

FY2018 Financial Results

Ken Shido, President & COO

This is an internal English translation of the YOROZU 2018 Financial Report issued in the Japanese language and is provided solely for the convenience of English speaking readers. In case of discrepancy the Japanese version prevails.



株式会社 ヨロズ

The first section of the Tokyo Stock Exchange (securities code: 7294)

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Agenda

- I . FY2018 Financial Results
- II . FY2019 Annual Forecast
- III . Recent Activities
- IV . Redistribution of Profits to Shareholders

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I . FY2018 Financial Results

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FY2018 Consolidated Financial Statement Summary (Year on Year)

Millions of Yen

	FY2017	FY2018	Year on Year	FY18 Forecast Updated after 3Q Results *2	Difference from Forecast
Sales	171,536	169,111	-1.4%	169,000	+0.1%
Operating Income	6,029	5,290	-12.3%	5,600	-5.5%
Ordinary Income	5,648	5,222	-7.5%	5,400	-3.3%
Net Profit *1	2,717	402	-85.2%	2,800	-85.6%

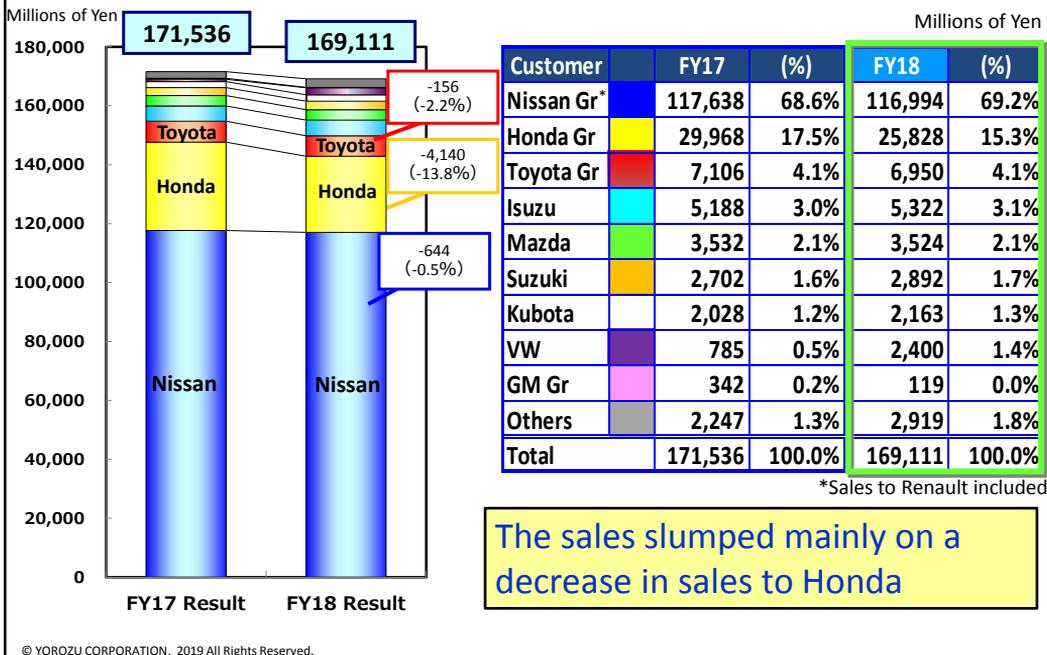
	FY2017 A	FY2018 B	Difference B-A	Rate of Change
Net Profit per Share	114.31 yen	16.94 yen	-97.37 yen	-85.2%
Rate Applied to Consolidated Statement	112.16 yen/ \$	110.44 yen/ \$	-1.72 yen/ \$	-1.5%

*1 Net profit attributed to shareholders of the parent company

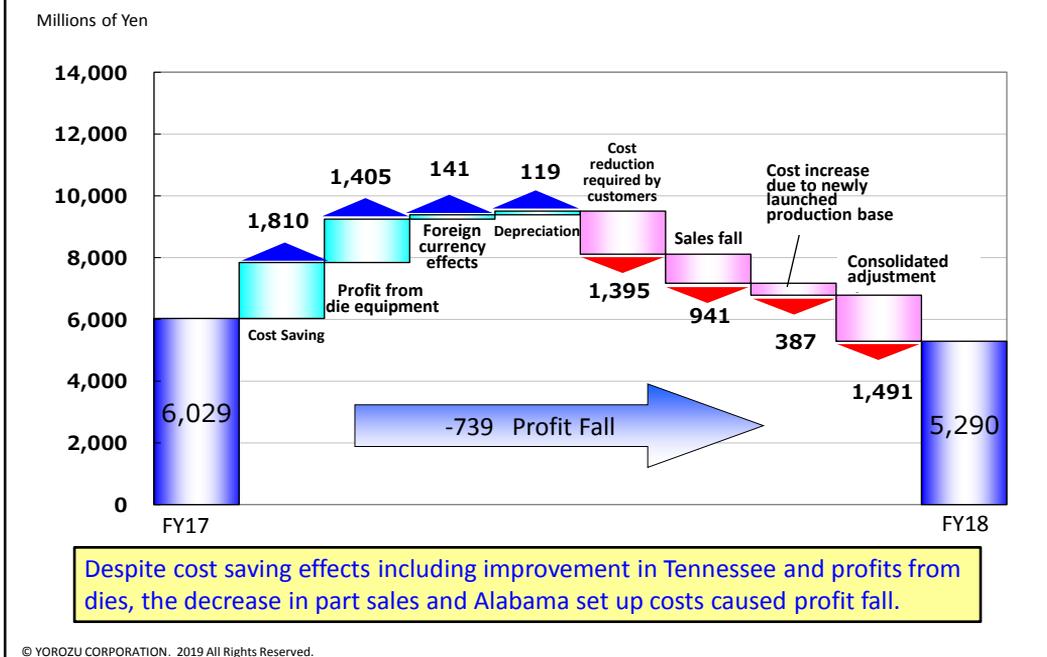
*2 Forecast disclosed on Feb. 8, 2019

Sales: Despite of China's favorable outcome, the sales declined as main customers' output dropped in Japan and US.
Operating income: Output falls in Japan and US and depreciation burdens in Mexico erased recovery in Tennessee.
Ordinary income: The profit fall was cushioned by Alabama setup fee savings and foreign currency benefits.
Net profit: Impairment of fixed assets attributed to significant output cuts of major Indian customers led to a net profit decline.

Consolidated Sales by Customer (FY17 to FY18 Results) **YOROZU**

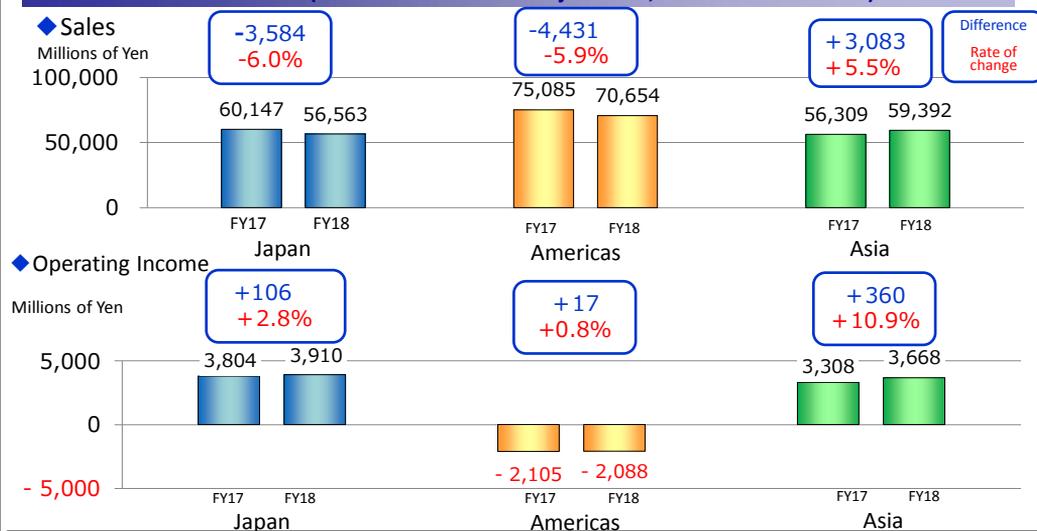


Analysis of Consolidated Operating Income (FY17 to FY18 Results) **YOROZU**



Sales and Operating Income by Region YOROZU

(Before Consolidation Adjustment, FY17 to FY18 Results)



Japan: Decreases in part and die sales eroded the earning while profitable die sales boosted the profit.
Americas: The sales declined due to sedan and small-typed cars' output fall in the US. A great recovery at Tennessee eased the operating loss attributed to Alabama startup and Mexico's depreciation.
Asia: SUV sales in China rising significantly and improvement in Thailand increased the profit.

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Summary of Consolidated Balance Sheet for the Year Ended March 31, 2019 YOROZU

Millions of Yen			
	Mar. 31, 2018 A	Mar. 31, 2019 B	Difference B-A
Assets			
Current Assets	69,590	67,422	-2,168
Fixed Assets	105,493	100,675	-4,818
Total Assets	175,083	168,097	-6,986
Liabilities and Equity			
Current Liabilities	45,632	40,273	-5,359
Fixed Liabilities	32,435	35,513	+3,078
Total Liabilities	78,068	75,787	-2,281
Shareholders' Equity	82,845	81,888	-957
Accumulated Other Comprehensive Income	-2,992	-6,235	-3,243
Non-controlling Interest, etc.	17,162	16,657	-505
Net Assets	97,015	92,310	-4,705
Total Liabilities and Net Assets	175,083	168,097	-6,986

Current deposit	+4,087
Notes/trade accounts receivable	-2,445
Inventory asset	-2,331
Others	-1,708
Fixed tangible assets	-4,213
Investment securities	-1,747
Deferred tax assets	+1,267
Notes/accounts payable	-4,864
Short term debts	-2,251
Long term debts planned to be repaid in a year	+762
Income taxes payable	+986
Long term debts	+1,146
Lease debt	+2,158
Net profit	+402
Dividend payment	-1,354
Valuation difference on available-for-sale securities	-1,213
Foreign currency translation adjustment	-2,156

Strong yen effects and impairment in India led to a significant decrease in the fixed assets.

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Summary of Consolidated Financial Forecast for FY2019

◆ Profit and Loss (Year on Year)

Millions of Yen

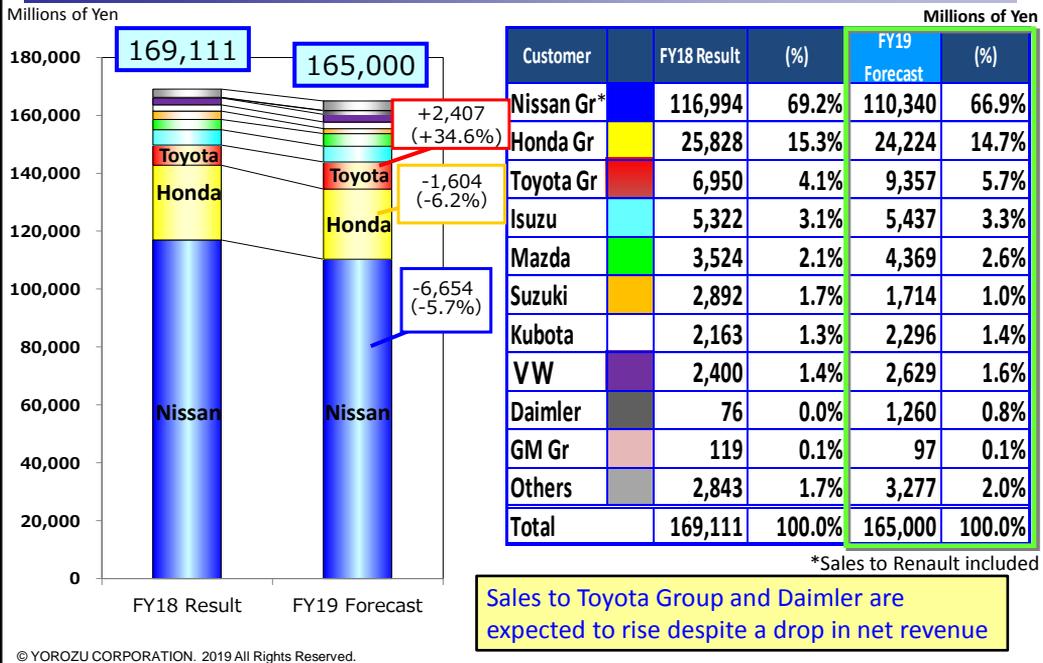
	FY2018 Result A	Sales Ratio	FY2019 Forecast B	Sales Ratio	Difference B-A	Rate of Change
Sales	169,111	100.0%	165,000	100.0%	-4,111	-2.4%
Operating Income	5,290	3.1%	3,500	2.1%	-1,790	-33.8%
Ordinary Income	5,222	3.1%	2,950	1.8%	-2,272	-43.5%
Net Profit *1	402	0.2%	1,650	1.0%	+1,248	+309.7%

	FY2018 Result A	FY2019 Forecast B	Difference B-A	Rate of Change
Net Profit per Share	16.94 yen	69.42 yen	+52.48 yen	+309.7%
Exchange Rate Applied to Consolidated Statements	110.44 yen/\$	108.00 yen / \$	2.44 yen/\$	-2.2%

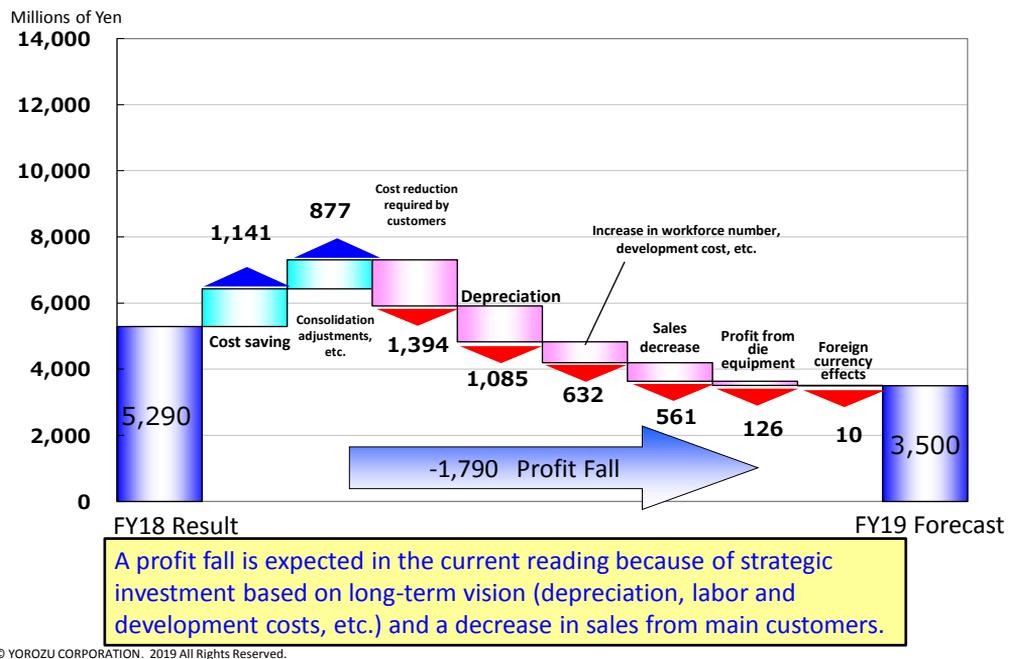
*1 Net profit attributed to shareholders of the parent company

Sales: A sales drop is expected due to output fall of major customers in US and China.
Operating income: Further drop is expected as improvement in US is not enough to cover China and US's output fall.

Consolidated Sales by Customer (FY18 Result to FY19 Forecast) **YOROZU**



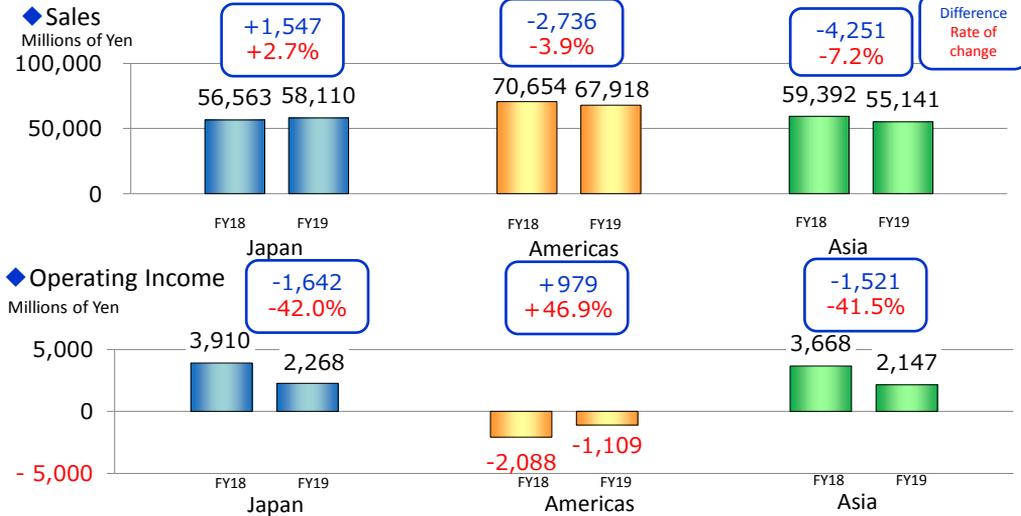
Analysis of Consolidated Operating Income (FY18 Result to FY19 Forecast) **YOROZU**



Sales and Operating Income by Region

(Before Consolidation Adjustment, FY18 Result to FY19 Forecast)

YOROZU

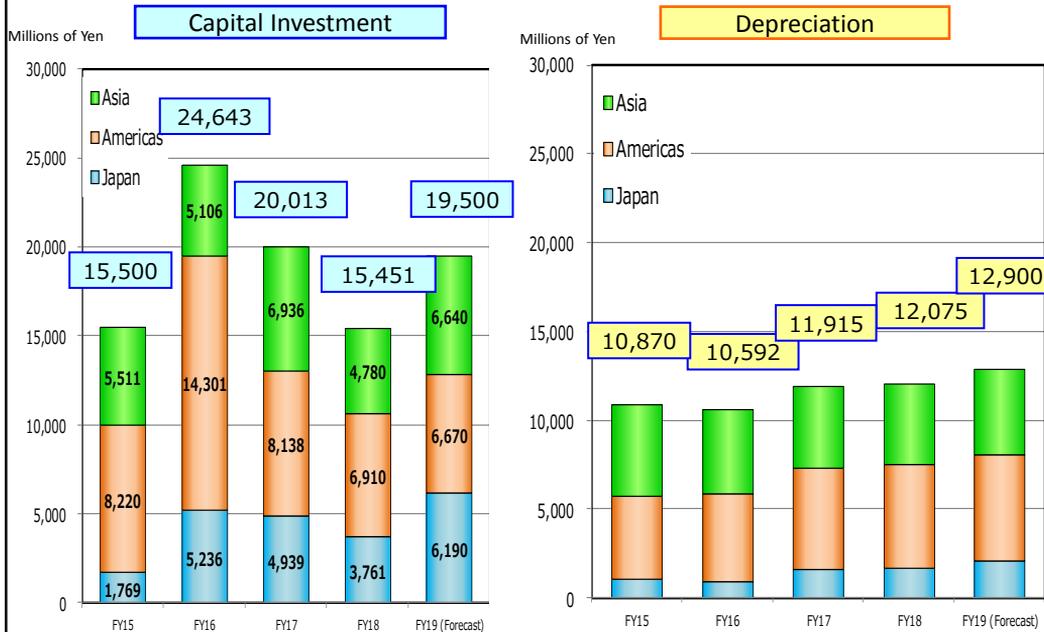


Japan: The increase in administrative expenses at HQ (depreciation, labor and other costs) and fixed costs of Oita base renovation will erode profits.
Americas: The bottom line will be improved significantly thanks to US recovery while a sales drop is expected.
Asia: A significant drop in sales to main customers in China will decrease sales and erode profits.

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Capital Investment and Depreciation

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Key Strategies

(1) Improvement in Profitability

- Company management based on free cash flow
- More effective project profit control
- Innovative *Monozukuri*

(2) Further Progress in Product Competitiveness and Development Capability

- More competitive suspension parts
- Taking advantage of specific technologies to develop new products
- Effective sales promotion along three axes (Customer, Product and Area)

(3) Enhancement of Corporate Capabilities

- Human resources development
- Organizational review
- ESG management

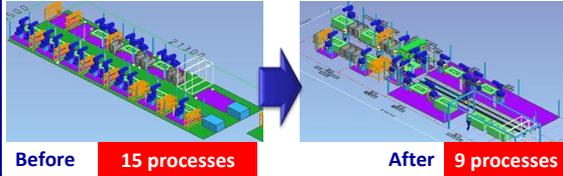
Monozukuri Innovation ~ Reduce capital investment ~ YOROZU

Make an all-out effort in simultaneous engineering

Component parts reduction, parts integration, etc.

Better yield with Arc-tailored blanks

Assembly line process reduction image



Reduce capital investment



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Innovative Monozukuri

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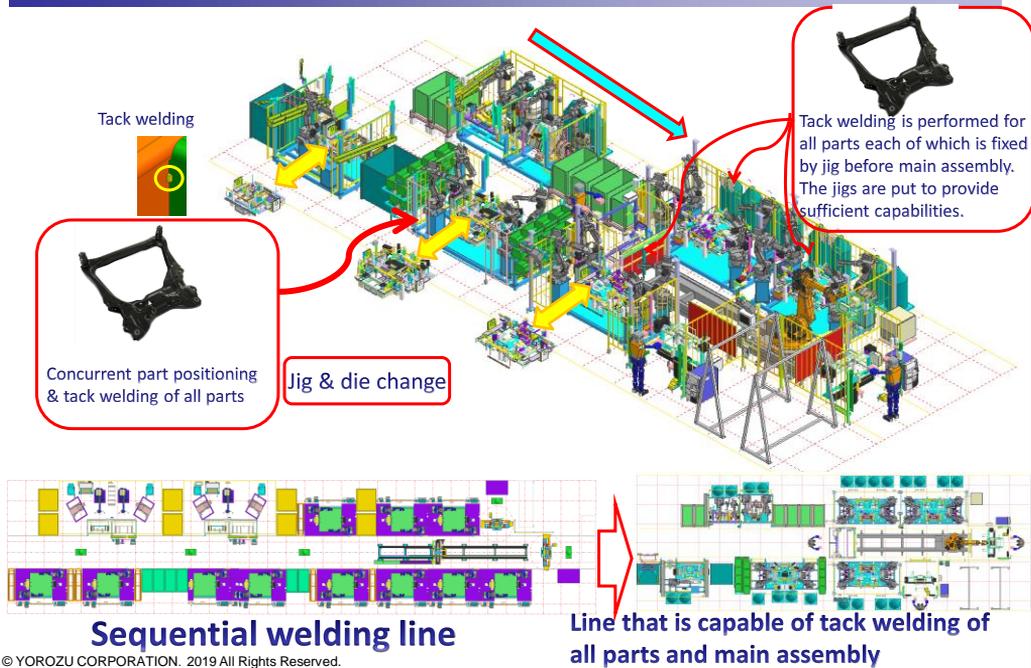


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Newest Jidoka Line Concept

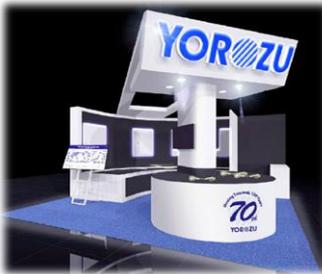


- ✓ Flexible line that is capable of demand fluctuation control
- ✓ Jig sharing between prototyping and flow production
- ✓ Further CAPEX reduction with high versatility



Showcased at Automotive World 2019

YOROZU



Rear Suspension Beam
Proposal of lightweight and cost cut

Battery Case
Proposal of methods for less number of parts

Front Suspension Member
Proposal of lightweight and cost cut

Rear Suspension Member
New Proposal



YOROZU welcomed over 600 visitors within three days from January 16.

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Further Progress in Product Competitiveness and Development Capability **YOROZU**



The exhibition took place February 26 and 27 gathering 670 participants



RADIUS ROD
Length changeability from single die



UPPER LINK
Burring helps reduce number of parts for B/J assembly



LINK
Link made by sheet metal curling

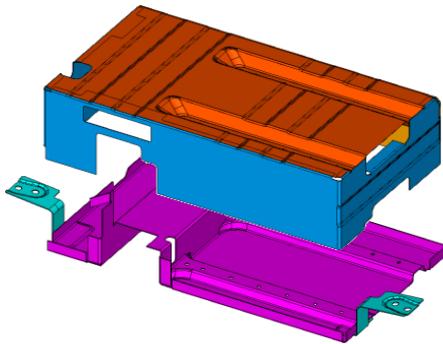
Exhibited our products at Toyota HQ

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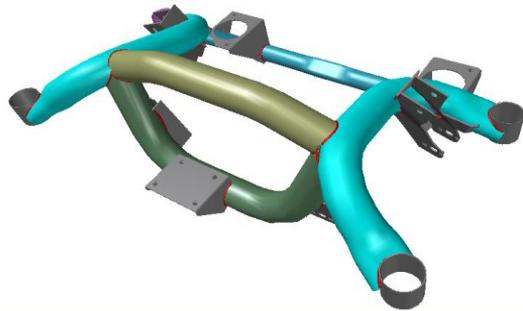
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Development of Future Products

YOROZU



Battery Case
 Number of parts: from 21 to 7
 Weight cut by 17%



EV Rear Member
 Hardness and rigidity:
 Improved by 5%
 Weld length: Reduced by 32%

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Further Progress in Product Competitiveness & Development Capability **YOROZU**

Development with light-weight technology

ALTIMA (old model)
 【SOP】
 US: June, 2012

New ALTIMA
 【SOP】
 US: August, 2018

Front SUSPENSION MEMBER for ALTIMA in North America

Item	Old Model		New Model	
Main Material	540MPa class		540MPa class	
General Plate Thickness	1.8mm		1.6mm	
Number of Major Parts	29		17	
Weight	32.1kg		25.6kg -20.2%	

Offering simplified structure and thinner sheets cuts off the weight significantly in North American specifications

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Numerous Quality Awards and Honors (FY2018) **YOROZU**



Finalist to Quality Award from Nissan North America (Mexico)



Appreciation Award for Quality Activities from Toyota Motor East Japan (Japan)



Quality and Delivery Excellence Award from Honda Brasil (Brasil)



Quality Award from Nissan Mexico (Mexico)



Finalist to Thai Regional Quality Award from Nissan Motor (Thailand) (Thailand)



Excellence in Quality Award from Hino Motors USA (US)



Certificate of Achievement for Quality from Isuzu Motors (Japan)

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Car Models Incorporating Our Products **YOROZU**

Americas

Nissan ALTIMA

FR SUSP MEMBER
RR SUSP MEMBER
RR SUSP LWR LINK RR
RR SUSP LWR LINK FR
BRAKE PEDAL

Daimler A-class Sedan

RR CRADLE

Daimler GLE

RR CAMBER ARM RH/LH

Asia

Daimler A-class Sedan

RR CRADLE

Japan

Nissan DAYZ Mitsubishi eK Wagon

FR SUSP MEMBER

RR SUSP BEAM

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Enhance Corporate Capabilities

YOROZU

Recognized as “*Eruboshi*” Employer

under the Act on Promotion of Women’s Participation and Advancement in the Workplace

On December 3, 2018,
Yorozu received the highest-level *Eruboshi** Certification.

**Eruboshi* implies “L Star” (“L” stands for Lady, Labour and Laudable.)

Certificate of Recognition



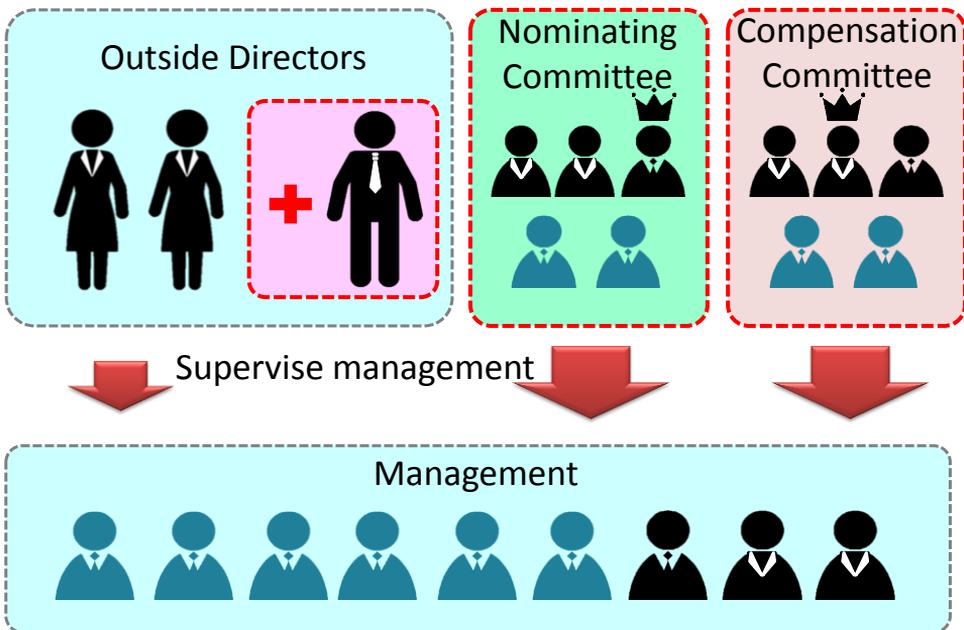
Eruboshi Certification Mark



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Strengthen Supervisory Function

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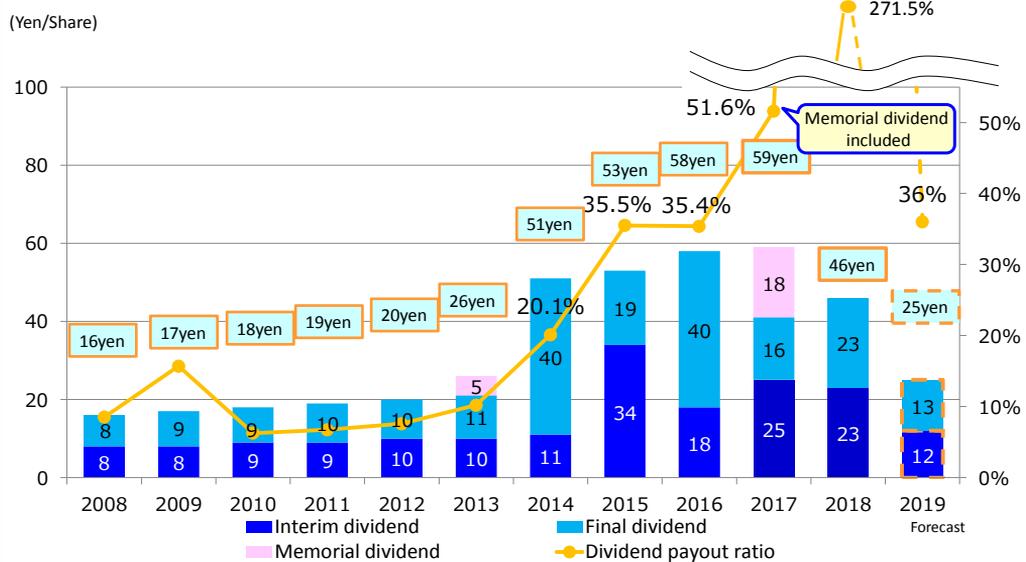
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Financial Strategy: Extension of Shareholders Benefit Program YOROZU



Dividend payout ratio will remain above 35% from FY2019 onwards.

FY2018 **YOROZU** Financial Results
Thank you for your attention

Yorozu Website
<http://www.yorozu-corp.co.jp>

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