



The next frontier in mobility.

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

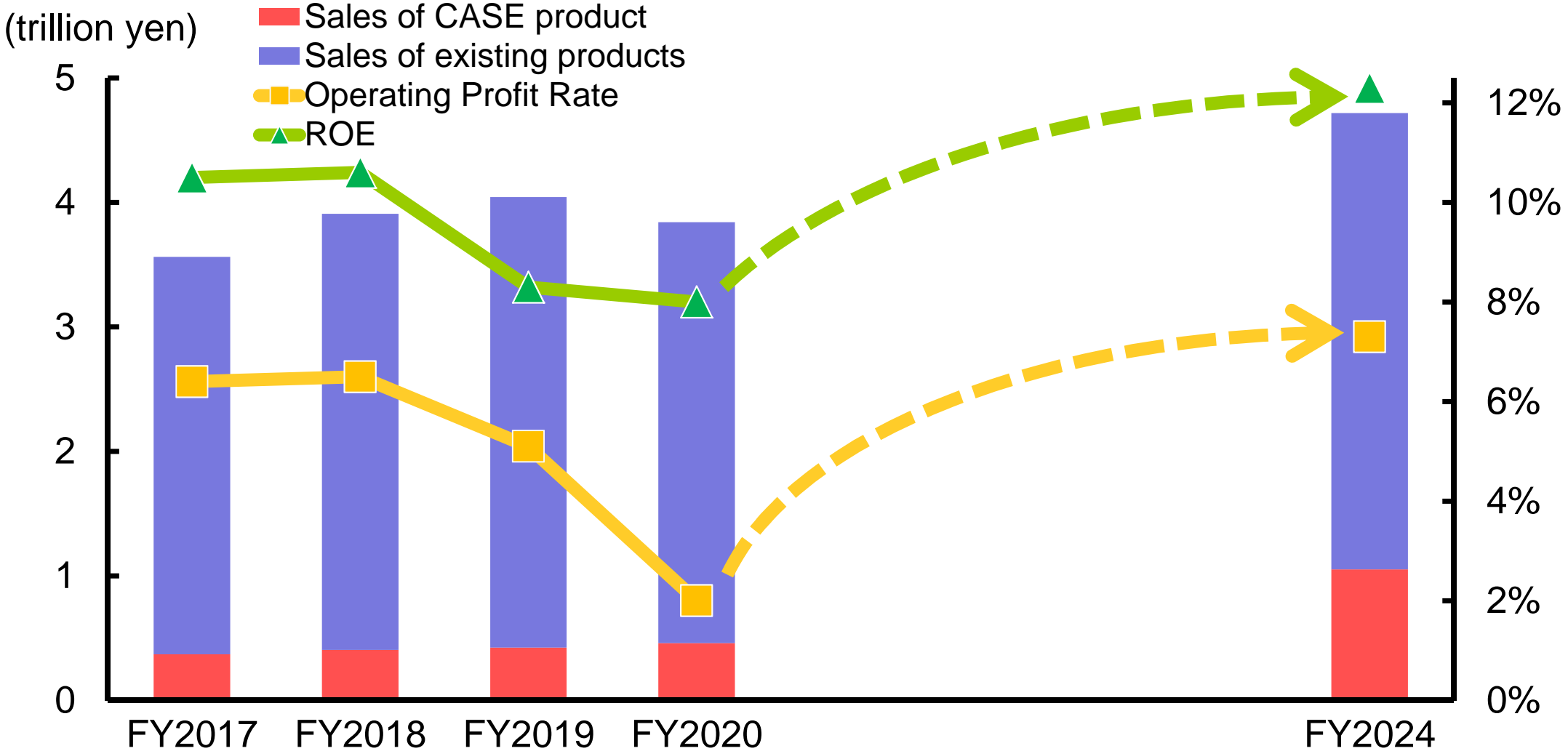
**October 31, 2019**

**Kiyotaka Ise,**

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

# Midterm Target for FY2024

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



\* FY2024 : Fiscal year From April 2023 To March 2024

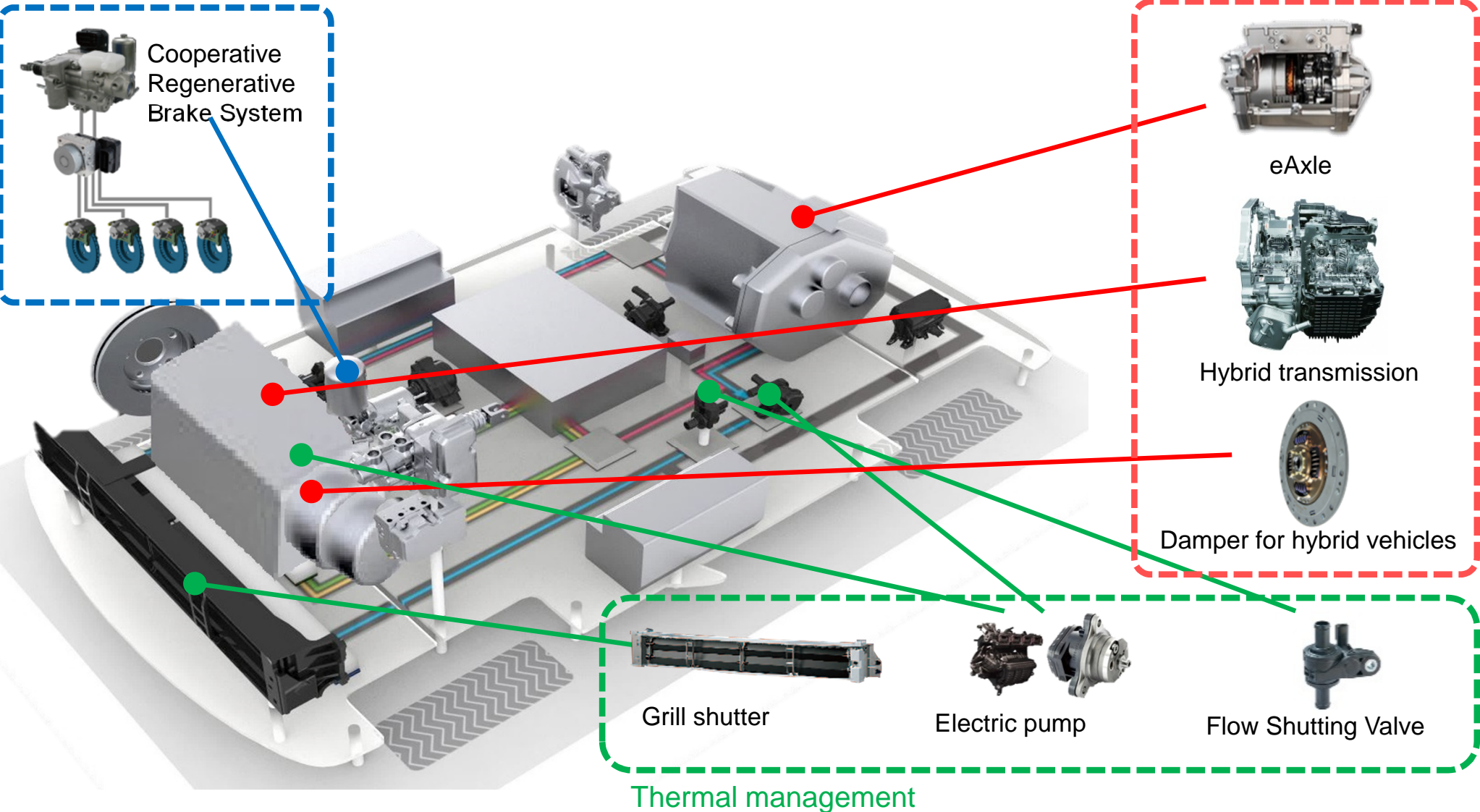
# Midterm Business Plan - Progress of Priority Issues

## Promoting the measures for keen sense of crisis

Priority issue		Present situation
Growth strategy	Development of CASE products and expansion of their sales	<ul style="list-style-type: none"> <li>✓ Demands for the electrification products and orders are increasing steadily.</li> <li>✓ Automated driving technologies is developed with Aisin Group's key devices.</li> </ul>
Management foundation for the future		<ul style="list-style-type: none"> <li>✓ Determination of the Management Integration of Aisin SEIKI and Aisin AW</li> </ul>
Strengthening company structure	Scrap & Build work with no exceptions	<ul style="list-style-type: none"> <li>✓ Identifying the non-profitable products to be scrapped for allocating the development resources</li> </ul>
	Fixed cost reduction	<ul style="list-style-type: none"> <li>✓ Identifying the items (in 74 companies and 100 bases) that can be integrated functionally and starting the implementation phase</li> </ul>

## Expansion of the Sales of Electrification Products

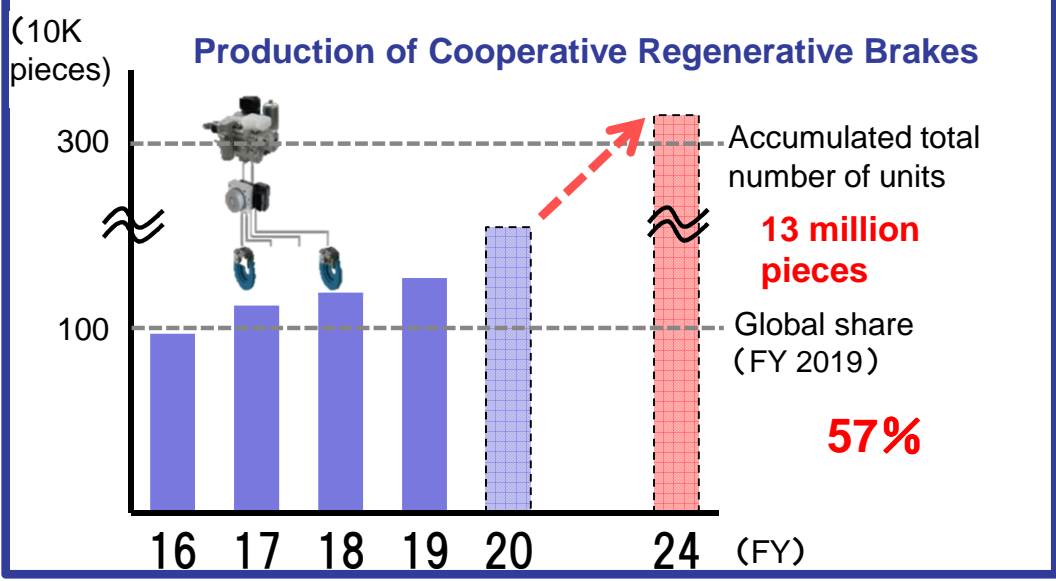
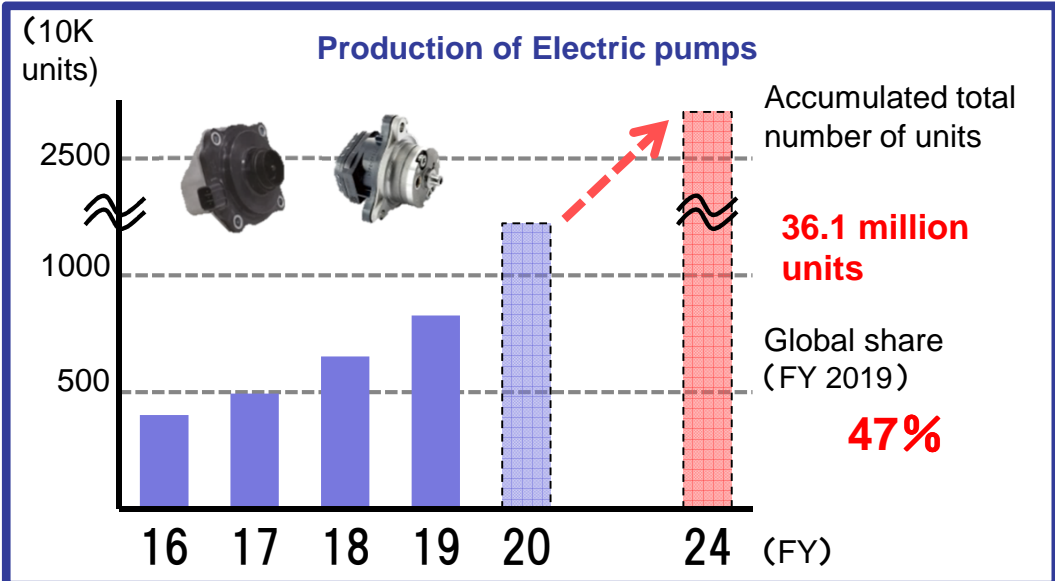
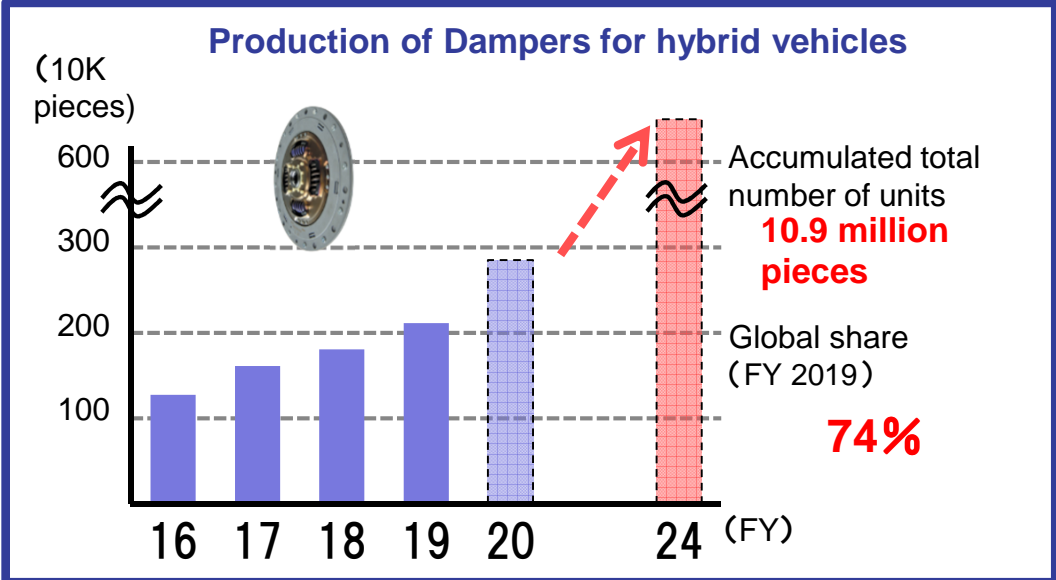
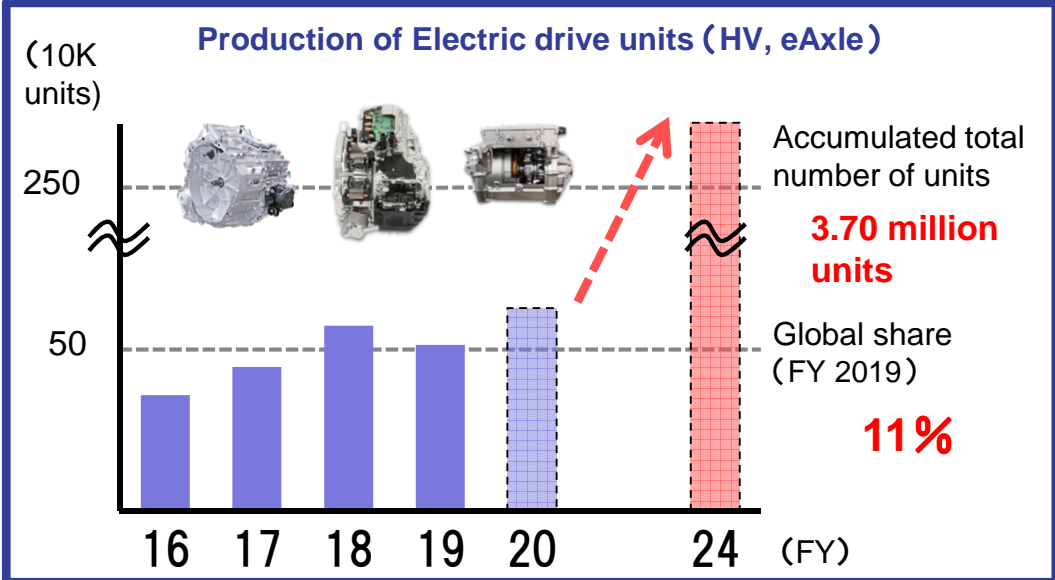
### Lineup of products responding to various needs for electrification



Electric drivetrain



# Expansion of the Electrification Products Sales

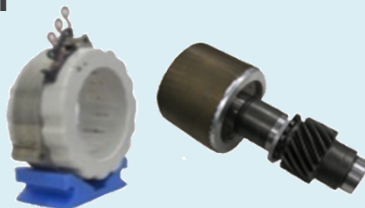


# History of Development and Production of Drive Motors

Start of motor production



High speed motor  
Rectangular wire  
Induction motors  
Gear-integrated rotor shaft  
Compact magnetic rotor



Cassette coiling method



Number of pieces produced  
(ten thousands of pieces/year)

Cumulative number of pieces  
(ten thousands of pieces/year)

400

Oil cooling with centrifugal injection

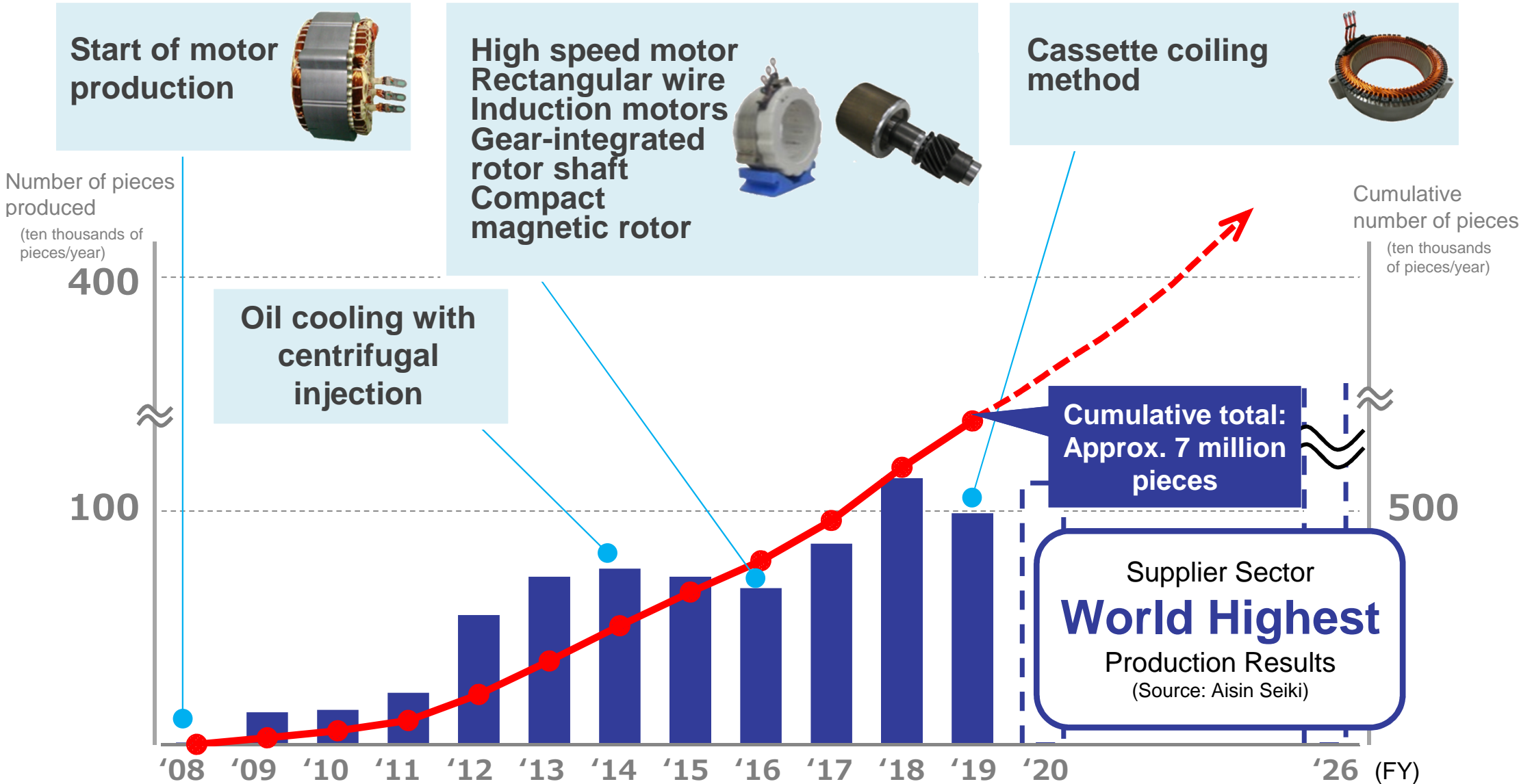
Cumulative total:  
Approx. 7 million pieces

100

Supplier Sector  
**World Highest**  
Production Results  
(Source: Aisin Seiki)

500

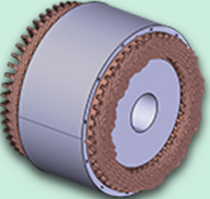
'08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '26 (FY)



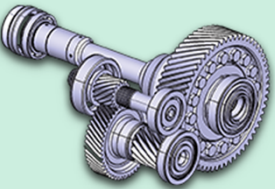
# Growth Strategy for Electrification

Gathering strengths of the Toyota Group and offering Systems to the customers in the world

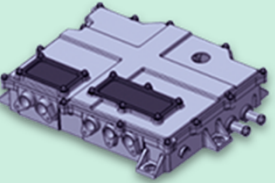
**AISIN DENSO**



Motor



Gearbox



Inverter

**BLU  
NEXUS**




Established customer channel  
Customers relationship

**TOYOTA**

**SUZUKI**

**VOLVO**

**BMW**

**FAW**

**MITSUBISHI MOTORS**  
Drive your Ambition

**Volkswagen**

**FCA**

**PSA GROUPE**

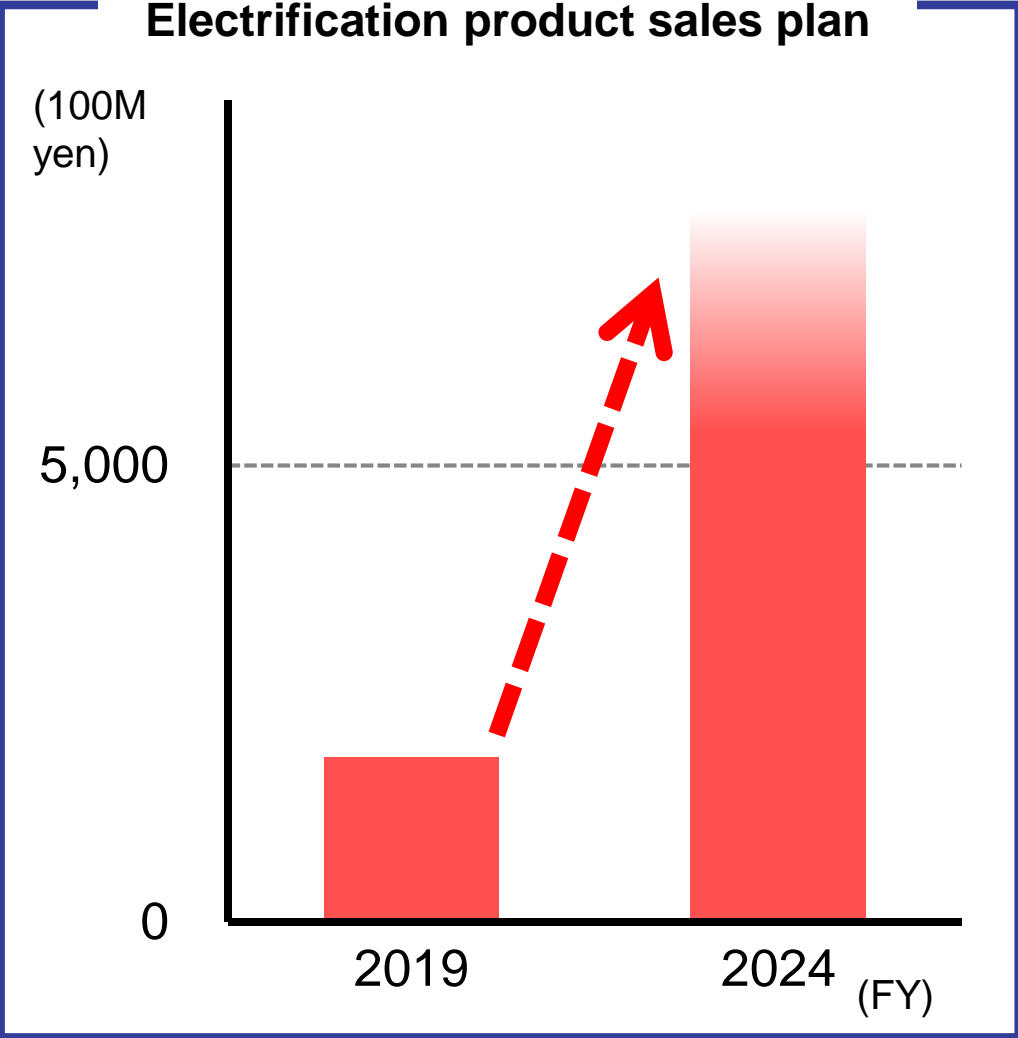
\* Customers of AT business

Gathering human resources and speeding up interchanges for improving designs


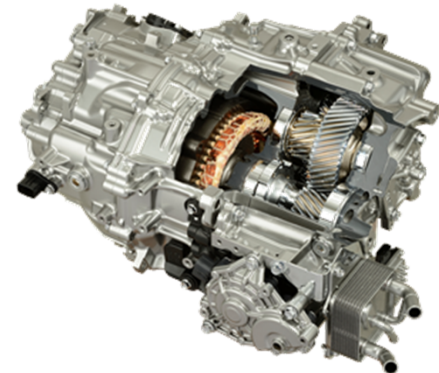
Many inquiries are received from customers due to one stop solution for electric driving vehicle

# Growth Strategy for Electrification

Increasing sales sharply with various products, technological strength, and customer channel



2020  
**Launching eAxle for Toyota Motor's EVs**




C-HR IZOA




# Supply Structure Expansion

## Global expansion for sales promotion of electrification products

**Increasing production of electric drive units in Japan and China**




< 2-motor hybrid transmission >  
**China (From Sept. 2019)**

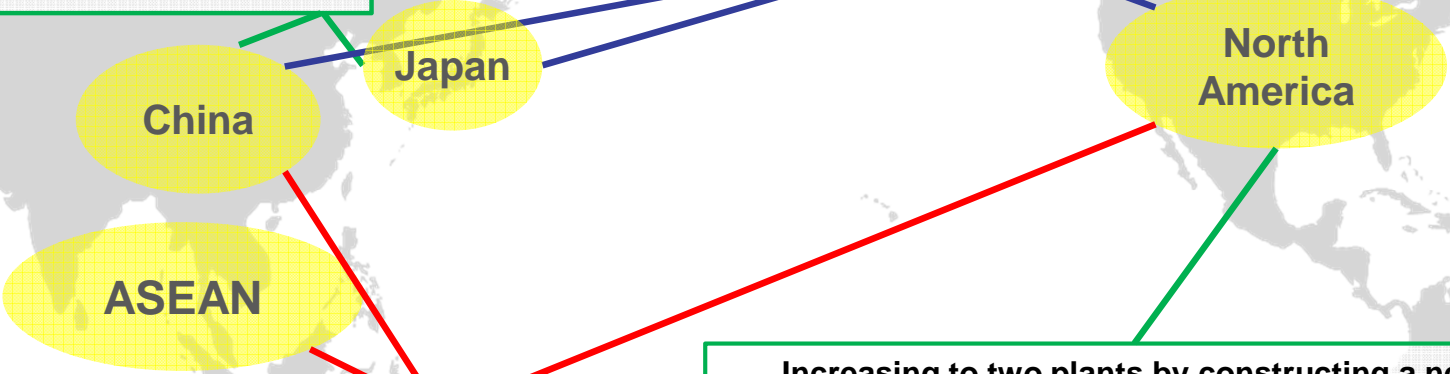


< eAxle >  
**Japan, China (from 2020)**


**Increasing production of Cooperative Regenerative Brakes around the world**



**Japan, North America, China**




**Increasing production of electric pumps around the world**



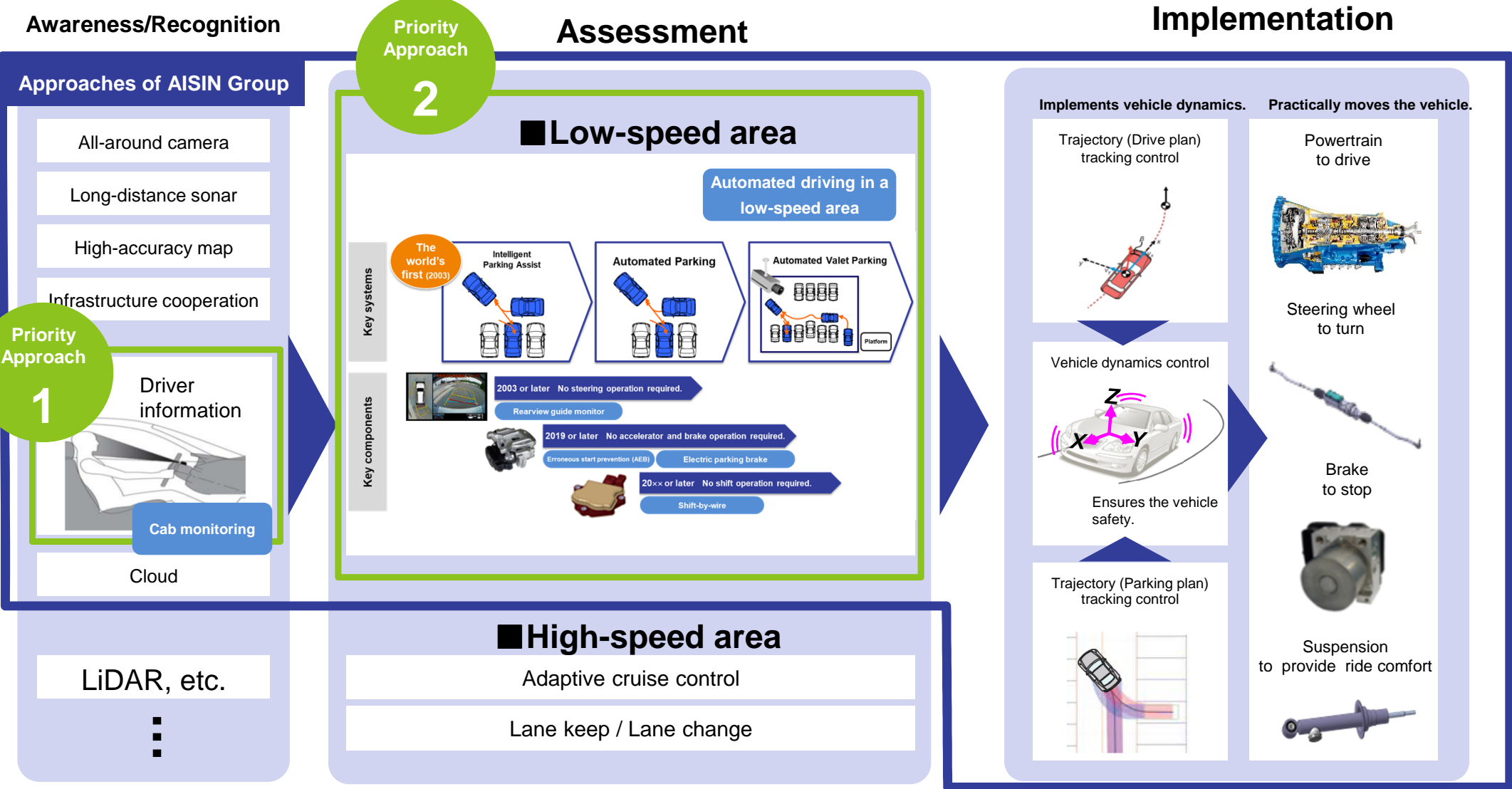
**Japan, North America, China, Thailand**

**Increasing to two plants by constructing a new plant in Texas**



< Production items >  
**AT (initially)**  
**HV (planned)**

# “More Safety” “More Comfort” “More Convenience”

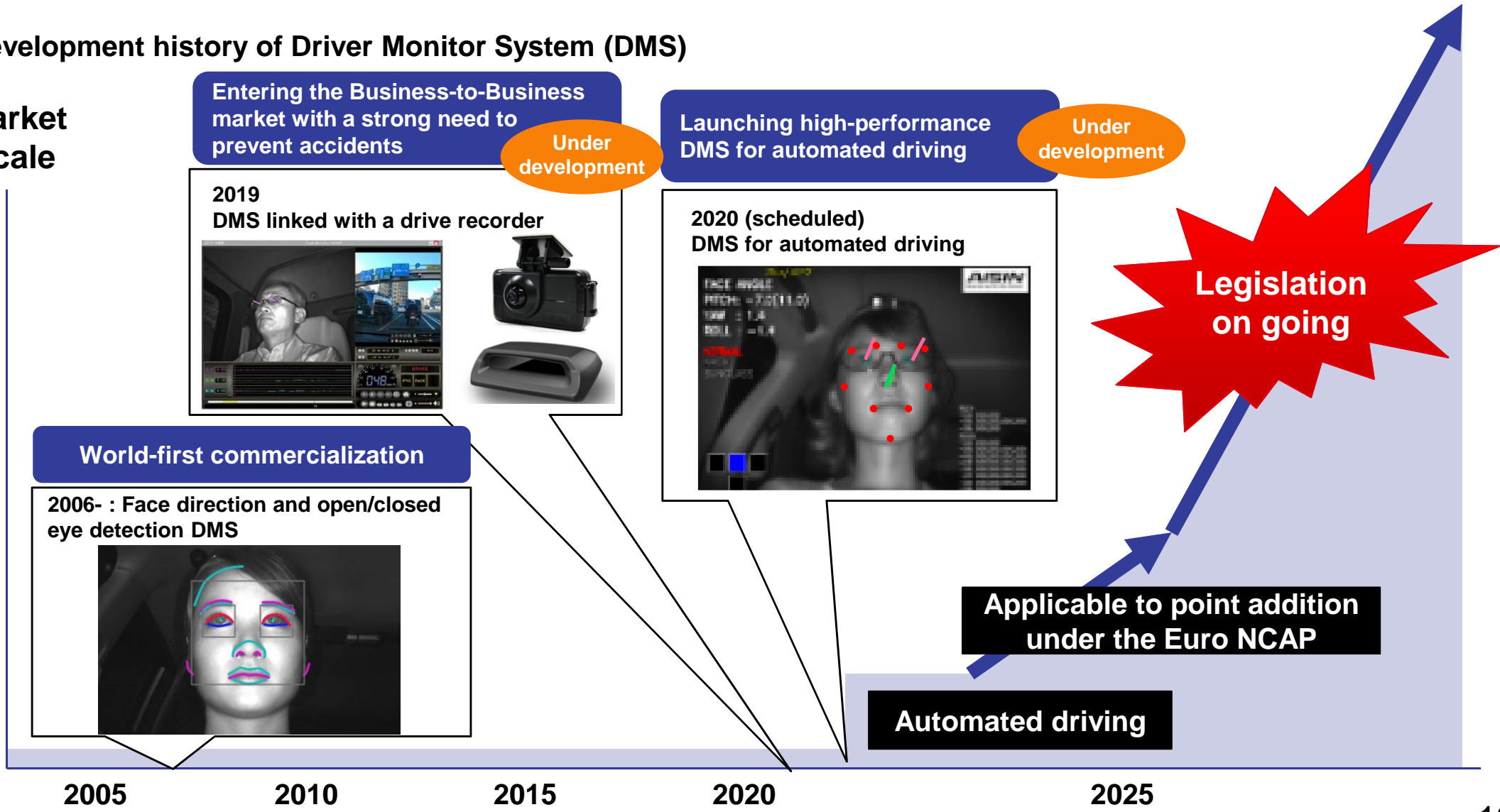


# Priority Approach (1) Cabin Monitoring

**AISIN Group aims to expand sales with over 10 years-production experience.**

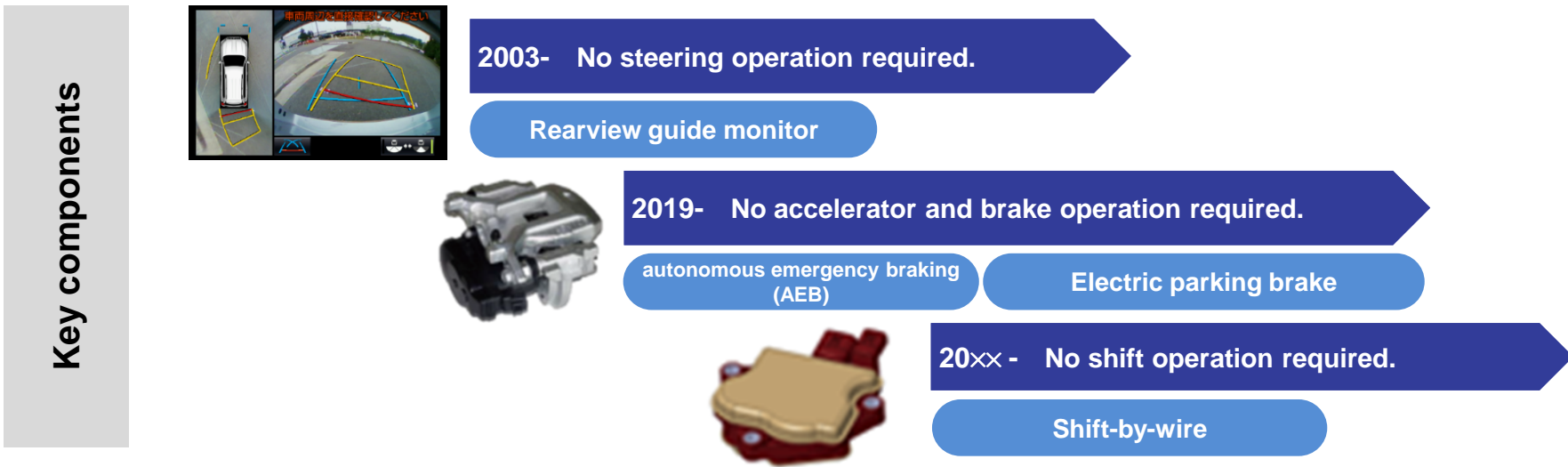
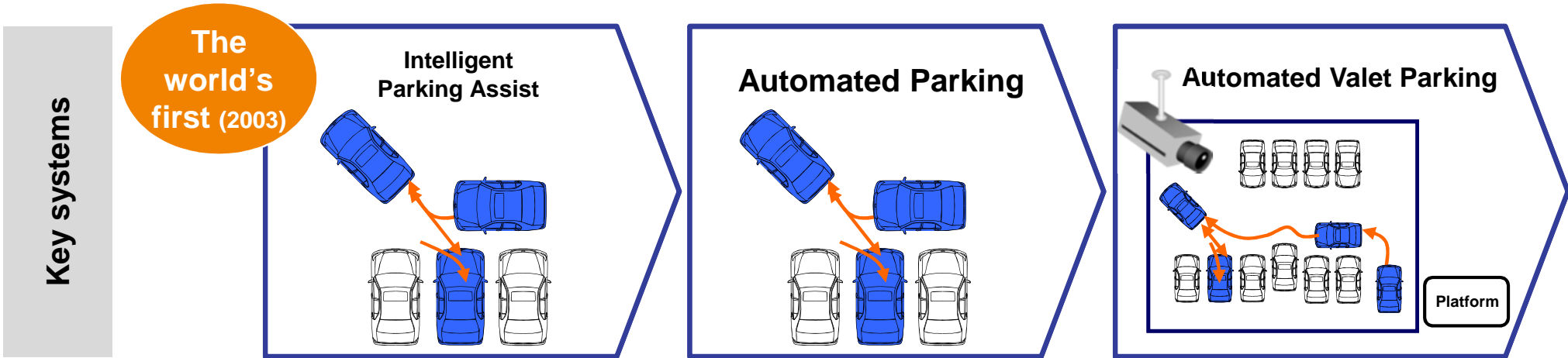
## Development history of Driver Monitor System (DMS)

Market scale



# Priority Approach (2) Automated Driving in a Low-speed Area

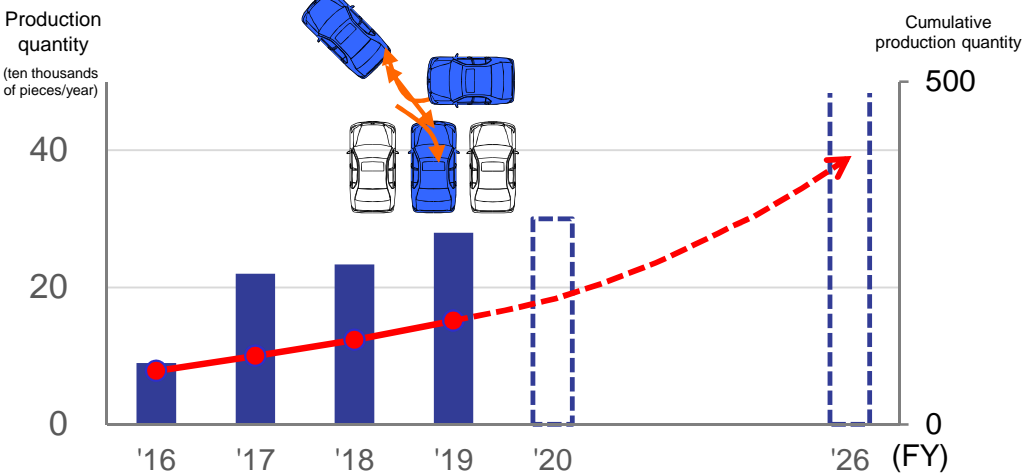
AISIN Group steadily advance the development of key components toward automated driving in a low-speed area to achieve the evolved automated parking.



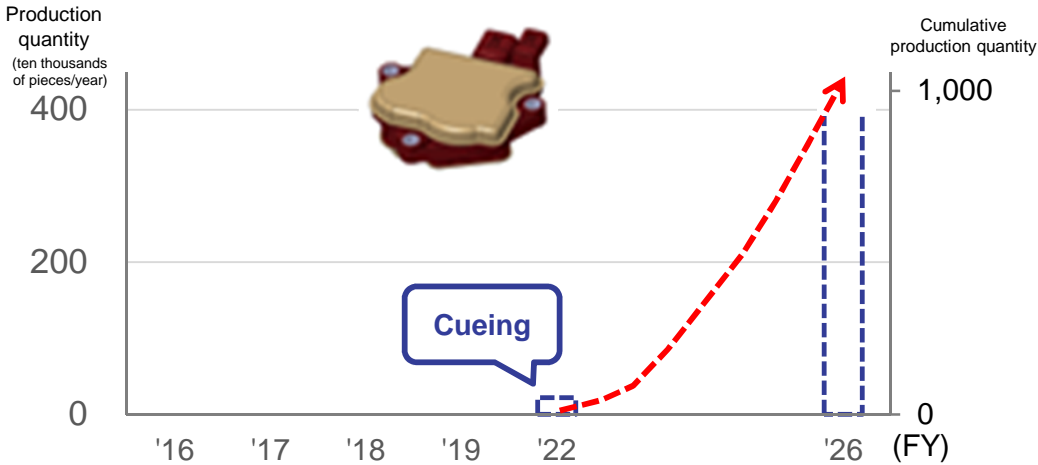


# Priority Approach (2) Automated Driving in a Low-speed Area

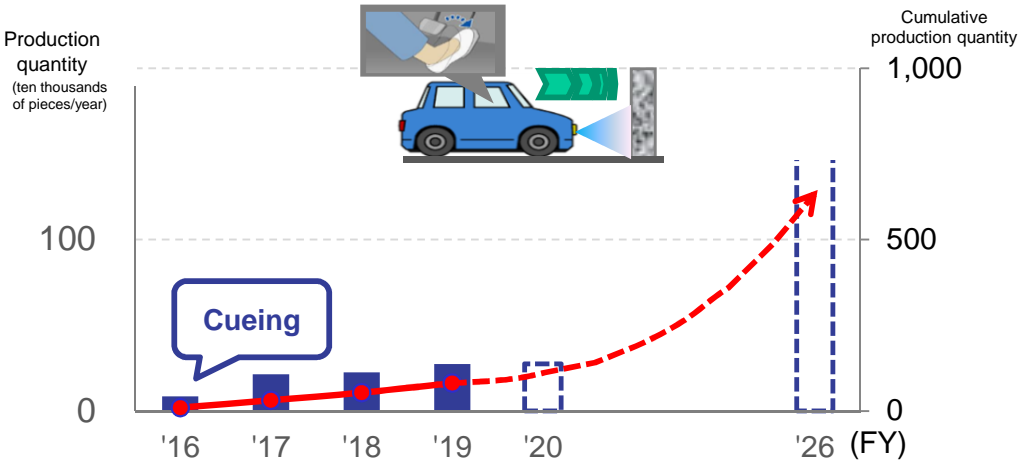
## Automated parking Easy operation



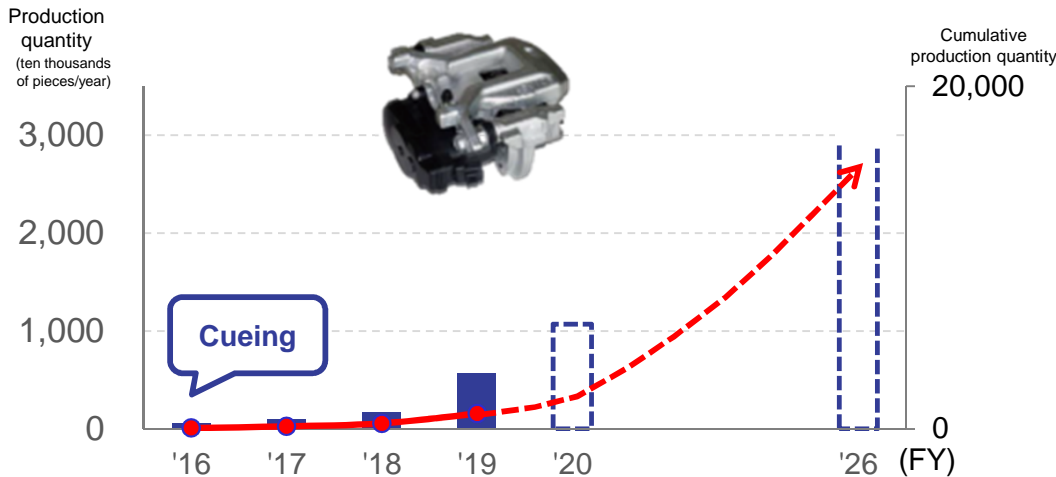
## Shift-by-wire No shift operation required



## Autonomous emergency braking Suppression of acceleration due to erroneous stepping on pedal

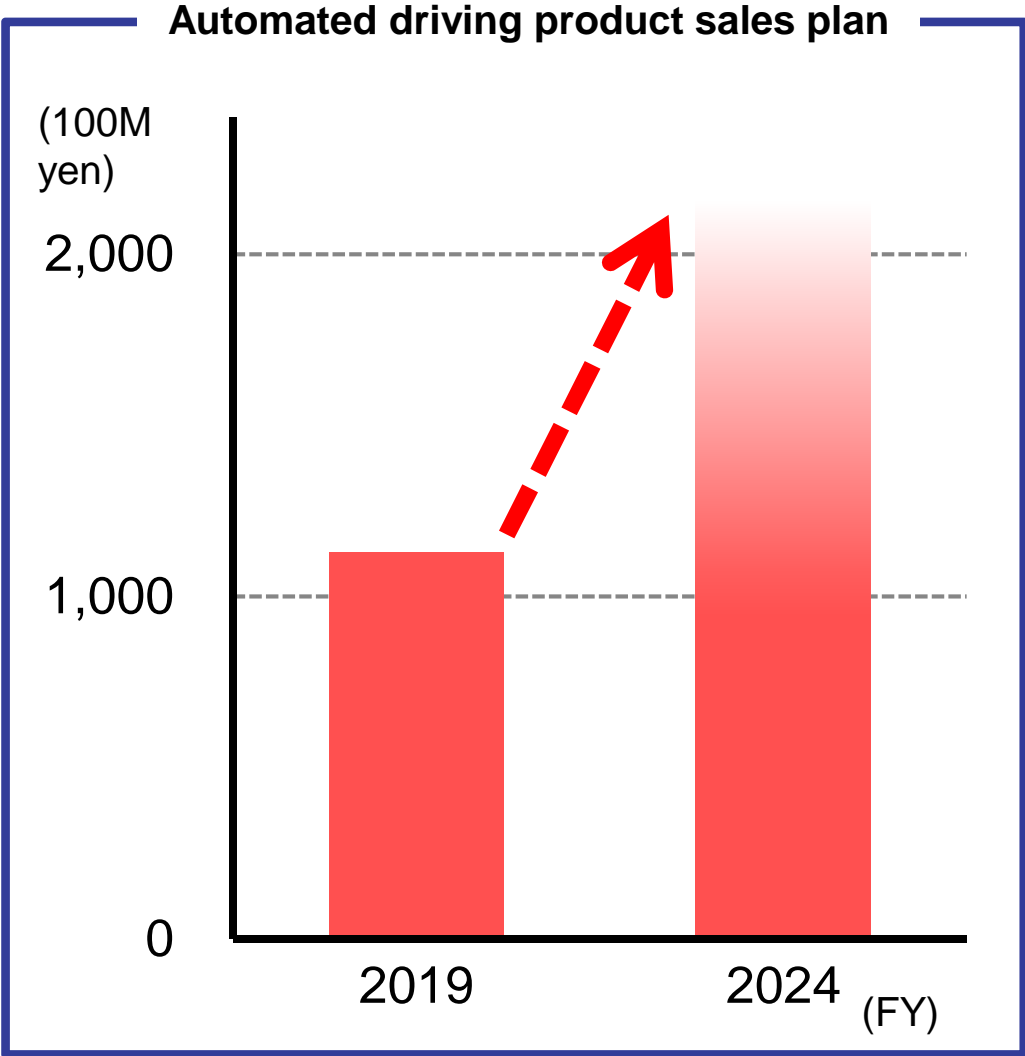


## Electric parking brake No parking operation required



# Growth Strategy for Automated Driving

Increasing sales sharply with various products, technological strength, and customer channel



**FY 2020**  
**Adoption of a new automated parking technology for the use for TOYOTA YARIS**



# Approach to Connected Cars and Shared Services

**AISIN Group provides services and contents staying present to people and society with connected technologies and in-vehicle systems.**

**Location-based information utilization platform (Connected technology)**  
 "Advanced technology cultivated by car navigation"

**Social data**

- Personal information
- Vehicle information
- Environmental information

**Open data**

- Location data
- Map information

**Big data analysis**

**Vehicle information** ↑ **Driver's condition, driving conditions, etc.**

**In-vehicle systems**

**Contents**

**Life support**

▶ Forwarders · Retailers · Mobile operators · Parking lot operators · Car-sharing operators

<p><b>Component logistics support</b></p> <p>Optimal operation plan</p>	<p><b>Store logistics support</b></p> <p>Optimal store chart</p>	<p><b>Navigation</b></p> <p>LINE car navigation</p>	<p><b>Demand responsive transport</b></p> <p>Choisoko</p>
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**Mobility support**

▶ Taxi business operators · Individual owners · MaaS operators

<p><b>Risk avoidance support</b></p> <p>Safe driving guide</p>	<p><b>Cab arrangement</b></p> <p>Remote seat arrangement</p>	<p><b>Opening arrangement</b></p> <p>Barrier-free access</p>	<p><b>Access monitoring</b></p> <p>Lifeguard unit/IMS</p>
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**Infrastructure support**

▶ Government and municipal offices

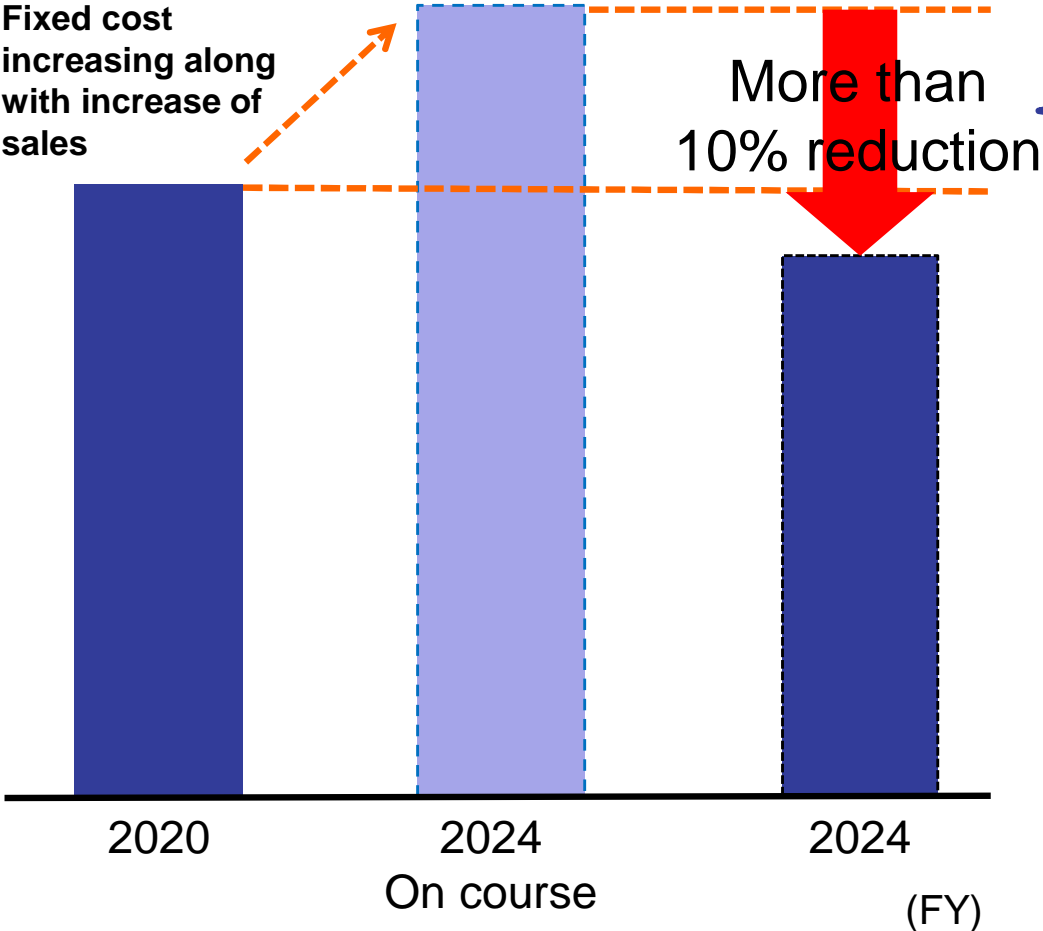
<p><b>Information sales</b></p> <p>Flooding point information</p>	<p><b>Information sales</b></p> <p>Slippery point information</p>	<p><b>Road maintenance support</b></p> <p>Stepped point information</p>	<p><b>Road maintenance support</b></p> <p>Hole point information</p>
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# Optimization of Fixed Cost

## Detailed Action Plan for achievement of the goal

Target of reducing the fixed cost  
(except development and depreciation costs)

Fixed cost  
increasing along  
with increase of  
sales



### Action Plan

- Management foundation for the future (Integration of Aisin SEIKI and AISIN AW)
- Scrap & Build work with no exceptions
- Fixed cost reduction ...



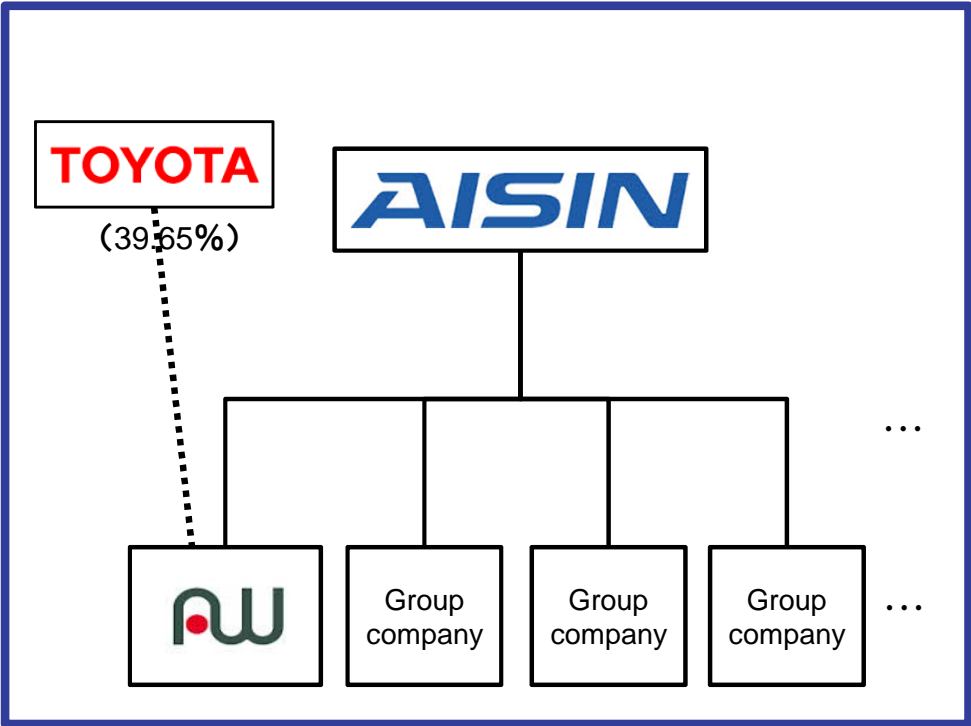
# Management Integration of Aisin SEIKI and Aisin AW

## Integration of Aisin SEIKI and Aisin AW

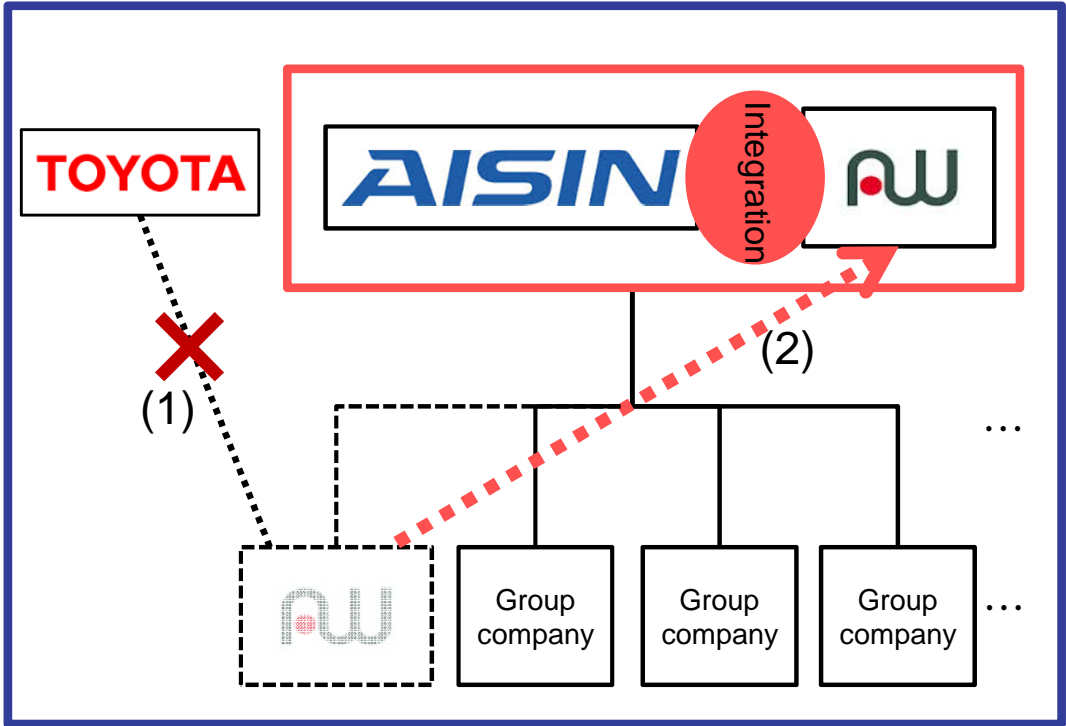
**Integration Steps**

- (1) Aisin AW itself acquires all of the Aisin AW shares owned by TOYOTA
- (2) Integration of Aisin SEIKI and Aisin AW on an equal basis (April 1, 2021)

Before



After



# Improving Efficiency of Management Cost by Integration

## Improving efficiency thoroughly by integrating the inefficient management departments of the Federal Management

- Gathering and Integrating the administration functions such as accounting, personnel, general affairs, etc.
- Gathering and Integrating the production management functions such as R&D, Production Engineering, Production Control, Quality, etc.
- Reducing the maintenance costs by integrating the business operation systems
- Elimination of sales and purchase function related to transactions between these companies

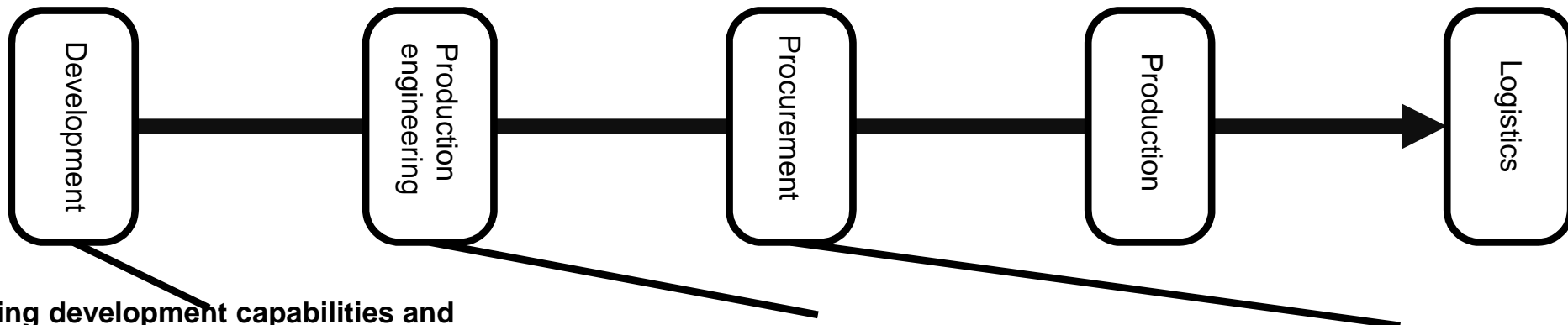
**Target amount of  
effect in FY 2024**



**30 billion yen**

## Integration Synergy in Business

### Strengthening competitiveness and proposal for CASE by integration



Improving development capabilities and abilities to make proposals by utilizing the existing technologies and information throughout the integrated companies

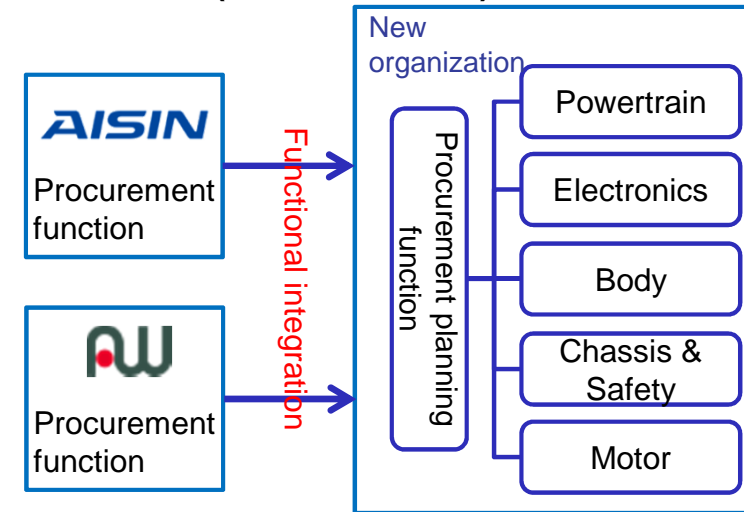
		Aisin SEIKI	Aisin AW
Engine	Main body	VVT, EWP	
	Control		
Transmission	Main body	Commercial	Passenger
	Speed control	Commercial	Passenger
Motor	Main body	Commercial	Passenger
	Inverter	Commercial	Passenger
	Control	Commercial	Passenger

Improving productivity by eliminating duplication and mixing up

	Aisin SEIKI	Aisin AW
Casting	★	○
Plastic molding	○	
Sheet metal press	★	★
Cold forging	○	★
Heat treatment	★	★
Cutting	○	★
Surface treatment	★	
Bonding	○	○
Assembly	○	★
Facilities	○	○

★: Market's top technology  
○: Technology possession

Integrating two companies' procurement functions (from November)

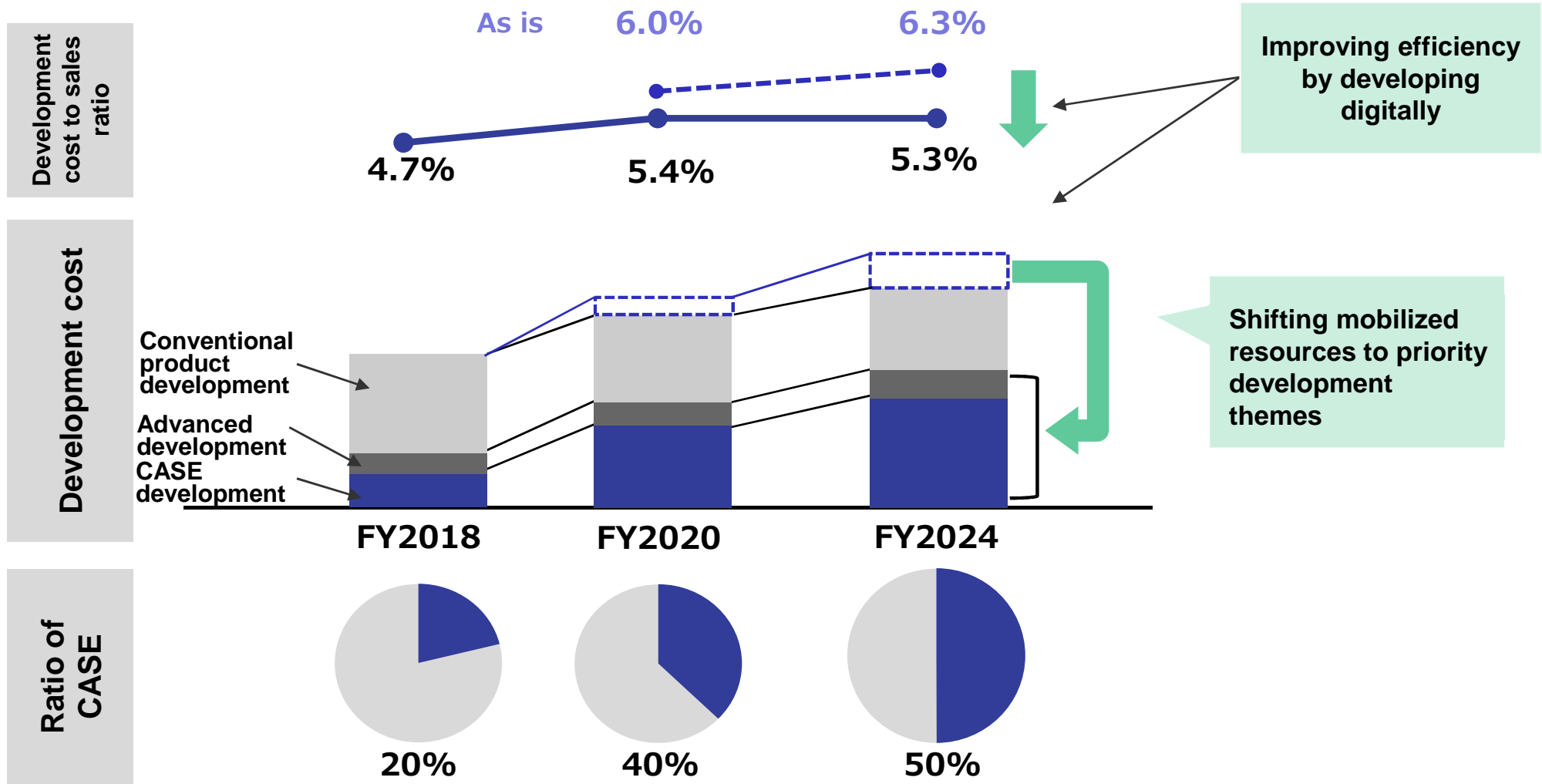


Promoting improvement of business operations' efficiency  
Enhancing centralized purchase

Enhancing procurement of core products  
Improving quality of suppliers

# Business Scrap & Build Work

## Identifying the non-profitable products to be scrapped for allocating the development resources



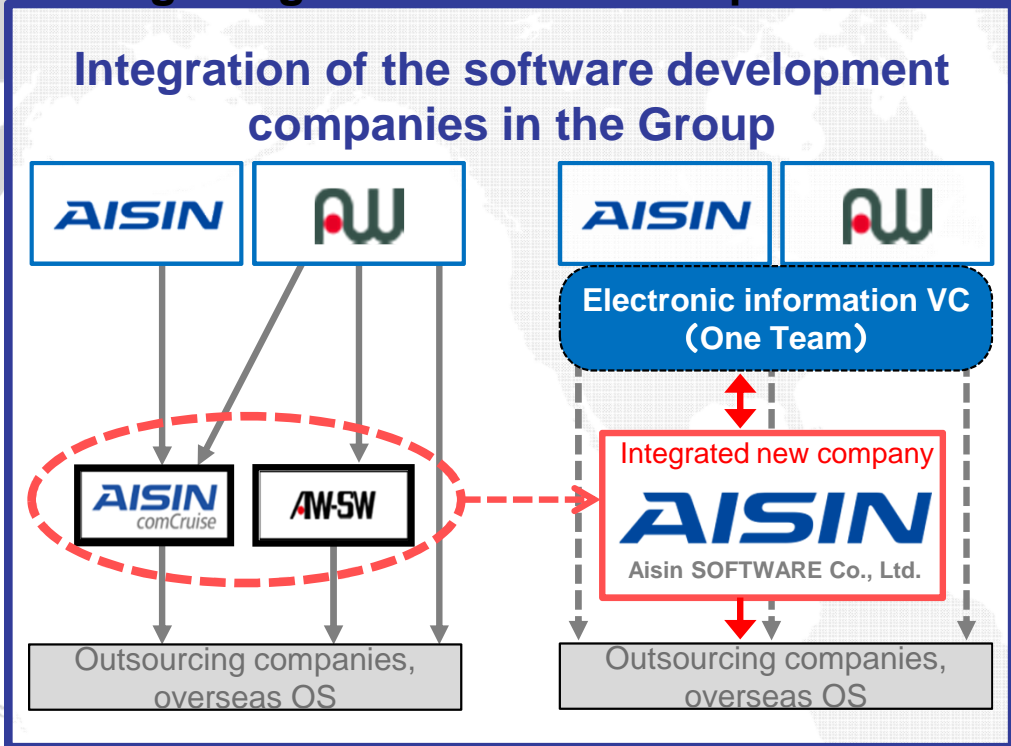


# Establishment of Lean Management Structure

Identifying the items (in 74 companies) that can be integrated functionally and starting the implementation phase

	Target companies	Improving efficiency of administration	Eliminated/Consolidated among companies/bases
Japan	19 companies	6 items	11 items
North America	17 companies	3 items	3 items
China	14 companies	1 item	8 items
Asia and Australia	15 companies	2 items	3 items
Europe	3 companies	2 items	9 items
Others	6 companies	1 item	3 items
<b>Total</b>	<b>74 companies</b>	<b>15 items</b>	<b>37 items</b>

Example: Improving efficiency by integrating the functional companies



Target amount of effect in FY 2024

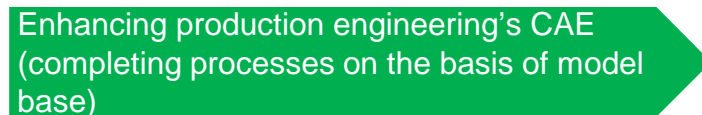
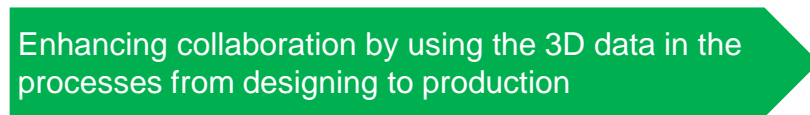
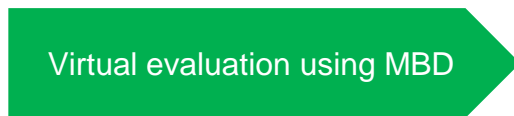
**6 billion yen**

## Establishment of Lean Management Structure

### Reviewing all the business operations and improving efficiency thoroughly

Shortening largely the time for development and production preparation

#### Promoting digital development



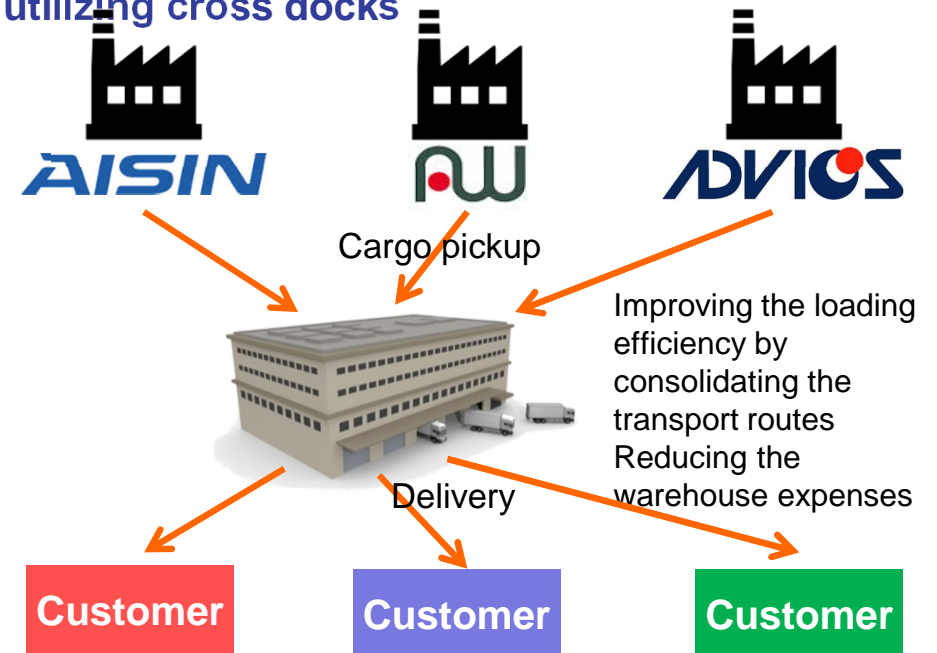
Shortening the time for development and production preparation by utilizing the 3D data being consistent from designing to production preparation and the simulation technologies

Others:

Introduction of automatization tools and IT technologies, etc.

Reducing the logistics cost and the rent

#### Improving efficiency of transportation by utilizing cross docks

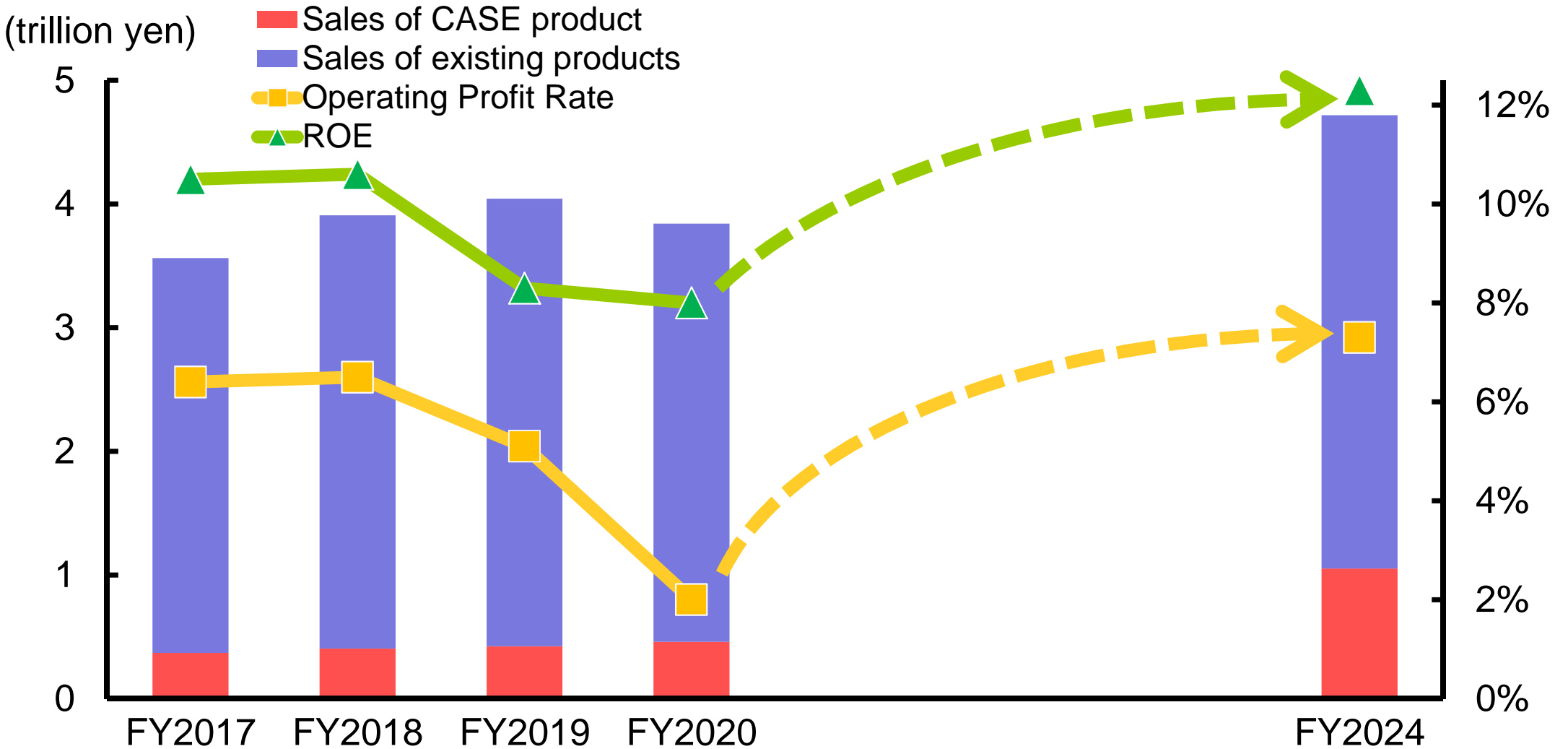


Others:

Review of company dormitory and residence operation method, etc.

# Overall For Achievement of the Midterm Business Plan

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





*For a Better Tomorrow*

***AISIN GROUP***