

Research on the settlement of account of JAPIA member companies in FY 2016 (Summary version)

Japan Auto Parts Industries Association (JAPIA)

* The results and numerical data before FY 2015 are released only in Japanese. Please see the website in Japanese.

The Japan Auto Parts Industries Association(JAPIA) researched and analyzed the management trends of 79 companies among 440 member companies (as of May1, 2017) in FY 2016 (April - March) by each company's consolidated financial summary report (In case that companies don't conduct consolidated account settlements, unconsolidated account was adopted). The research target were the member companies which had a ratio of sales of automotive parts at 50% or more and automotive parts specialized members. For your reference, ten-member companies were applying International Financial Reporting Standards (IFRS) (40.1% of net sales in total).

◆ Economic situation

The Japanese economy in FY2006 was in a trend of recovery in personal consumption and exports with an improvement in employment and income environment, although there were unstable factors such as a feeling of stagnation in capital investment, exchange rate and stock prices.

As for the global economy, in the United States, the economic recovery continued in response to an increase in personal consumption and a recovery in capital investment, and the policy interest rate was also raised. In China, there was a concern of economic slowdown, but it picked up again due to policy effects etc. In Europe, there was also an unstable factor such as the UK's withdrawal from EU etc., but gradual recovery continued and overall it remained steady.

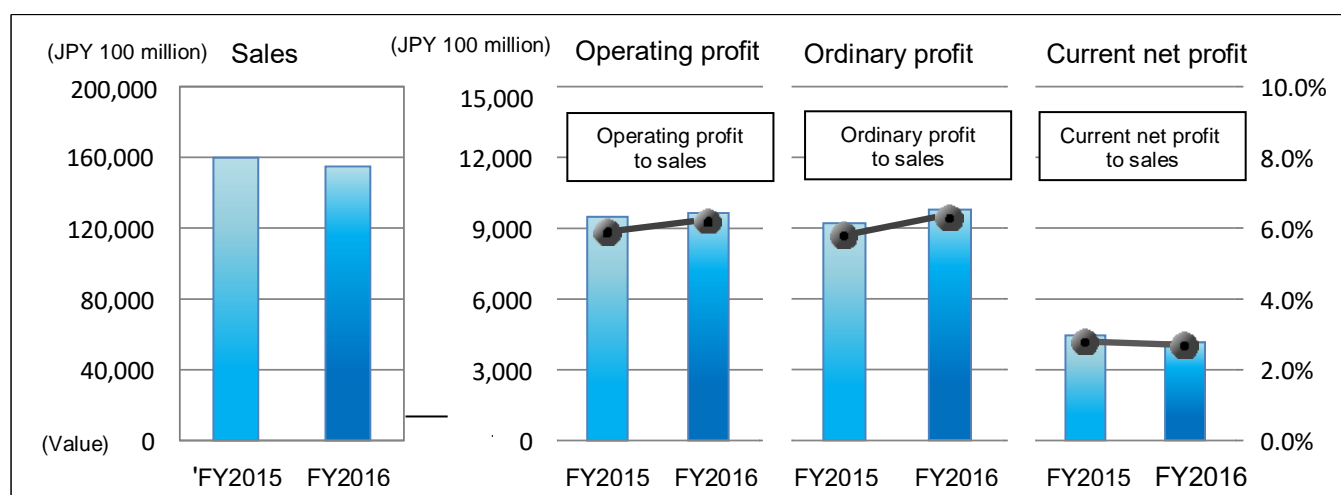
In the financial market, the exchange rate of JPY to US\$ soared from 112 Y/D to 100 Y/D in the first half of the fiscal year. After November, JPY depreciated and by the end of December it became 117 Y/D. After January, JPY appreciated again to the 111 Y/D yen level.

- ◆ The results of the settlement and accounts of 79 member companies mentioned above are as follows:

1) 69 companies applying Japanese standard

(Unit: JPY 100 million)

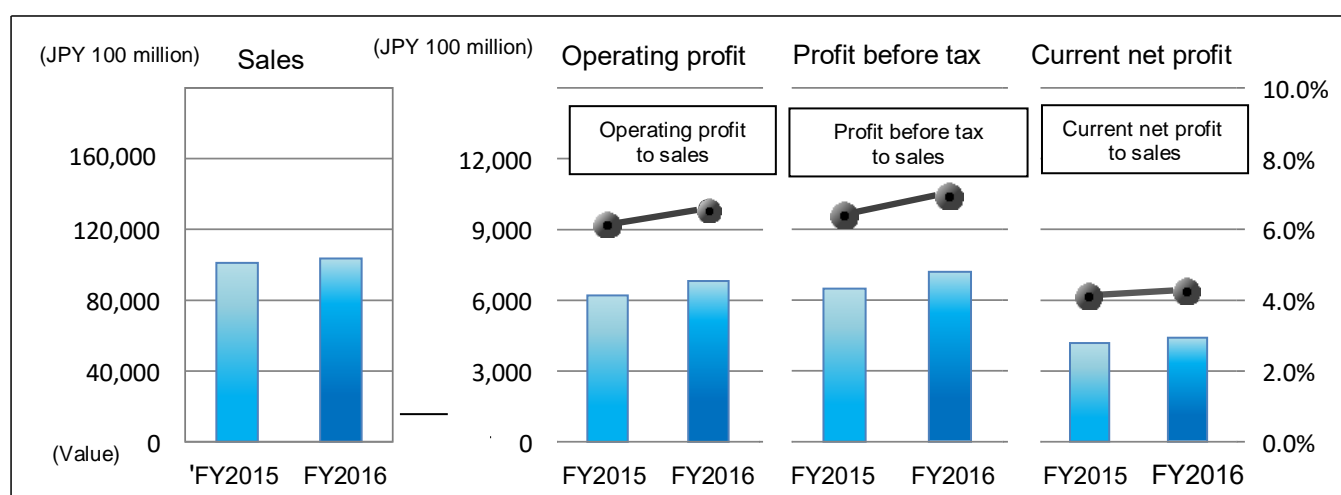
	FY 2015	FY 2016	Deference FY 2016-FY 2015	Ratio FY 2016 to FY 2015
Sales	159,900	154,934	-4,966	-3.1 %
Operating profit	9,488	9,643	155	1.6 %
Operating profit to sales	5.9 %	6.2 %	0.3 pt	-
Ordinary profit	9,205	9,783	578	6.3 %
Ordinary profit to sales	5.8 %	6.3 %	0.5 pt	-
Current net profit	4,455	4,164	-291	-6.5 %
Net profit to sales	2.8 %	2.7 %	-0.1 pt	-



2) 10 companies applying IFRS

(Unit: JPY 100 million)

	FY 2015	FY 2016	Deference FY 2016-FY 2015	Ratio FY 2016 to FY 2015
Sales	101,093	103,598	2,505	2.5 %
Operating profit	6,208	6,819	611	9.8 %
Operating profit to sales	6.1 %	6.6 %	0.5 pt	—
Profit before tax	6,488	7,201	713	11.0 %
Profit before tax to sales	6.4 %	7.0 %	0.6 pt	—
Current net profit	4,182	4,413	231	5.5 %
Net profit to sales	4.1 %	4.3 %	0.2 pt	—



Although there was an increase in demand from strong overseas business, due to the impact of the appreciation of JPY and a decline in demand for micro-cars, net sales decreased 3.1% (increased 2.5% in companies applying IFRS).

Under these circumstances, operating profit was up 1.6%, ordinary income was up 6.3% and net income was down 6.5% to FY 2015 (companies applying IFRS: operating profit up 9.8%, pre-tax profit up 11.0% and current profit up 5.5%).

Analyzing the factors that increase and decrease profitability of each company, factors that contributed to the increase in operating profit are "streamlining efforts", "operating profit margin due to production increase", "improving performance at overseas bases", and "changes in the composition of parts". But for factors for the decline in profits, "the impact of the appreciation of the JPY", "increase in domestic expenses" and "increase in overseas labor costs" are considered.

Regarding the factors that declines ordinary profit, 'occurrence of foreign exchange loss' is cited.

In the earnings structure, although sales have decreased, earnings improvement is seen due to rationalization effects such as cost reduction activities.

The following is the information about 35 companies that describe regional segment information under financial summary reports (of which IFRS companies are 5 and sales ratio is 52.1%) for reference. Increase in income and profit in the domestic market (IFRS companies recorded increase in income and decrease in profit), while decrease in income and increase in profit were recorded in North, Central and South America and Europe, as well as in Asia.

Consumption in China was steady due to the tax reduction for small car sales in China, and in Indonesia, domestic demand was picked up mainly due to the tax incentive system. For Japanese companies, the Asian market continues to be an important source of profit.

Research on the settlement of account by JAPIA member companies in FY 2016(Data version 1)

- Settlement of account of 69 companies applying Japanese standard -

◆ 69 companies applying Japanese standard (same table as that of summary version)

(Unit: JPY 100 million)

	FY 2015	FY 2016	Deference FY 2016-FY 2015	Ratio FY 2016 to FY 2015
Sales	159,900	154,934	-4,966	-3.1 %
Operating profit	9,488	9,643	155	1.6 %
Operating profit to sales	5.9 %	6.2 %	0.3 pt	-
Ordinary profit	9,205	9,783	578	6.3 %
Ordinary profit to sales	5.8 %	6.3 %	0.5 pt	-
Current net profit	4,455	4,164	-291	-6.5 %
Net profit to sales	2.8 %	2.7 %	-0.1 pt	-

◆ (Appendix) Increase and decrease in FY 2016

(Unit: No. of companies)

	Increased	Decreased	Total
Sales	19	50	69
Operating profit	38(0)	31(0)	69(0)
Ordinary profit	39(0)	30(2)	69(2)
Current net profit	44(1)	25(6)	69(7)

* () = No. of companies that settlement is in a deficit.

◆ Trends of sales and operating profit

(Unit: No. of companies)

		Operating profit					
		Increased		Decreased		Total	
Sales	Increased	14	(20.3)	5	(7.2)	19	(27.5)
	Decreased	24	(34.8)	26	(37.7)	50	(72.5)
	Total	38	(55.1)	31	(44.9)	69	(100.0)

* () = Composition ratio(%)

◆ Trends of sales and ordinary profit

(Unit: No. of companies)

		Ordinary profit					
		Increased		Decreased		Total	
Sales	Increased	11	(15.9)	8	(11.6)	19	(27.5)
	Decreased	28	(40.6)	22	(31.9)	50	(72.5)
	Total	39	(56.5)	30	(43.5)	69	(100.0)

* () = Composition ratio(%)

◆ Trends of sales and current net profit

(Unit: No. of companies)

		Current net profit					
		Increased		Decreased		Total	
Sales	Increased	13	(18.8)	6	(8.7)	19	(27.5)
	Decreased	31	(44.9)	19	(27.5)	50	(72.4)
	Total	44	(63.7)	25	(36.2)	69	(100.0)

* () = Composition ratio(%)

◆ Profit structure

	FY 2015		FY 2016				
	Value (JPY 100 million)	Composition ratio(%)	Value (JPY 100 million)	Deference FY2016- FY2015	G. rate(%)	Composition ratio(%)	Deference of composition
Sales	159,900	100.0 %	154,934	-4,966	- 3.1 %	100.0 %	±0.0 %
Sales cost	134,888	84.4 %	129,832	-5,056	- 3.7 %	83.8 %	- 0.6 %
Sales & administrative expenses	15,524	9.7 %	15,459	-65	- 0.2 %	10.0 %	+ 0.3 %
Operating profit	9,488	5.9 %	9,643	155	+ 1.6 %	6.2 %	+ 0.3 %
Nonoperating profit	1,180	0.7 %	1,209	29	+ 2.5 %	0.8 %	+ 0.1 %
Nonoperating expense	1,463	0.8 %	1,069	-394	- 27.3 %	0.7 %	- 0.1 %
Ordinary profit	9,205	5.8 %	9,783	578	+ 6.3 %	6.3 %	+ 0.5 %
Extraordinary profit	648	0.4 %	685	37	+ 5.7 %	0.4 %	± 0.0 %
Extraordinary loss	1,980	1.3 %	2,909	929	+ 55.5 %	1.9 %	+ 0.6 %
Profit before tax	7,873	4.9 %	7,559	-314	- 4.0 %	4.9 %	± 0.0 %
Current net profit	4,455	2.8 %	4,164	-291	- 6.5 %	2.7 %	- 0.1 %

◆ (Reference data) Trends of sales and profit by company location

(Unit: JPY 100 million)

		Sales	G. rate	Operating profit	G. rate	Profit rate	Profit rate In FY 2015
Japan		37,438	+ 2.6 %	1,822	+ 12.2 %	4.9 %	4.4 %
Over seas	South & Central America	22,586	-8.4 %	950	+ 13.3 %	4.2 %	3.4 %
	Europe	4,686	-3.7 %	118	+ 94.2 %	2.5 %	1.3 %
	Asia	20,898	-3.8 %	1,926	+ 7.2 %	9.2 %	8.3 %
	others	552	-1.9 %	32	-0.4 %	5.8 %	5.7 %
(Deleted)		-7,437	—	30	— %	— %	— %
Total		78,723	-2.8 %	4,878	+ 11.4 %	6.2 %	5.4 %

* Tendency of 30 companies which released regional performances

* 50.8% of companies applying Japanese standard(Sales basis)

Research on the settlement of account by JAPIA member companies in FY 2016(Data version 2)

- Settlement of account of 10 companies applying IFRS-

◆ 10 companies applying IFRS (same table as that of summary version)

(Unit: JPY 100 million)

	FY 2015	FY 2016	Deference FY 2016-FY 2015	Ratio FY 2016 to FY 2015
Sales	101,093	103,598	2,505	2.5 %
Operating profit	6,208	6,819	611	9.8 %
Operating profit to sales	6. 1 %	6. 6 %	0.5 pt	-
Profit before tax	6,488	7,201	713	11.0 %
Profit before tax to sales	6. 4 %	7. 0 %	0.6 pt	-
Current net profit	4,182	4,413	231	5.5 %
Net profit to sales	4.	4.	0.2 pt	-

◆ (Appendix) Increase and decrease in FY 2016

(Unit: No. of companies)

	Increased	Decreased	Total
Sales	3	7	10
Operating profit	7(0)	3(1)	10(1)
Profit before tax	7(0)	3(1)	10(1)
Current net profit	6(0)	4(1)	10(1)

* () = No. of companies that settlement is in the deficit.

◆ Trends of sales and operating profit

(Unit: No. of companies)

		Operating profit					
		Increased		Decreased		Total	
Sales	Increased	2	(20.0)	1	(10.0)	3	(30.0)
	Decreased	5	(50.0)	2	(20.0)	7	(70.0)
	Total	7	(70.0)	3	(30.0)	10	(100.0)

* () = Composition ratio(%)

◆ Trends of sales and profit before tax

(Unit: No. of companies)

		Profit before tax					
		Increased		Decreased		Total	
Sales	Increased	2	(20.0)	1	(10.0)	3	(30.0)
	Decreased	5	(50.0)	2	(20.0)	7	(70.0)
	Total	7	(70.0)	3	(30.0)	10	(100.0)

* () = Composition ratio(%)

◆ Trends of sales and current net profit

(Unit: No. of companies)

		Current net profit					
		Increased		Decreased		Total	
Sales	Increased	2	(20.0)	1	(10.0)	3	(30.0)
	Decreased	4	(40.0)	3	(30.0)	7	(70.0)
	Total	6	(60.0)	4	(40.0)	10	(100.0)

* () = Composition ratio(%)

◆ Profit structure

	FY 2015		FY 2016				
	Value (JPY 100 million)	Composition Ratio (%)	Value (JPY 100 million)	Deference FY2016- FY2015	G. rate (%)	Composition Ratio (%)	Deference of composition
Sales	101,093	100.0 %	103,598	2,505	+ 2.5 %	100.0 %	±0.0 %
Sales cost	84,729	83.8 %	86,972	2,243	+ 2.6 %	84.0 %	+ 0.2 %
Sales & administrative expenses	9,522	9.4 %	10,065	543	+ 5.7 %	9.7 %	+ 0.3 %
Other profits	526	0.5 %	812	286	+ 54.4 %	0.8 %	+ 0.3 %
Other costs	1,151	1.1 %	569	-582	- 50.6 %	0.5 %	- 0.6 %
Ordinary profit	6,208	6.1 %	6,819	611	+ 9.8 %	6.6 %	+ 0.5 %
Financial profit	534	0.5 %	556	22	+ 4.1 %	0.5 %	± 0.0 %
Financial cost	409	0.4 %	296	-113	- 27.7 %	0.3 %	- 0.1 %
Profit before tax	6,488	6.4 %	7,201	713	+ 11.0 %	7.0 %	+ 0.6 %
Current net profit	4,182	4.1 %	4,413	231	+ 5.5 %	4.3 %	+ 0.2 %

◆ (Reference data) Trends of sales and profit by company location

(Unit: JPY 100 million)

		Sales	G. rate	Operating profit	G. rate	Profit rate	Profit rate In FY 2015
Japan		30,032	+ 1.4 %	1,428	-9.2 %	4.8 %	5.3 %
Over seas	South & Central America	14,954	-5.9 %	769	+ 14.1 %	5.1 %	4.2 %
	Europe	6,492	-2.5 %	236	+ 26.1 %	3.6 %	2.8 %
	Asia	15,776	-1.8 %	1,678	+ 9.7 %	10.6 %	9.5 %
	others	735	+ 10.1 %	64	— %	— %	— %
(Delete)		-11,963	—	-51	— %	— %	— %
Total		56,026	-1.0 %	4,124	+ 4.8 %	7.4 %	7.0 %

* Trends of 5 companies releasing regional performances

* 54.1% of companies applying IFRS (Sales basis)