



AISIN CORPORATION

Financial Results Briefing for Q3 FY2023 Ending in March

Q: In view of the rapid reduction in vehicle production and trends in the Chinese market, what are your thoughts about AT sales and production going forward?

A: This year, although we had prepared for a high level of production, the reduction in vehicle production, which was greater than expected, resulted in losses. Next year, we will downsize the preparation so as to ensure the effect of production increase. It is no doubt that there will be a gradual shift to BEVs and HEVs. But we do not think that demand for ATs will decline rapidly. In the Q4, although we expect a temporary decrease in sales in China due to inventory adjustments by customers, sales are likely to recover as the inventory at the customers will be reduced.

Q: Regarding the impact of the surge in raw material prices, I would like to know about the situation of payments to suppliers and reflection in sales prices for customers.

A: For suppliers, we have faithfully supported them in tackling the rising energy costs, for which there have been no price revision rules, and other problems. Payments have increased from the initial plan due mainly to the surge in energy costs. However, we will continue to discuss with our customers about reflecting the impact in sales prices to reduce the impact on business performance. About half of the 55 billion yen impact of the raw material prices of the current fiscal year can be reflected in sales prices next year. We will continue negotiations to reflect also the other half in sales prices.

Q: How do you see the balance between investments in electrification and shareholder returns?

A: We will not relax investments in key areas and electrification, but we are not thinking of reducing shareholder returns for them. In order to secure resources for these investments, we need to advance structural reform a step forward. We will accelerate such efforts as reorganization of companies and reshuffling of the portfolio, including even the shares, lands, and other assets we own. Although we are undecided about the year-end dividend payment at the moment, we aim to maintain stable dividends as a basic policy while taking into consideration the performance of the next period and beyond.

Q: Regarding ATs, will there be any opportunity for the remaining players to gain benefits?

A: While the shift to electrification will advance, the need for ATs will also remain to some extent, given the local situations and energy mix. We believe the estimated AT sales volume in the medium to long run may vary depending on the electrification strategies of OEMs. We will shift our business assets to electrification products by effectively using existing assets. We will work to enhance the competitiveness of our products so that both ATs and electrification products can generate solid profits.

Q: I see sales of Chassis and Vehicle Safety Systems have increased. I would like to know about the outlook for the next year and beyond.

A: In line with the electrification trend, regenerative cooperative brakes and electric parking brakes will increase. Focusing on the brake business as an area to be strengthened, we will shift resources of the Aisin Group to the area and work to expand sales of value-added products.