

# A Message from the Management



Kanshiro Toyoda  
President

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Chairman

**Midterm Management Strategies**  
**Our strategy calls for the expansion and qualitative improvement of the automotive parts and systems business, which is the core area of operations for AISIN Group. Another strategic goal is the development of new opportunities in such areas like the creative lifestyle business.**

**In the automotive parts and systems business, AISIN Group operates to expand its market share in domestic and overseas markets, especially for key products such as drivetrain related products, brake and chassis related products, and body related products. At the same time, we focus on the development of system products with an emphasis on the environment and safety. These efforts are accompanied by aggressive globalization, including the expansion of production facilities in North America, Europe and Asia. In the creative lifestyle business, we strive to develop new products and services that meet the changing needs of consumers. Setting up the midterm goal for consolidated return on equity (ROE) as 10%, we will work to achieve this target by strengthening competitiveness and improving capital efficiency.**

## Overview of Last Fiscal Year

The business environment surrounding AISIN Group was characterized by vigorous activities developed in the automobile industry, such as alliances for survival in the world market and advancement of new procurement policies aimed at drastic cost reduction. In lifestyle related industries, on the other hand, trends toward lower prices combined with effects of distribution system innovations, made last fiscal year a year of drastic changes.

In this overall context, consolidated net sales of the automotive parts and systems business for the year ended March 31, 2001 increased by 12.7% to ¥1,062.5 billion (\$8,575 million), compared with the previous fiscal year. This increase came mainly from growth in sales of drivetrain related and body related products, a reflection of stronger automobile sales both in Japan and the overseas market.

Consolidated net sales of the creative lifestyle business, on the other hand, grew by 14.4% to ¥42.4 billion (\$342 million). In other businesses, including construction and civil engineering and petroleum products sales, consolidated net sales increased by 12.0% to ¥23.6 billion (\$190 million).

As a result, total consolidated net sales rose by 12.8% to ¥1,128.5 billion (\$9,108 million).

Profitability was favorably affected by sales increases, coupled with the overall effects of streamlining and efficiency improvements, such as reinforced cost planning activities, and productivity enhancement through production line consolidation. Consolidated ordinary income totaled ¥63.1 billion (\$510 million), an increase of 33.8% over the previous fiscal year. However, we have registered a consolidated net loss of ¥7.2 billion (\$58 million), because ¥73 billion (\$590 million) in extraordinary losses, that were incurred as differentials generated from a change in the accounting method for retirement benefits, were depreciated as a one-time charge.

Our policy regarding dividends is basically to meet the expectation of shareholders by providing stable dividend payments over a long-term period, while taking overall consideration of business achievements and the dividend payout ratio. With regard to dividends for the term under a review, we plan to pay a year-end dividend of ¥6.5 per share, for a total yearly dividend payment of ¥12 per share, which includes an interim dividend of ¥5.5 per share paid in November 2000.

#### Outlook for Coming Fiscal Year

For the coming fiscal year, competition is expected to intensify globally, not only in the automobile industry, but also in other industries. Amid this managerial environment, we are determined to focus the Group synergies of AISIN Group companies around the world toward the establishment of our position as an integrated worldwide supplier of competitive products capable of contending successfully in global markets. We will also expand manufacturing facilities in overseas countries such as China and the North American region. Furthermore, we will positively strive to culti-

vate new customers and expand transactions by strengthening our designing capabilities in North America and Europe.

In order to supply the world's top-class brake system to car manufacturers throughout the world, our company, Denso Corporation, Sumitomo Electric Industries, Ltd. and Toyota Motor Corporation established a new joint company named Advics Co., Ltd. on July 3, 2001. Therefore, our company, Denso and Sumitomo Electric Industries, are scheduled to transfer development and sales functions to Advics regarding brake system on October 1, 2001.

Regarding business performance for this coming fiscal year, we forecast that consolidated net sales will be increased by 0.1%, to ¥1,130 billion (\$9,120 million), while consolidated ordinary income is expected to be ¥60 billion (\$484 million), down by 5.0%. Consolidated net income, meanwhile, is anticipated to reach ¥24 billion (\$194 million).

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