

IR Presentation for Fiscal Year 2017, Ending March 2018

May 16, 2018

JTEKT Corporation

1. Results for Fiscal Year 2017,
Ending March 2018

2. Forecasts for Fiscal Year 2018,
Ending March 2019

3. Progress of
Mid-term Business Plan

1-1) Consolidated Performance

Sales and profits increased due to weaker yen, increased quantity, and the effect of newly consolidated subsidiaries.

	FY2016		FY2017		Increase/ Decrease	Increase/ Decrease (%)
Sales		1318.3		1441.1	+122.8	+9.3%
Operating profit	(5.9%)	77.4	(5.6%)	81.3	+3.9	+5.1%
Ordinary profit	(5.9%)	78.0	(5.7%)	82.5	+4.4	+5.7%
Net Income(*1)	(3.6%)	47.5	(3.4%)	49.6	+2.1	+4.6%
Foreign exchange rate (Apr. to Mar.)		¥108/USD ¥119/EUR		¥111/USD ¥130/EUR	¥3 weak Yen ¥11 weak Yen	

*1: Profit attributable to owners of parent

(%): Percentage of profit on

		FY2016	FY2017	Increase/ Decrease
Dividend	Interim	21 yen	21 yen	-
	Year-end	21 yen	22 yen	+1 yen

1-2) Operating Profit Analysis

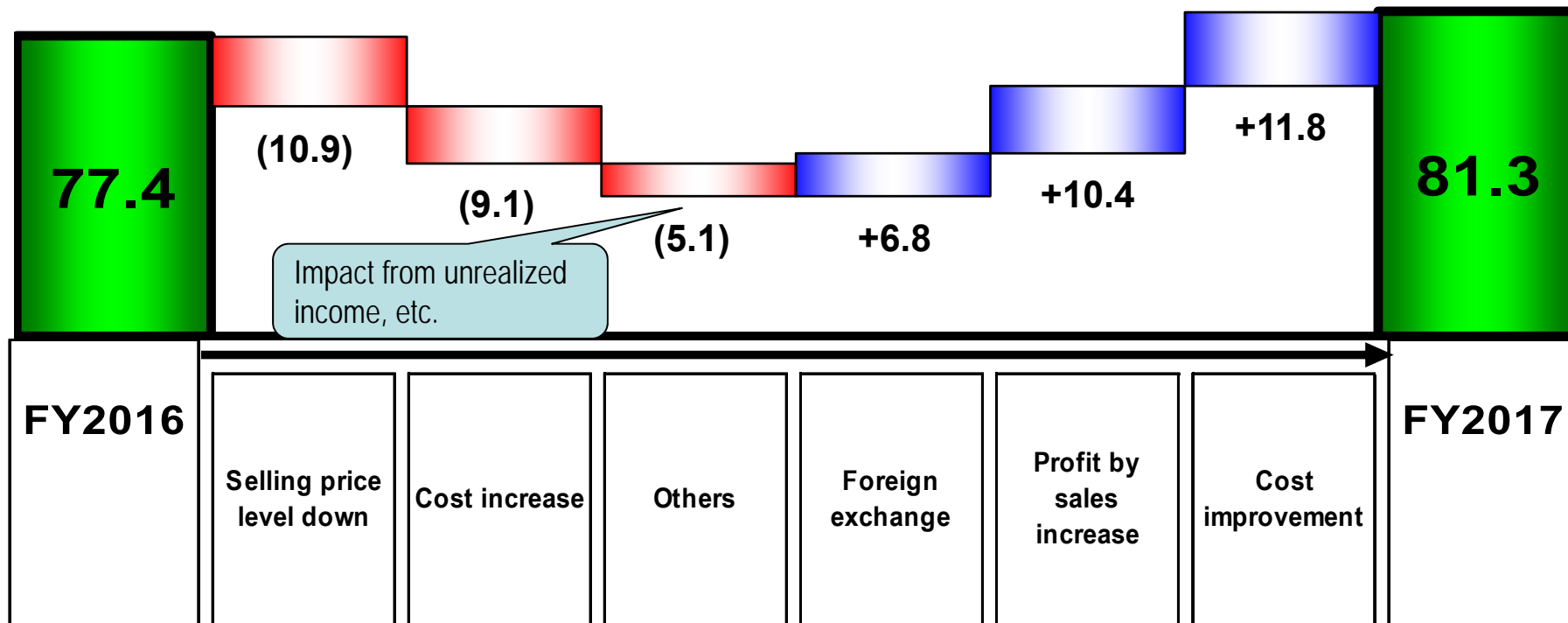
Profit increased due to “sales increase” and “cost improvement” which covered impact by “selling price level down” and “cost increase”

Operating profit: 3.9 billion yen increase

**Factors of profit decrease
(25.1 billion yen)**

**Factors of profit increase
(29.0 billion yen)**

(billions of yen)



1-3) Results by Business Units (Mechanical Components)

Despite FX-rate advantage and sales increase, profit ended at the same level as the previous year due to launch of downstream-assist-type EPS, sales price down and cost increase.

(billions of yen)

Mechanical components	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	1176.0	1279.5	+103.5	+8.8%
Steering systems	642.9	711.8	+68.8	+10.7%
Drivelines	145.5	145.4	(0)	(0.1%)
Bearings	387.6	422.3	+34.7	+9.0%
Operating profit	68.2	68.2	+0	+0.0%
Operating profit (%)	(5.8%)	(5.3%)	-	-

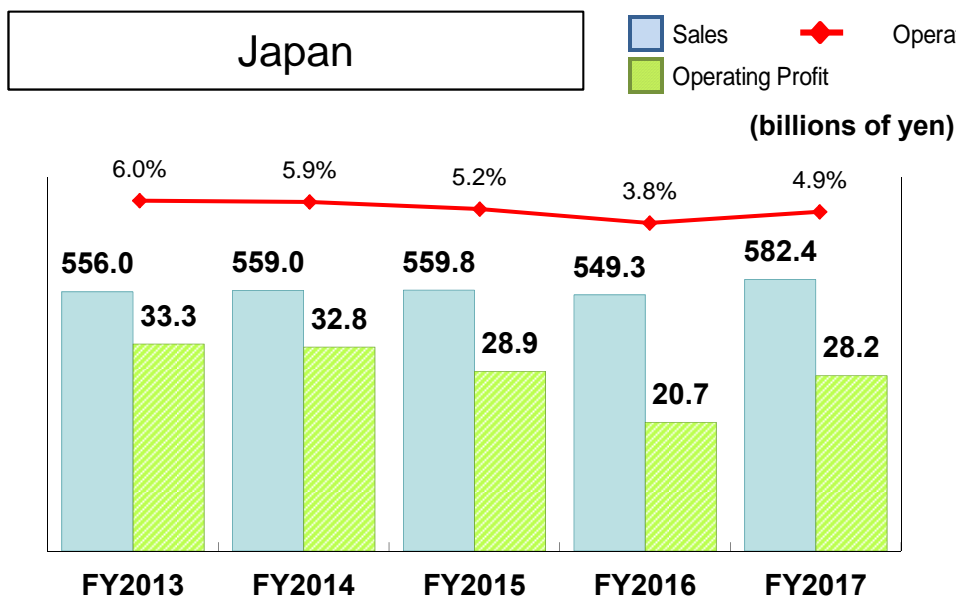
1-4) Results by Business Units (Machine Tools & Others)

Profits increased due to the effect of sales increase mainly in Japan and North America.

(billions of yen)

Machine tools & others	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	142.2	161.5	+19.3	+13.6%
Machine tools	139.9	160.0	+20.0	+14.4%
Others	2.2	1.5	(0.7)	(33.1%)
Operating profit	9.1	12.8	+3.6	+39.8%
Operating profit (%)	(6.5%)	(8.0%)	-	-

1-5) Financial Results by Company Location [1]

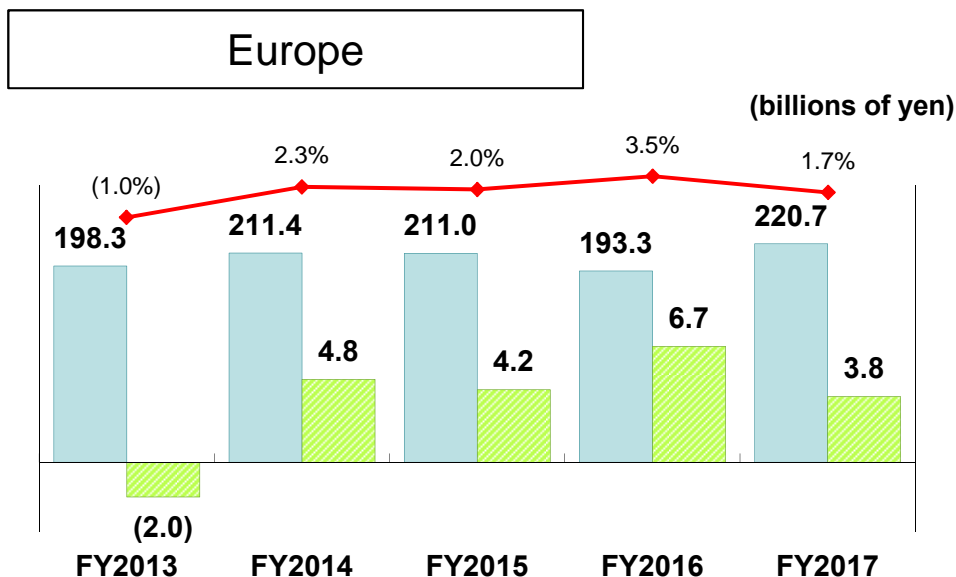


(billions of yen)

	FY2016	FY2017	Increase/Decrease
Sales	549.3	582.4	33.0
OP Profit	20.7	28.2	7.4
OP Profit (%)	3.8%	4.9%	-

Increase in sales/profits

- Profit increased due to the effect of the foreign exchange rate, sales increase and productivity improvement.



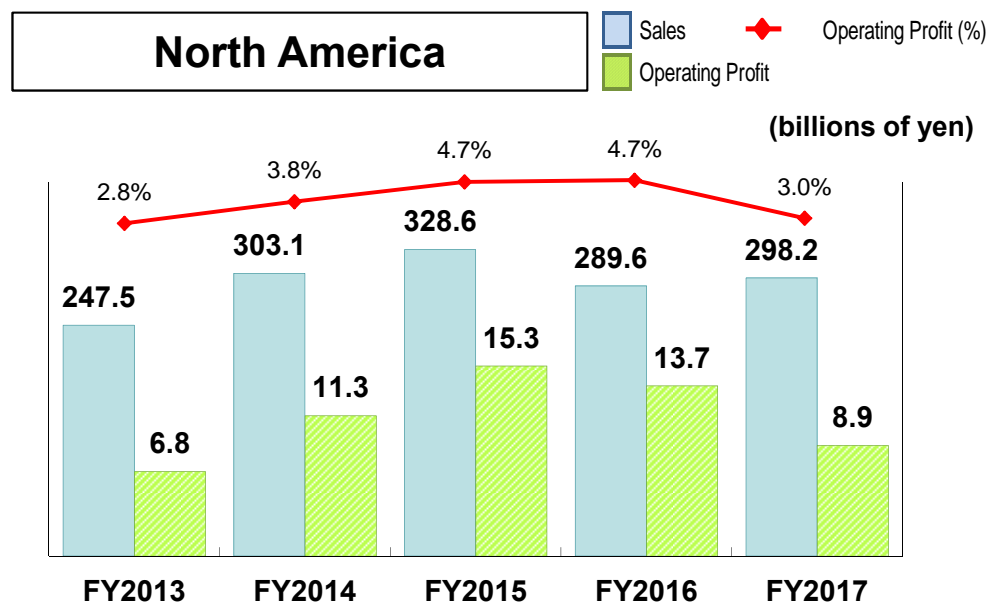
(billions of yen)

	FY2016	FY2017	Increase/Decrease
Sales	193.3	220.7	27.3
OP Profit	6.7	3.8	(2.9)
OP Profit (%)	3.5%	1.7%	-

Increase in sales/decrease in profits

- Profits decreased due to the cost increase such as development cost, and the worsened productivity in bearings

1-6) Financial Results by Company Location [2]

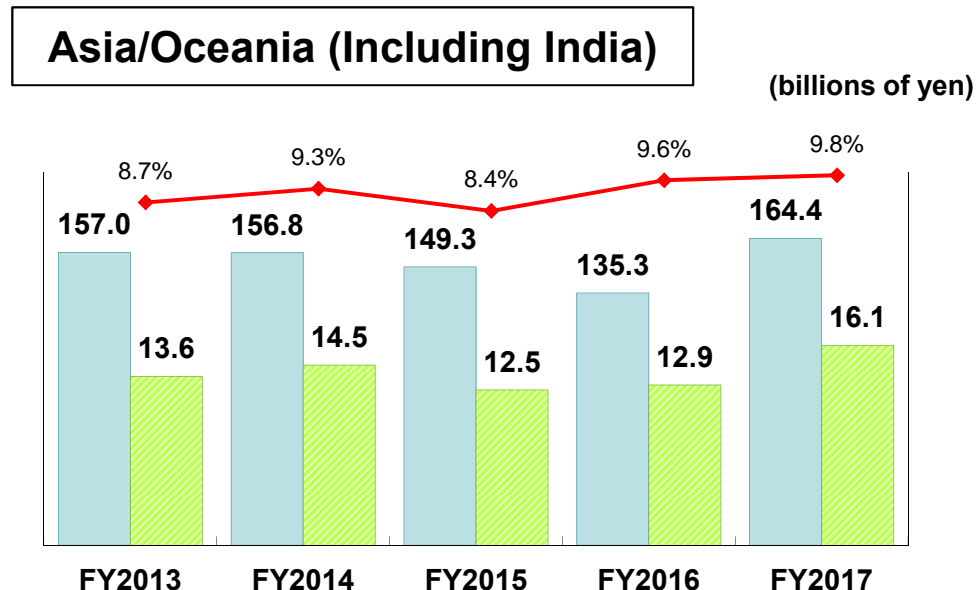


(billions of yen)

	FY2016	FY2017	Increase/Decrease
Sales	289.6	298.2	8.6
OP Profit	13.7	8.9	(4.7)
OP Profit (%)	4.7%	3.0%	-

Increase in sales/decrease in profits

- Sales decreased slightly except for the impacts of the foreign exchange rate and M&A
- Large profit decrease due to the launch of downstream-assist-type EPS and the decrease in quantity



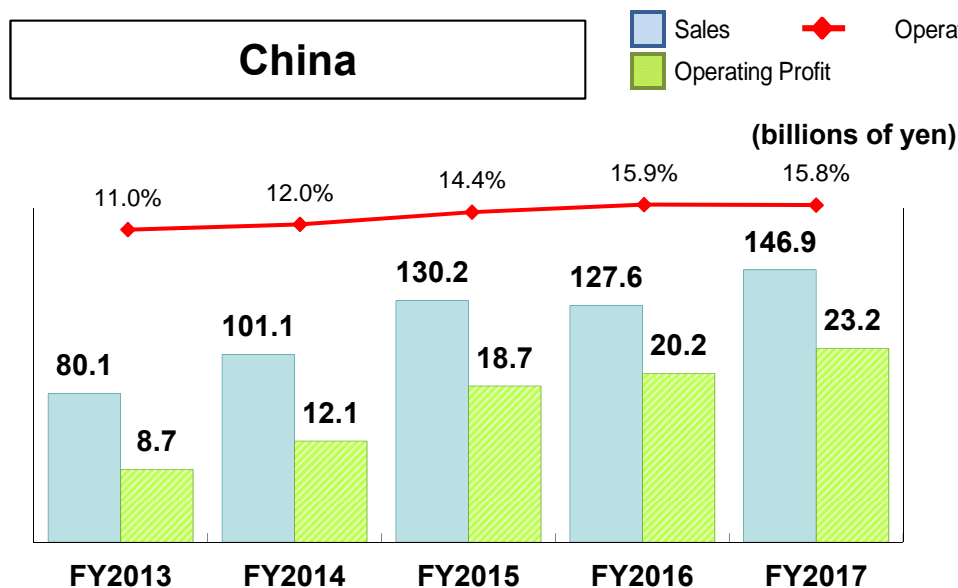
(billions of yen)

	FY2016	FY2017	Increase/Decrease
Sales	135.3	164.4	29.0
OP Profit	12.9	16.1	3.1
OP Profit (%)	9.6%	9.8%	-

Increase in sales/profits

- Sales and profits increased due to the effect of weak yen and sales increase, in addition to the M&A impact

1-7) Financial Results by Company Location [3]

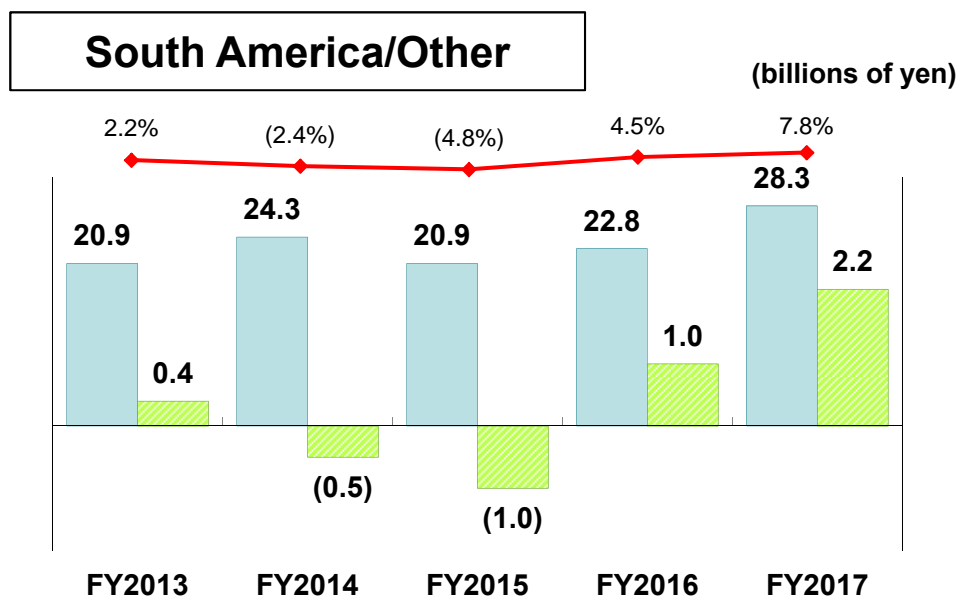


(billions of yen)

	FY2016	FY2017	Increase/Decrease
Sales	127.6	146.9	19.3
OP Profit	20.2	23.2	3.0
OP Profit (%)	15.9%	15.8%	-

Increase in sales/profits

- Profits increased due to the effect of the foreign exchange rate and the sales increase mainly in the steering systems



(billions of yen)

	FY2016	FY2017	Increase/Decrease
Sales	22.8	28.3	5.4
OP Profit	1.0	2.2	1.1
OP Profit (%)	4.5%	7.8%	-

Increase in sales/profits

- Sales and profit increased due to the increase in the sales of the steering systems

1. Results for Fiscal Year 2017,
Ending March 2018

2. Forecasts for Fiscal Year 2018,
Ending March 2019

3. Progress of
Mid-term Business Plan

2-1) Forecasts for Business Environment

World economy

- **Maintains gradual economic growth as a result of the easy-money policy and tax reduction policy of the U.S.**
- **Unpredictable due to the stringent import tariffs and protectionist policy of the U.S.**

Japan

- **Gradual recovery due to an increase in domestic and foreign demands.**
- **Carefully watch the management environment changes such as FX rate fluctuation due to geopolitical risks, etc.**

2-2) Forecasts for Fiscal Year 2018

Despite negative impact due to foreign exchange rate, FY2018 forecasts an increase in sales and profits by the effect of M&A and increase in quantity.

(billions of yen)

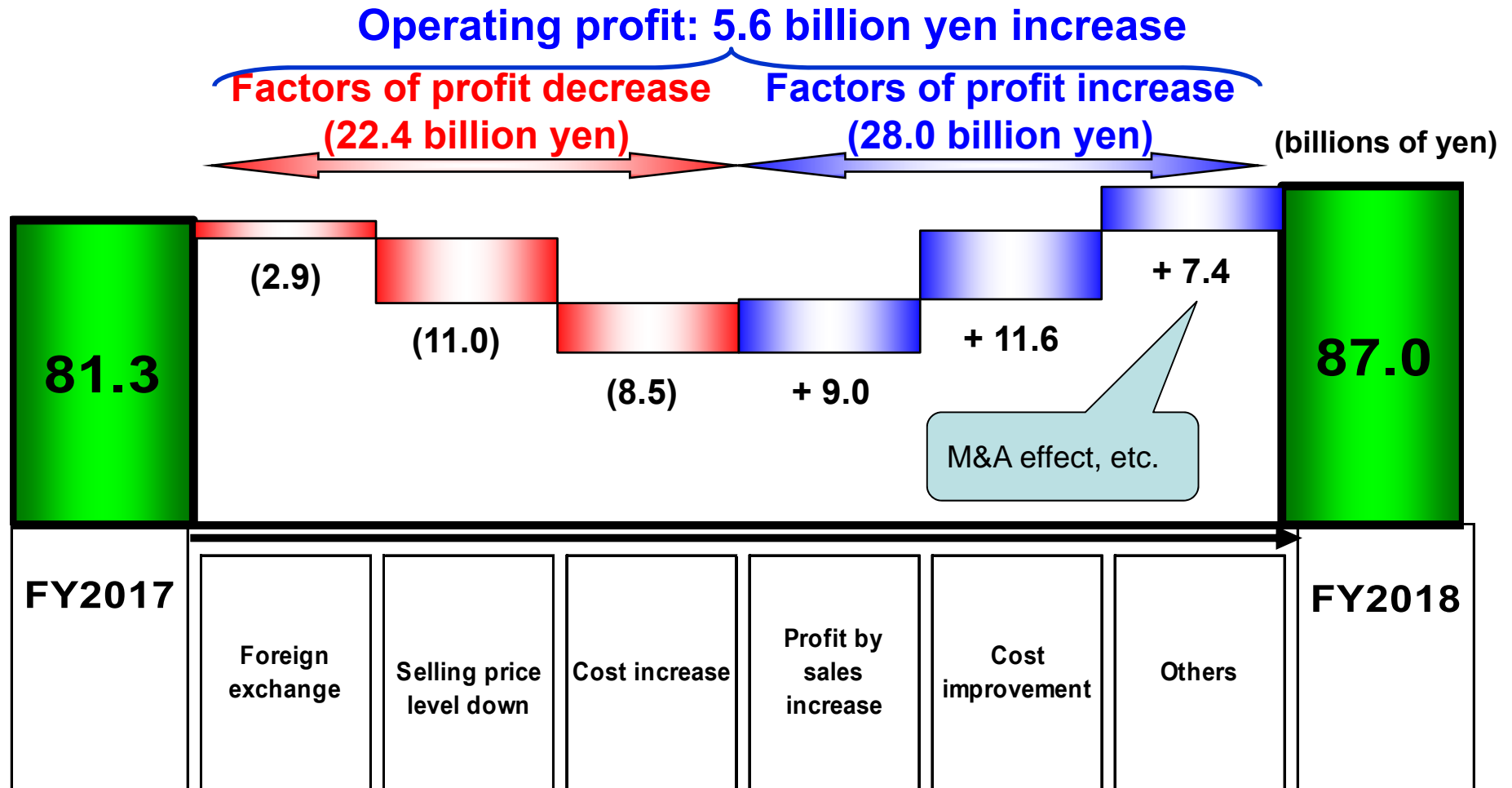
	FY2017 Full year (Actual)	FY2018 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
		1H	2H	Full year		
Sales	1441.1	720.0	780.0	1500.0	+58.8	+4.1%
Operating profit	(5.6%) 81.3	(5.4%) 39.0	(6.2%) 48.0	(5.8%) 87.0	+5.6	+6.9%
Ordinary profit	(5.7%) 82.5	(5.3%) 38.5	(6.1%) 47.5	(5.7%) 86.0	+3.4	+4.2%
Net Income(*1)	(3.4%) 49.6	(3.3%) 23.5	(4.0%) 31.5	(3.7%) 55.0	+5.3	+10.7%
Foreign exchange rate (Apr. to Mar.)	¥111/USD ¥130/EUR	¥105/USD ¥130/EUR	¥105/USD ¥130/EUR	¥105/USD ¥130/EUR	¥6 strong yen -	
Capital expenditure	66.6	33.0	39.0	72.0	+5.3	+8.0%
Depreciation	60.4	31.0	33.0	64.0	+3.5	+5.9%
Dividend	43 yen	22 yen	22 yen	44 yen	+1 yen	

(*1) Profit attributable to owners of parent

(%): Percentage of profit on sales

2-3) Operating Profit Analysis

“Selling prices level down” and “cost increase” will be covered by the effect of “the sales increase” and “cost improvement”. Also with M&A effect, FY2018 will expect to update the highest profit.



1. Results for Fiscal Year 2017,
Ending March 2018

2. Forecasts for Fiscal Year 2018,
Ending March 2019

3. Progress of
Mid-term Business Plan

CONTENTS

1. Strategies of Business Units

- 1) Summary
- 2) Steering Systems
- 3) Driveline
- 4) Bearings
- 5) Machine Tools & Mechatronics
- 6) Actions for New Business

2. Actions for Corporate Value Enhancement

1) Summary

3-1-1) Review of Initial Target (vs. in FY2014)

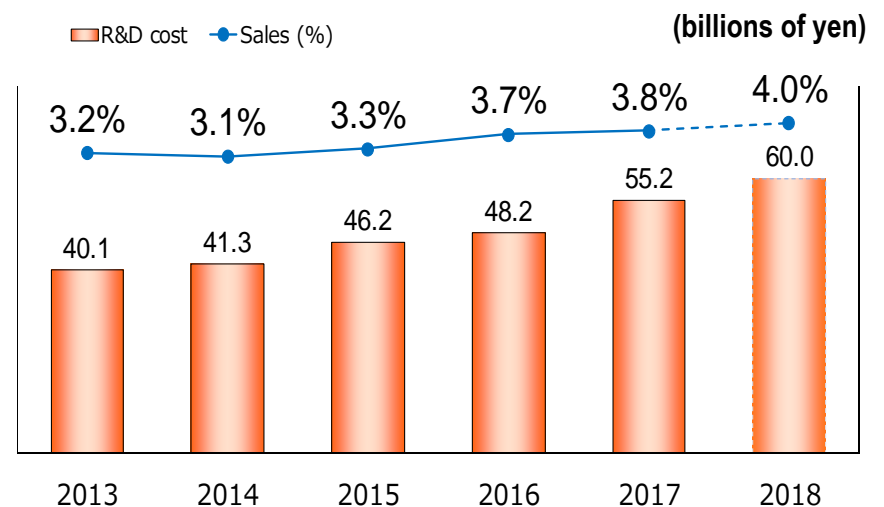
Difference from the initial target in FY2014

	Target of FY2018 (Set in FY2014)	Forecast in FY2018 (Present)	Increase/ Decrease
Sales	1340.0 billion yen	1500.0 billion yen	+160.0 billion yen
OP Profit	100.0 billion yen	87.0 billion yen	(13.0 billion yen)
OP Profit (%)	7.5%	5.8%	(1.7%)

Review

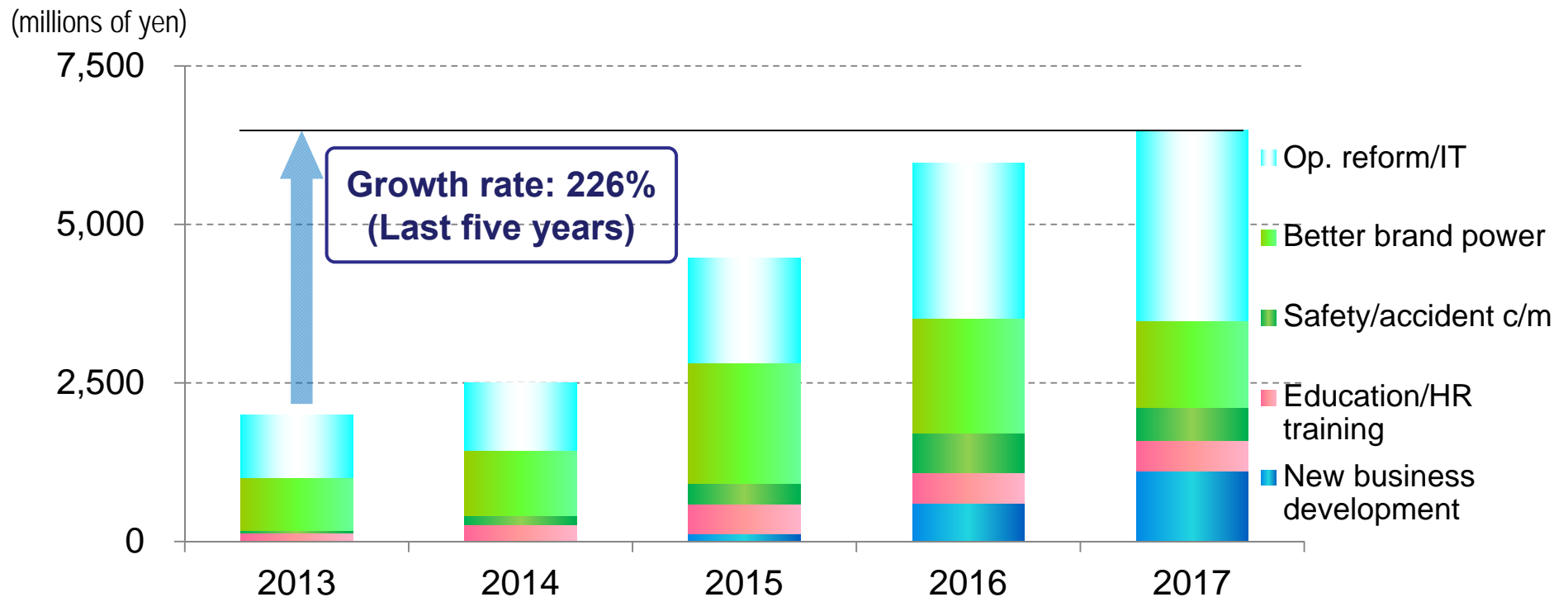
- Price reduction pressure for steering products
- Investment in Rack-assist EPS and high-loading by its new launch
- Preparation for trend shift such as autonomous driving / EV (R&D cost increase)
- Investment for strengthening the business foundation that exceeds the cost reduction by productivity improvement

Trend of R&D cost (Reference)



3-1-1) Investment to Strengthen Business Foundation (Non-financial value)

Accelerate human resource development, investment for safety & accident prevention, and further operational reform & utilization of IT, that contribute to the establishment of the company's long-term business foundation



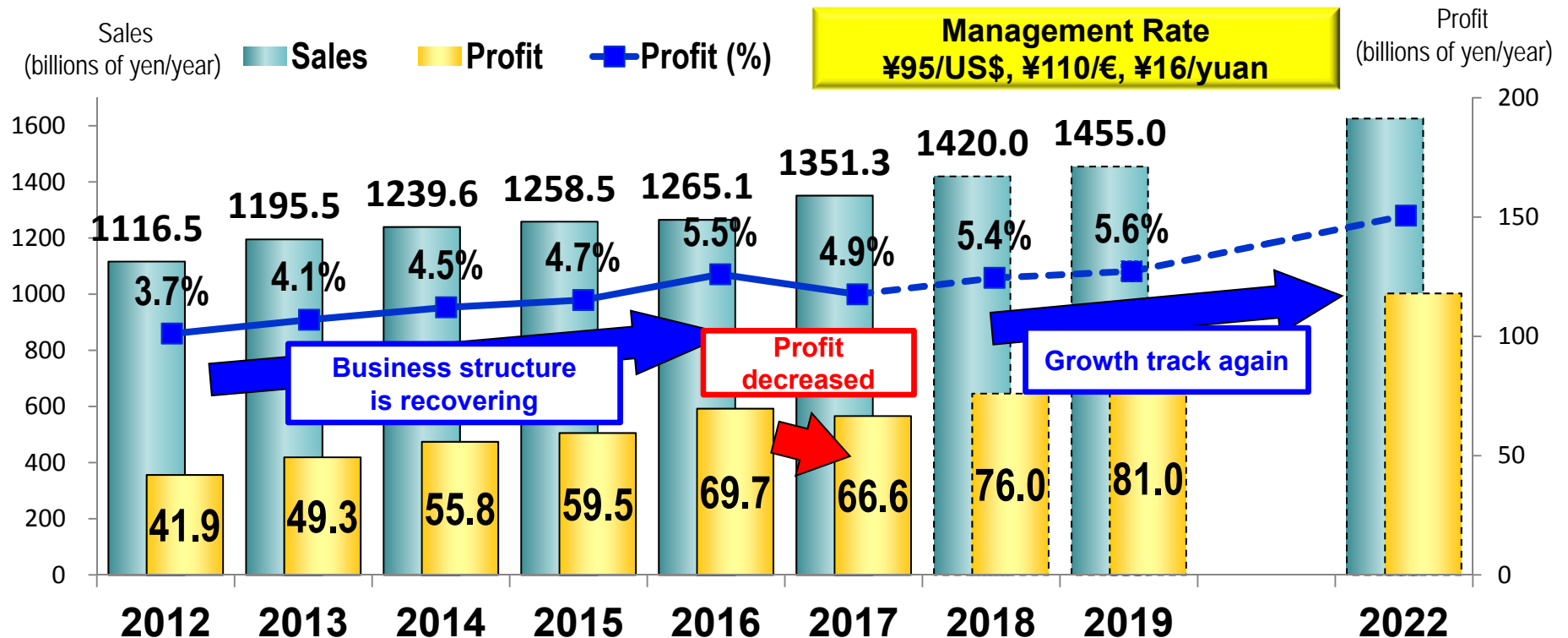
Trend of business foundation (fundamentals)-related cost

3-1-1) Review – Profit & Loss Trend (Management rate)

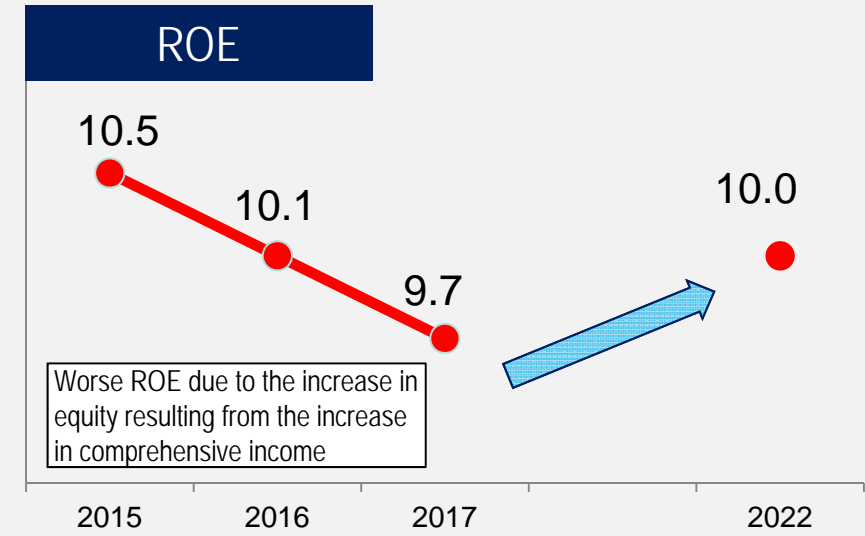
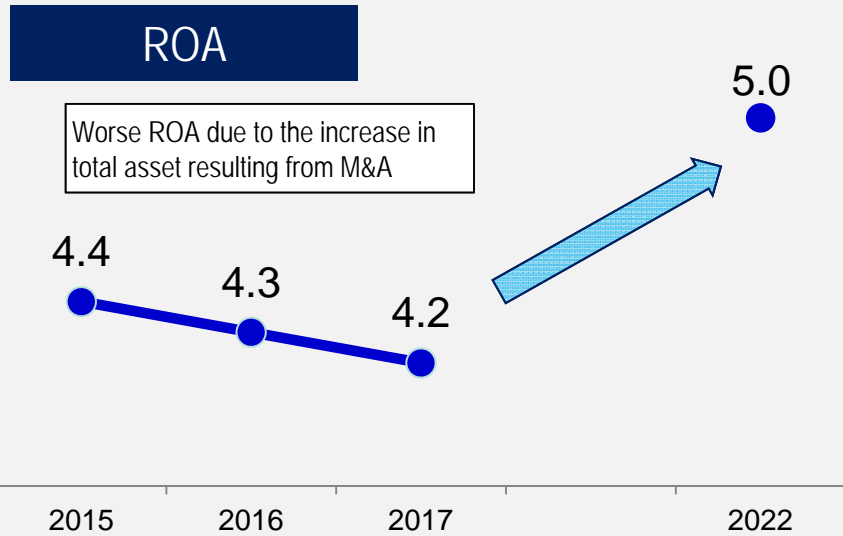
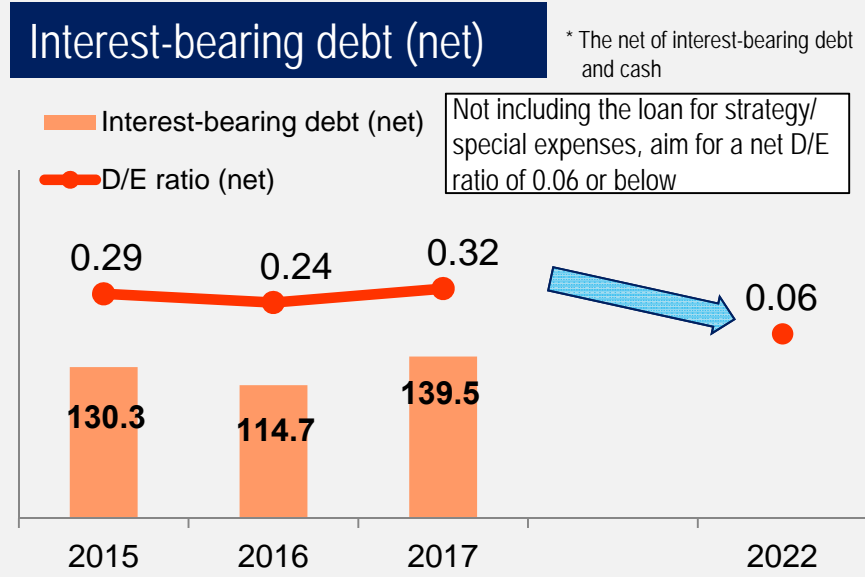
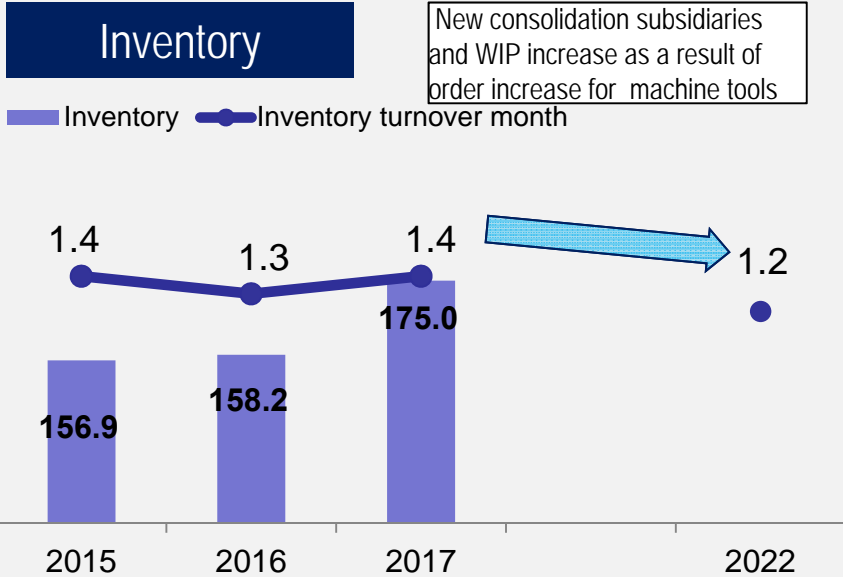
Business structure had improved until FY2016 except for the foreign exchange rate, but FY2017 profit decreased because of ;

- (1) New launch of Rack-assist EPS in North America,
- (2) Investment for the future actions such as ADAS/loE

→ FY2018 will recover to the FY2016 level, then afterwards back on growth track as a result of the stabilization of rack-assist EPS business and collecting the benefits on future investment

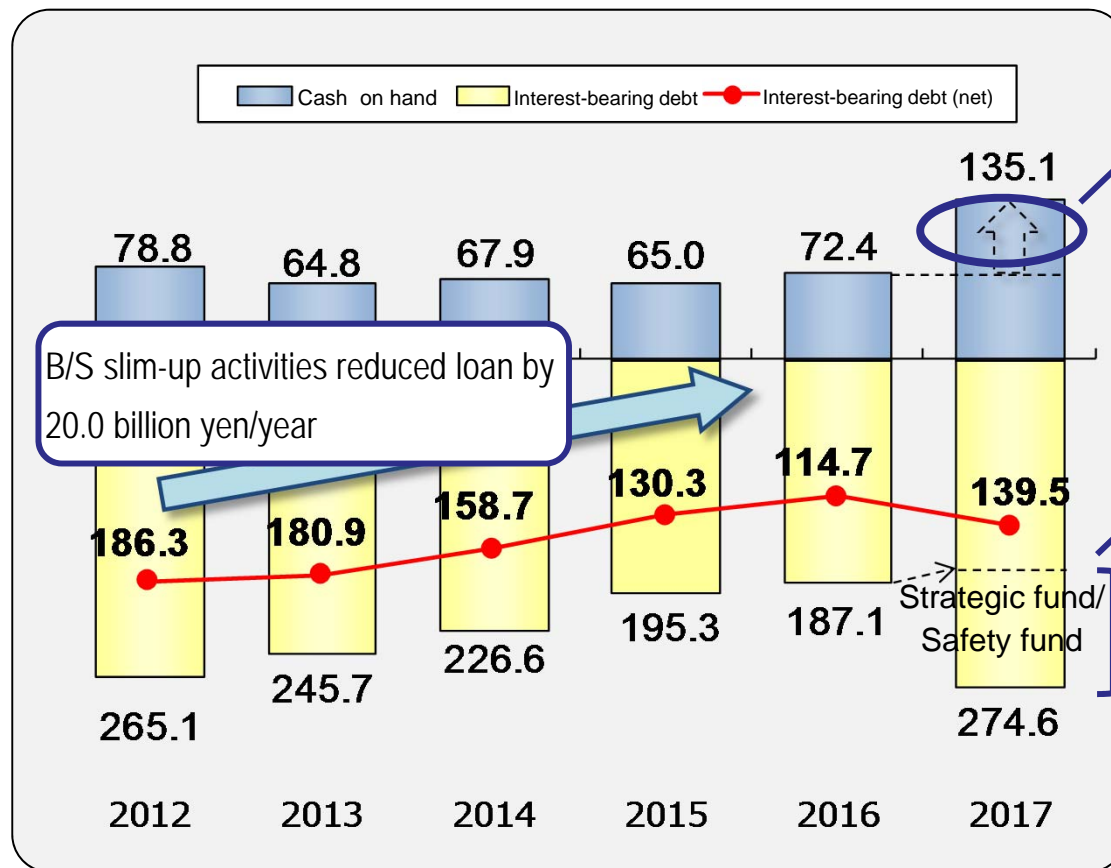


3-1-1) Review - Management Index (Consolidated)



3-1-1) Secure Substantial Cash-balance for “Offensive and Defensive” measures for the future

The B/S slim-up activities promoted the financial structure improvement
=> Financial Strategy shift: Secure Substantial cash-balance for sustainable growth



- Cash Increase : 47.7 billion yen
- Increase by newly consolidation subsidiaries : 15.0 billion yen
=> Centralized Cash Control by Headquarters

[FY17 strategy /special expenses]

- M&A: 33.0 billion yen
- Anti-trust Law -related: 4.0 billion yen
- Subcontract Law -related : 42.0 billion yen
- Quality-related: 5.0 billion yen

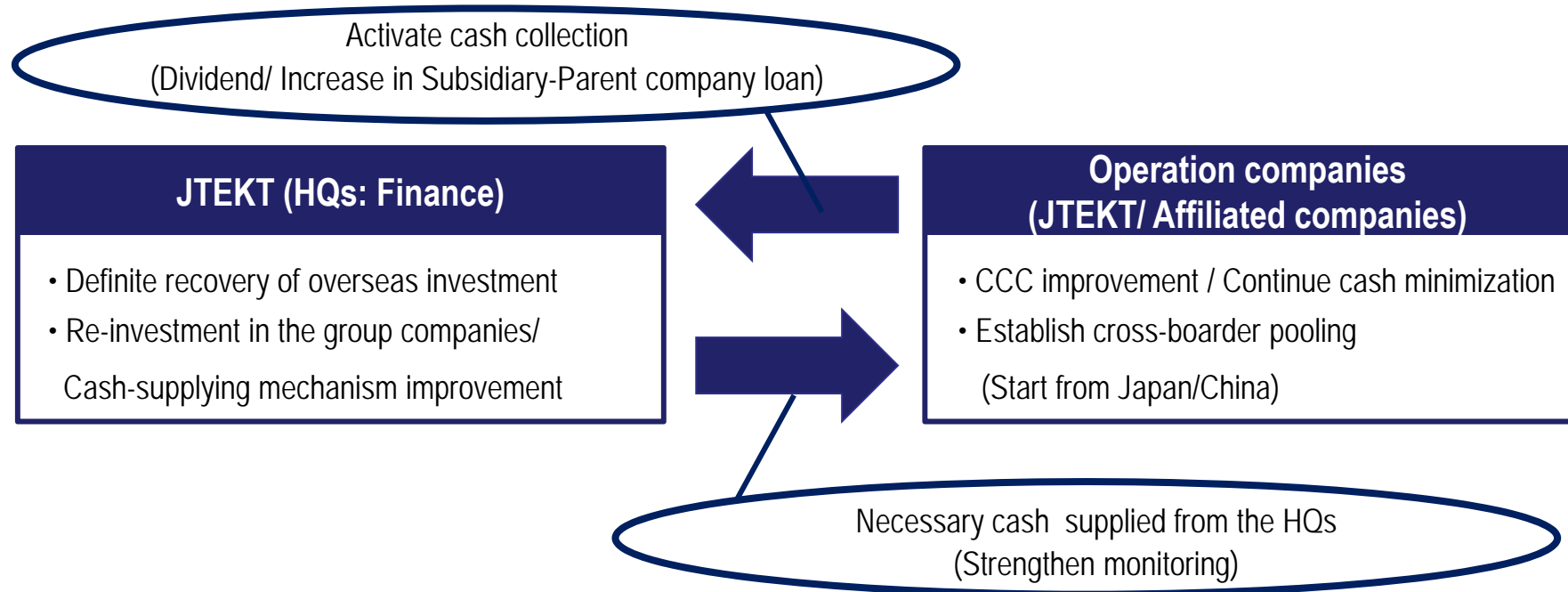
[Strengthen cash-balance (Loan increase)]
20.0 billion yen

3-1-1) Re-establishment of Fund Portfolio

Re-establish and strengthen the structure to centrally manage the JTEKT group’s cash-balance at JTEKT HQs

As the “**safety funds**” for preparation for financial crisis and “**strategic funds**” for business operation,

- HQs centrally manage the cash-balance and expeditiously and flexibly invest within the group companies.
- prepare for the risk of losing liquidity of the cash, associated with the currency regulation of the emerging countries



2) Steering Systems

(Abbreviation list)

ADAS: Advanced Driver Assistance System

RP-EPS: Rack Parallel-EPS

DP-EPS: Dual Pinion-EPS

PMI: Post Merger Integration

JAMO: JTEKT Automotive Morocco SAS

FAMO: Fuji Automotive Morocco SAS

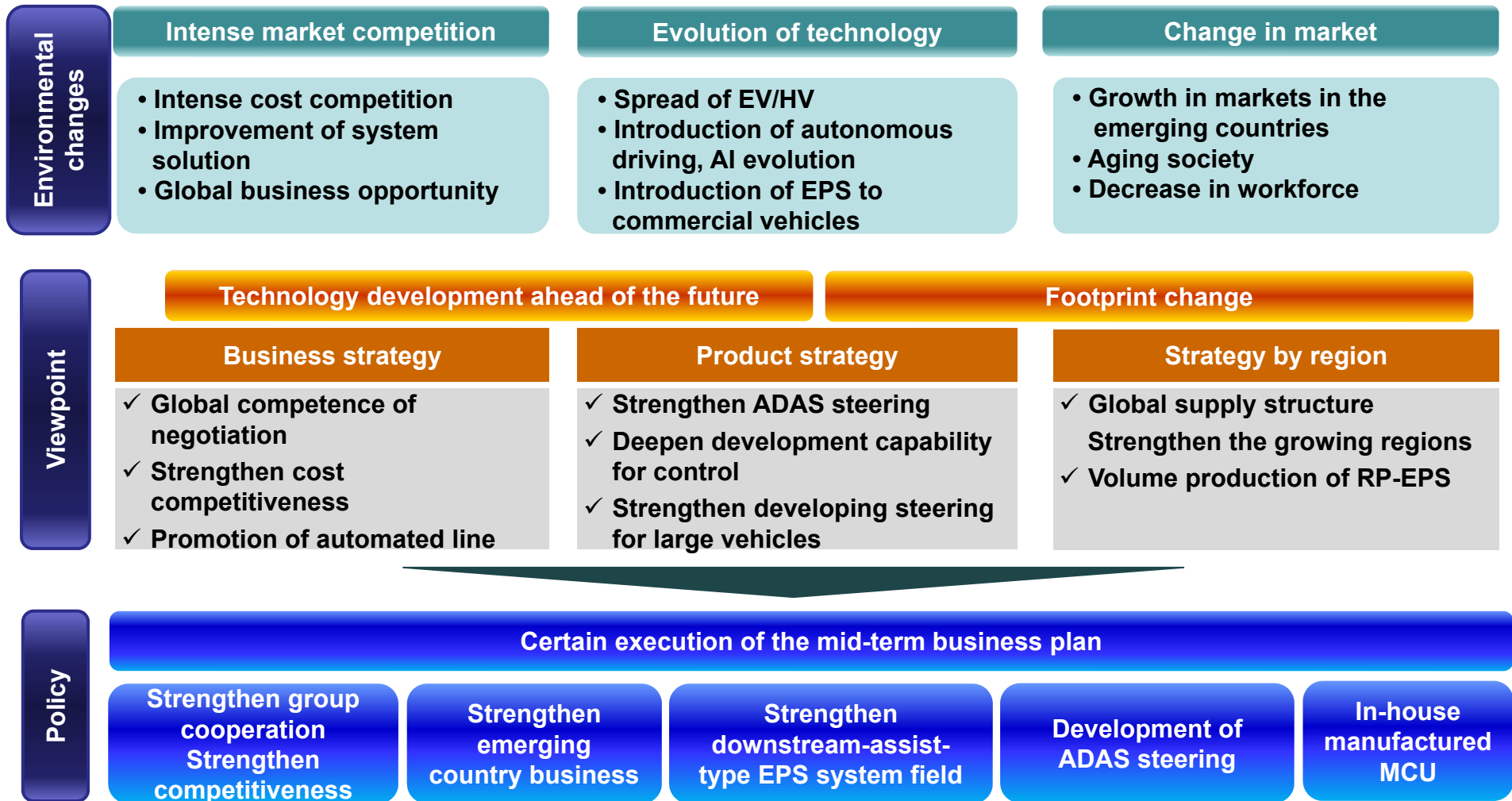
JIN: JTEKT India LTD.

JSAI: JTEKT SONA Automotive India LTD.

SKSS: Sona Koyo Steering Systems LTD.

3-1-2) Steering Business Growth Strategy

Continue to maintain the top share for steering, and to be the No. 1 & Only One as the top runner for advanced steering technology such as ADAS



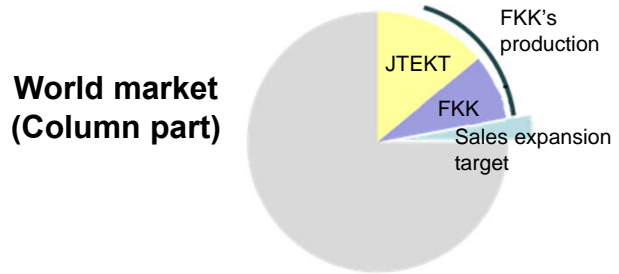
3-1-2) Strengthen Column Business (Strengthen group cooperation)

January 2018 Reorganization of Fuji Kiko as a fully-owned subsidiary, start of PMI activity to strengthen business

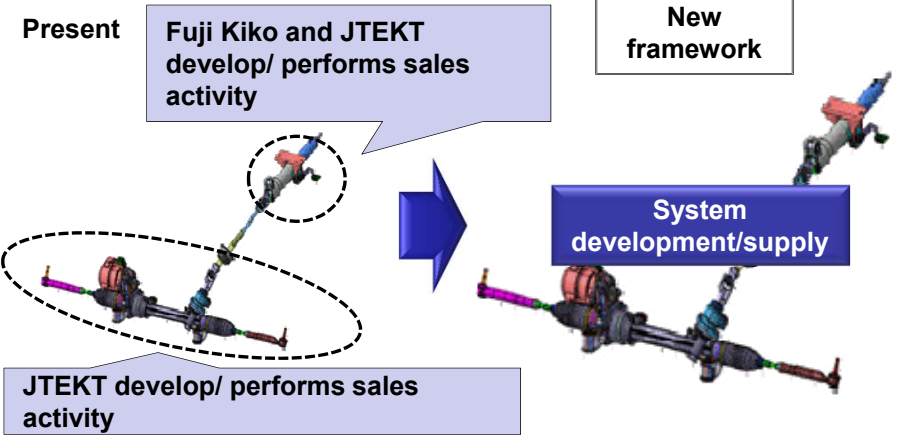
1. Ideal

Steering share: Keep the 25% of world top share (Based on the assist type)

↓
Aim for 25% global share of columns through sales expansion/share expansion of column part

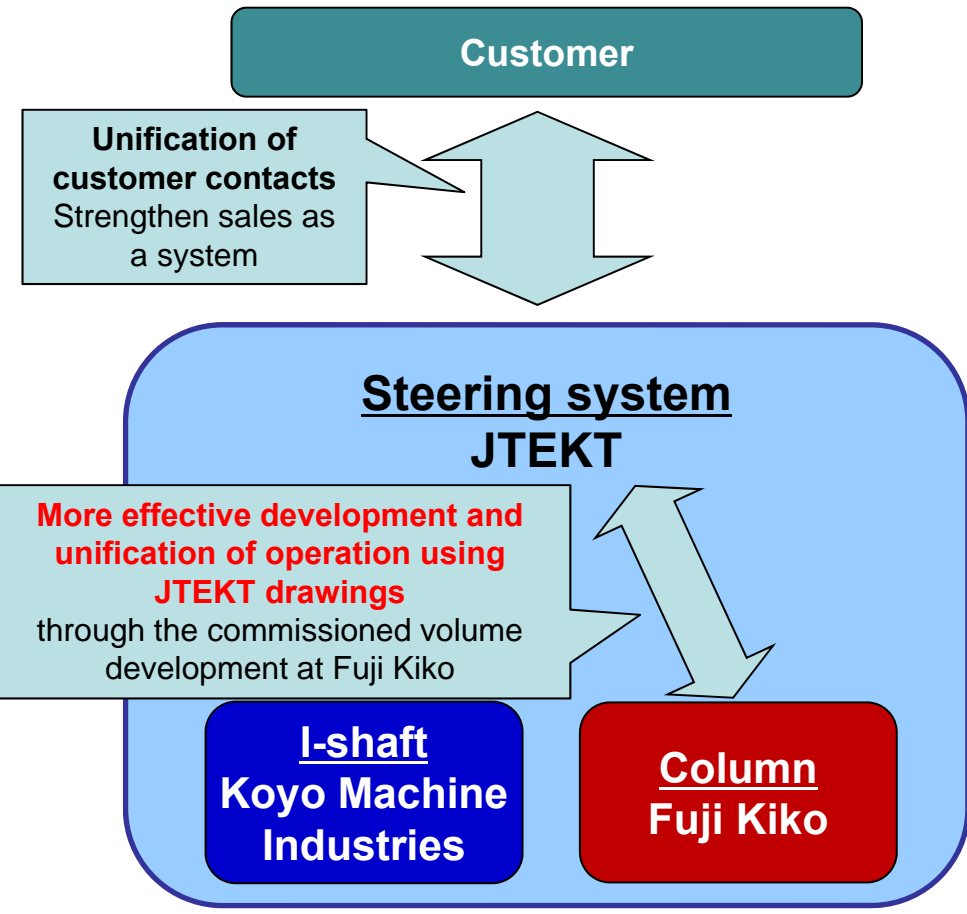


2. Strengthen system support



3. Promote PMI activity

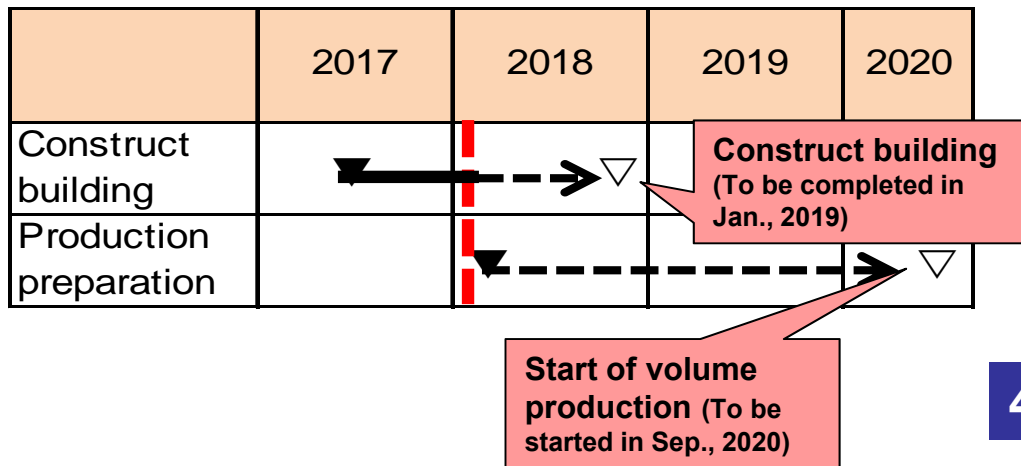
Strengthen system foundation to create cooperation as JTEKT group and to strengthen business



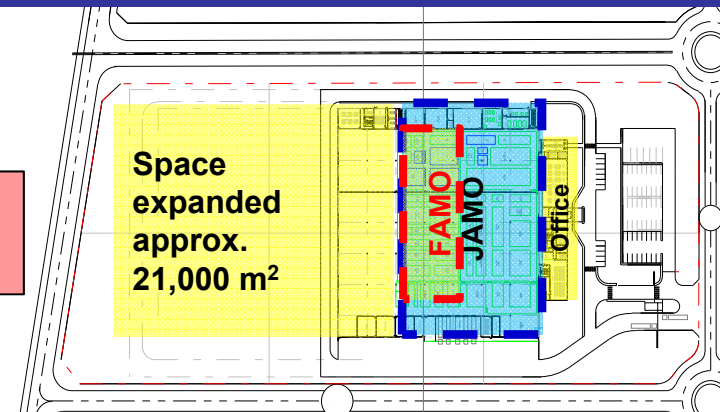
3-1-2) Establish Business Foundation in Morocco

Supply steering systems in Morocco where expansion of demand is expected, and establish a business foundation in North Africa

1. SOP schedule

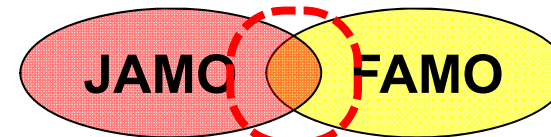


3. Layout of site and building



4. Collaboration with Fuji Kiko

Fuji Kiko is planning to start in-plant production at JTEKT



- Space sharing of office and utilities
- Streamlining of organization through the shared service of administrative divisions

2. Rendering of building



3-1-2) Strengthen Business in India

SKSS became JTEKT's consolidated subsidiary in June 2017 to promote strengthening STG business in India

1. Changed company name "SKSS"

New name from April 2018

Both in name and reality, start operation as "JTEKT" and aim to further spread the JTEKT brand in India

Former name: Sona Koyo Steering Systems Limited



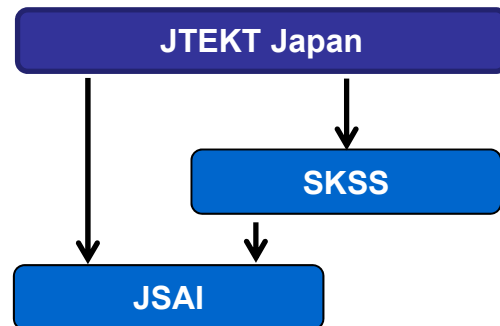
New name: JTEKT India Limited

2. JTEKT India absorb and merge with JSAI

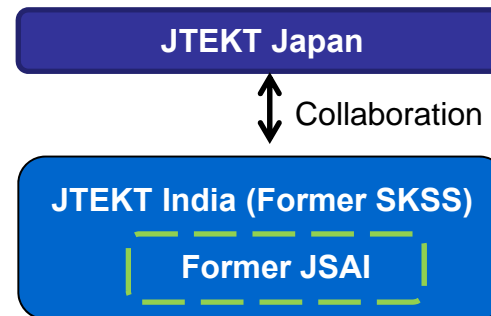
New operation to be started from Oct. 2018

Integrated a steering subsidiary in India to achieve further efficient operation and synergy effect

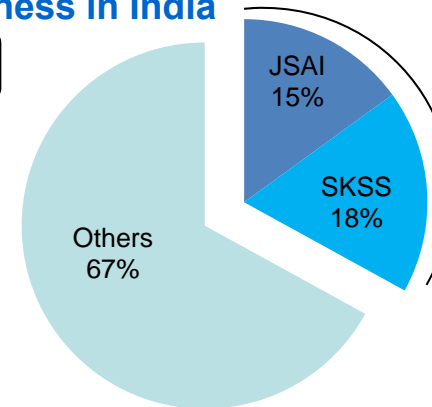
[Present]



[After merger]

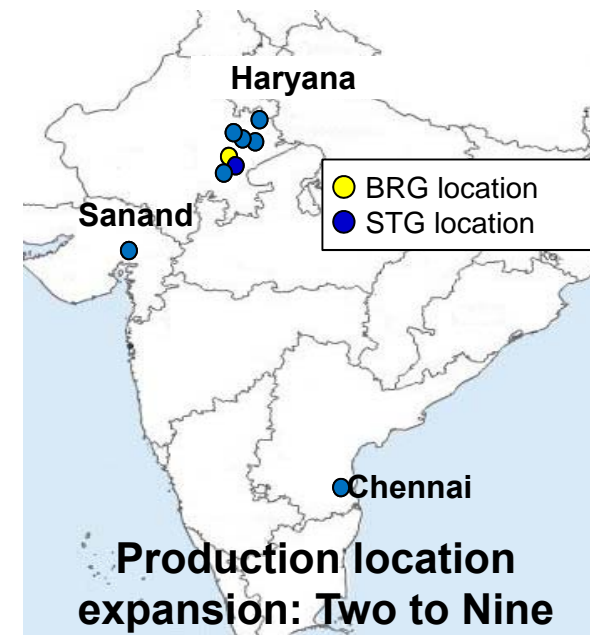


- As JTEKT India, integrated steering business and customer contacts for the enhancement of customer satisfaction
- Set Gurgaon (Main location of former SKSS) as the regional headquarters for efficient operations and creating synergy effect



Steering share in India FY2016 Result: 33%

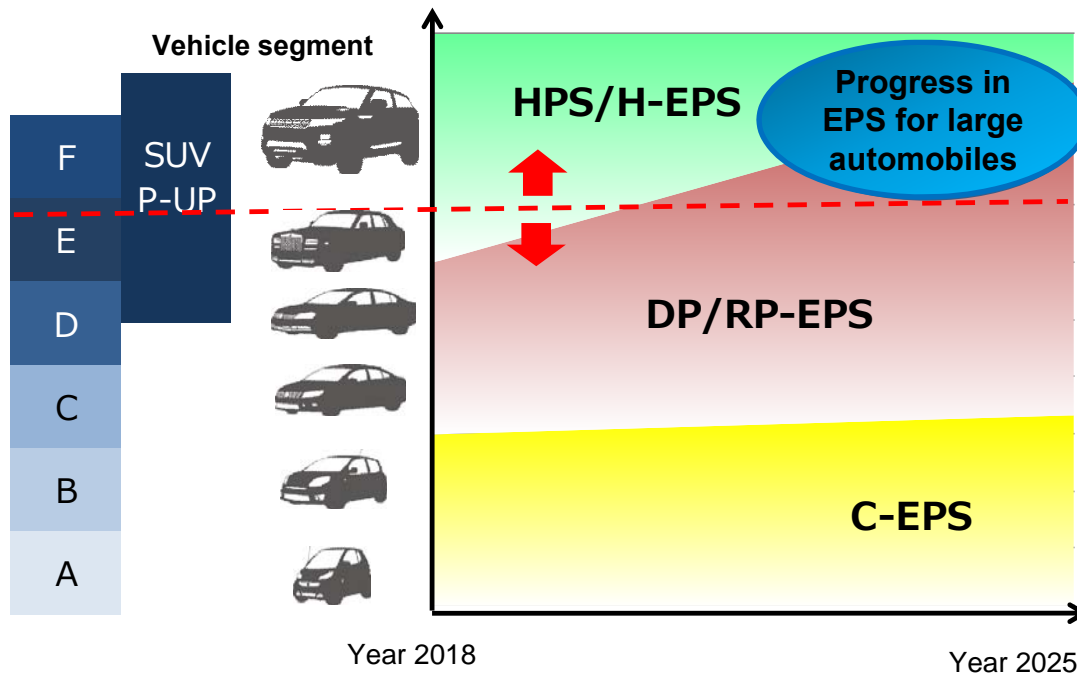
Indian automobile market: Approx. 4,200k cars



3-1-2) Strengthen Rack-Assist EPS

Adoption of EPS is increasing along with automated driving of large automobiles such as pickup trucks

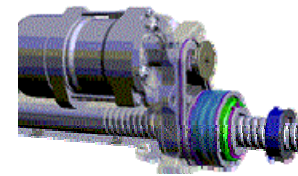
1. EPS in large automobiles



3. Response to large automobile EPS

- (1) Develop high output DP-EPS
- (2) Develop high output RP-EPS
- (3) Equip RP-EPS with a capacitor as an assist battery to solve electrical shortage

(1) (2) EPS system for large automobiles

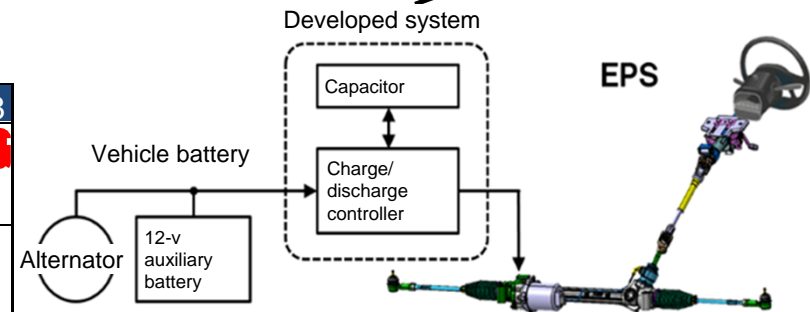


(3) Capacitor



2. EPS applicable range

Torque (KN)	8	9	10	11	12	13	14	15	16	17	18	
JTEKT	C-EPS				RP-EPS				(2)	(3)		
	P/DP-EPS				(1)	HPS						
Competitors	C-EPS				RP-EPS							
	P/DP-EPS											



3-1-2) Strengthen Electronic Engineering Development Capability

Opened and started operation of JTEKT IT Center Akita Corporation on November 2017

➤ Promoting recruit with the target of 40 people by the end of FY18

1. Opening ceremony

<Nov. 24, 2017>



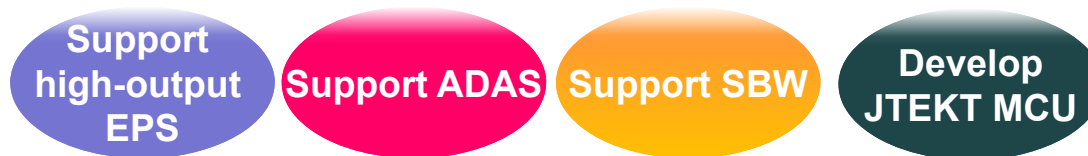
2. Aim of establishment

To solve the shortage of electronic control engineers and to create job opportunities for highly capable personnel to work in their home regions

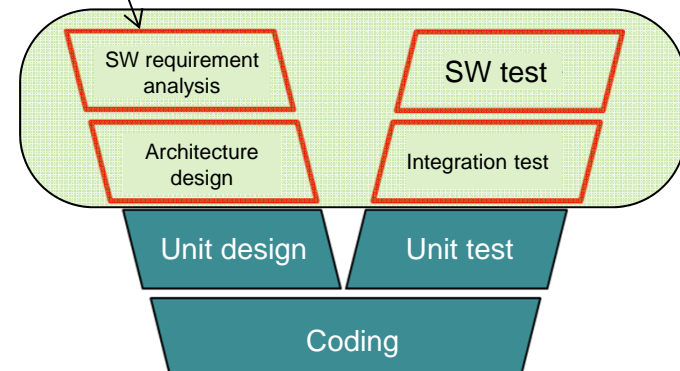
3. Development field

Promote the upstream development of software at the new company
Aim to be an independent development base of the upstream processes by 2022

Environment surrounding steering systems



Secure highly capable personnel to strengthen electronic engineering capability



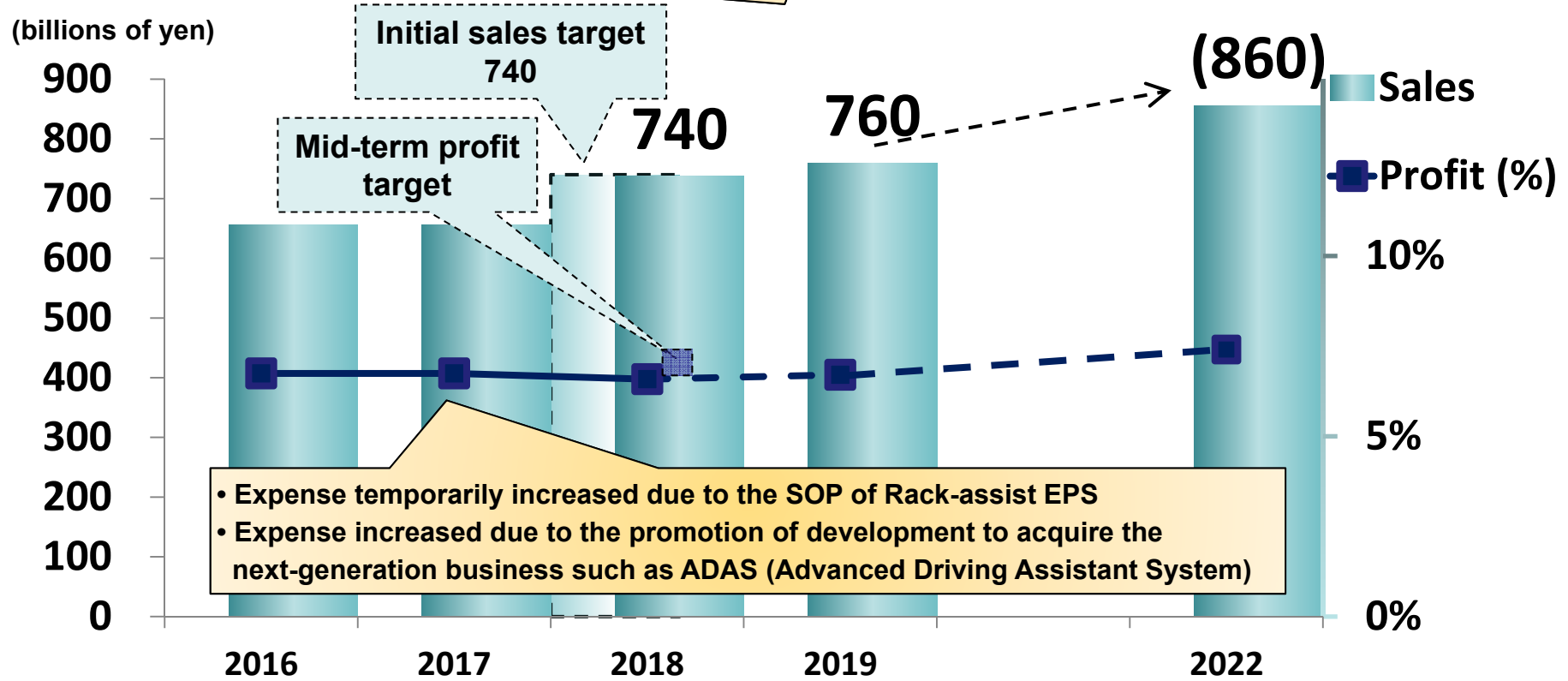
3-1-2) Forecast for Mid-term Business Plan for Steering

FY2018 Sales and Profit Forecast

¥95/US\$, ¥110/€, ¥16/yuan

2018
Sales: Expected to achieve the initial target as a result of the FKK/SKSS's increase despite the stagnation of global market growth.
Profit: Difficult to achieve due to the intensification of market competition.

2022
Sales: Steady increase expected
Profit: Expected to achieve 2018 mid-term profit target
 Promote to achieve target



3) Driveline

(Abbreviation list)

AWD: All Wheel Drive

CVJ: Constant Velocity Joints

ITCC: Intelligent Torque ControlleCoupling

LSD: Limited Slip Differential

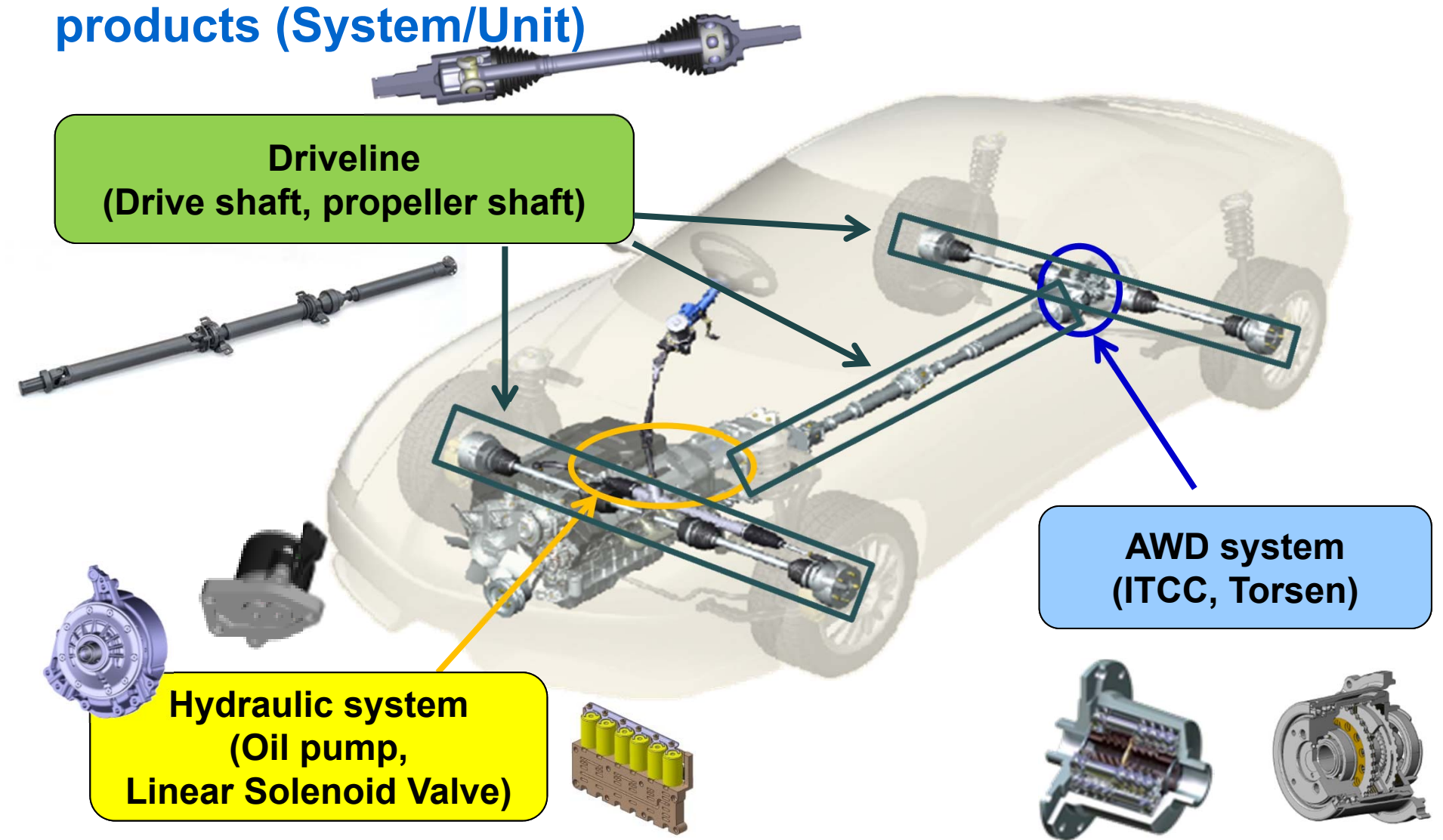
TCD: Torque Control Device

LIC: Lithium-Ion Capacitor

FC: Fuel Cell

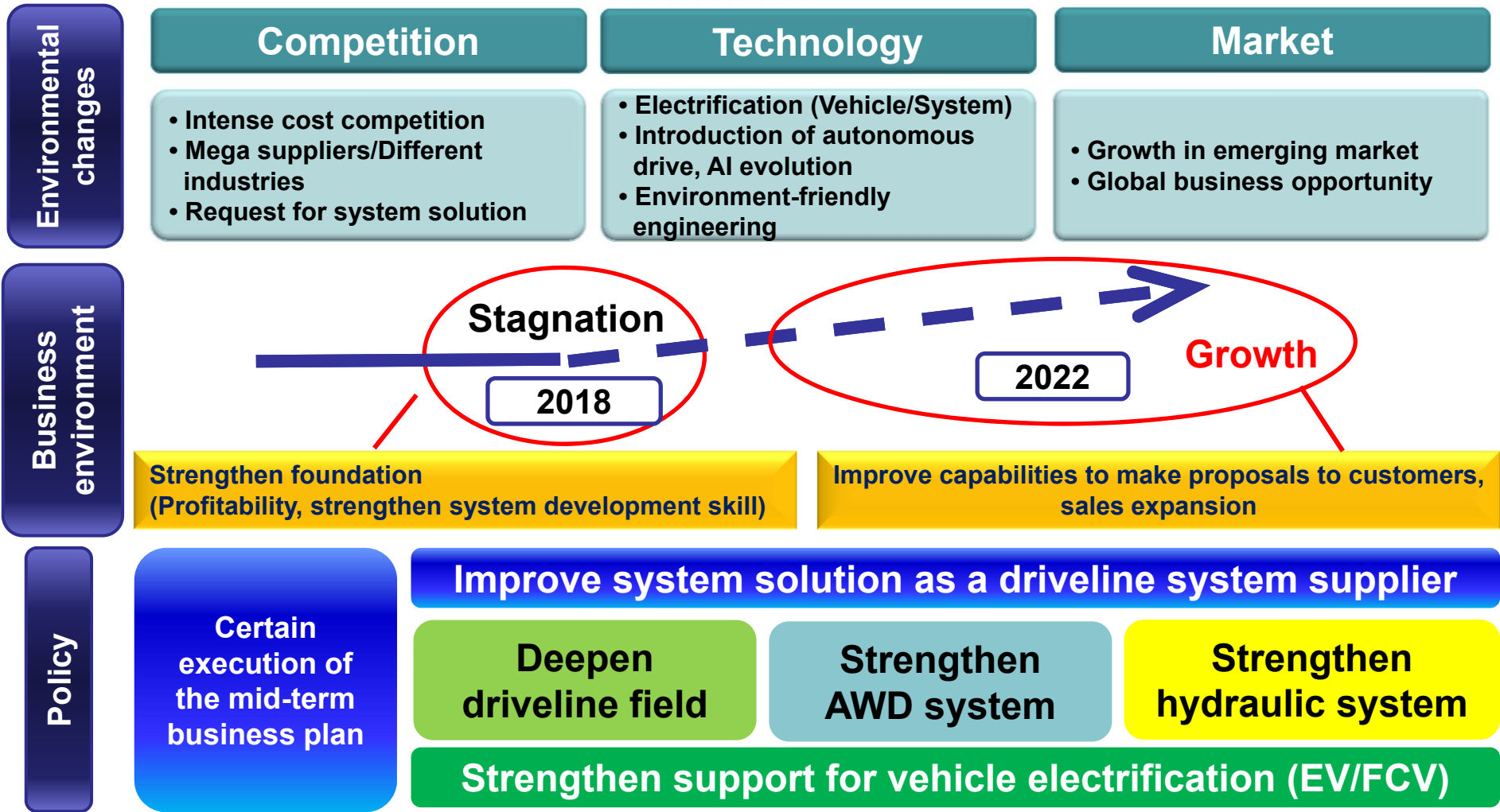
3-1-3) Driveline Business Outline

Contribution to “drive” of automobiles through driveline products (System/Unit)



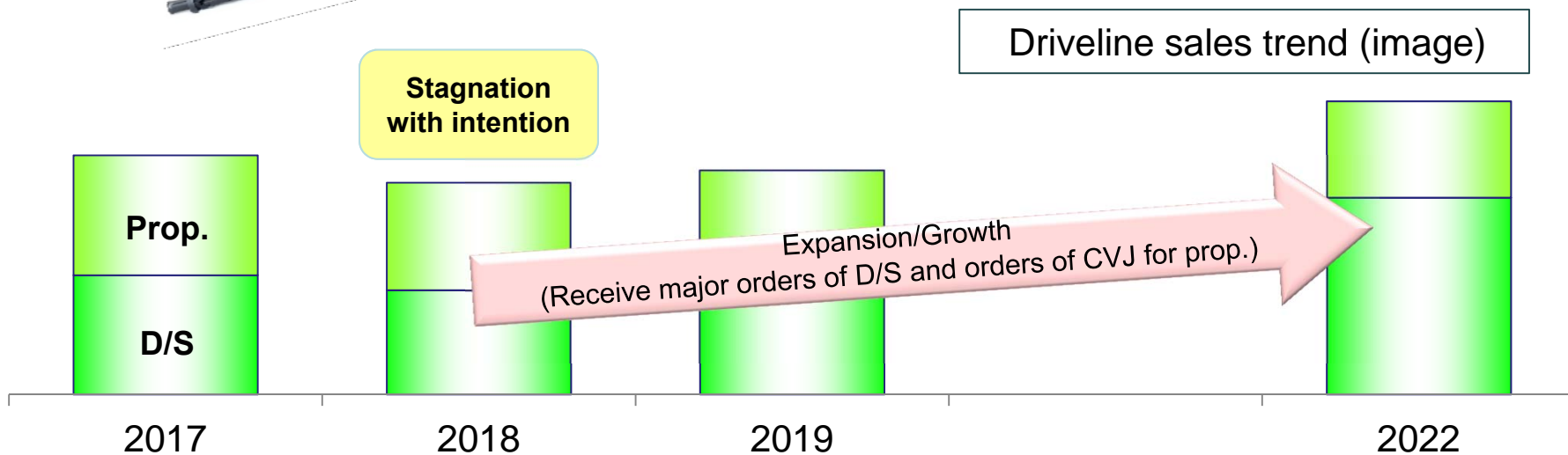
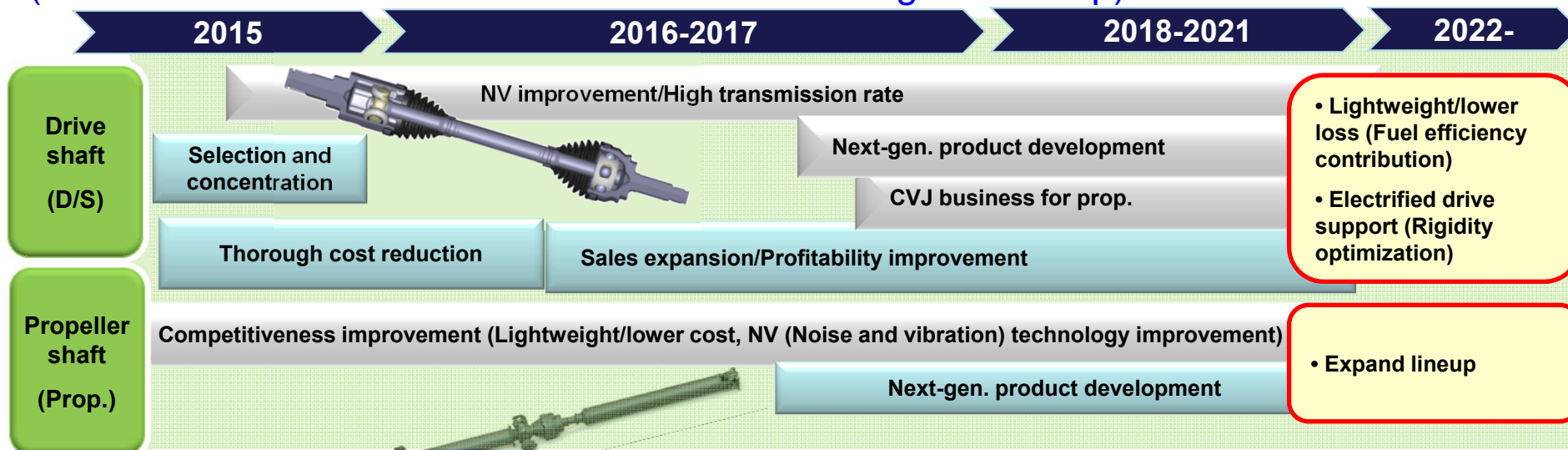
3-1-3) Driveline Business Growth Strategy

As a distinctive system supplier that takes advantage of strengths such as AWD and hydraulics, aim to become the No. 1 & Only One for the driveline business.



3-1-3) Deepen Driveline Field

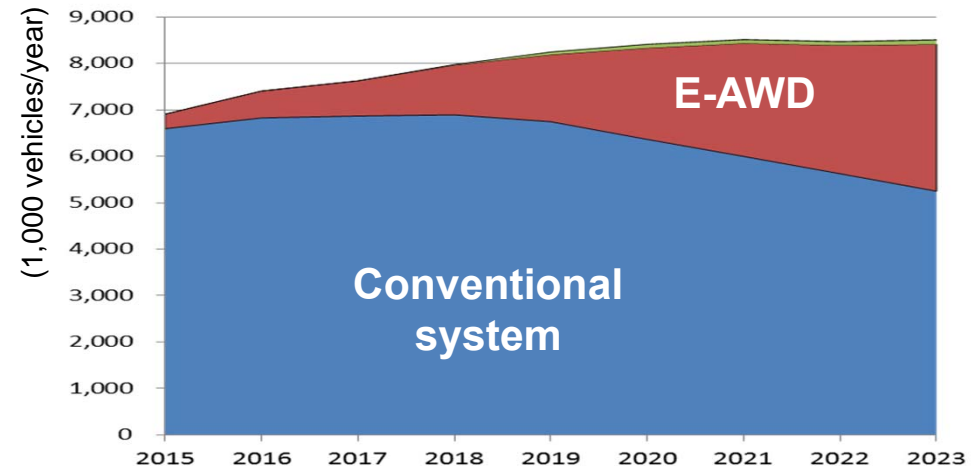
Strengthen foundation for future growth/expansion
(Selection and concentration/cost reduction/strengthen lineup)



3-1-3) Strengthen AWD System

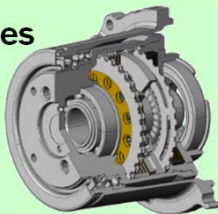
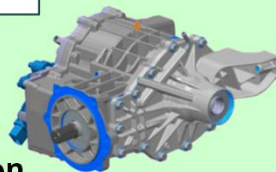
◆ Prospect of AWD electrification
While the use of electrical AWD increases, the demand for the conventional AWD system is expected to remain as it is for the time being

Actions for both are necessary



[FF-model]

1. Integration of differentials
 - Obtain the know-how of differential engineering
 - > Achieve size and weight reduction through unitization
2. Higher response (Better vehicle responsiveness)
 - ITCC: Compatibility with the present item
 - Direct-acting hydraulic: No time lag
3. Compact ITCC (Small volume)
 - Response to demand in small vehicles
 - > Low cost and high performance



[FR-model]

- Torsen LSD
- Compact/Lightweight (Type-D)
- Higher added-value (Diff-lock attached)

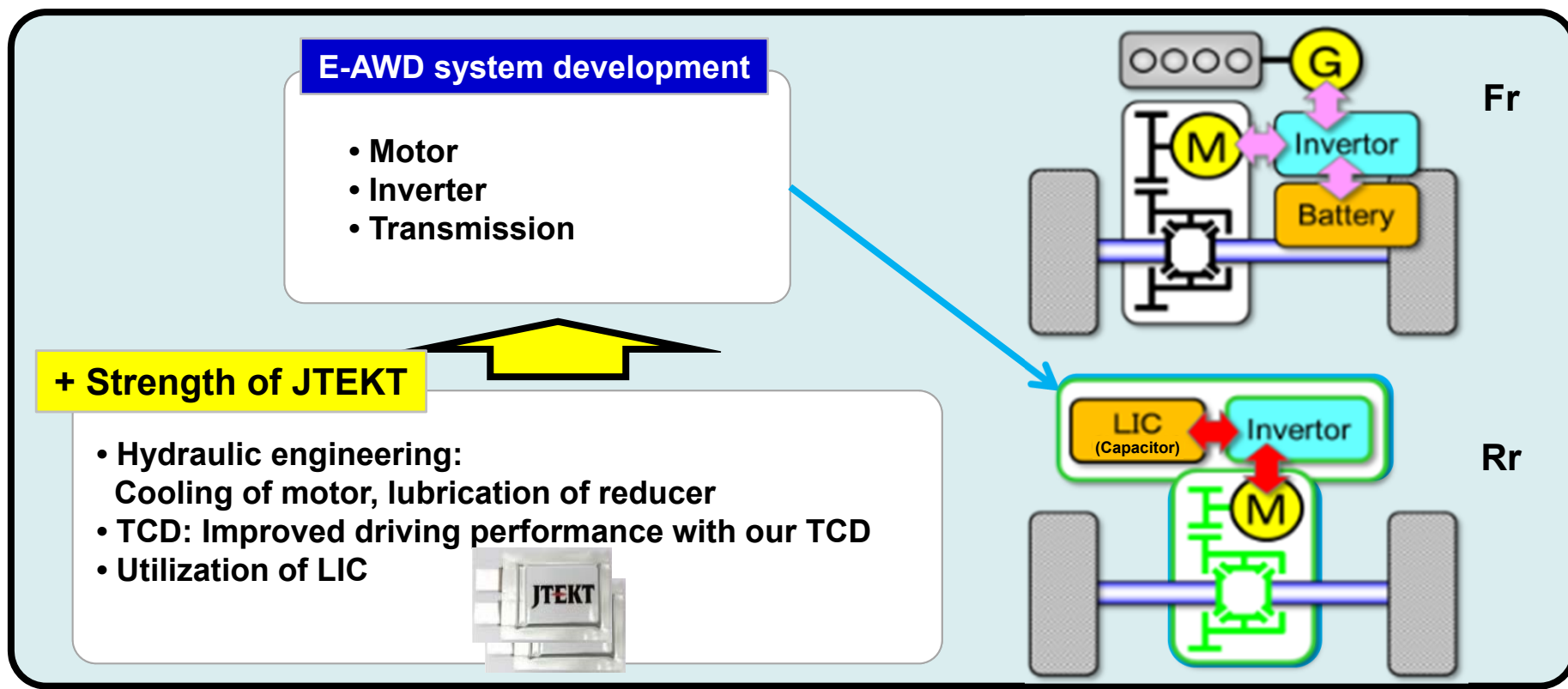


[E-AWD (Next page)]

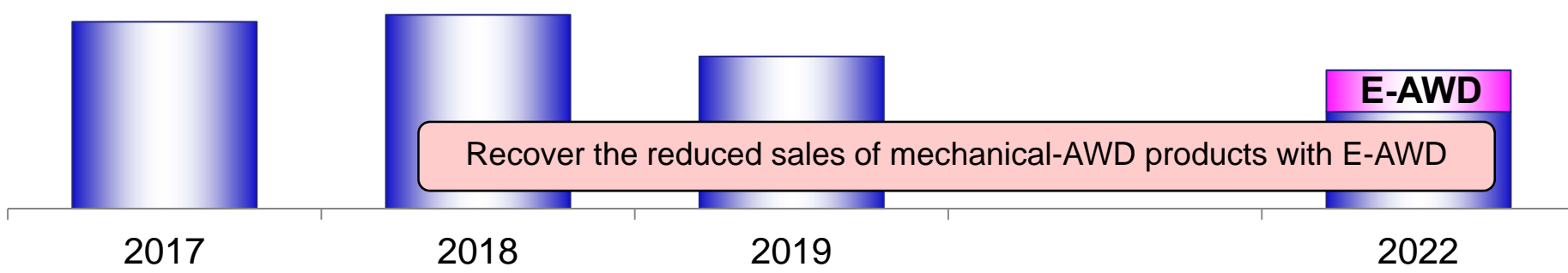
- Developed using full JTEKT engineering



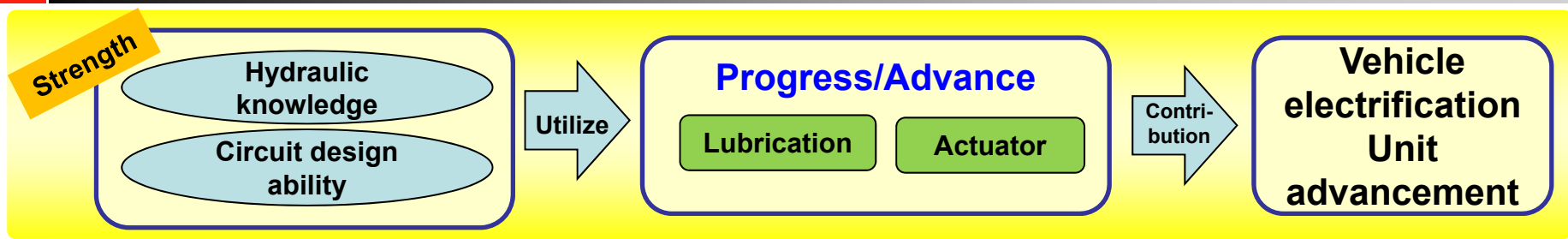
3-1-3) Actions for E-AWD System



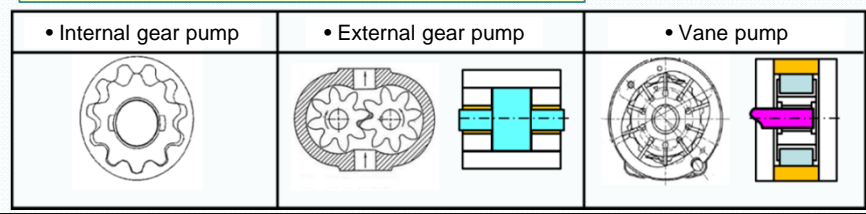
AWD system sales trend (image)



3-1-3) Strengthen Hydraulic System



Mechanical Pump (MOP)



In view of the characteristics such as discharge amount, pressure, and efficiency, three types of pump series can be proposed

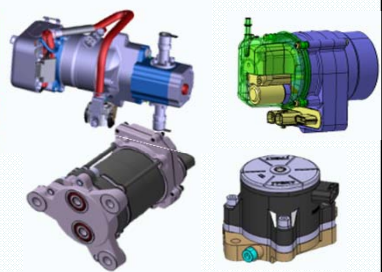
Contribution to vehicle fuel efficiency through optimal proposal

Electrical Pump (EOP)

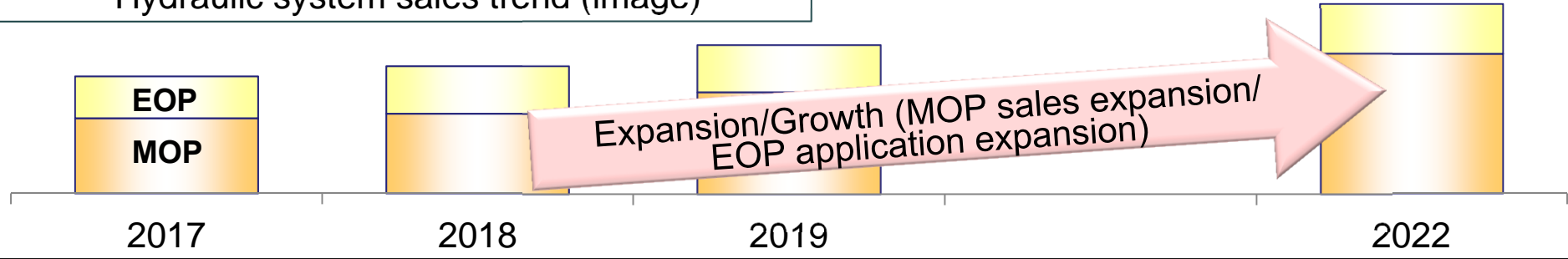
• Three types of MOP know-how
-> Combination of motors suited to characteristics can respond to various applications

Expansion of application

- CVT (High efficient/ High responsiveness)
- Clutch-by-Wire (CbW)
- Responds to electrification (Oil cooling motor)
- Expand series (Idling stop)



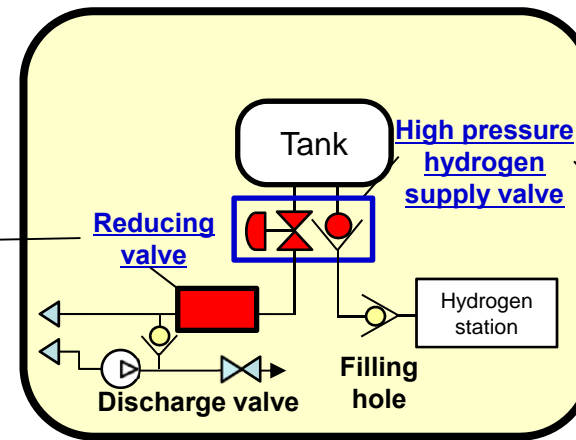
Hydraulic system sales trend (image)



3-1-3) Actions for FC Parts (Valve/Regulator)

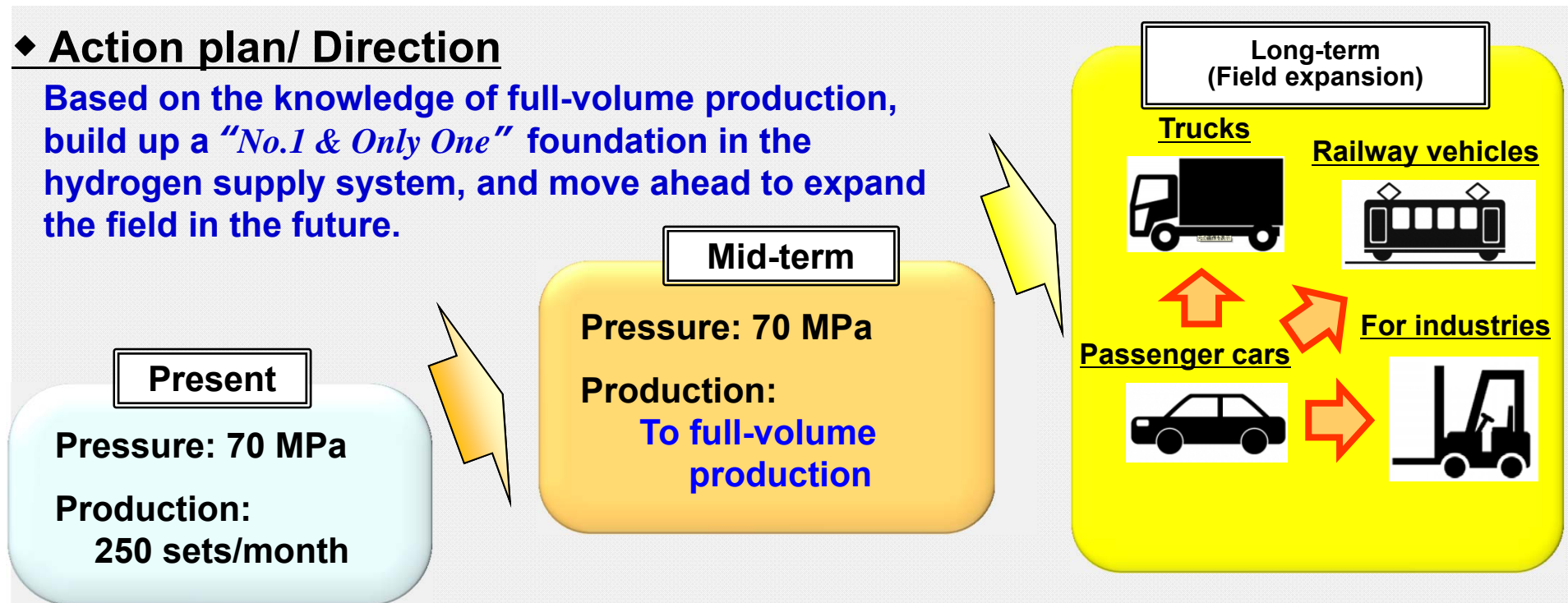
Valve/Regulator

Essential parts for hydrogen's "out/in"
(Contribute to securing safety of fuel cell vehicles)



◆ Action plan/ Direction

Based on the knowledge of full-volume production, build up a "No.1 & Only One" foundation in the hydrogen supply system, and move ahead to expand the field in the future.



3-1-3) Forecast for Mid-term Business Plan for Drivelines

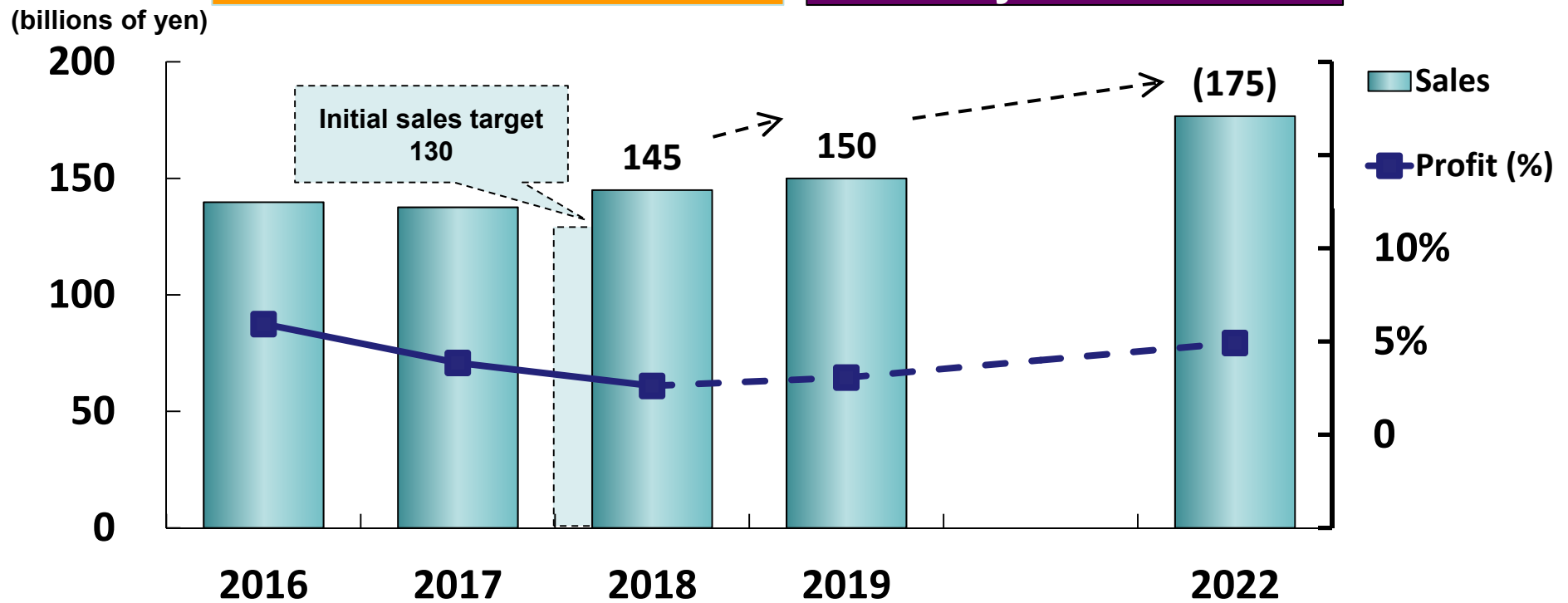
¥95/US\$, ¥110/€, ¥16/yuan

Although severe situation would continue between 2016 and 2020, our initial target is expected to be achieved

Growing after 2021
 ⇒ Huge leap to become a leading company

Toward 2020

Beyond 2020



4) Bearings

(Abbreviation list)

TRB: Tapered Roller Bearing

HUB: Hub unit

• B-HUB (Ball HUB): Ball hub unit

• T-HUB (Tapered HUB): Tapered hub unit

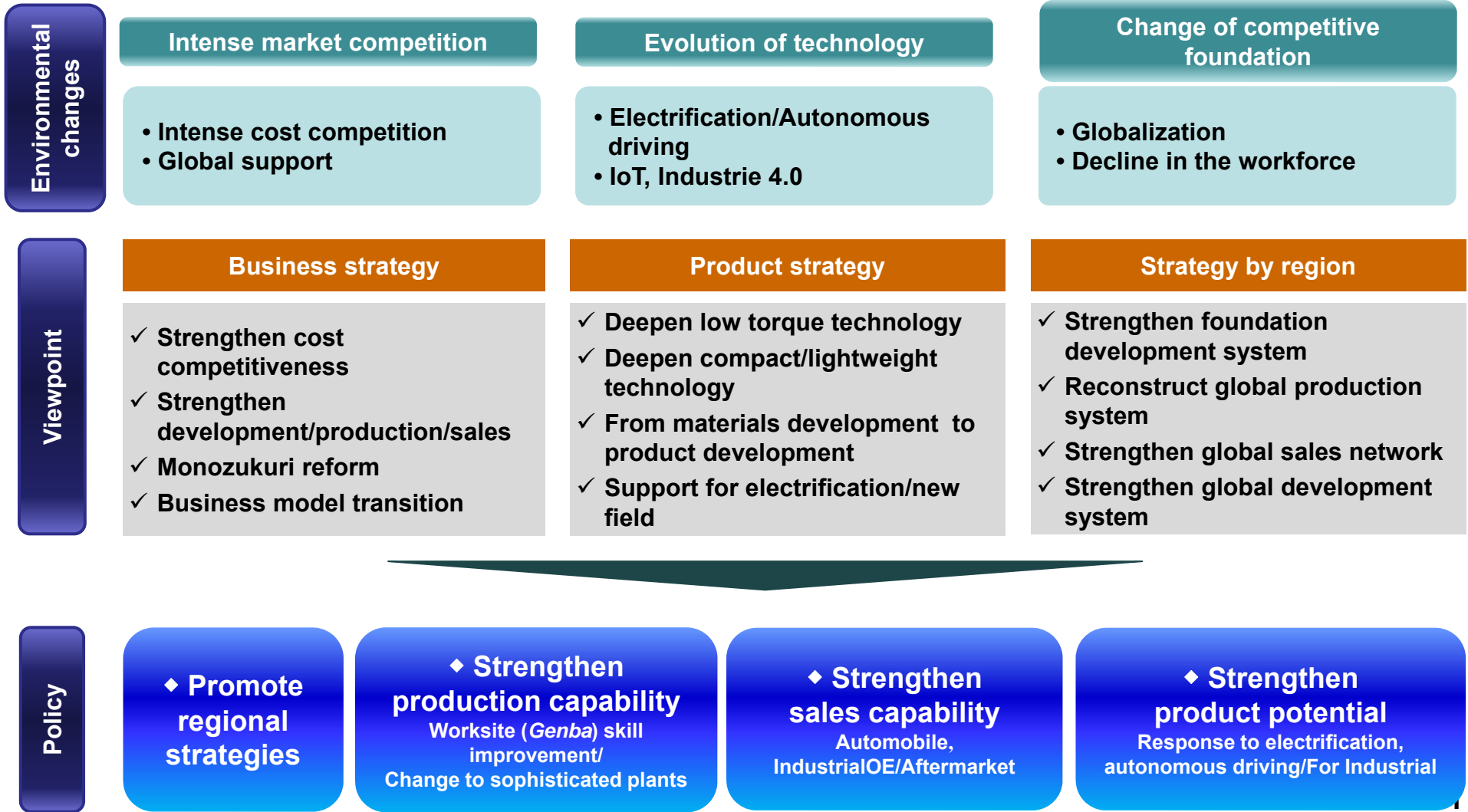
NRB: Needle Roller Bearing

SBB: Single Ball Bearing

LFT: Low Friction Torque

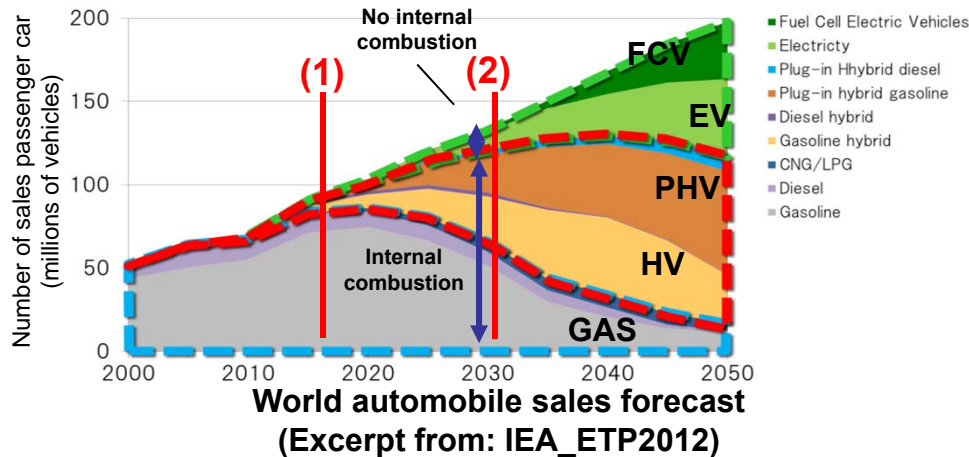
3-1-4) Bearing Business Growth Strategy

**Continue creating value, impress customers, and praised by customers
— Lift the "Koyo" brand to be the TOP brand in the world —**



3-1-4) Environmental Change

◆ Automobile power trend



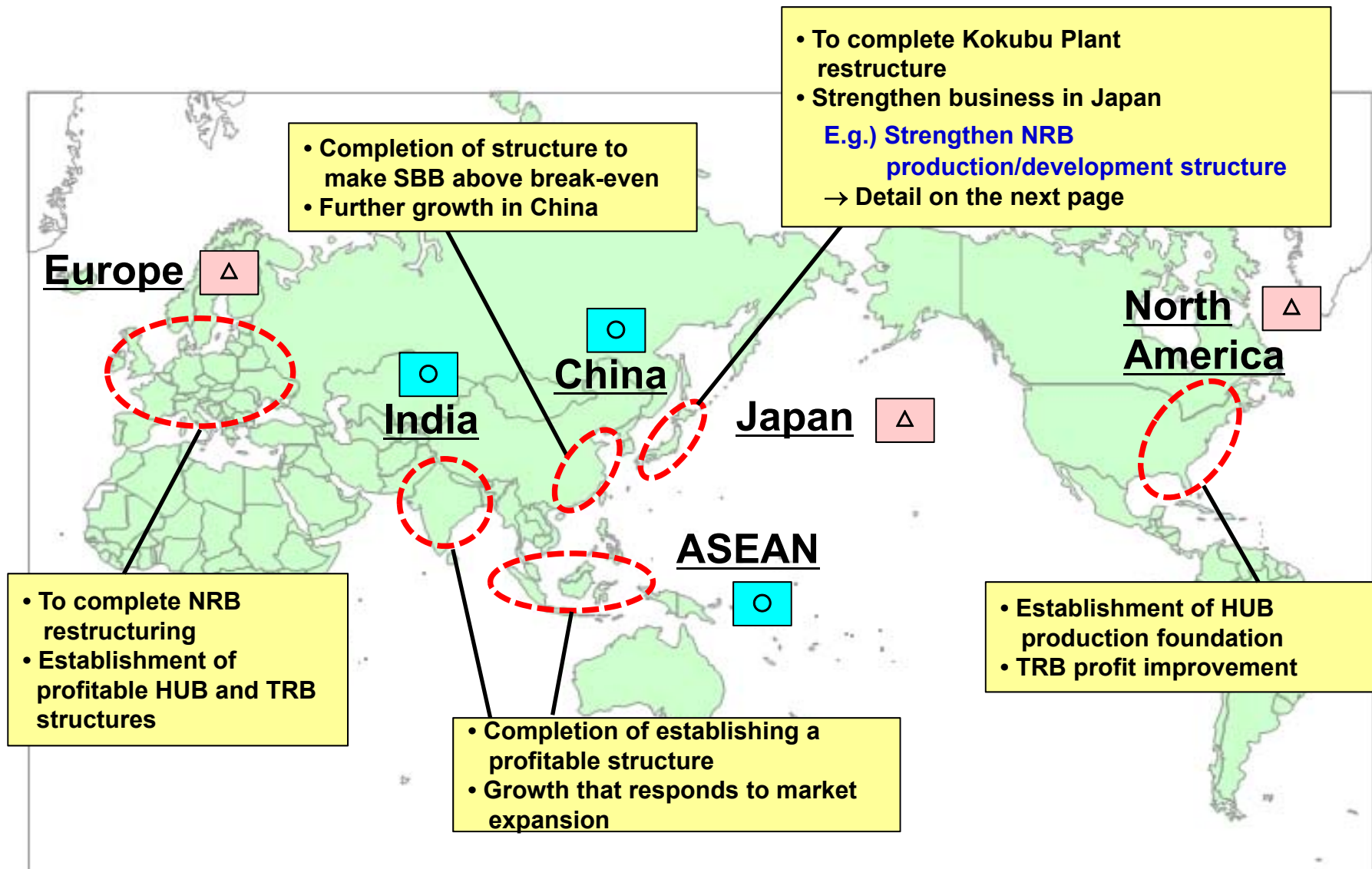
In 2030, most vehicles are expected to be equipped with an internal combustion engine, therefore impact on sales is to be small, but electrification will surely advance, so **preparation of engineering is a must**

Actions for electrification

- Deepen JTEKT’s strength, “engineering to change to low torque”
- Develop EV-specialized “Ultra-lightweight HUB”
- Develop engineering responding to demands for higher speed, lighter weight, better electrolytic corrosion resistance, and improved quietness

Have a clear view of the environmental changes and requirements, and accelerate the development/launch of products in response to automobiles’ changes

3-1-4) Promotion of Regional Strategies



3-1-4) Strengthen Business in Japan (NRB)

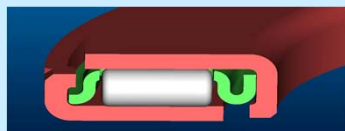
Aim for the global top share and strengthen production and development bases in Japan

UKK (UTSUNOMIYA KIKI)'s Kiyohara new plant
Completion: March 2018
Operation: June 2018



Appearance of new plant
(Kiyohara, Utsunomiya city, Tochigi prefecture)

- Integration of product development and production engineering locations
- Efficient development of new generation products responding to environment changes (Low friction, longer life)



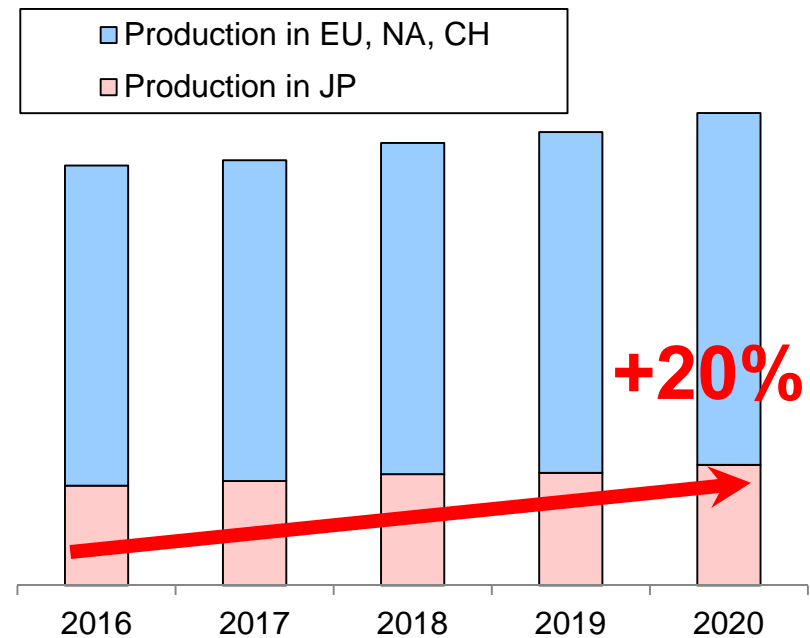
Thrust bearing responding to poor lubrication



High performance resin cage

- High speed
- Low heat generation

Target sales of NRB produced in Japan for 2020: 120% (vs. 2016)



3-1-4) Strengthen Production

Strengthen production and promote sophisticated plants

- 1) **Improve plant *genba* power**
 - Improve productivity, streamlining
 - Reinforce equipment maintenance/
Replace obsolete equipment
- 2) **Strengthen cost competitiveness**
 - Reduce investment per unit
 - Develop and share innovative engineering
by process
- 3) **Sophisticated plants**
 - Promote unmanned line
 - Automation of appearance check, transfer, packing,
etc.
 - Utilize IoE

 **Shift to sophisticated operation
Assemble a team of few selected staff**

[Promotion of unmanned line]



Introduction of unmanned line

[Utilization of IoE]



Productivity improvement through
introduction of operation monitoring system

3-1-4) Strengthen Sales

> Automobile OE

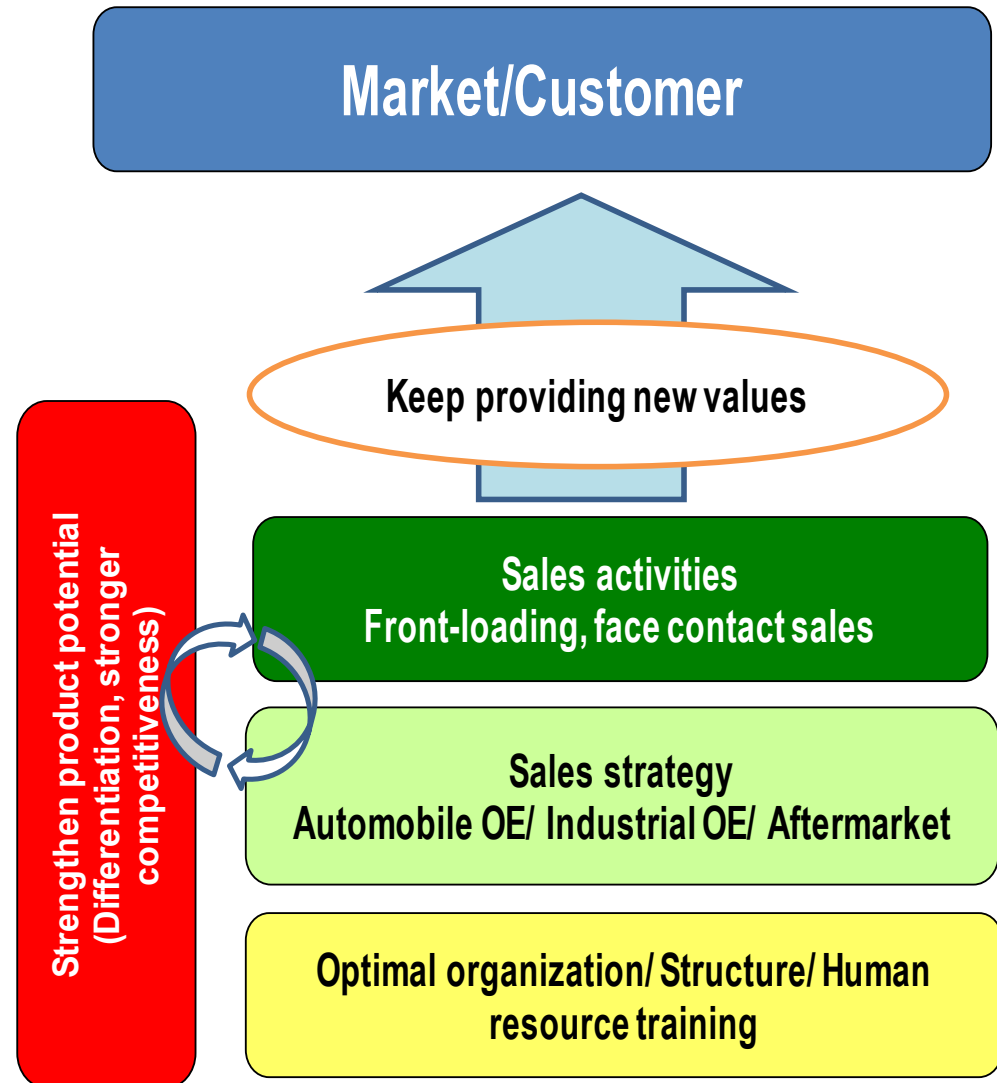
- Front-loading activities for electrification trends
- Strengthen proposals of new engineering and new products, expand future profit

> Industrial OE

- Shift resources to the markets and business of focus and important products (things/services)

> Aftermarket

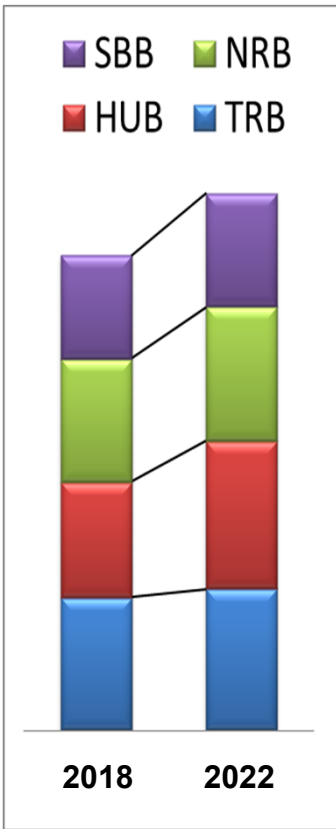
- Reorganization of sales structures in Japan and overseas
 - Region-based actions and creation of effect
- Stronger sales network and product lineup to expand sales and profit



3-1-4) Strengthen Automotive Bearings (1)

Strengthen product potential utilizing JTEKT's strength

◆ Sales by type



Growth in all types

◆ TRB

- Manufacturing reform/optimum specifications for each region
- Pursue low torque and compact size

LFT-IV



◆ HUB

- Pursuit of low torque B-HUB
- Strengthen T-HUB

3rd generation T-HUB



◆ NRB

- Ultra long-life, poor lubrication-resistant
- More compact, more lightweight



Long-life planetary shaft



Long-life thrust NRB

◆ SBB

- Strengthen manufacturing competitiveness
- Launch high function products



Low torque ball bearing for diff.



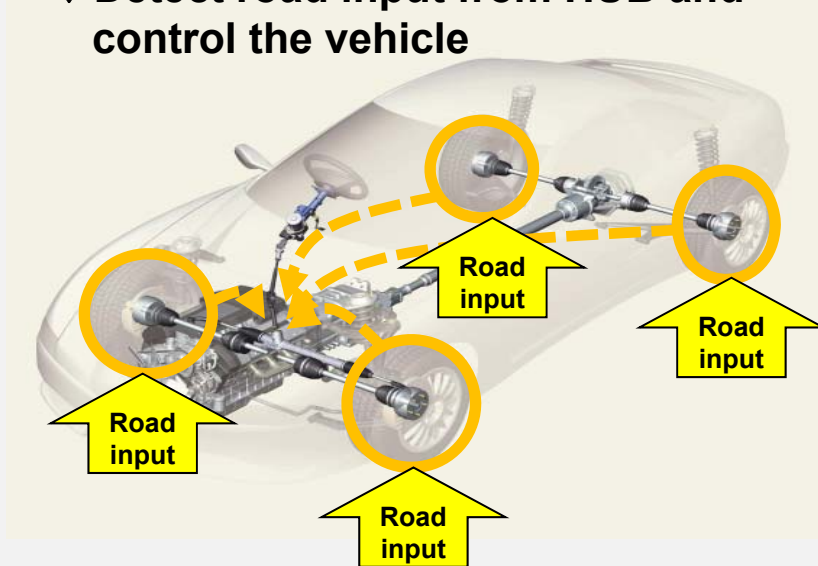
High-axial ball bearing

3-1-4) Strengthen Automotive Bearings (2)

Acceleration in engineering development for electrification/autonomous driving

◆ HUB

- Contribute to autonomous driving with our sensing functions
 - ↓ Detect road input from HUB and control the vehicle



- Promote development of compact/lightweight HUB for EV

◆ SBB

- Develop high-function products foreseeing the changes to electrification

Support high-speed rotation
Compact/Ultra lightweight
Better electrolytic corrosion resistance
Better quietness

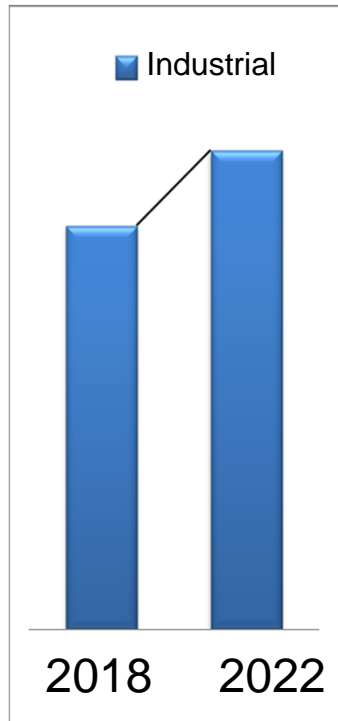
[High-speed rotation SBB]



3-1-4) Strengthen Industrial Bearings

Product development responding to a variety of bearing utilization environments

◆ Sales of industrial BRG



Approx. 25% growth

◆ **Machine tools**

- Low torque, high-speed
- Improved machining accuracy
- Long life

[Application]

- Machine tool's spindle



HIGH ABILITY bearing series


Press release on Jan., 2018

◆ **Tunnel boring machine**

- O.D. 7.7 m (Largest class in Japan)
- High reliability

[Application]

- Maglev bullet train
- Reservoir for flood damage



Stewing rim bearing


Press release on Aug., 2017

◆ **Reducer**


- Super thin, high rigidity
- Lightweight, compact
- High capacity

[Application]

- Industrial robot
- Medical device



Super-thin deep groove ball bearings



Thin tapered roller bearings

◆ **Special environment**

- Low particle emission (Clean)
- Higher durability

[Application]

- Semiconductor manufacturing equipment
- FPD manufacturing equipment



Clean pro bearings (New)

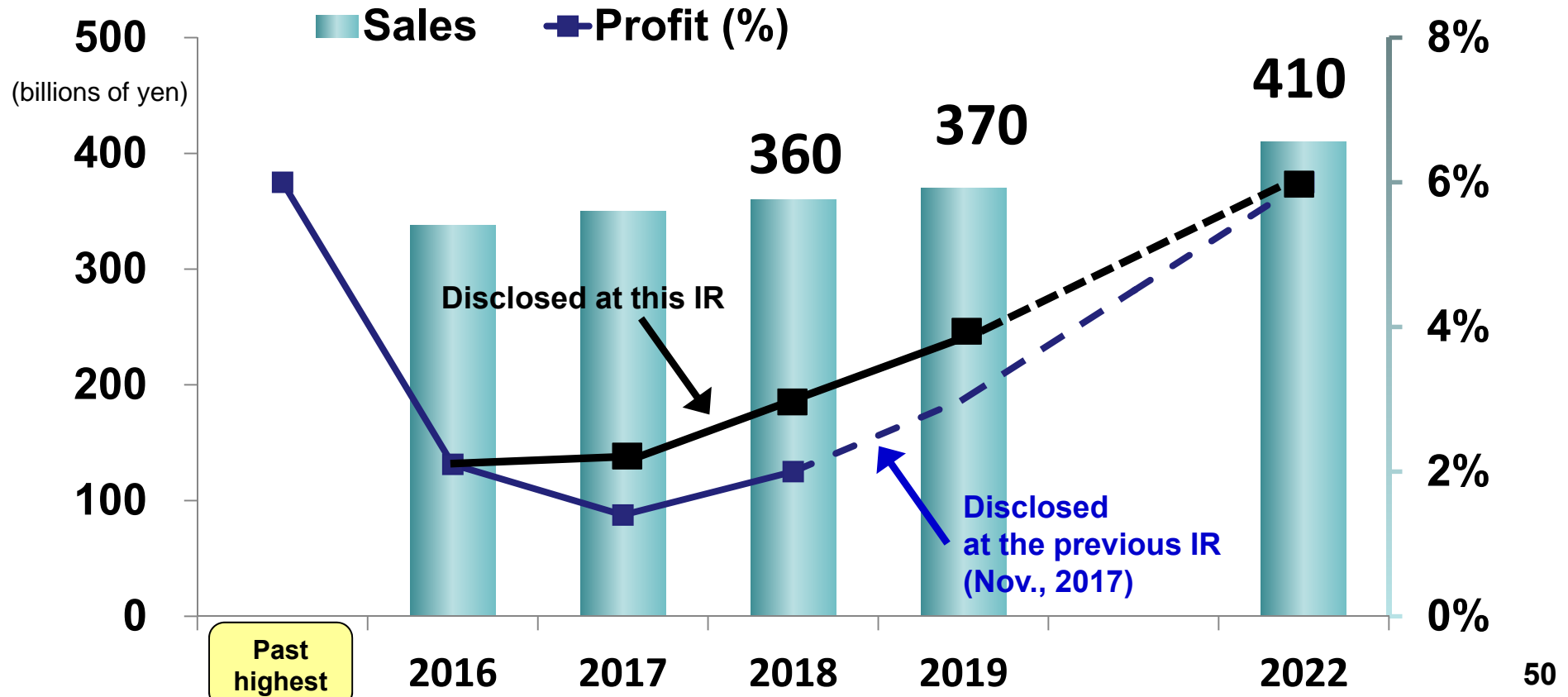
Press release on July, 2017

3-1-4) Forecast for Mid-term Business Plan for Bearings

Sales and Profit Forecast

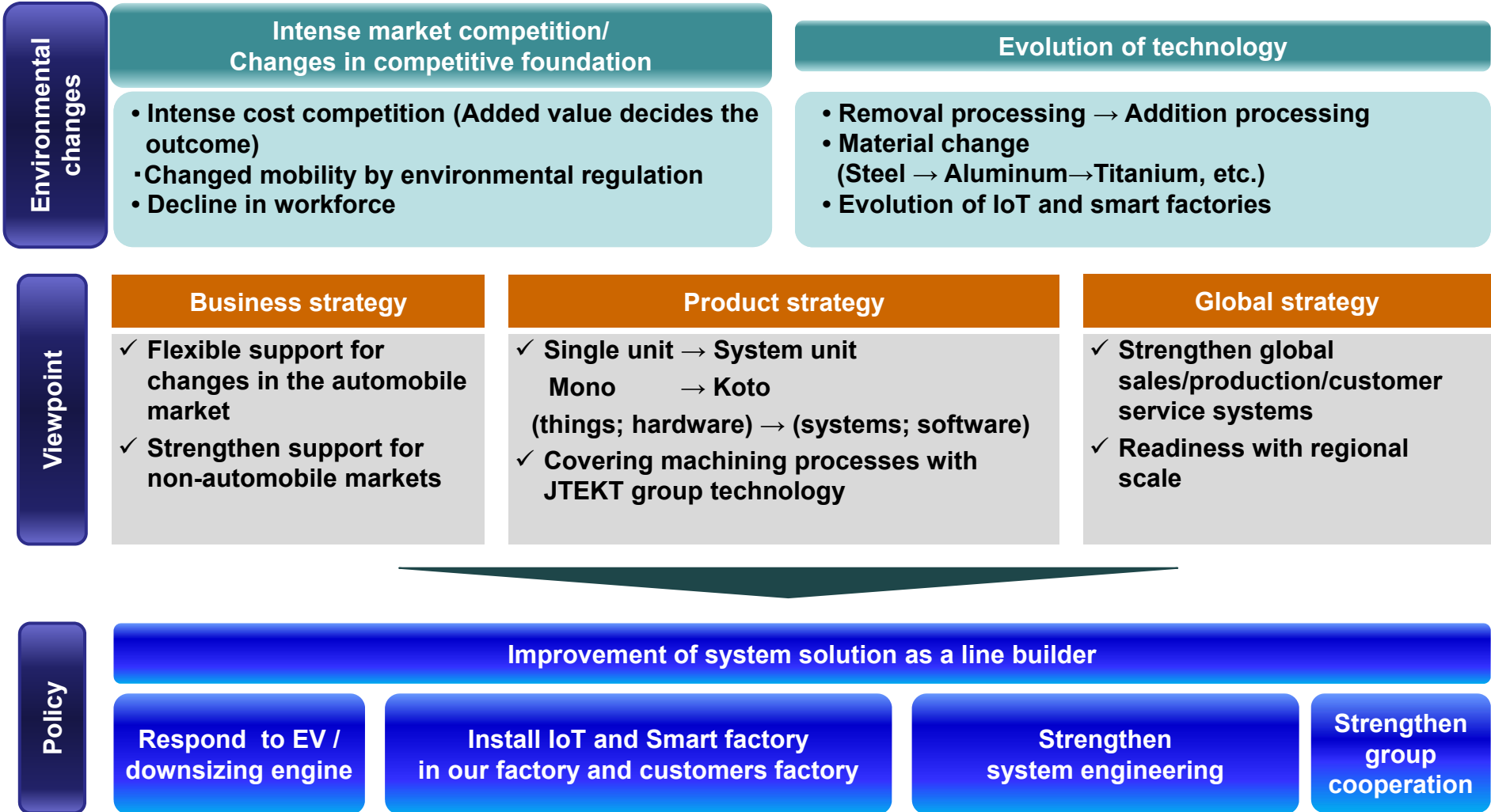
¥95/US\$, ¥110/€, ¥16/yuan

To the values disclosed at the previous IR (Nov., 2017), made upward revisions of the target values, thanks to the increase in quantity and the results of each activity

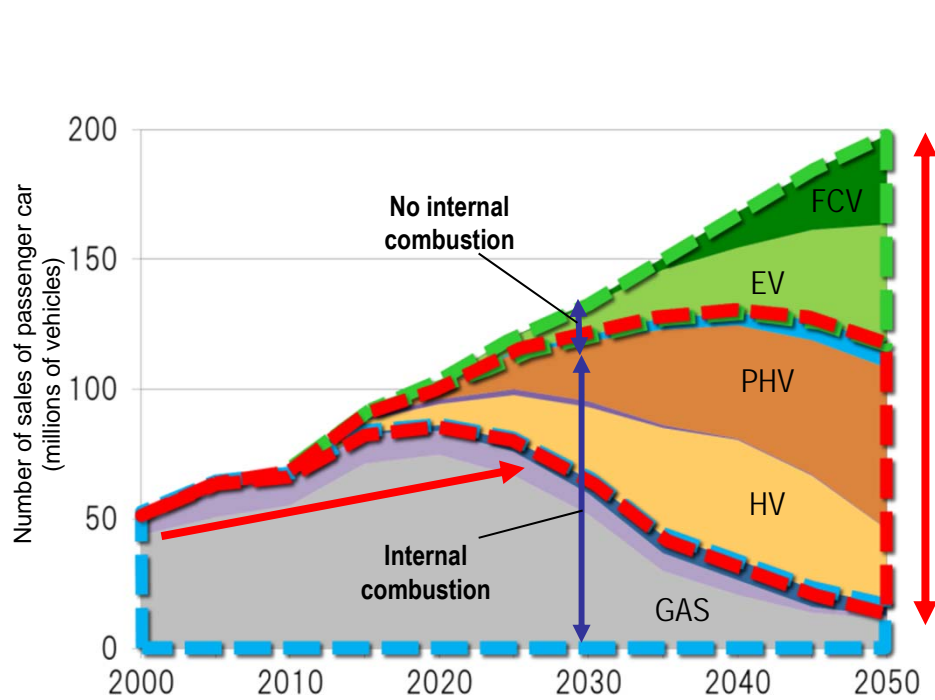


5) Machine Tools & Mechatronics

Provide the value in all phases of MONOZUKURI
Establish the position as a total production line builder with IoE



Automobile power trend

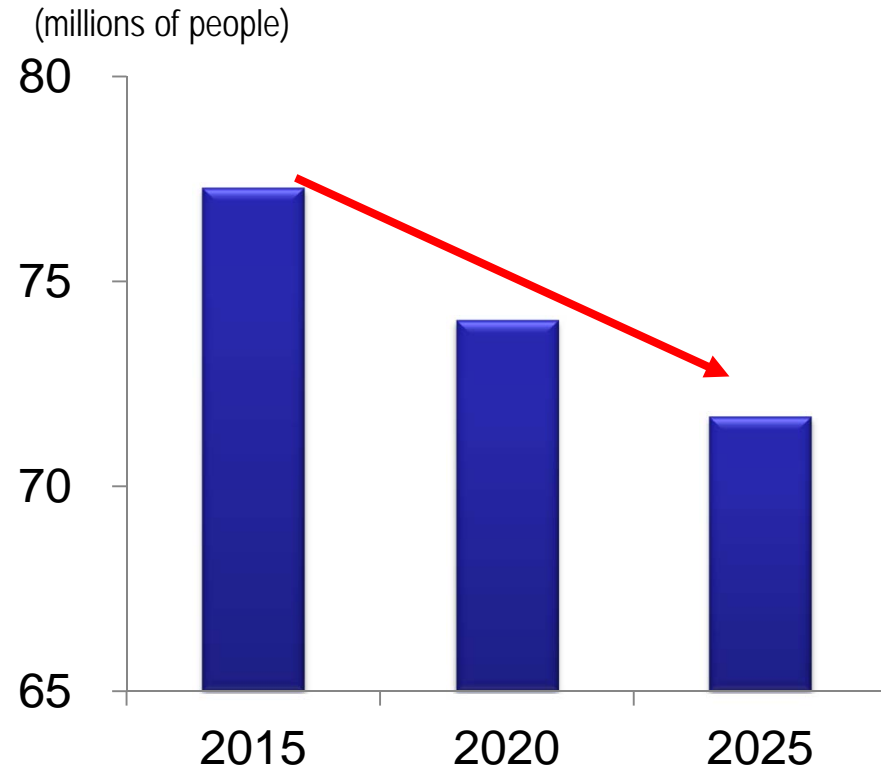


Engine downsizing

Increase in motors, batteries

Source: 2012, IEA_ETP "World automobile sales forecast"

Workforce



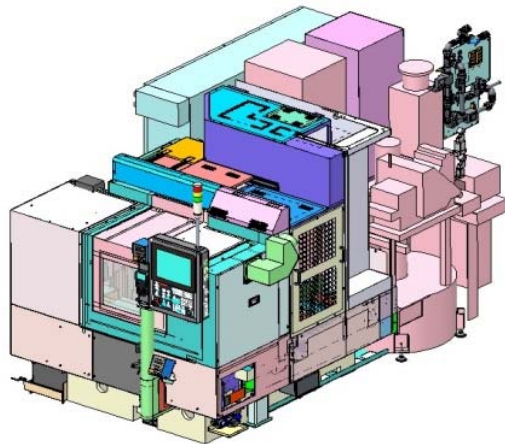
Decrease by five millions in ten years

(Source: National Institute of Population and Social Security Research, "Population Projections for Japan by Region" (2018))

Responding to HEV/PHV (Downsizing of gasoline engines)

- Downsized turbo engine
- Increase in three-cylinder engines
- Making the cam shafts for the motorcycle into concave cams (India's tighter regulations for gas emissions)

Small grinder



For turbo shaft

Product lineup



Small-size eccentric shaft grinder
(Reducer, compressor shaft)



Small-size cam grinder for passenger cars



Small-size crank grinder for passenger cars

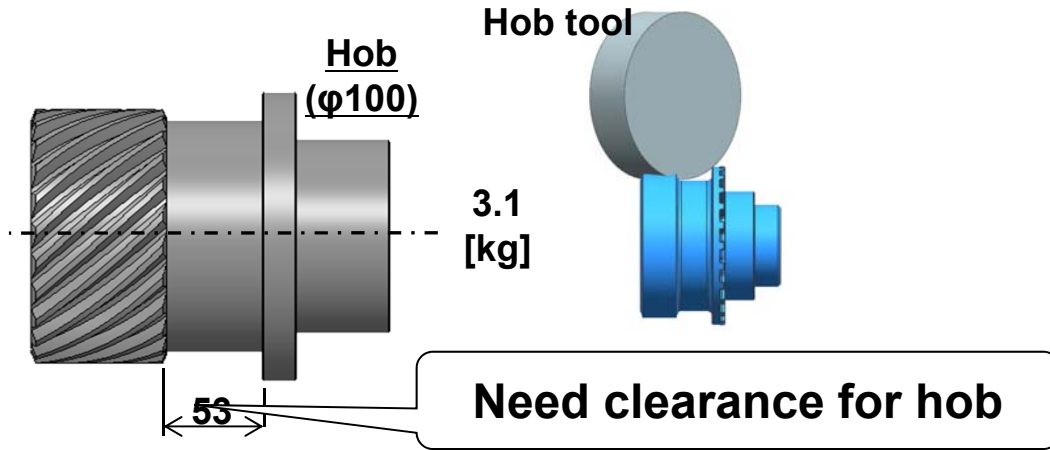


Small-size cam grinder for motorcycle

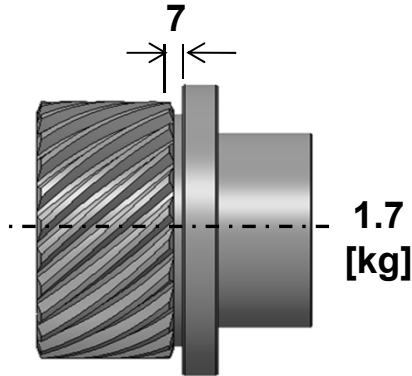
Speedy reactions to customers' requirement by Common platform

Gear skiving center brings innovation for products

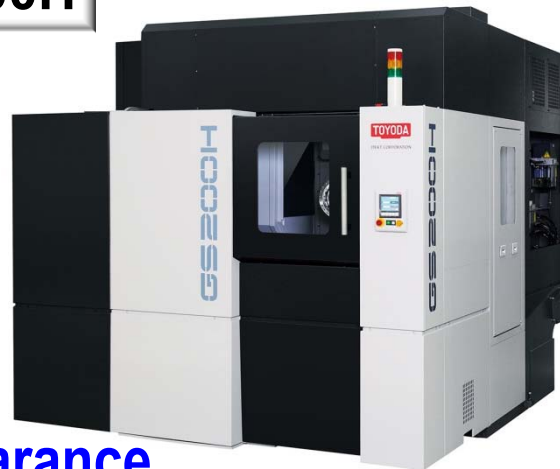
Compact and lightweight products



■ GS200H

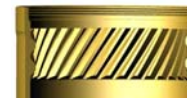


Minimum interference clearance

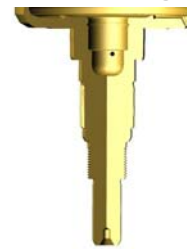


Integration

Helical broaching



Turning



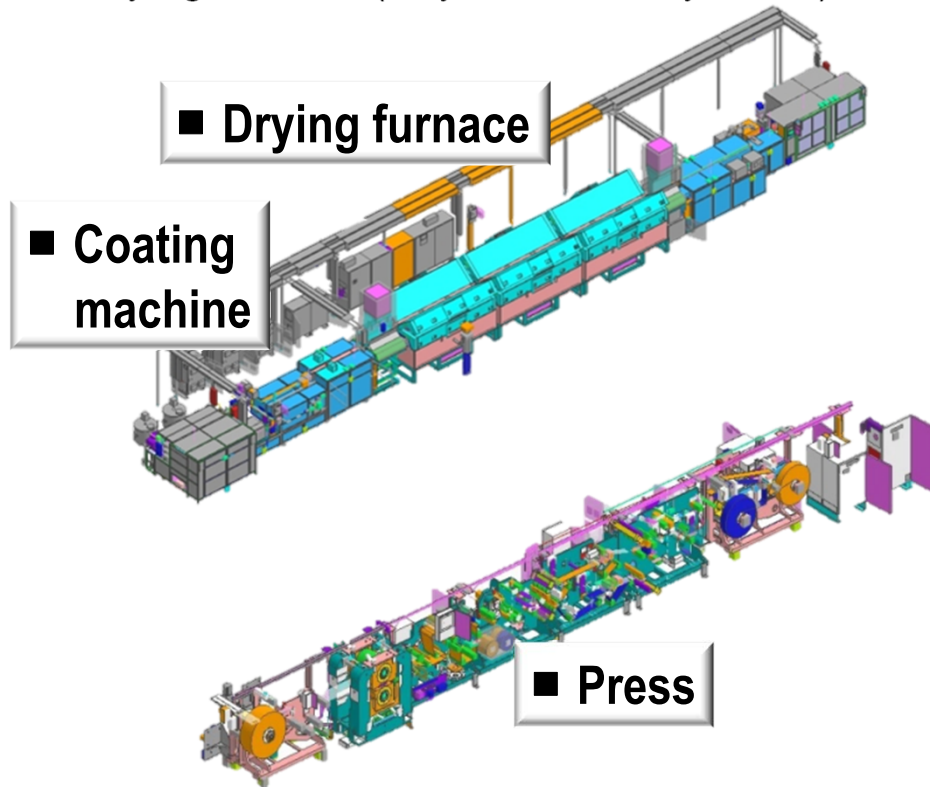
Laser welding



Integrated Materially

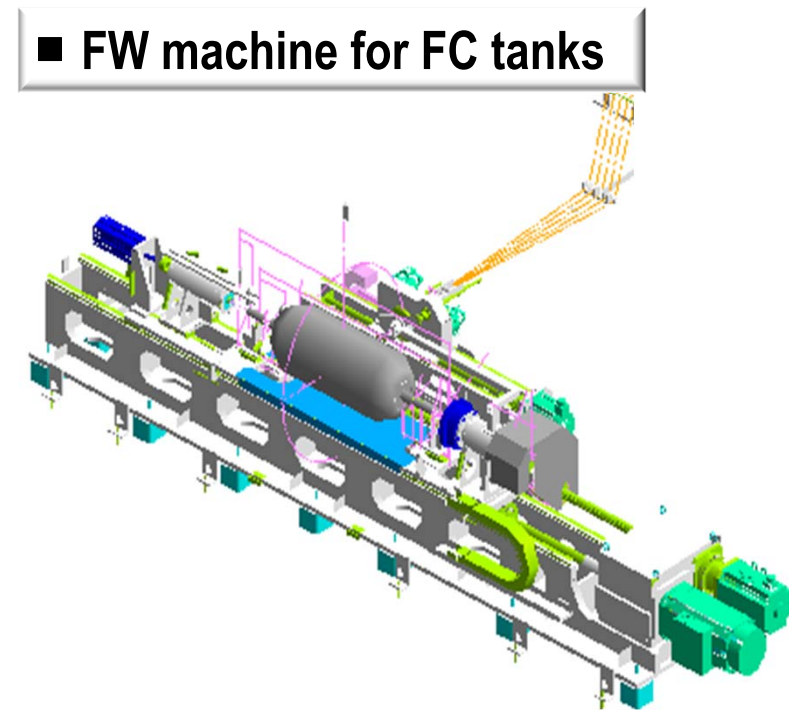
Response to EV

- Delivered equipment for lithium battery
- Kneader • Coating machine • Press
- Drying furnace (Koyo Thermo Systems)



Response to FCV

- Delivered equipment for FCV
- Filament winding machine for FC tanks
- Coating machine
- Drying furnace (Koyo Thermo Systems)



FW: Filament Winding

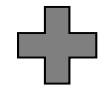
Smart machine



**Automated craftsmanship
as a successor to veteran engineers**

Kaizen business

■ Add-on device



■ Use case (Successful example)



• Do not want to stop the machines, above all
• Want to know the exact tool life

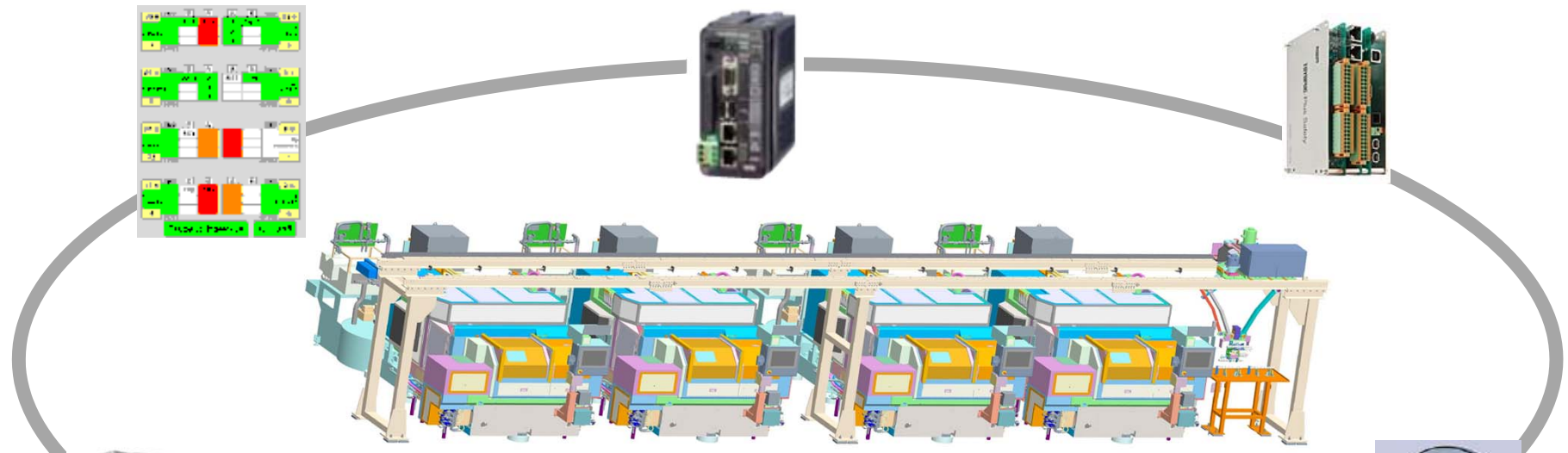


**Smart factory that
human takes the leading role**

3-1-5) Targeting to be a smart factory partner

IoE deliver delight to customers

- Hawkeye
- AAA
- Safety PLC



KOYO MACHINE INDUSTRIES

KOYO THERMO SYSTEMS

KOYO ELECTRONICS INDUSTRIES

TOYOOKI KOGYO

TVMK (TOYODA VAN MOPPES)

Strengthen group cooperation with unique technology and strength fields

3-1-5) Improved Proposal Skill

Front loading by engineering sales + Design innovation



**Proposal to the projects
three years ahead**

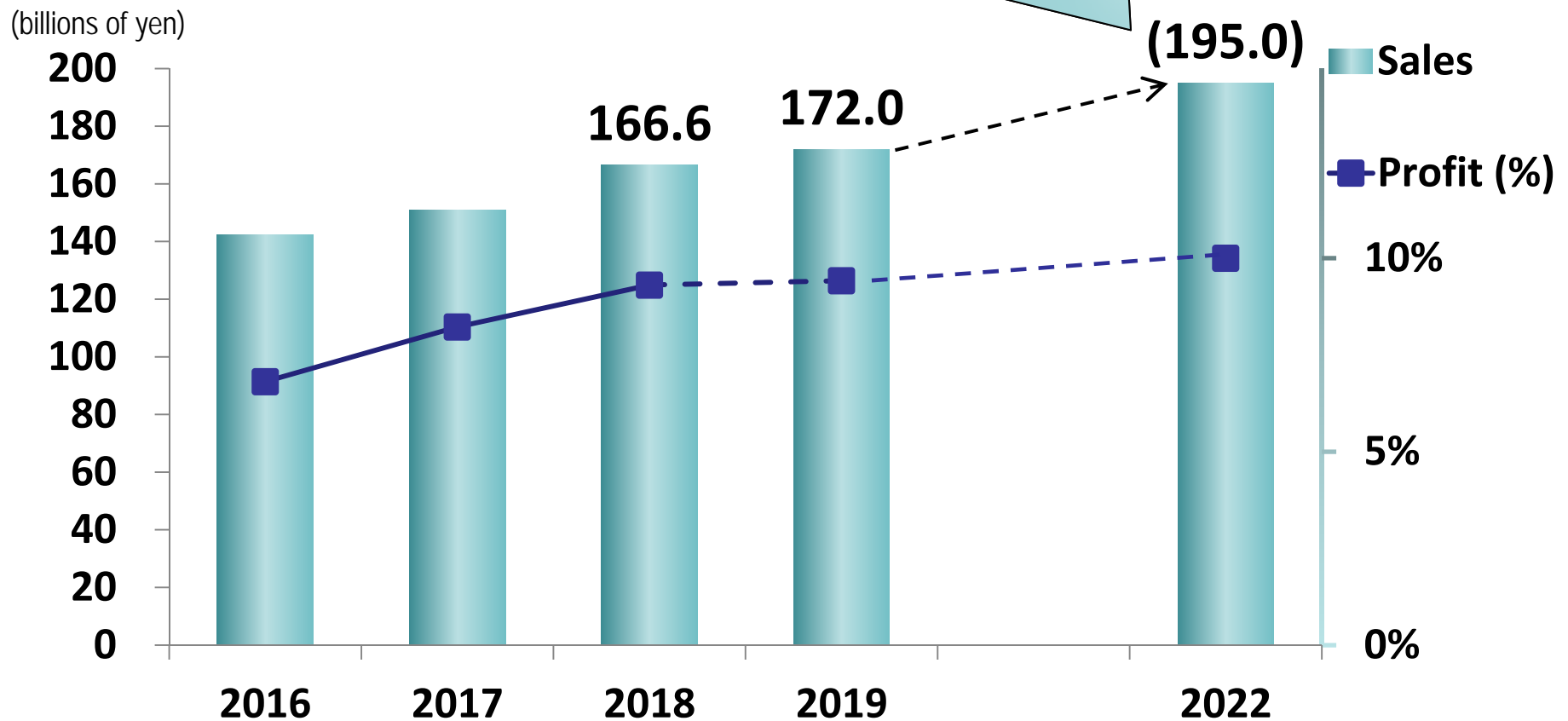
Faster commercialization

3-1-5) Forecast for Mid-term Business Plan for Machine Tools & Mechatronics

FY2018 Sales and Profit Forecast

¥95/US\$, ¥110/€, ¥16/yuan

Proposal to new needs




6) Actions for New Business


3-1-6) Actions for New Business (J-PAS)

**Our first action:
 Start selling a power-assist suit from summer 2018**

Social Issues (Needs)

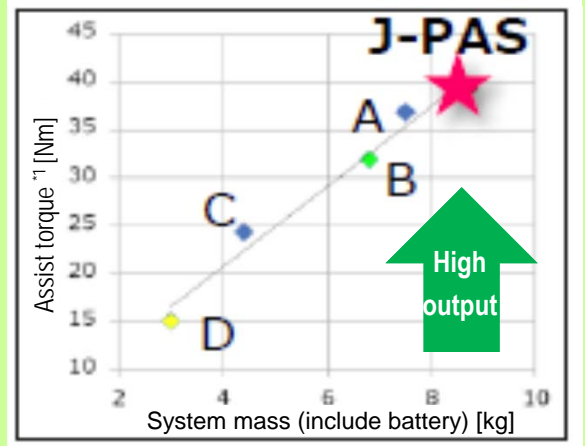
- Aging society with fewer children
 - Labor force shortage
 - Labor accident increase
 - Succession issue
 - Women's advancement
- 

Our Strength (Seeds)

- Assist engineering (EPS) Synergy of the existing engineering
 - Tribology engineering (Bearings)
 - Robotics engineering
 - Compact/Lightweight
 - Monozukuri/
 Production worksite (Machine tools)
 - Use of existing sales routes (Bearings, machine tools)
- 



- Fine adjustable assist control that harmonizes with human motions
- Motor-assist that allows highest class output



*1: Assist torque comparison (specified by ISO)

- Personal-specialized vest - Good fitting and easy to attach-and-remove
- ➔ 1) Offer power-assist suit series
 2) Expand application to markets other than manufacturing industry

3-1-6) Actions for New Business (LiC)

Lithium ion capacitor

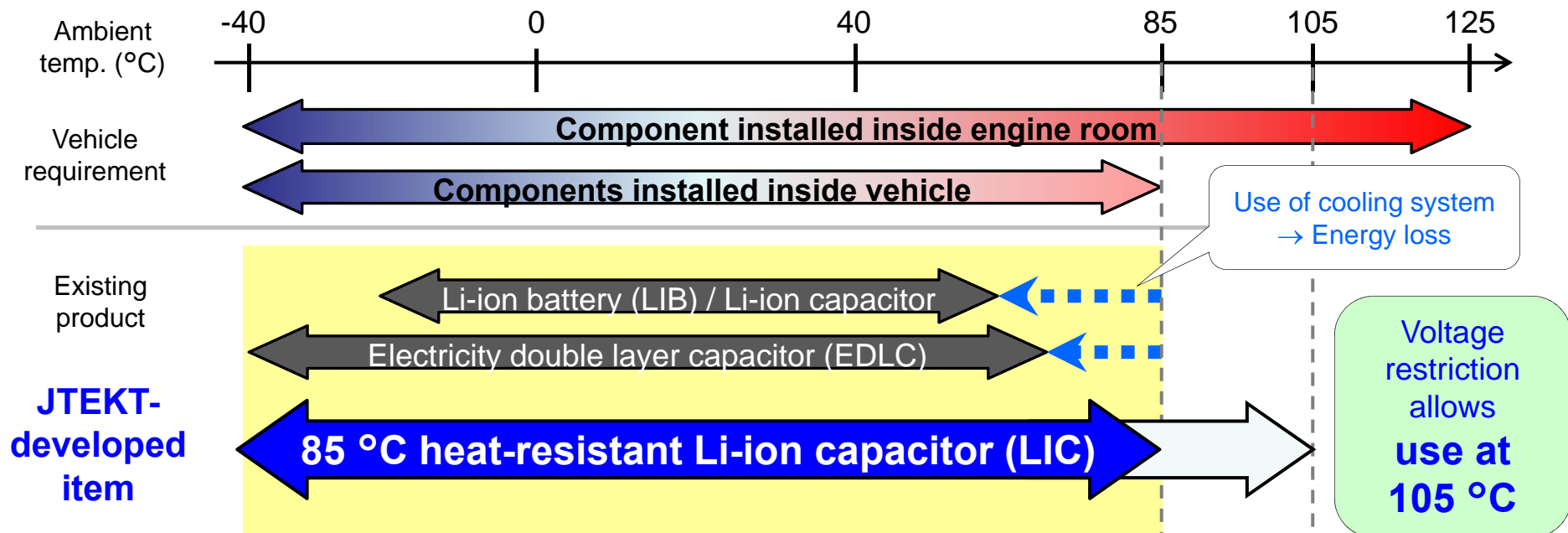
A capacitor that can be mounted to vehicle with no need of cooling

Planning to expand to various fields

- ★ Power source regeneration / Energy saving
- ★ Engine start-assist at low temperature
- ★ Backup power ★ Instantaneous stop assist
- ★ Emergency power
- ★ Power stability (Smart grid)



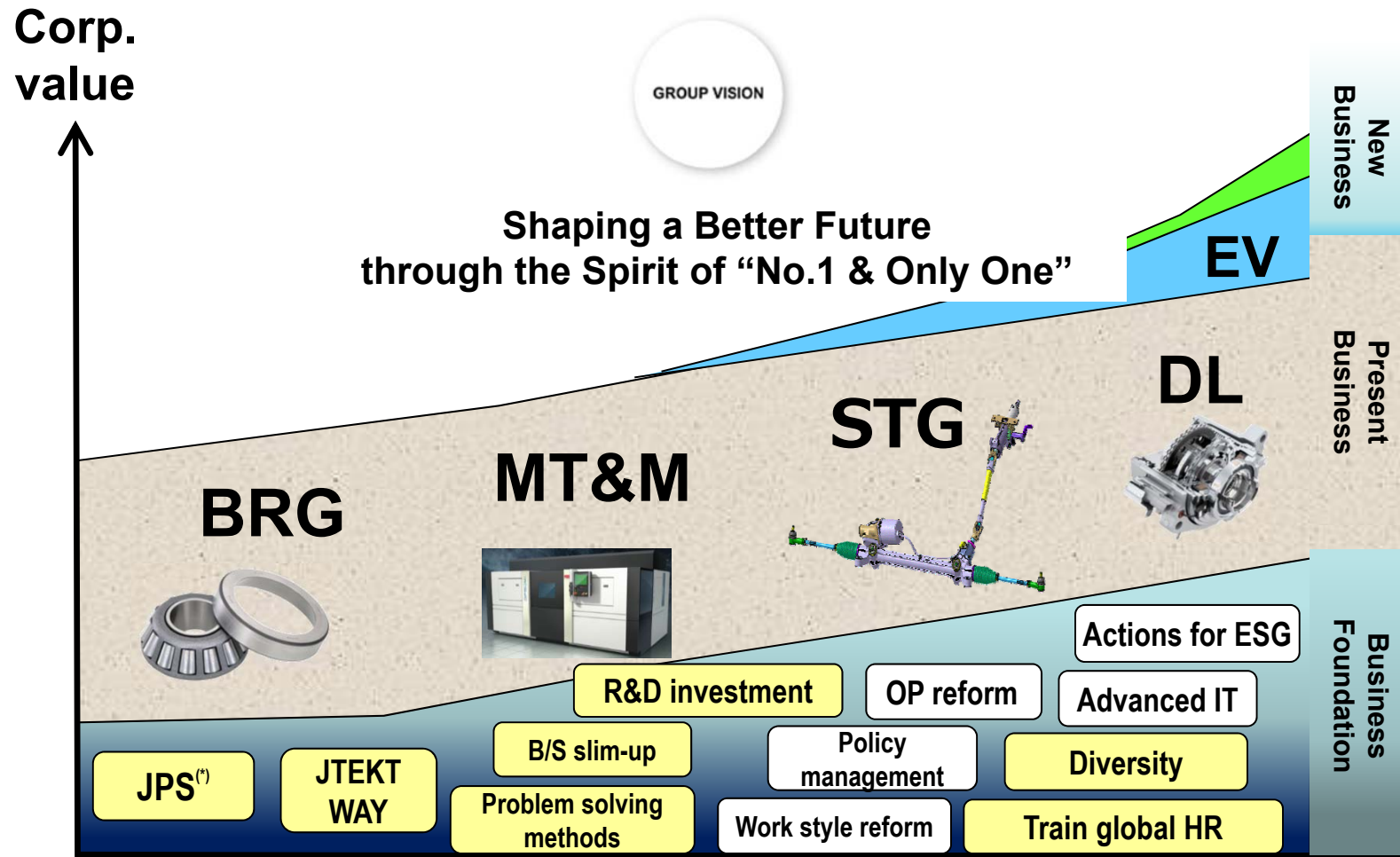
Service temperatures from -40°C to 85 °C (First in the world)



For Enhancing corporate value
- Strengthen the fundamentals

3-2) Actions for Corporate Value Enhancement

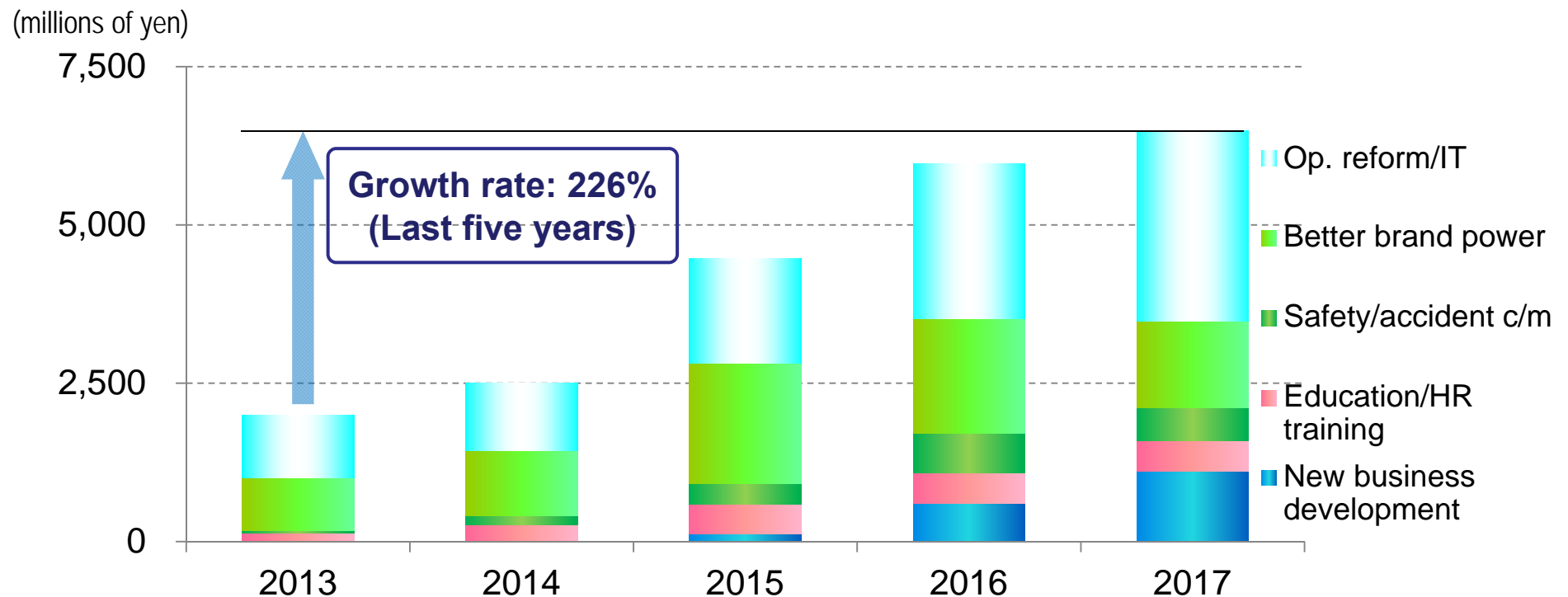
With a healthy sense of crisis, promote building a business foundation that can solve a growth bottleneck self-reliantly and autonomously



(*): JTEKT Production System

3-2) Investment to Strengthen Business Foundation (Non-financial value)

Accelerate human resource development, investment for safety & accident prevention, and further operational reform & utilization of IT, that contribute to the establishment of the company's long-term business foundation

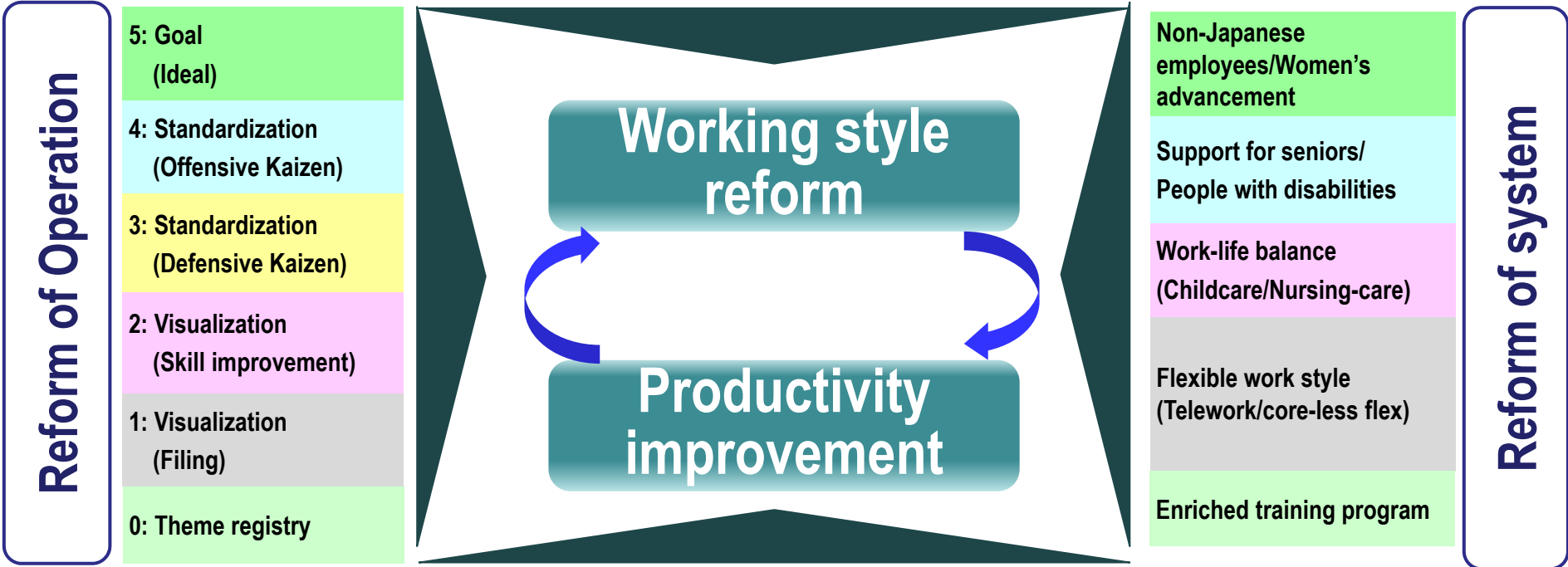


Trend of business foundation (fundamentals)-related cost

3-2) Improve Productivity Through Working Style Reform

Reform awareness
 Deliver the top management's message to all the employees

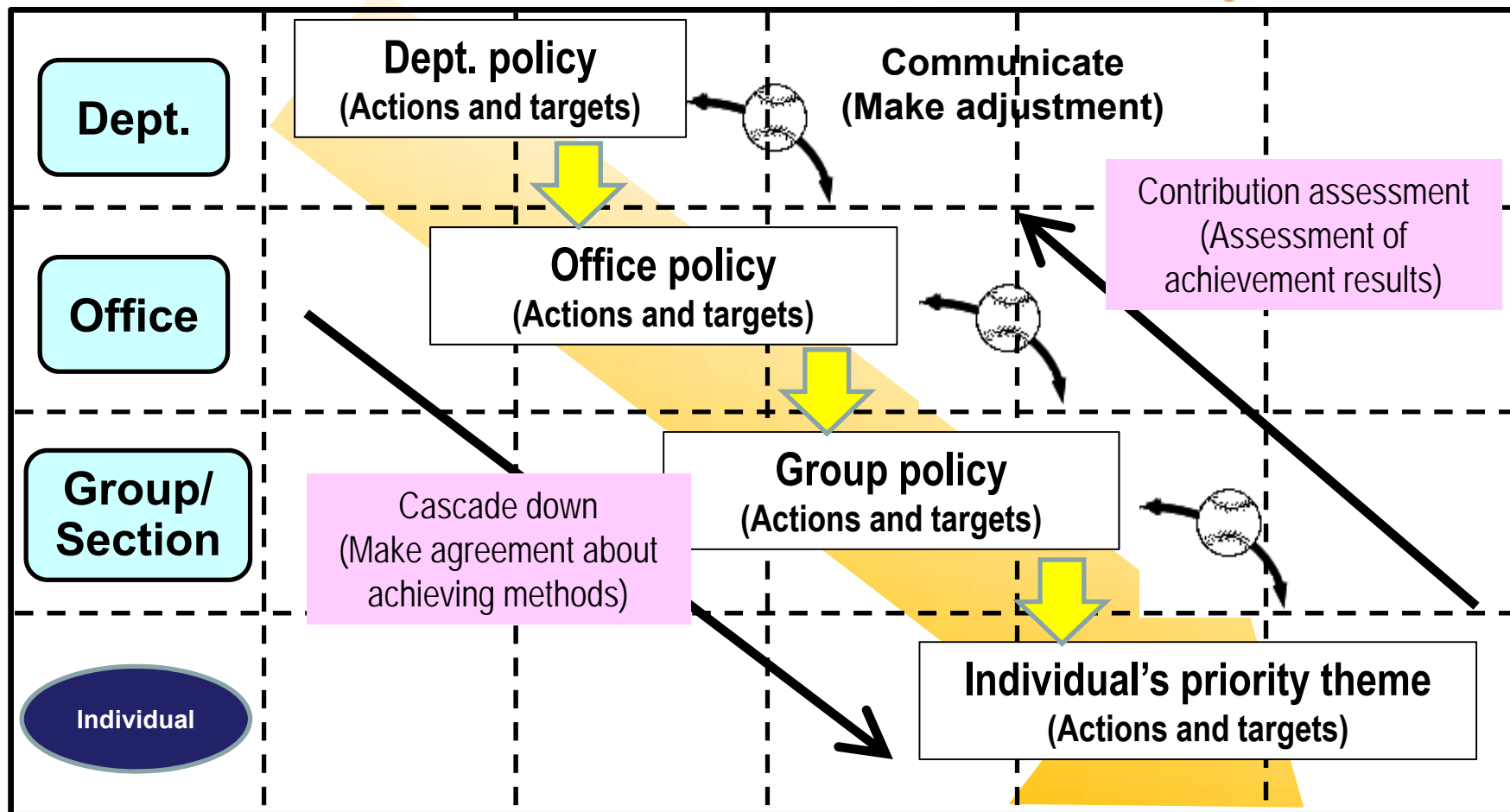
Share policy Town meeting MY21 activity



Sophisticated working styles of skilled workers

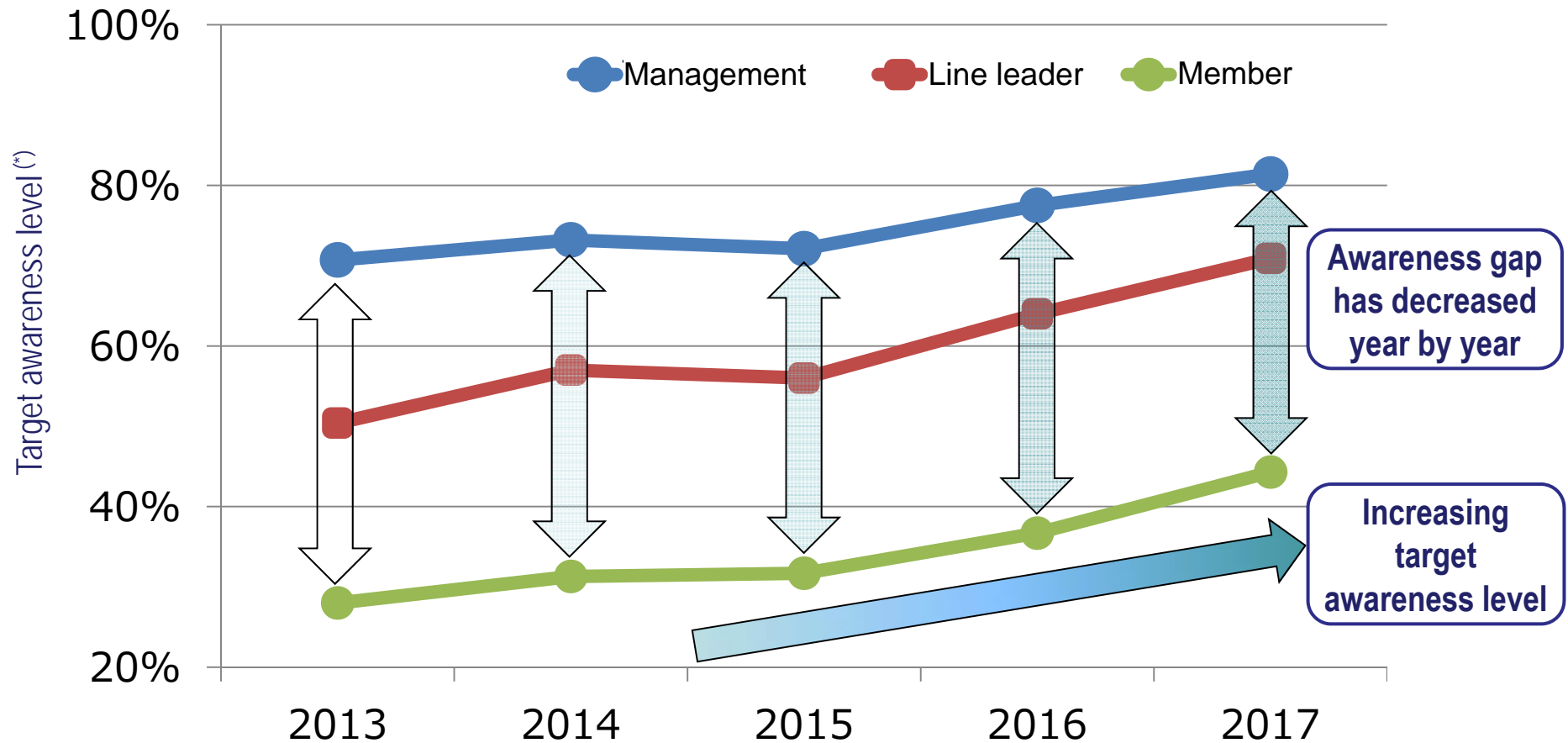
3-2) Strengthen Policy Management

To actualize growth strategies (Mid-term plan), incorporate the policy management down to the priority themes of individual level.



3-2) Improve Workplace Management

- The target awareness level improved for the company vision, workplace mission, etc.
- Awareness gap among positions has decreased year by year.



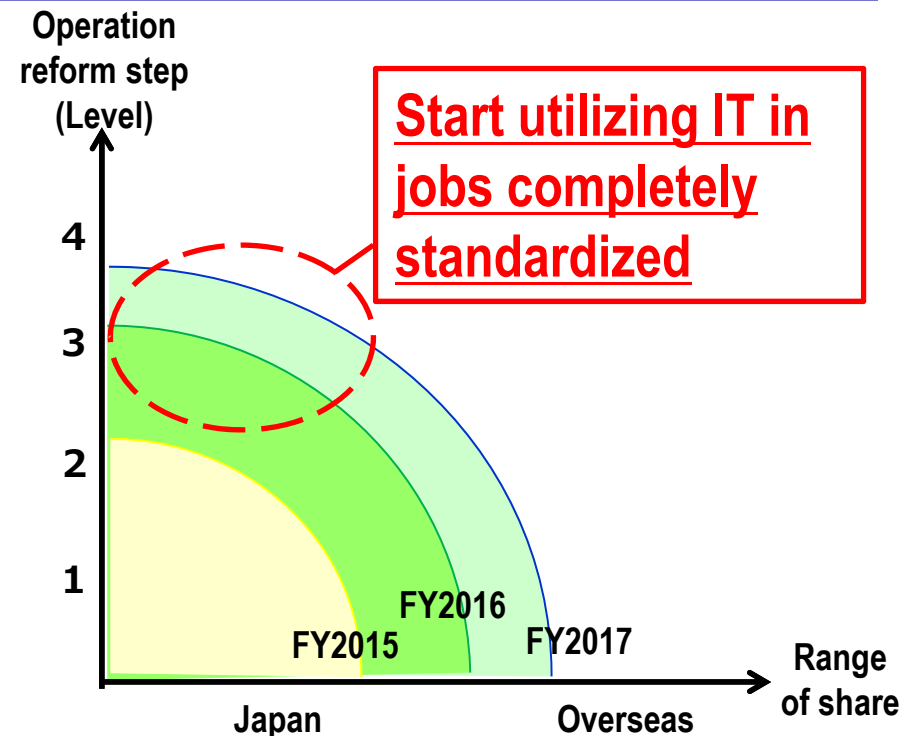
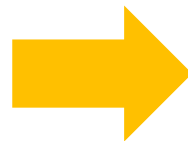
(*): Target awareness level: Percentage of the employees who selected top two selections/total six selections for the workplace management questionnaire (Total of 36 questions)

3-2) Operation Reform of Indirect Divisions

Promotion situation

- Consecutively expanding operation reform activity since FY2015 (30 -> 70 -> 132 departments).
 - Currently working on “Level 1 (Visualization) to Level 3 (Standardization)”
 - Start utilizing IT for Level 3 (Standardization)
- From FY2017, share to group companies in overseas and Japan.
- Start analysis of man-hour trend.

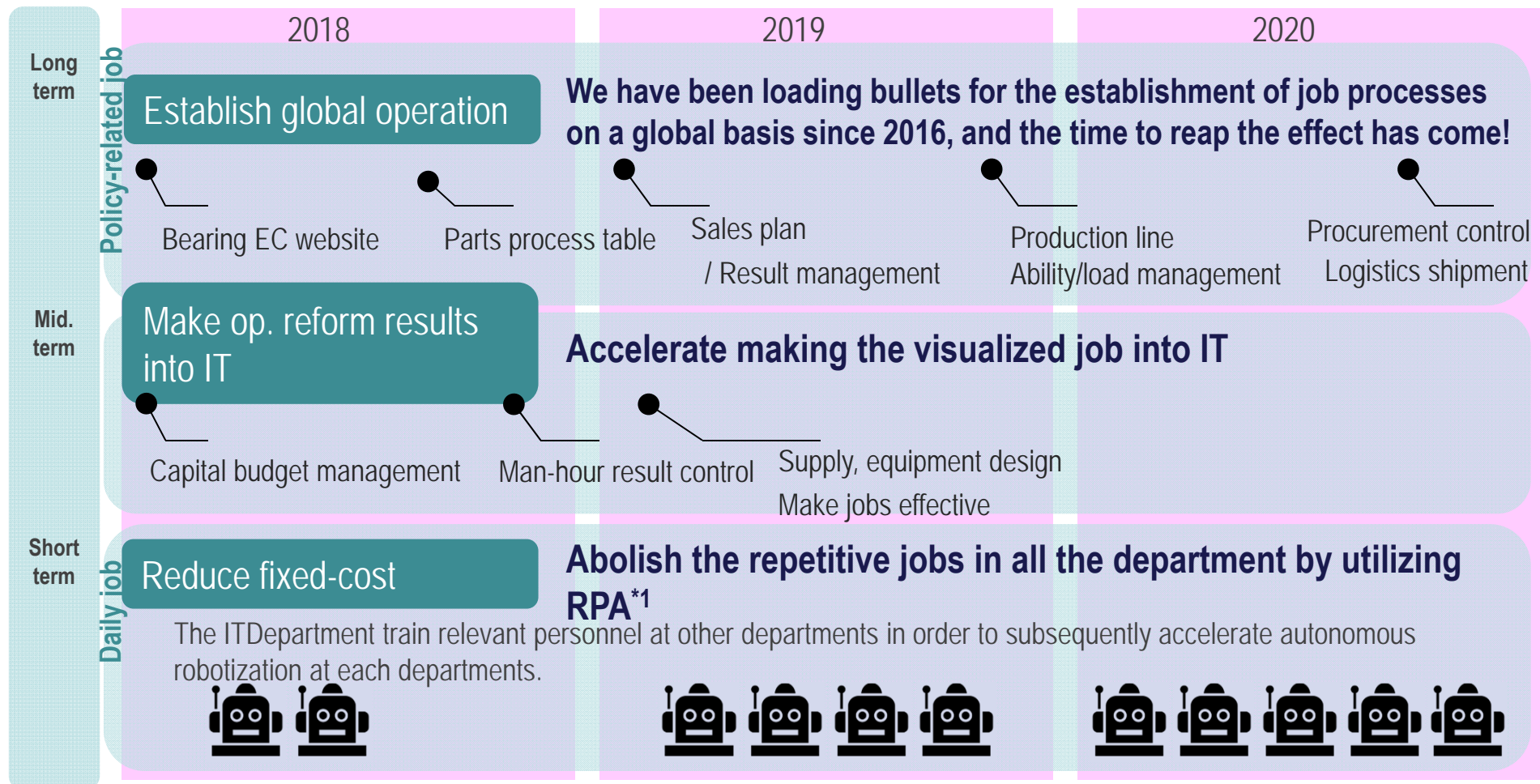
Operation reform steps



3-2) Actions for Sophisticated IT

Entering into the phase of effect reaping of intracompany utilization of IT from FY2018.

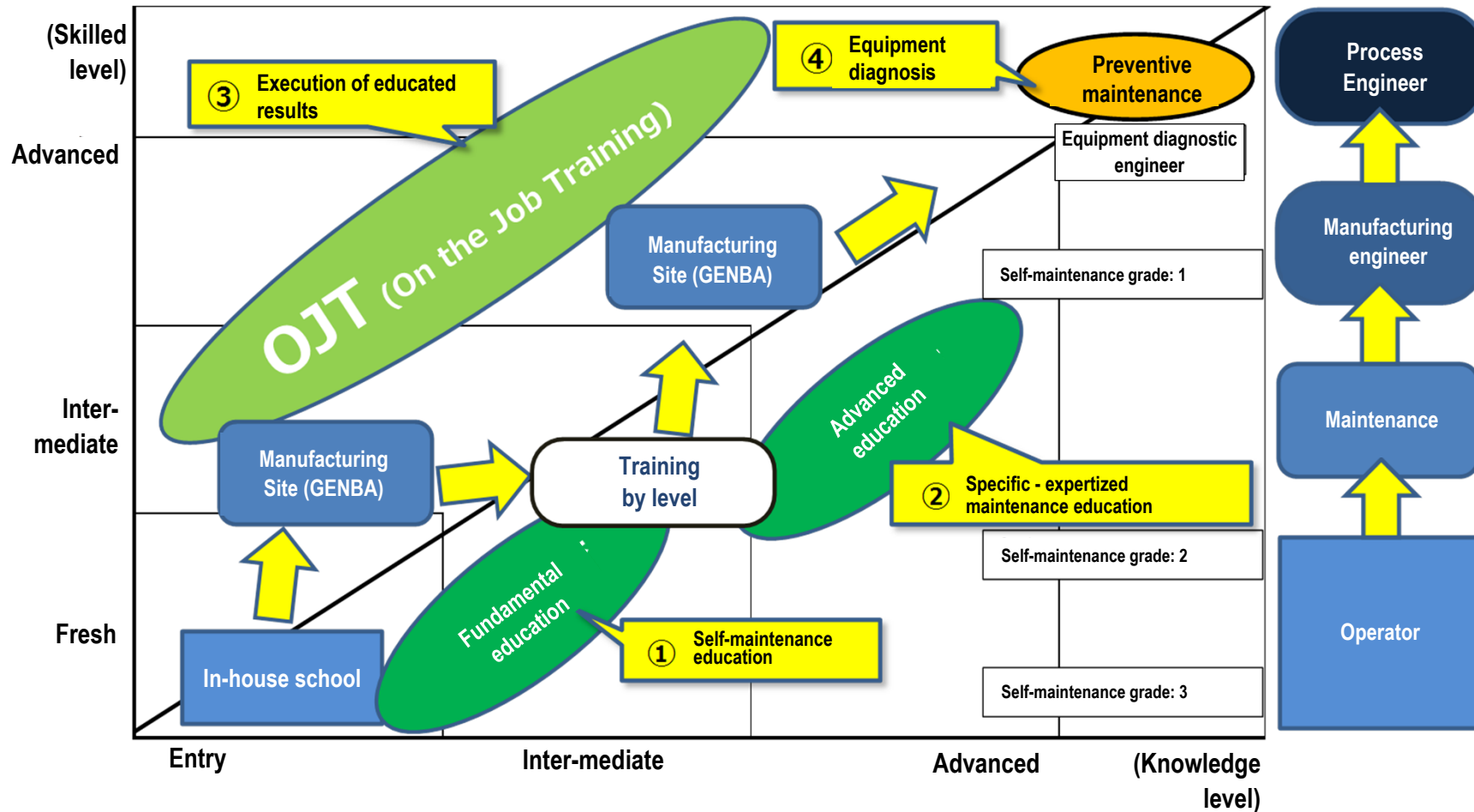
Mid-long term (Establishment of global operation)/ Short term (Fixed-cost reduction).



*1 Robotic Process Automation. Method to automate repetitive jobs

3-2) Work Style Sophistication for Skilled Workers

Certain Maintenance training program after joining JTEKT in-house school.



**Decreasing workforce population → Acceleration on manufacture automation →
 Require higher level workers**

3-2) Actions Considerate of ESG

- Promote activities using GPIF-selected ESG indices as benchmarks.
- Performing activities for in-company enlightenment and confirmation/strengthening of information disclosure.



● ESG index assessment for environment (E)

<CDP*1 assessment 2017>

Climate change: A-

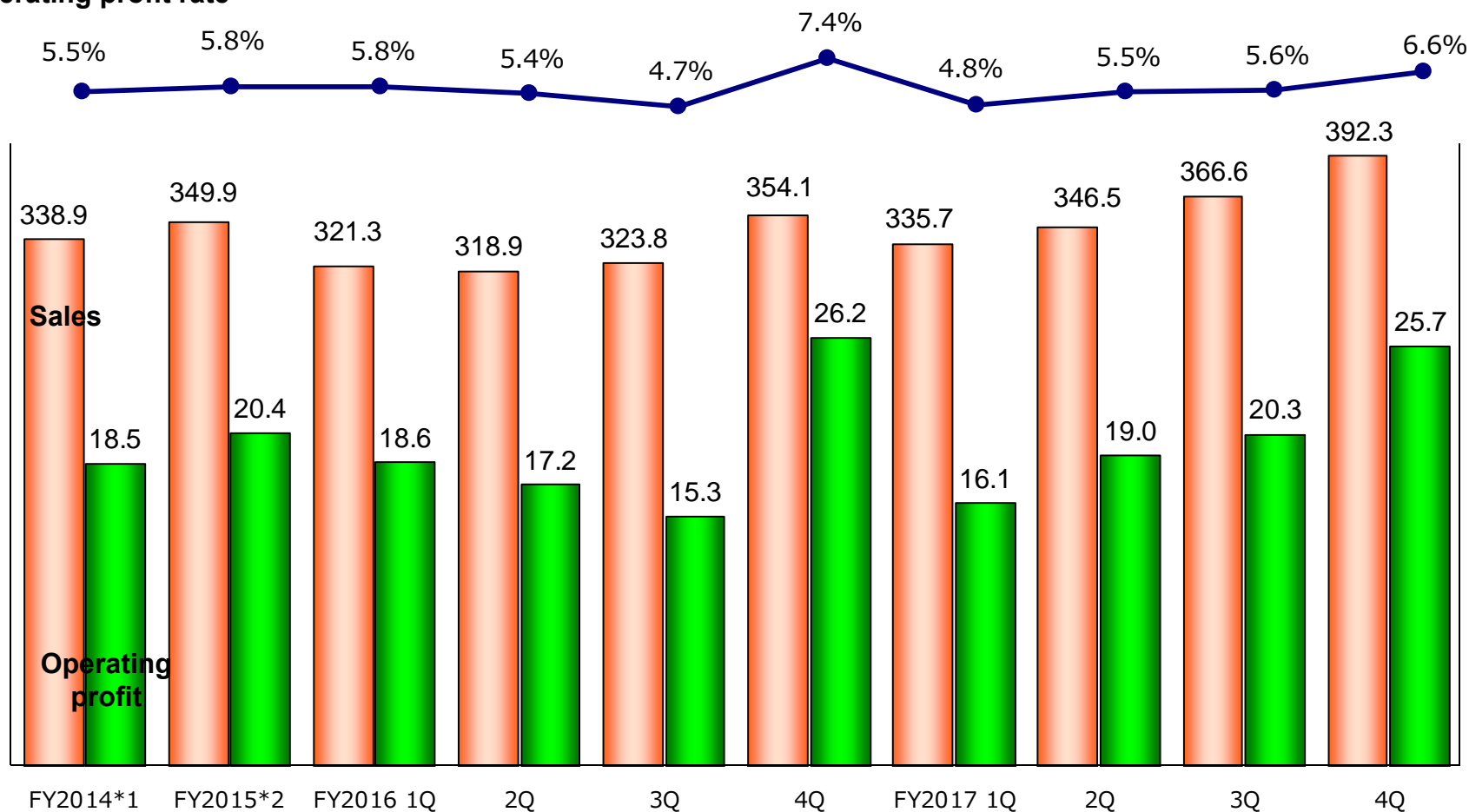
Water-resource management: B

*1) CDP: Carbon Disclosure Project
 A project to release information on the climate change strategy and greenhouse gas emissions

Thank you

(Reference) Quarterly Result Trend

Operating profit rate (billions of yen)



USD	JPY110	JPY120	JPY108	JPY102	JPY109	JPY114	JPY111	JPY111	JPY113	JPY108
EUR	JPY139	JPY133	JPY122	JPY114	JPY118	JPY121	JPY122	JPY130	JPY133	JPY133

*1, 2: The FY2014 and FY2015 show the quarterly average. The same applies to the following slides.

(Reference) Sales Forecast by Business Units

(billions of yen)

		FY2017 Full year (Actual)	FY2018 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
			1H	2H	Full year		
Mechanical components	Steering systems	711.8	364.0	392.0	756.0	+44.1	+6.2%
	Drivelines	145.4	76.0	81.0	157.0	+11.5	+8.0%
	Bearings	422.3	200.5	213.5	414.0	(8.3)	(2.0%)
	[Total]	1279.5	640.5	686.5	1327.0	+47.4	+3.7%
Machine tools and others	Machine tools	160.0	78.0	92.0	170.0	+9.9	+6.2%
	Others	1.5	1.5	1.5	3.0	+1.4	+97.1%
	[Total]	161.5	79.5	93.5	173.0	+11.4	+7.1%
[Total Sales]		1441.1	720.0	780.0	1500.0	+58.8	+4.1%

(Reference) Sales Forecast by Company Locations

(billions of yen)

	FY2017 Full year (Actual)	FY2018 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
		1H	2H	Full year		
Japan	582.4	287.0	322.0	609.0	+26.5	+4.6%
Europe	220.7	112.5	123.0	235.5	+14.7	+6.7%
North America	298.2	138.0	146.0	284.0	(14.2)	(4.8%)
Asia/Oceania (Including India)	164.4	89.0	93.5	182.5	+18.0	+11.0%
China	146.9	79.5	81.5	161.0	+14.0	+9.5%
South America & Others	28.3	14.0	14.0	28.0	(0.3)	(1.2%)
[Total Sales]	1441.1	720.0	780.0	1500.0	+58.8	+4.1%

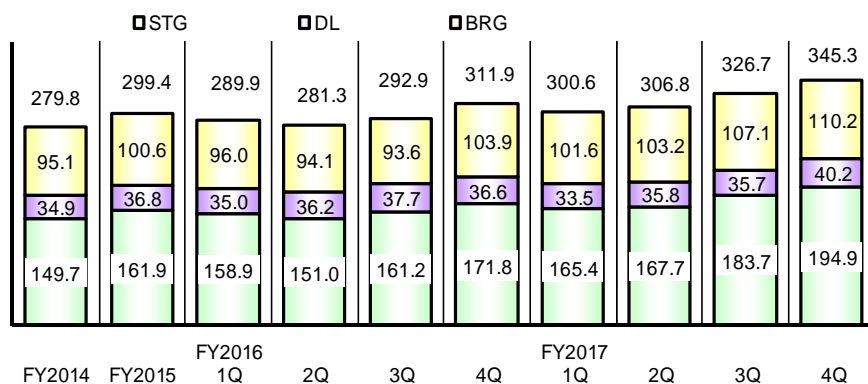
(Reference) Financial Results by Business (Mechanical Components)

(billions of yen)

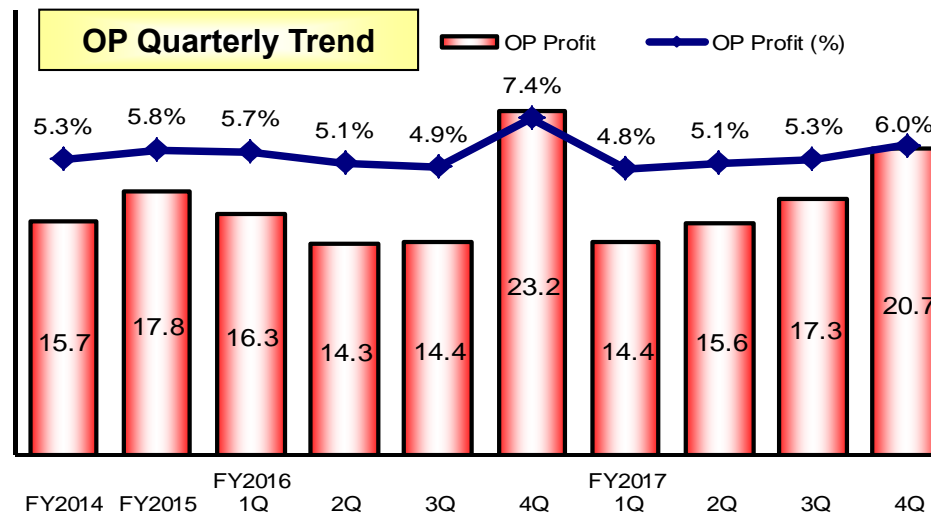
Mechanical components		FY2016	FY2017	Increase/ Decrease	Increase/ Decrease (%)
Steering systems	Sales	642.9	711.8	+68.8	+10.7%
Drivelines	Sales	145.5	145.4	+0	(0.1%)
Bearings	Sales	387.6	422.3	+34.7	+9.0%
[Total]	Sales	1176.0	1279.5	+103.5	+8.8%
	OP Profit	68.2	68.2	+0	+0.0%
	OP Profit (%)	5.8%	5.3%		

* "Deletion is omitted.

Sales Quarterly Trend



OP Quarterly Trend



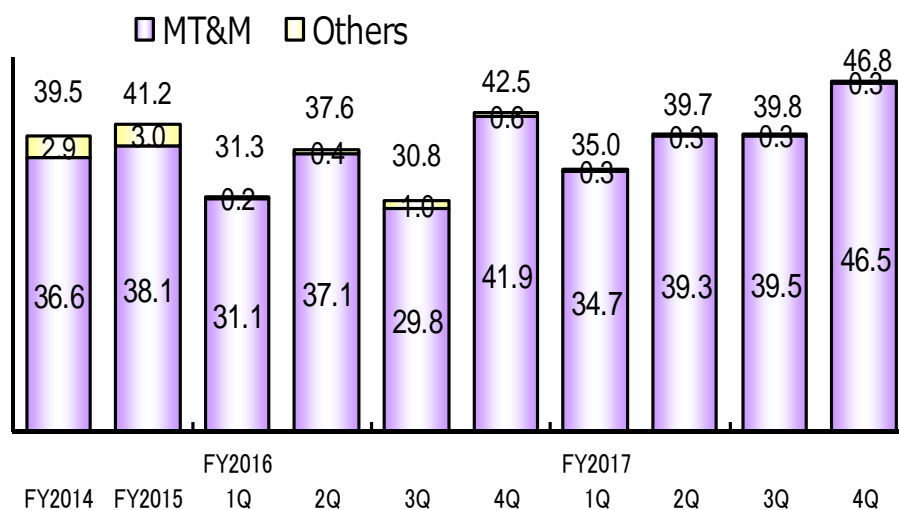
(Reference) Financial Results by Business (Machine Tools & Others)

(billions of yen)

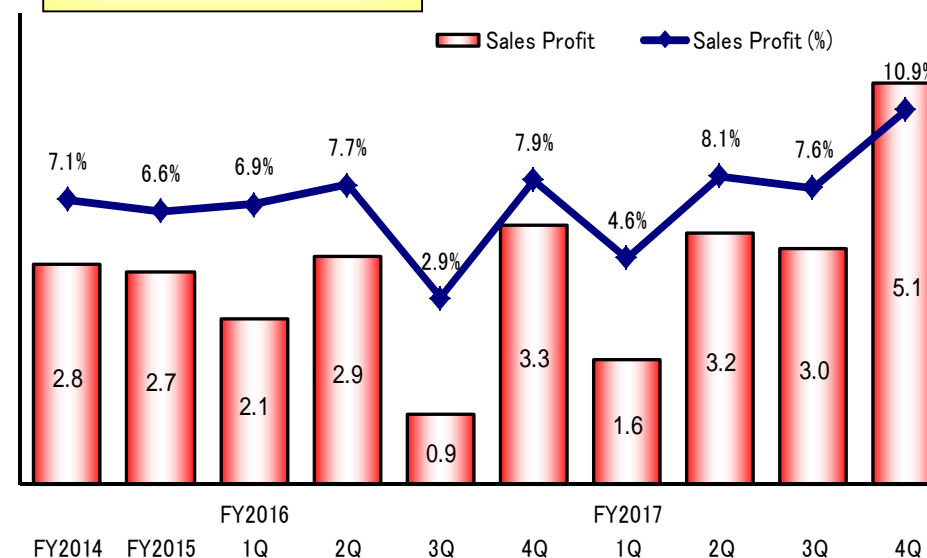
Machine tools and others		FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Machine tools	Sales	139.9	160.0	+20.0	+14.4%
Others	Sales	2.2	1.5	(0.7)	(33.1%)
[Total]	Sales	142.2	161.5	+19.3	+13.6%
	OP Profit	9.1	12.8	+3.6	+39.8%
	OP Profit (%)	6.5%	8.0%		

* "Deletion is omitted.

Sales Quarterly Trend



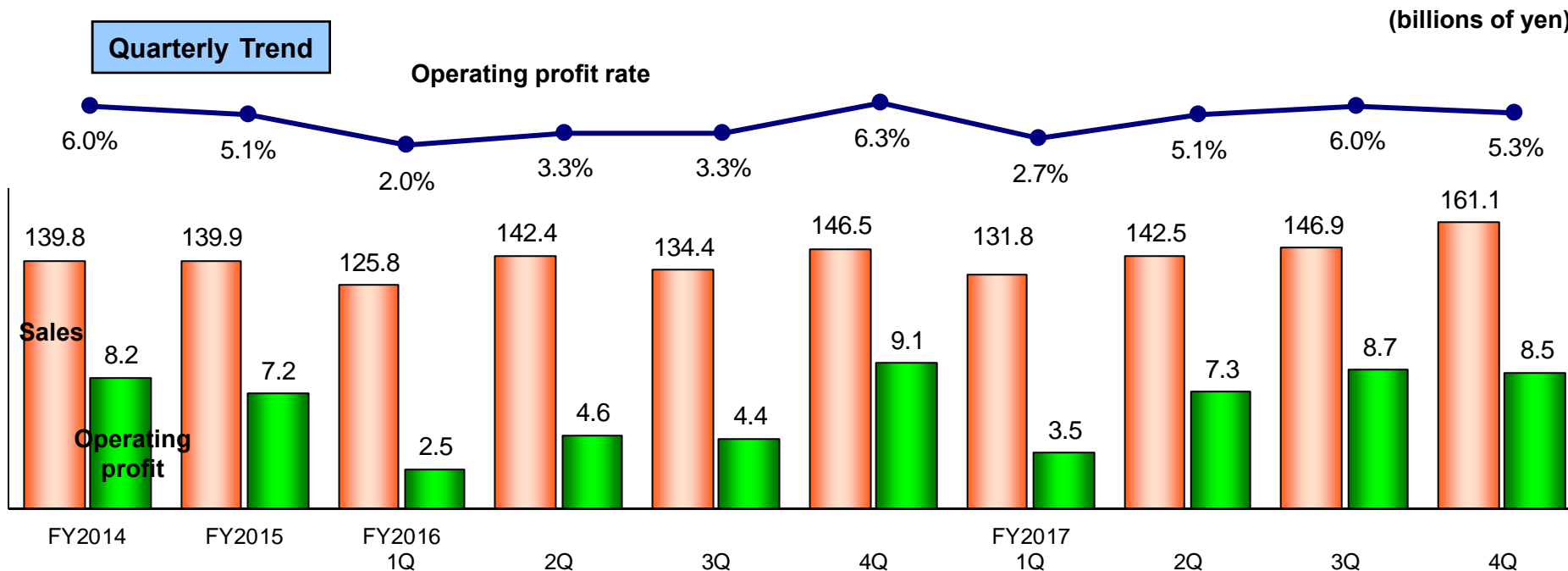
OP Quarterly Trend



(Reference) Financial Results by Region (Japan)

Japan	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	549.3	582.4	+33.0	+6.0%
OP Profit	20.7	28.2	+7.4	+36.0%
OP Profit (%)	3.8%	4.9%		

(billions of yen)

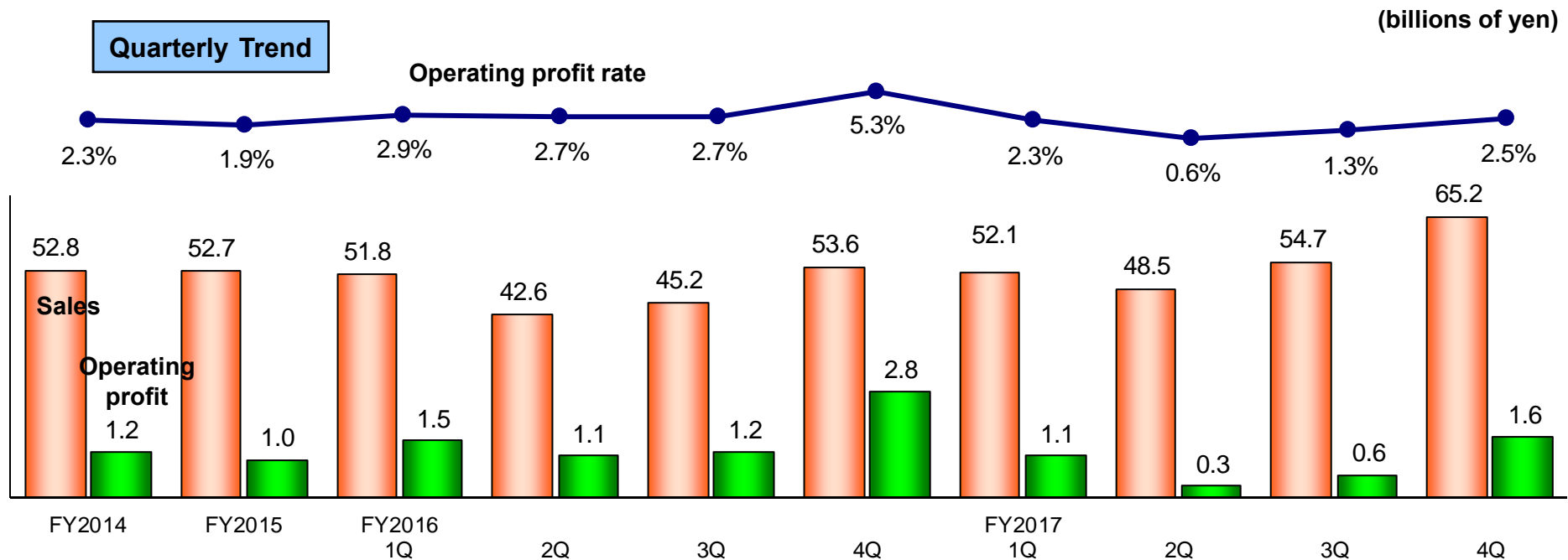


(Reference) Financial Results by Region (Europe)

Europe	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	193.3	220.7	+27.3	+14.1%
OP Profit	6.7	3.8	(2.9)	(43.2%)
OP Profit (%)	3.5%	1.7%		

(billions of yen)

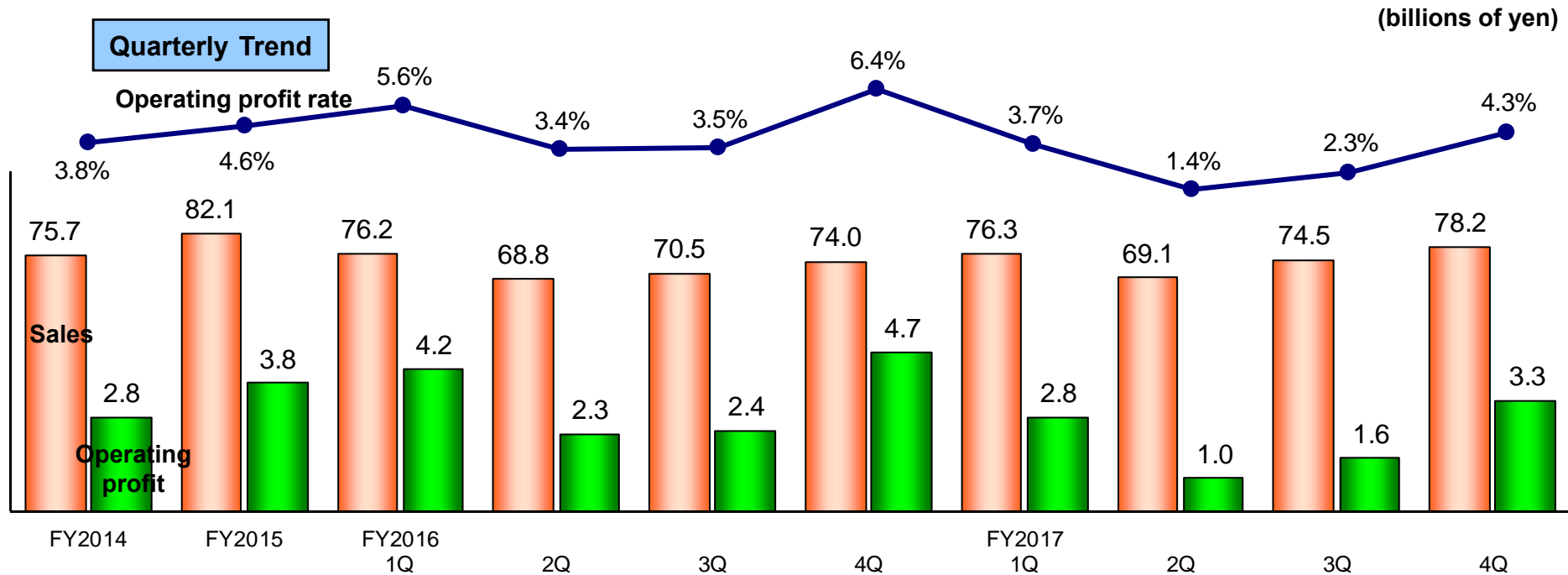
Quarterly Trend



(Reference) Financial Results by Region (North America)

North America	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	289.6	298.2	+8.6	+3.0%
OP Profit	13.7	8.9	(4.7)	(34.8%)
OP Profit (%)	4.7%	3.0%		

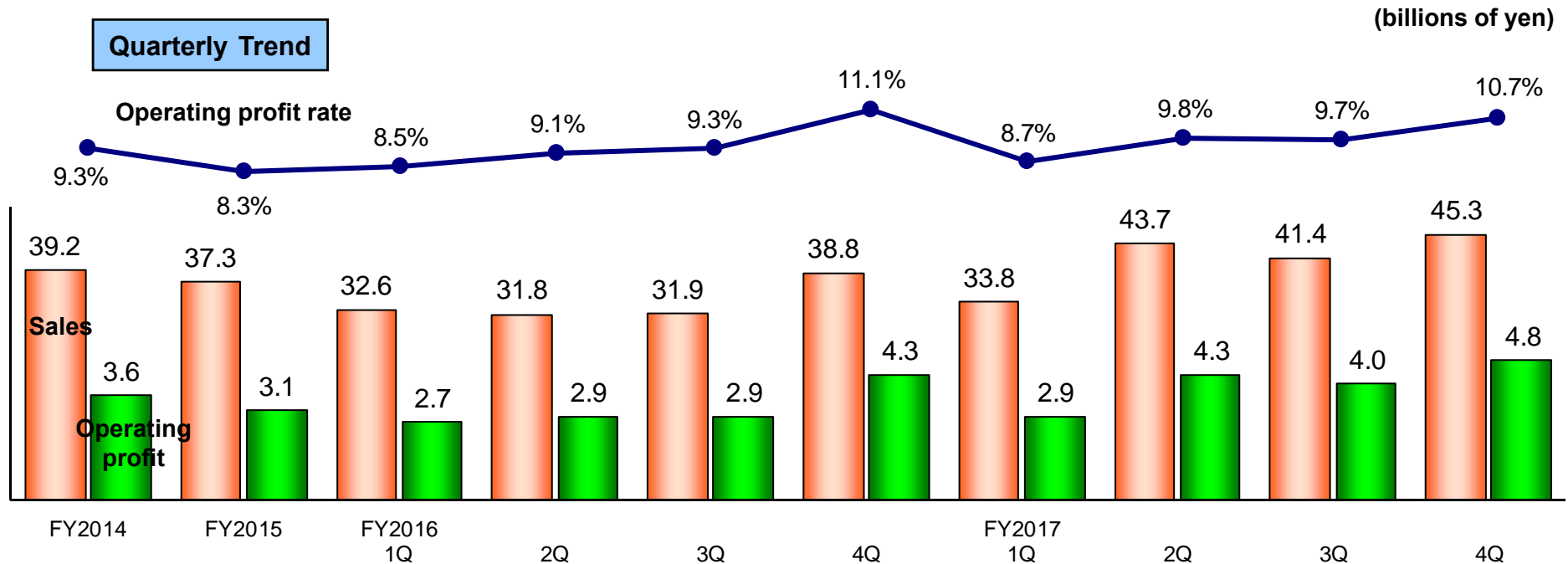
(billions of yen)



(Reference) Financial Results by Region (Asia/Oceania (Including India))

Asia/Oceania (Including India)	FY2016	FY2017	Increase/ Decrease	Increase/ Decrease (%)
Sales	135.3	164.4	+29.0	+21.5%
OP Profit	12.9	16.1	+3.1	+24.0%
OP Profit (%)	9.6%	9.8%		

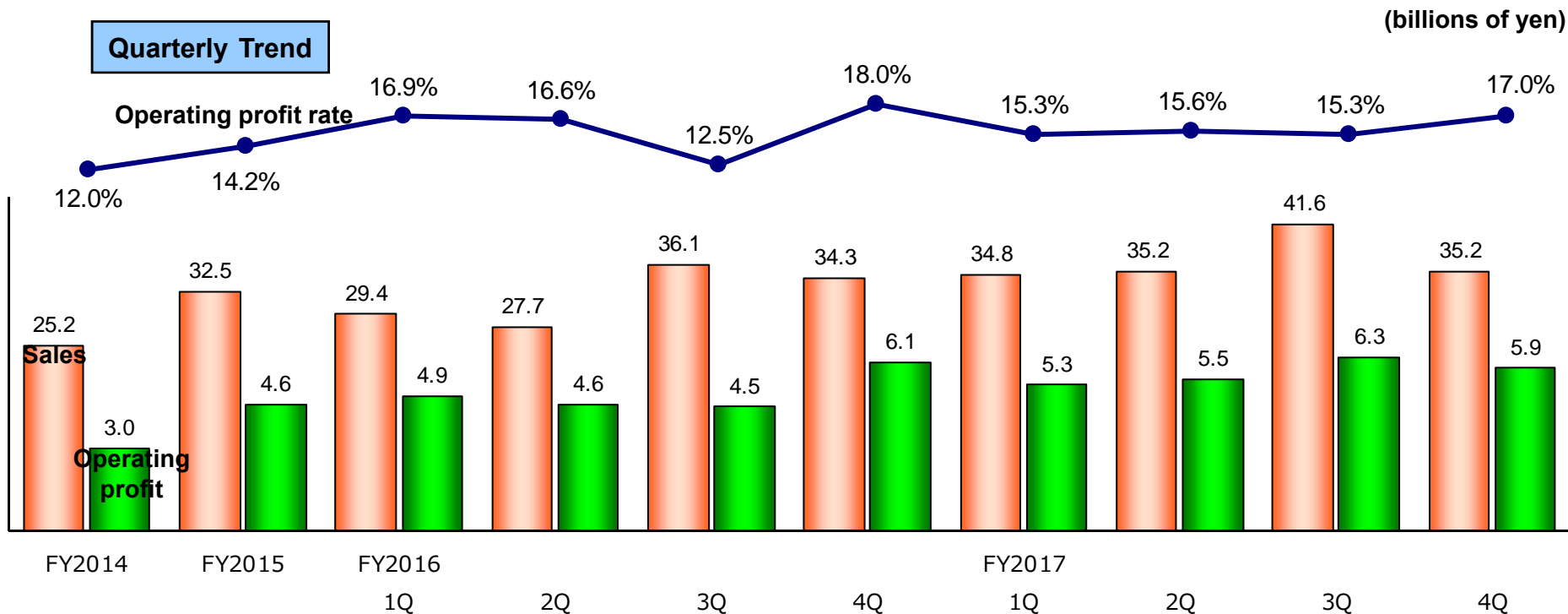
(billions of yen)



(Reference) Financial Results by Region (China)

China	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	127.6	146.9	+19.3	+15.1%
OP Profit	20.2	23.2	+3.0	+14.9%
OP Profit (%)	15.9%	15.8%		

(billions of yen)



(Reference) Financial Results by Region (South America & Others)

South America & Others	FY2016	FY2017	Increase/Decrease	Increase/Decrease (%)
Sales	22.8	28.3	+5.4	+23.9%
OP Profit	1.0	2.2	+1.1	+114.2%
OP Profit (%)	4.5%	7.8%		

(billions of yen)

