



The next frontier in mobility.

## **Midterm Strategy and Target towards Sustainable Growth**

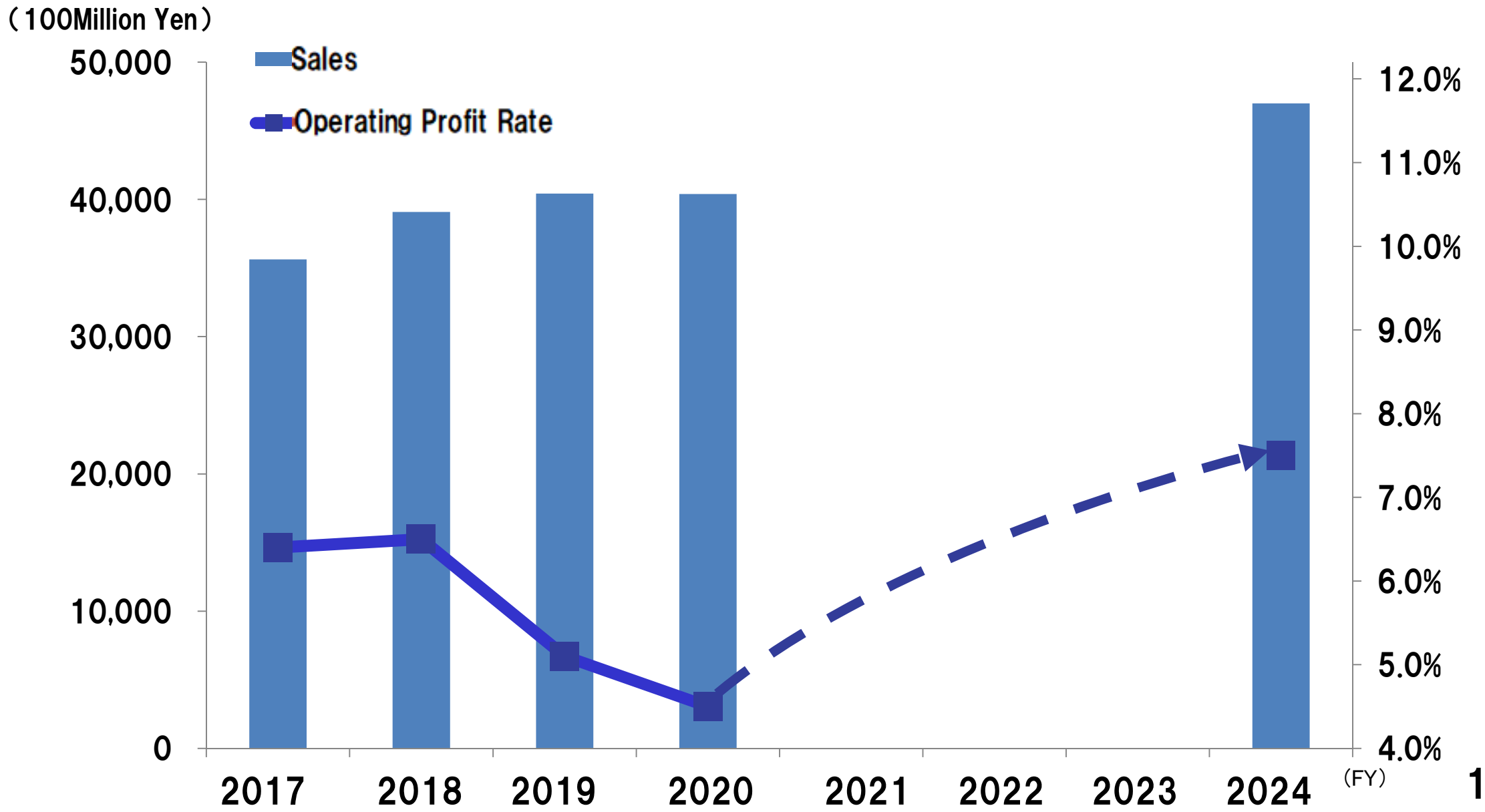
**April 26, 2019**

**Kiyotaka Ise,**

**President of Aisin Seiki Co., Ltd.**

# 1. Midterm Target for FY2024

**FY2020 at the bottom, We will target for 7% and more Operating Profit Rate on FY2024**



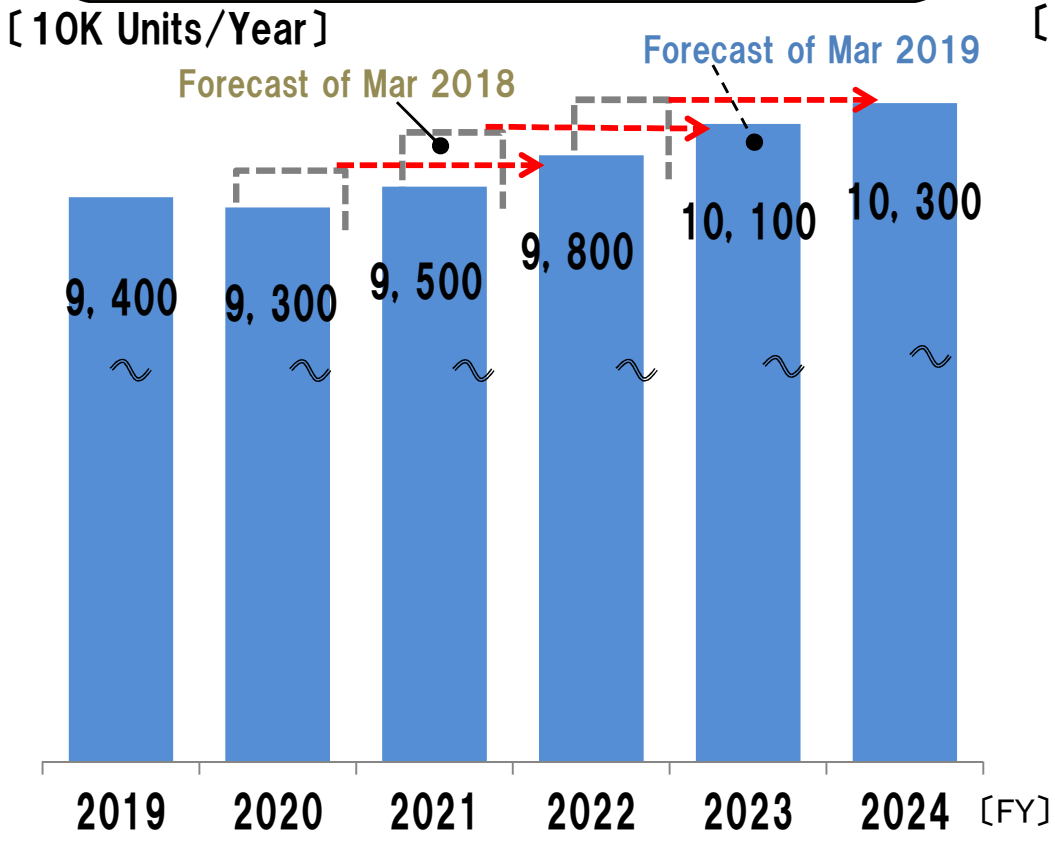
# 2. Strategy ① Powertrain

## 【1】 Forecast of Powertrain Global market

Although the growth of Powertrain global market is expected to delay 2 to 3 years from forecast of last year, It shall reach 13 Million Units on FY2024.

### (1) Forecast of Global market

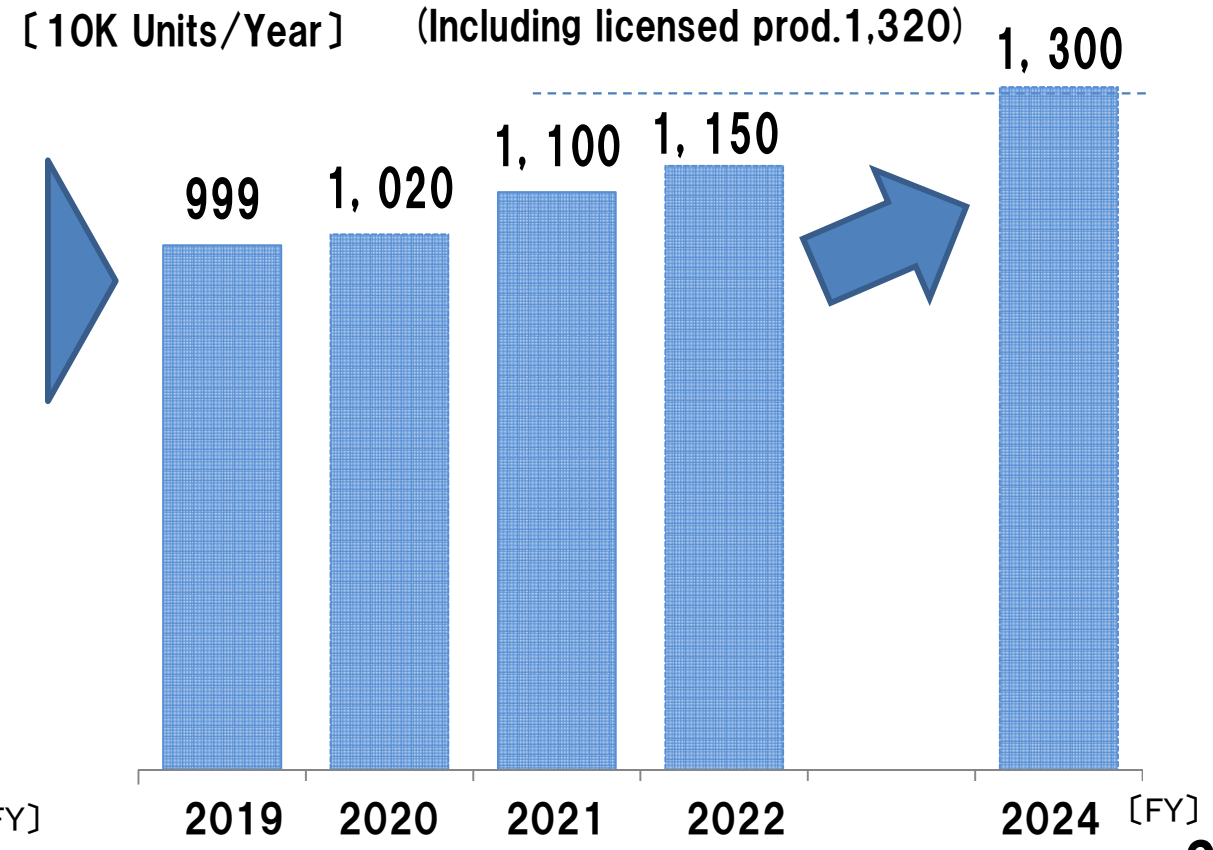
Market growth slowdown, especially China  
→ Resulting in a two year delay from last year forecast



### (2) Forecast of Aisin Group(AT, HV Transmission, eAxle)

(Note) Does not include licensed production

Forecast of Mar 2018:  
FY2020 1,290



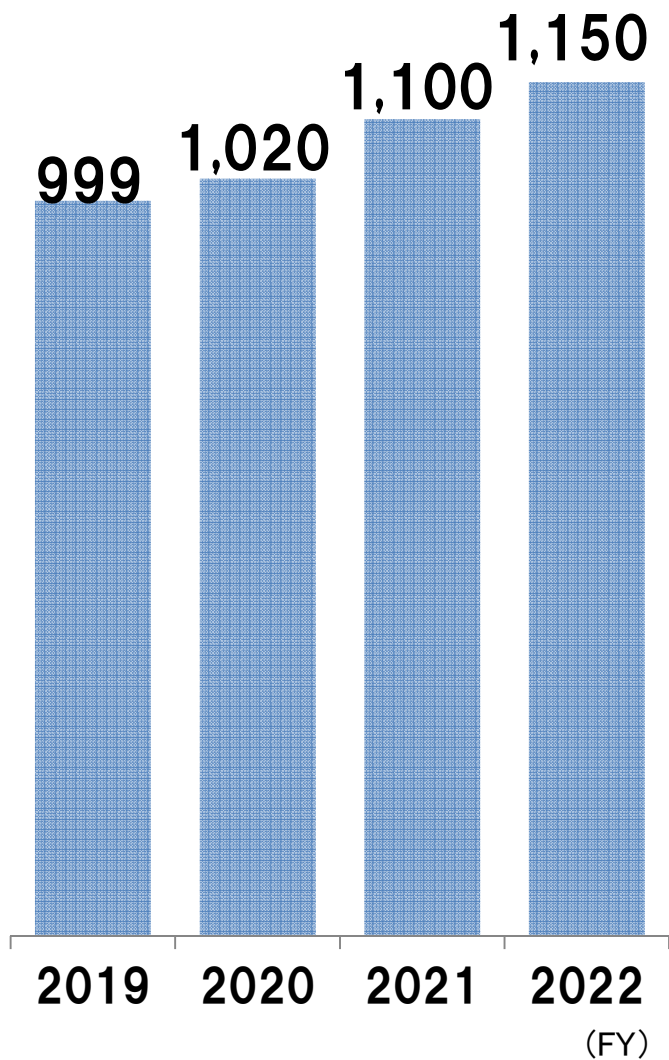
Data from Research Institute

# 2. Strategy ① Powertrain

## 【2】 Production Plan of each region

Production plan of each region is revised following the change in market trend.

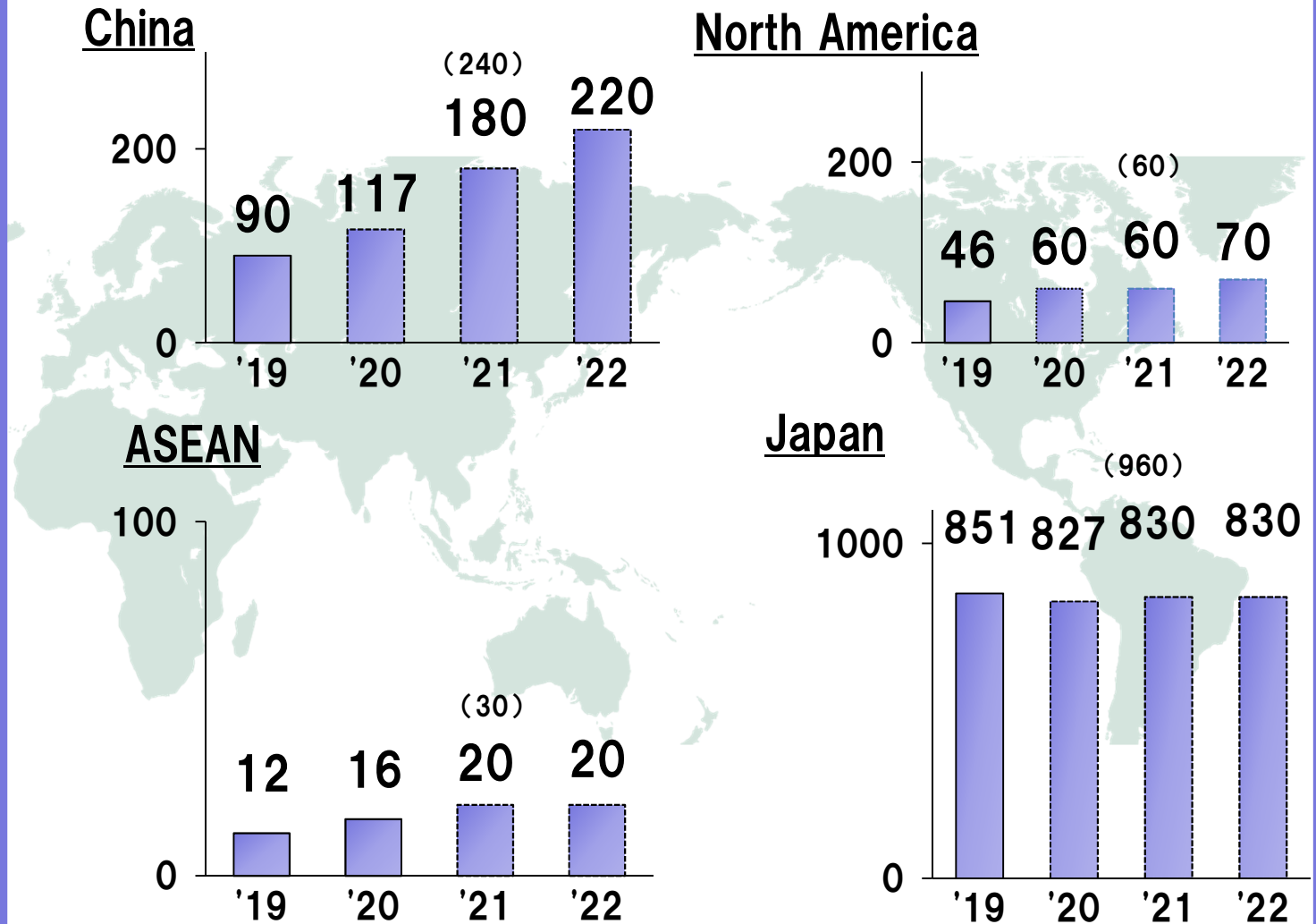
(10K Units/Year)



Production Vol. by region

( Forecast of FY2020 on Mar 2018 )

(10K Units/Year)

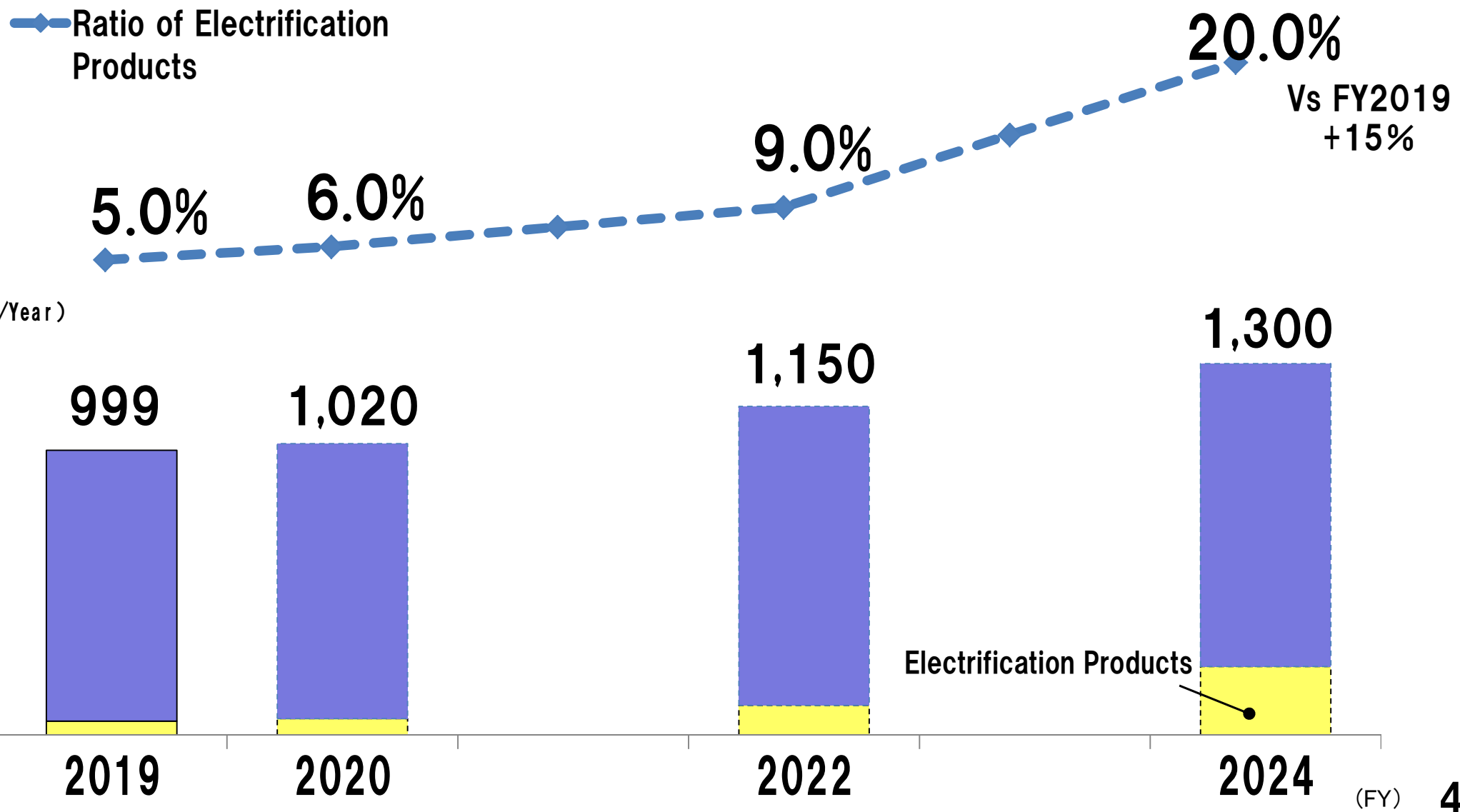


# 2. Strategy ① Powertrain

## 【3】 Change of Electrification Products composition



Electrification Products (i.e HV Transmission, eAxle) will be launched assertively, in order to meet the growing demand.



## 2. Strategy ② Product Lineup to meet CASE demand

For further development, Product Lineup responding for CASE will be expanded.

### Electrification

- 1 Motor HV Transmission
- 2 Motor HV Transmission
- eAxle series
- Electric Pump
- Cooperative Regenerative Brake System



### Automated Driving

- Vehicle Dynamics Control
- Electronically Controlled Brake System
- Driver Monitoring System
- Parking Assist System
- Automated Valet Parking



### Connected Sharing & Service

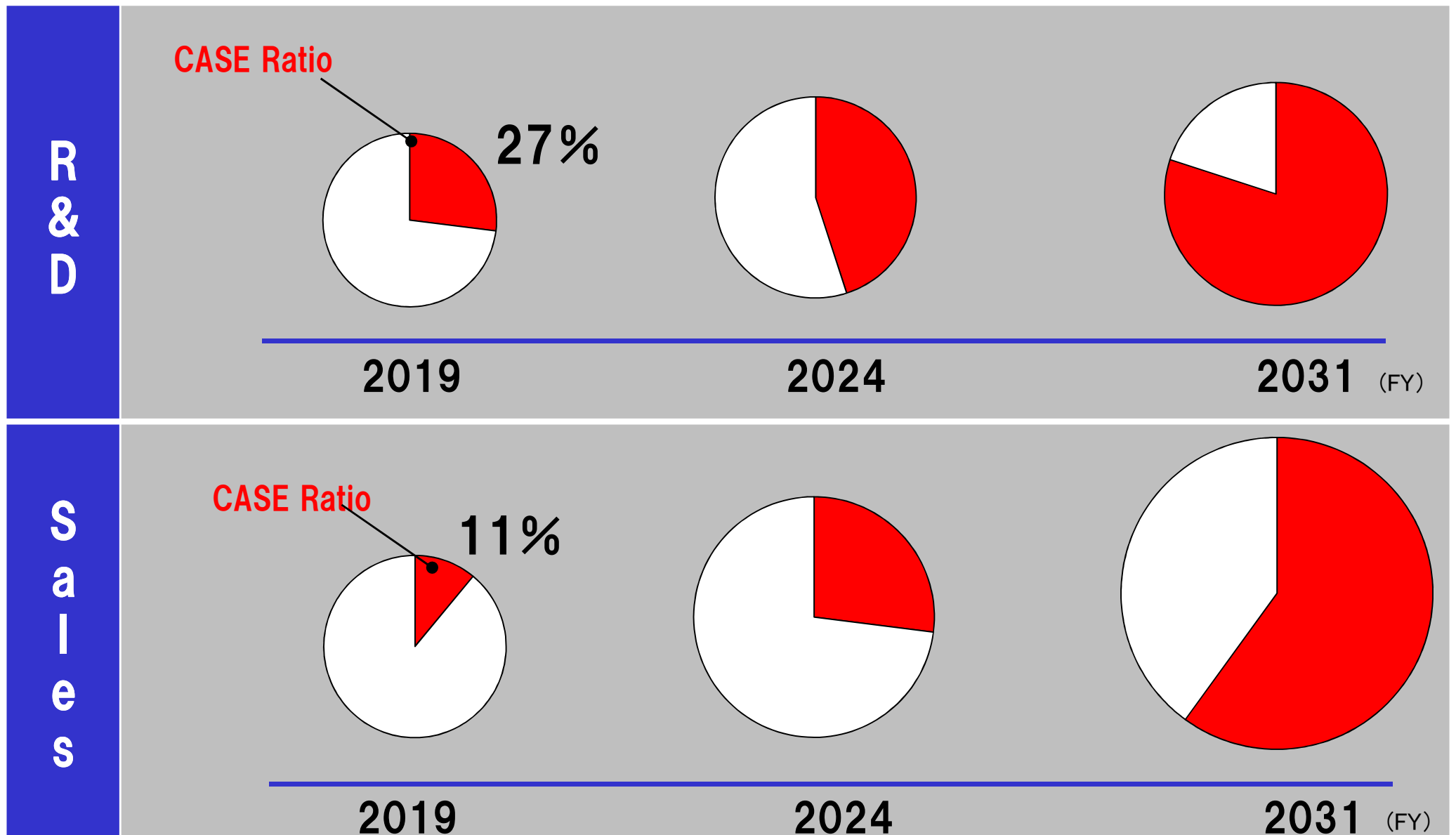
- Body components for MaaS
- Smart Safety Door
- Smart Seating Arrangement
- Cabin Monitoring System
- Logistics Support Service





## 2. Strategy ③ Resource shift onto CASE Products and increase of sales

For further sales increase, We will shift our resource on CASE Products



# 3. Strengthening Company Structure

**Achievement of Sustainable Growth Strategy**



**Shifting our Resource for CASE is necessary**

**Scrap & build work with no exceptions**

**Concentrate the group's resources on growth products and change the profit structure by scrapping unprofitable products**

**Saving up Fixed Cost**

**Establish a lean management structure**  
-From federal management to integrated group management-

**Improving productivity in Indirect division** -Workstyle Reform-



### 3. Strengthening Company Structure

#### ① Scrap & build work with no exceptions

## Major Scrap of Business

- Sewing Machine Business which contributed to our profit during the foundation period
- Bed Business started as TOYOTA Bed on 1966
- Deficit Automotive parts Business



**Scrap with no exceptions**

**Shift the resource for CASE products**

# 3. Strengthening Company Structure

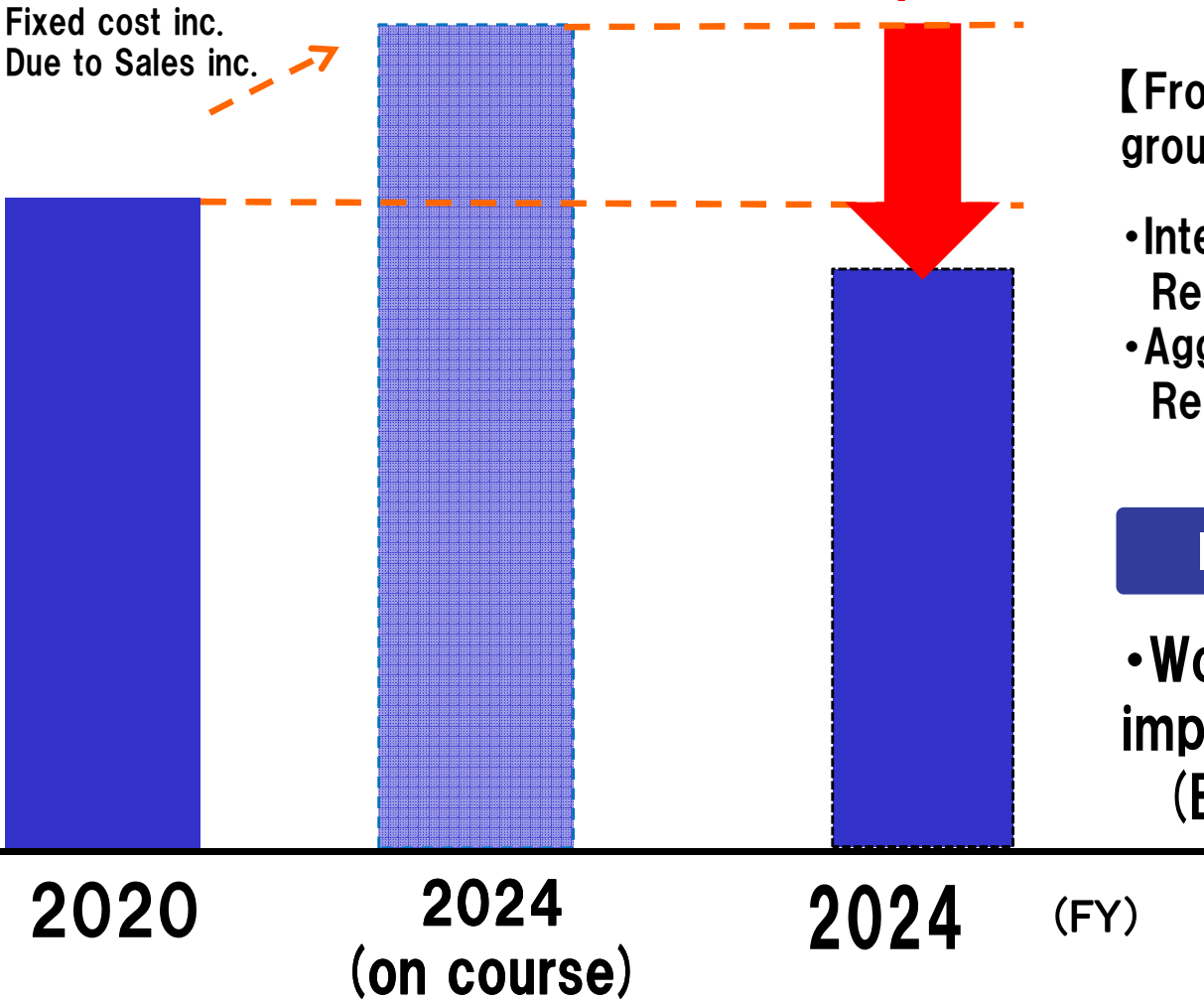
## ② Saving up Fixed Cost

**Fixed cost increase due to sales inc. will be under control, and level of fixed cost will below FY2019**

**Fixed cost**  
(Except R&D, Depreciation)

**Establish a lean management structure**

**Save up More than 10%**



**【From federal management to integrated group management】**

- Integrate subsidiaries and management  
Reduce duplicated cost. Efficient resources use.
- Aggregate management to Group Headquarter  
Reduce the number of indirect workforce.

**Improving Productivity in Indirect Division**

- Workstyle Reform to achieve 20% improvement in productivity  
(Business reform, RPA, IoT, MBD..)

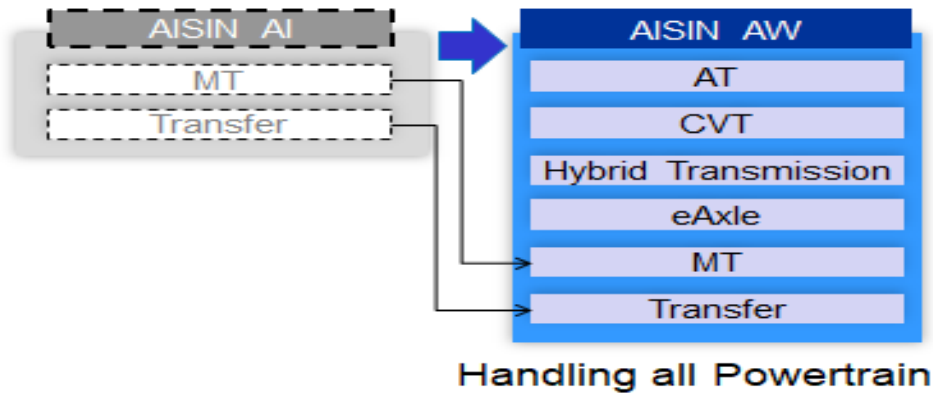
# 3. Strengthening Company Structure

- ② Saving up Fixed Cost Establish a lean management structure
- From federal management to integrated group management-

## Integration of subsidiaries

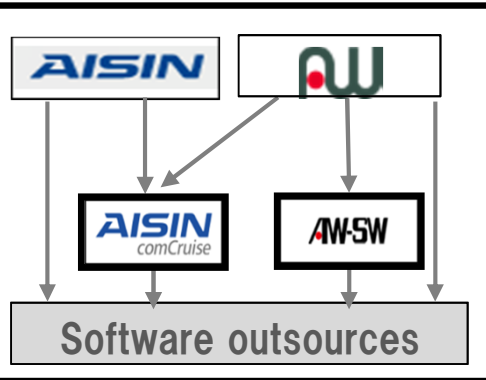
### Integration of AW and AI-A

Image of Business integration

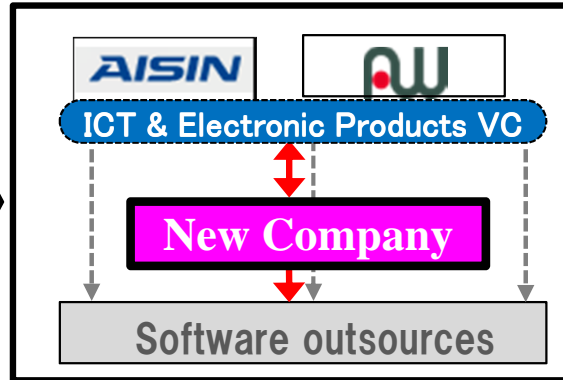


### Integration of 2 software companies

Present



After



## Integration of management factors between subsidiaries

Kyushu Casting

Aisin Kyushu

Unification of President, BoD

Headquarter

Headquarter

Sales, Purchase

Sales, Purchase

Engine Components Plant

Body Parts Plant

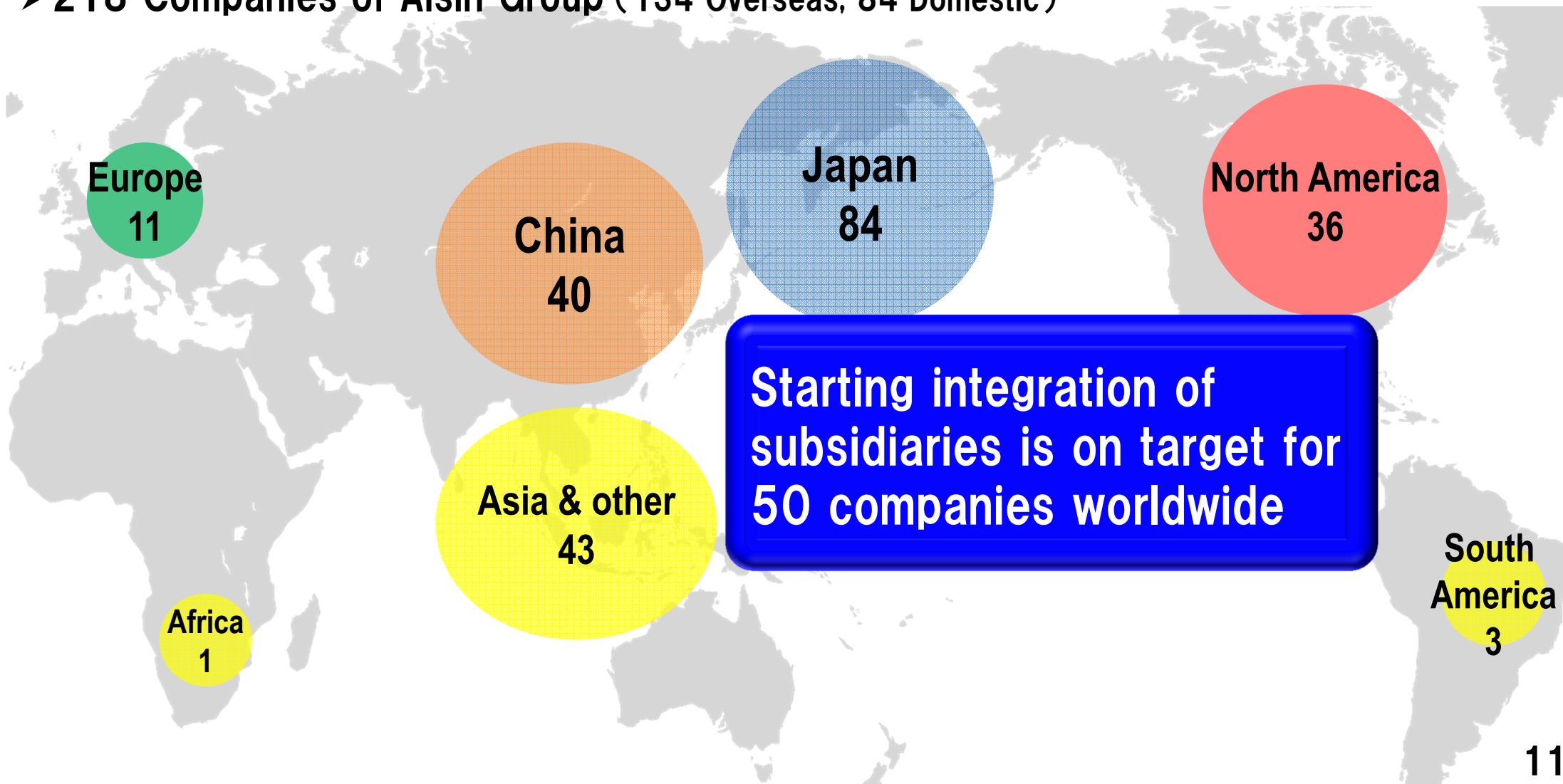
Integrate

### 3. Strengthening Company Structure

- ② Saving up Fixed Cost Establish a lean management structure
  - From federal management to integrated group management-

**Accelerate Integration of subsidiaries and management at all regions**

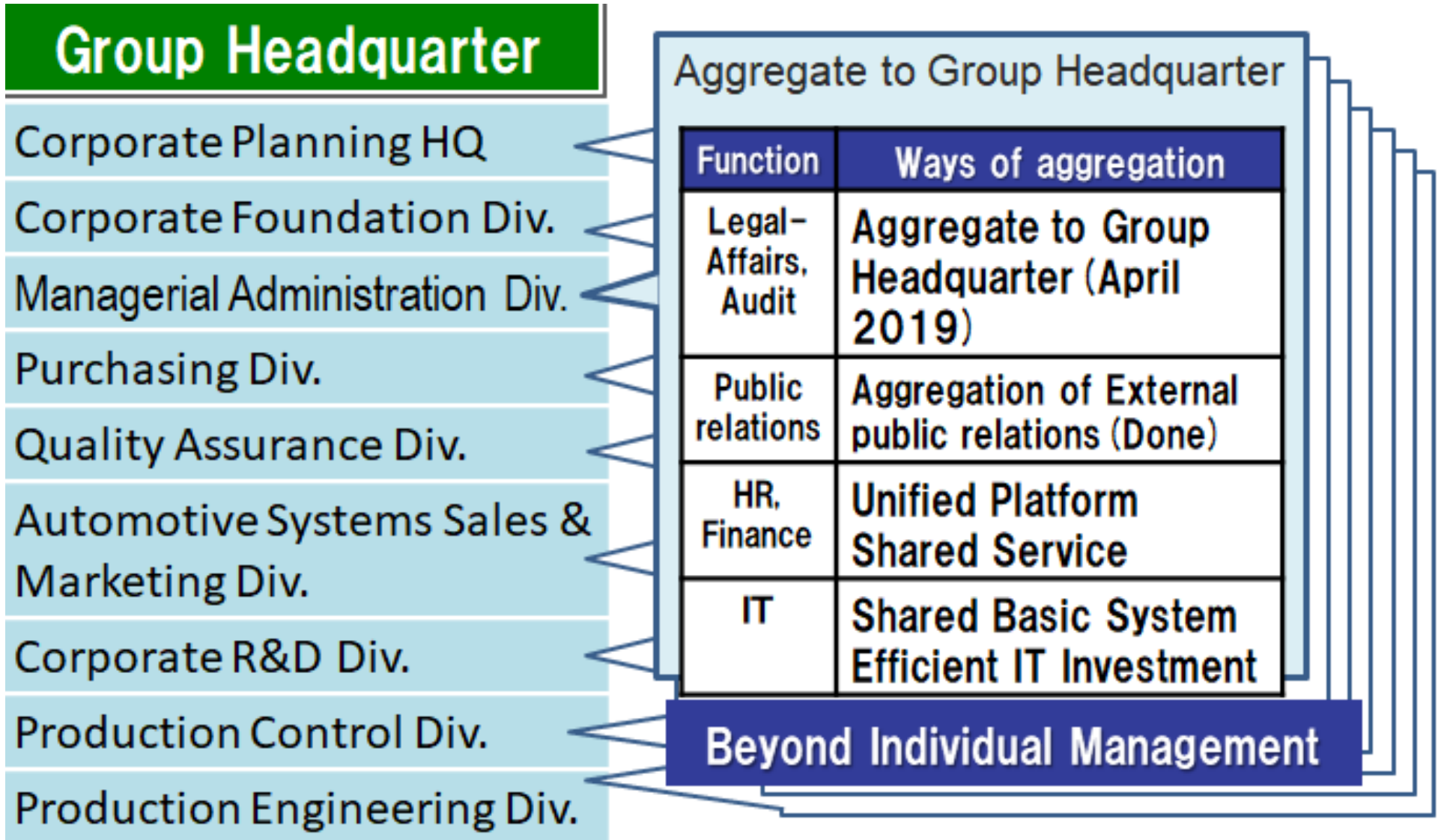
➤ **218 Companies of Aisin Group (134 Overseas, 84 Domestic)**



### 3. Strengthening Company Structure

- ② Saving up Fixed Cost Establish a lean management structure
- From federal management to integrated group management-

**By aggregating the function to Group Headquarter, enhancement of management and saving up of fixed cost will be achieved.**



### 3. Strengthening Company Structure

② Saving up Fixed Cost Improving productivity in Indirect division

-Workstyle Reform-

## Workstyle Reform

**Digitalize**

Introducing  
IoT, MBD, RPA...

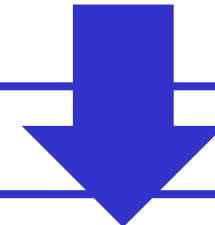
+

**Kaizen overcoming  
the precedent**

Scrap of unimportant paper work  
Reduce of meeting hours...

=

**Scrap of time  
consuming work**



**Improvement of Worker's  
motivation**

**Reduce of total working hours**

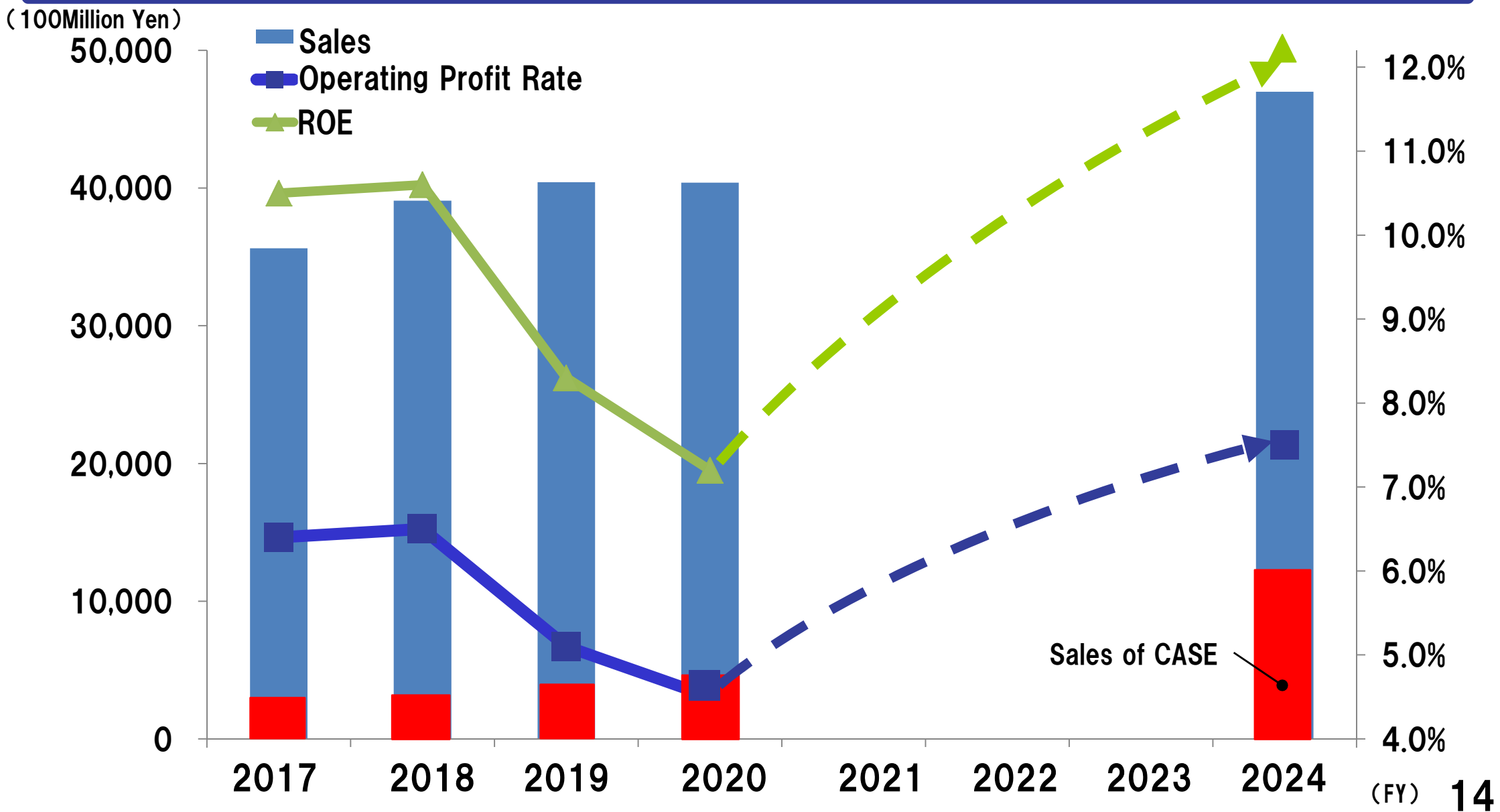
Increase of work is offset by productivity  
improvement. No additional working hours for  
Indirect division



**20% Improvement in Productivity**

# Midterm Target for FY2024

FY2020 at the bottom, We will target for 7% and more Operating Profit Rate on FY2024







*For a Better Tomorrow*

***AISIN GROUP***