operated based on **Principles of Toyota, Corporate Philosophy, and VISION**.



### 2) Management Hoshin (policies, profit plans, etc.)

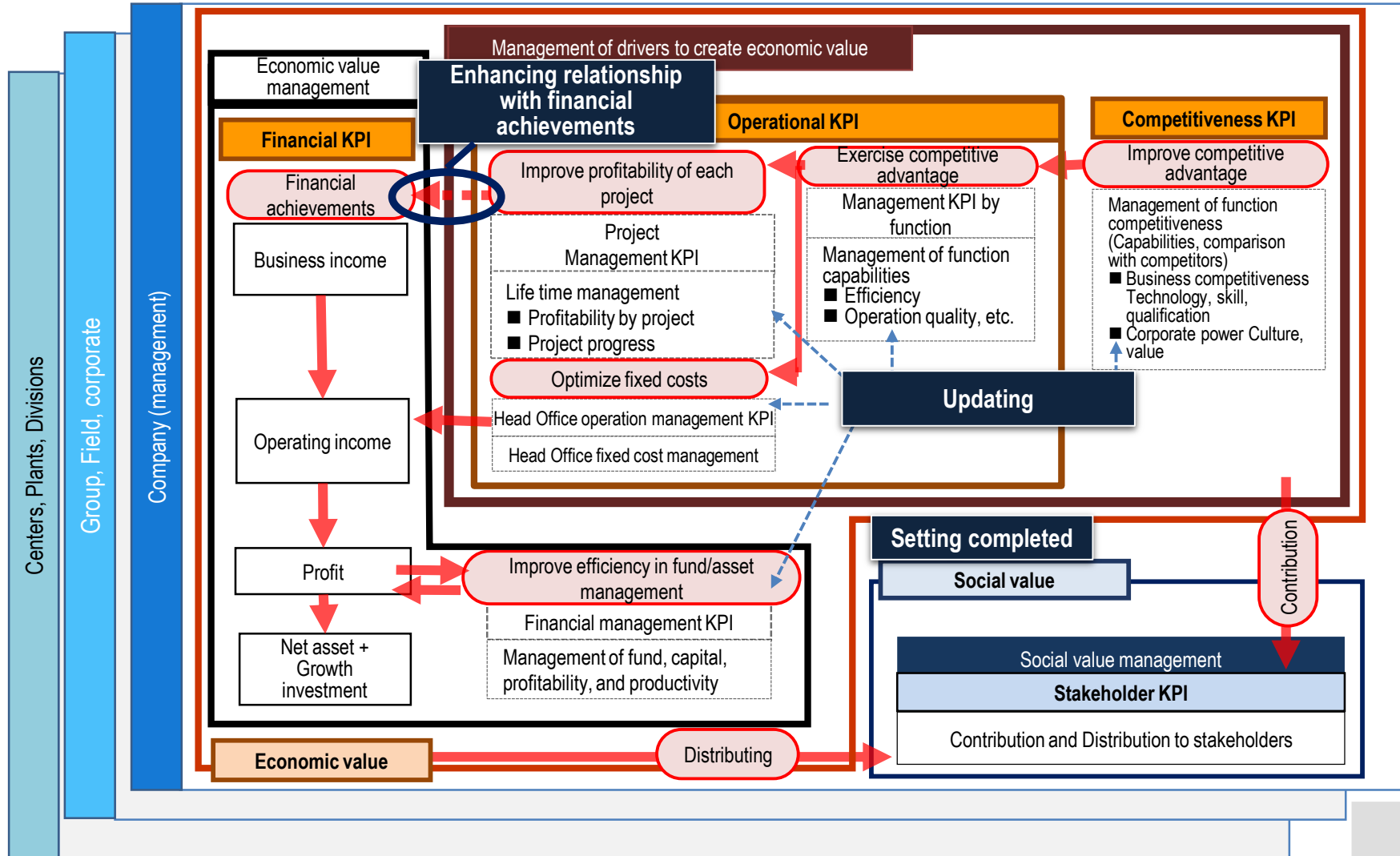




# Overview of 2020 Mid-term Business Implementation Plan

## Building up the Management Structure

Developing a KPI tree of Management Structure of management processes to create economic value



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

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1) Overview

**2) Progress**

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

## **1** Strengthen competitive advantage

- For “Develop new technologies and new products toward 2030,” clarified steps toward realization of the growth strategy, and advanced initiatives in each step according to the road map.
- For “Manufacturing Innovations toward 2030,” advanced the development of next-generation lines according to the plan by promoting the introduction of IoT to worksites and the process innovations.
- For “Further enhance our fundamental capabilities in manufacturing,” improved development efficiency and promoted frontline independence and capabilities according to the plan.

## **2** Strengthen management foundation

- In addition to initiatives for human resources development and information infrastructure improvement, accelerated measures to enhance profit structure, such as strengthening adaptability to growing market.

# Items to be explained today

Desired status		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; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px;">Comfort</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px;">Safety</div> </div> <div style="margin-top: 5px; text-align: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px; display: inline-block;">Environment</div> </div>	
		Manufacturing innovations toward 2030		
		Further enhance our fundamental capabilities in manufacturing	<div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px;">Strengthen development capabilities</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px;">Strengthen production and capabilities</div> </div>	
	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		

Desired status		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		
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		Further enhance our fundamental capabilities in manufacturing	Strengthen development capabilities	
	Strengthen management foundation	Strengthen profit structure	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				

Comfort

Safety

Environment

# Develop new technologies and new products toward 2030

## What we have achieved and what we aim at

2018

2020

2025

2030

Change in market environment

Expansion of CASE



Growth strategy

Comfortable, human-friendly space



<Step 3> System supplier that manages entire interior space

- Five senses control + air quality
- Technology to enable combination of goods and services

Constant watching

Space that makes moving fun



Transformable space free from driving

<Step 2> Enhance advanced development (strengthen collaboration within Group)

- Personal air conditioning and keep-awake system
- Seat-incorporated safety belt

<Step 1>

Expand development fields

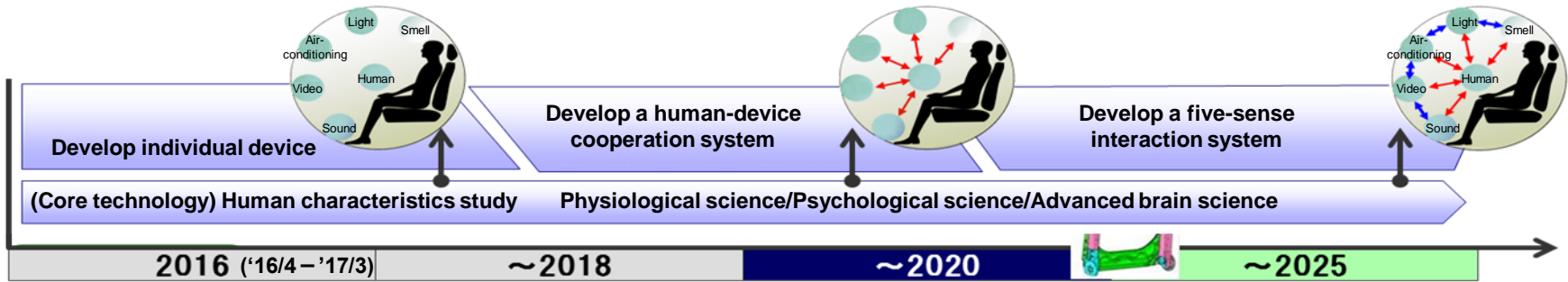
- Supplier covering from material development to assembly

Eliminate existing problems

- Enhance R&D capabilities
- Strengthen production and capabilities
- Develop human resources
- Enhance management information infrastructure

## Five senses + air quality control system development

As technology to realize proposed value, development under way according to the action plan



Desired status		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		
		<b>Manufacturing innovations toward 2030</b>		
		Further enhance our fundamental capabilities in manufacturing	Strengthen development capabilities	
	Strengthen production and capabilities			
	Strengthen management foundation	Strengthen profit structure	Evolve system supplier structure	
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Comfort

Safety

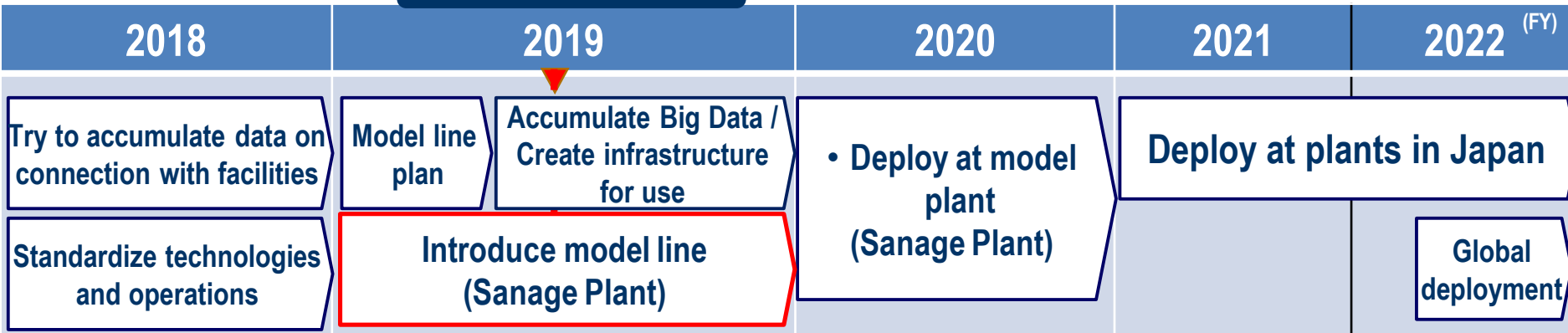
Environment



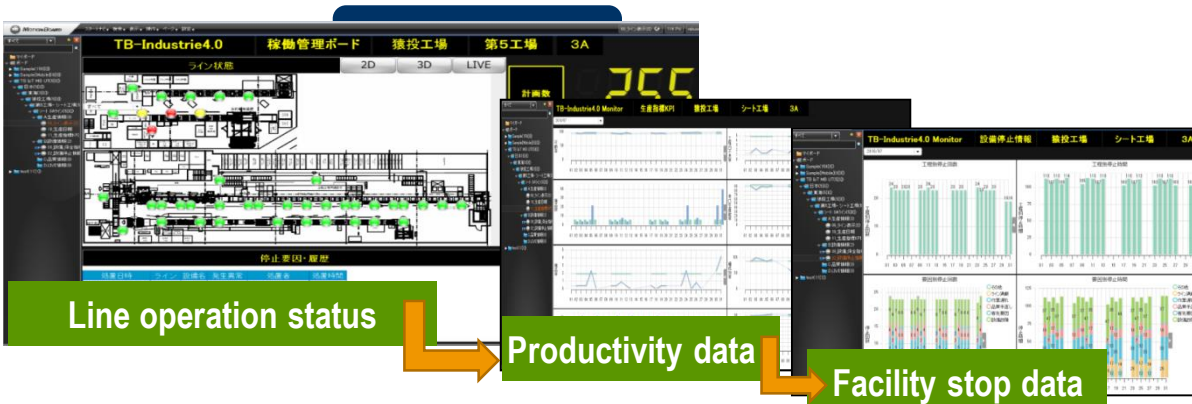
# Manufacturing innovations toward 2030

Taking future predictions into account, planning to steadily realize connected plants (IoT).

Progressing as planned



## Initiative Visualize the production line status in real time



Line operation status

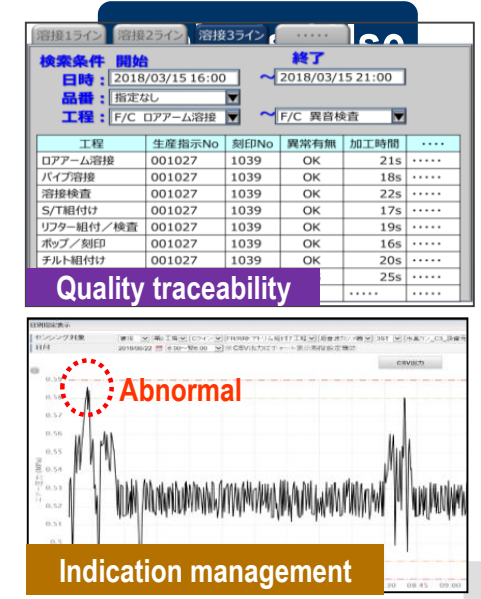
Productivity data

Facility stop data

Start introduction at model lines for seat assembly and door assembly

### Effects of introduction

Facility troubles and quality defects were prevented by the indication management, etc.



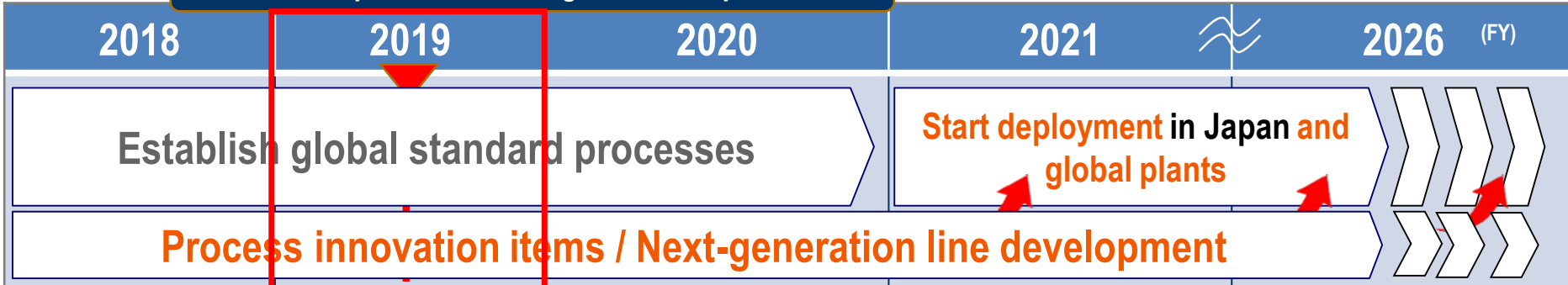
Quality traceability

Indication management

# Manufacturing innovations toward 2030

Promotion to build of next-generation lines to secure competitive advantage in manufacturing for the future

175 development themes registered and promoted



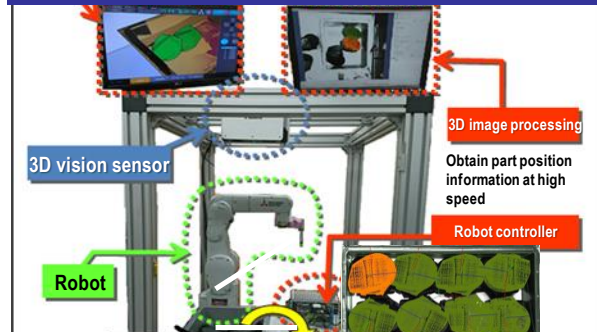
- [Objectives]
- Evolve standard lines by process innovation and promote broad deployment
  - Reduce costs by developing automation technologies

## Initiative Examples of process innovation

### AI automated appearance inspection



### Automatic parts picking



### Items to reduce production facility CO<sub>2</sub> emissions



From 2019, start introduction in phases

### Effects of introduction

(Ex.) Reduction of man-power in seat assembly: -50% (2023)

# Manufacturing innovations toward 2030

## ■ Setting up a MONOZUKURI Innovation Center

Completion scheduled:  
November 2019

Accelerate process innovation for the future

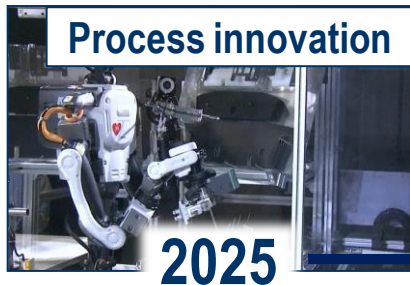
Develop innovative items and evolve standard lines, promote global deployment

Establish development structure across functions and businesses

Evolve manufacturing by gathering forces of development, production engineering, quality and manufacturing

Enhance information center functions

Strengthen global governance by centralized information management



Connected to customers

Process innovation



2030

Harmonized with local communities

Connected to plants

Social contribution

Connected plants


Production monitoring



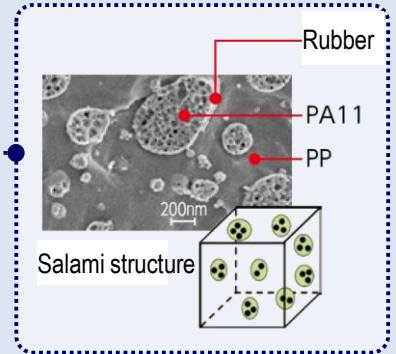
Desired status		Key measures	
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	Environment		
Sustainable growth	Strengthen competitive advantage	Develop new technologies and new products toward 2030	<div style="display: flex; gap: 10px;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #4a90e2; color: white;">Comfort</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #90ee90; color: white;">Safety</div> </div>
		Manufacturing innovations toward 2030	<div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #90ee90; color: white; display: inline-block;">Environment</div>
		<b>Further enhance our fundamental capabilities in manufacturing</b>	<div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #004a7c; color: white; display: inline-block;">Strengthen development capabilities</div>
		<div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #008000; color: white; display: inline-block;">Strengthen production and capabilities</div>	
	Strengthen management foundation	Strengthen profit structure	<ul style="list-style-type: none"> <li>Evolve system supplier structure</li> <li>Complete business integration for seat frame</li> <li>Establish business foundation for Global New Customer Business</li> <li>Rebuild business structure in Japan</li> </ul>
	Build a resilient business structure		
	Create a global management foundation		

# Further enhance our fundamental capabilities in manufacturing

Launch various types of high-quality seats and interior items, making full use of the capabilities accumulated through improvement of development efficiency

2019	2020	2021	2022	From 2022 (FY)
 <p>★ Development efficiency Up 15% (achieved) (Compared to FY 2016)</p>	<p>★ Improve quality and efficiency (Compared to FY 2016)</p>		<p>★ Target Up 30%</p>	<p>Improve speed Development lead time <b>Half</b></p>

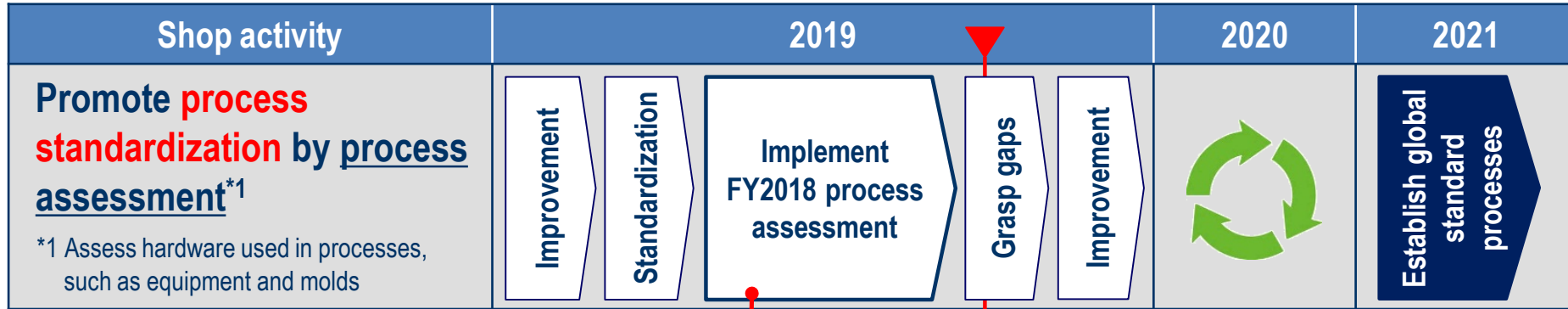
- **New Century** (The world most comfortable and fatigue-free rear seat)
  - **New Crown** {
    - (Front & rear seats offering fatigue-free ride for a long time with few posture changes)
    - (Lightweight foam door trim with unique high impact-resistant plastic)
  - **Corolla Sport** (TNGA front seat ensuring a high degree of hold and stable driving posture)
- For vehicle electrification and small-production models, build development structure



## Realize fast product development without relying on prototype testing

- Toyota Boshoku's MBD ( Model Based Development )
- Develop engineers and support full acquisition of development techniques

## Steadily build a standardized line to improve quality and productivity



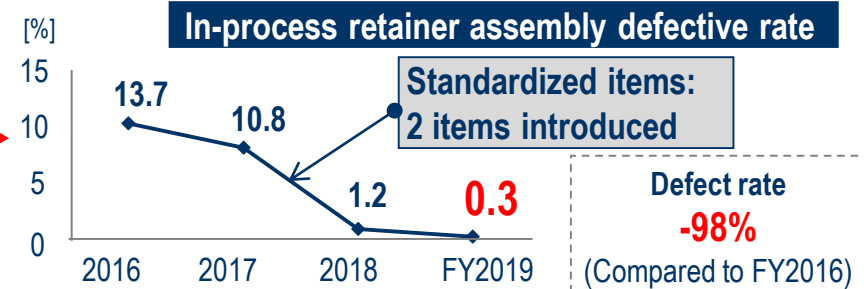
### Progress (match rate)

	Seat				Interior				FPT	
	Pressing	Welding	Assembly	Cover Urethane	Injection	Adhesion	Assembly	Thermoplastic	FPT	FPT
Japan	98%	92%	90%	79%	99%	82%	73%	74%	90%	95%
The Americas	97%	96%	90%	94%	97%	72%	70%	65%	94%	93%
China	96%	97%	82%	86%	89%	78%	87%	82%	94%	56%
ASEAN	97%	91%	63%	77%	92%	91%	75%	62%	82%	81%
Europe	84%	94%	65%	77%	90%	90%	73%	64%	50%	64%

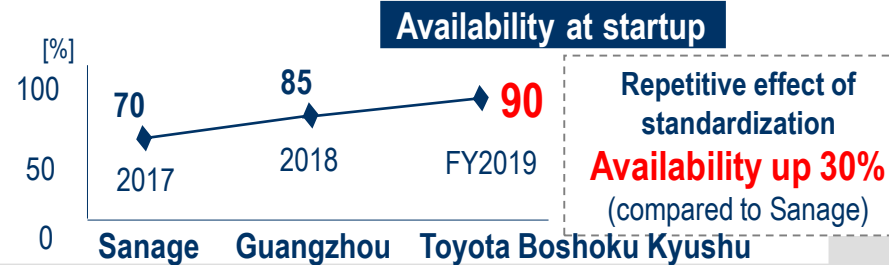
Standardization rate: 77% ⇒ 83% (FY2018 ⇒ 2019)

### Effects (ex. in-process defect rate)

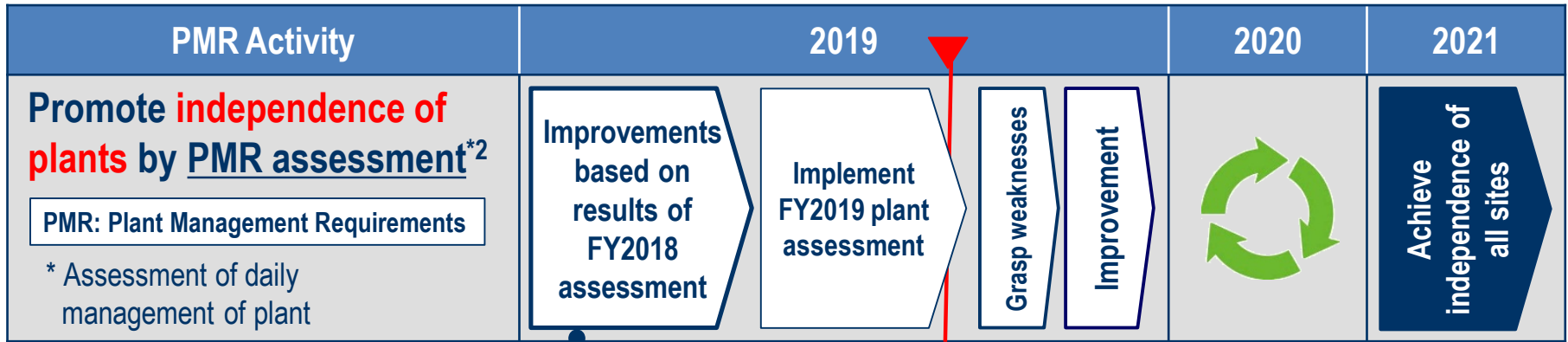
#### Case 1) Model line for door assembly (Sanage Plant)



#### Case 2) Seat track assembly



## Promote independence of plants by strengthening frontline capabilities



Promote **independence of plants** by **PMR assessment**\*2

PMR: Plant Management Requirements

\* Assessment of daily management of plant

### Independence assessment criteria

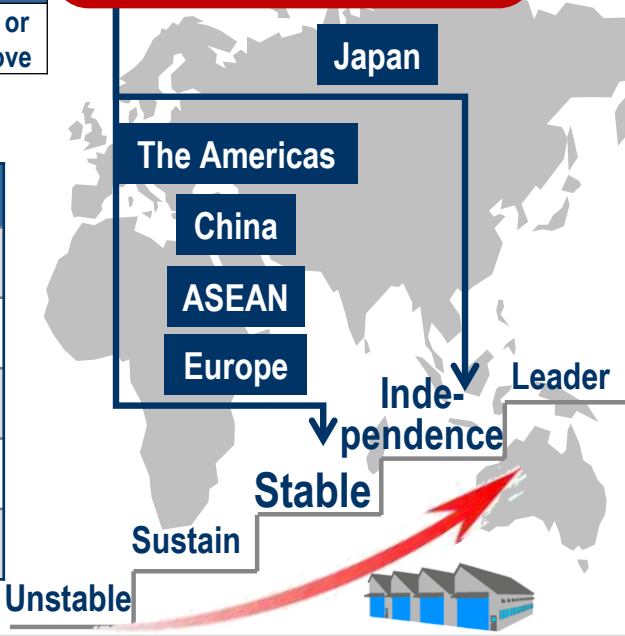
Unstable	Sustain	Stable	Independence	Leader
0.8 or below	0.8 or above	1.6 or above	2.4 or above	3.2 or above

### Progress in independence assessment by region

	FY2017	FY2018
Japan	2.3 ⇒	<b>2.9</b>
The Americas	1.3 ⇒	<b>1.6</b>
ASEAN	1.8 ⇒	<b>2.0</b>
China	—	<b>2.2</b>
Europe	—	<b>2.2</b>

\* Average by region

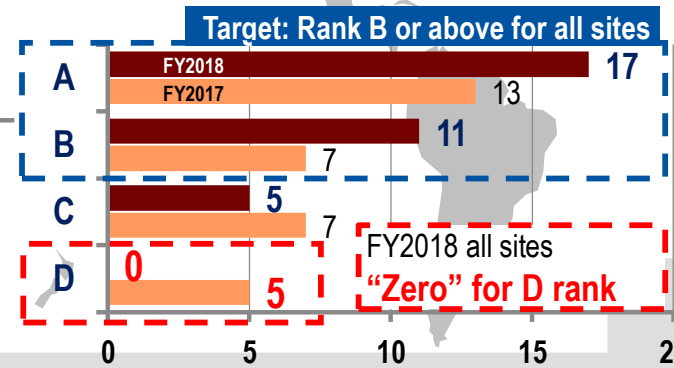
### FY2018 achievement level



### Global quality evaluation by customers

Overall ranking	Definition
A	Goals achieved, model supplier
B	Goals achieved
C	Goals not achieved
D	Goals far from achievement

### No. sites for each rank



Desired status		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="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #4a90e2; color: white;">Comfort</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #90ee90; color: white;">Safety</div> </div>	
		Manufacturing innovations toward 2030	<div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #90ee90; color: white; display: inline-block;">Environment</div>	
		Further enhance our fundamental capabilities in manufacturing	Strengthen development capabilities	
			Strengthen production and capabilities	
	Strengthen management foundation	Strengthen profit structure	Evolve system supplier structure	<div style="border: 2px solid red; padding: 5px;"> <p><b>Complete business integration for seat frame</b></p> <p>Establish business foundation for Global New Customer Business</p> </div>
			Rebuild business structure in Japan	
			Build a resilient business structure	
			Create a global management foundation	



# Strengthen profit structure (Complete business integration for seat frame)

## Integrate frame businesses (businesses assigned from Aisin Seiki and Shiroki Corporation in 2015)

### Aims

- (1) Develop an integrated system for development and production of frame mechanism components
- (2) Improve development capabilities and speed as a specialized manufacturer  
⇒ Aim to become the world's top seat manufacturer by strengthening competitiveness

### Development: Achieve (1) and (2)

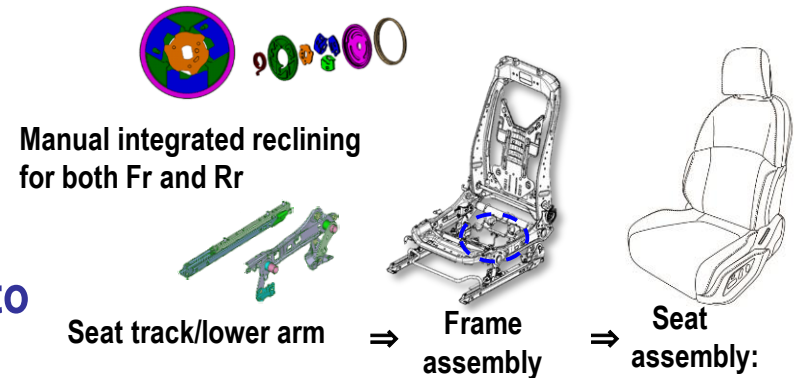
- Develop highly competitive new products by gathering know-how of three companies  
⇒ Plan market launch

### Production: Achieve (1)

- Integrated production from parts assembly to seat assembly
- Realize a competitive assembly line with minimum investment

### Procurement: Achieve (1)

- Reduce procurement costs by streamlining the commercial flow of mechanism components (6 items/total 163 parts)



Motor-with gear  
Power reclining

Conventional  
assembly process

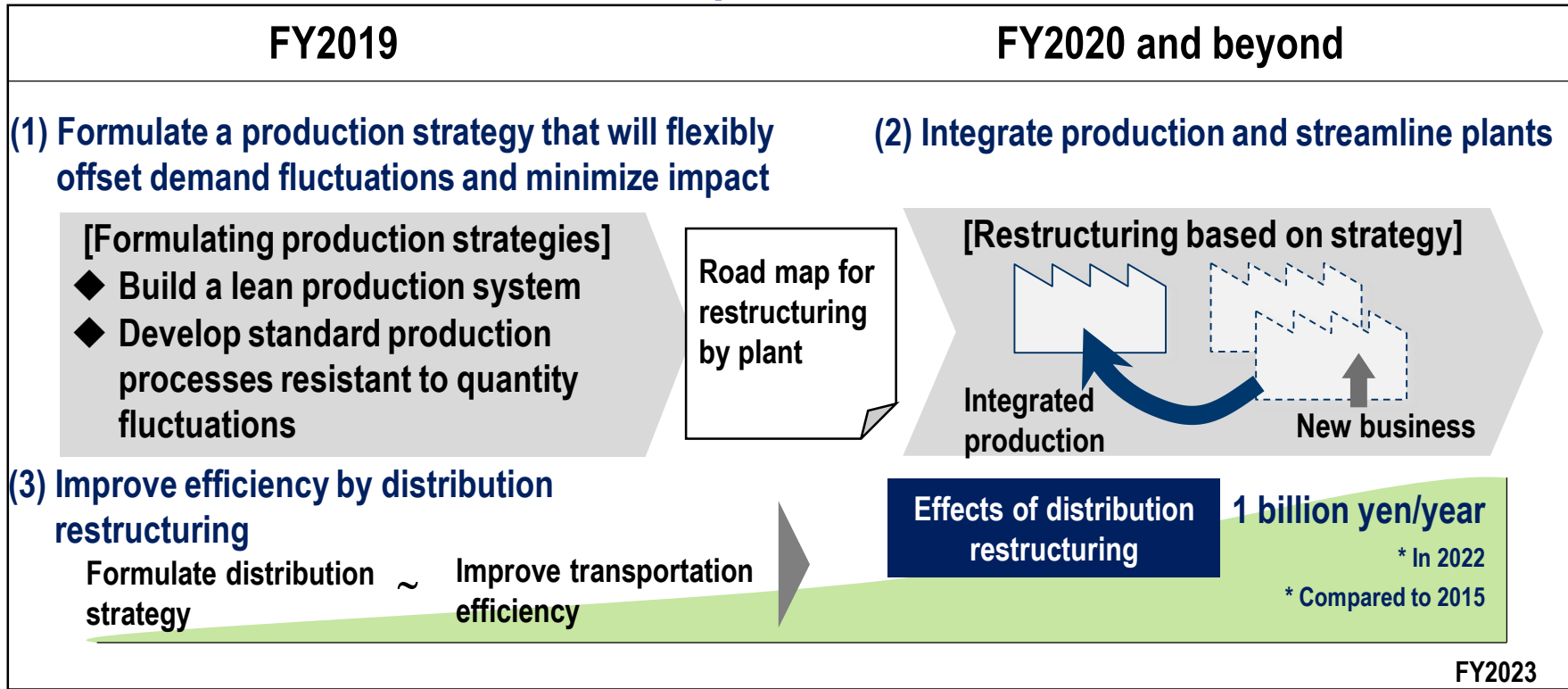
- Compact
- Space-reducing
- Automated

New assembly process

Desired status		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 innovations toward 2030		Environment		
		Further enhance our fundamental capabilities in manufacturing	Strengthen development 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						

# Strengthen profit structure (Rebuild business structure in Japan)

## 1) Rebuild business structure in Japan



## 2) Globally deploy production strategies

	2019	2020	2021	2022 (FY)
[Next-generation production lines]		Model plant deployment	Deployment in Japan	Global deployment
[Production restructuring]	Formulate strategies	Integrate production and streamline plants		

Desired status		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 innovations toward 2030		Environment		
		Further enhance our fundamental capabilities in manufacturing	Strengthen development capabilities			
			Strengthen production and capabilities			
	Strengthen management foundation	<b>Strengthen profit structure</b>		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				

# Strengthen profit structure

## Active commitment to growing markets

- Expedite response to customer needs (Sales, R&D)
- Enhance plant production capacity in view of future

### China

**Set up branch offices at Tianjin and Guangzhou (opened July 2018)**

R&D

Production  
engineering

Quality  
assurance

**Set up new plant for Tianjin Toyota Boshoku (October 2018)**

Serving as sales promotion center for unit parts  
business in north

Production capacity Up 30%

Cost competitiveness UP by internal production of plastic parts and reduction of  
transport/distribution losses

### India

**Formulate sales expansion strategy**

Setting up of an office for R&D and sales planned

Promote seats, devices, interior and unit parts

**Enhance sales and promotion activities to obtain new customers and businesses**

Transfer and expand Osaka Office

Setting up of new sales sites planned

Desired status		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="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #4a90e2; color: white;">Comfort</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #90ee90; color: white;">Safety</div> </div>
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		Further enhance our fundamental capabilities in manufacturing	Strengthen development 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			
<b>Create a global management foundation</b>			

## Strengthen global headquarters functions

Completion scheduled: May 2020

Advance management control

Integrate corporate functions

Enhance regional, product business and external ties

Renew office spaces, set up collaboration areas

Develop management information infrastructure

Strengthen global governance by centralized information management

Harmonization with local communities

Improved employee satisfaction

- History exposition pavilion to communicate tradition of Toyota Boshoku
- Active dialogue with stakeholders
- Open office that inspires creativity and helps personnel development
- Regional contribution (disaster center)
- Environment-friendliness



Collaboration areas

## Presenting technologies useful to society

Diversity and open discussion

Discussion with external specialists on new values: **Setting up Technical Advisory Board**



Board members

Shoji Takeuchi, Professor (Institute of Industrial Science, The University of Tokyo)

Kenichiro Itami, Professor

(Institute of Transformative Bio-Molecules, Nagoya University)

Kiyokazu Agata, Professor (Faculty of Science, Gakushuin University)

Yoshio Otani, Professor (Kanazawa University \*comprehensive collaboration), etc.

**Free and open discussions across fields**



**Industry-academia collaboration to deepen knowledge/technology**

**First in the world**

\* Force that generates tides, interaction between moon, earth and sun



Normal cultivation

Cultivation technology in synchrony with the tide-generating force

**Tide-generating force\* for plants  
(Applied technology press-released)**



## Value Creation Process to Realize Our Vision

**Vision**

Resources supporting value creation \*1

Business activities

Result \*1

**Sound financial foundation**

- Consolidated net assets 308.6 billion yen
- Equity ratio 35.3%
- JCR rating AA stable

**Diverse members worldwide**

**Collaboration with business partners**

**Manufacturing foundation**

- Capital expenditures 52.0 billion yen

**R&D foundation**

- R&D expenses 47.3 billion yen

**Global business collaboration**

Deploying business based on an awareness of B to B to C



### Identity of Toyota Boshoku



**Improved capital efficiency**

- ROE 17.3%
- Consolidated net sales 1,399.5 billion yen
- Operating margin 5.1%

**Stakeholder Return**

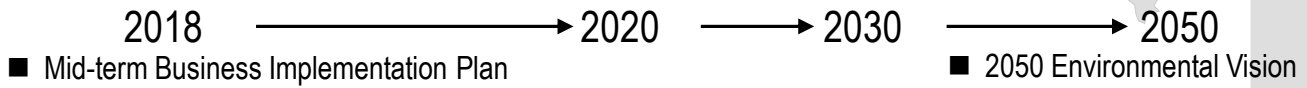
- Dividend payout ratio 23.5%
- Corporate taxes 22.3 billion yen

**Member motivation, growth**

**Provision of value to customers**

**Development of new technologies**

**Principles of Toyoda**  
**Corporate philosophy**  
**Code of Conduct**  
**TB Way**



\*1 Actual figures as of end of FY2018



## 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.