



Consolidated Financial Results for FY2019

Keihin Corporation
May 10, 2019

Summary of Consolidated Financial Results for FY2019 and Consolidated Financial Forecasts for FY2020

President and CEO
Chitoshi Yokota

1 Consolidated Financial Results for FY2019

Revenue
3,492

- Revenue decreased due to decreased sales of automotive products in North America and the depreciation of emerging markets currencies, despite increased sales of motorcycles and power products in Asia and China.

Operating Profit
263

- Operating profit decreased due to the weak currencies of emerging countries, although the company absorbed the increase in R&D costs for electrification and start-up costs for the introduction of the motorcycle FI system in India with streamline.

2 Consolidated Financial Forecasts for FY2020

Revenue
3,500

- Revenue plan to increase due to an increase in sales of motorcycle and power products in Asia and China, although there was a revenue-decreasing impact due to foreign currency translation and a decline in sales of automotive products in Americas

Operating Profit
185

- Operating profit plan to decrease mainly due to lower sales of automotive products in Americas and China as the model mix deteriorated, as well as increased expenses associated with the launch of FI system production for motorcycles in India, although there were streamline effects

Our products installed in Honda's CR-V, which were released in Japan (Nov. 2018)



Power Control Unit



Electronic Control Unit



Electronic Throttle Body



Injector for Port Injection



Electronic Control Unit
for All Wheel Drive

Our products installed in Honda's CBR400R,
which were released in Japan and Thailand (Mar. 2019)



Electronic Control Unit



Throttle Body

Our product installed in Ford's Ranger
which were released in North America
(Jan. 2019)



Condenser

Completion of the New FI System Plant in India (March 2019)



Keihin India Manufacturing Pvt. Ltd. Plant 2

Location	Rajasthan Neemrana
Site area	60,000m ²
Products	Injector for motorcycles Fuel Feed Pump for motorcycles
Employees	1,200(as of March 2020)
Start of production	Summer 2019

Selected as a White 500 Company
for 2nd Consecutive Year (Feb. 2019)



Received Best Supplier Award from Honda Motorcycle
and Scooter India Pvt. Ltd.(Mar. 2019)



Efforts to expand new customers for automotive products are progressing

35 enquiries from 18 global customers in Japan, Europe, America and China, etc.



State of Progress

1 order confirmed

4 progressing to a situation very close to receiving orders

■ Proposed product

Technologically competitive products for electric vehicles

Under development of next-gen products



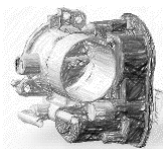
PCU
with industry-leading output density

Under development of next-gen products



Top performance BMS

Gasoline engine products matched to customer needs



Lowest price Throttle Body



Lowest price Injector



Lightest Intake Manifold

[IFRS] (Unit: 100 million yen)

	FY2018 Results	FY2019 Results	Amount of change	Rate of change
Revenue	3,514.9	3,492.2	-22.7	-0.6 %
* Ratio of sales to customers other than main customer	15.1%	14.8%		
Operating profit	283.1	262.6	-20.5	-7.3 %
* Operating profit margin	8.1%	7.5%		
Profit before tax	271.4	247.6	-23.9	-8.8 %
Profit attributable to owners of the parent	178.2	157.1	-21.2	-11.9 %
Dividends per share	¥43	¥45	¥2	
* Dividends payout ratio	17.8 %	21.2 %		
Exchange Rate (against 1 U.S. dollar)	¥110.62	¥111.01	¥-0.39	
Total number of vehicles (10,000 units)	4,872	5,043	172	3.5 %
Motorcycle and power products	3,613	3,825	212	5.9 %
Automotive products	1,259	1,218	-40	-3.2 %

►Year-to-year: Decrease in revenue and profit

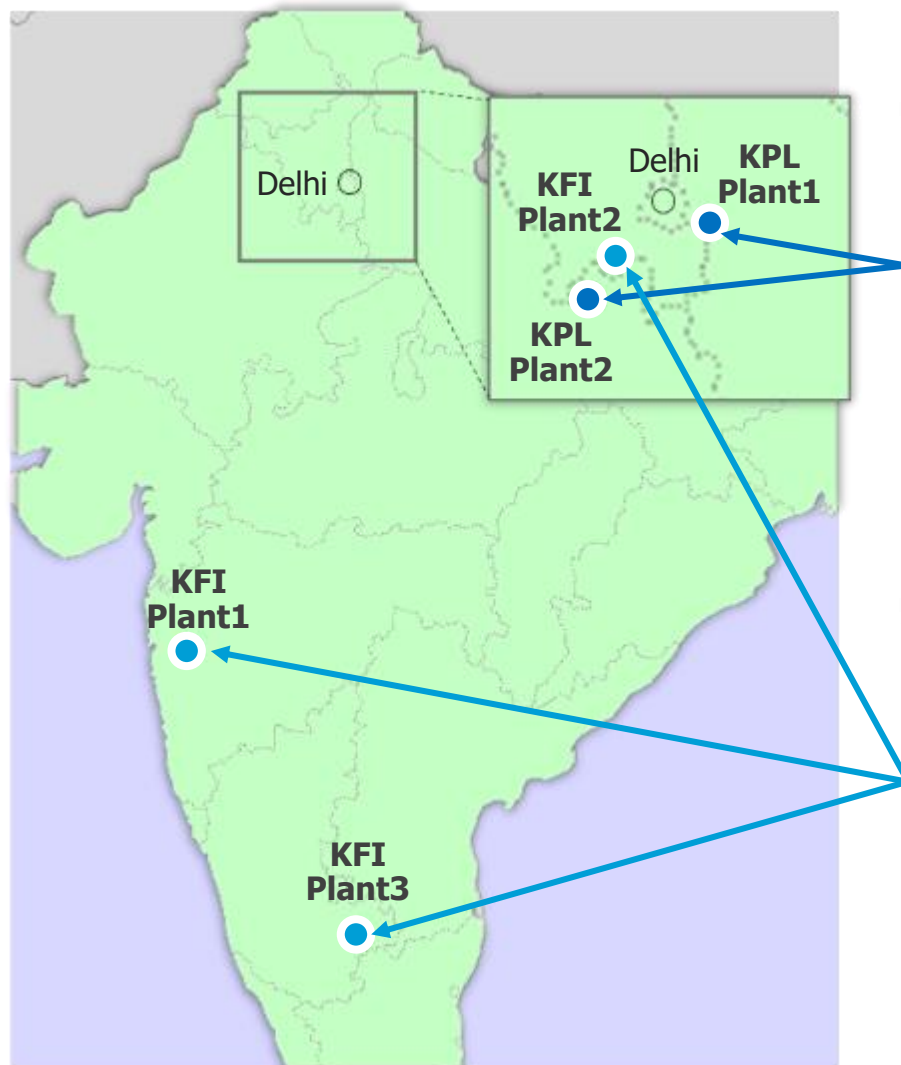
Revenue : Revenue decreased due to decreased sales of automotive products in North America and the depreciation of emerging markets currencies, despite increased sales of motorcycles and power products in Asia and China.

Operating Profit : Operating profit decreased due to the weak currencies of emerging countries, although the company absorbed the increase in R&D costs for electrification and start-up costs for the introduction of the motorcycle FI system in India with streamline.

(Note: Amounts are rounded to the nearest million yen)



Final preparation for mass production of FI system in India



Keihin India Manufacturing Pvt. Ltd.(KPL)

Plant1



Production item / capacity
ECU 9M units/year



Plant2



Production item / capacity
Injector 11M units/year



Keihin FIE Pvt. Ltd. (KFI)

Plant1

Plant2

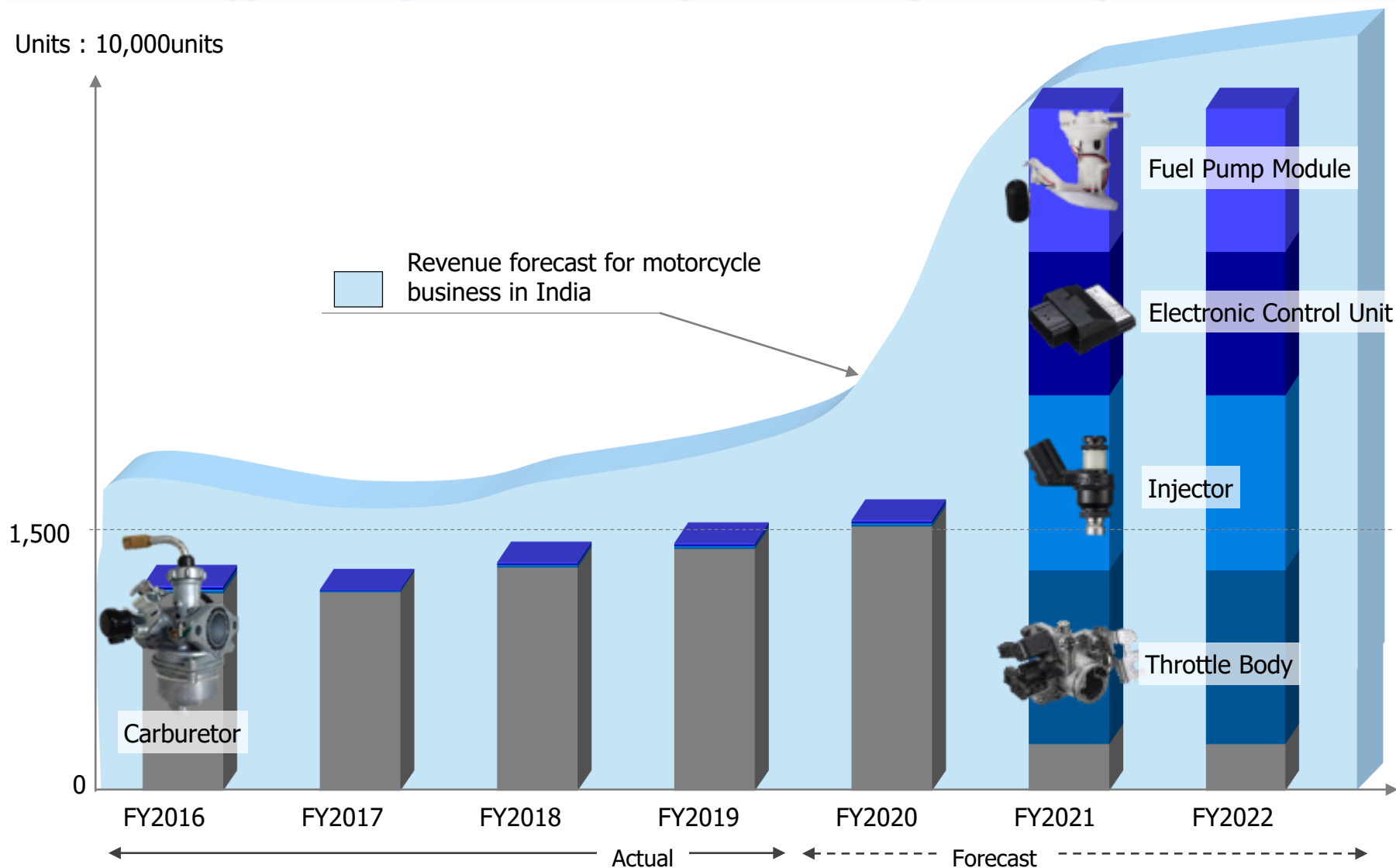
Plant3



Production item / capacity
Throttle Body 11M units/year
Fuel Pump Module 9M/units/year



We are starting production with certainty of FI systems for approximately 10 million motorcycles and solidify the motorcycle business



Expanding PCU production capability for electric vehicles in Japan and China

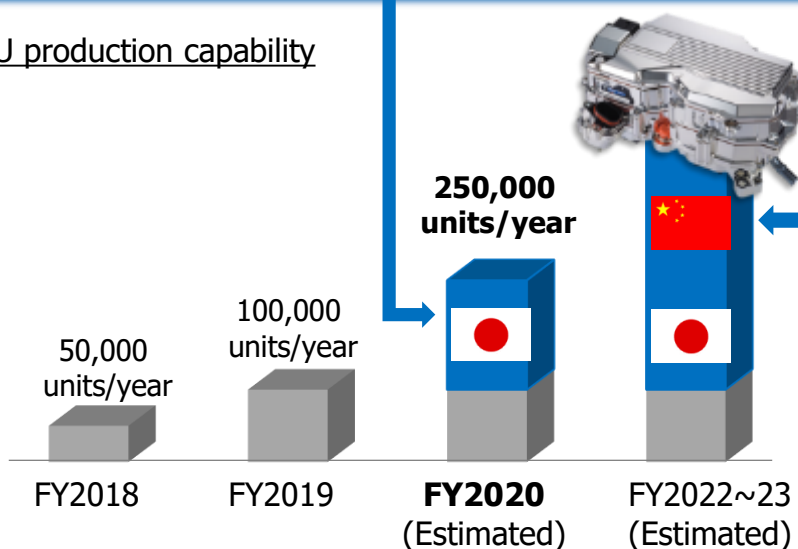


Expansion of production capability in Japan

preparing production towards starting mass production in summer 2019



■ PCU production capability



Acquisition of land for a new plant in China

Land acquisition for a new plant for local production in China is complete

We plan to determine the details in 2019

- ▶ Location Eastern Industrial Park
Dongguan, Guangdong
- ▶ Area 81,600m²
- ▶ Start of Production FY2022~23



[IFRS] (Unit: 100 million yen)

	FY2019 Results	FY2020 Forecasts	Amount of change	Rate of change
Revenue	3,492.2	3,500.0	7.8	0.2 %
* Ratio of sales to customers other than main customer	14.8%	16.1%		
Operating profit	262.6	185.0	-77.6	-29.5 %
* Operating profit margin	7.5%	5.3%		
Profit before tax	247.6	160.0	-87.6	-35.4 %
Profit attributable to owners of the parent	157.1	83.0	-74.1	-47.2 %
Dividends per share	¥45	¥46	¥1	
* Dividends payout ratio	21.2 %	41.0 %		
Exchange Rate (against 1 U.S. dollar)	¥111.01	¥110.00	¥1.01	
Total number of vehicles (10,000 units)	5,043	5,054	10	0.2 %
Motorcycle and power products	3,825	3,820	-5	-0.1 %
Automotive products	1,218	1,234	15	1.2 %

►Year-to-year: : Increased in revenue and Decrease in profit

Revenue : Revenue plan to increase due to an increase in sales of motorcycle and power products in Asia and China, although there was a revenue-decreasing impact due to foreign currency translation and a decline in sales of automotive products in Americas

Operating Profit : Operating profit plan to decrease mainly due to lower sales of automotive products in Americas and China as the model mix deteriorated, as well as increased expenses associated with the launch of FI system production for motorcycles in India, although there were streamline effects

Details of Consolidated Financial Results for FY2019 and Consolidated Financial Forecasts for FY2020

Director, Chief Financial Officer
Shinji Suzuki

[IFRS] (Unit: 100 million yen)

	FY2018 Results	FY2019 Results	Amount of change	Rate of change
Revenue	3,514.9	3,492.2	-22.7 (FX Impact -41.2)	-0.6 %
Motorcycle and power products	961.0	1,003.3	42.3	4.4 %
Automotive products	2,553.9	2,488.9	-65.0	-2.5 %
Operating profit	283.1	262.6	-20.5 (FX Impact -23.8)	-7.3 %
Profit before tax	271.4	247.6	-23.9	-8.8 %
Income tax expense	68.0	69.0	1.0	1.5 %
Profit for the year	203.5	178.6	-24.9	-12.2 %
Profit attributable to owners of the parent	178.2	157.1	-21.2	-11.9 %
Exchange Rate				
1 U.S. Dollar	¥110.62	¥111.01	¥-0.39	
1 Thai Baht	¥3.37	¥3.43	¥-0.06	
1 Chinese Yuan	¥16.78	¥16.49	¥0.29	
1 Indian Rupee	¥1.73	¥1.60	¥0.13	
1 Indonesian Rupiah (100-unit rate)	¥0.82	¥0.77	¥0.05	
1 Brazilian Real	¥34.26	¥29.17	¥5.09	

(Note: Amounts are rounded to the nearest million yen)

[IFRS] (Unit: 100 million yen)

Percentage in (brackets) operating profit margin

Japan

<Revenue>

1,571.6 → **1,591.8**
1.3%

FY2018

FY2019

<Operating Profit>

59.4 → **25.1**
-57.8%

FY2018
(3.8%)

FY2019
(1.6%)

<Revenue>

Revenue increased due to an increase in sales of motorcycle and power products in India and Thailand, although there were decreased sales of automotive products for Americas and China, and air conditioning products in Europe, and a decline in revenue caused by the unfavorable foreign exchange rate.
(Including the FX impact -260 million yen)

<Operating Profit>

Operating profit decreased due to increased R&D expenses etc.
(Including the FX impact -70 million yen)

Americas

<Revenue>

991.4 → **925.7**
-6.6%

FY2018

FY2019

<Operating Profit>

16.2 → **17.2**
6.5%

FY2018
(1.6%)

FY2019
(1.9%)

<Revenue>

Revenue declined due to the unfavorable foreign exchange rate and to decreased sales of automotive products in North America, despite increased sales of motorcycle and power products in South America.
(Including the FX impact -140 million yen)

<Operating Profit>

Operating profit increased due to the reversal of impairment costs incurred in the previous term and productivity improvement in Central America, despite the impact of decreased revenue,
(Including the FX impact 70 million yen)

* The Amounts listed include amounts for internal revenue between segments.

* Amounts are rounded to the nearest millions yen

[IFRS] (Unit: 100 million yen)

Percentage in (brackets) operating profit margin

Asia

<Revenue>

1,094.1 → **1,132.0**

3.5%

FY2018

FY2019

<Operating Profit>

137.4

3.1%

141.6

FY2018

(12.6%)

FY2019

(12.5%)

<Revenue>

Revenue increased due to increased sales of motorcycle, power product and automotive products, despite the impact of decreased revenue due to the unfavorable foreign exchange rate. (Including the FX impact -2,620 million yen)

<Operating Profit>

Operating profit increased due to increased revenue and streamline effects, although there was an impact from foreign exchange due to the weak currencies of emerging countries and increased costs in association with the launch of the motorcycle FI system in India. (Including the FX impact -1,090 million yen)

China

<Revenue>

827.2

3.5%

856.2

FY2018

FY2019

<Operating Profit>

65.3

1.9%

66.5

FY2018

(7.9%)

FY2019

(7.8%)

<Revenue>

Revenue increased due to increased sales of motorcycle, power product and automotive products, despite the impact of decreased revenue due to the unfavorable foreign exchange rate. (Including the FX impact -1,660 million yen)

<Operating Profit>

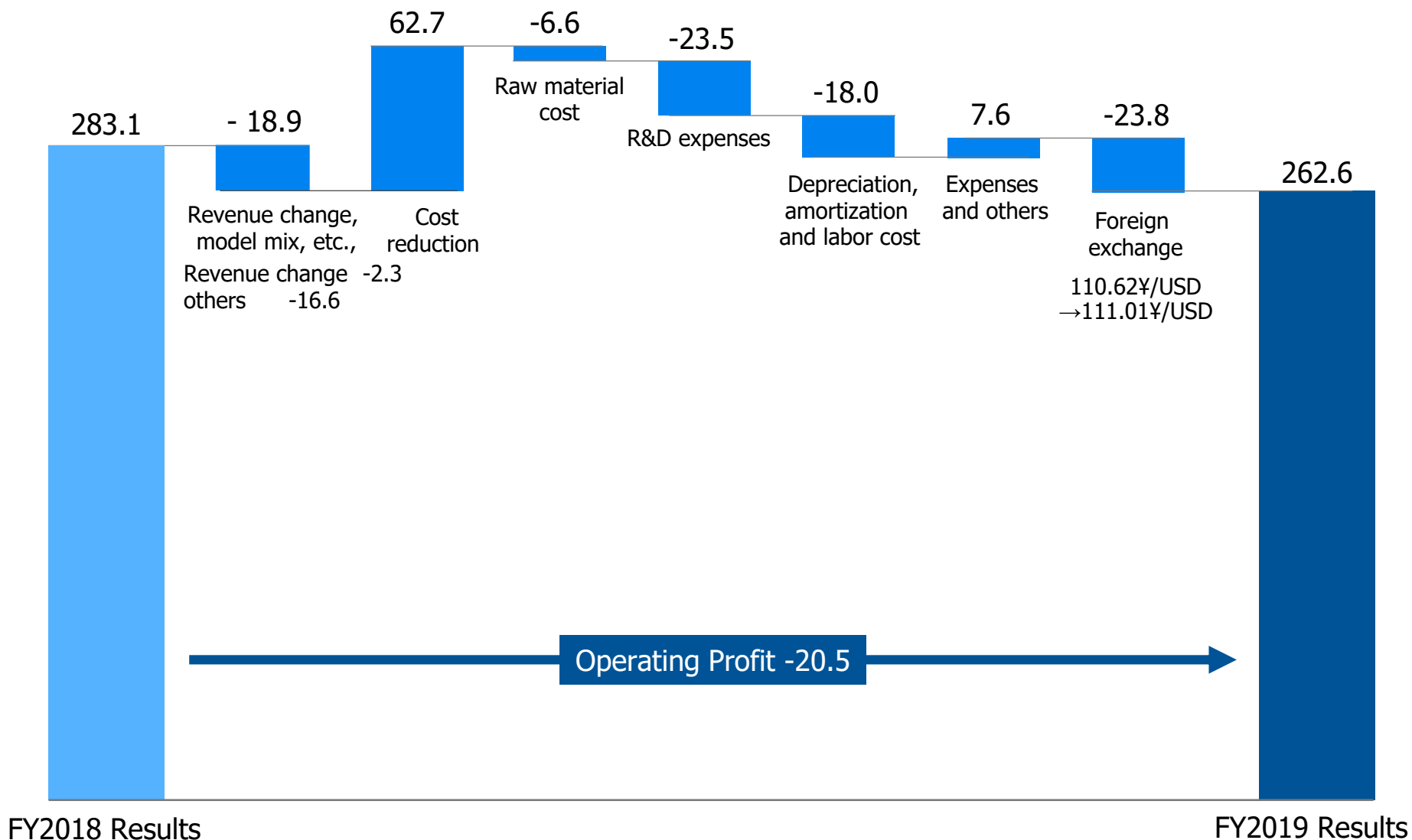
Operating profit increased due to increased revenue effect, although there was an impact due to the weak currencies of emerging countries. (Including the FX impact -470 million yen)

* The Amounts listed include amounts for internal revenue between segments.

* Amounts are rounded to the nearest millions yen

Results of Expected Factors for Change in Consolidated Operating Profit for FY2019

[IFRS] (Unit: 100 million yen)



(Note: Amounts are rounded to the nearest million yen)

[IFRS] (Unit: 100 million yen)

	FY2018 Results	FY2019 Results	Change amount	Change percentage
Capital expenditure	184.1	291.8	107.7	58.5%
Depreciation	178.0	171.4	-6.6	-3.7%
R&D expenses	227.8	246.6	18.8	8.3%
Ratio of R&D expenses to consolidated revenue	6.5%	7.1%	—	—

►Capital expenditure

In addition to capital expenditure for the introduction of motorcycle FI system in India, capital expenditure increased significantly due to capital expenditure for the start of mass production of next-generation products for electric vehicles

►Depreciation

Decreased due to the progress of depreciation and exchange rates

►R&D expenses

Increased because of the introduction of electrification for the future and enhancement of R&D aimed at the expansion of new customers

[IFRS] (Unit: 100 million yen)

	Impact of amount
1 U.S. Dollar	-0.3
1 Thai Baht	-6.1
1 Chinese Yuan	-4.2
1 Indian Rupee	-3.4
1 Indonesian Rupiah	-5.1
1 Brazilian Real	-0.7
Other	-0.2
Difference in exchange rates for sales*1 (at the line of Operating profit)	-20.0
Difference between exchange rates for sales and exchange rates for sales proceeds *2 (Financial balance)	-14.2
Subtotal	-34.2
Difference from foreign exchange translation *3 (at the line of Profit before tax)	-3.7
Total	-37.9
At the line of Operating profit	-23.8
Financial balance	-14.1

FY2018 Results	FY2019 Results	Change
¥110.62	¥111.01	¥-0.39
¥3.37	¥3.43	¥-0.06
¥16.78	¥16.49	¥0.29
¥1.73	¥1.60	¥0.13
¥0.82	¥0.77	¥0.05
¥34.26	¥29.17	¥5.09

(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

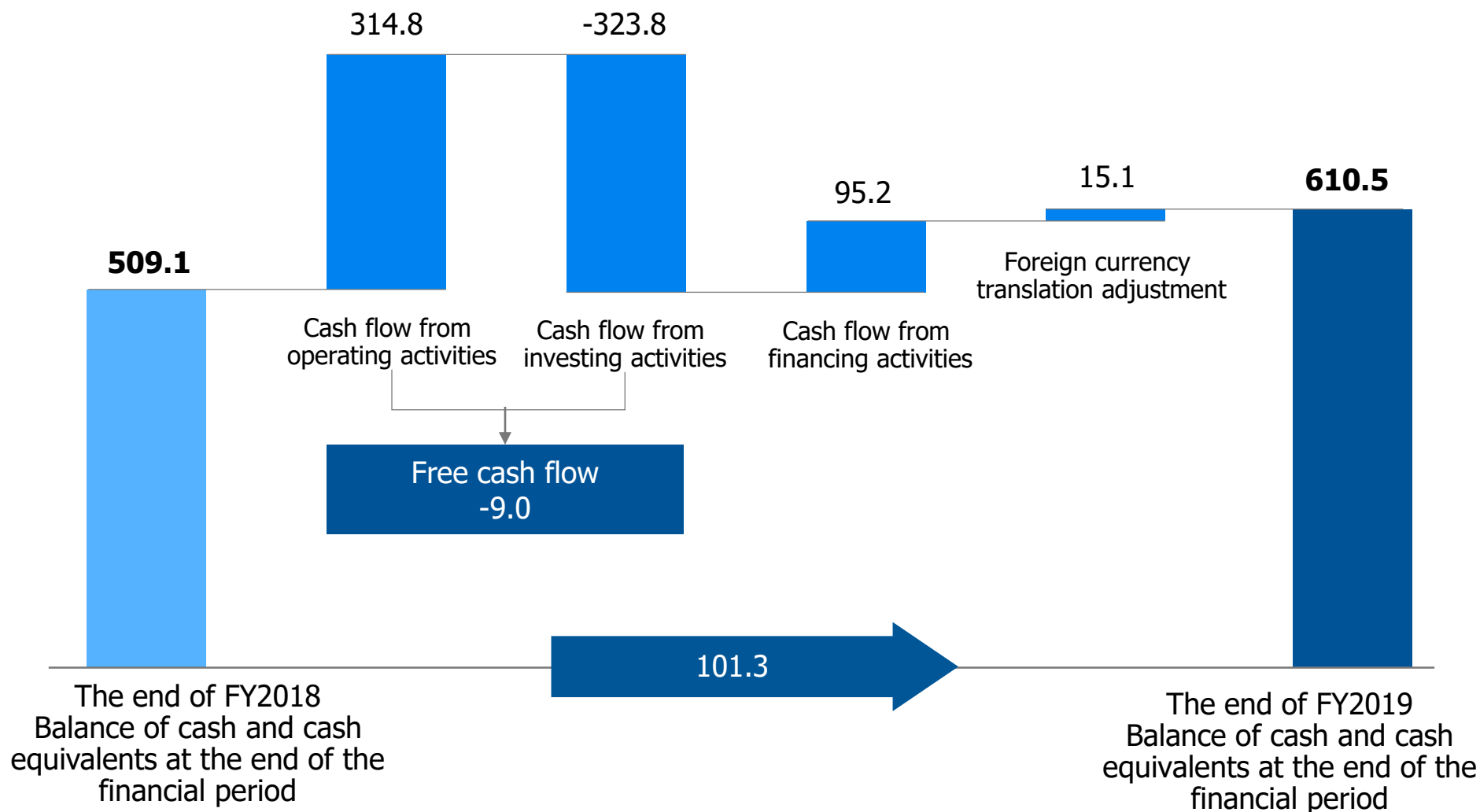
*2: Difference, from the previous fiscal year, between the exchange rates used for posting revenues denominated in foreign currencies and the exchange rates for posting sales proceeds received

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

[IFRS] (Unit: 100 million yen)

	The end of FY2018	The end of FY2019	Amount of change		The end of FY2018	The end of FY2019	Amount of change
Total assets	2,837.1	3,151.9	314.8	Total liabilities and equity	2,837.1	3,151.9	314.8
Total current assets	1,618.0	1,746.9	128.9	Total current liabilities	661.9	675.8	13.9
Cash and cash equivalents	509.1	610.5	101.3	Trade and other current payables	550.8	577.4	26.6
Trade and other current receivables	586.5	565.5	-21.0	Short-term loans	67.9	68.8	1.0
Inventories	487.0	535.6	48.6	Other	43.3	29.6	-13.7
Other	35.3	35.3	0.0	Total non-current liabilities	93.2	244.2	151.0
Total non-current assets	1,219.1	1,405.0	185.9	Long-term loans	—	147.9	147.9
Property, plant and equipment	980.0	1,132.9	152.9	Other	93.2	96.3	3.1
Intangible assets	61.0	75.6	14.6	Total equity	2,082.0	2,231.9	149.8
Other non-current financial assets	57.6	50.6	-7.1	Equity attributable to owners of the parent	1,845.1	1,983.5	138.4
Other	120.6	146.0	25.4	Non-controlling interests	236.9	248.3	11.4

(Note: Amounts are rounded to the nearest million yen)



[IFRS] (Unit: 100 million yen)

	FY2019 Results	FY2020 Forecasts	Amount of change	Rate of change
Revenue	3,492.2	3,500.0	7.8 (FX Impact -38.4)	0.2 %
Motorcycle and power products	1,003.3	1,085.0	81.7	8.1 %
Automotive products	2,488.9	2,415.0	-73.9	-3.0 %
Operating profit	262.6	185.0	-77.6 (FX Impact -7.3)	-29.5 %
Profit before tax	247.6	160.0	-87.6	-35.4 %
Income tax expense	69.0	60.0	-9.0	-13.0 %
Profit for the year	178.6	100.0	-78.6	-44.0 %
Profit attributable to owners of the parent	157.1	83.0	-74.1	-47.2 %
Exchange Rate				
1 U.S. Dollar	¥111.01	¥110.00	¥1.01	
1 Thai Baht	¥3.43	¥3.40	¥0.03	
1 Chinese Yuan	¥16.49	¥16.30	¥0.19	
1 Indian Rupee	¥1.60	¥1.55	¥0.05	
1 Indonesian Rupiah (100-unit rate)	¥0.77	¥0.77	—	
1 Brazilian Real	¥29.17	¥27.80	¥1.37	

(Note: Amounts are rounded to the nearest million yen)

[IFRS] (Unit: 100 million yen)

Percentage in (brackets) operating profit margin

Japan

<Revenue>

1,591.8 → 1,583.0

-0.6%

FY2019

FY2020

<Operating Profit>

25.1

123.5%

56.0

FY2019

FY2020

(1.6%)

(3.6%)

<Revenue>

Revenue decreased due to decreased sales of automotive products for Americas and China, and decreased revenue due to the unfavorable foreign exchange rate, although there was an increase in revenue associated with the start of mass production of next-generation products for electric vehicles in Japan and the launch of the motorcycle FI system in India. (Including the FX impact -990 million yen)

<Operating Profit>

Operating profit increased mainly due to increased revenue associated with the launch of the motorcycle FI system in India. (Including the FX impact -300 million yen)

Americas

<Revenue>

925.7 → 872.0

-5.8%

FY2019

FY2020

<Operating Profit>

17.2

56.9%

27.0

FY2019

FY2020

(1.9%)

(3.2%)

<Revenue>

Revenue decreased due to decreased sales caused by the deterioration of the automotive product model mix and impacts due to the unfavorable foreign exchange rate. (Including the FX impact -950 million yen)

<Operating Profit>

Operating profit increased due to productivity improvement in North and Central America, despite the impact of decreased revenue. (Including the FX impact -100 million yen)

* The Amounts listed include amounts for internal revenue between segments.

* Amounts are rounded to the nearest millions yen

[IFRS] (Unit: 100 million yen)

Percentage in (brackets) operating profit margin

Asia

<Revenue>

1,132.0 → **1,184.0**

4.6%

FY2019

FY2020

<Operating Profit>

141.6

→ **105.0**

-25.9%

FY2019
(12.5%)

FY2020
(8.9%)

<Revenue>

Revenue increased due to increased sales of motorcycle and power products, including the start of mass production in the motorcycle FI system in India, despite the impact of decreased revenue due to the unfavorable foreign exchange rate, (Including the FX impact -1,650 million yen)

<Operating Profit>

Operating profit decreased due to increased expenses associated with the launch of the motorcycle FI system in India, despite the impact of higher revenue. (Including the FX impact -50 million yen)

China

<Revenue>

856.2

→ **885.0**

3.4%

FY2019

FY2020

<Operating Profit>

66.5

→ **50.0**

-24.8%

FY2019
(7.8%)

FY2020
(5.6%)

<Revenue>

Revenue increased due to increased sales of motorcycle and power products, despite the impact of decreased revenue due to the unfavorable foreign exchange rate. (Including the FX impact -990 million yen)

<Operating Profit>

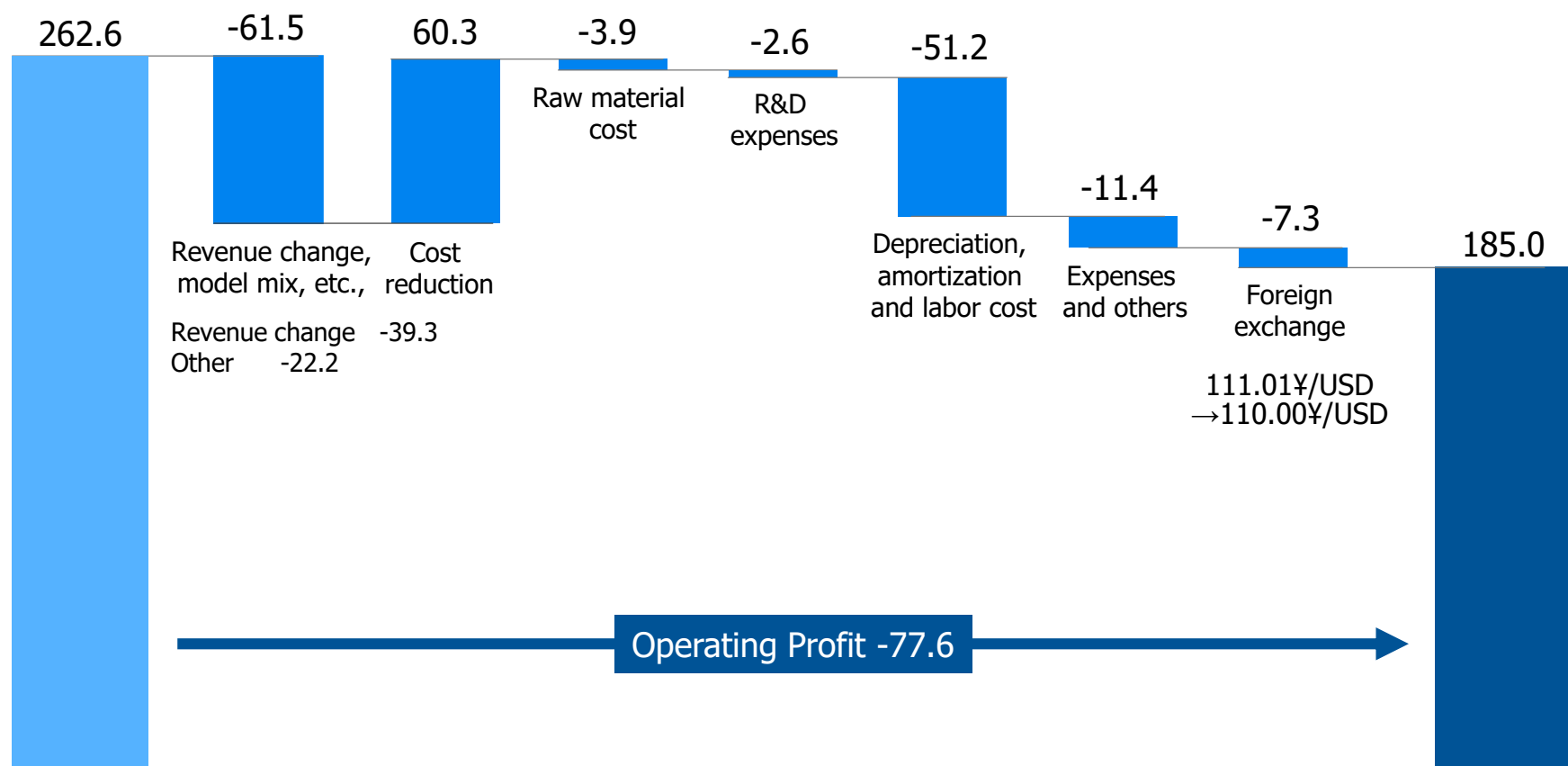
Operating profit decreased due to the deterioration of the automotive product model mix, although revenue increased. (Including the FX impact -280 million yen)

* The Amounts listed include amounts for internal revenue between segments.

* Amounts are rounded to the nearest millions yen

Forecast of Expected Factors for Change in Consolidated Operating Profit for FY2020

[IFRS] (Unit: 100 million yen)



FY2019 Results

FY2020 Forecast

(Note: Amounts are rounded to the nearest million yen)

[IFRS] (Unit: 100 million yen)

	FY2019 Results	FY2020 Forecast	Change amount	Change percentage
Capital expenditure	291.8	390.0	98.2	33.7%
Depreciation	171.4	200.0	28.6	16.7%
R&D expenses	246.6	255.0	8.4	3.4%
Ratio of R&D expenses to consolidated revenue	7.1%	7.3%	—	—

►Capital expenditure

In addition to capital expenditure for motorcycle FI system in India, capital expenditures increased due to the expansion of capital expenditure for the strengthening of responses to the electrification of automobiles

►Depreciation

Increased due to the motorcycle FI system in India and the start of mass production of next-generation products for electric vehicles in Japan

►R&D expenses

Increased because of the strengthening of R&D for the expansion of new customers

(Note: Amounts are rounded to the nearest million yen)

[IFRS] (Unit: 100 million yen)

	Impact of amount
1 U.S. Dollar	-3.7
1 Thai Baht	-0.3
1 Chinese Yuan	-0.3
1 Indian Rupee	0.2
1 Indonesian Rupiah	0.0
1 Brazilian Real	-0.4
Other	-1.2
Difference in exchange rates for sales ^{*1} (at the line of Operating profit)	-5.7
Difference between exchange rates for sales and exchange rates for sales proceeds ^{*2} (Financial balance)	15.4
Subtotal	9.7
Difference from foreign exchange translation ^{*3} (at the line of Profit before tax)	-0.9
Total	8.8
At the line of Operating profit	-7.3
Financial balance	16.1

FY2019 results	FY2020 Forecast	Change
¥111.01	¥110.00	¥1.01
¥3.43	¥3.40	¥0.03
¥16.49	¥16.30	¥0.19
¥1.60	¥1.55	¥0.05
¥0.77	¥0.77	—
¥29.17	¥27.80	¥1.37

(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



We will continue to strive to enhance our corporate value
by realizing our corporate Principle

“We shall contribute to the future of mankind by the continuous creation of new value..”



The original robot made by Keihin major products

* The 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

(ten thousand units)

	Japan	U.S.	Europe	Brazil	Taiwan	Thailand	China	India	Indonesia	Malaysia	Vietnam	Total
FY2018 Results	7	5	-	7	11	134	176	1,535	4	3	63	1,944
FY2019 Results	7	2	-	3	8	148	150	1,631	0	3	64	2,016
FY2020 Forecast	5	1	-	2	5	149	126	1,327	0	4	65	1,684
Change	-29%	-50%	-	-33%	-37%	1%	-16%	-19%	-	33%	2%	-16%

Motorcycle FI systems: Sales unit numbers by each location

(ten thousand units)

	Japan	U.S.	Europe	Brazil	Taiwan	Thailand	China	India	Indonesia	Malaysia	Vietnam	Total
FY2018 Results	40	14	4	70	26	187	51	8	484	7	201	1,091
FY2019 Results	37	11	10	82	24	184	87	10	542	10	224	1,221
FY2020 Forecast	33	12	10	82	23	172	158	280	557	13	231	1,571
Change	-11%	9%	0%	0%	-4%	-7%	82%	2,700%	3%	30%	3%	29%