

# Medium and long-term business plan

## 2025 Business Plan

1. Revision of our Management Philosophy P 3 ~ 5
2. 2025 Business Plan <Outline> P 6 ~11
3. 2025 Business Plan <Details> P12~19





# ~To Our Stakeholders~

~ What we should be as a corporation ~

## “Boundless Creativity and Social Contribution”

Continue

So far (2010 changed)

New Management Philosophy

- 1. Customer Satisfaction
- 2. Respect for the individual
- 3. Good corporate citizenship
- 4. Respect for the environment
- 5. Steady Growth

1. Good corporate citizenship

Significance of Corporation

2. Proper business operation

3. Sustainable growth

Direct to each of our stakeholders

4. Customer Satisfaction

5. Conservation of global environment and resources

6. Respect for the individual

Foundation to fulfill CSR

# 1. Revision of the Corporate Philosophy

## 1-3. New Corporate Philosophy



### “Boundless Creativity and Social Contribution”

1. We, as a good corporate citizen, contribute to the economy and **Significance of Corporation** society through community-based business activities and social action programs. [Good corporate citizenship]

2. We promote business operations with integrity through the establishment of a system founded on thorough compliance and corporate ethics. [Proper business operation]

3. We aim to build up the TG Group's collective strength through an open and fair relationship with suppliers, through a mutually strengthened corporate structure and innovative management response to change. **Our determination for each stakeholders** [Sustainable growth]

4. We aim to provide products and services with satisfying quality and price in a timely manner, through forward-looking R&D and production engineering. [Customer Satisfaction]

5. We aim to conserve the global environment and resources in order to hand down a greener world to our children through every business activity, which includes cooperation with society and the development of an environment-friendly product and manufacturing process. [Conservation of global environment and resources]

6. We aim to establish a vibrant corporate culture through respect for individuality and the value of enhanced teamwork, based on shared responsibility and mutual trust between employees and management. **Foundation to fulfill CSR** [Respect for the individual]

## 2. 2025 Business Plan

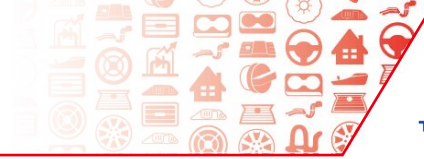
### 2-1. Changes in the business environment



#### Automotive Industry Business Environmental changes progressing toward 2025

	Present	2020	2025
<b>Change in the auto role</b>	<ul style="list-style-type: none"><li>• Increase of <b>electric vehicles</b> (EV/FCV/PHV/HV)</li><li>• <b>Dramatic progress of autonomous driving technology accelerated</b> by the entry of non-automotive tech firms</li><li>• Not owning a car, expansion of mobility service (MaaS)</li></ul>		
<b>Change in the automotive market</b>	<ul style="list-style-type: none"><li>• Growth drivers are the <b>Emerging markets</b> (China, India, etc.)</li><li>• Further stricter environmental regulations (ZEV, etc.)</li><li>• Developing countries adopt <b>safety regulations similar to developed countries</b></li></ul>		
<b>Change in the Automotive Parts industry</b>	<ul style="list-style-type: none"><li>• <b>Modularization and systematization by mega suppliers</b></li><li>• Component composition also changes greatly in response to changes in cars (electric parts, more software, weight reduction, noise reduction)</li></ul>		

**Realize and understand the change, contemplate, then take immediate Action.**



#### So Far (TG2020 VISION)

A true global supplier of choice that delivers the highest level of satisfaction to customers worldwide.



#### From now

**Toyota Gosei aims to grow as a global company that acts flexibly and swiftly in today's dramatically changing business environment, delivering the highest levels of satisfaction to customers worldwide through safety, comfort, well-being, and the environment.**

## 2. 2025 Business Plan

### 2-3. "Positioning" of 2025 Business Plan



2012 . . . . . 2020 . . . . . 2025 . . . . .



## 2. 2025 Business Plan

### 2-4. Financial Objectives



- ◆ Exceeding sales of 1 trillion yen globally
- ◆ Improve profitability, exceeding traditional levels through reforms and innovation
- ◆ Aim for better ROE, consistently/continuously exceeding shareholders' capital cost

	FY2017 (Japan Standard)	FY2025 (IFRS)
Revenue	¥807 B	More than ¥1T
Operating Profit Ratio	5.1%	8%
R O E	6.6%	10%

## 2. 2025 Business Plan

### 2-5. "THREE PILLARS" to meet the target

#### Strengths of Toyoda Gosei

Experience of in new business development (LED business)

Global reach (67 affiliate companies throughout the world)

Expertise in rubber and plastic fields

#### PILLAR I

### Venture into innovation, new mobility

[New technology][New Products]

- Commercialization in the new fields utilizing core technologies
- Development of new technologies and products coping with CASE
- Strategies of modularization and system products

#### PILLAR II

### Strategy for growing markets/fields

[Current Products]

- Selection and concentration of business resources
- Make current products more highly value-added
- Business plan executions through cooperation with customers and business partners

#### PILLAR III

### Innovative manufacturing at production sites

[Current Products]

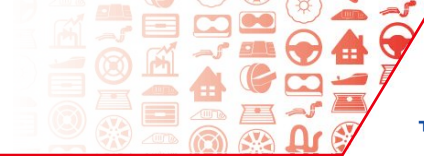
- Globally standardized production know-how and processes
- "Jidoka" and manpower saving utilizing IT
- Reduction of environmental burden by production engineering reform

#### Base of the PILLARS

### Enhancement of the business foundation

- Strengthening global operations
- HR development
- Business activities with integrity

## 2-6. "Key words" of the activities

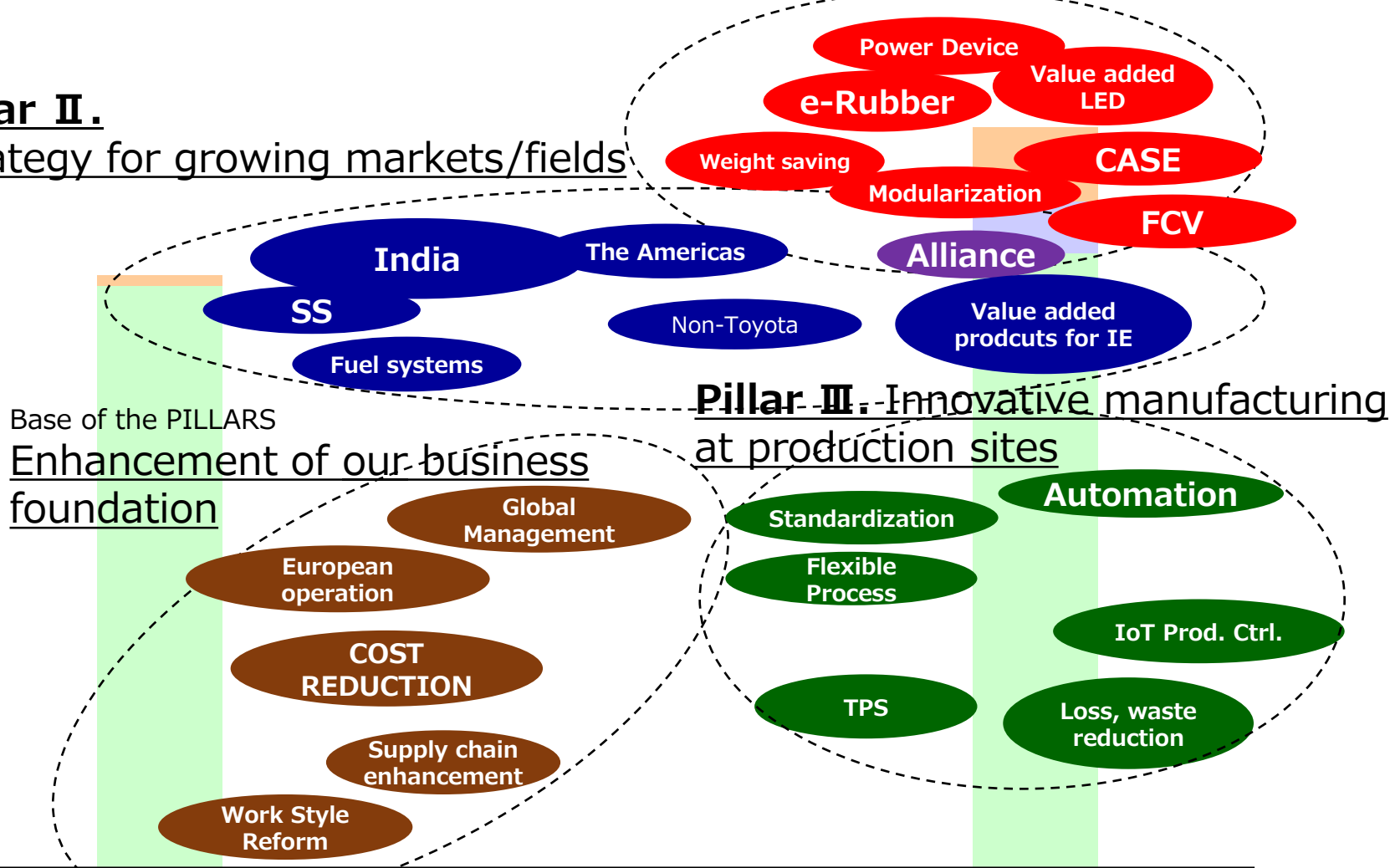


### Pillar I . Venture into innovation, new mobility

### Pillar II .

Strategy for growing markets/fields

Sales (consolidated)



### Pillar III . Innovative manufacturing at production sites

Base of the PILLARS  
Enhancement of our business foundation

'17

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### 3. Priorities of activities

[New technologies]

## Pillar I: Venture into innovation, new mobility



### Early realization of new business through innovative technology

- ★ Innovation derived from TG core technologies (rubber & plastic) materials/LED
- ★ Contribution to near future needs of relief (environment and health), safety, and comfort through differentiated technologies

2025 Target

[New technologies (Pillar I)] Revenue ¥100B, OPR 15%

Action Items

- Transformation to an application-oriented business
- 1) Develop and establish e-Rubber business and its market cultivation (innovative soft-robot)
  - 2) Develop and commercialize Power Device (high-frequency power source, wireless power supply)
  - 3) Develop high-value-added LED and its application

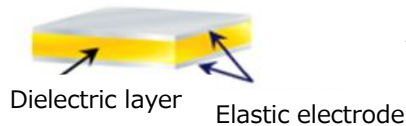
Key points

- Engineering and business planning considering the value chain
- Open innovation to accelerate our activities (collaboration)
- Reinforcement of electronics engineers

# ***e-Rubber*** *Next generation rubber working through electricity and force*

## Single layer

... **Sensor function** (Single layer e-Rubber)



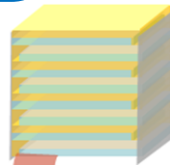
Application cases :

**Tactile sensor, HMI\***

※Human Machine Interface

## Multi layer

... **Actuator function** (Multi-layered e-Rubber)

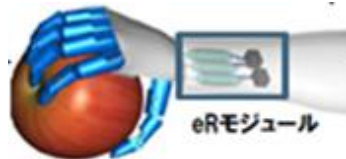


Application cases :

**Motor replacement,  
surgery simulator etc...**

## Modularized

... **Mechanical work** (e-Rubber module + control)



Application cases :

**Soft robotics, robotics etc...**

~Create added-value utilizing the engineering capability of e-Rubber~

# 3. Priorities of activities

[New Products]



TOYODA GOSEI

## Pillar I. Venture into innovation, new mobility

### Development of new technologies and products responding to drastic changes of the car itself (CASE)

2025 Target

[New products (Pillar I)] Revenue ¥70B, OPR 10%

Action Items

- 1) Create new values/new products for the next generation  
(Autonomous driving/vehicles, electrification)
- 2) Enhance added-value of conventional products  
(modularization, systemization)
- 3) Develop technology to sustain new products  
(Light weight, innovative manufacturing processes)

Key Points

Enhancement of product planning to create higher value and prioritization of the development themes  
⇒strengthen core competencies, clarify future schemes  
⇒Technological complementation and accelerated development through collaborations

# 3. Priorities of activities

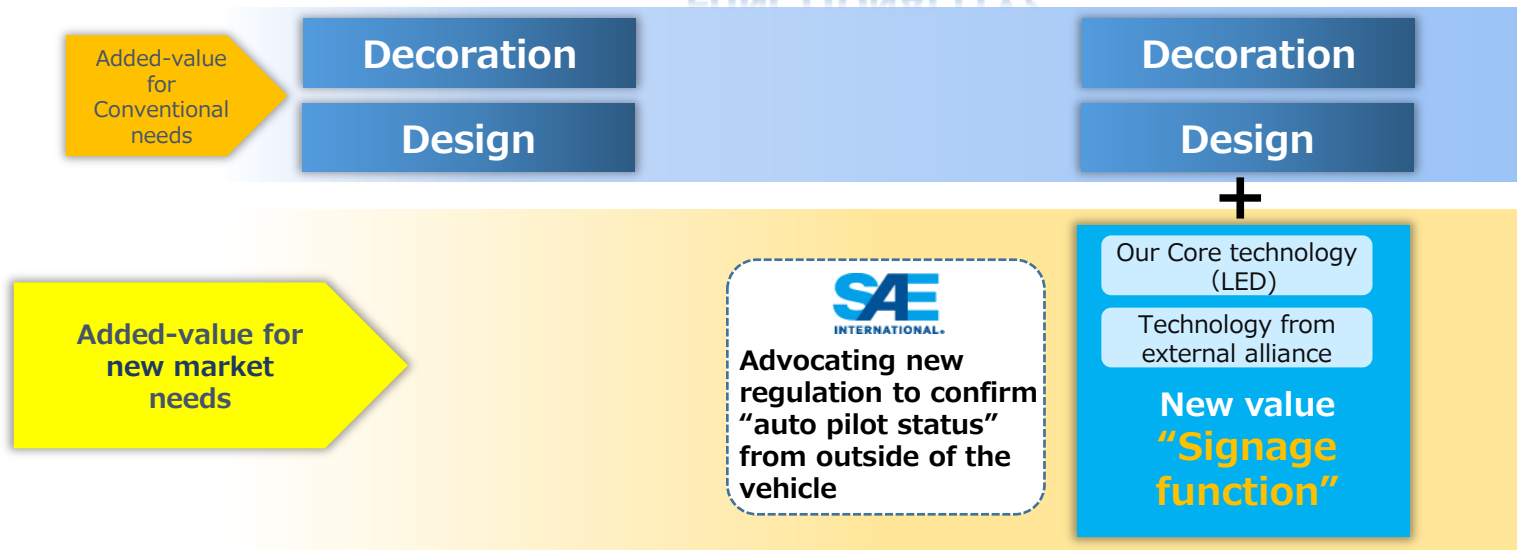
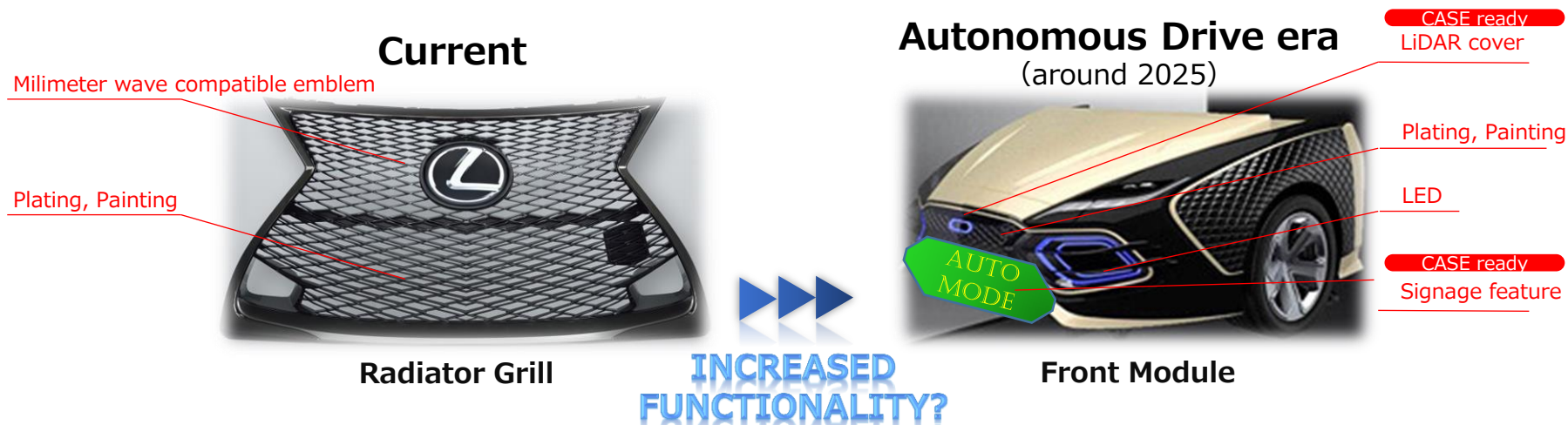
[New Products]



TOYODA GOSEI

## Pillar I. Venture into innovation, new mobility

### ◆ Enhancement of added-value around front area



~Create a new value added products for new needs/market developments utilizing our core technologies~



## Pillar II. Strategy for growing markets/fields

### Prioritized global sales expansion and securing profit (selection and concentration of business resources)

2025 Target

[Current products (Pillar II+III)] Revenue ¥830B, OPR 7%

Action Items

#### 1) Redefine the strategy by business field

WS	- Noise reduction, profit reform in prioritized regions
FC	- Focus on fuel systems (weight reduction)
IE	- Increase value of products (decoration, millimeter-wave radar compatible emblem)
SS	- Regional strategy focusing on profitability

#### 2) Prioritize regions for sales expansion

North America	Enhance production capacity for major customers' production increase, sales expansion to non-Toyota/non-JPN OEMs
China	Sales expansion of global link cars (Toyota, non-JPN OEMs) and new customers
India	Sales expansion to catch up with the growth of the market (mainly J-OEMs)

Key Points

- \* Create value-added products considering/anticipating customer needs in advance
- \* Resource shift to prioritized fields through selection and concentration
- \* Pursue economies of scale and implement lean/cost-reduction activities



# 3. Priorities of activities

[Current Products]



## Pillar II. Strategy for growing markets/fields

### Developed market (NA, non-Toyota)

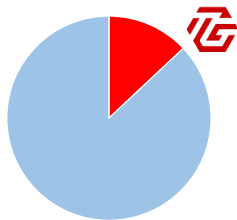
- Develop **products** to adapt to **new regulations or new assessment** (case : strict thoracic protection regulation )
- Build a **globally-optimized supply chain** for key components  
⇒ Enhancement of value-added products

### Emerging market (India, China)

- **Enhance R&D in India**
- Accelerate **parts localization and local manufacturing**  
⇒ develop products to meet local market requirements

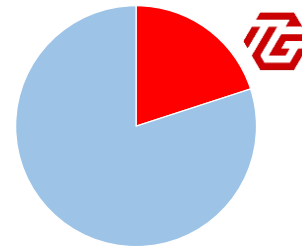
FY2016 AIRBAG SHARE

TG share 4 th



FY2025 AIRBAG SHARE (TARGET)

Aiming at TOP3



~Catching up in expanding markets;-guarantee sustainable growth with profitability in mind~

### Realizing highly value-added factories through innovative manufacturing at production sites

#### 2025 Target

[Current products (Pillar II+III)] Revenue ¥830B, OPR 7%

#### Action Items

- 1) Globally standardize production processes and know-how
- 2) Develop compact and lean production lines, TPS promotion (1/n process, consolidation of supply parts, flexible process with multiproduct)
- 3) Promote manufacturing, "Jidoka" and manpower saving utilizing IT (IoT, AI)
- 4) Reduce environmental burden through production engineering innovation and recyclable energy

#### Key Points

⇒Minimize manufacturing cost and maximize added value

### 3. Priorities of activities

## Making our business foundation more robust

Strengthen global management, HR development,  
and performing/undertaking business activities with integrity

#### Action Items

#### Enhance global business management

- 1) Self-sustainable overseas affiliates and governance by HQ
- 2) Globally optimized production layout and logistics reform
- 3) Cooperation with global business partners
- 4) Strengthen supply chain (production and supply system)
- 5) Strengthen quality assurance system (cope with emerging countries and new technologies/products)

#### HR development

- 6) Development of Global HR, Professional HR
- 7) Diversity, work style reform

#### Business activities with integrity

- 9) Thorough compliance and enhancement of internal controls as a company with integrity

#### Points

⇒ **Further improvement of profitability and productivity by making overseas sites self-sustaining**