

# **IR Presentation for Fiscal Year Ending March 2022**

May 18, 2022

**JTEKT Corporation**

## Achievements

Revenue increased by +14.6% year-on-year to 1,428.4 billion yen due to the recovery of automobile production, etc., despite the continued coronavirus and shortage of semiconductors.

Net income increased by +19.8 billion yen year-on-year to 20.6 billion yen due to the results of efforts for cost reduction and structural reforms in addition to the increase in sales.

## Business forecast

Although the outlook for the external environment remains uncertain, the FY 2022 earnings forecast will be 1.6 trillion yen in revenue and 25 billion yen in net income by further improving the profit structure through measures such as cost reduction and fixed cos control.

## Shareholder return

•The year-end dividend of FY 2021 will be 10 yen.

※**Increased dividend by 2 yen** compared to the announcement on Feb. 4

(The annual dividend is 18 yen including the interim dividend of 8 yen, and the payout ratio is 29.8%)

•The annual dividend forecast of FY 2022 is 22 yen.

(Increased dividend by 4 yen year-on-year, interim dividend 11 yen, year-end dividend 11 yen, payout ratio 30.2%)

## **I . Settlement**

1. Results for the year ended March 2022
2. Forecast for the fiscal year ending March 2023

## **II . Approach to achieve the mid-term management plan**

- 1 . FY2021 Mid-term management plan
- 2 . FY2021 Review
- 3 . FY2022 Priority efforts

Appendix

# 1-1 ) Consolidated Performance



- Sales revenue increased in all regions and businesses due to recovery of the market environment and other factors.
- Business profit decreased in some regions and businesses due to the significant impact of changes in the external environment, such as increased material and distribution costs, but the company's structure steadily improved through cost reductions and fixed cost containment.

( ):Ratio to Revenue

billions of yen

	FY2020		FY2021		increase/ Decrease	increase/ Decrease (%)
Sales revenue		1,246.2		<b>1,428.4</b>	+ 182.1	+ 14.6%
Business profit ※1	(1.3%)	15.9	(3.0%)	<b>42.3</b>	+ 26.4	+ 166.1%
Operating Profit	(1.0%)	12.9	(2.5%)	<b>36.4</b>	+ 23.4	+ 181.7%
Profit before tax	(1.2%)	15.3	(3.1%)	<b>43.9</b>	+ 28.5	+ 186.2%
attributable to owners of parent ※2	(0.1%)	0.8	(1.4%)	<b>20.6</b>	+ 19.8	-
Foreign exchange USD	¥106.06/USD		<b>¥112.38/USD</b>		6.32 weak yen	
EUR	¥123.70/EUR		<b>¥130.56/EUR</b>		6.86 weak yen	
Earnings per share	2.33yen		<b>60.31yen</b>			

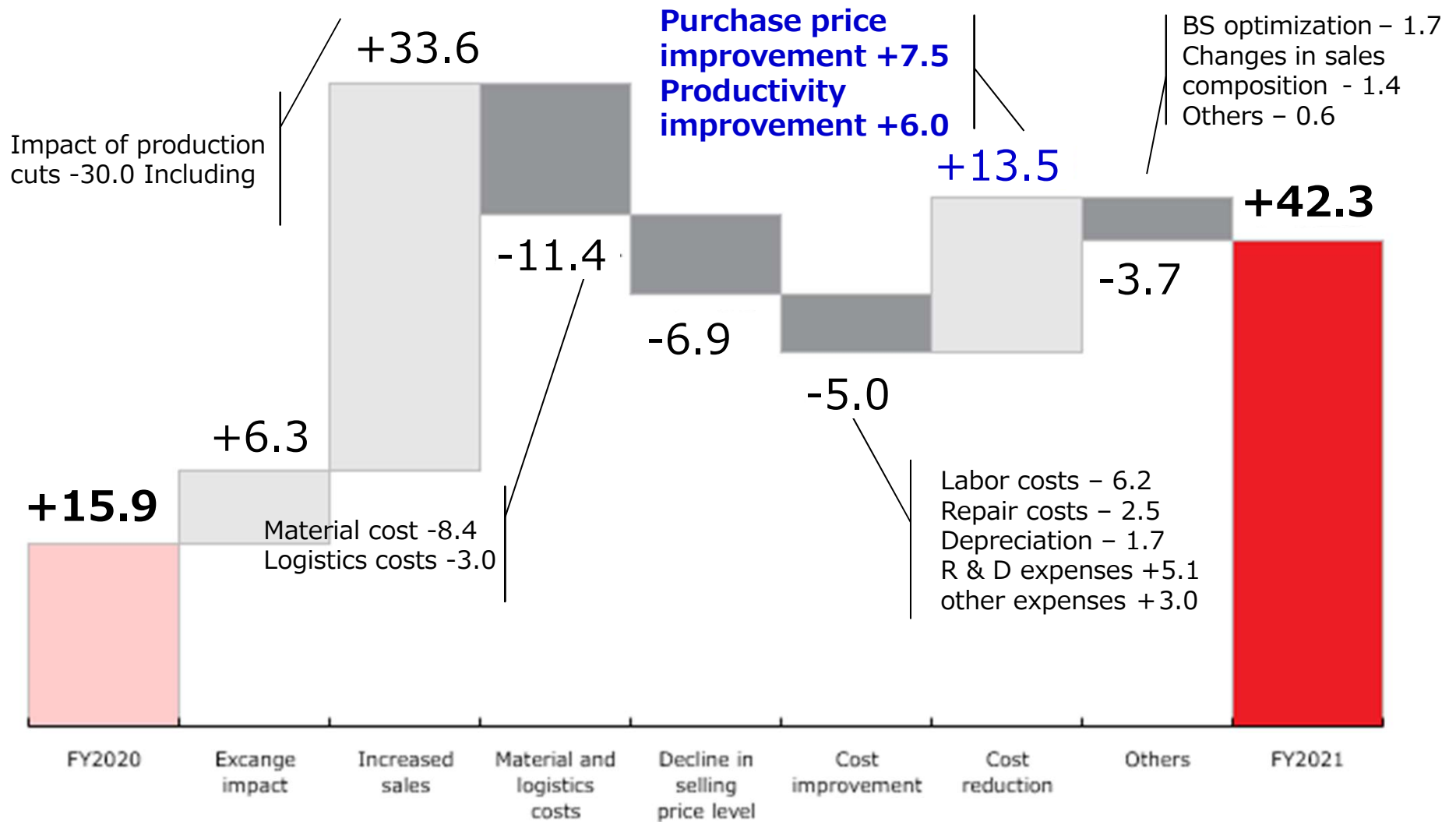
(※1) Our own management profit after deduction "cost of revenue" and "selling, general and administrative expenses" from "Sales revenue"

(※2) Profit attributable to owners of the parent

# 1-2 ) Business Profit Analysis



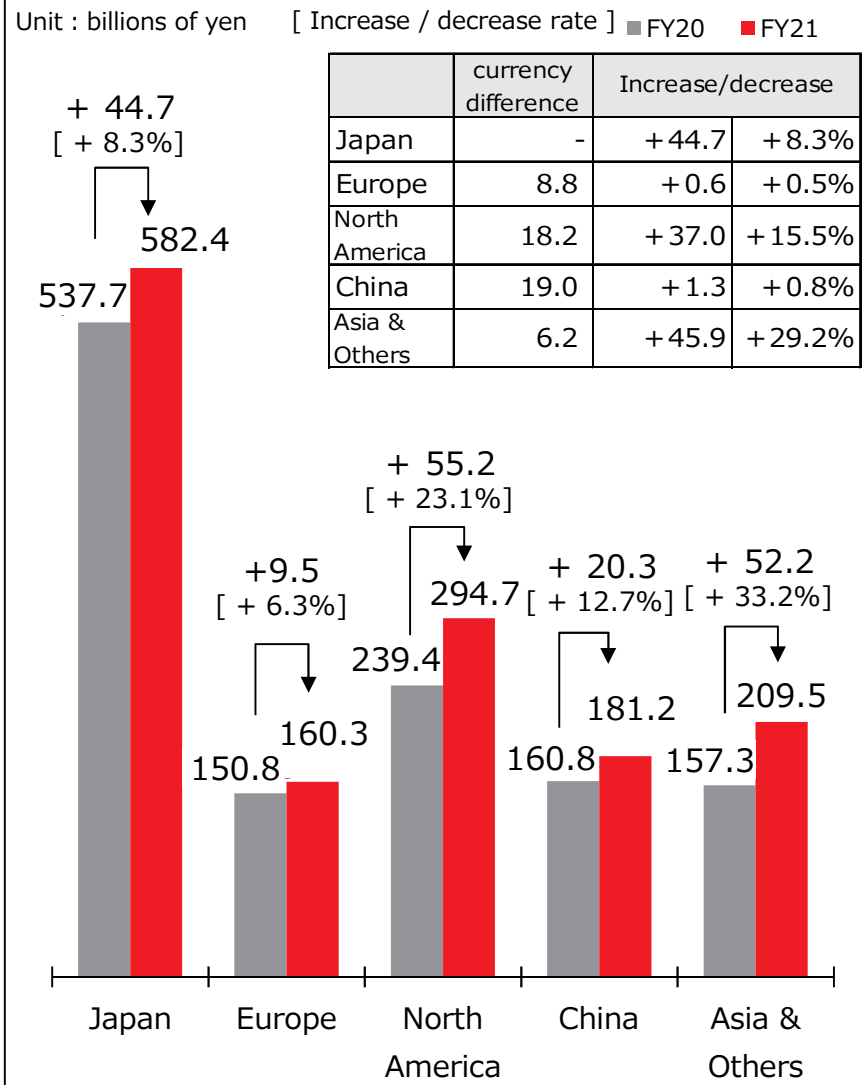
Unit: billions of yen



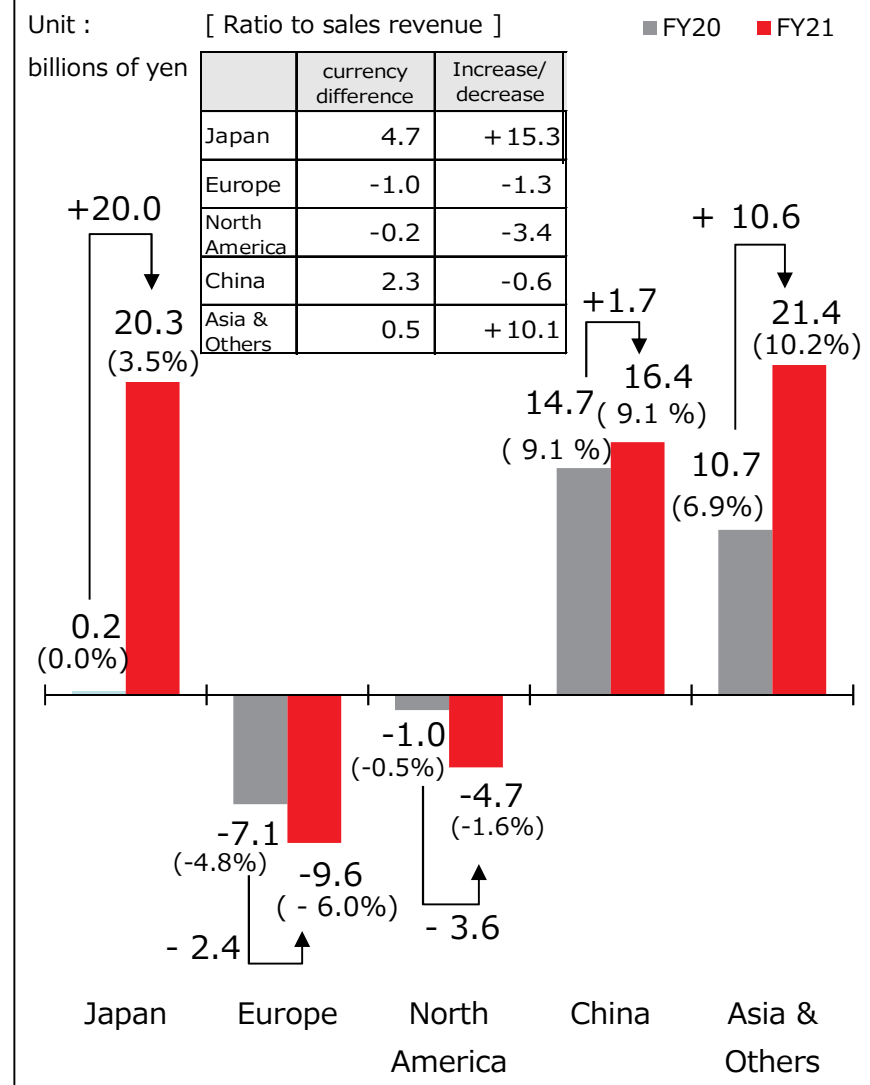
# 1-3 ) Results by Region



## Revenue



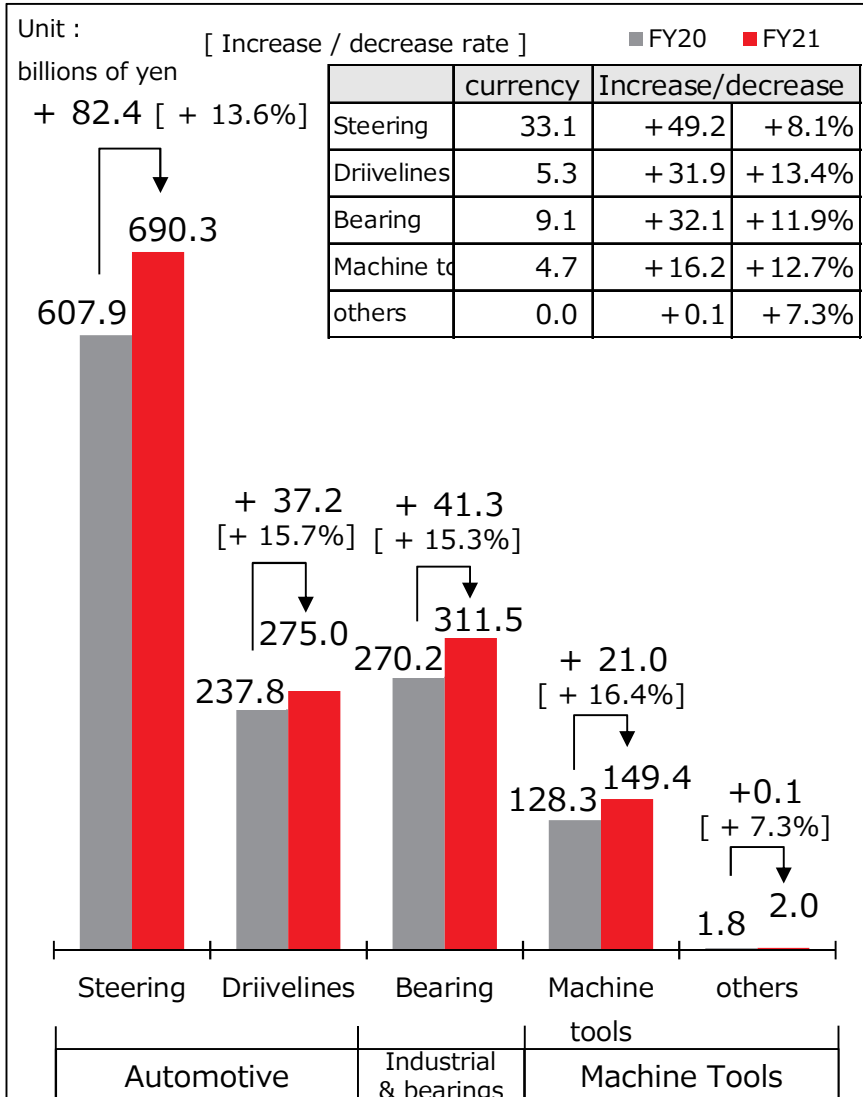
## Business profit



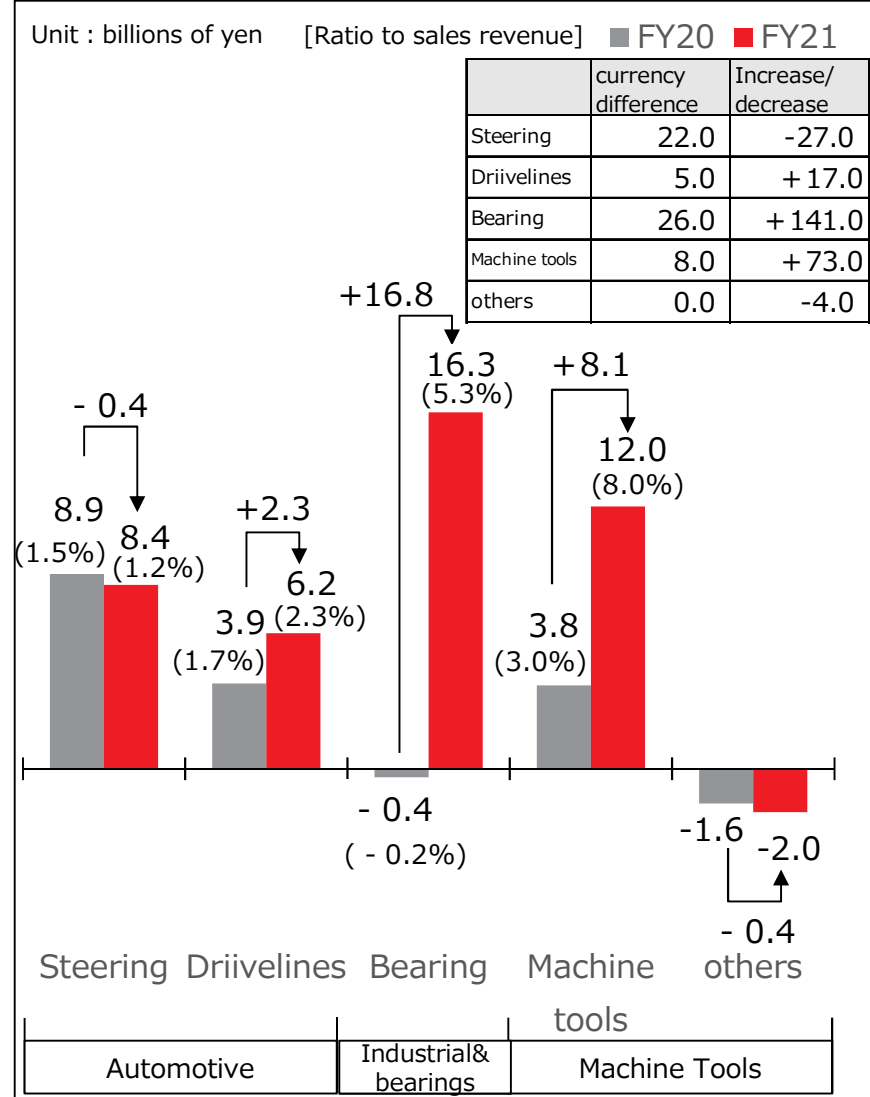
# 1-4 ) Results by Business Segment



## Sales revenue



## Business profit



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## 2-1 ) Forecasts for Fiscal Year Ending March 2023



- The outlook for the external environment, such as new coronas, semiconductor shortages, and increases in material and logistics costs, is uncertain.
- With a certain amount of external risks factored in, the company expects to achieve higher sales and profits by making strategic investments for the future while working to improve the company's structure through further cost reductions and fixed cost containment.

( ):Ratio to Revenue

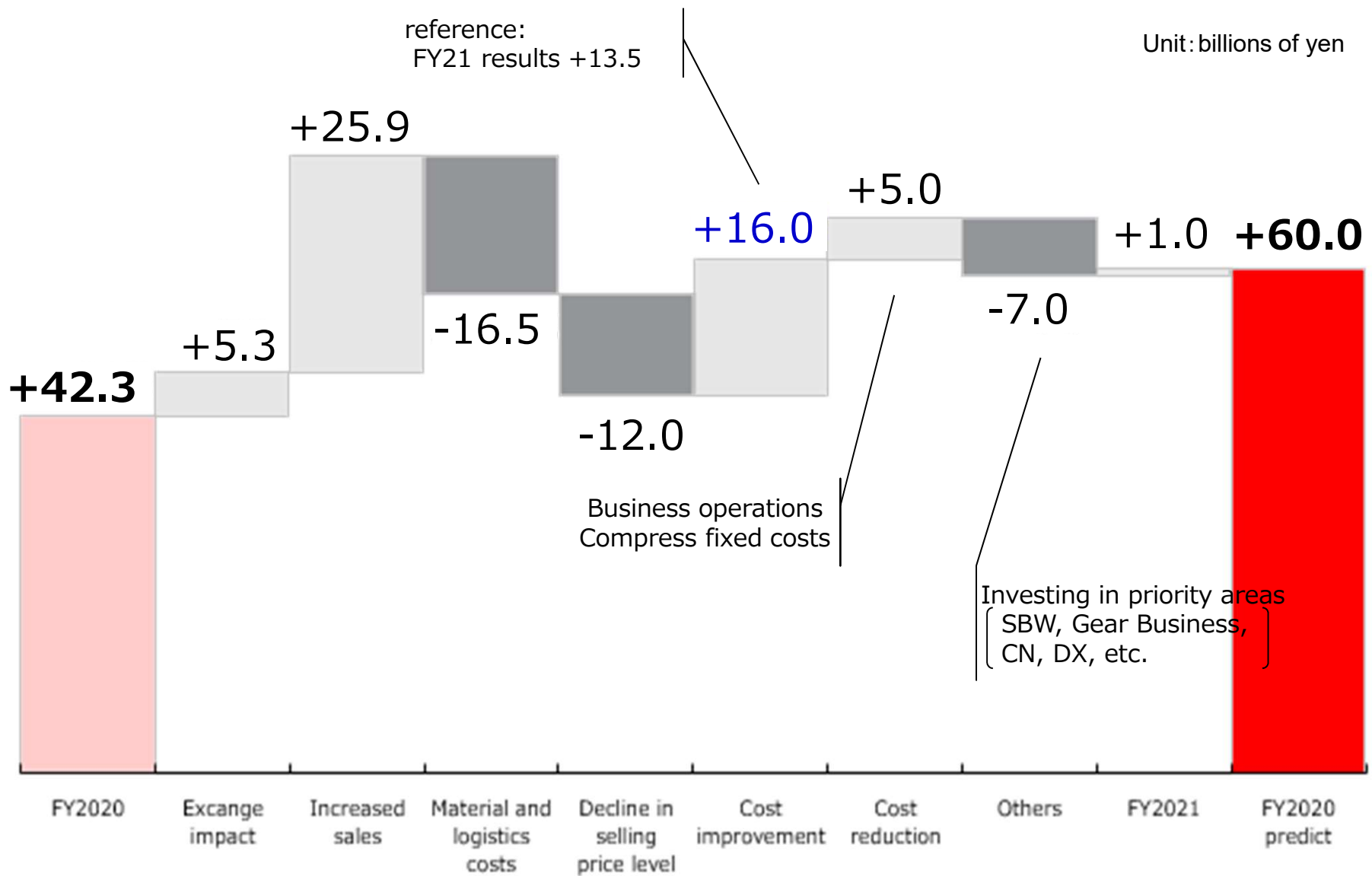
billions of yen

	22/3 result	23/3 forecast	increase/ Decrease	increase/ Decrease (%)
Sales revenue	1,428.4	<b>1,600.0</b>	+171.5	+12.0%
Business profit ※1	(3.0%) 42.3	<b>(3.8%) 60.0</b>	+17.6	+41.7%
Operating Profit	(2.5%) 36.4	<b>(3.4%) 54.0</b>	+17.5	+48.3%
Profit before tax	(3.1%) 43.9	<b>(3.0%) 48.5</b>	+4.5	+10.4%
attributable to owners of parent ※2	(1.4%) 20.6	<b>(1.6%) 25.0</b>	+4.3	+20.9%
Foreign exchange USD	¥112.38/USD	<b>¥115.00/USD</b>	2.62 weak yen	
EUR	¥130.56/EUR	<b>¥130.00/EUR</b>	0.56 weak yen	
Earnings per share	60.31yen	<b>72.89yen</b>		

(※1) Our own management profit after deduction "cost of revenue" and "selling, general and administrative expenses" from "Sales revenue"

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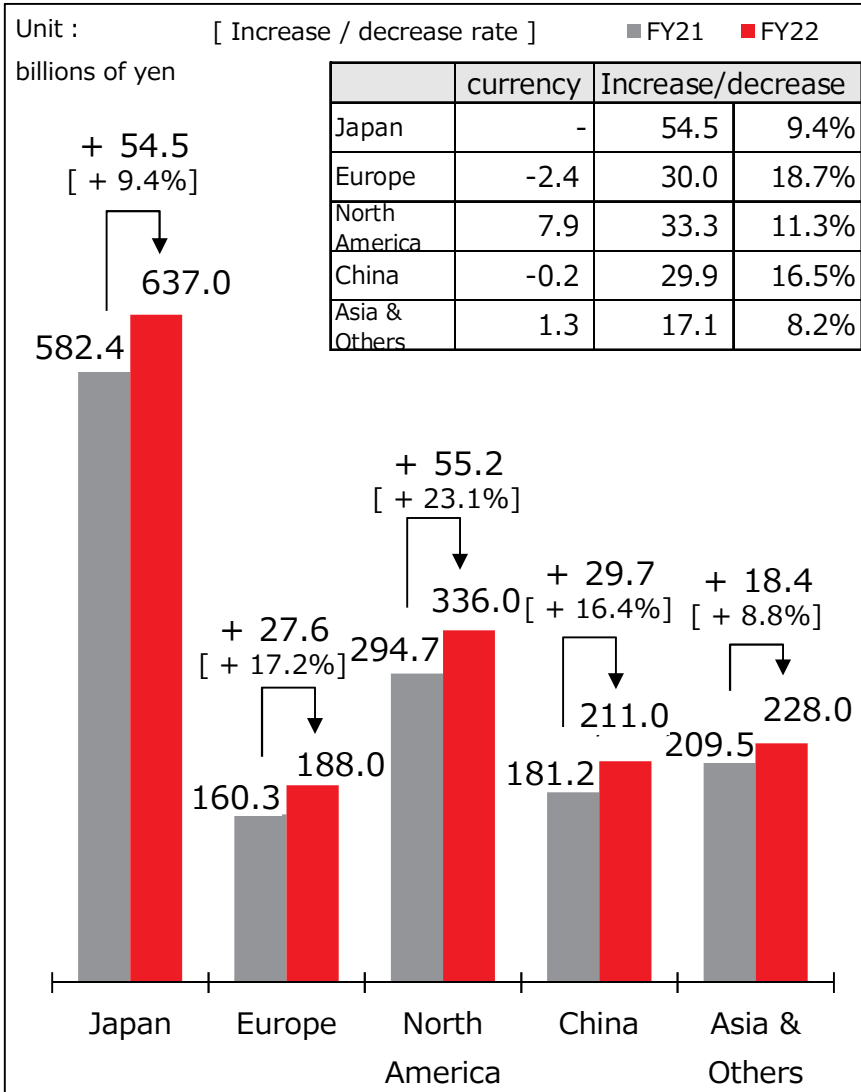
# 2-2 ) Forecasts – Business profit Analysis



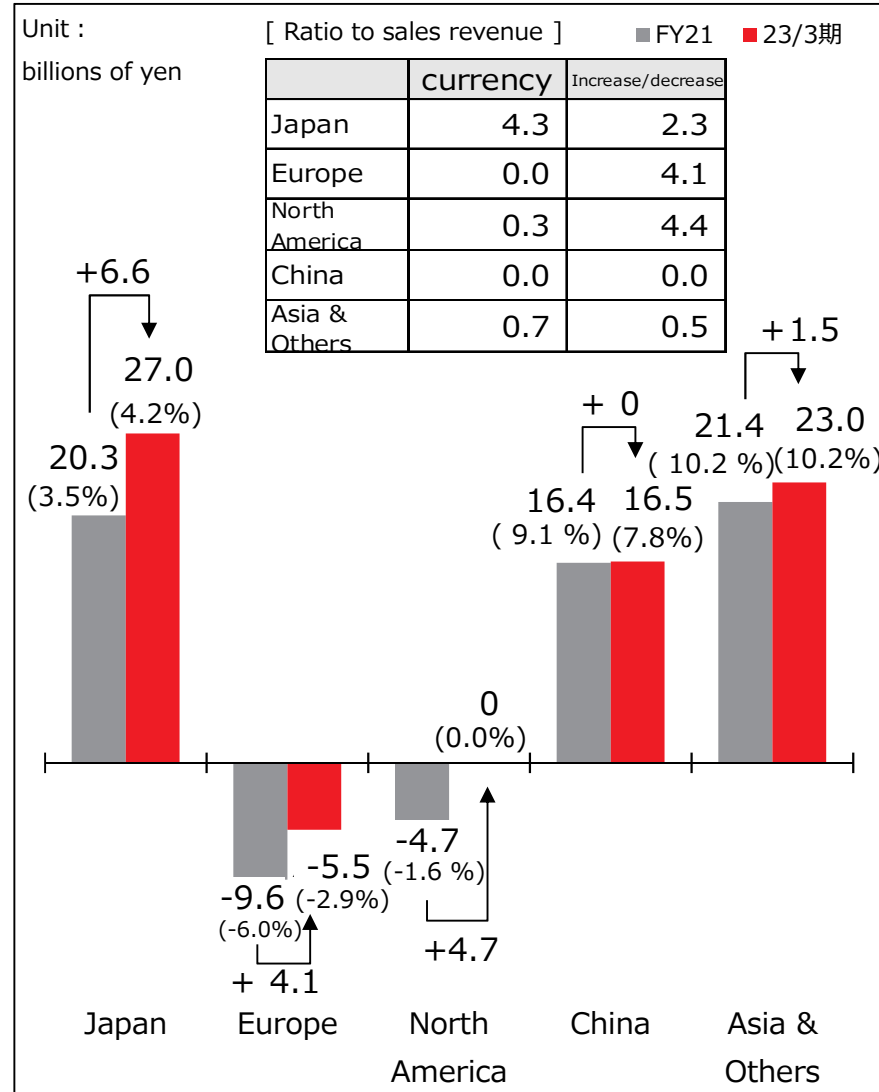
## 2-3 ) Forecasts – by Region



### Revenue



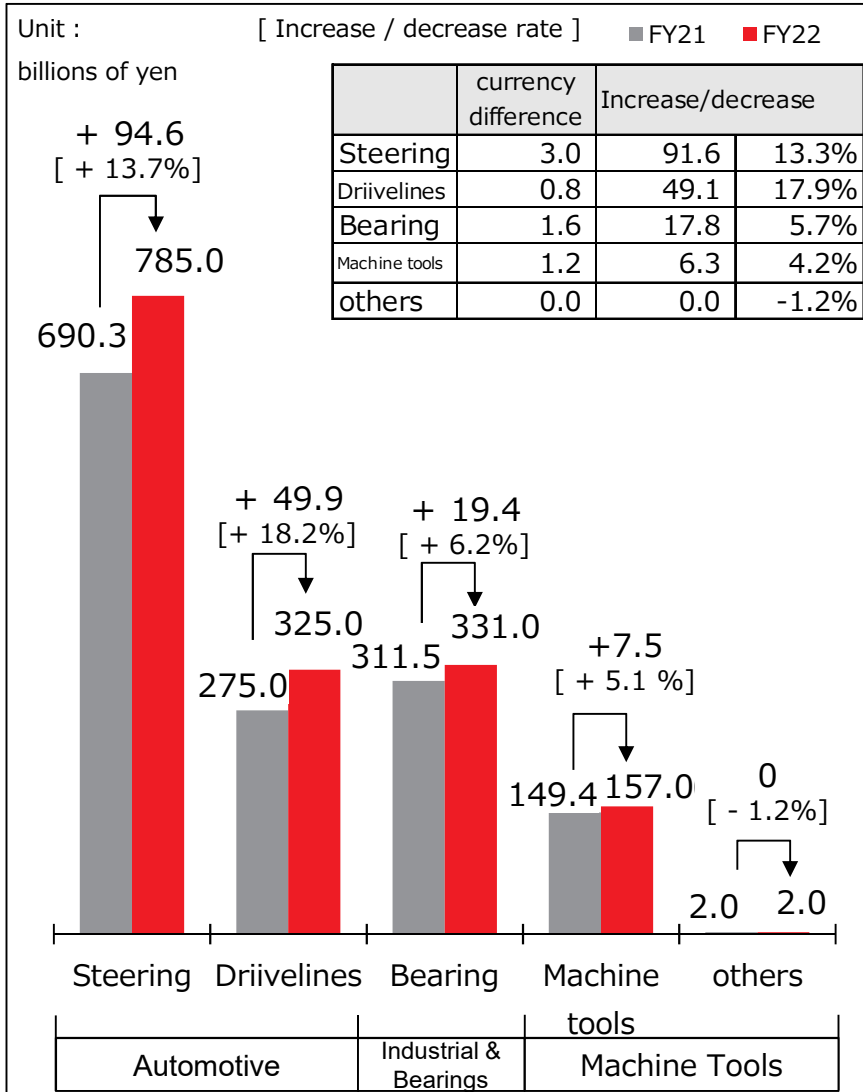
### Business profit



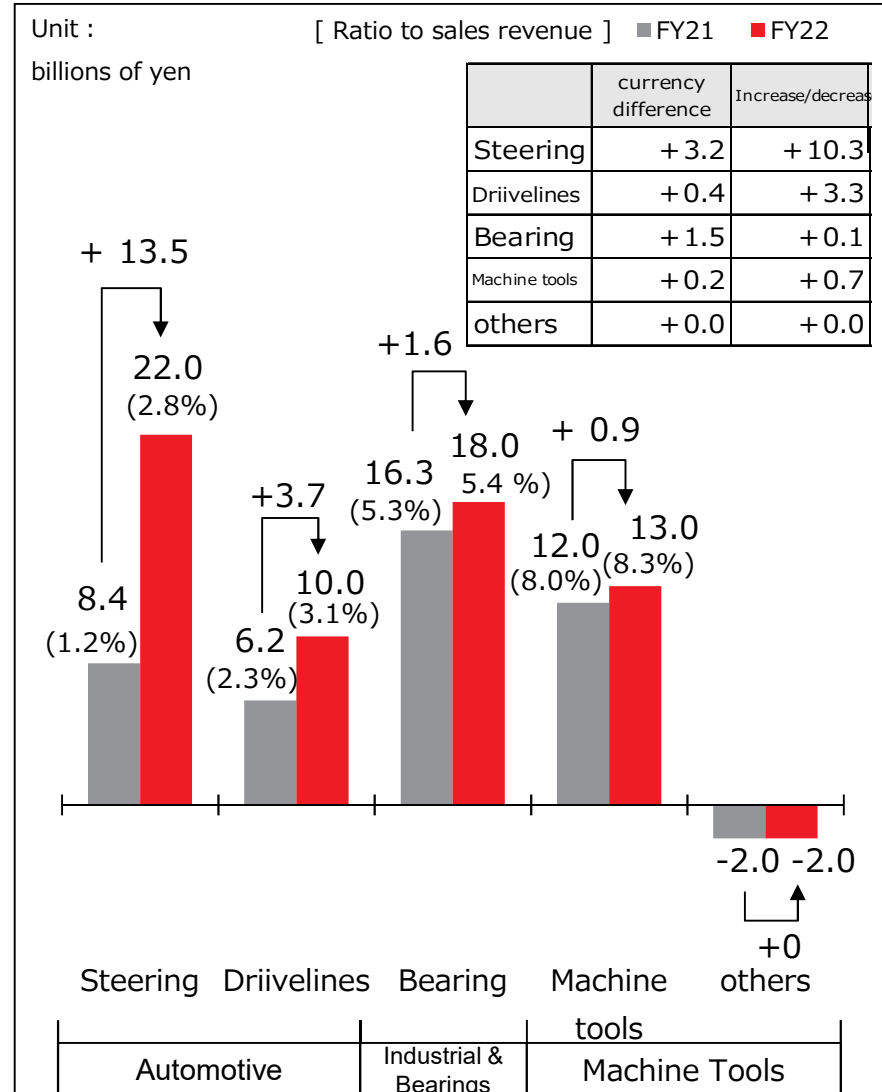
# 2-4 ) Forecasts – by Business



## Revenue



## Business profit



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## **II . Approach to achieve the mid-term management plan**

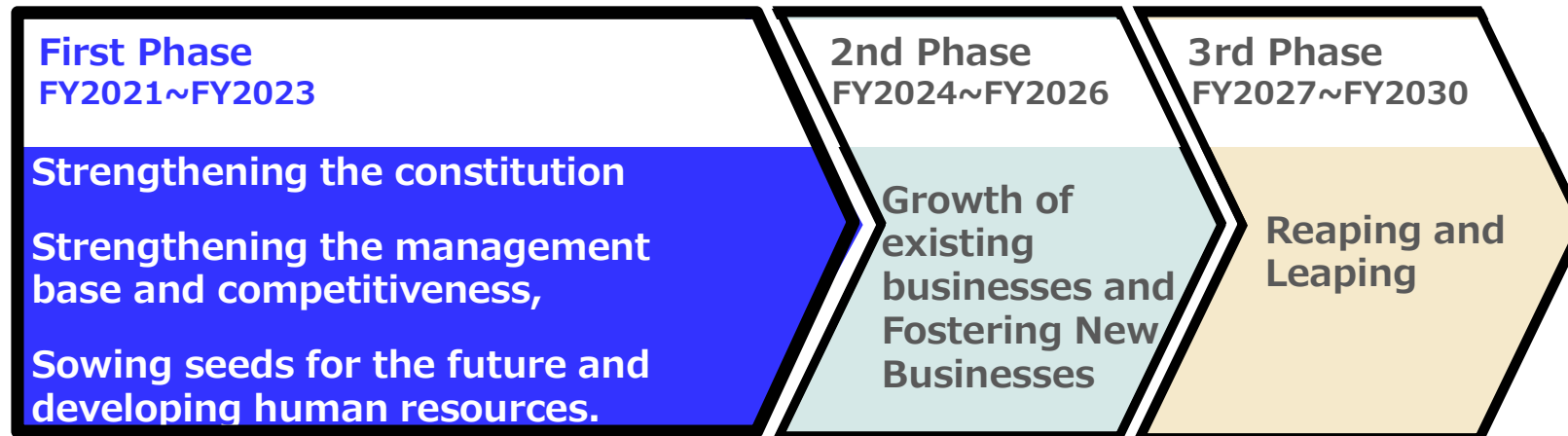
- 1 . FY2021 Mid-term management plan
- 2 . FY2021 Review
- 3 . FY2022 Priority efforts

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# 1 . FY2021 Mid-term management plan



- In May 2021, Announced long-term and mid-term management plan
- The 10 years up to 2030 will be dividend into three period, the first mid-term plan period will be “Three-Year Plan to Strengthen JTEKT Structure”, and set a target of break-even point sales ratio (compared to sales in FY2019) of 80% and business profit of 100 billion yen.



	FY2021	FY2022	FY2023
Break-even point (compared to FY2019)	85%	83%	80%

**Target: Business profit of 100 billion yen in fiscal 2023**

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## 2. Priority Action Items for FY2021



- As the start of "Three-Year Plan to Strengthen JTEKT Structure," promote the following in this "the First Year of JTEKT's Reborn"

1) Strengthen management foundation

- Improvement of break-even point
- Structural Reforms in EU and North America
- Brand unification

2) Strengthen competitiveness

Commenced sales of a series of grinding machines for the general market

3) Seeding for the future

Full-scale launch of gear business

4) Developing structure and human resources

Spreading JTEKT's Basic Philosophy



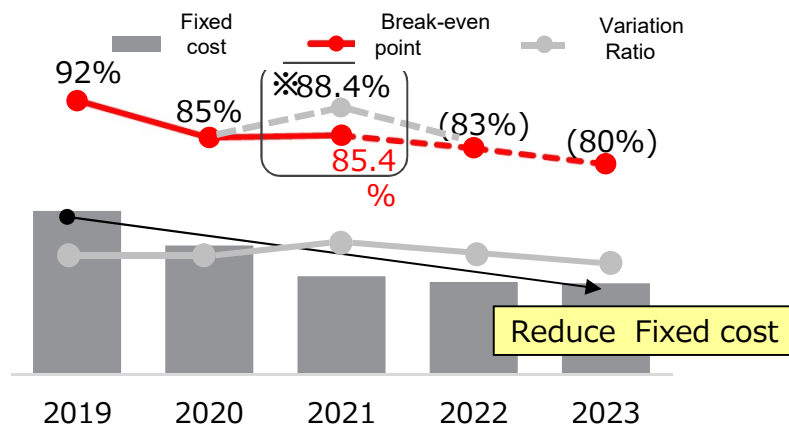
## 2-1) Strengthen management foundation

- Group-wide target of **85% break-even sales ratio (compared to FY19 sales)**, largely achieved excluding the impact of the external environment

### Break-even ratio

- Fixed cost reduction progressed as planned.
- Improvement in variable cost ratio stagnated due to headwinds such as soaring material and logistics costs
- ⇒ **Need to promote further cost reduction**

#### Status of Break-even ratio

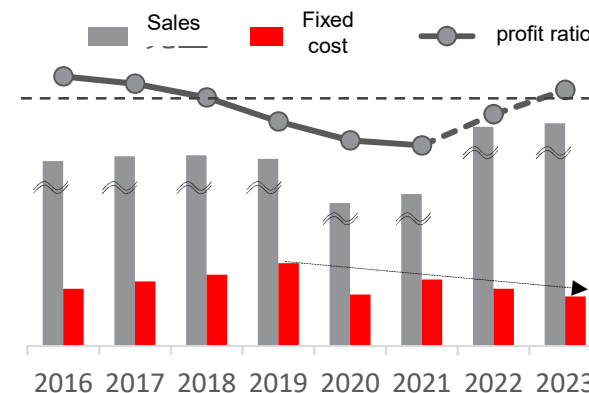


Break-even point in FY2021 without taking into account the impact of external factors (e.g., soaring material and logistics costs) is 88.4% .

### Restructuring

#### 〈EU〉

- Progressing as planned to return to profitability in FY2023
- Reduce fixed costs by more than 13 billion yen (compared to FY2019) through business integration and divestitures, etc.



#### 〈North America〉

- Productivity deteriorated due to external factors
- ⇒ Rebounding by dispatching personnel from JJP
- ⇒ Aim to return to profitability in FY2022

## 2-1) Strengthen management foundation



- Announced Brand Unification in January 2022, unifying all business brands to “JTEKT” from April 1.

### Purpose

- ① Resolving shortages of old brands that were not meeting customer expectations
- ② Break down barriers between business divisions or groups, develop ways of working, and strengthen cooperation

	Previous	Unification
Corporate		
Automotive		
Bearings		
Machine tools		
others		

Brand unification as the starting point for acceleration of Reborn

Collaborate and co-create as a group under a unified brand

**ONE! JTEKT**



## 2-2) Strengthen competitiveness



- As the first JTEKT-brand grinding machine, a new series of high-quality, low-cost cylindrical grinders went on sale on April 1, 2022.
- Expanding target from "engine market" shrinking due to EVs to "general market".

### Realization of high quality and low cost

- Cost reduction through unit standardization and digital twin-based development and evaluation
- **Eliminates the image of the TOYODA brand as "good performance but expensive".**
- A new series of machining centers based on the same concept is also planned.

**Cut prices, not quality.**

### JTEKT New series on sale!

Available in a combination of required specifications such as accuracy and specifications. The No. 1 quality inherited from the TOYODA brand era contributes to your high-quality, low-cost manufacturing.



Compact grinding machine series



Medium-size grinding machine series



Large-size grinding machine series



Horizontal Machining Center FH-5000 Series

## 2-3) Seeding for the future

- **Full-scale launch of gear business** by integrating technologies and know-how within the Group
- Contribute to growth markets such as robotics and e-Axle with No. 1 & Only One gear

### Full-scale launch of gear business

- Gear Innovation Center opened in Nov. 2021  
⇒ Deepening business as a **comprehensive gear builder**  
⇒ Providing customers with prototypes with ultra-short turnaround times
- **Business start-up in a short period of time**  
⇒ Numerous inquiries and business negotiations received from the industrial robot market

Leveraging our strength in manufacturing, we provide No. 1 and Only One value that other companies cannot follow.

### JTEKT Strengths

Machine Tools + Products:  
Leveraging Two Types of Know-How



Proposal of optimal **integrated process** from materials to finished products



Gear noise reduction, higher rotation, and downsizing are realized by **utilizing gear surface machining technology.**



**Structural optimization** by utilizing simulation analysis technology for gears and bearings



## 2-4) Development of structures and HR

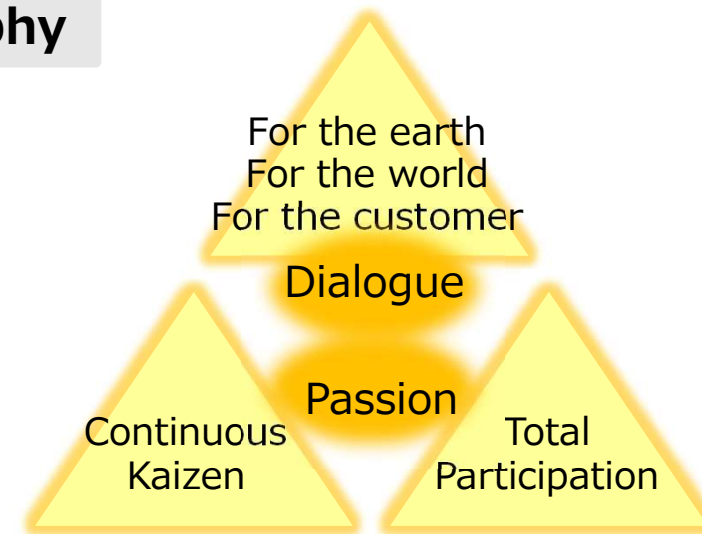
- If **all of us can seriously think and act** on our contribution to the earth, the world, and our customers, we will **become a strong company that is second to none.**
- **Promoting "JTEKT's Basic Philosophy"**

### Instillation of JTEKT's Basic Philosophy

- Recruitment of TQM Promotion Department members through an open recruitment system  
⇒ **New TQM Promotion Department established** (under direct control of the president)
- Full-scale launch of "Quality Month" in Nov. 2021.
- Realizing "I want to do, I want to do for you" through both passion and dialogue.



The activity has just begun...



JTEKT's Basic Philosophy

**Reborn into a corporate group that can say what it wants to say and do what it wants to do,** as the "most important task" of the JTEKT Group Policy for FY2022.

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### 3. Priority Action Items for FY2022



- Second year of the “three years of strengthening the company’s structure” , continue working on JTEKT Reborn.

1)Developing structure and human resources

- To become a company where you can challenge what you want to do.

2)Strengthen competitiveness

- JTEKT Group “Reborn”
- Creation of synergies between business units.

3)Seeding for the future

- New business
- Automatic Driving Operation support
- Investment strategy
- Initiatives to become a “System Supplier”.

4)Strengthen management foundation

- Carbon Neutral (CN)
- Digital Transformation (DX)

5)ESG Initiatives

- Initiatives for Environmental
- Contribution to Society
- Review of the Board of Directors.

# 3-1) Developing structure and human resources **JTEKT**

- Aiming to be a free and open-minded company , which allows employees to challenge themselves to do what they want to do.

## Developing Human Resources.

### Ability

- Acquire **problem-solving skills** by the fourth year of employment.
- **Practical education** tailored to the field.

Education

### Independence

- Introduction of an **open recruitment system** to encourage proactive career development.

**+ Training**

## Developing Structure.

### A corporate culture that nurtures employees.

- Encourage **challenge**.
- tolerate **failure**.



### Cheerful and pleasant atmosphere

- **“TAIWA” (=communication)**
  - Direct dialogue
  - Saying “good” to members.
  - Smiling at least once a day.
- Internal survey to measure departmental vitality.

initiation or welcoming ceremony

April 1,2022 at Wing Arena Kariya



## 3-2) Strengthen competitiveness

- The JTEKT Group will work as “one JTEKT” to **create “happiness” for customers** through **the utilization of group seeds and the synergies between business units.**

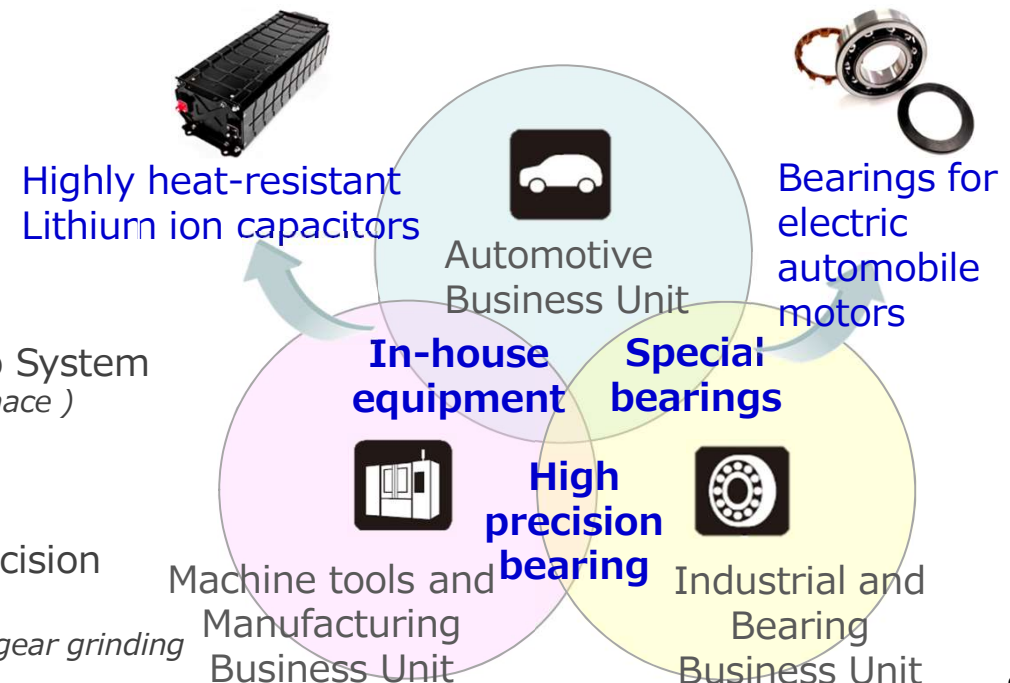
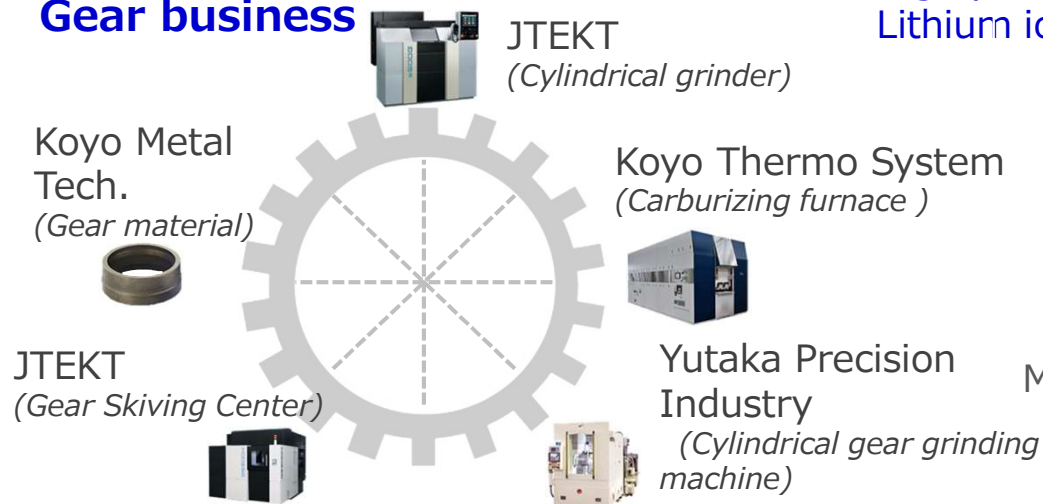
### JTEKT Group “Reborn”

- Strengthening collaboration within the group
- **Creating new value** by sharing technology, know-how and strengths for manufacturing.

### Creation of synergies between business units.

- Achieve high quality and low cost through **synergies that only we can demonstrate.**

### Application examples Gear business



# 3-3) Seeding for the future

- **Strengthen investment in new and advanced areas**, such as new business and automated driving.
- Expand investments to **strengthen competitiveness** in existing areas.

## New business, automatic operation support

### Use crickets as a food resource

At a factory based on automation technology and data / quality control technology cultivated in existing fields, crickets are bred and processed into safe, secure and high-quality proteins.



### Correspondence to the automatic driving area

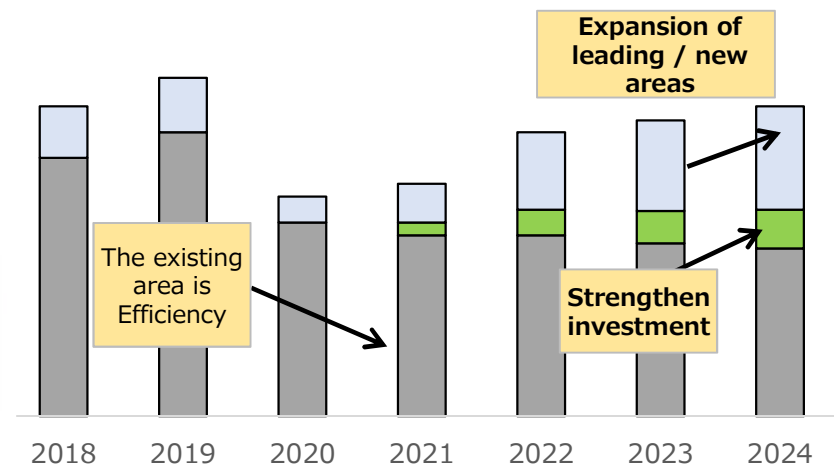
- By installing a highly heat-resistant lithium-ion capacitor as an auxiliary power source for the steer-by-wire system, it is possible to increase the output and contribute to the expansion of vehicles suitable for automated driving.
- Supports all automation levels with JFOPS 4 \*, which has complete dual hardware structure with redundancy.



\* JTEKT Fail-Operational System

## Investment strategy

- Invest in existing areas to improve efficiency and strengthen investment in projects that lead to stronger competitiveness
- Use strategic investment costs for carbon neutrality and DX.
- Shift to aggressive investment FY2022.



# 3-3) Seeding for the future



- Aiming to be a system supplier that can be entrusted with the areas of drive and chassis that the finished vehicle manufacturer has been responsible for.
- Achieves high quality and low cost with low noise, high efficiency and low cost by system optimization

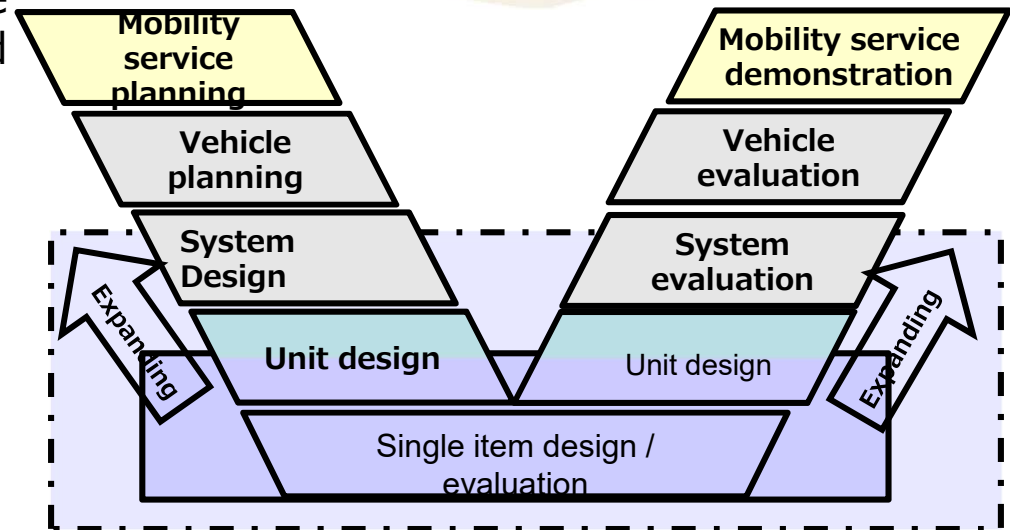
## Initiatives for system suppliers

- OEMs need to respond to new areas for the CASE / BEV era  
⇒ Shift from existing area to new area
- Optimize the chassis area by utilizing the seeds and elemental technologies owned by the group.
- Aiming to be a "system supplier" that can be entrusted with "running" and "turning" by OEMs



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- OEMnew area
- OEMexisting area
- JTEKT area



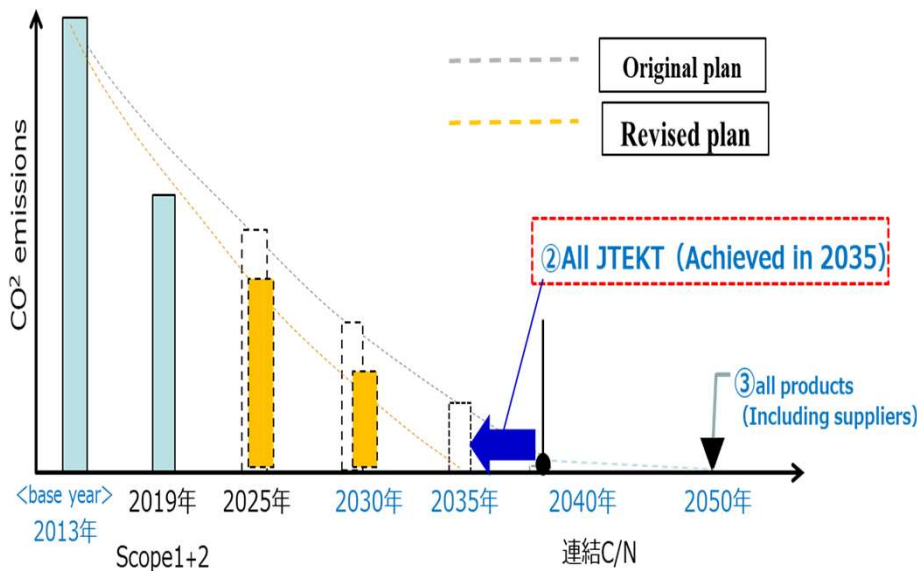
# 3-4) Strengthen management foundation



- "Carbon Neutral Strategy Office" and "DX Promotion Office" are newly established in August 2021.
- CN : All JTEKT's CN achievement time is five years ahead of schedule
- DX: Formulate a roadmap for "our future we want to be in 2030" ⇒ Enter the execution phase

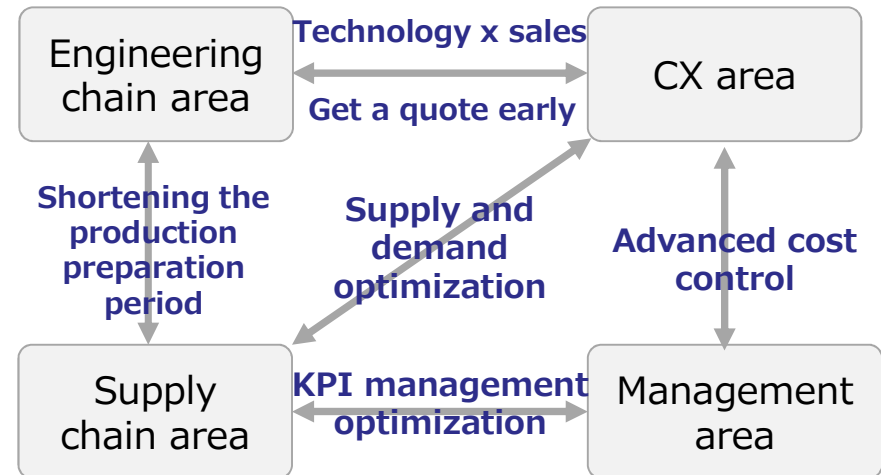
## Carbon neutral

- Advance the time to achieve CN globally (Scope 1 + 2) from 2040 to 2035
- Aiming to achieve CN for all products (Scope 3) in 2050 (as planned)



## Digital transformation

- Inspect the digitization that has been individually and optimally promoted by each company and each business division from the optimal viewpoint of the entire group.
- Prioritize issues and develop a roadmap. Perform the required standardization in parallel.



## 3-5) ESG Initiatives

- Actively work on ESG to become a sustainable corporate group that contributes to the earth, the world, and customers, and grows steadily like annual rings.

### Environment

- Received high praise for collaborative activities with suppliers to achieve Scope 3 CN for all products in 2050 and efforts to reduce the environmental burden on products.

Selected as Supplier Engagement Leader (Highest Rating) in CDP2021's Supplier Engagement Rating.

Received a special award in the environmentally sustainable company category of the "ESG Finance Awards Japan"

Received the Gold Award at the "2022 Aichi Environmental Award"



### Social

- In October 2021, the in-house vocational training school "JTEKT-JIM" was opened in JTEKT INDIA in Haryana, India.



- Received "Japan-India Institutes for Manufacturing" certification from the Ministry of Economy, Trade and Industry.

### Governance

- At the upcoming general meeting of shareholders in June 2022, the number of directors will be reduced from nine to six. Half of them are outside directors.
- Discuss investment in "human capital" and "intellectual capital" with outside officers, leading to sustainable growth.

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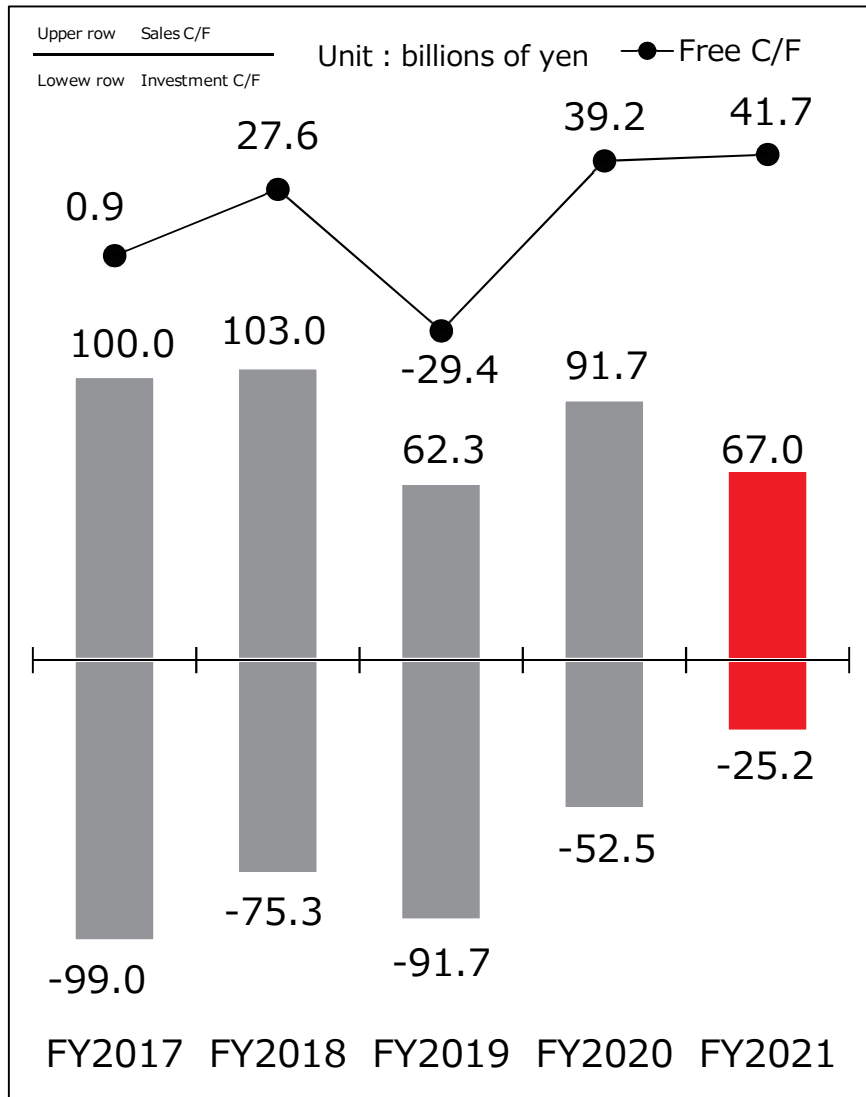
Appendix

- 1 . Management index
- 2 . Financial statements
- 3 . Performance trends
- 4 . Business profit increase / decrease analysis
- 5 . Dividend transition

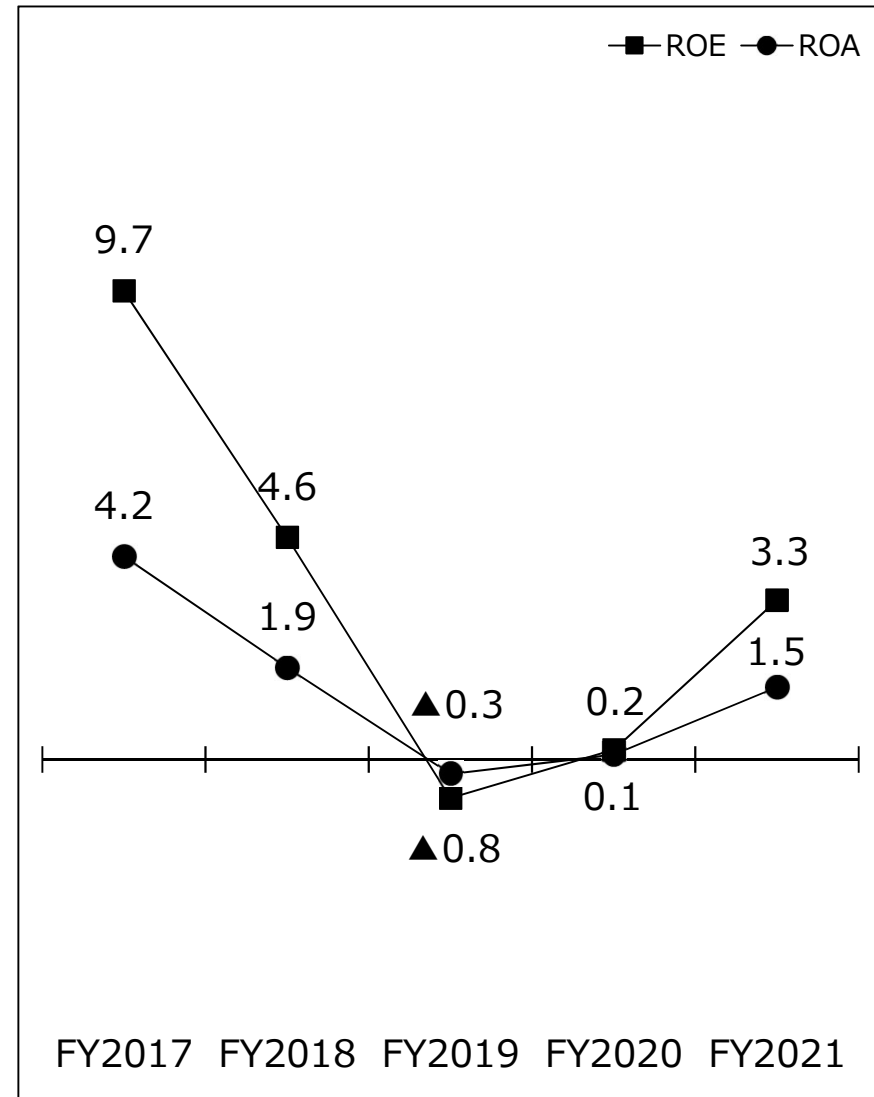
# 1 -1 ) Cash flows / ROE · ROA



## Cash flow



## ROE / ROA



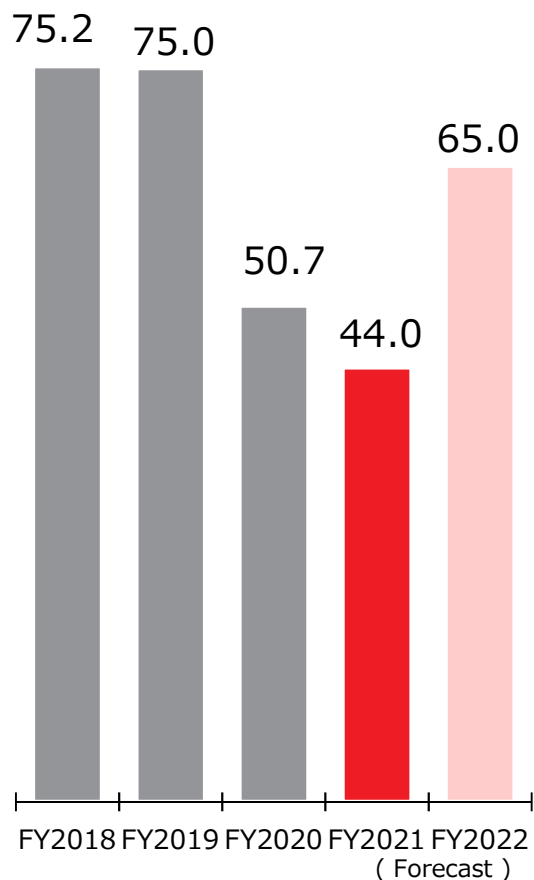


# 1-2 ) Changes in fixed costs



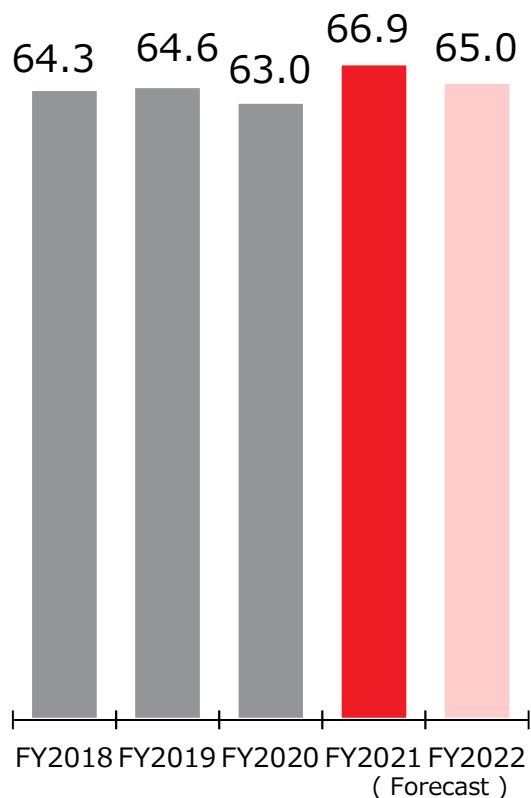
## Capital investment

Unit : billions of yen



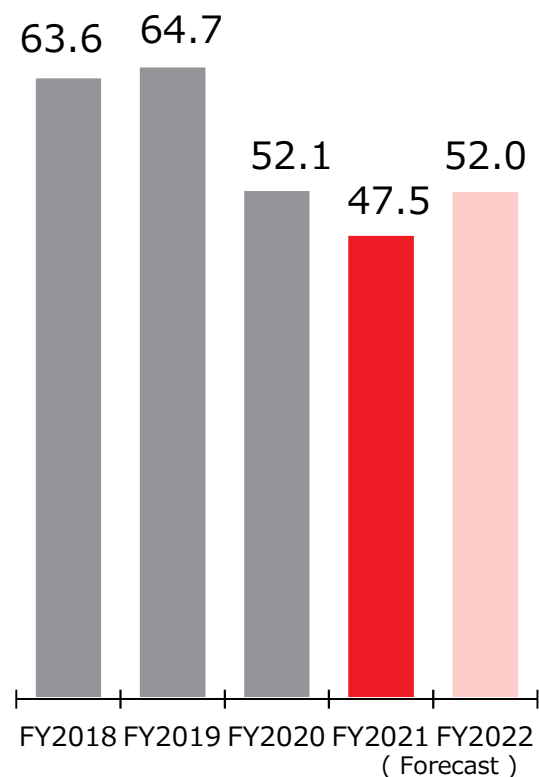
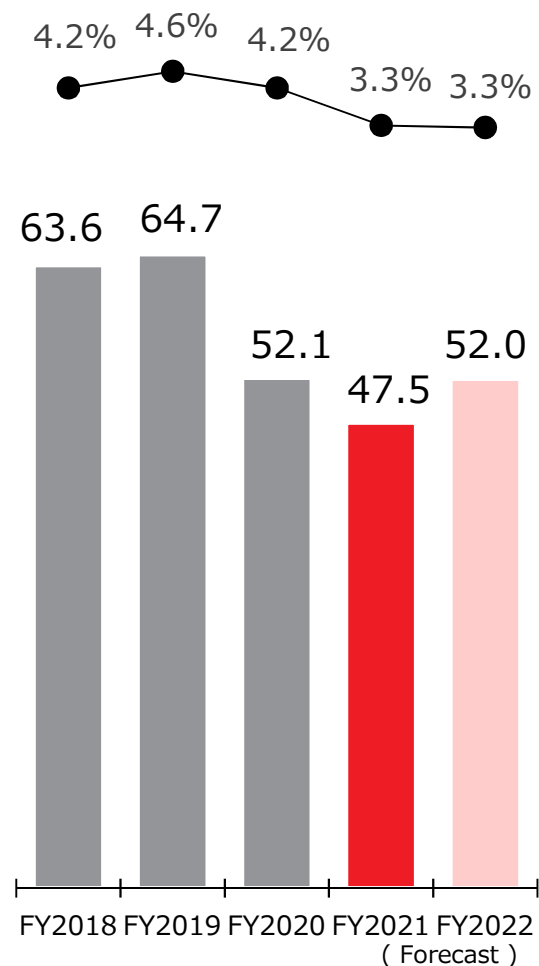
## Depreciation

Unit : billions of yen



## R & D expenses

● Revenue ratio Unit : billions of yen

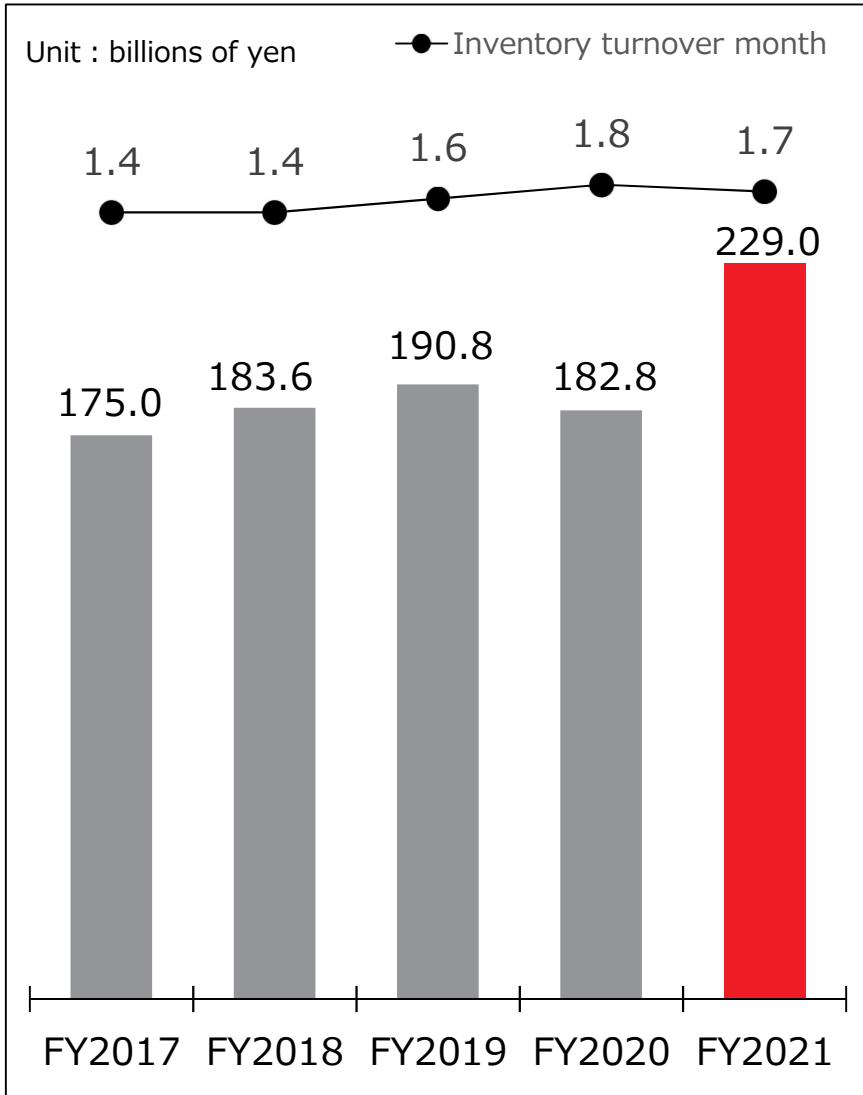


# 1-3 ) Management Indicators

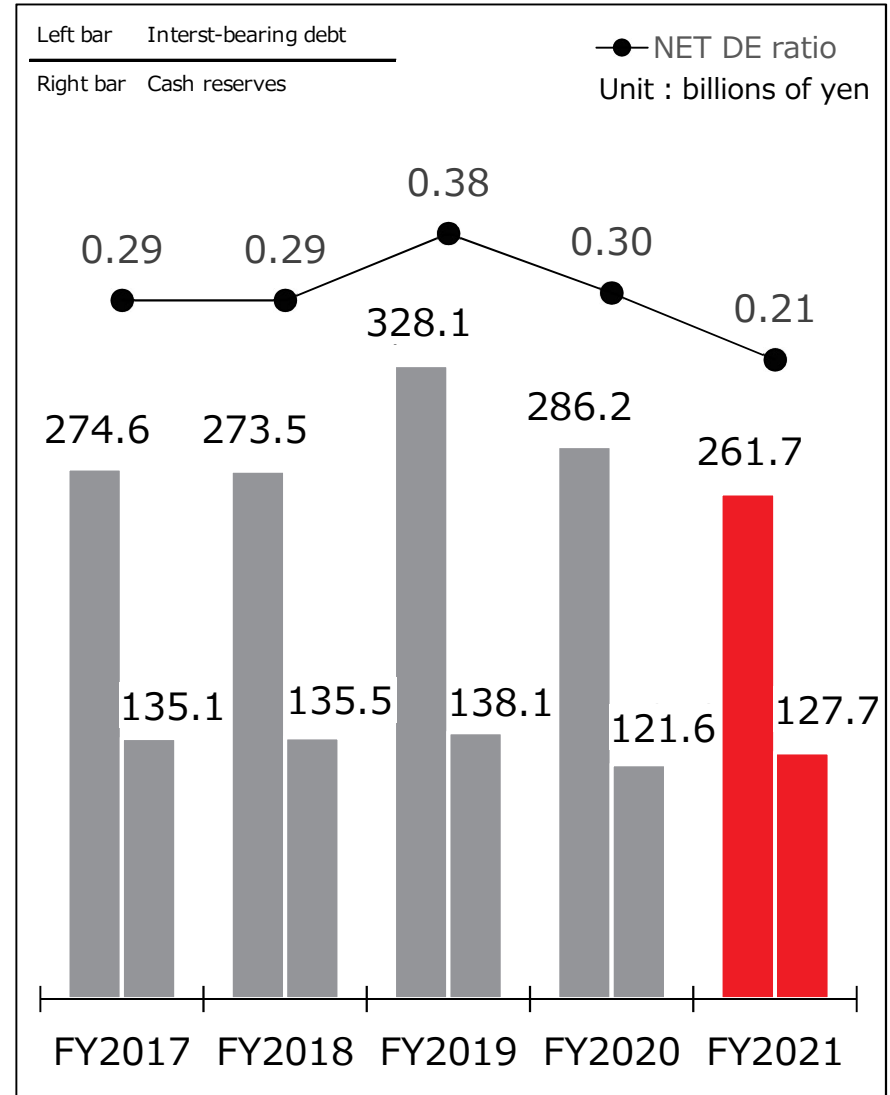
Inventory / Interest-bearing debt / Cash on hand



## Inventory



## bearing debt / cash on hand



## 2-1 ) Consolidated Statements of Financial Position **JTEKT**

### assets

Unit : billion of yen

Assets	21/3	22/3	Increase / decrease
Cash and cash equivalents	118.6	124.2	+5.6
Trade and other receivables	290.5	319.0	+28.5
Inventories	182.8	229.0	+46.2
Other current assets	8.5	13.0	+4.5
Property, plant and equipment	463.3	460.0	-3.3
Other non-current assets	227.3	240.9	+13.6
<b>Total assets</b>	1,291.3	1,386.4	+951.0

### Debt / capital

Unit : billion of yen

Liabilities and equity	21/3	22/3	Increase / decrease
Trade and other payables	286.6	317.6	+31.0
Interest-Bearing Debt	286.2	261.7	-24.4
Other current liabilities	18.8	31.3	+12.5
Other non-current liabilities	114.5	115.2	+0.7
owned capital	550.9	624.0	+73.1
Non-controlling interests	34.1	36.4	+2.2
<b>Total liabilities and equity</b>	1,291.3	1,386.4	+95.1

## 2 -2 ) Consolidated Statements of Income / Consolidated cash flow statement



### Consolidated income statement

Unit : billion of yen

	21/3	22/3	Increase / decrease
Sales revenue	1,246.2	1,428.4	+182.1
Business profit	15.9	42.3	+26.4
Other income Finance costs	-2.9	-5.9	-2.9
Finance income Finance consts	2.4	7.5	+5.1
Income tax expenses	-12.1	-20.3	-8.1
Owners of the parent company	-2.4	-2.9	-0.5
<b>Profit(loss) for the year attributable to</b>	0.8	20.6	+19.8

### Consolidated cash flow statement

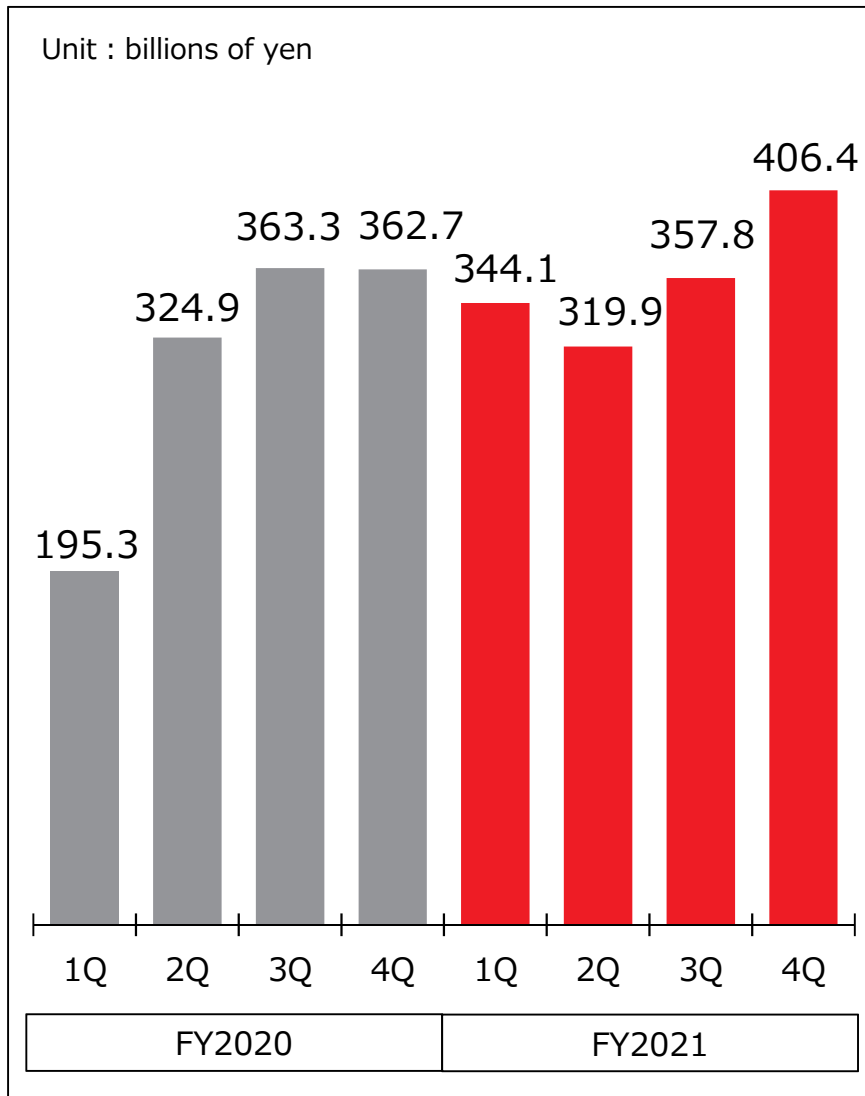
Unit : billion of yen

	21/3	22/3	Increase / decrease
Cash flows from operating activities	91.7	67.0	-24.7
Cash flows from investing activities	-52.5	-25.2	+27.2
Free cash flow	39.2	41.7	+2.5
Cash flows from financing	-57.9	-43.5	+14.4
Effect of exchange rate change	2.5	7.5	+5.0
Net increase (decrease) in cash and cash	-16.1	5.8	+22.0
<b>Cash and cash equivalents</b>	118.6	124.2	+5.6

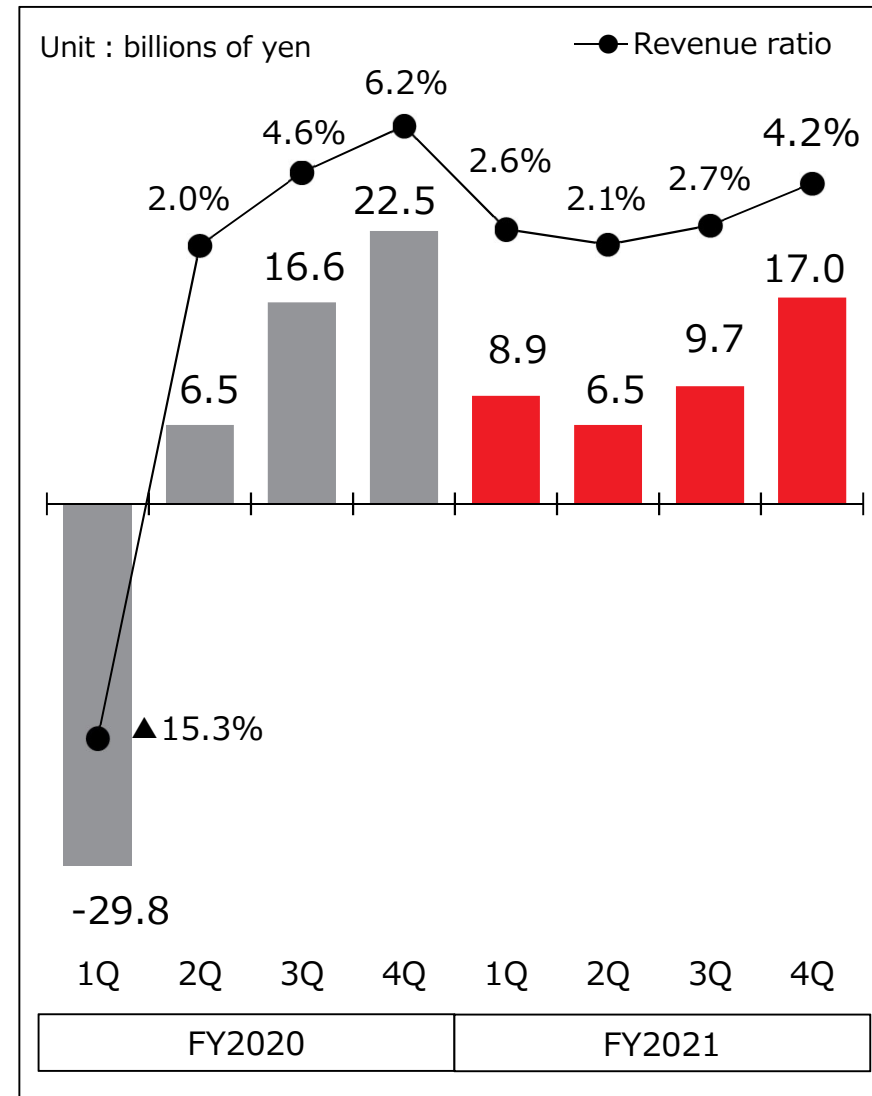
# 3-1 ) Performance trends



## Revenue



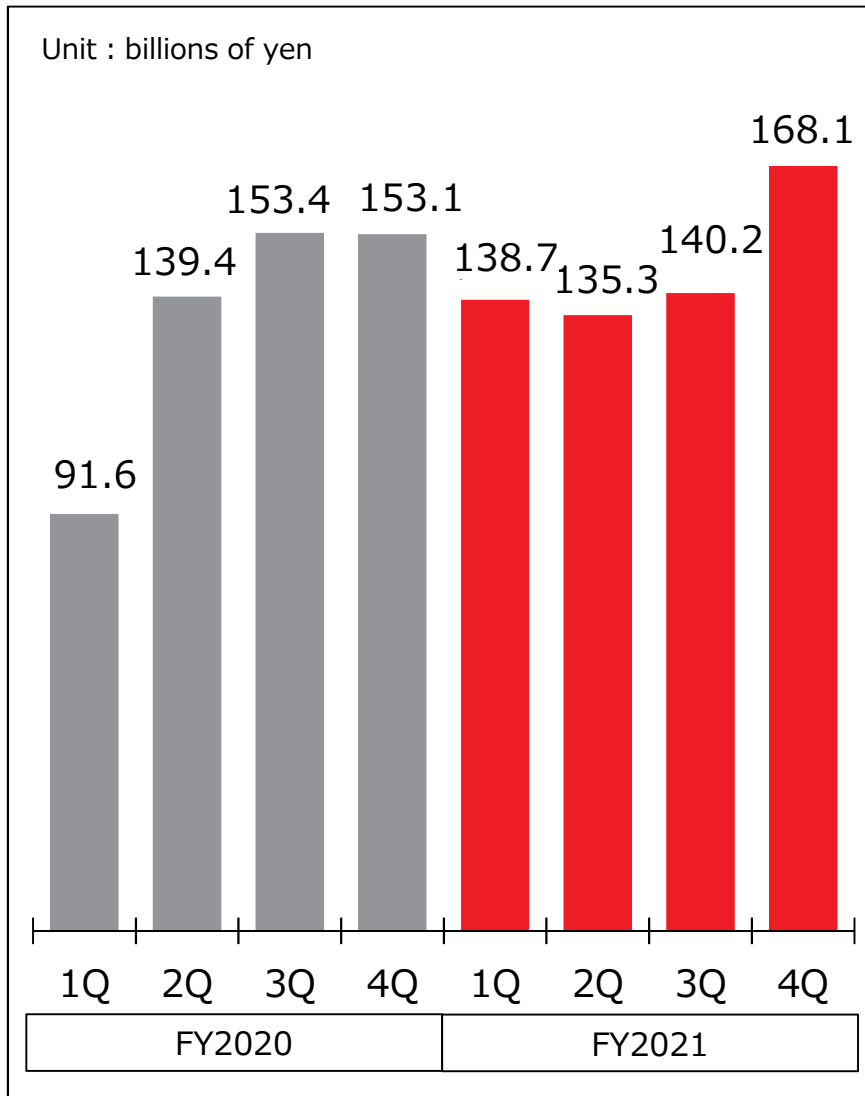
## Business profit



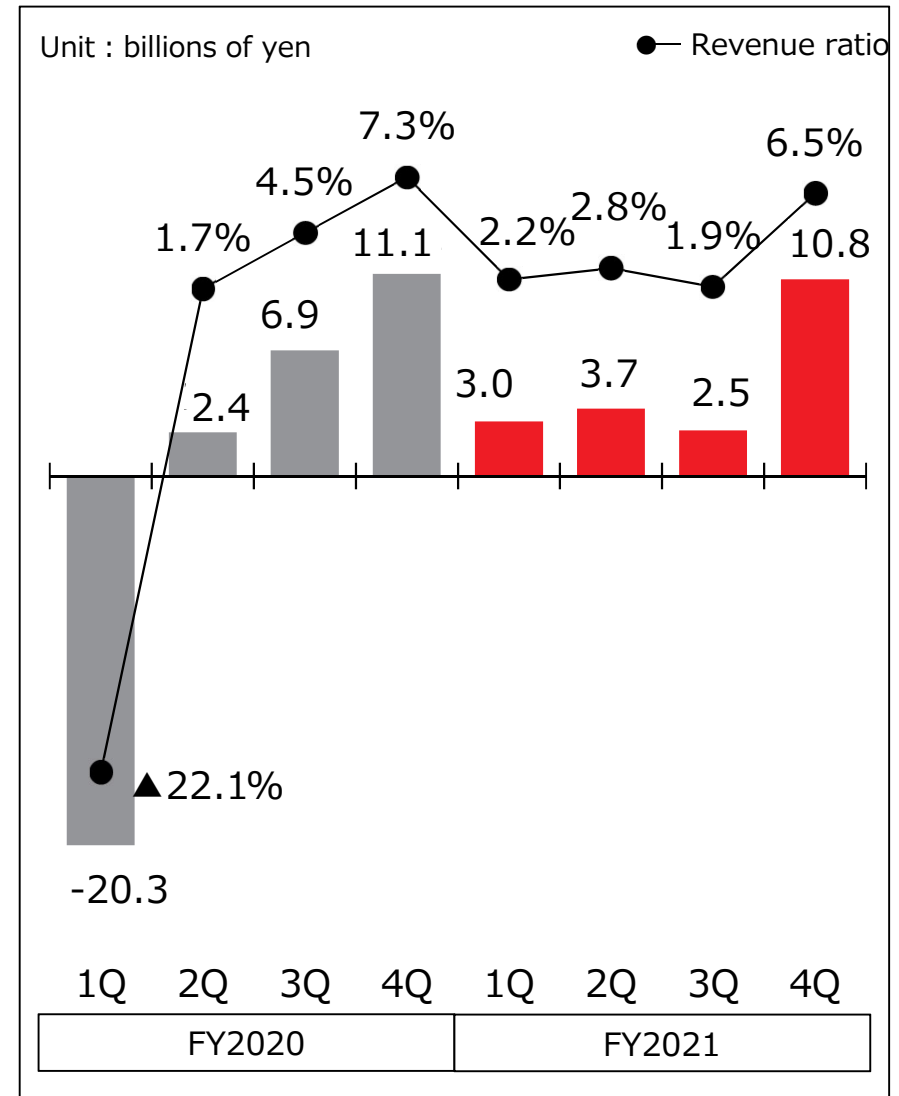
# 3-2 ) Performance Trends-Japan



### Revenue



### Business profit

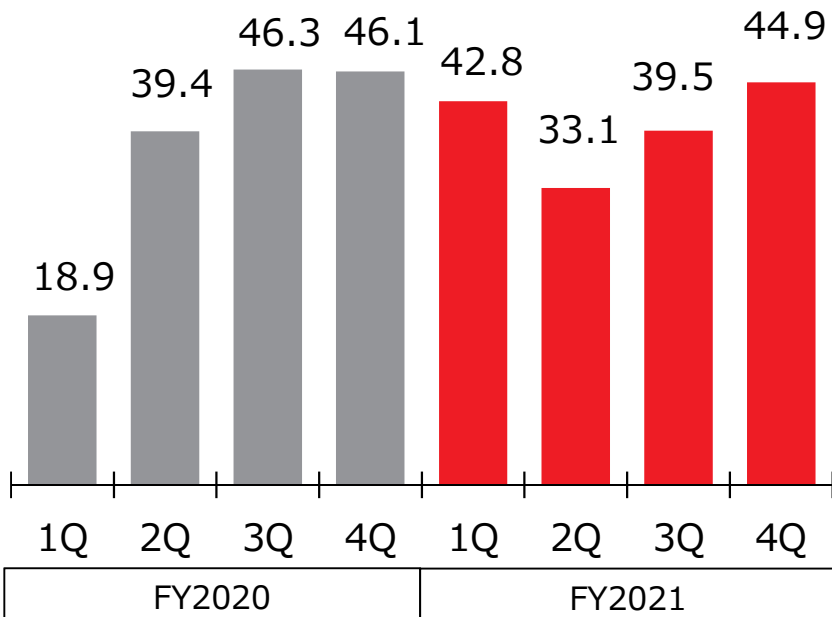


# 3-3 ) Performance Trends-Europe



## Revenue

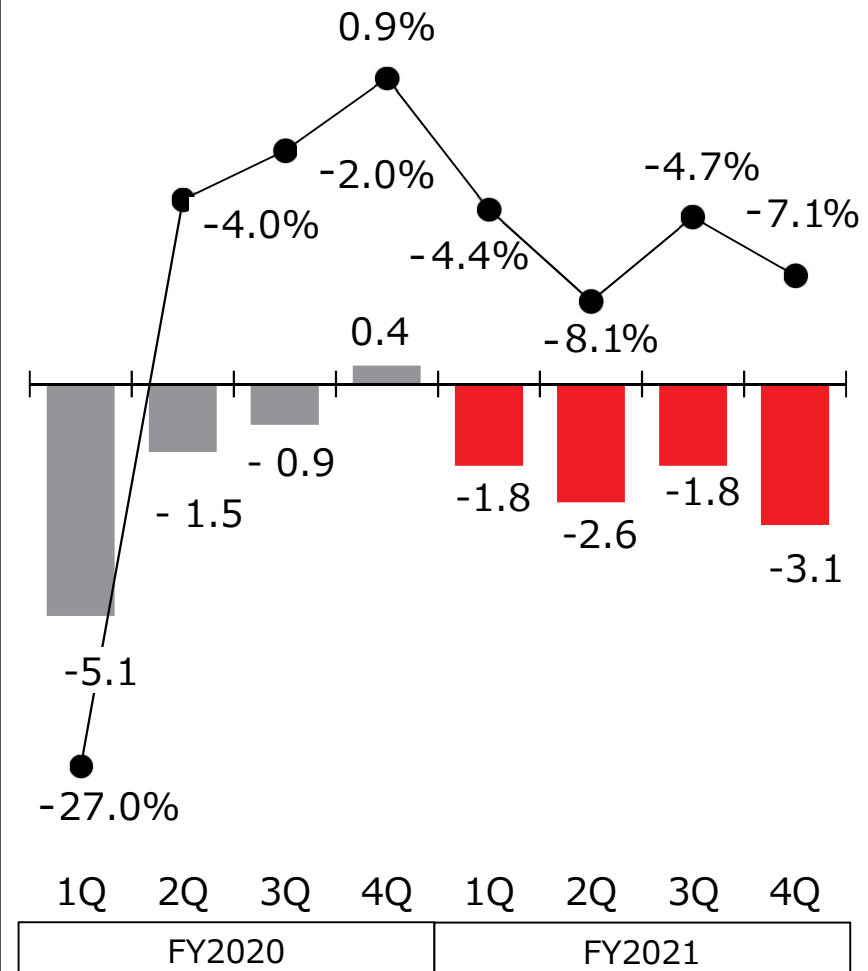
Unit : billions of yen



## Business profit

Unit : billions of yen

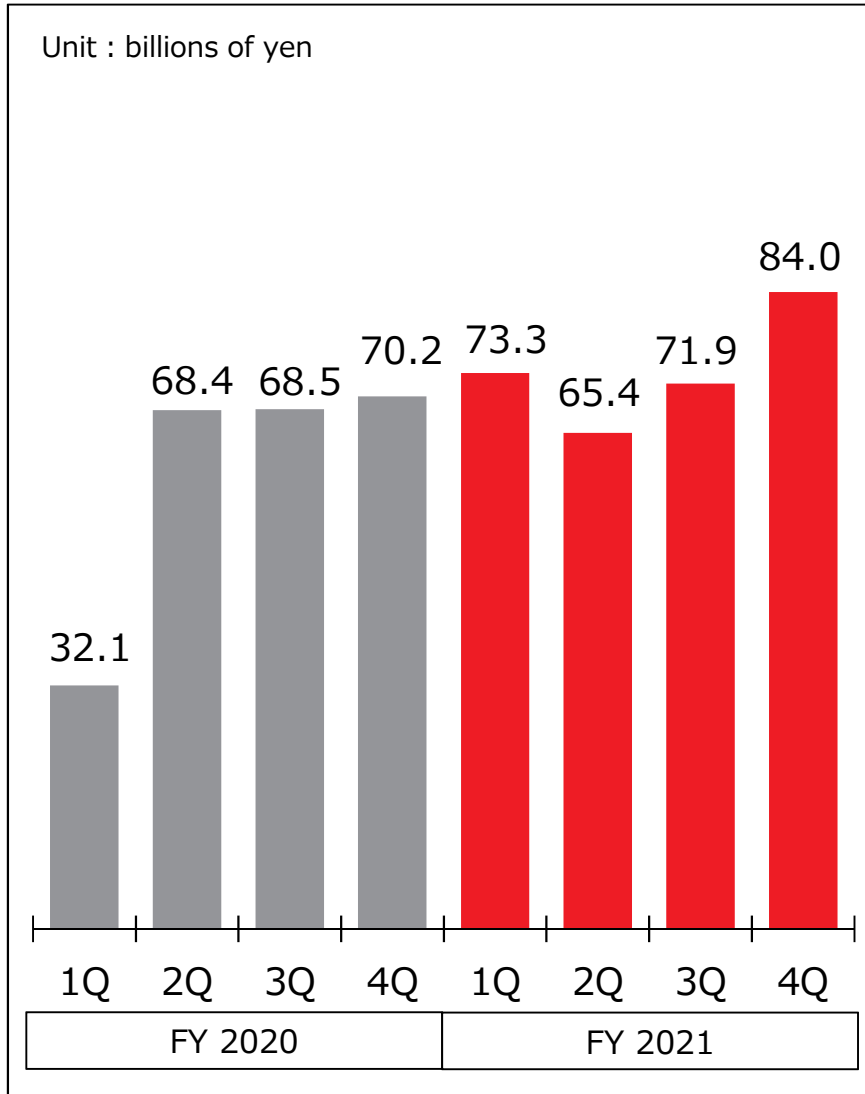
● Revenue ratio



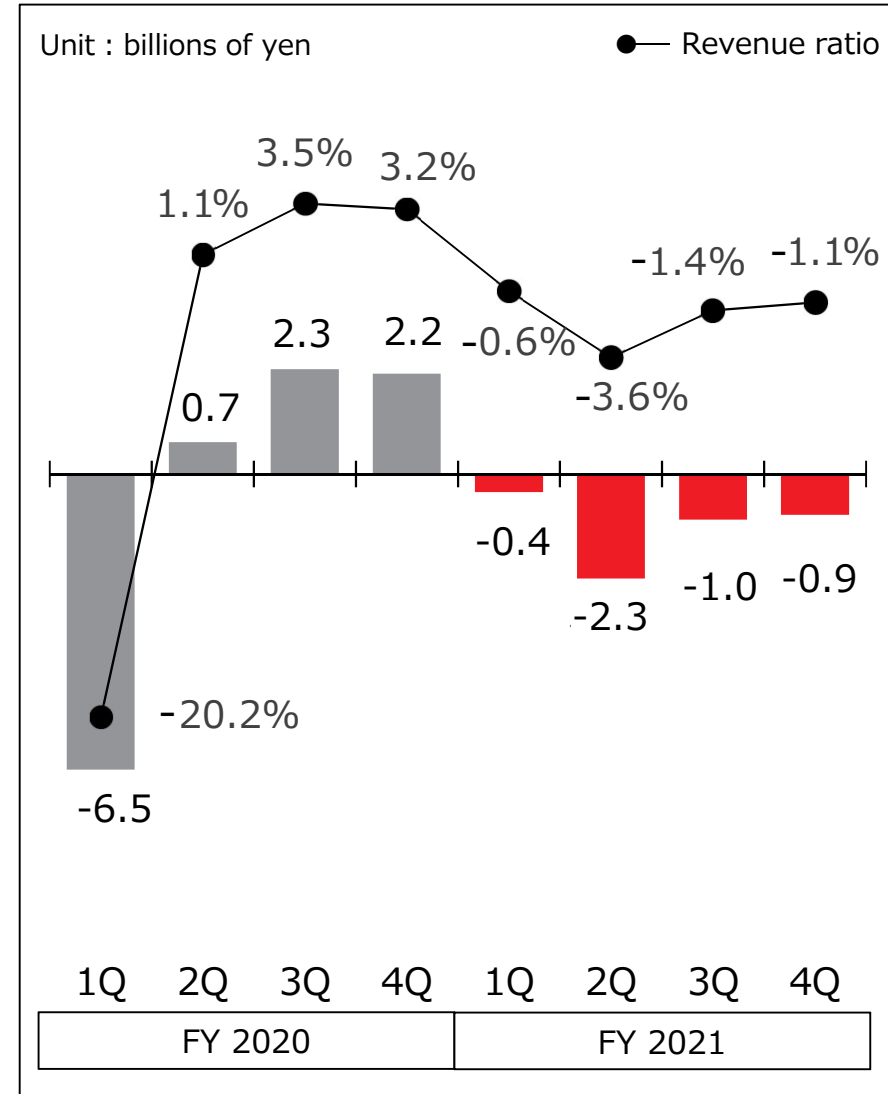
# 3-4 ) Performance Trends- North America



## Revenue



## Business profit



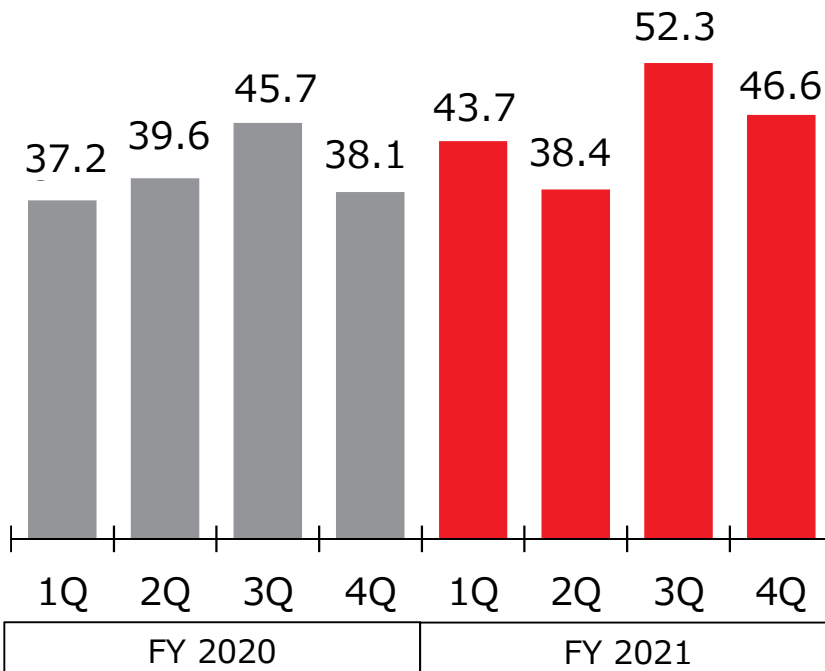


# 3-5 ) Performance Trends-China



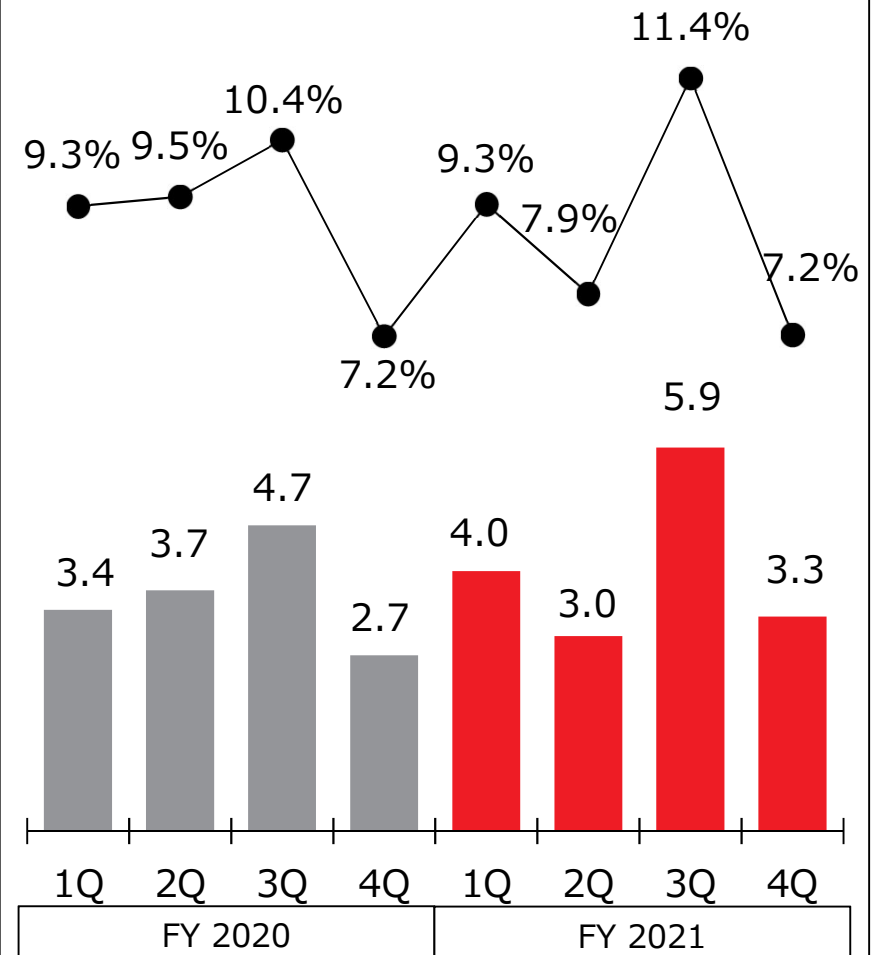
## Revenue

Unit : billions of yen



## Business profit

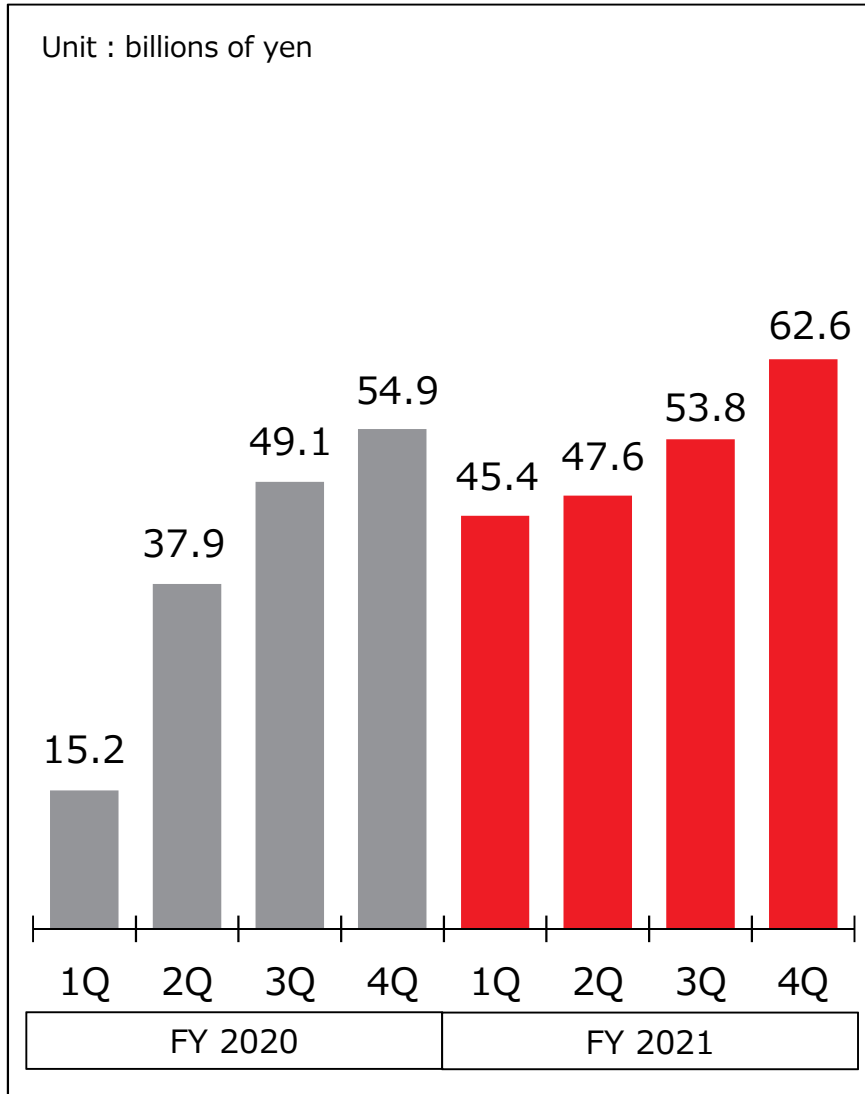
Unit : billions of yen



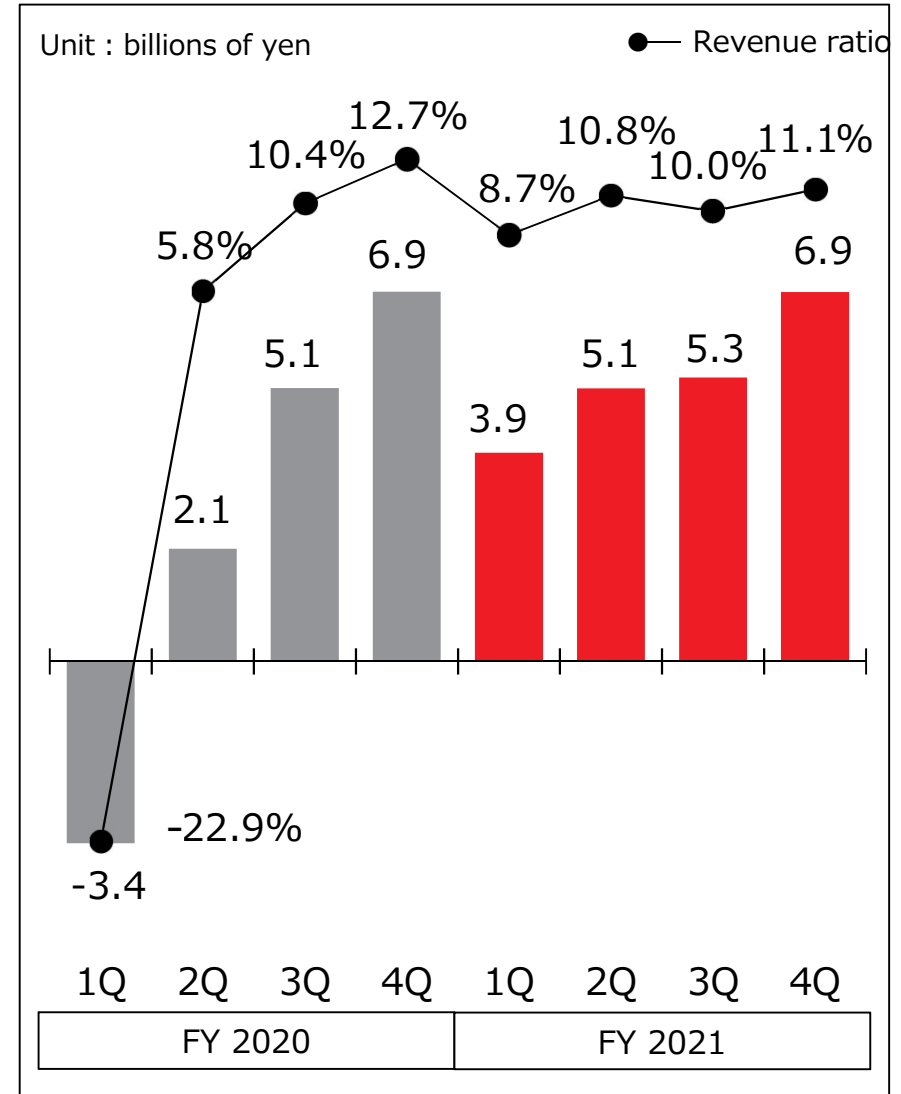
# 3-6 ) Performance Trends-Asia , etc.



## Revenue



## Business profit

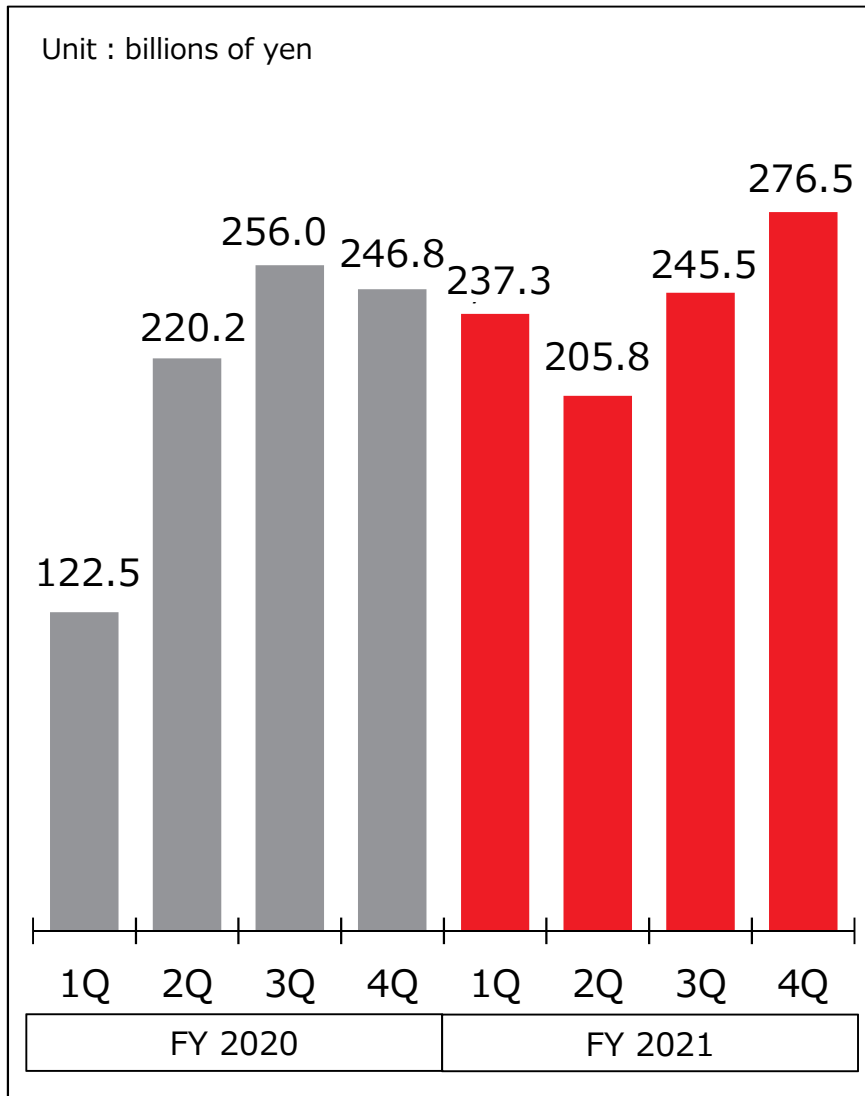


# 3-7 ) Performance Trends -Automobile

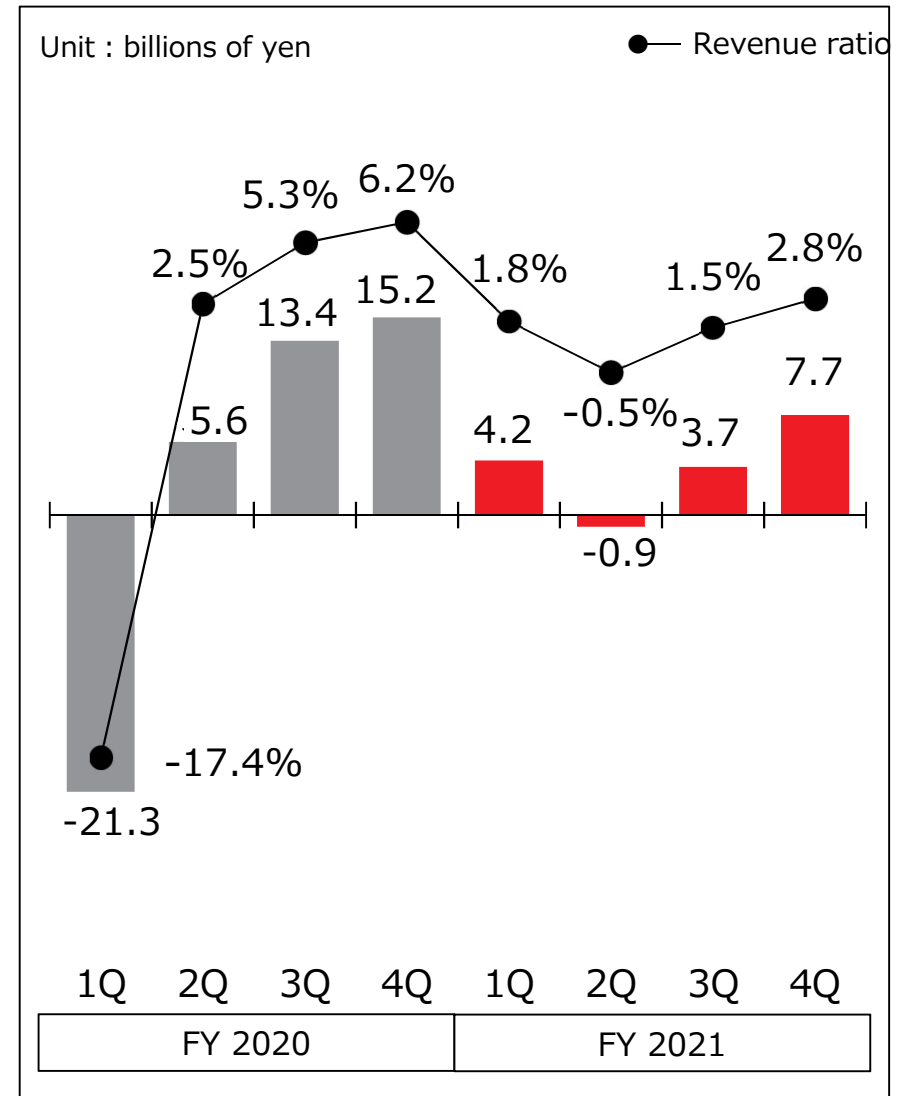
( Steering + Drivelines )



## Revenue

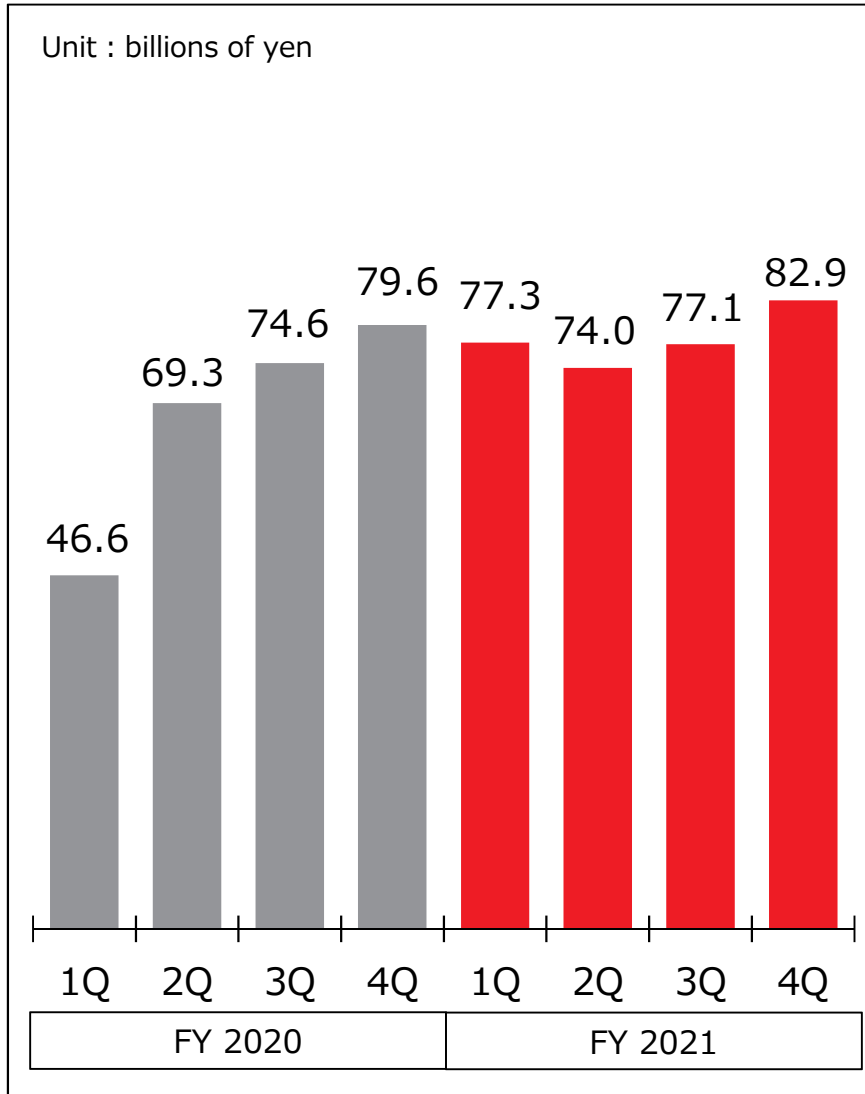


## Business profit

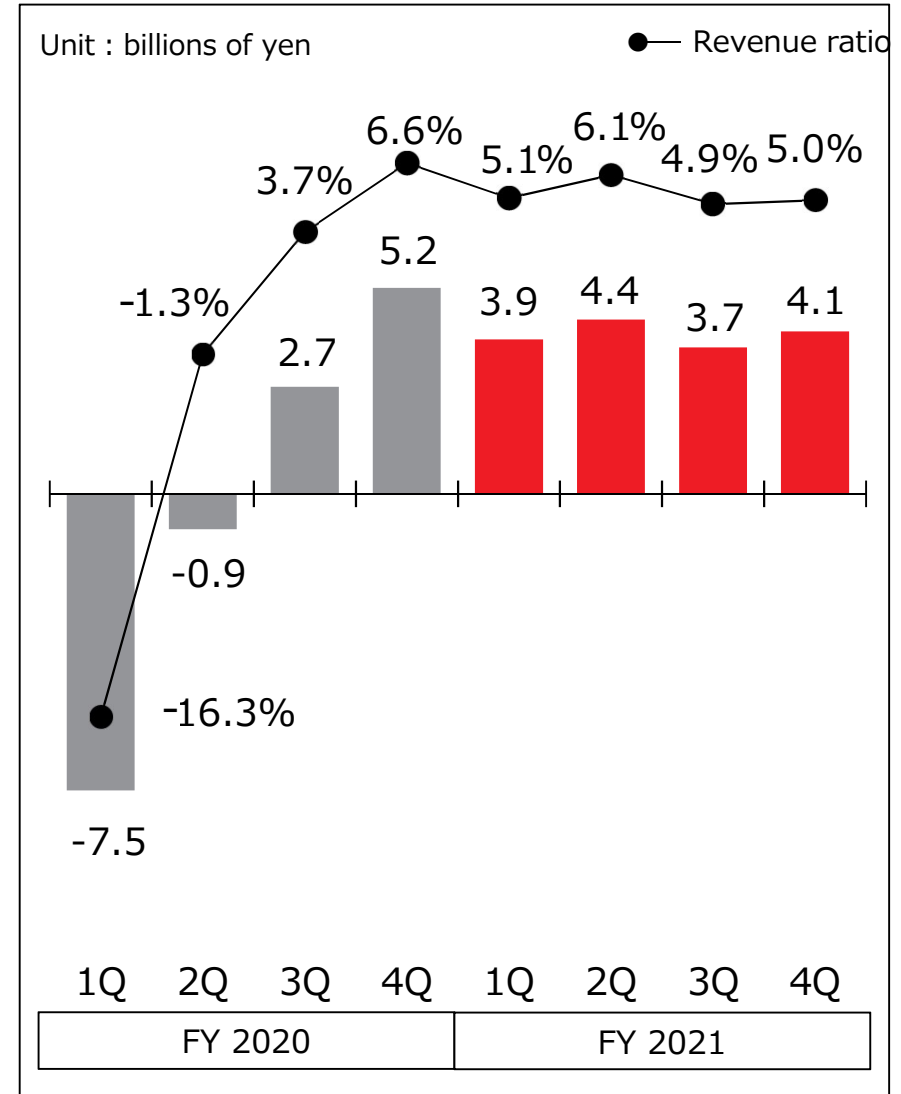


# 3-8 ) Performance Trends -Industrial Machinery/Bearings **JTEKT**

## Revenue



## Business profit

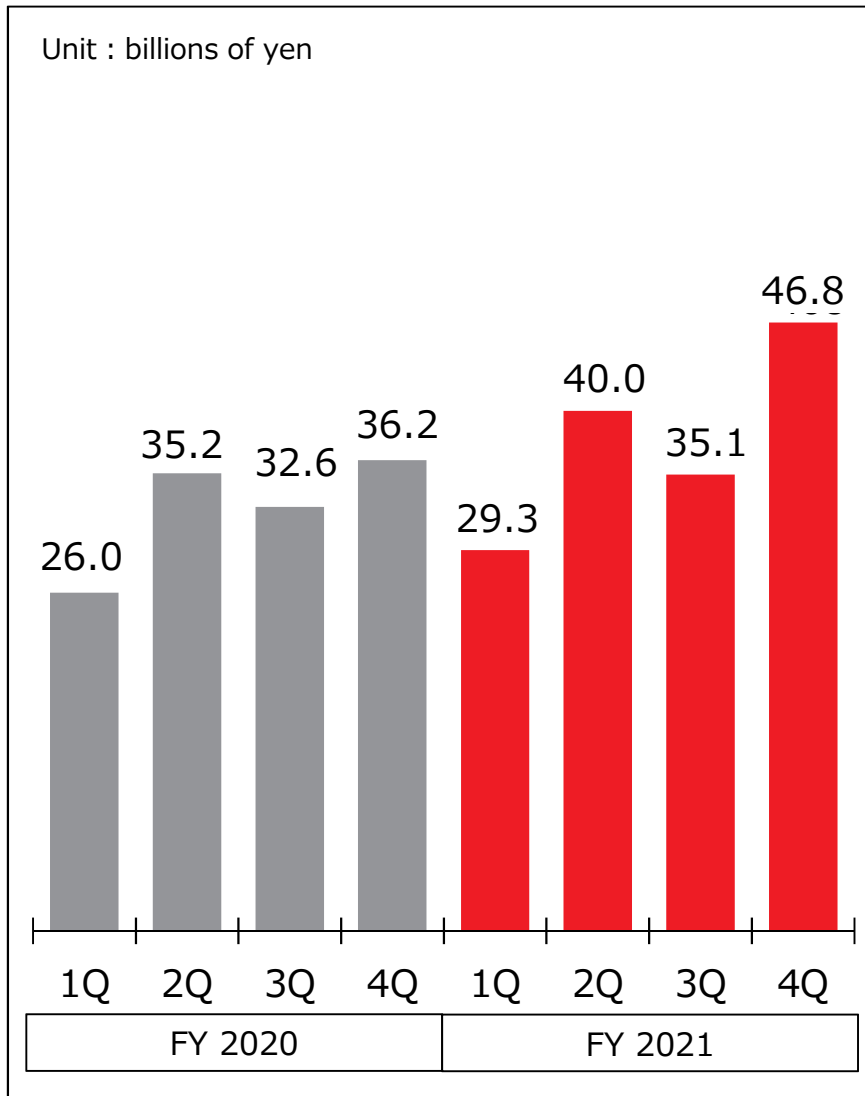


# 3-9 ) Performance Trends -Machine Tools

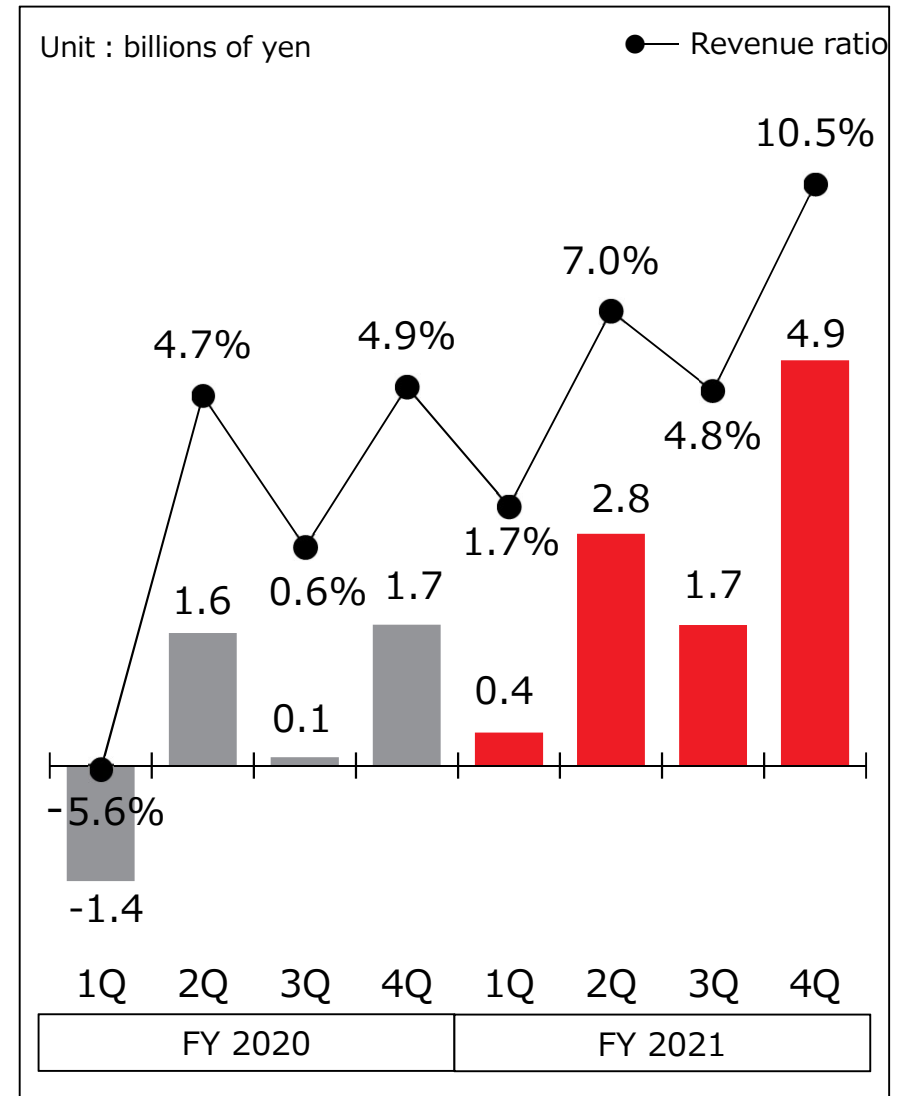
( Machine Tools + Others )



## Revenue



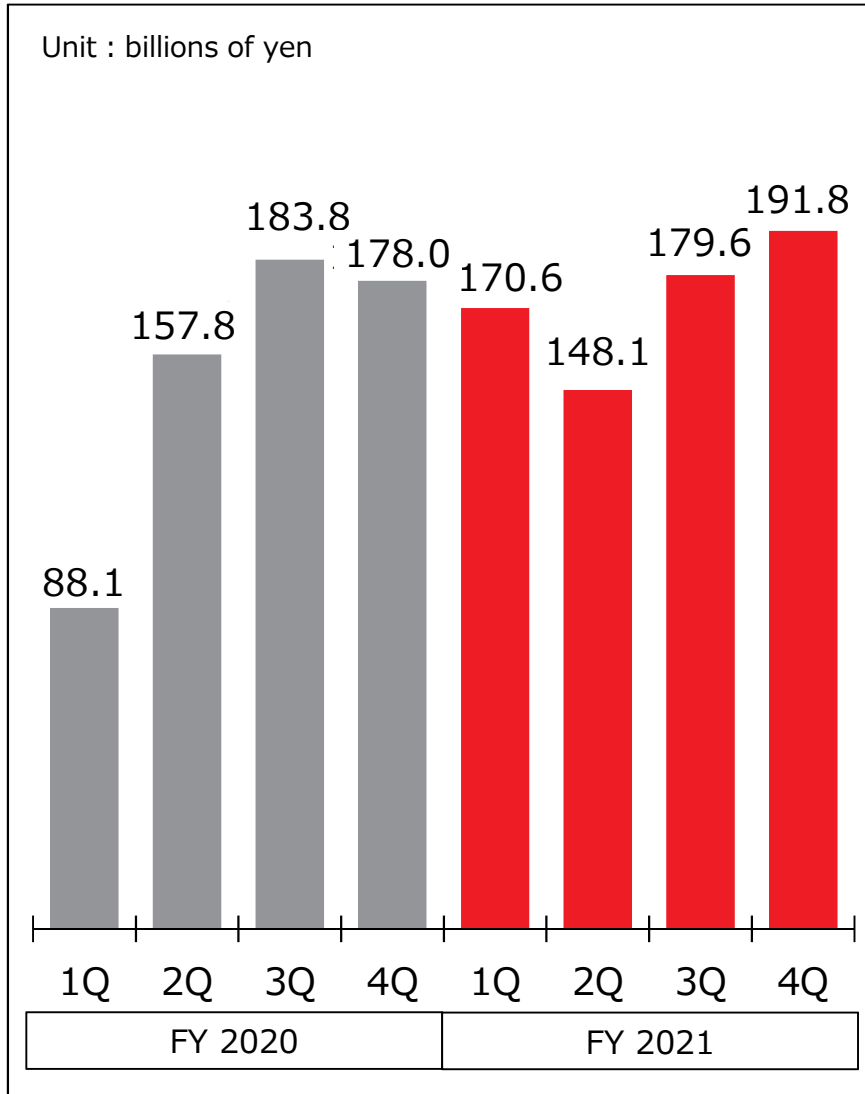
## Business profit



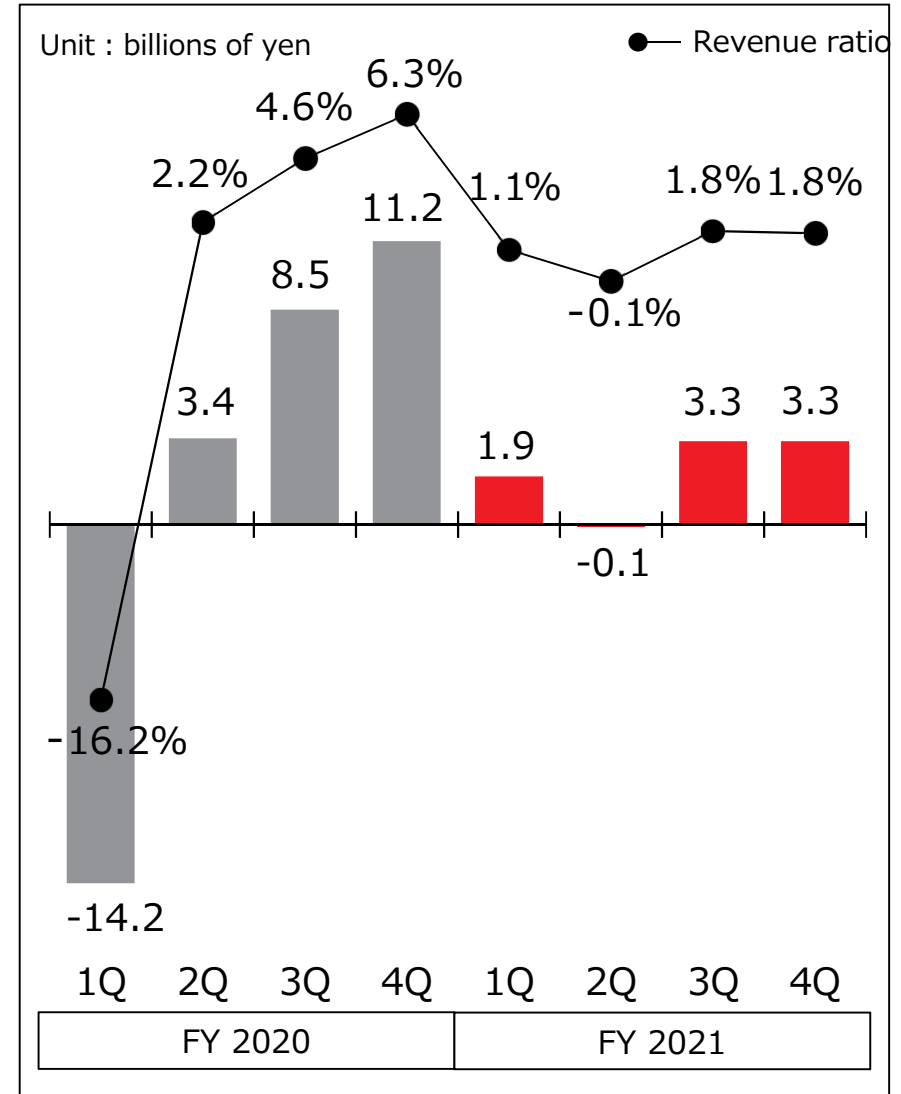
# 3-10 ) Performance Trends-Steering



## Revenue



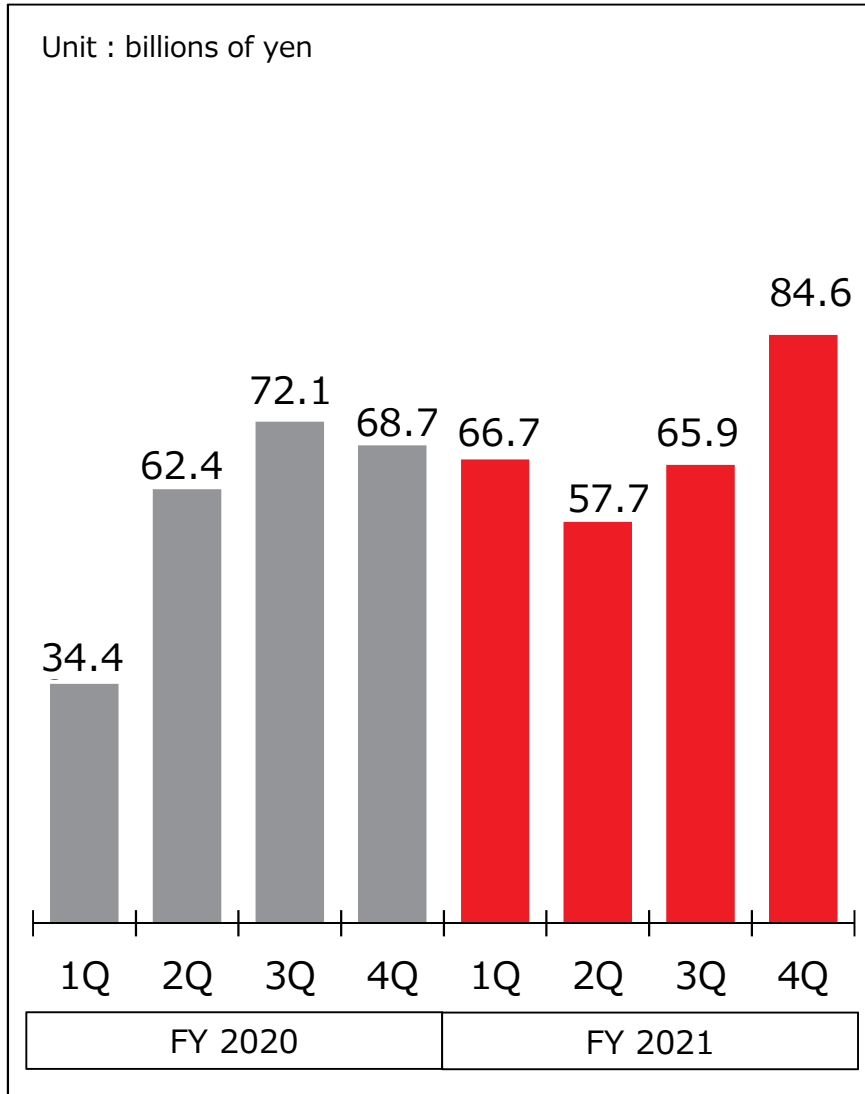
## Business profit



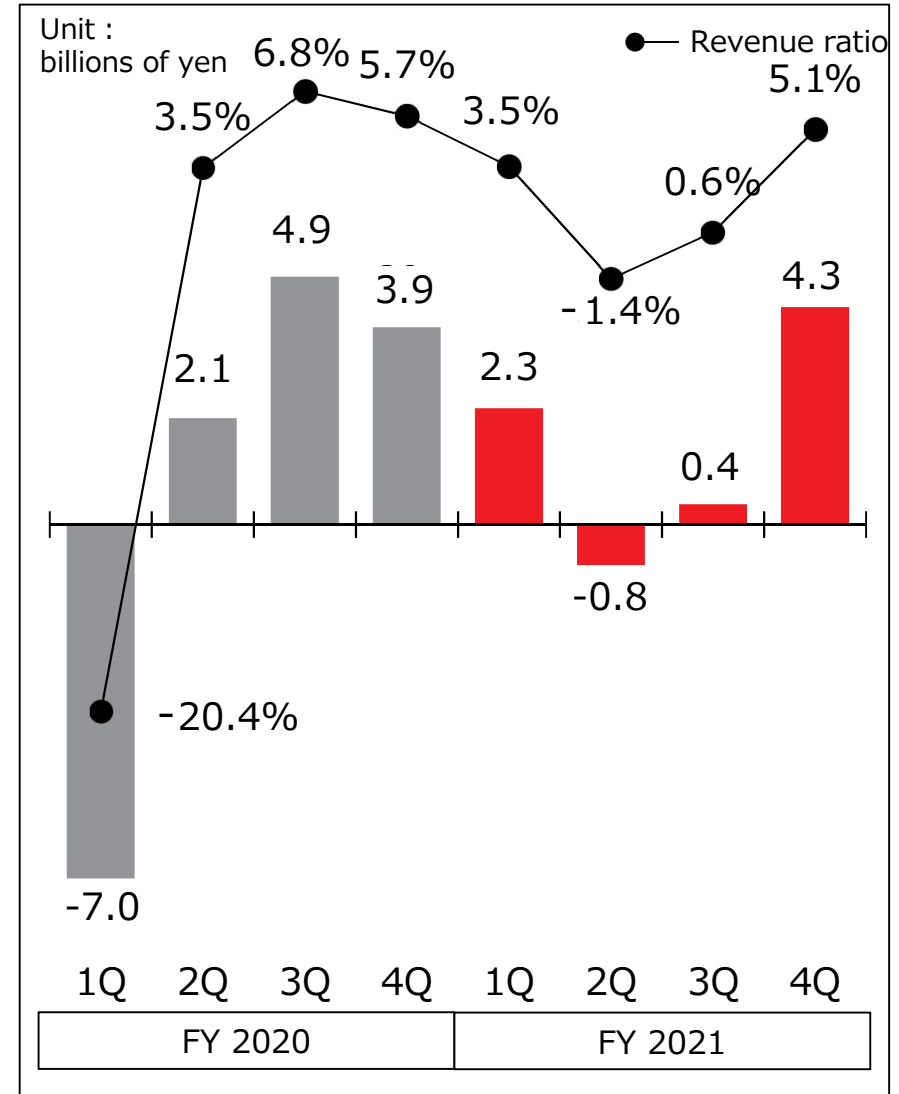
# 3-11 ) Performance Trend - Drivelines



## Revenue



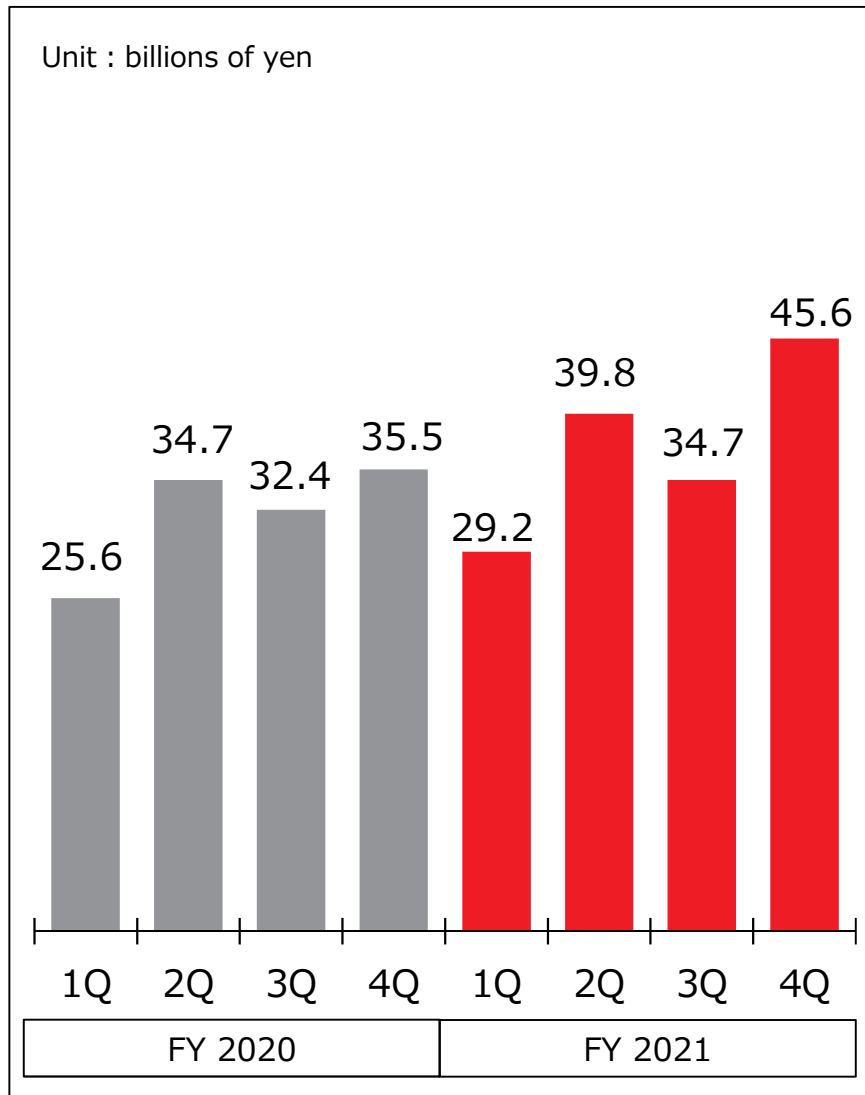
## Business profit



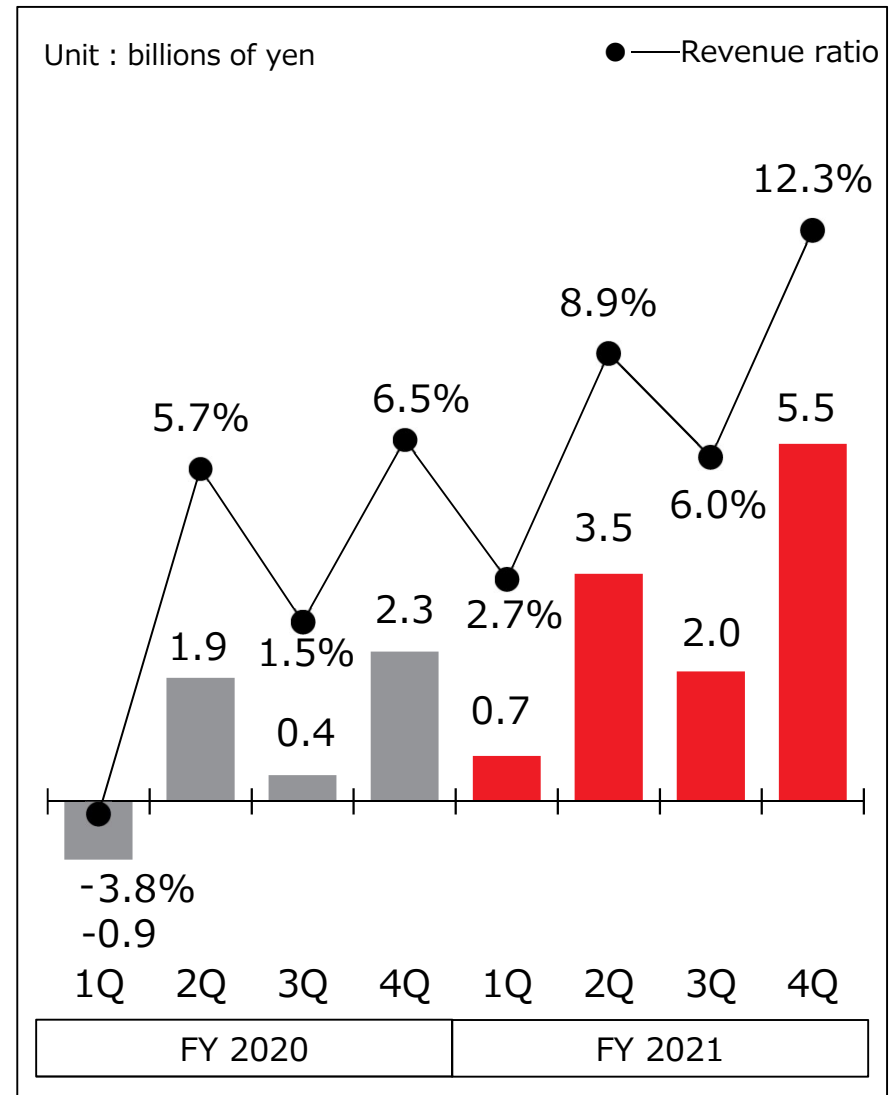
# 3-12 ) Performance Trends-Machine Tools ( Excluding Others )



## Revenue



## Business profit



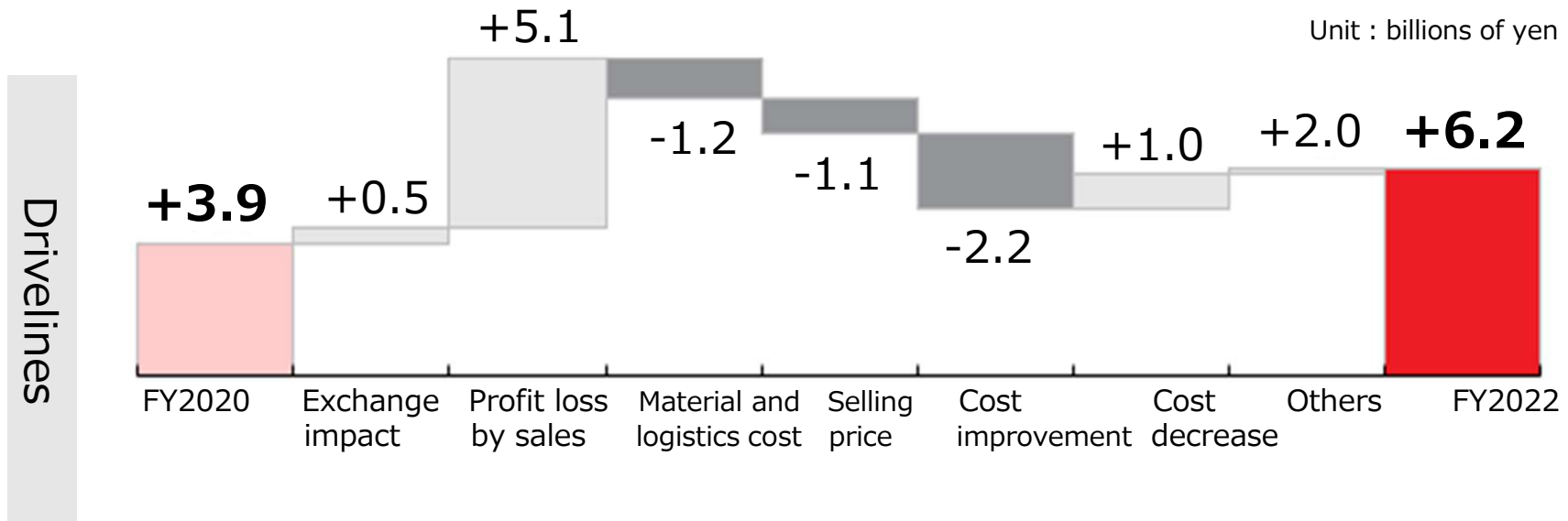
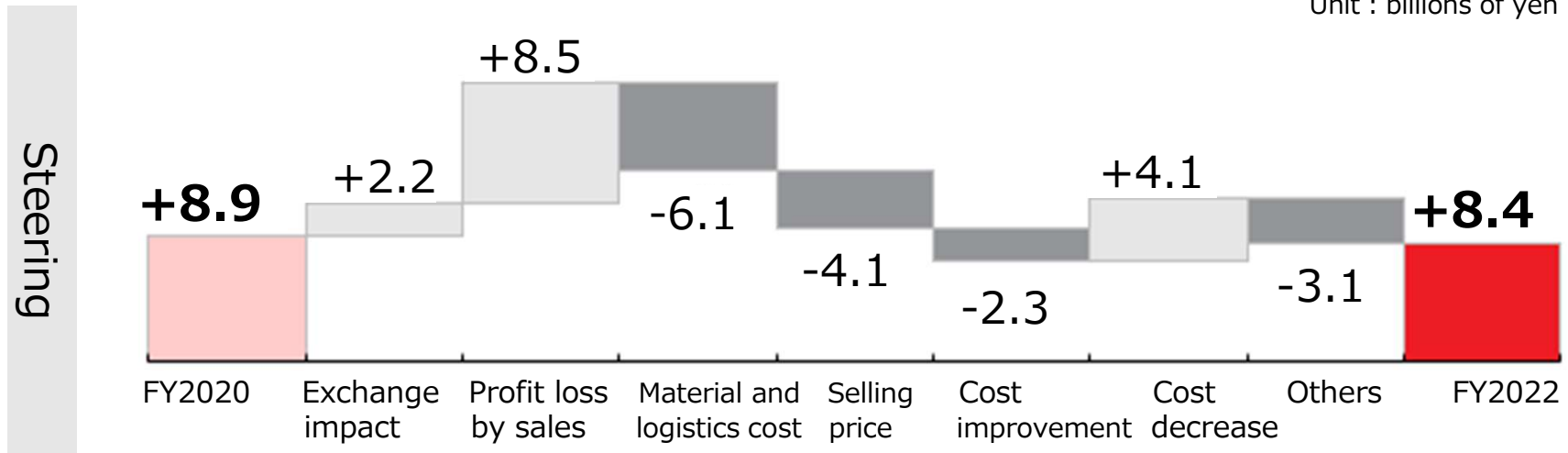


# 4-1 ) Business profit increase / decrease analysis

- By business (steering / drivelines)

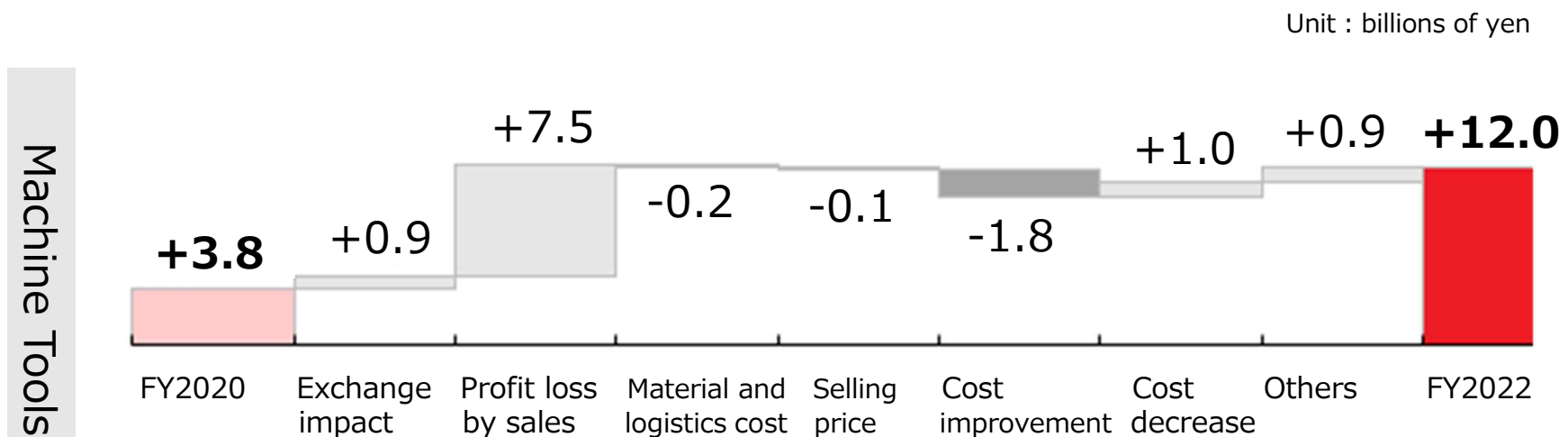
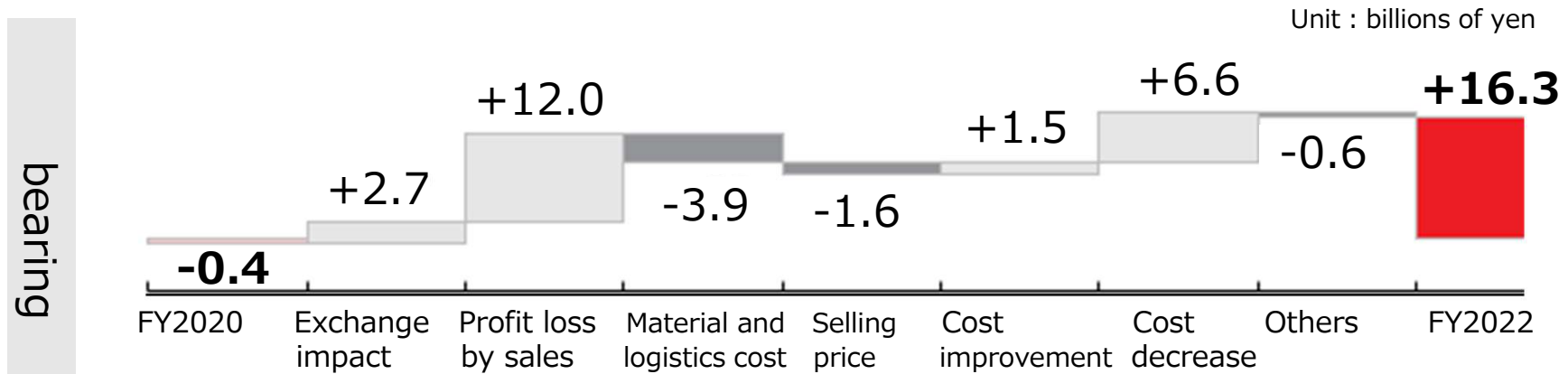


Unit : billions of yen

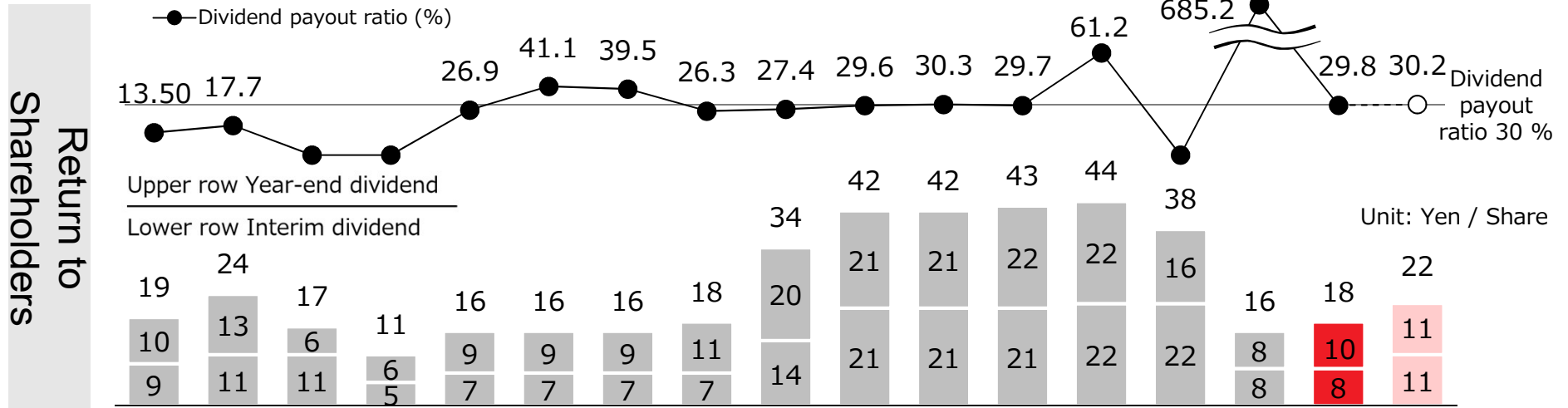


# 4-2 ) Analysis of increase / decrease in business profit **JTEKT**

- By business ( bearing / machine tool )

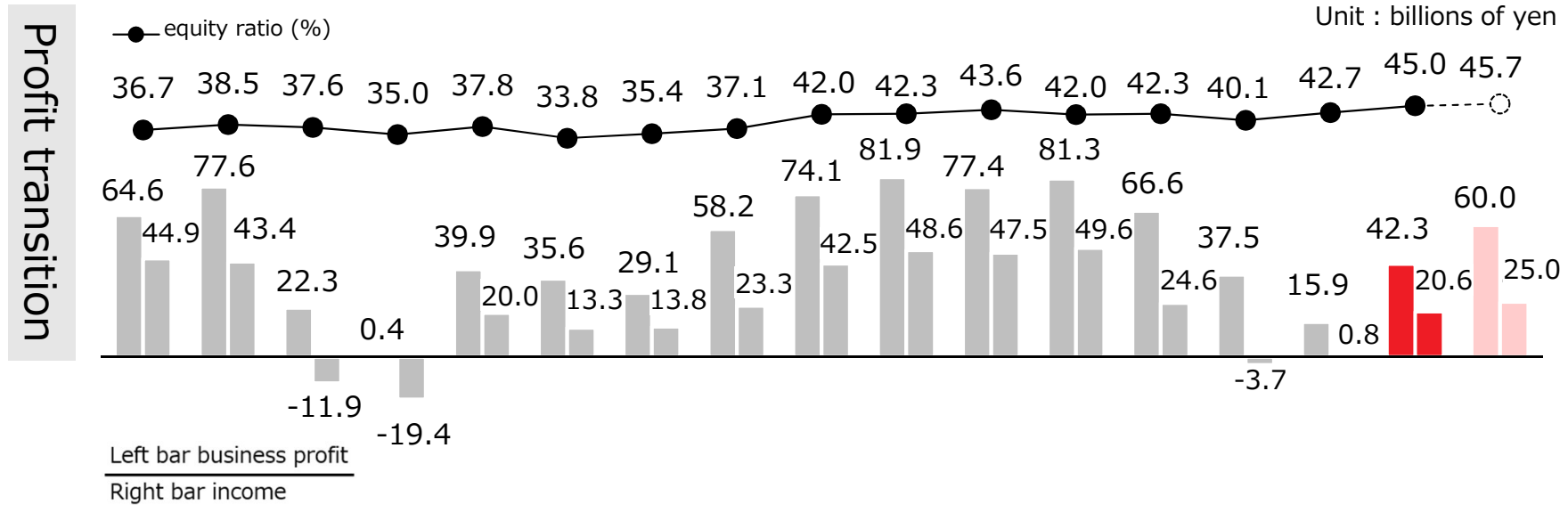


# 5 ) Return to Shareholders



| FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |

merger                      Lehman shock                      Great East Japan Earthquake                      Coronavirus                      ( Forecast )





[ Note on forward-looking statements]

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This report contains forward-looking statements pertaining to future plans and strategies. These forward-looking statements include risks, uncertainties and other factors, and actual results and business results may differ from those stated.