



TSE 1st Section Securities Code 3116

FY2020 1st Half Financial Results

Ended Sep 30, 2019

Date: November 15, 2019

Place: Station Conference Tokyo

Financial Results

Actions toward Enhancement of Corporate Value on a Mid- to Long-term Basis

Financial Results

- 1. 2nd Quarter FY2020 Financial Results**
- 2. FY2020 Financial Forecasts**
- 3. Appendix**

Financial Results

1. 2nd Quarter FY2020 Financial Results

2. FY2020 Financial Forecasts

3. Appendix

1-1) 2Q FY2020 Financial Results Overview of Consolidated financial Results

	(IFRS)		(IFRS)		(100 million yen)	
	2Q FY2019		2Q FY2020		YOY Change	
Revenue	6,897	100.0%	7,147	100.0%	250	3.6%
Operating Profit	286	4.1%	265	3.7%	-21	-7.4%
Profit before income taxes	304	4.4%	271	3.8%	-33	-11.0%
Profit*	135	2.0%	126	1.8%	-9	-6.7%

* Profit Attributable to Owners of Parent

Earnings per share		72.93 yen	67.85 yen	-5.08 yen
Exchange Rate	USD	110 yen	109 yen	-1 yen (strong yen)
	EUR	130 yen	121 yen	-9 yen (strong yen)

Revenue

- Sales increased due to volume increase mainly in Japan and the Americas.

Operating Profit

- Despite volume increase, profit decreased due to model mix change and increased overhead costs for the future, as well as the impact of the fund leakage incident(*) in Europe.

* Estimated losses associated with a fund leakage incident that involved our European subsidiary

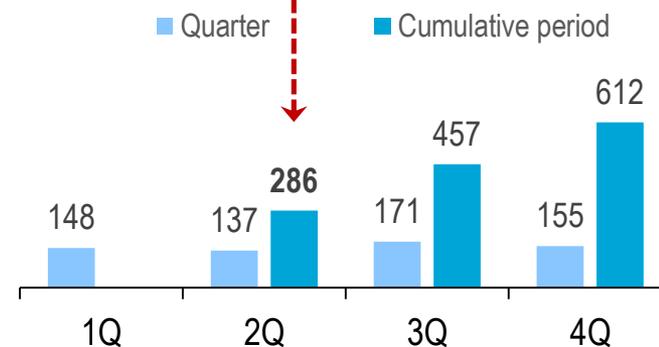
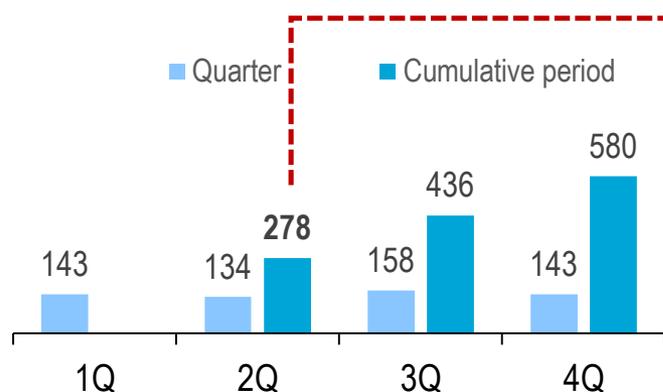
1-2) 2Q FY2020 Financial Results FY2019 Operating Profit (JGAAP×IFRS)

- With optional application of IFRS started in the end of FY2019, figures for FY2019 have been replaced with IFRS-based figures.
- Major impacts of the change of the standard in the 2Q by region are as follows:

(100 million yen)

FY2019 (JGAAP) 580

FY2019 (IFRS) 612



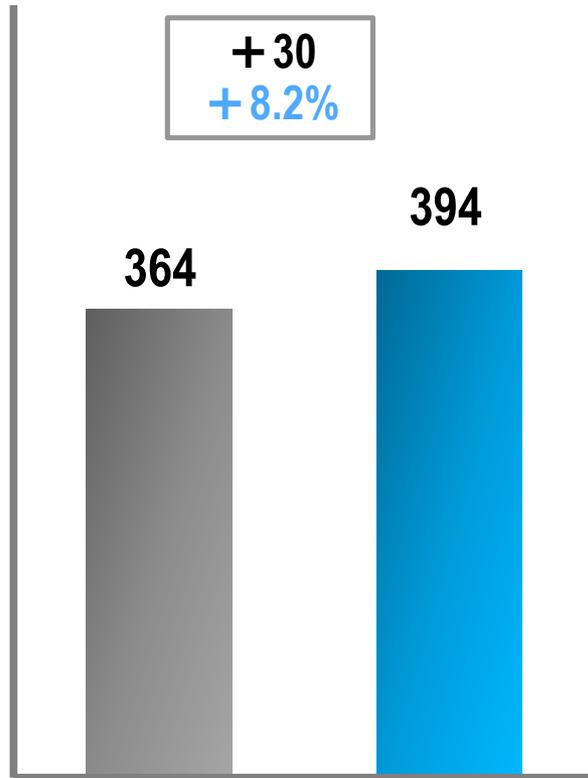
(100 million yen)

Region	JGAAP	IFRS	Change	Remarks
Japan	8	11	2	Goodwill non-depreciation, proforma standard, retirement benefits, etc.
The Americas	165	164	-0	Accounting items reclassification of non-operating profit or loss
Asia & Oceania	72	79	7	One-off recording of dies, change in depreciation method, etc.
Europe & Africa	33	30	-2	Change in durable years
Total	278	286	8	

1-3) 2nd Quarter FY2020 Financial Results Unit Production by Region

Total

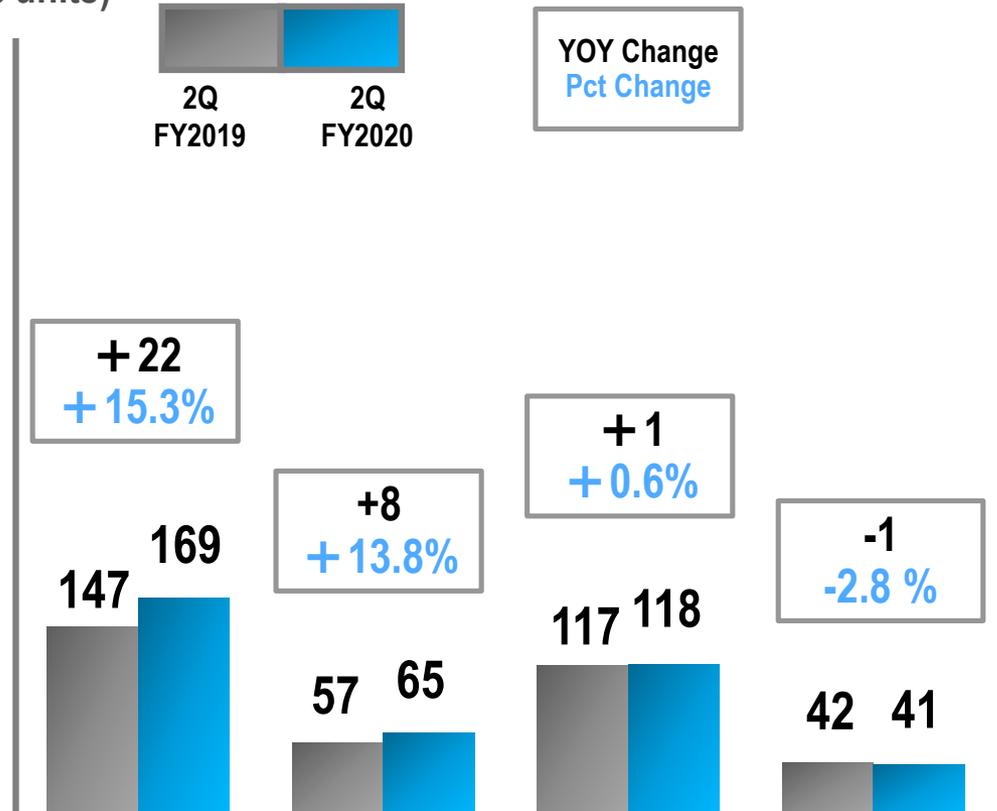
(10,000 units)



2Q FY2019 2Q FY2020

By Region

(10,000 units)



Japan

The Americas

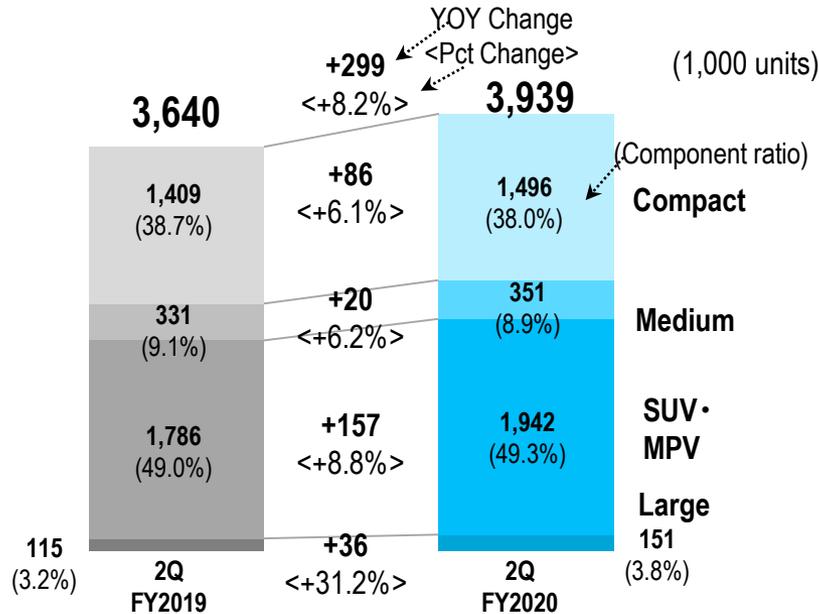
Asia & Oceania

Europe & Africa

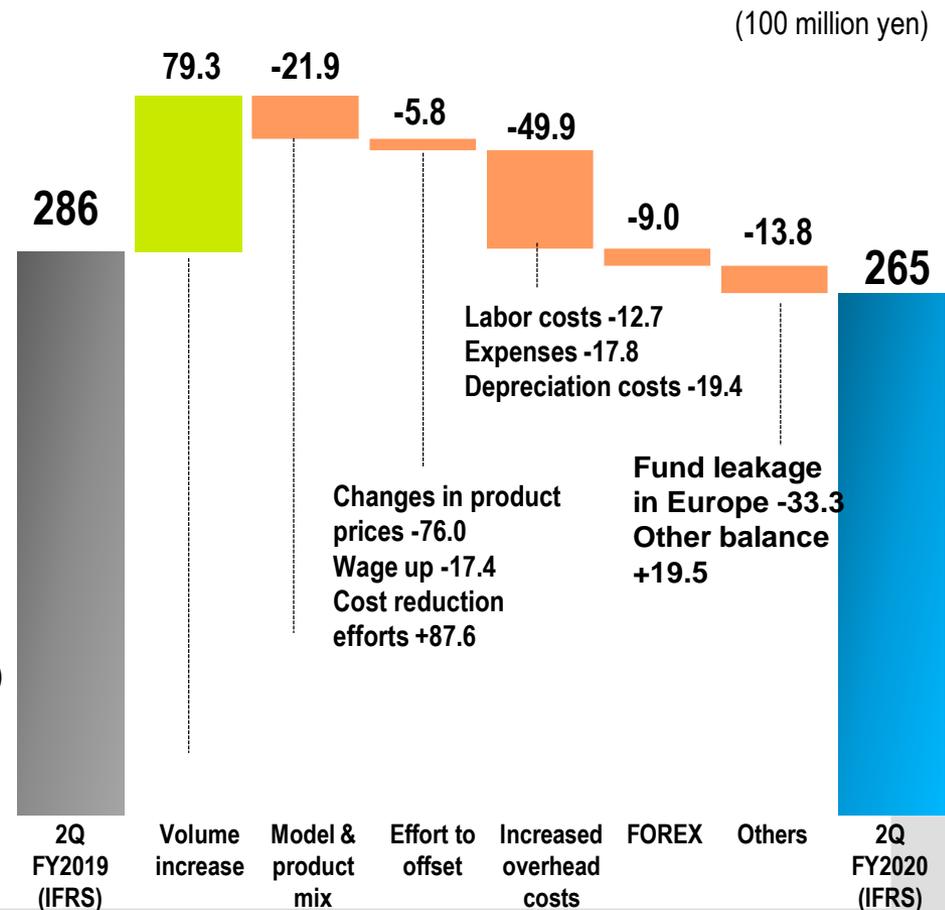
1-4) 2nd Quarter FY2020 Financial Results Consolidated Revenue & Operating Profit

Despite volume increase, profit decreased due to model mix change and increased overhead costs for the future, as well as the impact of the fund leakage incident in Europe.

Volume & Model mix



Operating Profit Variance Analysis



Profit & Loss

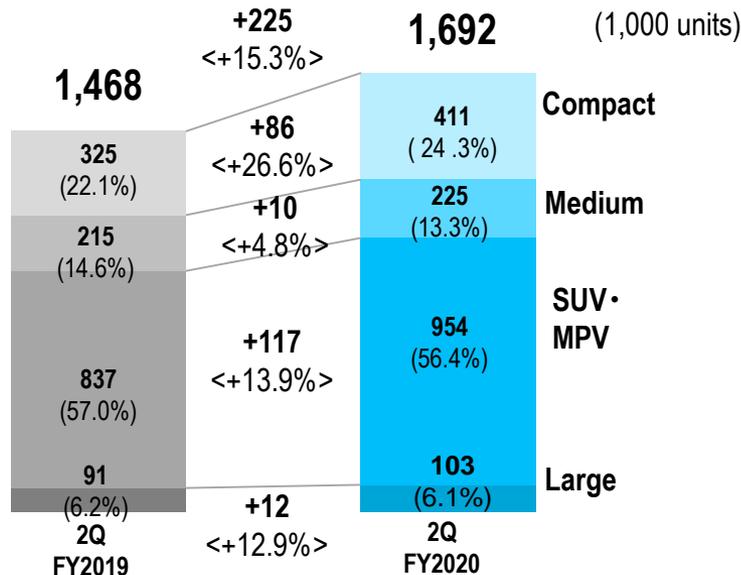
	FY2019	FY2020	Change
Revenue	6,897	7,147	250
Operating profit	286	265	-21
Operating profit ratio	4.1%	3.7%	—

(100 million yen)

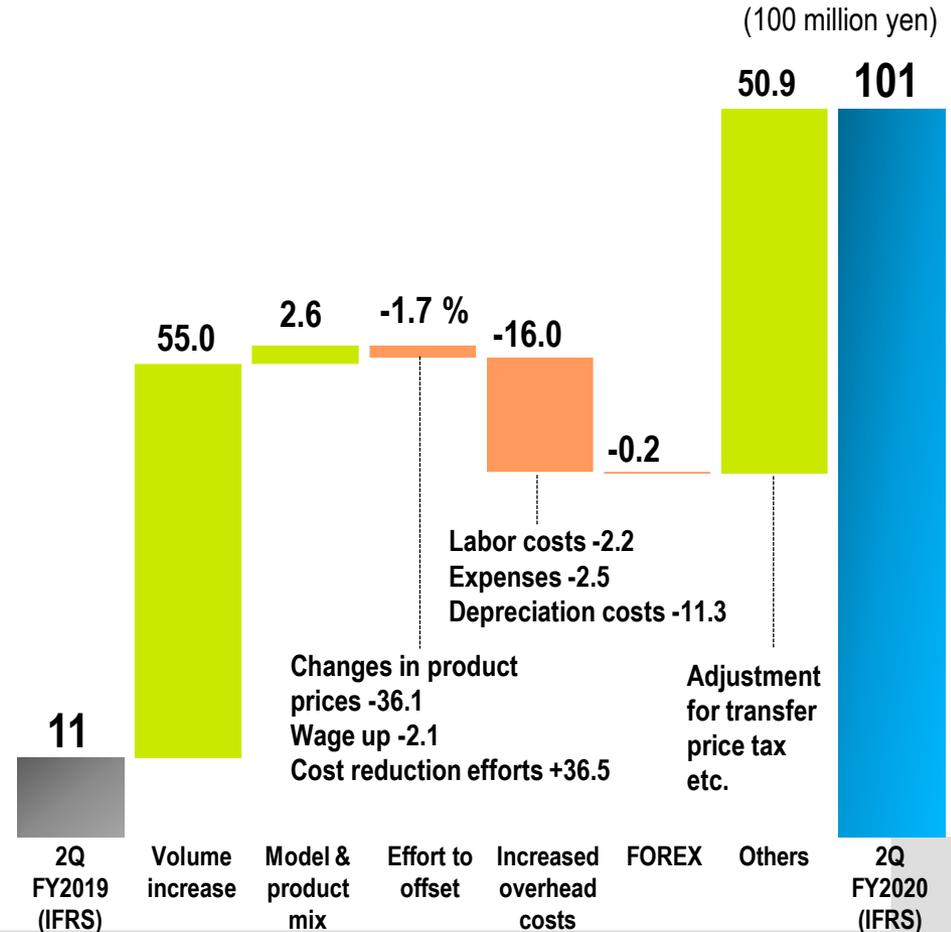
1-4) 2nd Quarter FY2020 Financial Results Japan Revenue & Operating Profit

Higher profit due to volume increase (SUV, MPV), in addition to influence of adjustment for transfer price tax last year despite changes in product prices, increased expenses, and other negative factors

Volume & Model mix



Operating Profit Variance Analysis



Profit & Loss

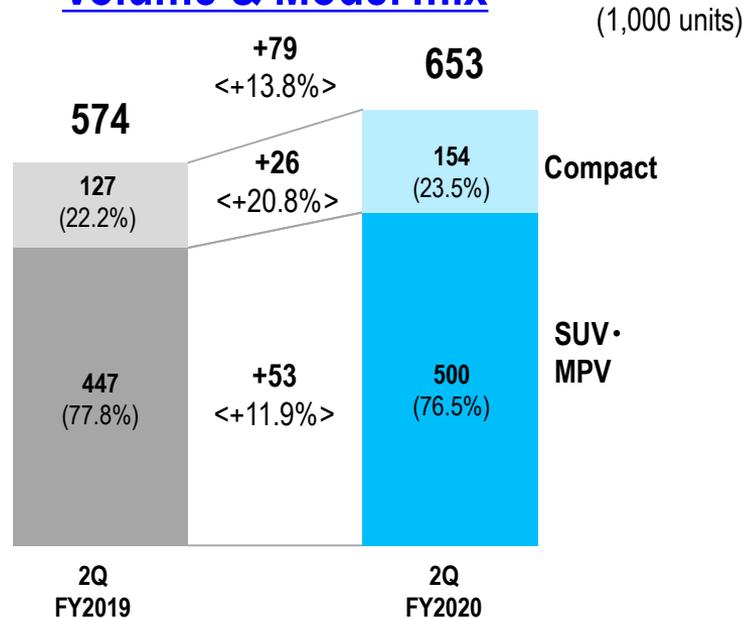
(100 million yen)

	2Q FY19	2Q FY20	Change
Revenue	3,851	3,980	128
Operating profit	11	101	90
Operating profit ratio	0.3%	2.6%	—

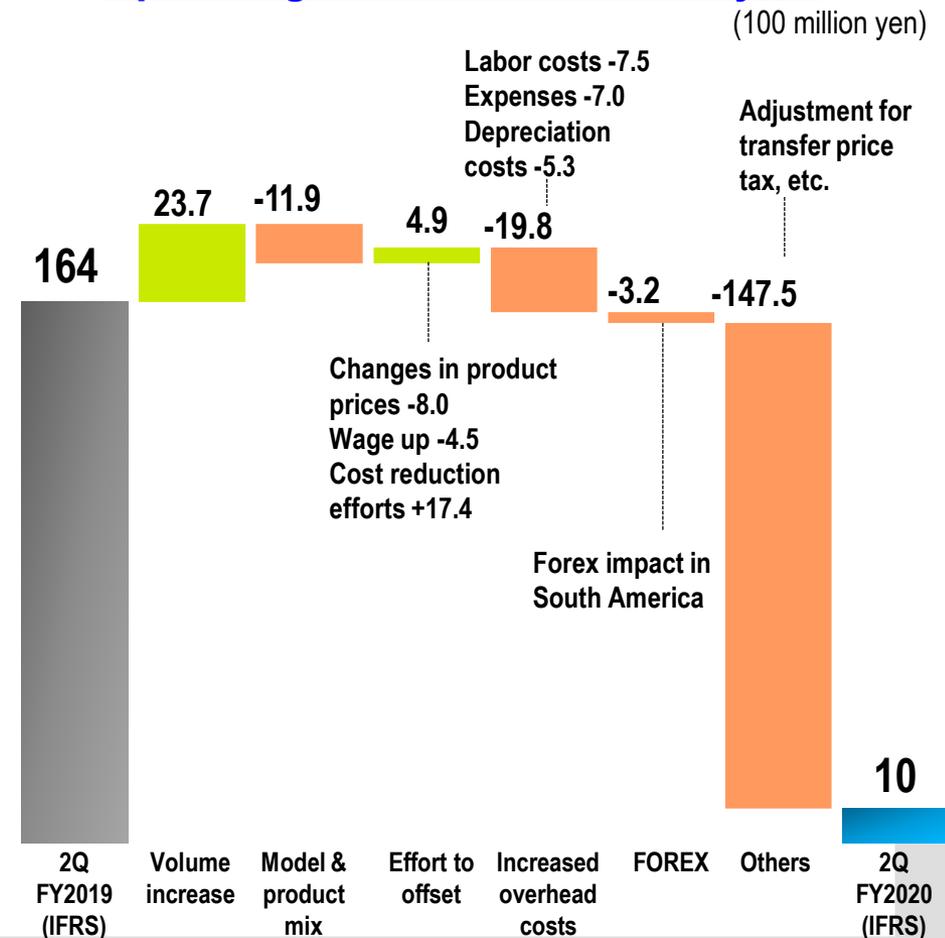
1-4) 2nd Quarter FY2020 Financial Results The Americas Revenue & Operating Profit

Lower profit due to model mix change and higher start-up costs as well as adjustment for transfer price tax last year, despite volume increase in North America

Volume & Model mix



Operating Profit Variance Analysis



Profit & Loss

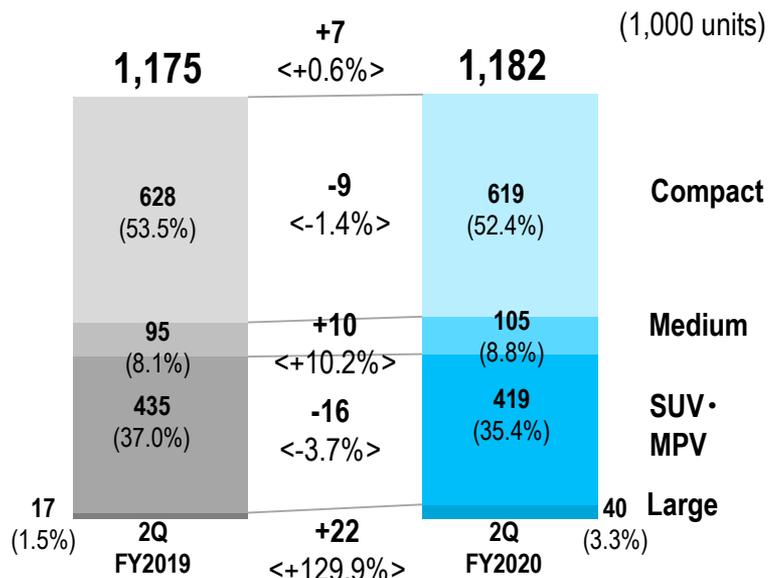
(100 million yen)

	2Q FY19	2Q FY20	Change
Revenue	1,353	1,450	97
Operating profit	164	10	-153
Operating profit ratio	12.2%	0.7%	—

1-4) 2nd Quarter FY2020 Financial Results Asia & Oceania Revenue & Operating Profit

Profit increased due to influence of adjustment for transfer price tax last year, despite changes in model mix and product prices and other negative factors

Volume & Model mix



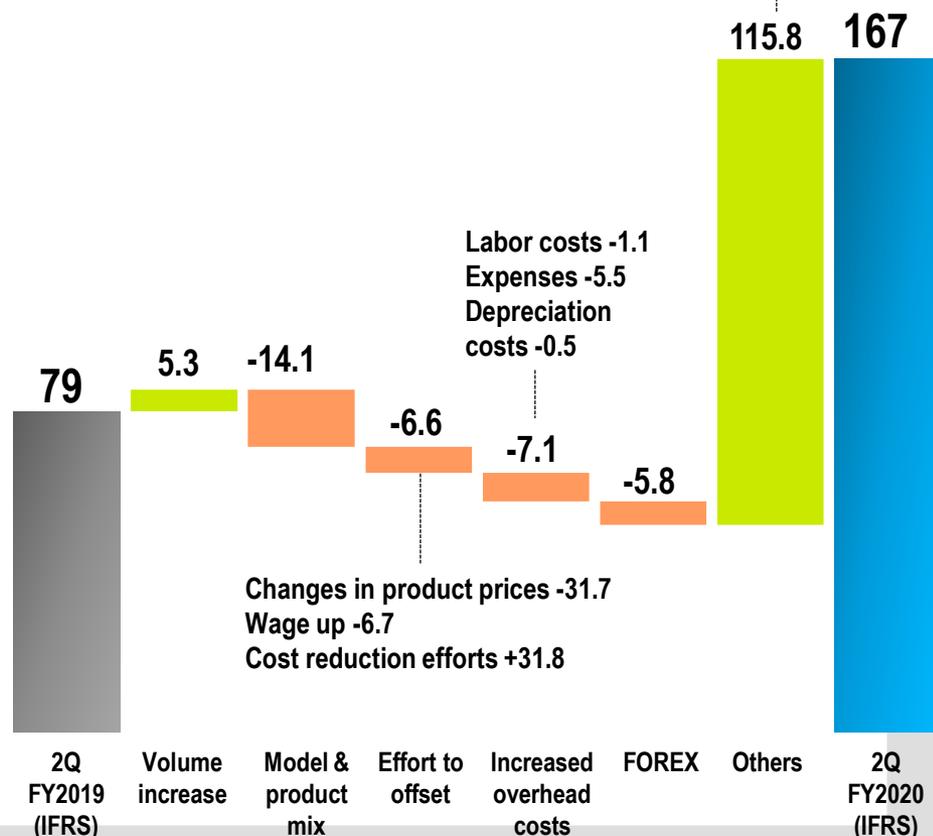
Profit & Loss

(100 million yen)

	2Q FY19	2Q FY20	Change
Revenue	1,767	1,766	-0
Operating profit	79	167	87
Operating profit ratio	4.5%	9.5%	—

Operating Profit Variance Analysis

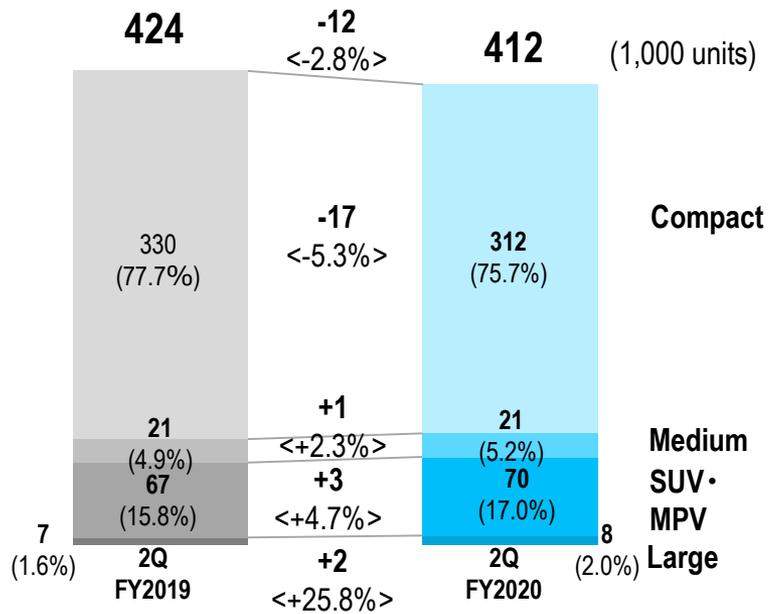
(100 million yen)
Adjustment for transfer price tax



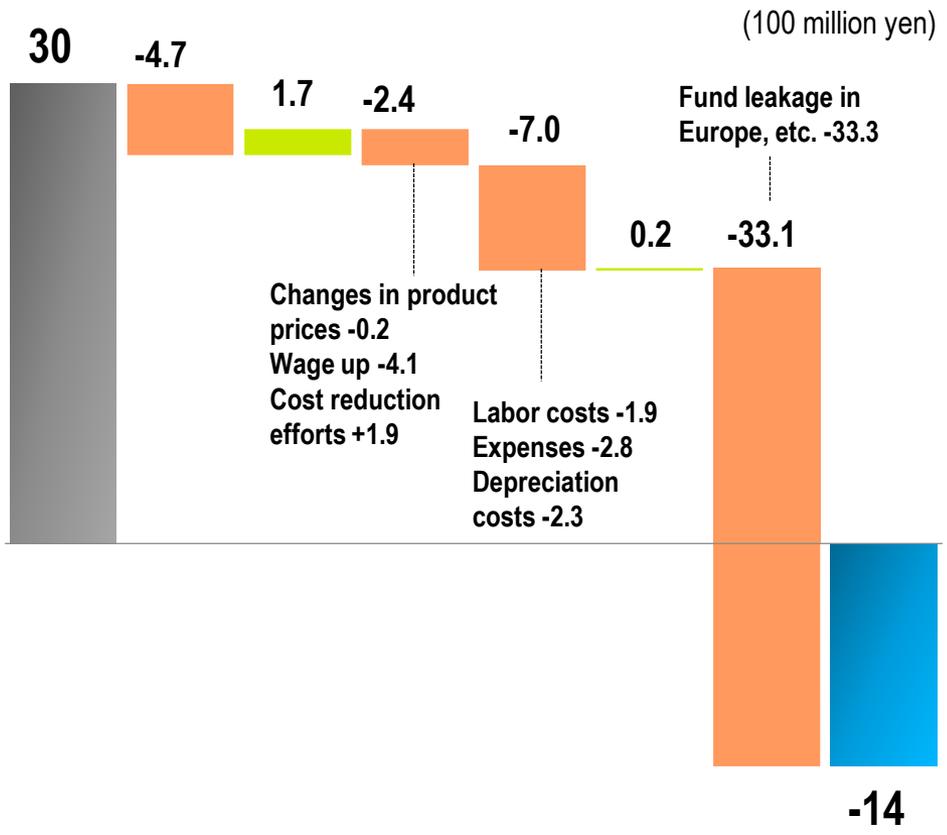
1-4) 2nd Quarter FY2020 Financial Results Europe & Africa Revenue & Operating Profit

Lower profit due to volume decrease and higher start-up costs, as well as impact of the fund leakage incident in Europe

Volume & Model mix



Operating Profit Variance Analysis



Profit & Loss

(100 million yen)

	2Q FY19	2Q FY20	Change
Revenue	471	426	-45
Operating profit	30	-14	-45
Operating profit ratio	6.5%	-3.5%	—

2Q FY2019 (IFRS) | Volume increase | Model & product mix | Effort to offset | Increased overhead costs | FOREX | Others | 2Q FY2020 (IFRS)

Financial Results

1. 2nd Quarter FY2020 Financial Results

2. FY2020 Financial Forecasts

3. Appendix

2-1) FY2020 Financial Forecasts

Overview of Consolidated Financial Forecasts

	[IFRS]		[IFRS]		(100 million yen)		[IFRS]	
	FY2019 results		FY2020 forecasts (Latest)		YOY Change		FY2020 forecasts (1Q announced)	
Revenue	14,173	100.0%	13,900	100.0%	-273	-1.9%	13,900	100.0%
Operating Profit	612	4.3%	500	3.6%	-112	-18.4%	530	3.8%
Profit before income taxes	614	4.3%	510	3.7%	-104	-17.1%	540	3.9%
Profit*	274	1.9%	250	1.8%	-24	-9.0%	290	2.1%

* Profit Attributable to Owners of Parent

Earnings per share	147.85 yen	134.02 yen	-13.83 yen	156.16 yen	
Exchange Rate	USD	111 yen	107 yen	-4 yen (strong yen)	106 yen
	EUR	128 yen	118 yen	-10 yen (strong yen)	120 yen

* Taking into account the recent performance and exchange rates, forecasts for operating profit and subsequent items have been revised downward.

Revenue

- Lower revenue due to Forex impact, etc. in spite of volume increase in Japan and the Americas

Operating Profit

- Lower profit due to negative factors in first half, such as model mix change and an increase in overhead costs, as well as the impact of the fund leakage incident in Europe, in spite of the effect of volume increase in the first half

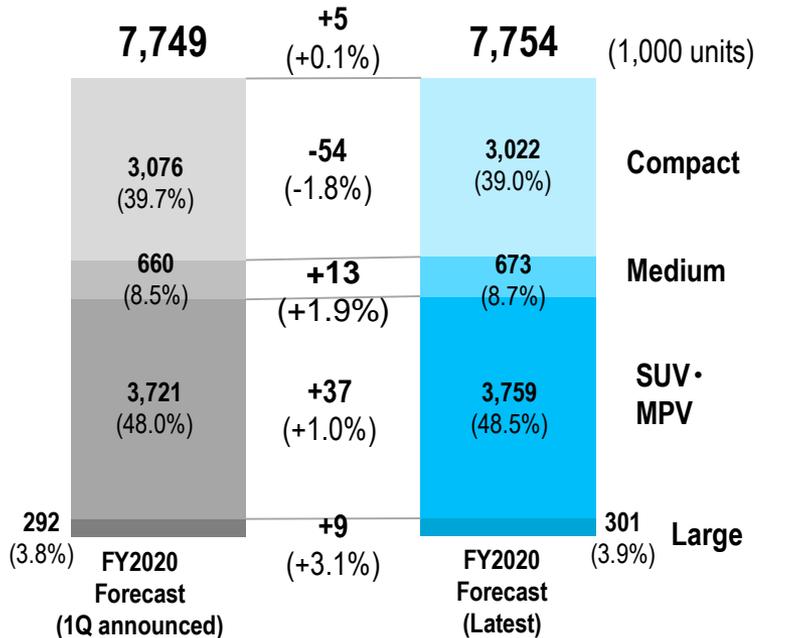
Consolidated Revenue & Operating Profit

Lower profit due to model mix change and impact of fund leakage in Europe despite volume increase in Japan and other positive impact of income/expenses balance

Operating Profit Variance Analysis

(comparison with 1Q announced forecasts)

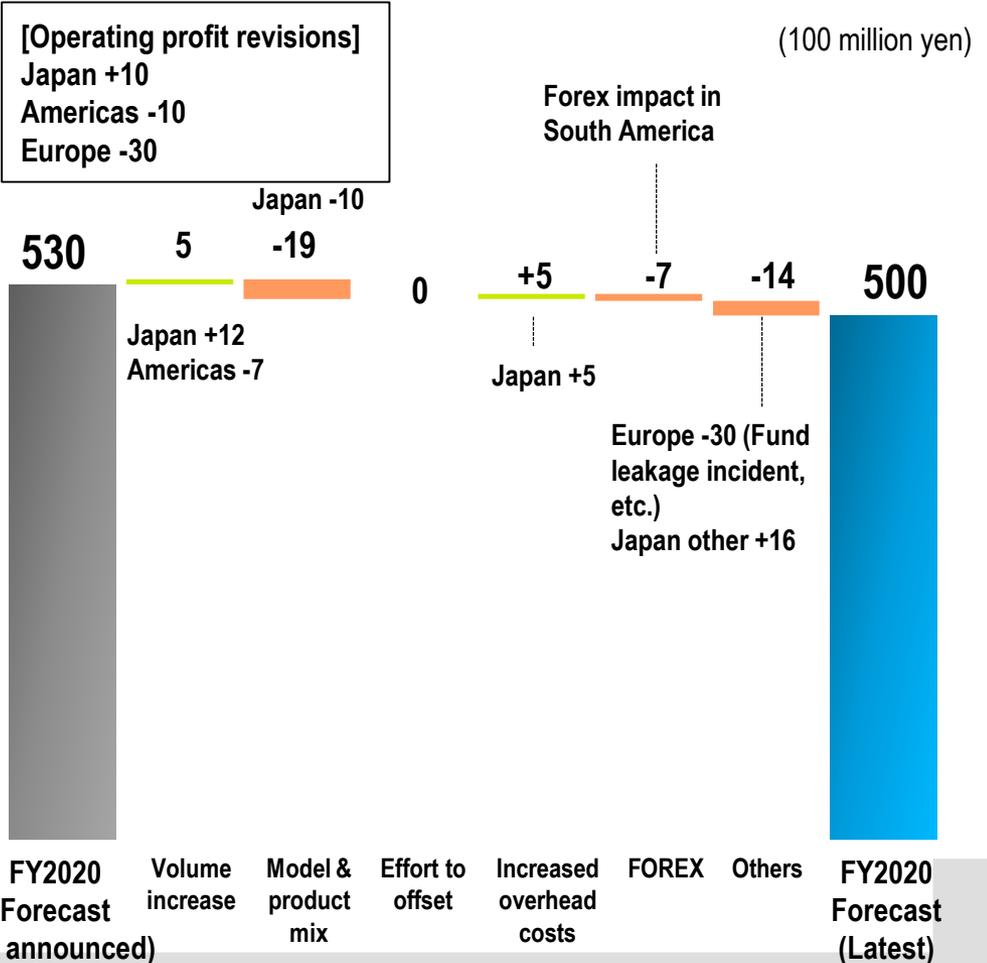
Volume & Model mix



Profit & Loss

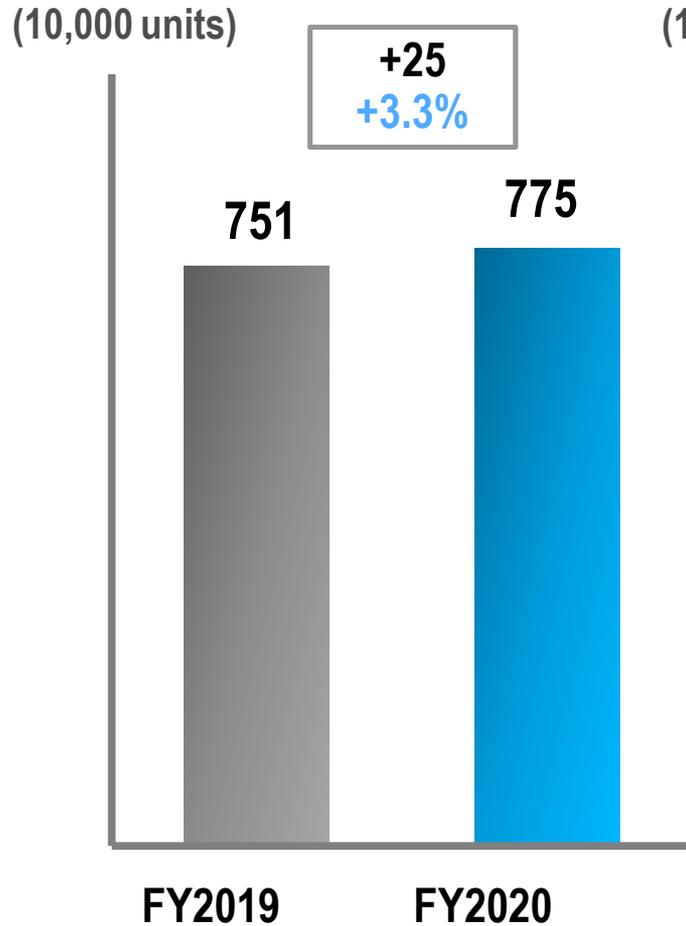
(100 million yen)

	FY20 Forecasts (1Q announced)	FY20 Forecasts (latest)	Change
Revenue	13,900	13,900	—
Operating profit	530	500	-30.0
Operating profit ratio	3.8%	3.6%	—

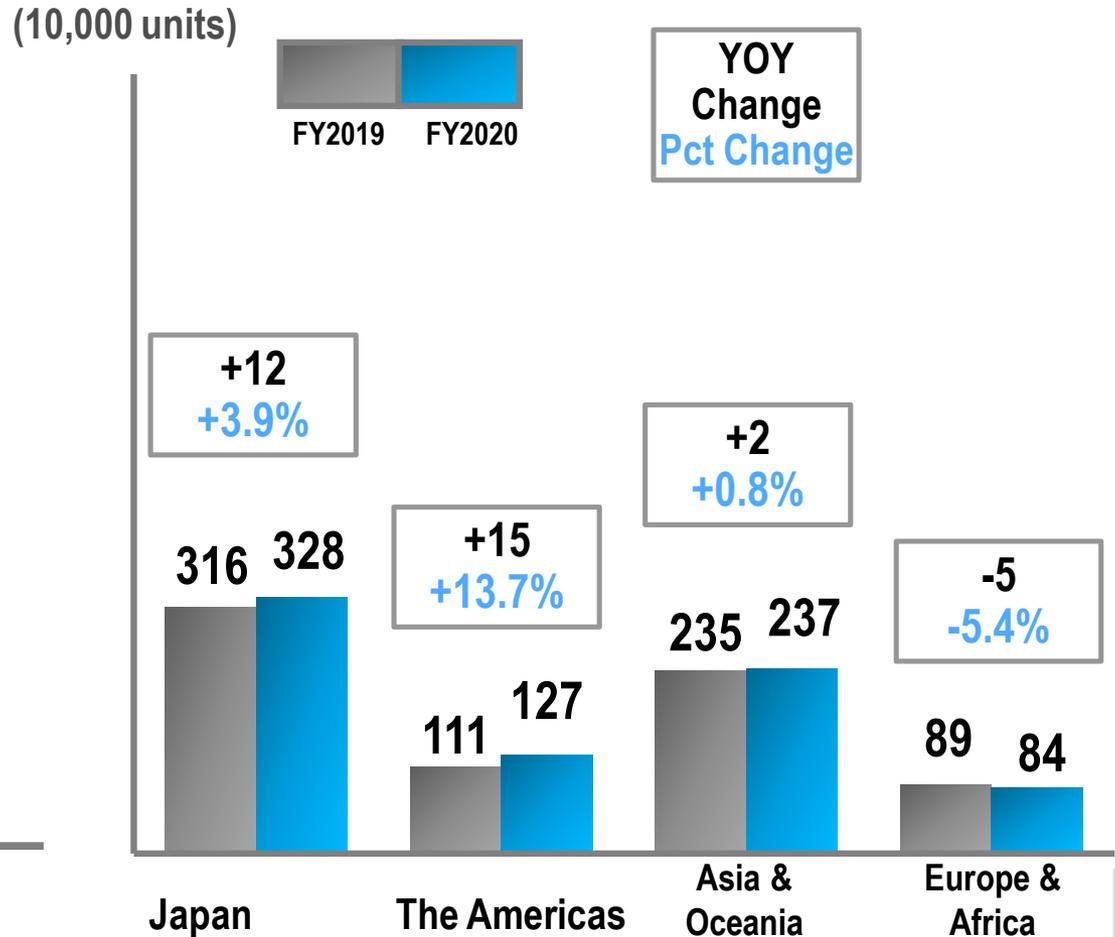


2-3) FY2020 Financial Forecasts Seat Assembly Production by Region

Total



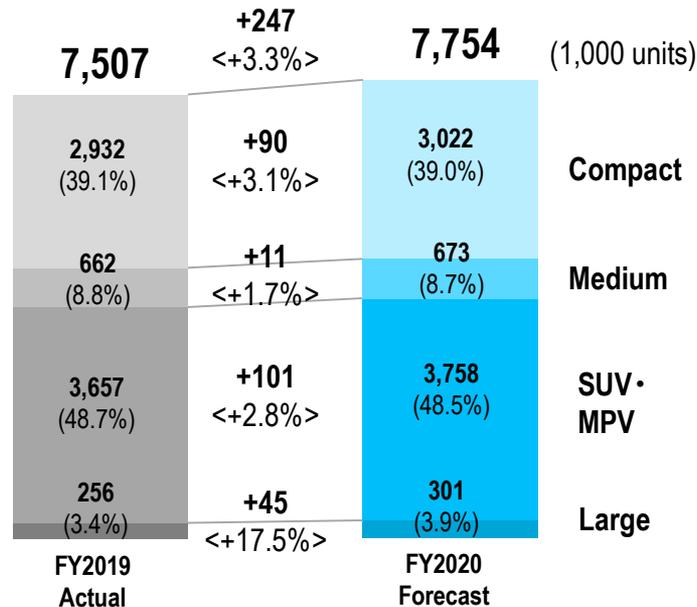
By Region



2-4) FY2020 Financial Forecasts Consolidated Revenue & Operating Profit by Region

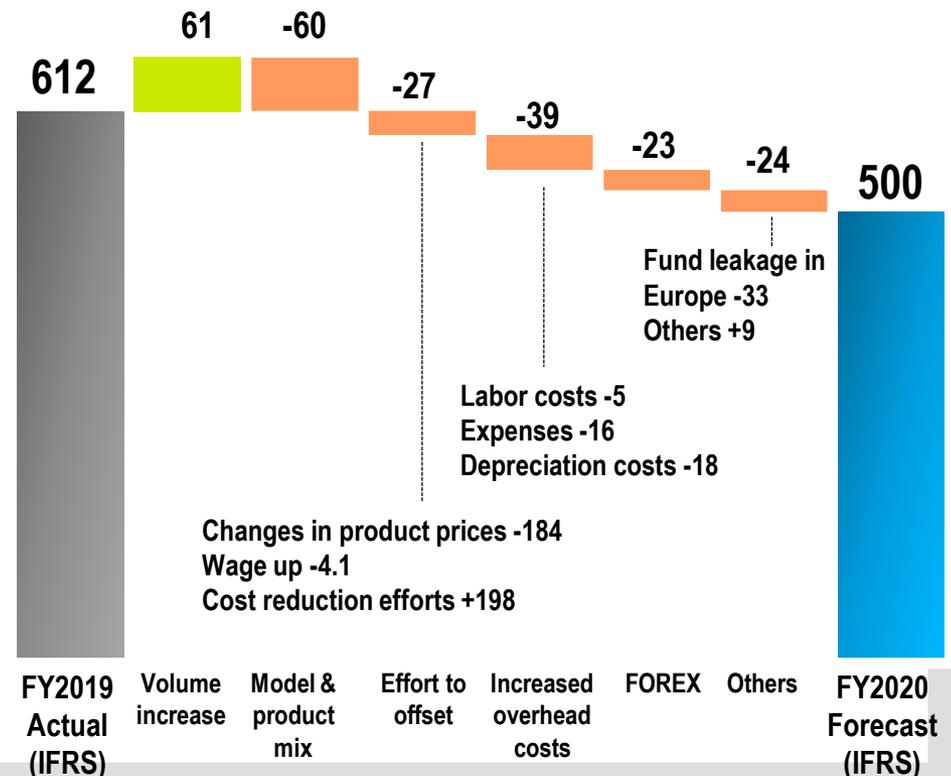
Lower profit due to product and model mix change and overhead costs increase, as well as impact of the fund leakage incident in Europe, in spite of volume increase mainly in Japan and US

Volume & Model mix



Operating Profit Variance Analysis

(100 million yen)



Profit & Loss

(100 million yen)

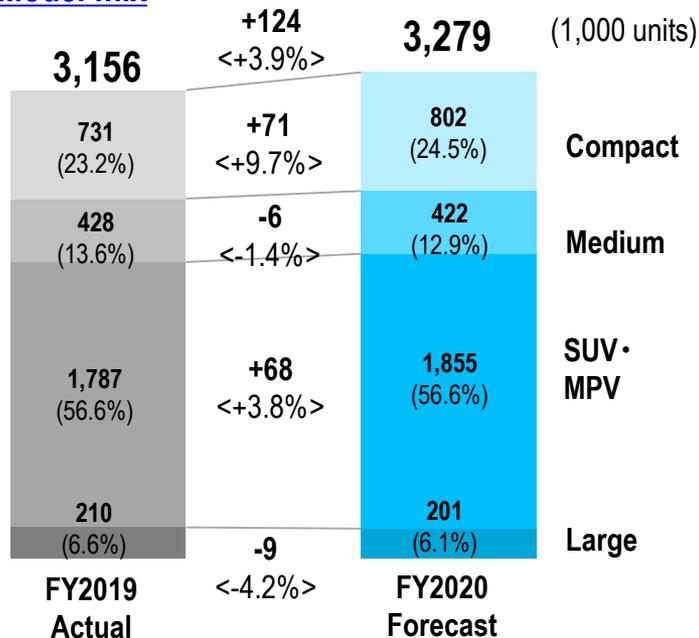
	FY19 Actual	FY20 Forecasts	Change
Revenue	14,173	13,900	-273
Operating profit	612	500	-112
Operating profit ratio	4.3%	3.6%	-

2-5) FY2020 Financial Forecasts Revenue & Operating Profit by Region

Japan

Higher profit due to volume increase and impact of adjustment for transfer price tax last year in spite of product price change and overhead costs increase

Volume & Model mix



Profit & Loss

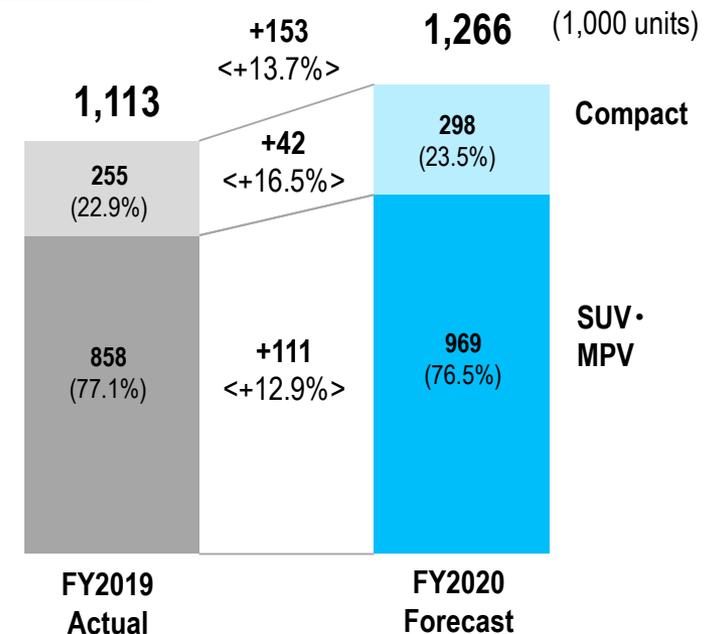
(100 million yen)

	FY19 Actual	FY20 Forecasts	Change
Revenue	7,999	7,600	-399
Operating profit	65	120	54
Operating profit ratio	0.8%	1.6%	—

The Americas

Lower profit due to product and model mix change, start-up costs increase, and impact of adjustment for transfer price tax last year in spite of volume increase

Volume & Model mix



Profit & Loss

(100 million yen)

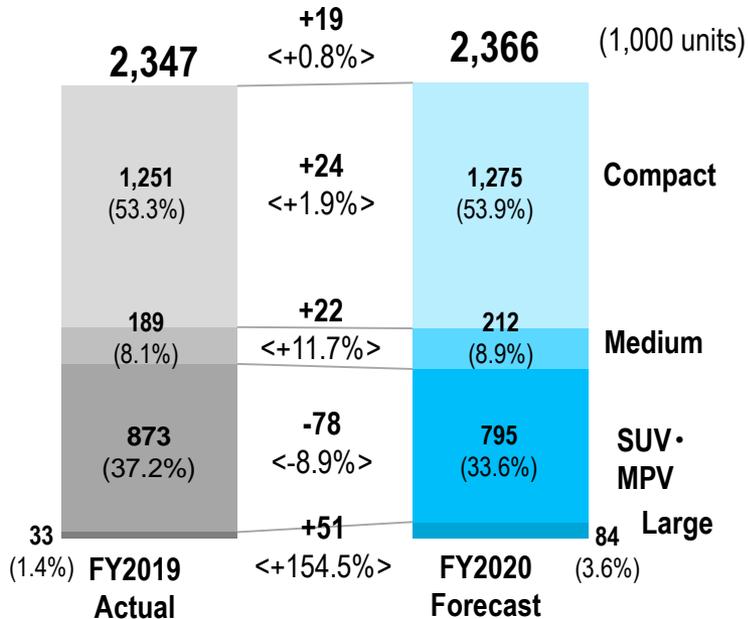
	FY19 Actual	FY20 Forecasts	Change
Revenue	2,668	2,800	131
Operating profit	208	30	-178
Operating profit ratio	7.8%	1.1%	—

2-5) FY2020 Financial Forecasts Revenue & Operating Profit by Region

Asia & Oceania

Higher profit due to impact of adjustment for transfer price tax last year in spite of product and model mix change and changes in product prices

Volume & Model mix



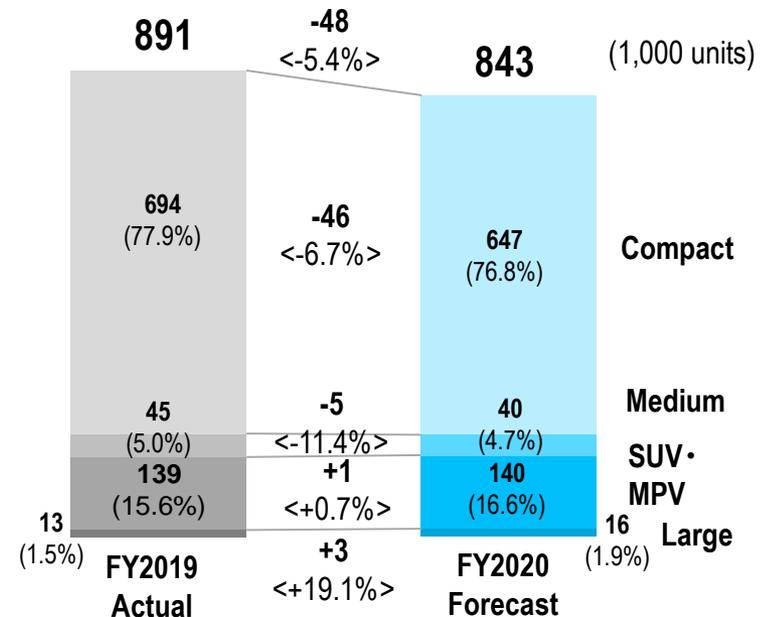
Profit & Loss

	FY19 Actual	FY20 Forecasts	Change
Revenue	3,528	3,500	-28
Operating profit	262	330	67
Operating profit ratio	7.4%	9.4%	—

Europe & Africa

Lower profit due to volume decrease (mainly compact) and impact of the fund leakage incident in Europe

Volume & Model mix



Profit & Loss

	FY19 Actual	FY20 Forecasts	Change
Revenue	992	900	-92
Operating profit	76	20	-56
Operating profit ratio	7.7%	2.2%	—

2-6) FY2020 Financial Forecasts by Half Year

Revenue

(100 million yen)

	FY2020		
	1st Half (actual)	2nd Half	Full Year
Japan	3,980	3,619	7,600
The Americas	1,450	1,349	2,800
Asia & Oceania	1,766	1,733	3,500
Europe & Africa	426	473	900
Consolidated Total	7,147	6,752	13,900

Operating Profit

(100 million yen)

	FY2020					
	1st Half (actual)		2nd Half		Full Year	
Japan	101	2.6%	18	0.5%	120	1.6%
The Americas	10	0.7%	19	1.4%	30	1.1%
Asia & Oceania	167	9.5%	162	9.4%	330	9.4%
Europe & Africa	-14	-3.5%	34	7.4%	20	2.2%
Consolidated Total	265	3.7%	234	3.5%	500	3.6%

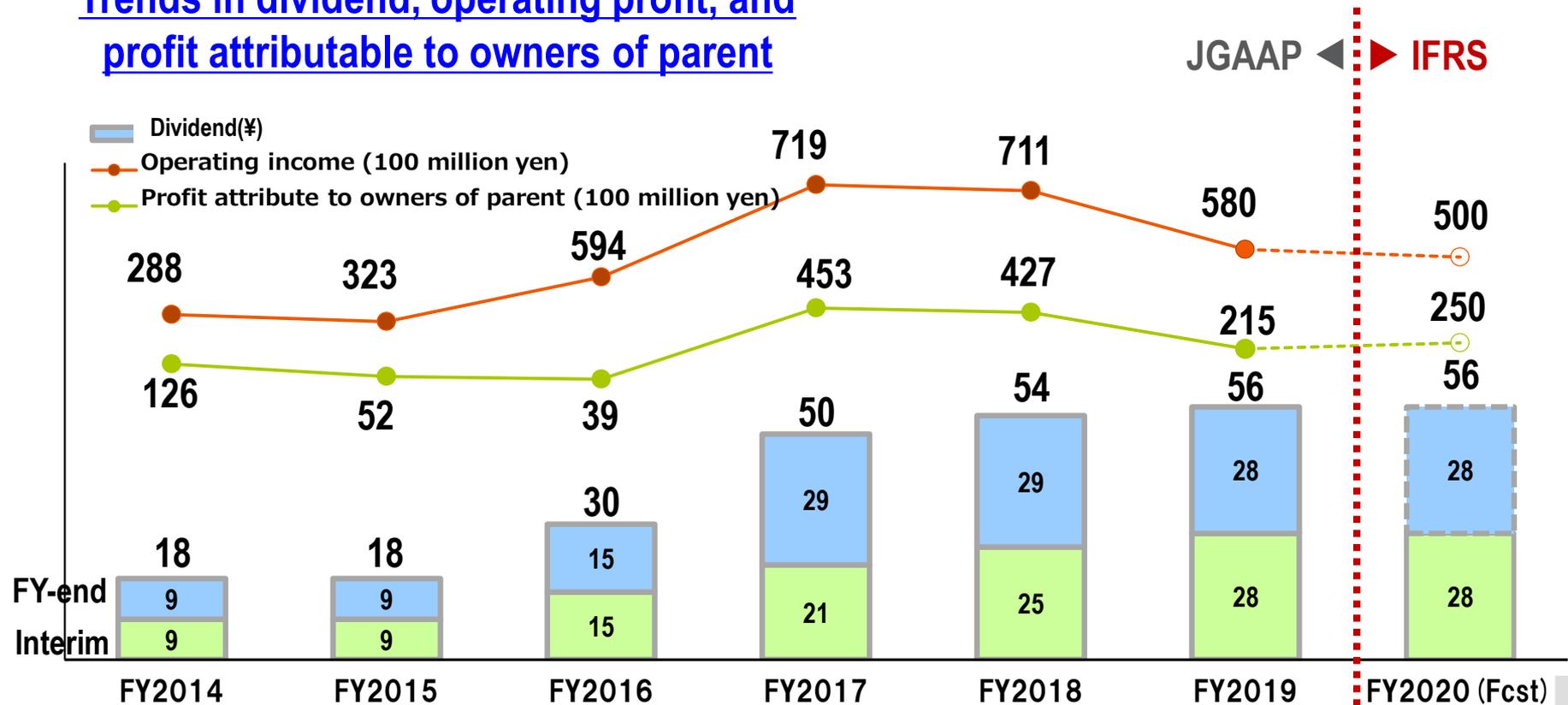
2-6) Major issues for this period

Issues	Key actions								
<p>1. Fluctuations in capacity utilization</p> <p>〈Seat assembly production〉 (10,000 units)</p> <table border="1"> <thead> <tr> <th></th> <th>1st half</th> <th>2nd half</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td></td> <td>394</td> <td>382</td> <td>-12</td> </tr> </tbody> </table>		1st half	2nd half	Change		394	382	-12	<p>1) Strengthening our structure to improve earning power</p> <p>Strengthening the foundation to respond flexibly to diversification of demand fluctuations</p> <p>(1) Human resource development and improvement of organizational capabilities</p> <p>(2) Strengthen cost competitiveness</p> <p>(i) Integrated activities</p> <p>A. Restructuring production/distribution (TPS)</p> <p>B. Work closely with R&D, production, engineering and quality (RR-CI)</p> <p>C. Regional optimization of quality standards(SSA)</p>
	1st half	2nd half	Change						
	394	382	-12						
<p>2. Intensifying price competition and rising labor costs</p> <p>Despite the streamlining efforts at the largest-ever scale, acceleration of cost improvement is necessary to tackle the rising labor costs</p>	<p>2) Continue new value creation</p> <p>Early realization of prior investments and promote activities for sustainable growth</p> <p>(1) Expansion of core businesses fields</p> <p>(2) Initiatives through group collaboration</p>								
<p>3. Increase in overhead costs (compared with previous year)</p> <p>An increase of 39 billion yen</p> <table border="1"> <thead> <tr> <th>Breakdown:</th> <th></th> </tr> </thead> <tbody> <tr> <td>labor cost</td> <td>+5</td> </tr> <tr> <td>Overhead costs</td> <td>+16</td> </tr> <tr> <td>Depreciation costs</td> <td>+18</td> </tr> </tbody> </table>	Breakdown:		labor cost	+5	Overhead costs	+16	Depreciation costs	+18	
Breakdown:									
labor cost	+5								
Overhead costs	+16								
Depreciation costs	+18								

2-7) FY2020 Financial Forecasts Returning to Shareholders

- For FY2020, we plan to pay an annual per-share dividend of 56 yen, same as FY2019.
- We keep long-term sustainable dividends, comprehensively taking our consolidated financial results into account.

Trends in dividend, operating profit, and profit attributable to owners of parent



Financial Results

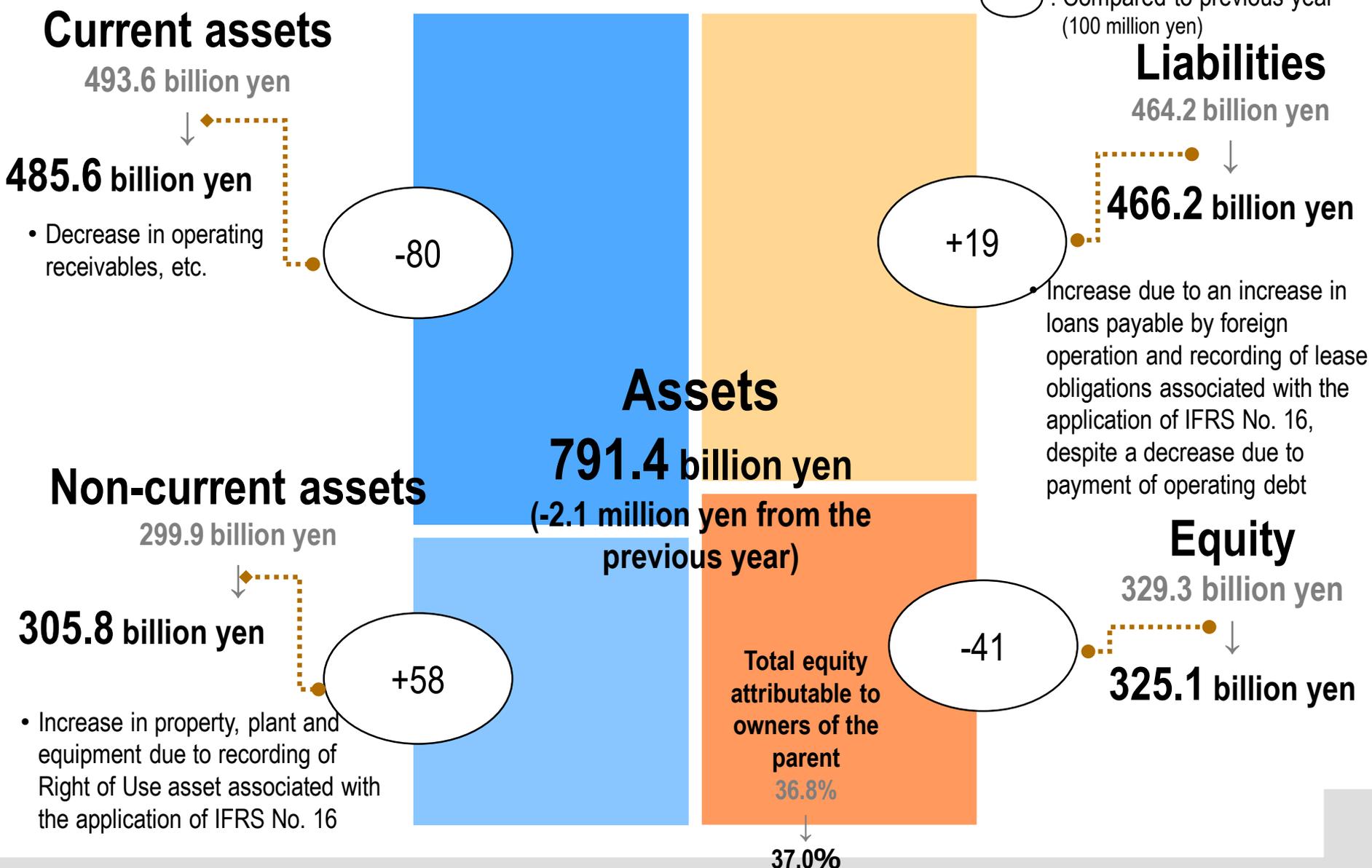
1. 2nd Quarter FY2020 Financial Results

2. FY2020 Financial Forecasts

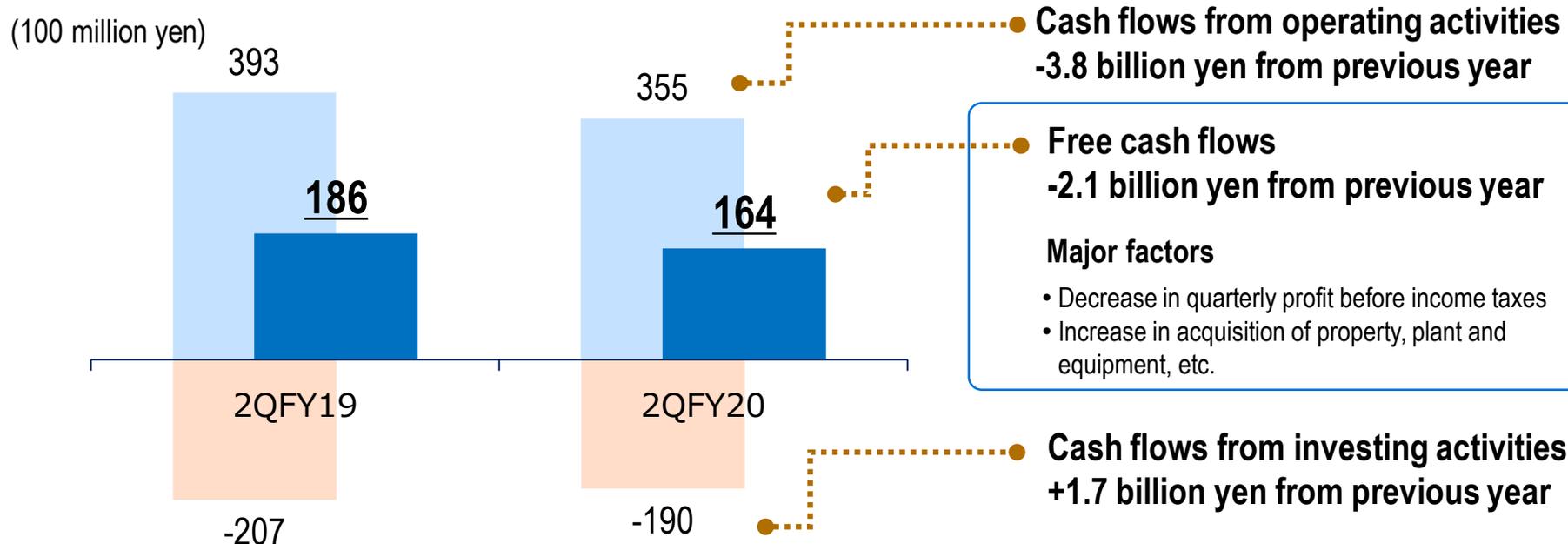
3. Appendix

3-1) Status of the Consolidated Statement of Financial Position (Sep. 30, 2019)

○ : Compared to previous year (100 million yen)



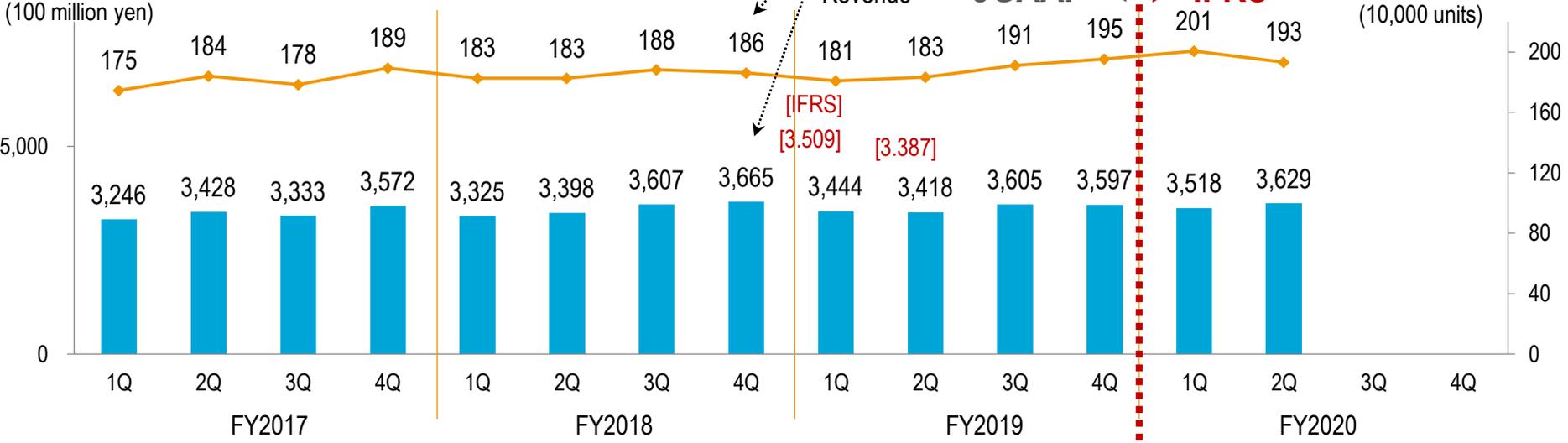
3-2) Status of consolidated cash flows



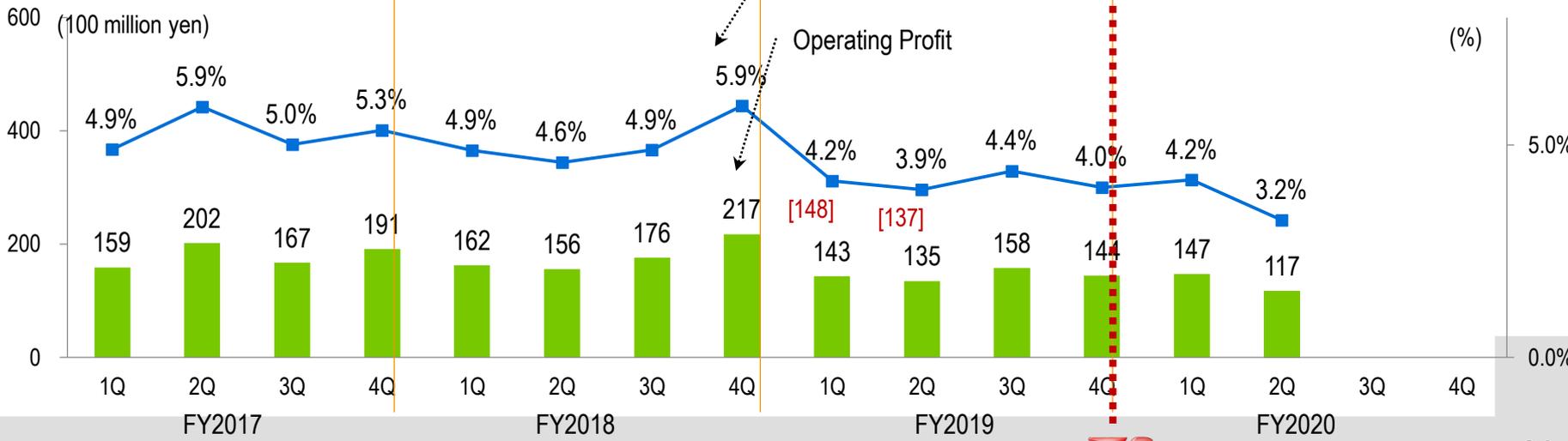
	2Q FY19	2Q FY20	Change	<Reference> FY19 results
Cash flows from operating activities	393	355	-38	607
Cash flows from investing activities	-207	-190	17	-589
Free cash flows	186	164	-21	18
Cash flows from financial activities	-96	-39	57	-195
Impact of foreign exchange	-16	-46	-30	-24
Net increase (decrease) in cash and cash equivalents	72	78	5	-201
Balance of cash and cash equivalents	1856	1660	-195	1581

3-3) Quarterly Trends: Consolidated volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

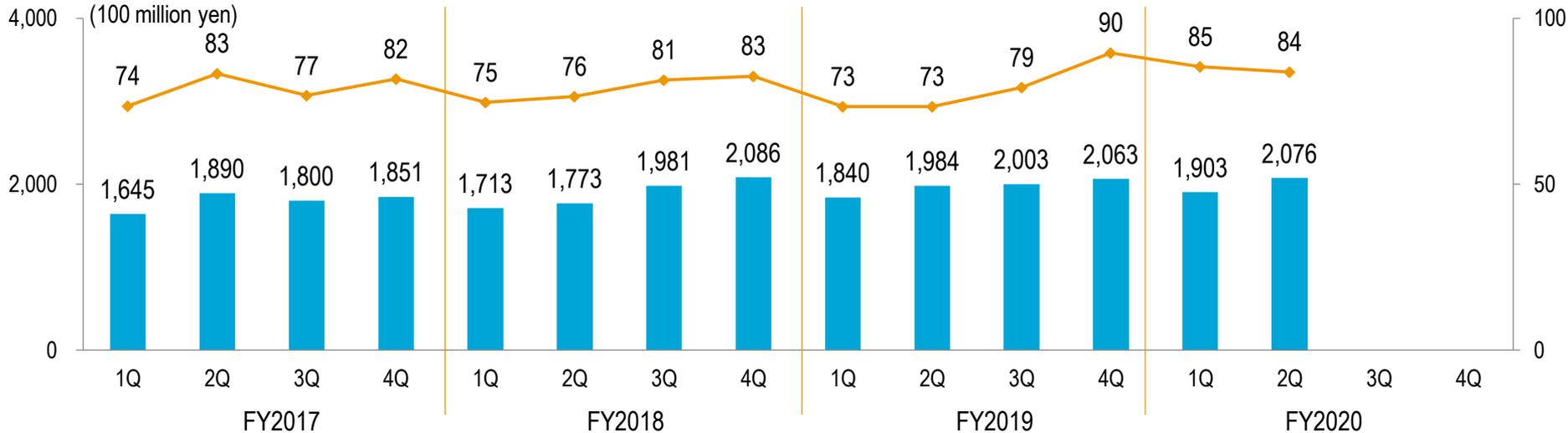


Operating Profit / Operating Profit Ratio

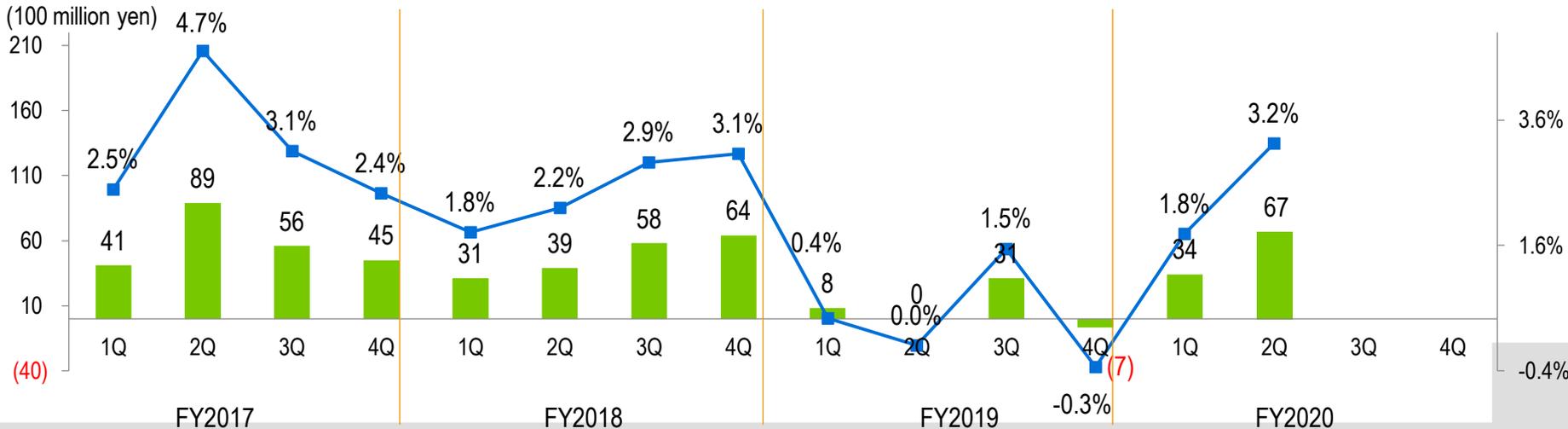


3-4) Quarterly Trends: Japan volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

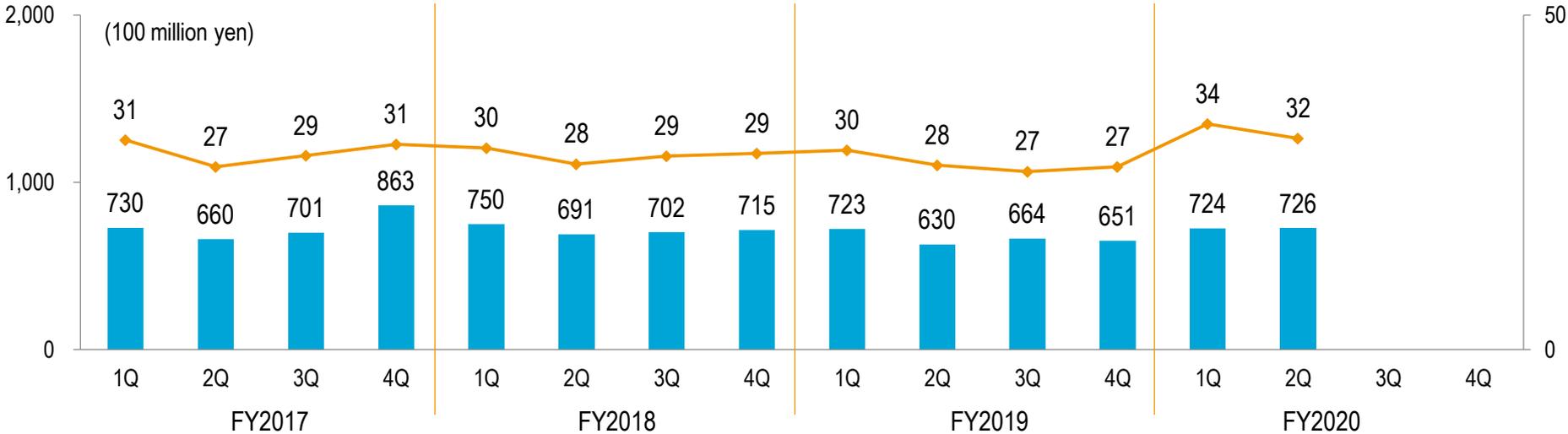


Operating Profit / Operating Profit Ratio

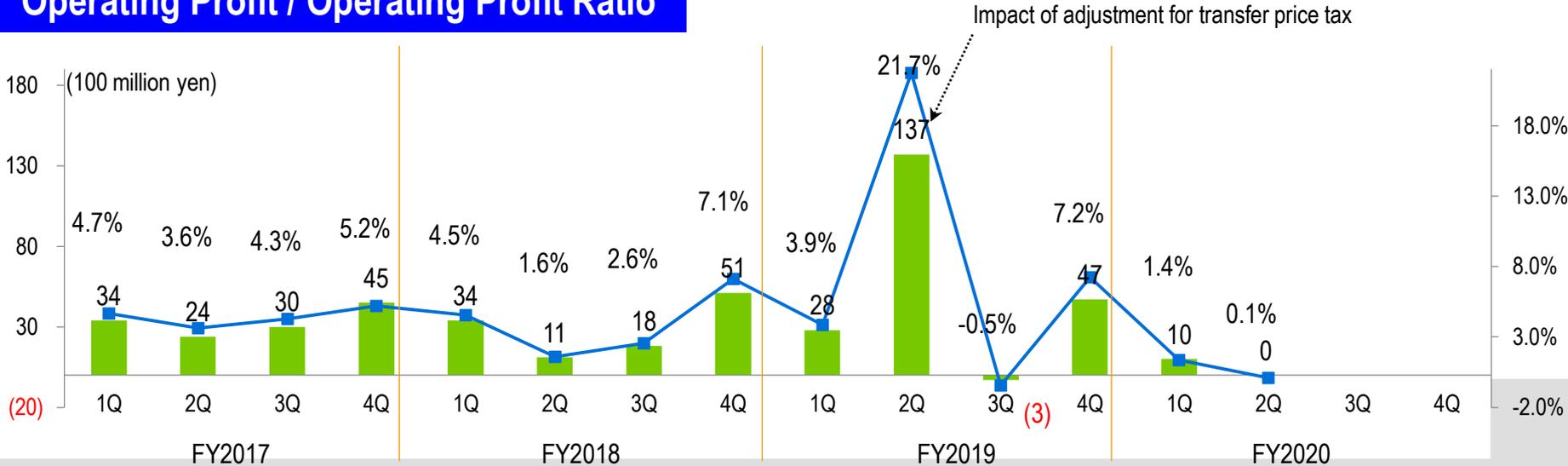


3-5) Quarterly Trends: The Americas volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

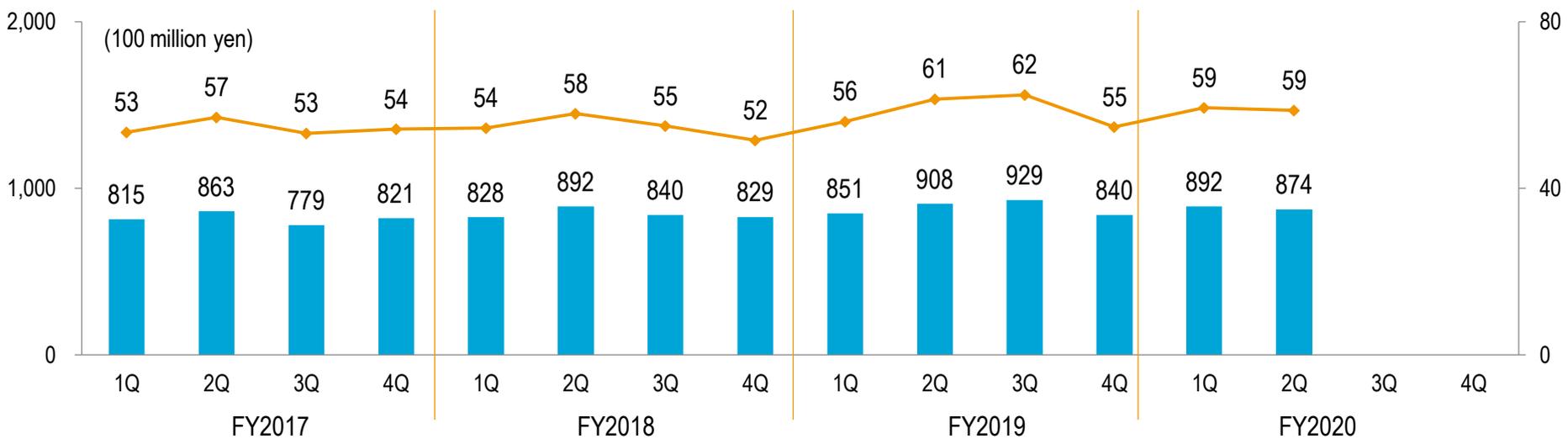


Operating Profit / Operating Profit Ratio

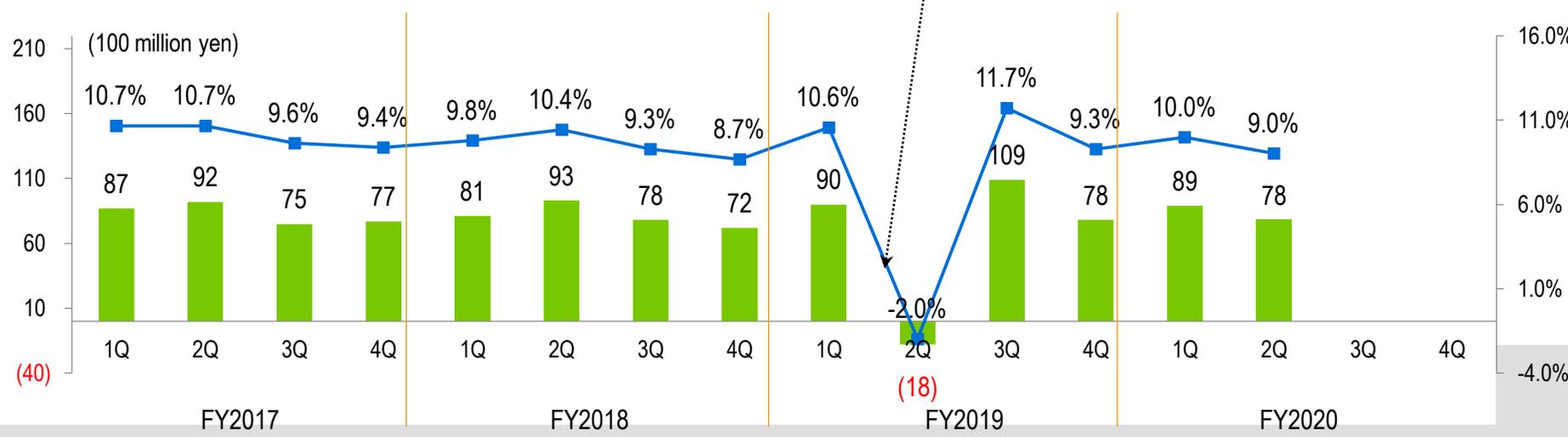


3-6) Quarterly Trends: Asia & Oceania volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

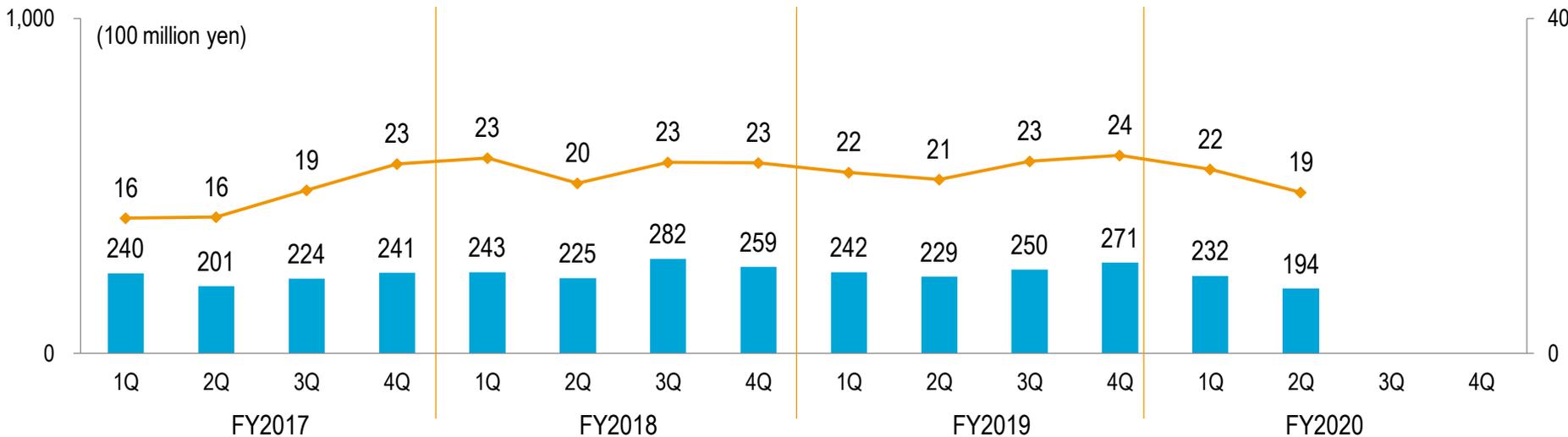


Operating Profit / Operating Profit Ratio

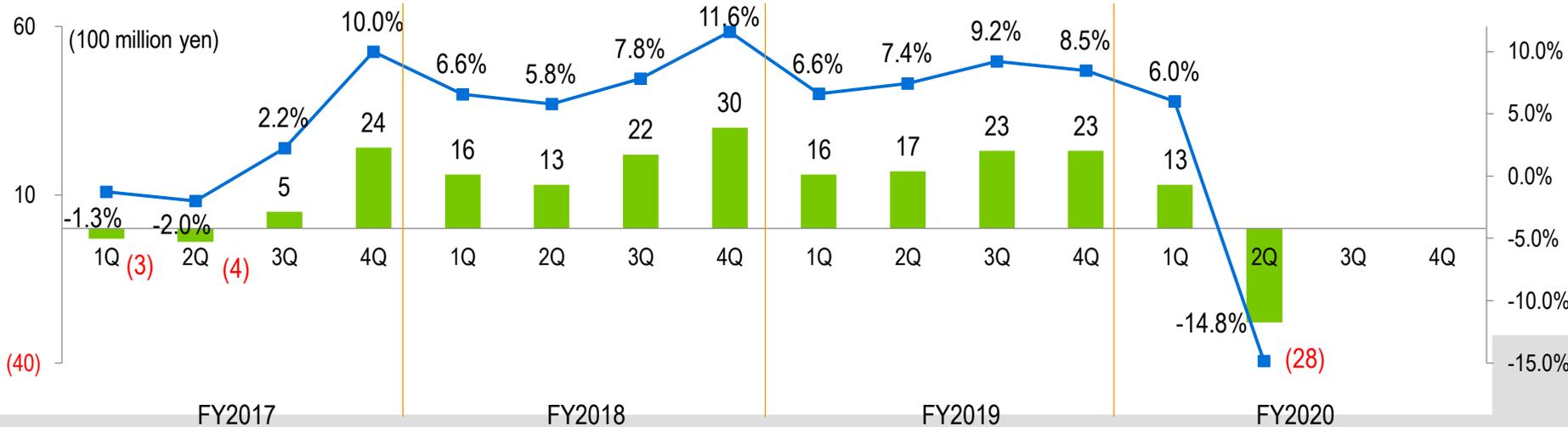


3-4) Quarterly Trends: Europe & Africa volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue



Operating Profit / Operating Profit Ratio



Financial Results

**Actions toward Enhancement of
Corporate Value on a Mid- to Long-term
Basis**

Issues	Key actions
<p>1. Fluctuations in capacity utilization</p>	<p>1) Strengthening our structure to improve earning power Strengthening the foundation to respond flexibly to diversification of demand fluctuations</p> <p>Items to be explained today</p> <ul style="list-style-type: none"> (1) Human resource development and improvement of organizational capabilities (2) Strengthen cost competitiveness <ul style="list-style-type: none"> (i) Integrated activities <ul style="list-style-type: none"> A. Restructuring production/distribution (TPS) B. Work closely with R&D, production, engineering and quality (RR-CI) C. Regional optimization of quality standards(SSA)
<p>2. Intensifying price competition and rising labor costs</p>	
<p>3. Increase in overhead costs (compared with previous year)</p>	<p>2) Continue new value creation Early realization of prior investments and promote activities for sustainable growth</p> <p>Items to be explained today</p> <ul style="list-style-type: none"> (1) Expansion of core businesses fields (2) Initiatives through group collaboration

**1) Actions toward strengthening
our structure**

2) Actions toward new value creation

1) Actions toward strengthening our structure

(1) Human resource development and improvement of organizational capabilities

Lean Organization



Improvement of individual capabilities

Maximize use of limited management resources to improve organizational capabilities (promotion of TQM activities)

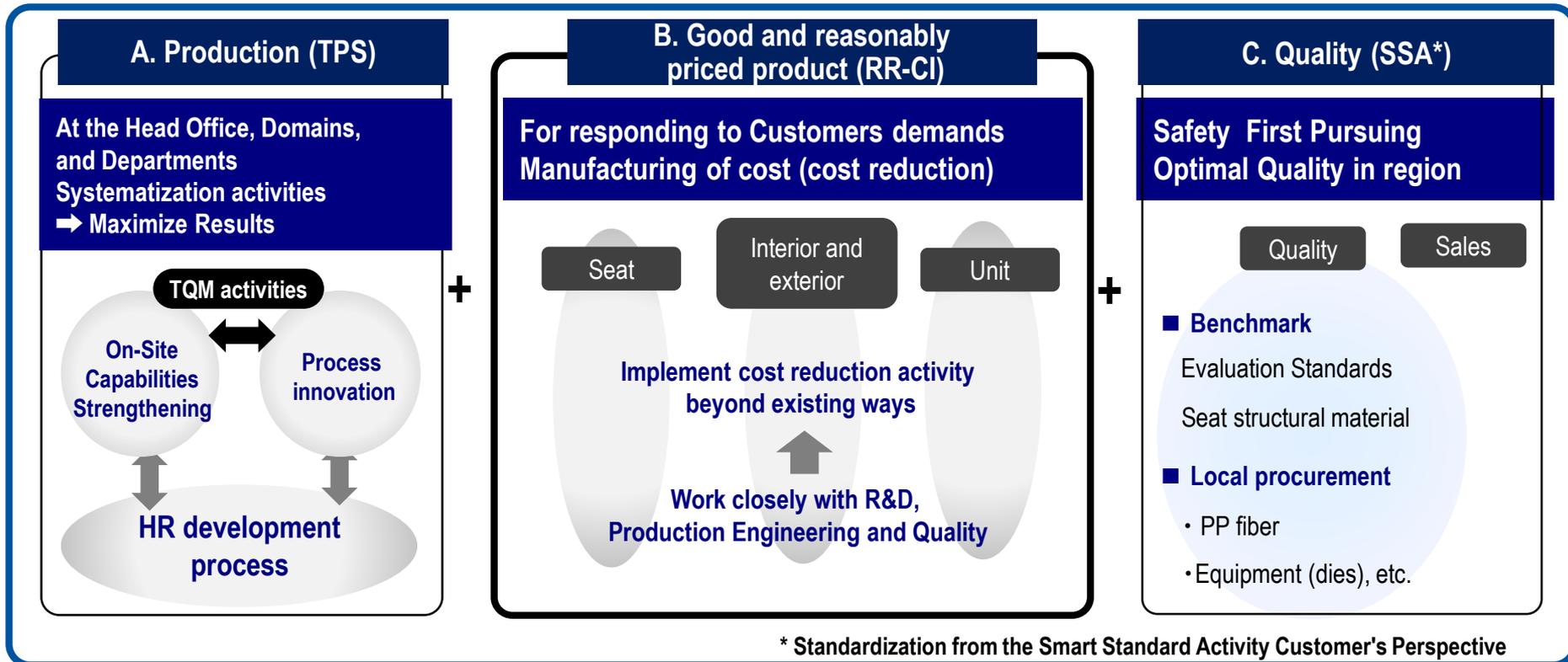
		Strengthening	
Future	<ul style="list-style-type: none"> • Rationalization the organization (Templates, management span guide) • Rationalization of the headcounts (Staffing Guidelines, Temporary Staffing Standards) 	<ul style="list-style-type: none"> • Utilization capability maps • Highly specialized human resource and autonomous human resources 	
	<ul style="list-style-type: none"> • Promotion Work-Style Reform (Stop or decrease) 	<ul style="list-style-type: none"> • Key Post Requirements Definition/Successor Planning • GSC/RSC • Identification and training of management personnel candidates 	
Conventional		Global HR system (qualifications, evaluations, remuneration, assignments, education)	

GSC/RSC : Global/Regional Succession Committee

1) Actions toward strengthening our structure

(2) Strengthen cost competitiveness

(i) Integrated activities Integrated: TPS + RR-CI + SSA(A+B+C)



(1) Develop Human Resources and Improve Organizational Capabilities

1) Actions toward strengthening our structure

(2) Strengthen cost competitiveness

(i)-A. Restructuring production/distribution (TPS)

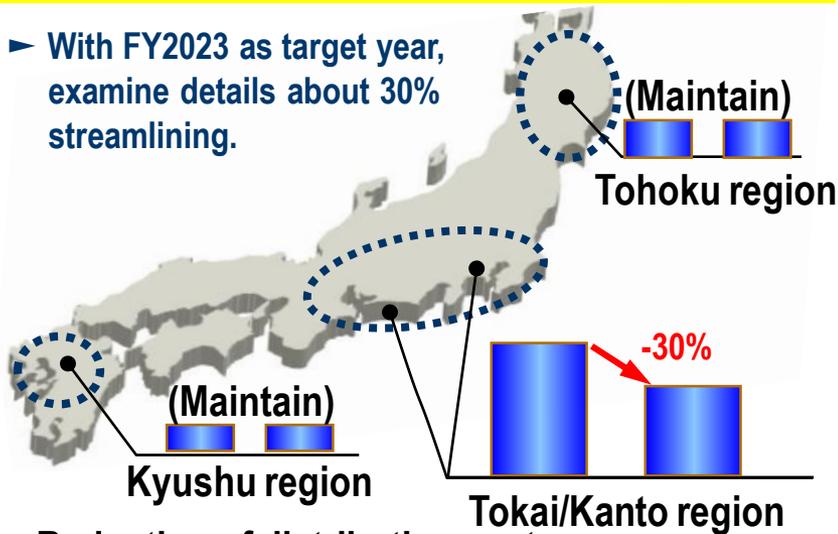
Action

Responding diversification of demand fluctuations

Promotion status in Japan

■ Streamlining of plants (FY2026⇒FY2023 target)

- ▶ With FY2023 as target year, examine details about 30% streamlining.

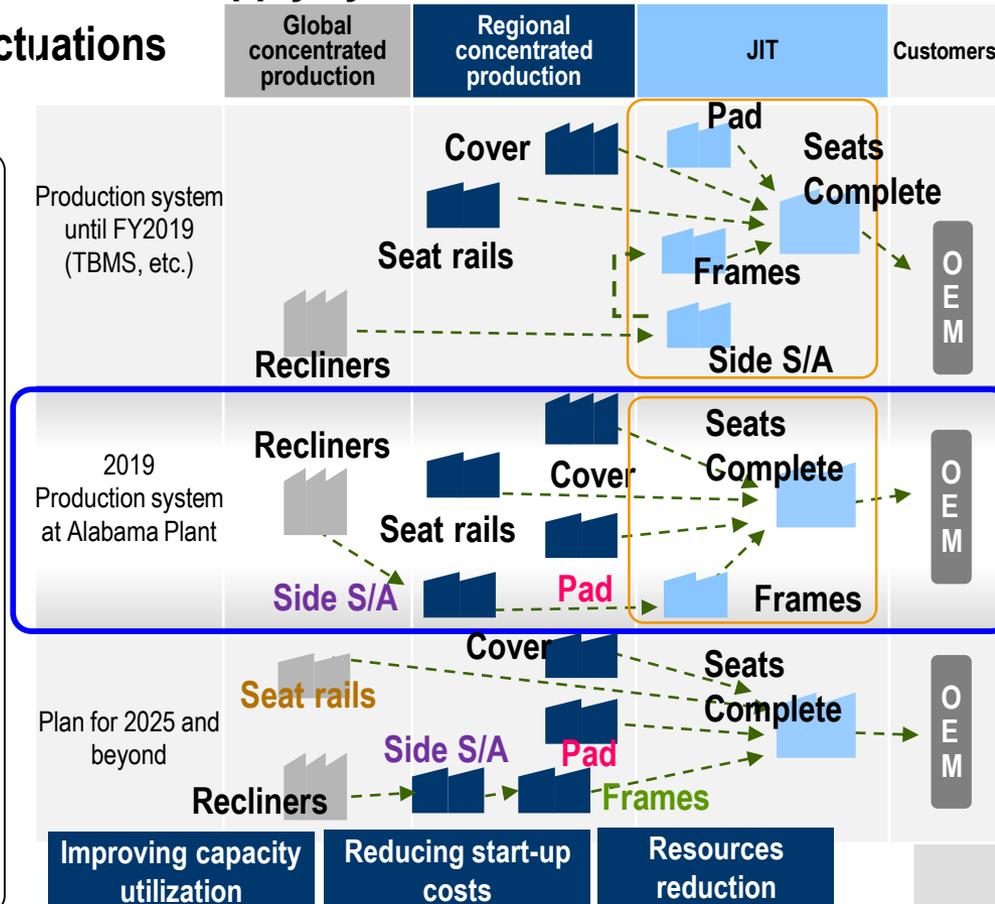


■ Reduction of distribution costs

- ▶ Japan: KPI management started (Overseas: being deployed)

Case

Building optimal for seat production and supply system



1) Actions toward strengthening our structure

(2) Strengthen cost competitiveness

(ii)-Work closely with R&D, Production Engineering and Quality (RR-CI)



MONOZUKURI Strengthen Competitiveness

Across businesses and functions
Promotion process innovation



Reduction of rework loss

Improve the completeness of molds and facilities



Pursue quality from a Customers perspective

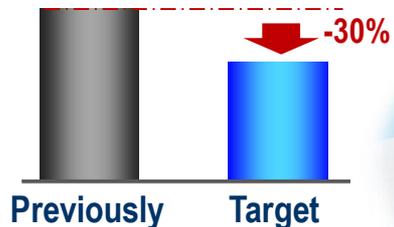
Customers first
Quality assurance



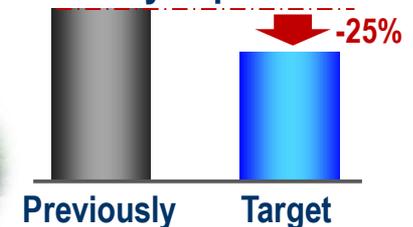
**Function global collaboration
Information sharing by IoT**

Implement new efforts beyond existing ways

Reduction of rework loss



Production preparation efficiency improvement



Monozukuri Innovation Center (Open, April 2020)

1) Actions toward strengthening our structure

(2) Strengthen cost competitiveness

(i)-C. Regional optimization of quality standards (SSA)

Basic concept

- 1) Top priority is on safety and confidence
- 2) Making cars that customers really want
 - Globally uniform criteria
⇒ **Regional optimization** (use environment, etc.)
 - Learn from competitors and understand general standards
 - Make leaner, avoid excessiveness

Case

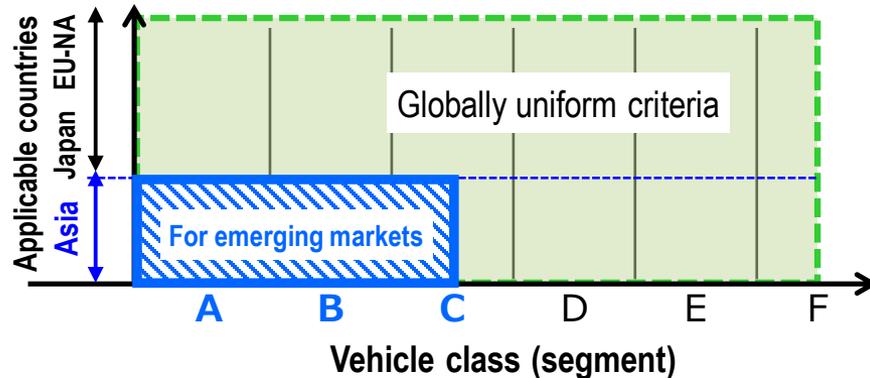
Asia: Optimization of seat evaluation standard to develop low-cost frames

Benchmarking has made clear our quality level.

Regional optimization of evaluation standard and targets in view of **use environment and physique**

Target of products for compact cars in emerging markets

Develop products that satisfy needs of specific region/vehicle class



Review rod installation system

Review headrest bracket structure

Eliminate cushion /back fixation bolts

Number of parts -27% Cost -14%

1) Actions toward strengthening business structure

2) Actions toward new value creation

2) Actions toward new value creation

(1) Expansion of core business fields

Mid-term Business Implementation Plan (Global New Customer Business)

Further enhance competitive advantage by integrating seat frame businesses

- Develop an integrated system for development and production of frame mechanism components
- Improve development capabilities and speed as a reliable seat manufacturer

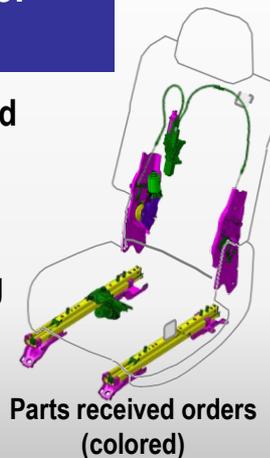
Propose existing developed products for other OEM (orders received)

Progress

Track the OEM trends and promote partnerships to enhance competitiveness

Our new seat frame mechanism adopted for the first time for Mazda new CX-8

- Electric adjustment of reclining and seat sliding
 - One-touch power walking-in mechanism that automatically tilts the seat back forward while sliding the seat forward
- ➔ Substantially improved ease of getting on and off



Proposed business scheme appropriate for Mazda Toyota Manufacturing USA (MTMUS) and established a new company.

TOYOTA BOSHOKU AKI USA, LLC

Location: Athens, Alabama, USA

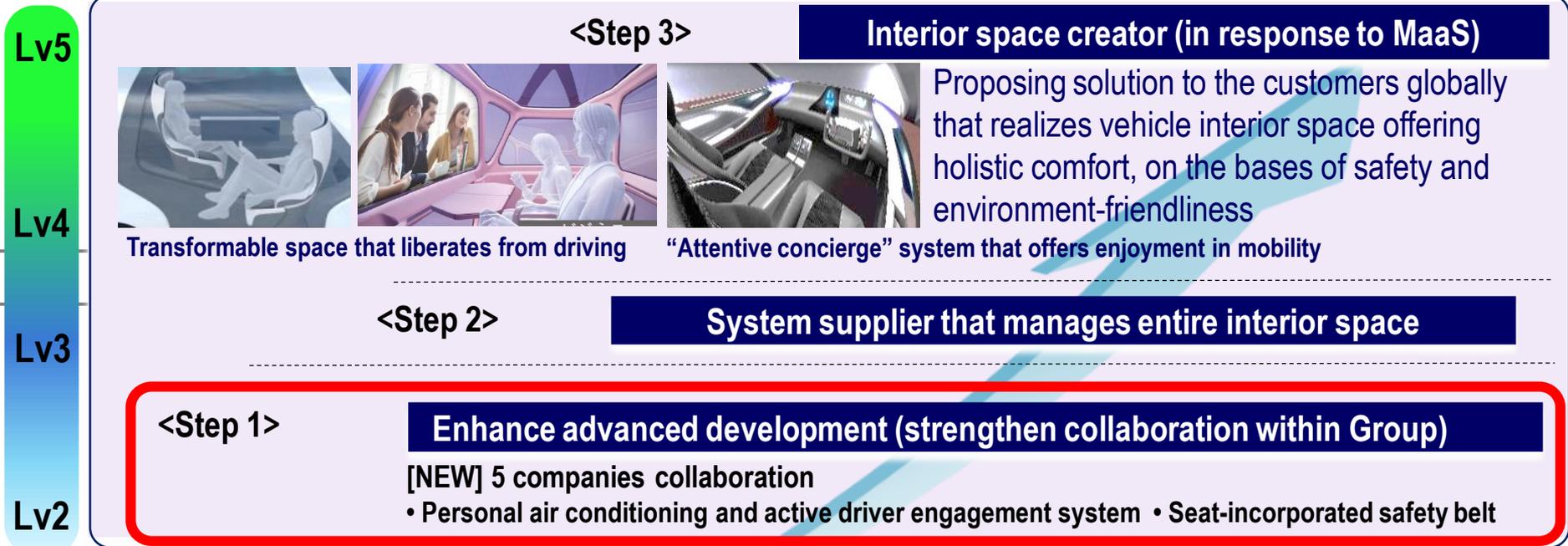


2) Actions toward new value creation

(2) Initiatives through group collaboration

Aiming to become an interior space creator by creating new value of interior space

Expansion of CASE



<What we have achieved>

- | | | |
|---|---|---|
| 1) Strengthening our structure to improve earning power | ■ Supplier covering from material development to assembly | ■ Strengthen production and capabilities |
| | ■ Enhance R&D capabilities | ■ Enhance management information infrastructure |
| | ■ Develop human resources | |

2018

2020

2025

2030

2) Actions toward new value creation

(2) Initiatives through group collaboration

Exhibited MX191 at Tokyo Motor Show

More comfort

- Pre-boarding system
- Comfort control system

More safety

- Active driver engagement system
- Safety monitoring seat arrangement
- Occupant protection safety system

More enjoyment

- Multi-space utilization

AISIN

DENSO
Crafting the Core

TOYODA GOSEI

TOYOTA BOSHOKU

TOKAI RIKA



Toyota Motor Corporation
New car for the new era “LQ”
With TB developed systems



- Seat with functions to induce wakefulness and relaxation (first in the world)
Jointly developed with Toyota Motor Corporation
- Floor mat illumination

2) Actions toward new value creation

(2) Initiatives through group collaboration

To realize a space that provides new values, accelerate collaboration with companies having necessary technologies

► Interior space creator

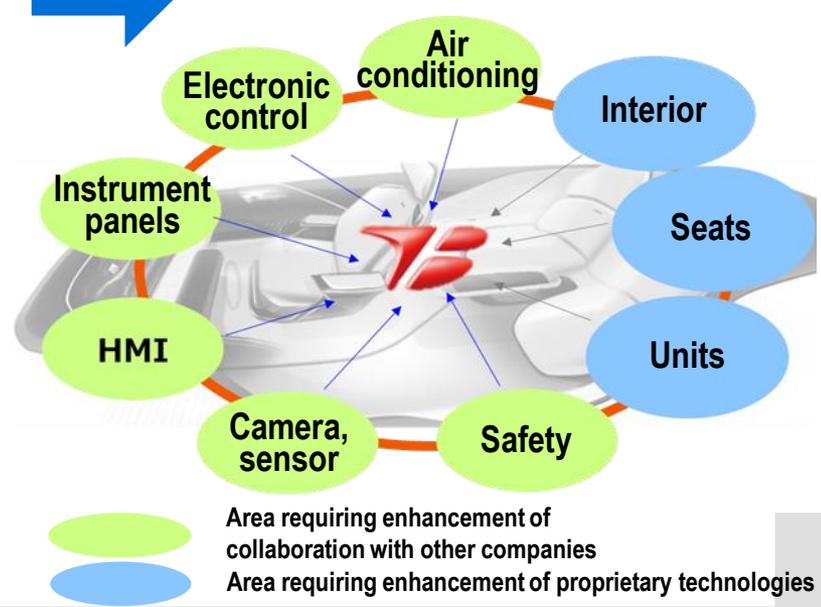
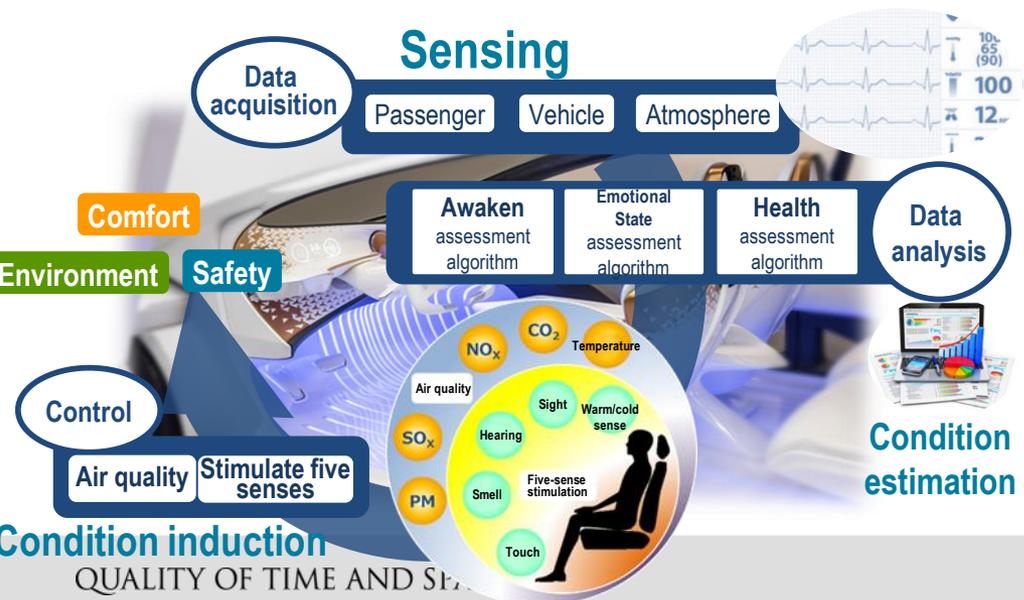
New values to be offered



etc.

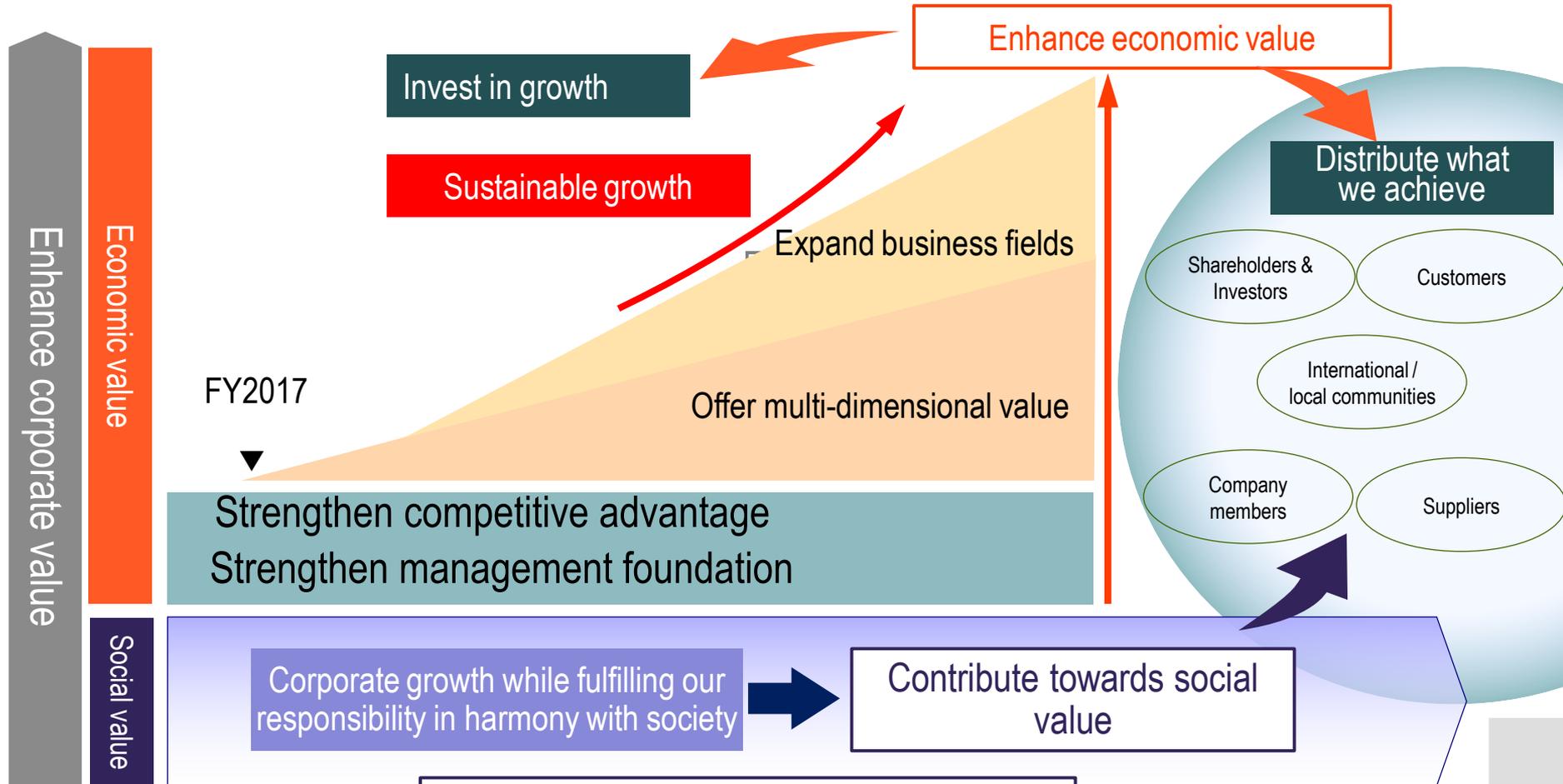
Control interior space with unique algorithm according to the conditions of space and people

Enhance/accelerate collaboration



Management structure we aim to achieve

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



**Tackle the challenges together to a new century
Open the door!**



Disclaimer

The forecasts relating to future business performance provided in this report are estimates made by the Company based on the information available at the time of reporting, and therefore involve risks and uncertainties.

Accordingly, actual results may differ from the forecasts due to various factors.