



Keihin Anniversary

1956 to 2016

Keihin Corporation
FY2017 1st half Financial Results
Nov 8, 2016

Consolidated Financial Results for FY2017 1st half and FY2017 Financial Forecast

**President and CEO
Chitoshi Yokota**

- ▶ Our developed power control unit installed in Honda Accord and went on sale in North America (May 2016)
- ▶ Our products installed in Honda Ridgeline and went on sale in North America (May 2016)
- ▶ Our products installed in ACURA NSX and went on sale in North America (May 2016)
- ▶ Our condenser installed in FORD Fusion and went on sale in North America (June 2016)
- ▶ Our products installed in ACURA CDX and went on sale in China (July 2016)
- ▶ Our products installed in Honda Freed and went on sale in Japan (Sept. 2016)
- ▶ Our products installed in Honda CBR250RR and launched in Indonesia (July 2016)

Products installed in ACURA NSX



ECU for engine



ECU for motor



Electronic control
throttle body



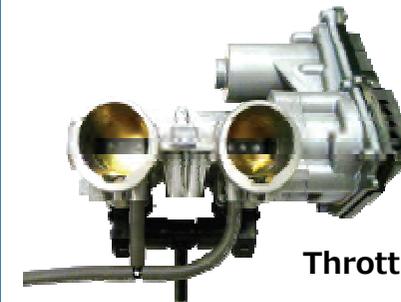
ECU for intake sound

Condenser installed in FORD Fusion



Condenser

Products installed in Honda CBR250RR



Throttle body



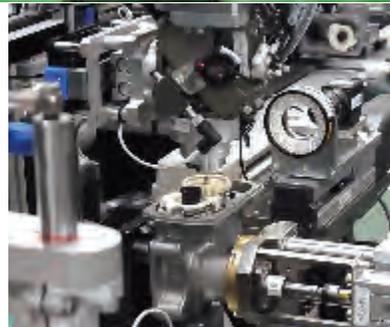
ECU

- ▶ Started automated mass production line for electronic control throttle body, using equipment and robots developed and produced in-house. (May 2016).
- ▶ Received “Volkswagen Group Award” from Volkswagen Group as sole Japanese company. (June 2016)

Mass production line started using in-house robots



Electronic control throttle body



Production Line, using in-house equipment and robots

Received Volkswagen Group Award 2016



Condenser, developed by Keihin Thermal Technology



FY2017 1st half Consolidated Financial Results

[IFRS] (Unit: 100 millions yen)

	FY2016 1st half results	FY2017 1st half results	Change	
			amount	%
Revenue	1,712.5	1,564.5	△148.0	△8.6%
*Ratio of sales to other than main customer	14.3%	15.0%		
Operating profit	112.1	121.9	+9.8	+8.8%
*operating profit margin	6.5%	7.8%		
Profit before tax	106.9	104.0	△2.9	△2.7%
Profit for the period attributable to owners of the parent	45.5	41.6	△3.9	△8.5%
Dividends per share	¥18	※¥20	+¥2	—
*Dividends payout ratio	29.3%	35.6%		
Exchange Rate (against U.S. dollar)	¥121.73	¥105.76	△¥15.97	—
Total number of vehicles (million units)	21.23	22.03	+0.80	+3.8%
Motorcycle and power products	16.39	16.35	△0.05	△0.3%
Automobile	4.83	5.68	+0.85	+17.6%

Ordinary dividend of 19.00 yen, Commemorative dividend of 1.00 yen (Commemorative dividend for the 60th anniversary)

- **Revenue** : Decrease due to unfavorable exchange rate, despite sales increase of motorcycle and power products in Asia and automobile products in Japan and China.
- **Operating profit** : Increase due to sales increase and cost reduction, despite unfavorable exchange rate, increase of depreciation and amortization, and labor cost.

(Note: Figures are rounded to the nearest millions yen)

(Unit: million units)

● Forecasted global market volume

* Data announced May 12, 2016.

	FY2016		FY2017 forecast	
Motorcycle and power products	94.30		94.50	+0.2%
Automobile	88.64		91.40	+3.1%

● Forecasted units installed our products

	FY2016		FY2017 forecast			
			1st half	2nd half	total	
Total	42.57		22.03	22.67	44.70	+5.0%
Motorcycle and power products	32.22		16.35	16.70	33.05	+2.6%
Automobile	10.34		5.68	5.97	11.65	+12.7%

- ▶ Expand production line capacity and improve production efficiency for gasoline direct injectors. Capacity will be 4 million units/year in the Americas(autumn 2016).
- ▶ Expand Japan capacity by building additional production line for gasoline direct injectors (planned in winter 2016)
3 million units/year at FY2016 end → 6 million units/year at FY2017
- ▶ Expand Japan production capacity for Power Control Units (PCU) for hybrid vehicles. (planned in winter 2016).
- ▶ Start mass production preparations for newly developed, compact and lightweight air-conditioning units for mini vehicles in the Japan market (planned for at the end of FY2017)

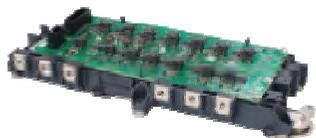
Expand production capacity of PCU



Production line for intelligent power modules



Assembly line for PCU

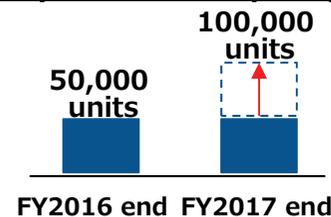


Intelligent power modules



PCU

PCU production capacity



Start preparing mass production air-conditioning units for mini vehicles



※Equipment installed in Suzuka factory to prepare mass production

[IFRS] (Unit: 100 millions yen)

	FY2016 results	FY2017 forecasts	Change	
			amount	%
Revenue	3,415.8	3,080.0	△335.8	△9.8%
*Ratio of sales to other than main customer	14.1%	14.9%		
Operating profit	164.4	235.0	+70.6	+42.9%
*operating profit margin	4.8%	7.6%		
Profit before tax	155.5	216.0	+60.5	+38.9%
Profit attributable to owners of the parent	56.8	116.0	+59.2	+104.3%
Dividends per share	¥36	※¥40	+¥4	—
*Dividend payout ratio	46.9%	25.5%		
Rate of exchange (against U.S. dollar)	¥119.95	¥103.02	△¥16.93	—
Total number of vehicles (million units)	42.57	44.70	+2.13	+5.0%
Motorcycle and power products	32.22	33.05	+0.82	+2.6%
Automobile	10.34	11.65	+1.31	+12.7%

Ordinary dividend of 38.00 yen, Commemorative dividend of 2.00 yen (Commemorative dividend for the 60th anniversary)

- Revenue : Decrease due to unfavorable exchange rate, despite sales increase of motorcycle and power products in Asia and automobile products in Japan and China.
- Operating profit : Increase due to sales increase, cost reduction, and effect from strengthening of domestic business constitution, despite unfavorable exchange rate.

(Note: Figures are rounded to the nearest millions yen)

Detail of FY2017 1st half Financial Results and FY2017 Financial Forecasts

**Director and Chief Operating Officer
for Business Administration operations
Masayasu Shigemoto**

Detail of FY2017 1st half Financial Results

1st half FY2016 Consolidated Financial Results

[IFRS] (Unit: 100 millions yen)

	FY2016 1st half results	FY2017 1st half results	Change	
			amount	%
Revenue	1,712.5	1,564.5	△148.0	△8.6%
Motorcycle and power products products	440.1	391.4	△48.7	△11.1%
Automobile products	1,272.4	1,173.1	△99.3	△7.8%
Operating profit	112.1	121.9	9.8	8.8%
Profit before tax	106.9	104.0	△2.9	△2.7%
Income tax expenses	50.5	51.4	0.9	1.9%
Profit for the period	56.4	52.6	△3.8	△6.8%
Profit for the period attributable to owners of the parent	45.5	41.6	△3.9	△8.5%

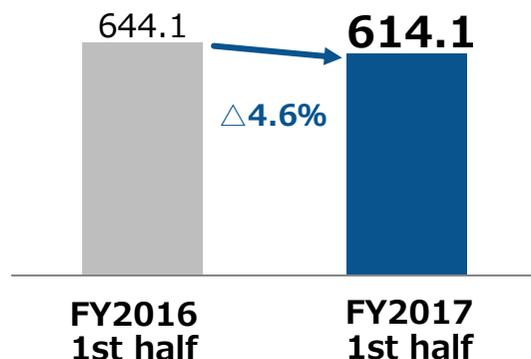
Rate of Exchange

1 U.S. Dollar	¥121.73	¥105.76	△ ¥15.97
1 Thai Baht	¥3.52	¥3.01	△ ¥0.51
1 Chinese Yuan	¥19.43	¥15.92	△ ¥3.51
1 Indian Rupee	¥1.90	¥1.58	△ ¥0.32
1 Indonesian Rupiah (100-unit rate)	¥0.90	¥0.80	△ ¥0.10
1 Brazilian Real	¥36.25	¥31.40	△ ¥4.85

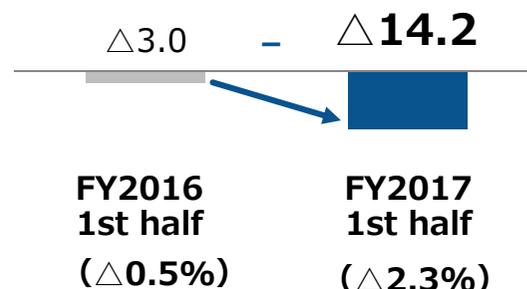
(Note: Figures are rounded to the nearest millions yen)

Japan

Revenue

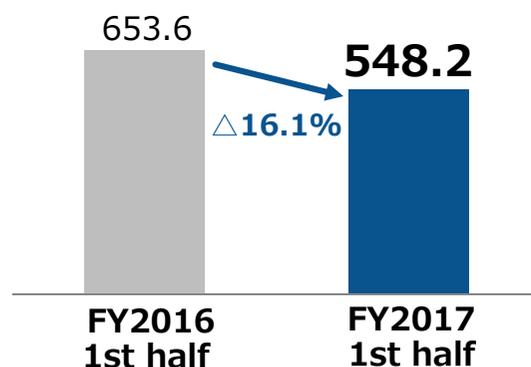


Operating profit

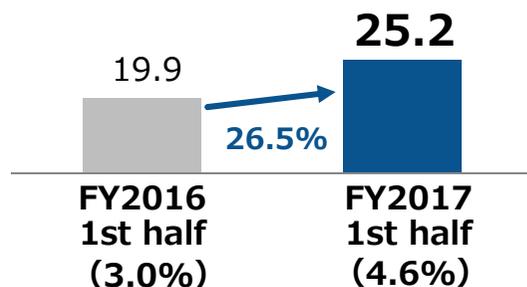


Americas

Revenue



Operating profit



[IFRS] (100 millions yen)
percentage in (brackets) operating profit margin

Topics

- Our PCU was installed in Honda Accord.
- Many of our products were installed in Honda Freed.
- Started mass production line automated for electronic control throttle bodies.

Revenue

Decrease due to unfavorable exchange rate and lower sales of motorcycle and power products despite sales increase of automobile products in Japan and heat exchanger products in China and Europe.

Operating profit

Decrease due to unfavorable exchange rate, despite strengthening of domestic business structure.

Topics

- Many of our products produced in Americas were installed in Honda Ridgeline and ACURA NSX

Revenue

Decrease due to lower sales of motorcycle and power products in South America, lower unit selling prices and unfavorable exchange rate.

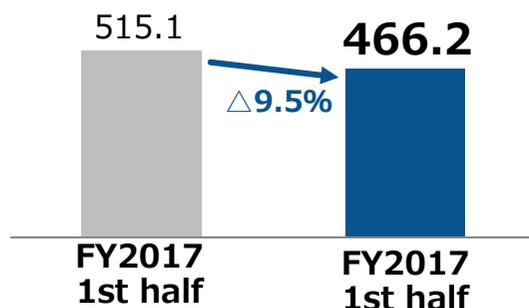
Operating profit

Increase due to improvement of business constitution and cost reduction in North America and Central America despite lower sales.

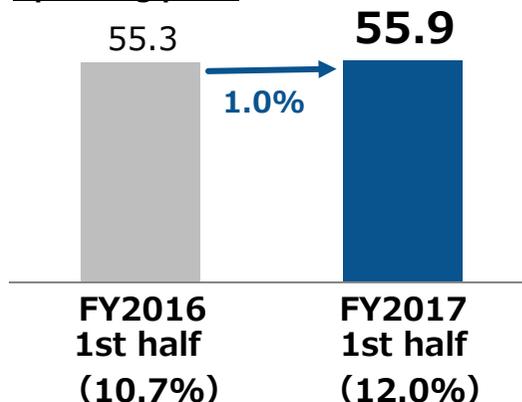
※ Keihin Thermal Technology group were under control of the management as part of the automotive air-conditioner heat exchange business in the Japan segment in FY2016. However, the American subsidiary and the Thailand subsidiary are included in "the American segment" and "the Asia segment" respectively in FY2017. Each subsidiary has been placed under control of Americas headquarter and Asia headquarter to strengthen corporation between air-conditioning production subsidiary and regional headquarters. Accordingly, results for six months ended September 30, 2015 and year ended March 31, 2016 have been restated to current year presentation.

Asia

Revenue



Operating profit



[IFRS] (100 millions yen)
percentage in (brackets) operating profit margin

Revenue

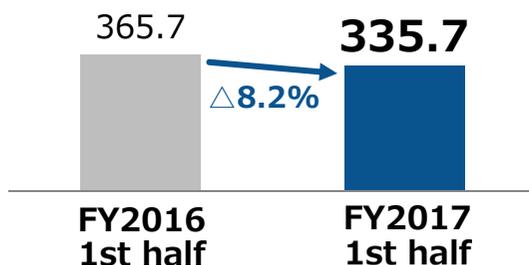
Decrease due to unfavorable exchange rate, despite sales increase of motorcycle and power products in Indonesia, Vietnam and India, and increase of automobile products in Thailand and Indonesia.

Operating profit

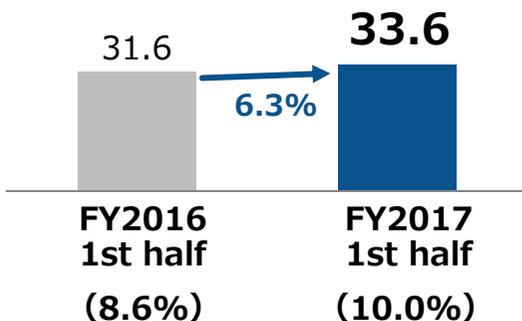
Increase due to higher sales of motorcycle and power products and automobile products, and cost reduction, despite unfavorable exchange rate.

China

Revenue



Operating profit



Topics

- Our products produced in China are installed in ACURA CDX.

Revenue

Decrease due to unfavorable exchange rate despite sales increase of automobile products.

Operating profit

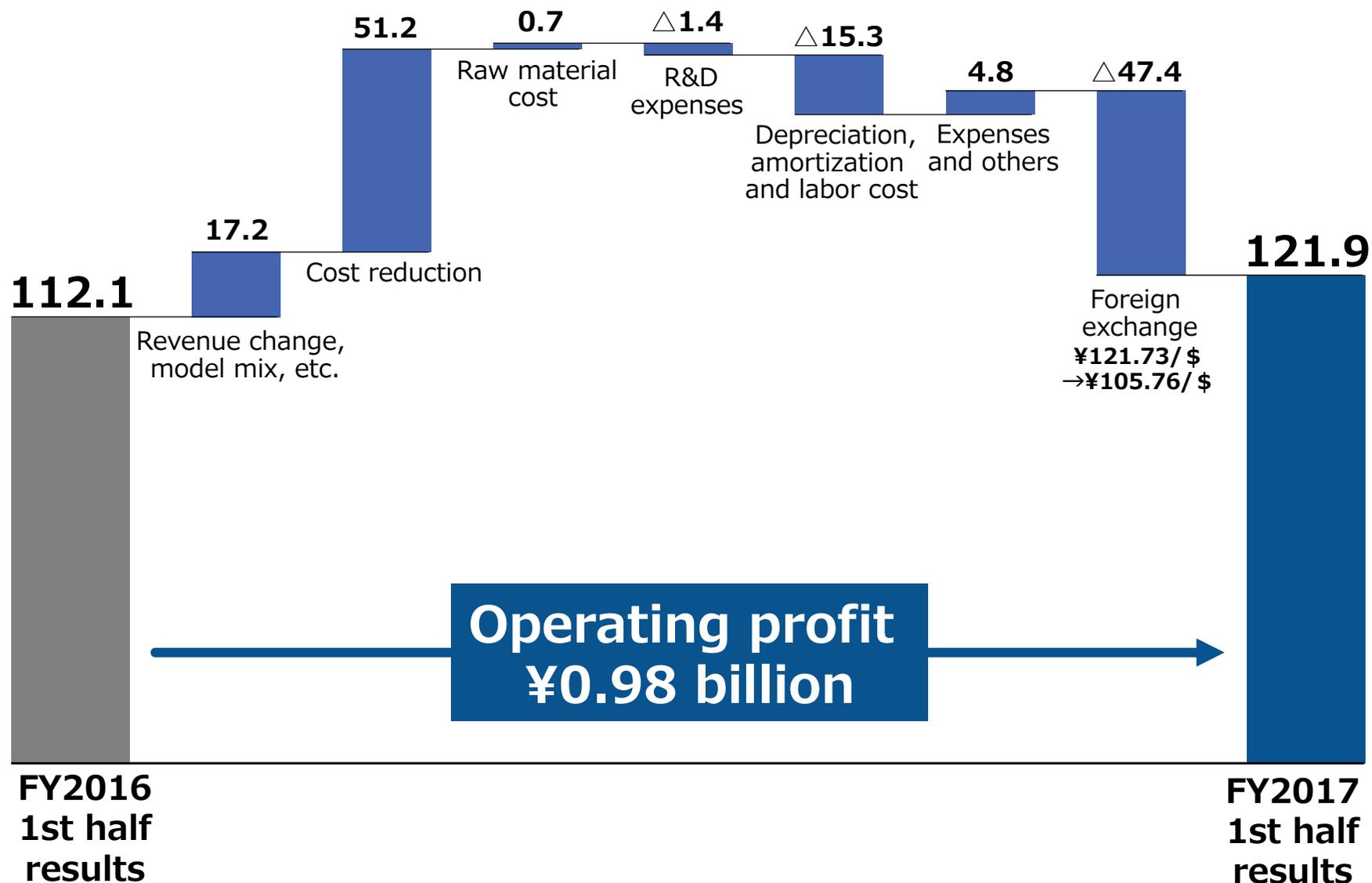
Increase due to higher automobile products sales and cost reduction, despite unfavorable exchange rate.

※ Keihin Thermal Technology group were under control of the management as part of the automotive air-conditioner heat exchange business in the Japan segment in FY2016. However, the American subsidiary and the Thailand subsidiary are included in "the American segment" and "the Asia segment" respectively in FY2017. Each subsidiary has been placed under control of Americas headquarter and Asia headquarter to strengthen corporation between air-conditioning production subsidiary and regional headquarters. Accordingly, results for six months ended September 30, 2015 and year ended March 31, 2016 have been restated to current year presentation.

Factors for Change in FY2017 1st half Consolidated Operating Profit

[IFRS]

(Unit: 100 millions yen unless otherwise noted)



(Note: Figures are rounded to the nearest millions yen)

(Unit: 100 millions yen)

	FY2016 1st half results	FY2017 1st half results	Change	
			amount	%
Capital expenditure	57.9	66.2	+8.3	+14.3%
Depreciation	85.1	82.3	△2.8	△3.2%
Research & Development expenses	99.8	100.0	+0.2	+0.2%
Ratio of R&D expenses to consolidated revenue	5.8%	6.4%	—	—

Capital expenditure

Capital expenditure increased due to expanded production capacity for gasoline direct injectors, despite decreased investing for new model.

Depreciation

Depreciation decreased due to impact of exchange rate despite advanced environmental products start up.

Research & Development expenses

Sustain enhanced Research & Development.

(Note: Figures are rounded to the nearest millions yen)

Impact of foreign exchange		Impact of amount (unit : billion yen)
	1 U.S. Dollar	△¥2.1
	1 Thai Baht	+¥0.04
	1 Chinese Yuan	△¥0.28
	1 Indian Rupee	△¥0.05
	1 Indonesian Rupiah	+¥0.09
	1 Brazilian Real	△¥0.01
	Others	△¥0.08
Difference in exchange rates for sales *1 (at the line of Operating profit)		△¥2.39
Difference between exchange rates for sales and exchange rates for sales proceeds received *2 (Finance income/costs)		△¥1.39
Subtotal		△¥3.78
Difference from foreign exchange translation *3 (at the line of Profit before tax)		△¥2.26
Total		△¥6.04
	At the line of Operating profit	△¥4.74
	Finance income/costs	△¥1.29

FY2016 1st half results	FY2017 1st half results	Change
¥121.73	¥105.76	△ ¥ 15.97
¥3.52	¥3.01	△ ¥ 0.51
¥19.43	¥15.92	△ ¥ 3.51
¥1.90	¥1.58	△ ¥ 0.32
¥0.90	¥0.80	△ ¥ 0.10
¥36.25	¥31.40	△ ¥ 4.85

(Indonesian rupiah rates are based on 100 currency units)

*1: Difference, from the previous fiscal year, in the exchange rates used for posting revenues denominated in foreign currencies

*2: Difference, from the previous fiscal year, between the exchange rates used for posting revenues denominated in foreign currencies and the exchange rates for posting sales proceeds received

*3: Difference, from the previous fiscal year, in yen exchange rates used for consolidating individual financial statements denominated in foreign currencies

(Note: Figures are rounded to the nearest millions yen)

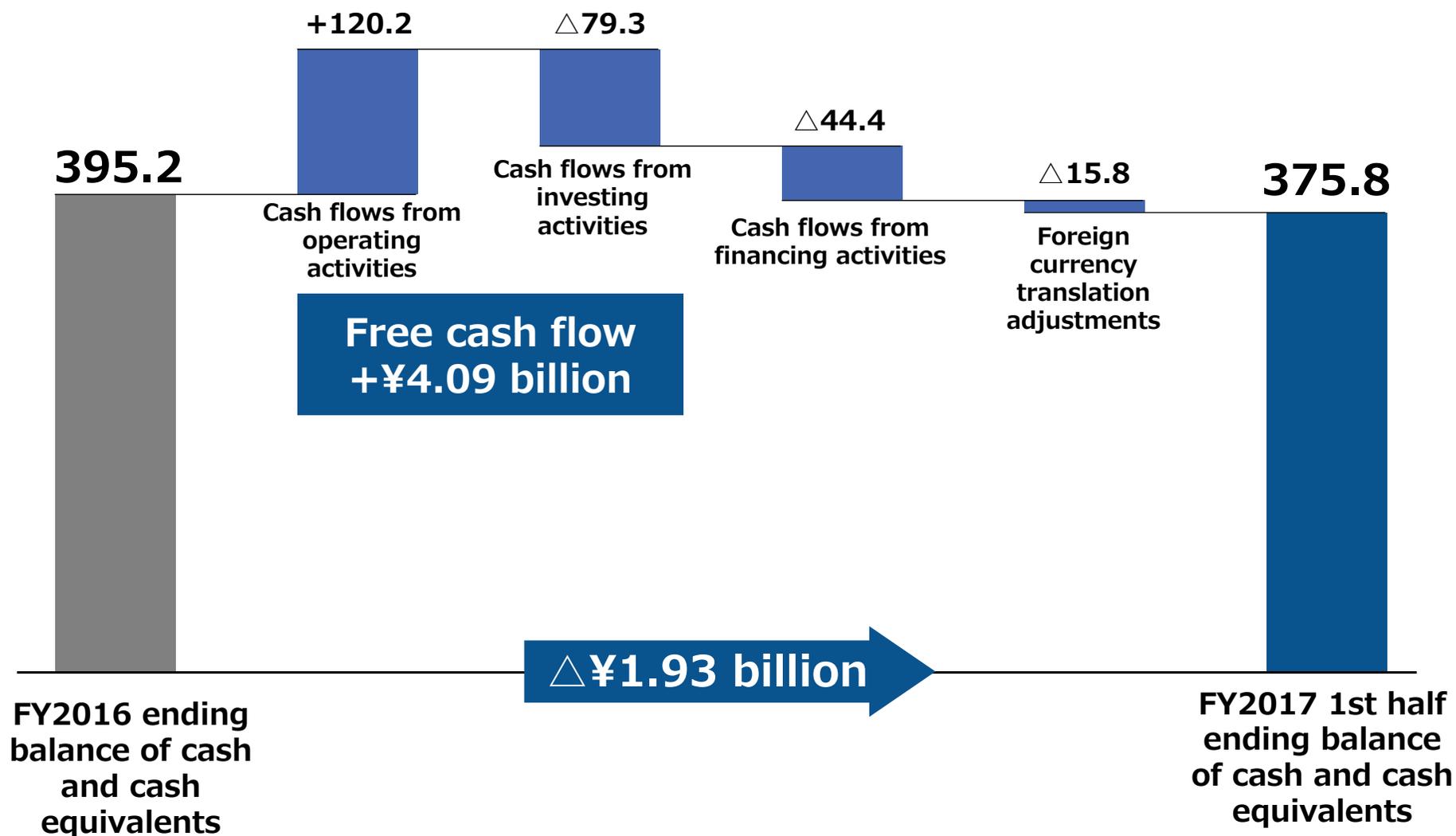
[IFRS]
(100 millions yen)

	FY2016 end	FY2017 1st half end	Change		FY2016 end	FY2017 1st half end	Change
Total assets	2,570.7	2,415.0	△155.7	Total liabilities and equity	2,570.7	2,415.0	△155.7
Total current assets	1,429.8	1,347.9	△81.9	Total current liabilities	660.7	621.7	△39.0
Cash and cash equivalents	395.2	375.8	△19.3	Trade and other payables	532.7	504.9	△27.8
Trade and other receivables	549.3	479.2	△70.1	Loans	99.8	84.4	△15.4
Inventories	447.8	447.1	△0.8	Others	28.2	32.4	4.2
Others	37.5	45.8	+8.3	Total non-current liabilities	84.8	79.4	△5.3
Total non-current assets	1,140.9	1,067.0	△73.8	Loans	5.6	2.5	△3.1
Property, plant and equipment	959.6	891.0	△68.5	Others	79.1	76.9	△2.2
Intangible assets	65.6	62.4	△3.2	Total equity	1,825.2	1,713.8	△111.4
Other non-current financial assets	49.5	46.6	△2.9	Equity attributable to owners of the parent	1,592.9	1,512.2	△80.7
Others	66.2	67.0	+0.8	Non-controlling interests	232.3	201.6	△30.6

(Note: Figures are rounded to the nearest millions yen)

[IFRS]

(Unit: 100 millions yen unless otherwise noted)



(Note: Figures are rounded to the nearest millions yen)

Detail of FY2017 Financial Forecasts

(Unit: 100 millions yen)

	FY2016 results	FY2017 forecasts	Change	
			amount	%
Revenue	3,415.8	3,080.0	△335.8	△9.8%
Motorcycle and power products	869.9	781.0	△88.9	△10.2%
Automobile products	2,545.8	2,299.0	△246.8	△9.7%
Operating profit	164.4	235.0	+70.6	+42.9%
Profit before tax	155.5	216.0	+60.5	+38.9%
Income tax expenses	75.7	81.0	+5.3	+7.0%
Profit for the period	79.8	135.0	+55.2	+69.2%
Profit for the period attributable to owners of the parent	56.8	116.0	+59.2	+104.3%

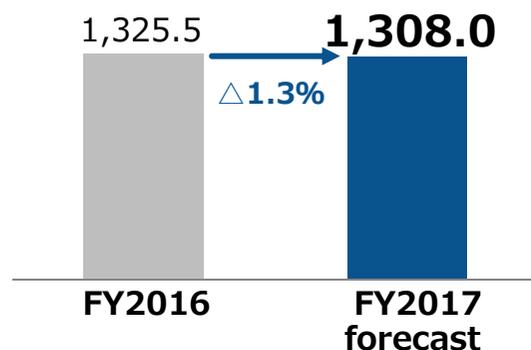
Rate of exchange

1 U.S. Dollar	¥119.95	¥103.02	△¥16.93
1 Thai Baht	¥3.42	¥2.91	△¥0.51
1 Chinese Yuan	¥18.80	¥15.39	△¥3.41
1 Indian Rupee	¥1.84	¥1.54	△¥0.30
1 Indonesian Rupiah (100-unit rate)	¥0.88	¥0.78	△¥0.10
1 Brazilian Real	¥33.63	¥31.20	△¥2.43

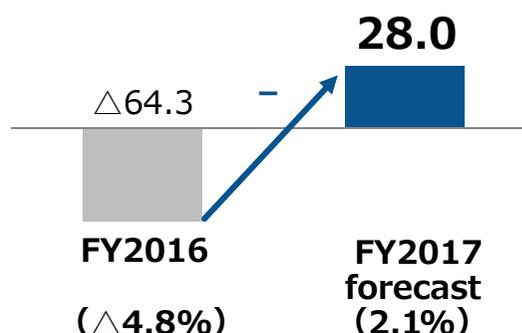
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Japan

Revenue

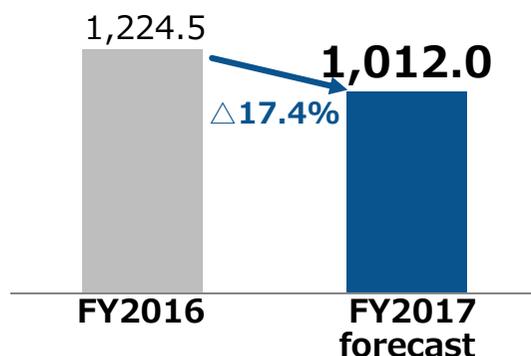


Operating profit

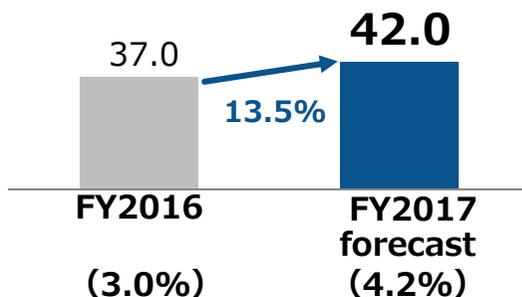


Americas

Revenue



Operating profit



[IFRS] (100 millions yen)
percentage in (brackets) operating profit margin

Topics

- Expand production capacity by building additional production line for gasoline direct injectors.
- Expand production capacity for PCU installed in hybrid vehicle.

Revenue

Decrease due to the unfavorable exchange rate despite sales increase of automobile products.

Operating profit

Increase due to "effect from strengthening of domestic business constitution despite unfavorable exchange rate

Topics

- Improve production capacity and efficiency for gasoline direct injectors.

Revenue

Decreased due to lower unit selling prices and unfavorable exchange rate.

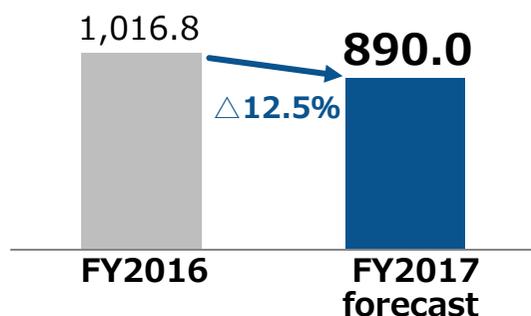
Operating profit

Increase due to improvement of business constitution and cost reduction in North America and Central America despite lower sales.

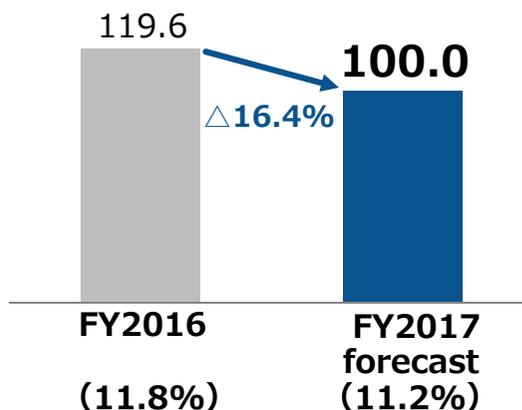
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Asia

Revenue



Operating profit



[IFRS] (100 millions yen)
percentage in (brackets) operating profit margin

Revenue

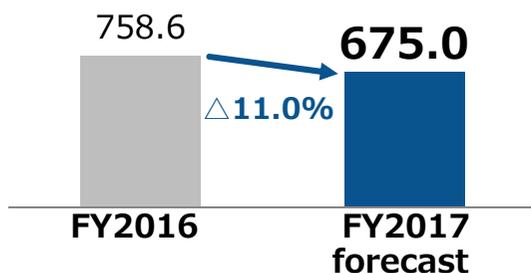
Decrease due to unfavorable exchange rate, despite sales increase of motorcycle and power products and automobile products.

Operating profit

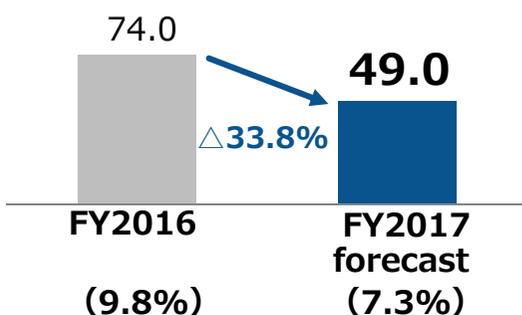
Decrease due to unfavorable exchange rate, despite due to higher sales of motorcycle and power products, automobile products, and cost reduction.

China

Revenue



Operating profit



Revenue

Decrease due to unfavorable exchange rate despite sales increase of automobile products.

Operating profit

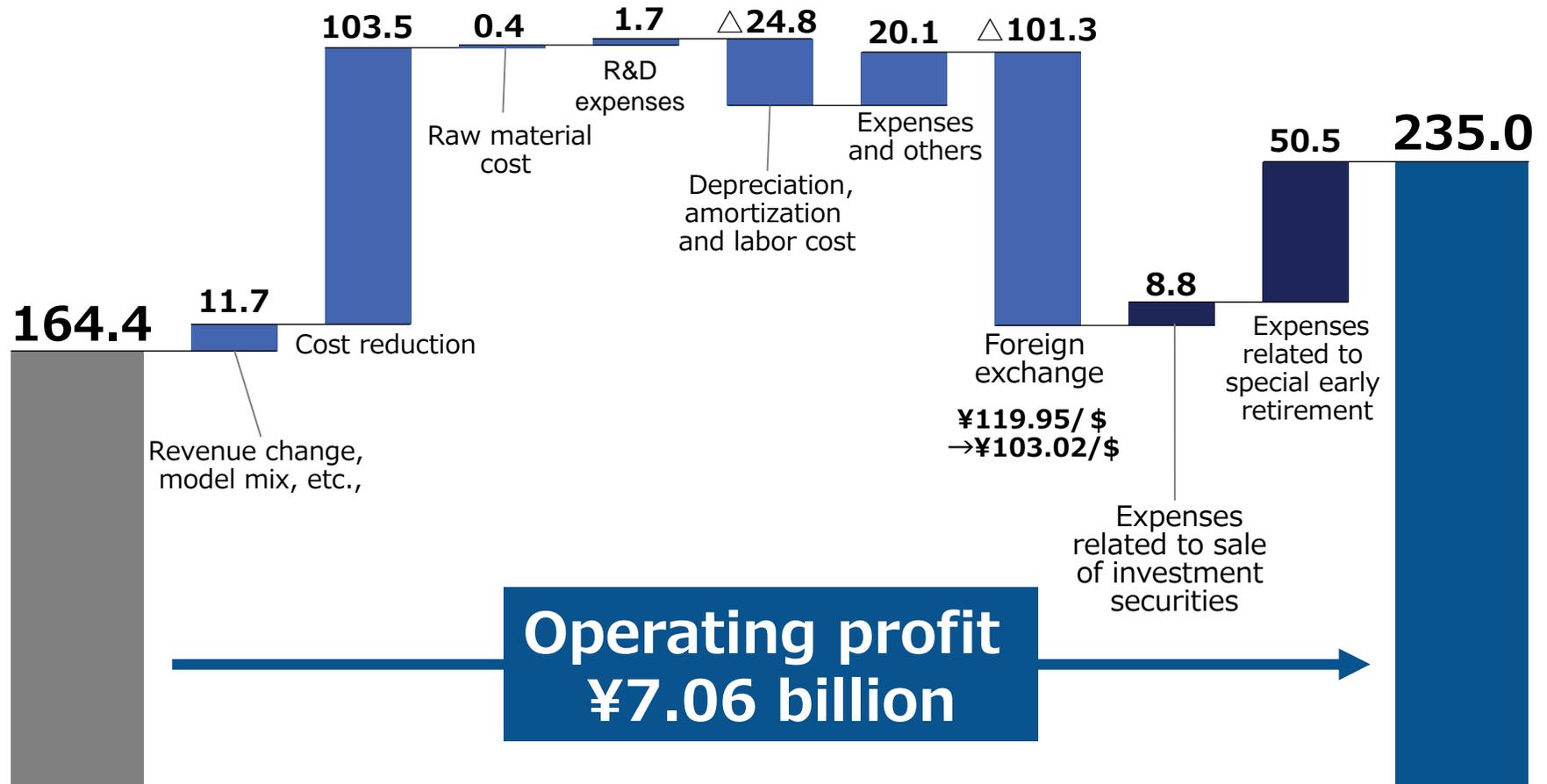
Decrease due to unfavorable exchange rate, despite higher sales of automobile products, and cost reduction.

※ Keihin Thermal Technology group were under control of the management as part of the automotive air-conditioner heat exchange business in the Japan segment in FY2016. However, the American subsidiary and the Thailand subsidiary are included in "the American segment" and "the Asia segment" respectively in FY2017. Each subsidiary has been placed under control of Americas headquarter and Asia headquarter to strengthen corporation between air-conditioning production subsidiary and regional headquarters. Accordingly, results for six months ended September 30, 2015 and year ended March 31, 2016 have been restated to current year presentation.

Expected Factors for Change in FY2017 Consolidated Operating profit

[IFRS]

(Unit: 100 millions yen unless otherwise noted)



FY2016 results

FY2017 forecasts

(Note: Figures are rounded to the nearest millions yen)

(Unit: 100 millions yen)

	FY2016 results	FY2017 forecasts	Change	
			amount	%
Capital expenditure	136.1	173.0	36.9	27.1%
Depreciation	173.6	166.0	△7.6	△4.4%
Research & Development expenses	195.6	191.0	△4.6	△2.4%
Ratio of R&D expenses to consolidated revenue	5.7%	6.2%	—	—

Capital expenditure

Capital expenditure will increase due to expanded production capacity for advanced environmental products, such as gasoline direct injectors and PCU.

Depreciation

Depreciation will decrease due to impact of exchange rate despite advanced environmental products start up and capacity expansion.

Research & Development expenses

Sustain enhanced Research & Development.

(Note: Figures are rounded to the nearest millions yen)

Impact of foreign exchange		Impact of amount (unit : billion yen)
	1 U.S. Dollar	△¥5.5
	1 Thai Baht	+¥0.02
	1 Chinese Yuan	△¥0.64
	1 Indian Rupee	△¥0.04
	1 Indonesian Rupiah	+¥0.23
	1 Brazilian Real	+¥0.0
	Other	△¥0.17
Difference in exchange rates for sales *1 (at the line of Operating profit)		△¥6.1
Difference between exchange rates for sales and exchange rates for sales proceeds *2 (Financial balance)		△¥1.02
Subtotal		△¥7.12
Difference from foreign exchange translation *3 (at the line of Profit before tax)		△¥3.93
Total		△¥11.05
	At the line of Operating profit	△¥10.13
	Financial balance	△¥0.92

FY2016 results	FY2017 forecasts	Change
¥119.95	¥103.02	+¥16.93
¥3.42	¥2.91	+¥0.51
¥18.80	¥15.39	+¥3.41
¥1.84	¥1.54	+¥0.30
¥0.88	¥0.78	+¥0.10
¥33.63	¥31.20	+¥2.43

(Indonesian rupiah rates are based on 100 currency units)

*1: Difference, from the previous fiscal year, in the exchange rates used for posting revenues denominated in foreign currencies

*2: Difference, from the previous fiscal year, between the exchange rates used for posting revenues denominated in foreign currencies and the exchange rates for posting sales proceeds received

*3: Difference, from the previous fiscal year, in yen exchange rates used for consolidating individual financial statements denominated in foreign currencies

(Note: Figures are rounded to the nearest millions yen)



Keihin Anniversary

1956 to 2016

Towards Next 60 Years

*Forward-looking statements provided in this document, such as performance forecasts, are based on assumptions made by the Company's management in light of information available at this time, and therefore contain risks and uncertainties. Consequently, you should not solely rely on these performance forecasts to make investment decisions. Please note that actual results may differ materially from these performance forecasts due to various important factors. Such factors that may impact actual performance include economic conditions surrounding the Company's business domains, market trends and yen exchange rates against the U.S. dollar and other currencies.

Motorcycle carburetors: Sales unit numbers by each location

(10,000 units)

	Japan	U.S.	Europe	Brazil	Taiwan	Thailand	China	India	Indonesia	Malaysia	Vietnam	Total
FY2016 1st half results	6	1	-	15	11	49	99	658	2	4	33	878
FY2017 1st half results	5	2	-	3	8	60	91	685	4	2	35	895
Change	△17%	100%	-	△80%	△27%	22%	△8%	4%	100%	△50%	6%	2%

FY2016 results	12	2	-	19	18	112	190	1,256	5	9	71	1,694
FY2017 forecast	9	4	-	5	14	129	173	1,377	7	3	65	1,786
Change	△25%	100%	-	△74%	△22%	15%	△9%	10%	40%	△67%	△8%	5%

Motorcycle FI systems: Sales unit numbers by each location

(10,000 units)

	Japan	U.S.	Europe	Brazil	Taiwan	Thailand	China	India	Indonesia	Malaysia	Vietnam	Total
FY2016 1st half results	18	7	2	45	8	75	13	7	223	1	70	469
FY2017 1st half results	17	7	1	40	10	82	16	2	212	2	81	470
Change	△6%	0%	△50%	△11%	25%	9%	23%	△71%	△5%	100%	16%	0%

FY2016 results	42	14	3	81	13	153	28	12	463	2	153	964
FY2017 f forecast	40	14	2	77	18	164	34	6	448	5	176	984
Change	△5%	0%	△33%	△5%	38%	7%	21%	△50%	△3%	150%	15%	2%

(Notice : FI system counts by throttle body unit number.)