

Q2 Financial Results Briefing for the Fiscal Year Ending March 2021

Q & A summary

《2Q Results》

Q : Could you explain about the sales of the TPMS for Q2 in China?

A : TPMS is mainly targeting Toyota, and Toyota's production in China has almost recovered. We categorize TPMS as Tire Valve Business. Sales in the Valve Business fell in the second quarter as a whole, but we were able to achieve the sales of TPMS almost the same level as the same period of the previous fiscal year.

《Earnings forecast for the second half》

Q : Could you tell us what image we should have when looking at the Stamping Business for the second half of the year. I would like you to tell us if you have any internal views as a suggestion for the next term.

A : Regarding Toyota's automobile production volume, the estimated figure we announced this time is 1.25 million units in the first half and 1.65 million units in the second half, and 2.9 million units annually. Due to the coronavirus situation in the first half of the fiscal year, it would be reasonable to think that about five days are incorporated in the numbers of working on the holidays to recover the production in the second half of the fiscal year. After FY2021, there is still no sufficient information. If we keep the same level of the second half of the fiscal year with 1.65 million units even after next year, it will be 3.3 million units per year, but it is still questionable whether or not it will recover to that point.

Q : Regarding the Valve Business, I would like to ask you whether the recovery in TPMS and other Valve Businesses is coming through to the third and fourth quarters.

A : Regarding the Valve Business, it has largely recovered in the second quarter, and China is recovering in particular. The TPMS market is targeting the United States and China, and as a result, in the second quarter, we were able to record sales which is almost the same level as the previous fiscal year. The other Tire Valve Business and Control Equipment Businesses are still negative YoY, but in the entire valve product business including TPMS, we assume that they will recover in the third quarter and the fourth quarter. In terms of profit margins, TPMS are slightly higher in the Valve Business, which has the effect of boosting the profit margins of the Valve Business as a whole.

《TPMS for Aftermarket》

Q : I heard that the launch of TPMS for aftermarket was in November 2020. What is the market potential and what amount of sales can you expect?

A : I think that the market for the aftermarket of TPMS in the United States is in the range of 10 million to 15 million pieces per year . As product development has progressed smoothly, we are ready for sell now. Currently, due to the coronavirus crisis, we are in a situation where sales promotion is very difficult. Therefore, we could not set the ideal number of sales. We would like to make sales objective while watching local sales trends.

Q : Could you explain sales channels for aftermarket in detail?

A : We are proposing products to a brick-and-mortar venue, such as local whole-sellers and auto parts stores. We have also created a website and prepare to sell our products.