

# Globalization

## Striving to Grow and Advance with Global Markets and Customers

As the economies of China and those in Central and Eastern European countries begin to expand, global markets will likely achieve prolonged growth propelled by the economic engines of such nations. Against this backdrop, AISIN aims to promptly develop a structure that enables business expansion on a global scale in order to grow and expand alongside global markets and customers.

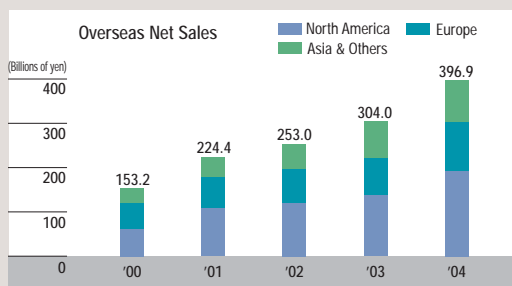


### Rapid Development of a Global-scale Supply Structure

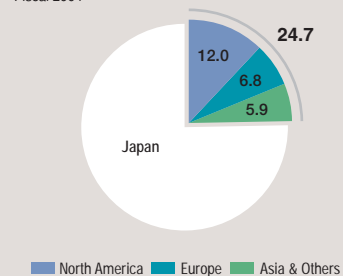
In the fiscal year under review, net sales totaled ¥1,208,312 million (US\$11,433 million; 75.3% of total net sales) in Japan, ¥192,520 million (US\$1,822 million; 12.0% of total net sales) in North America, ¥108,942 million (US\$1,031 million; 6.8% of total net sales) in Europe and ¥95,478 million (US\$903 million; 5.9% of total net sales) in Asia & Others. The ratio of overseas sales to total net sales rose 3.1 percentage points to 24.7%.

Global markets are expected to maintain sustainable growth in step with the expanding number of EU member countries and the progress in China and Asian markets,

making it crucial for AISIN to further fortify its overseas operational bases. Moreover, the move to standardize parts and centralize procurement is intensifying as worldwide reorganization and group consolidation continue among automobile manufacturers. Such trends will likely become more prevalent, making it necessary for suppliers to establish a global interface with automobile manufacturers during various production phases, including design and development processes, and development of production networks and IT systems.



Ratio of Overseas Net Sales to Total Net Sales (%) Fiscal 2004





## Global Network

(Fiscal 2004)

- Production base
- Holding or sales base
- R&D base

### Building a Structure that Fulfills Customer Needs Around the World

AISIN is working to realize this interface by actively promoting the construction of operational bases in various overseas countries and regions in addition to developing efficient supply networks. In the fiscal year under review, consolidated subsidiaries numbered 69 in Japan and 59 overseas, including 26 in North America, six in Europe and 27 in Asia and other regions, an increase by one within Japan and by seven overseas. Despite a broad overseas network, operational bases are unequally distributed in such regions as North America, China and ASEAN countries, which indicates that the Group's global structure is unable to fully meet the

needs of customers across the globe. AISIN seeks to be trusted as a global partner by customers around the world and aims to fulfill that trust by establishing and expanding the AISIN brand in global markets. To that end, the Group will ensure that it operates in every region where customers operate through continued expansion of its bases. Moreover, AISIN will establish bases in undeveloped regions, aggressively bolster its production capacity and construct supply networks stretching within and across different regions, while also refining its design and assessment functions overseas.

#### Newly Added Overseas Subsidiaries for Fiscal 2004

AW KOREA CO., LTD. (South Korea)

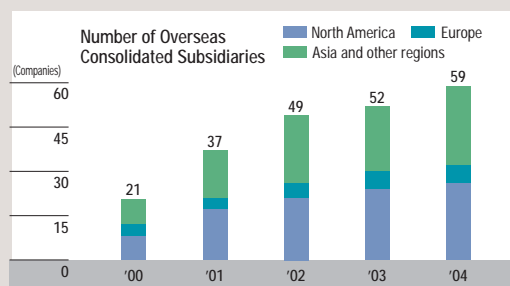
ADVICS MANUFACTURING OHIO, INC. (U.S.A.)

SAFA, L.L.C. (U.S.A.)

ADVICS ASIA PACIFIC CO., LTD. (Thailand)

AISIN LIGHT METALS, LLC (U.S.A.)

P.T. ADVICS INDONESIA (Indonesia)



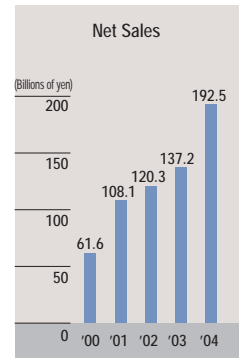
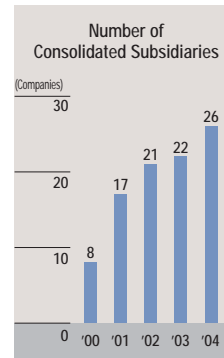
## North America

In the fiscal year under review, net sales in North America jumped 40.3% to ¥192,520 million (US\$1,822 million). This was chiefly the result of increased sales of such body components as power seats and sunroofs, as well as the inclusion of ADVICS Manufacturing Ohio, Inc. into the scope of consolidation.

### Strengthening Structures to Adapt to Local Production by Automobile Manufacturers

Fueled by a strong U.S. economic base, the automobile market was able to maintain self-sustaining growth. AISIN regards North America as our second core market. Hence, in order to expand business transactions with major U.S. and Japanese automobile manufacturers, AISIN is working to augment its lineup of products available for supply to the region and aggressively ramp up production output at all American operations as a whole, including those in Canada and Mexico.

One measure in this direction during the term was the establishment and expansion of production bases specializing in body related, engine related and drivetrain related products, respectively. In the body related products segment, the Group established Aisin Light Metals, LLC in July 2003 to produce such aluminum extrusion components as bumper reinforcements. In addition, production was begun in September 2003 for belt moldings and windshield moldings at Aisin Canada, Inc., which was established as the



Group's first production base in that country.

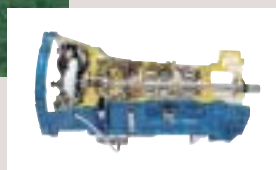
In the engine related products segment, which anticipates a forthcoming rise in orders, AISIN established Aisin Automotive Casting Tennessee, Inc. in January 2004 and plans to shift production of such functional aluminum engine components as pistons and water pumps from Aisin Automotive Casting, LLC. In the drivetrain related products segment, AISIN expanded plant facilities of AW North Carolina, Inc., which manufactures torque converters and other AT components, and launched initial production of ATs for the Toyota *Tundra* in May 2004.

As a result of the above activities, the number of production bases in North America rose to 18 as of March 31, 2004. As local production continues to increase among business customers, AISIN is intent on further boosting production capacity while concurrently developing efficient production and logistics networks.



AW North Carolina, Inc.

RWD 5-speed AT



Aisin Mfg. Illinois, LLC

Sunroof



## Europe

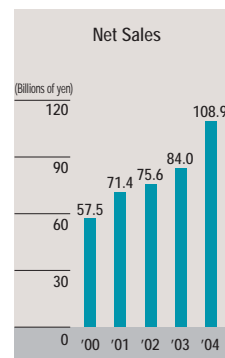
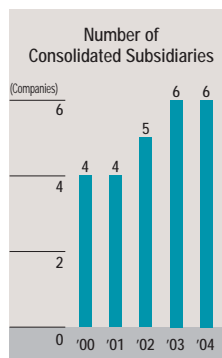
**In the fiscal year under review, net sales in Europe rose 29.6% to ¥108,942 million (US\$1,031 million) as a result of brisk sales in ATs to European automobile manufacturers.**

### Augmenting the Operational Base and Addressing the Expanding Automobile Market

As Europe enjoys a burgeoning economy from the subsequent rise in EU membership, the automobile market is expected to enter a phase of growth. AISIN has been raising its brand recognition in this market by expanding its transactions with leading local automobile manufacturers, chiefly in the area of ATs exported from Japan.

Building on these advances, AISIN is now developing a distribution structure in Europe with the intent of bolstering local production and providing a wider array of products.

In particular, during the term AISIN established and enlarged production bases specializing in engine and information related products. In the engine related products segment, production of water pumps and oil pumps commenced in August 2003 at Aisin Europe Manufacturing Czech s.r.o. (Aisin Europe Manufacturing Czech). The production facilities of AW Europe S.A. (AW Europe) in Belgium were also expanded, with production of car navigation systems for local customers launched in November 2003.



Together with existing subsidiary Aisin Europe Manufacturing (UK) Ltd., the number of production bases in Europe as of March 31, 2004 totaled three. AISIN aims to work toward increasing production capacity while actively boosting sales of strategic products.



Operations at Aisin Europe Manufacturing Czech



Mons plant of AW Europe S.A.

Car navigation system



Aisin Europe Manufacturing Czech s.r.o.



Oil pump

Water pump

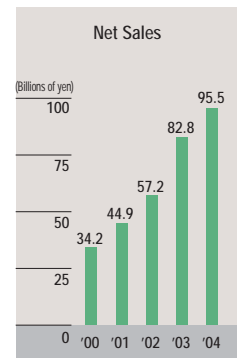
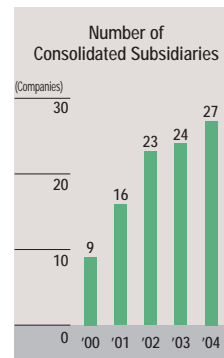
## Asia & Others

**In the fiscal year under review, net sales in Asia & Others climbed 15.3% to ¥95,478 million (US\$903 million). This brisk performance was the result of both higher sales among production bases in China and Thailand, as well as the inclusion of Tangshan Aisin Gear Co., Ltd. (Tangshan Aisin Gear) into the scope of consolidation.**

### Promoting Fortification of the Production and Supply Structure to Address Rapidly Expanding Markets

Public sentiment denotes the most promising market in the 21st century to be Asia, which continues to witness a rapid rise in the number of motorists in such areas as China, India and various ASEAN countries. In order to steadily meet this rapid rise in demand and expand its businesses, AISIN is aggressively undertaking sales expansion by relying on its strengths within a wide range of business domains and by developing its production bases in these regions.

Toward that end, AISIN established and expanded production bases in China and ASEAN countries during the term. In preparation for Toyota's production launch of its "Innovative International Multi-purpose Vehicle" (IMV) in ASEAN countries, AISIN raised production capacity in August 2003 by expanding the plant at Siam Aisin Co., Ltd., which is responsible for the production of engine related, body related and brake related components. A new plant was also constructed at Aisin AI (Thailand) Co., Ltd. in order to ramp up production capacity of manual transmissions (MTs). In addition, AISIN is further augmenting its production capacity



at bases, including an expansion of the production line for iron casting at PT. AT Indonesia.

In order to respond to expanding markets in China, a new die cast plant was built in December 2003 at Zhejiang Aisin-Hongda Automobile Parts Co., Ltd., which produces engine related parts. Plans also call for construction of plants in 2004 at Aisin Tianjin Body Parts Co., Ltd., which produces body related components, and Tangshan Aisin Gear, where MTs are produced. In February 2004, the Group also established ADVICS Tianjin Automobile Parts Co., Ltd. to produce brake components and Tianjin AW Automatic Transmission Co., Ltd. to produce ATs in March 2004. Both facilities are scheduled to commence operations in 2005.

These openings brought the total number of production bases in Asia and other regions as of March 31, 2004 to 23, with nine in China, 10 in ASEAN countries and four in other countries. China and some ASEAN countries, in particular, are markets targeted for expansion in which the Group plans to concentrate the bulk of its resources. AISIN is bolstering mutual cooperation and competition among different production bases toward strengthening the operational base in this region.



Siam Aisin Co., Ltd.

Brake related component



Aisin Tianjin Body Parts Co., Ltd.

Power seat

