

Financial Results For the First-Quarter of Fiscal Year Ending March 2021

August 3, 2020

JTEKT Corporation

table of contents

**1. Results for the First Quarter of
Fiscal Year Ending March 2021**

**2. Forecasts for Fiscal Year 2020,
Ending March 2021**

3. Appendix

1-1) Overview of FY2021 1st Quarter Financial Results

1. Sales in the first quarter were halved compared to the first quarter of the previous year due to the impact of COVID-19 and other factors, and all businesses experienced a significant decline in sales and fell into deficit.

By region, sales increased only in China, while both sales and profit decreased in all regions.
2. For the current fiscal year, sales are expected to decline 20% from the previous year, and despite efforts to reduce fixed costs, profits are expected to fall sharply and the company will be deficit.
3. Dividends for the current fiscal year have not been determined at this time due to the outlook for a final deficit and the uncertainty of economic conditions in the second half and after.

1-2) Consolidated Performance

- Profit declined substantially due to the impact of lower sales.
- Reduce fixed costs by reducing capital investment and R&D costs.

(Unit : Billions of yen
(%) : Ratio to Revenue)

	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	362.4	195.3	△ 167.1	△ 46.1%
Business Profit	(3.2%) 11.6	(△ 15.3%) △ 29.8	△ 41.5	—
Profit before tax	(3.4%) 12.3	(△ 14.9%) △ 29.0	△ 41.4	—
Profit attributable to owners of parent	(2.0%) 7.2	(△ 12.9%) △ 25.1	△ 32.4	—
Foreign exchange (Apr. to Jun.)	¥109.90/USD ¥123.49/EUR	¥107.62/USD ¥118.48/EUR	2.28 strong yen 5.01 strong yen	
Capital expenditure	13.6	11.4	△ 2.1	△ 15.8%
Depreciation and Amortization	15.5	15.4	△ 0.1	△ 1.2%
R&D costs	(4.2%) 15.2	(6.9%) 13.4	△ 1.8	△ 12.1%

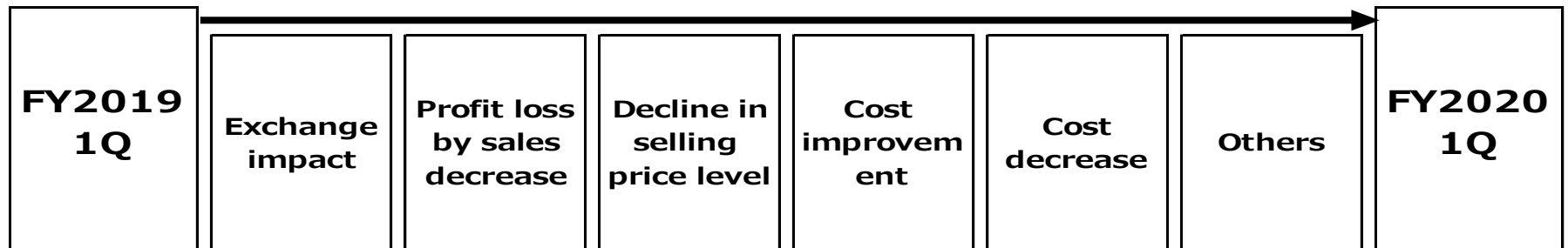
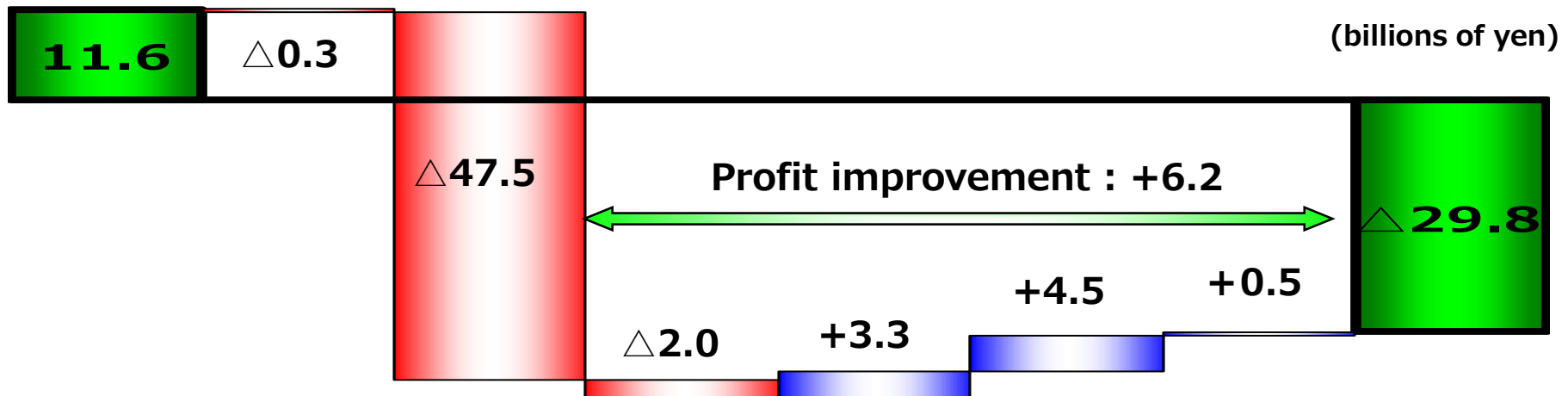
1-3) Business Profit Analysis

Profit improved due to cost improvements and lower R&D and labor costs, but profit declined significantly due to lower sales.

Business profit : $\Delta 41.5$

Factors of profit decrease : $\Delta 49.8$

Factors of profit increase : $+8.3$



1-4) Results by Company Location

Sales declined in all regions except China, and profit decreased in all regions.

Japan : The impact of higher depreciation expenses and new consolidations resulted in a profit decrease exceeding a revenue decline impact.

Europe : The impact of the decline in sales was reduced due to reductions in R&D costs and the impairment of fixed assets recorded in the previous year.

North America : Cost improvements and cost reductions reduced the impact of lower sales.

America

(billions of yen)

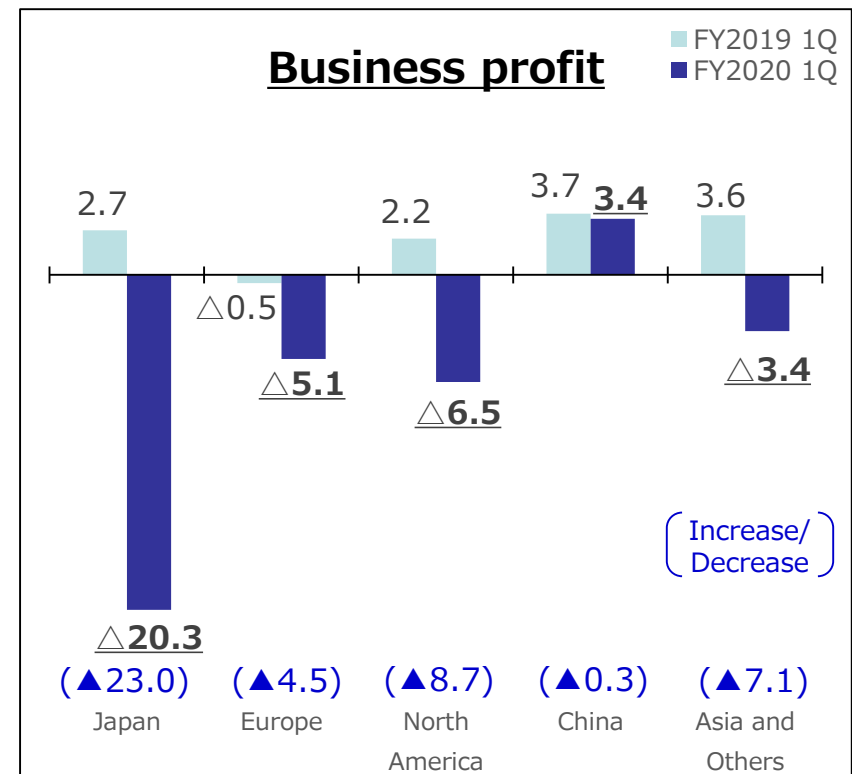
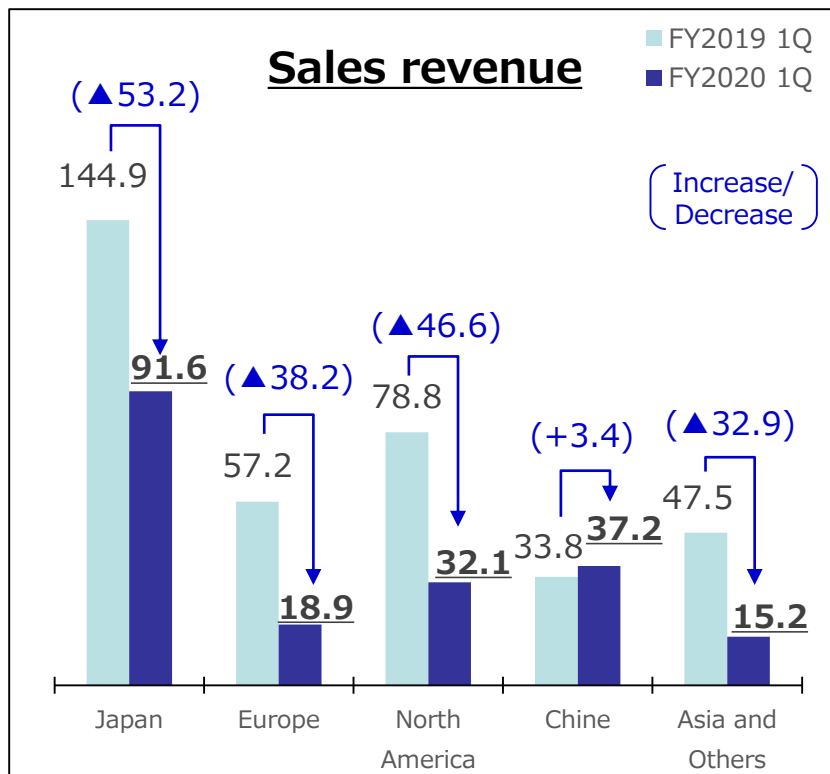


table of contents

**1. Results for the First Quarter of
Fiscal Year Ending March 2021**

**2. Forecasts for Fiscal Year 2020,
Ending March 2021**

3. Appendix

2-1) Forecasts for Fiscal Year Ending March 2021

- Sales were down 20% year on year due to a significant decline in sales in all regions except China.
- Profit improvement through cost improvement and fixed cost reduction reduced the impact of profit decline.

	FY2019 (Actual)	FY2020 (Forecast)			Increase/ Decrease	Increase/ Decrease(%)			
		1H	2H	Full year					
Sales revenue	1,418.8	unfixed			1,140.0	△ 278.8	△ 19.7%		
Business Profit	(2.6%) 37.5				(△ 1.8%) △ 20.0	△ 57.5	—		
Profit before tax	(1.1%) 15.0				(△ 1.8%) △ 21.0	△ 36.0	—		
Profit attributable to owners of parent	(△ 0.3%) △ 3.7				(△ 2.3%) △ 26.0	△ 22.2	—		
Foreign exchange (Apr. to Mar.)	¥108.74/USD ¥120.82/EUR				unfixed		¥106.00/USD ¥116.00/EUR	2.74 strong yen 4.82 strong yen	
Capital expenditure	75.0						62.0	△ 13.0	△ 17.4%
Depreciation and Amortization	64.6				62.0	△ 2.5	△ 3.9%		
R&D costs	(4.6%) 64.7				(5.1%) 58.0	△ 6.7	△ 10.4%		
Dividend	¥38				unfixed			—	

Unit : Billions of yen
(%) : Ratio to Revenue

2-2) Business Profit Analysis

The decline in selling prices was covered by cost improvements, and furthermore, profit improved through reductions in R&D and labor costs, but profit decreased due to lower sales.

Business profit : $\Delta 57.5$

Factors of profit decrease : $\Delta 82.5$ Factors of profit increase : +25.0

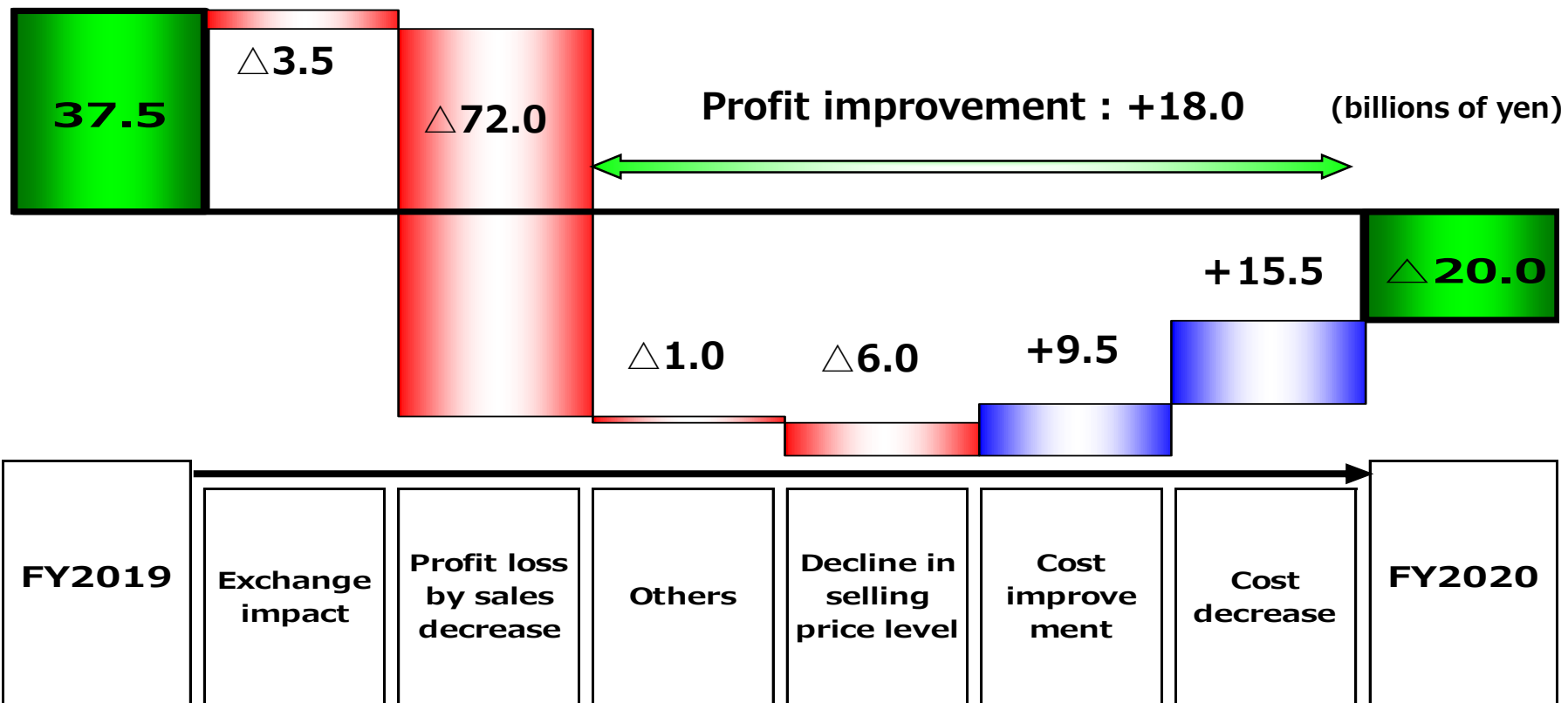


table of contents

**1. Results for the First Quarter of
Fiscal Year Ending March 2021**

**2. Forecasts for Fiscal Year 2020,
Ending March 2021**

3. Appendix

(Reference) Sales Forecast by Region

(billions of yen)

	FY2019 (Actual)	FY2020 (Forecast)			Increase/ Decrease	Increase/ Decrease(%)	
		1H	2H	Full year			
Japan	605.3	unfixed			△ 126.3	△ 20.9%	
Europe	197.4				479.0	△ 52.4	△ 26.5%
North America	293.0				228.0	△ 65.0	△ 22.2%
Asia/Oceania (including India)	168.4				121.0	△ 47.4	△ 28.2%
China	130.4				150.0	+ 19.5	+ 15.0%
South America & Others	24.2				17.0	△ 7.2	△ 29.8%
[Total Revenue]	1,418.8				1,140.0	△ 278.8	△ 19.7%

(Reference) Financial Result by Business

(billions of yen)

Mechanical Components		FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Steering systems	Sales revenue	190.1	88.1	△ 102.0	△ 53.7%
Drivelines	Sales revenue	38.0	25.2	△ 12.7	△ 33.5%
Bearings	Sales revenue	96.8	55.8	△ 41.0	△ 42.4%
【Total】	Sales revenue	325.0	169.2	△ 155.8	△ 47.9%
	Business Profit	8.3	△ 28.7	△ 37.1	—
	Business Profit (%)	2.6%	△ 17.0%		

* Intercompany elimination is omitted.

(billions of yen)

Machine tools and Others		FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Machine tools	Sales revenue	36.8	25.6	△ 11.1	△ 30.4%
Others	Sales revenue	0.5	0.4	△ 0.1	△ 24.5%
【Total】	Sales revenue	37.4	26.0	△ 11.3	△ 30.3%
	Business Profit	3.0	△ 1.4	△ 4.4	—
	Business Profit (%)	8.1%	△ 5.6%		

* Intercompany elimination is omitted.

(Reference) Financial Results by Region [Japan/Europe]

(billions of yen)

Japan	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	144.9	91.6	△ 53.2	△ 36.7%
Business Profit	2.7	△ 20.3	△ 23.0	—
Business Profit (%)	1.9%	△ 22.1%		

(billions of yen)

Europe	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	57.2	18.9	△ 38.2	△ 66.9%
Business Profit	△ 0.5	△ 5.1	△ 4.5	—
Business Profit (%)	△ 1.0%	△ 27.0%		

(Reference) Financial Results by Region [North America/China]

(billions of yen)

North America	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	78.8	32.1	△ 46.6	△ 59.2%
Business Profit	2.2	△ 6.5	△ 8.7	—
Business Profit (%)	2.9%	△ 20.2%		

(billions of yen)

China	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	33.8	37.2	+ 3.4	+ 10.2%
Business Profit	3.7	3.4	△ 0.3	△ 8.2%
Business Profit (%)	11.2%	9.3%		

(Reference) Financial Results by Region [Asia and Others]

(billions of yen)

Asia/Oceania (including India)	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	41.2	13.8	△ 27.4	△ 66.5%
Business Profit	3.3	△ 2.9	△ 6.2	—
Business Profit (%)	8.2%	△ 21.1%		

(billions of yen)

South America & Others	FY2019 1Q	FY2020 1Q	Increase/ Decrease	Increase/ Decrease(%)
Sales revenue	6.3	1.3	△ 4.9	△ 78.1%
Business Profit	0.2	△ 0.5	△ 0.8	—
Business Profit (%)	4.1%	△ 41.1%		