

Earnings Results Presentation

FY2024 2Q (111th term)



Nov, 2024
Futaba Industrial Co., Ltd.

FUTABA



1. FY2024 2Q Financial Results

2. FY2024 Forecast

3. Activities by each segment

4. Appendix

〈Consolidated〉 PL Summary

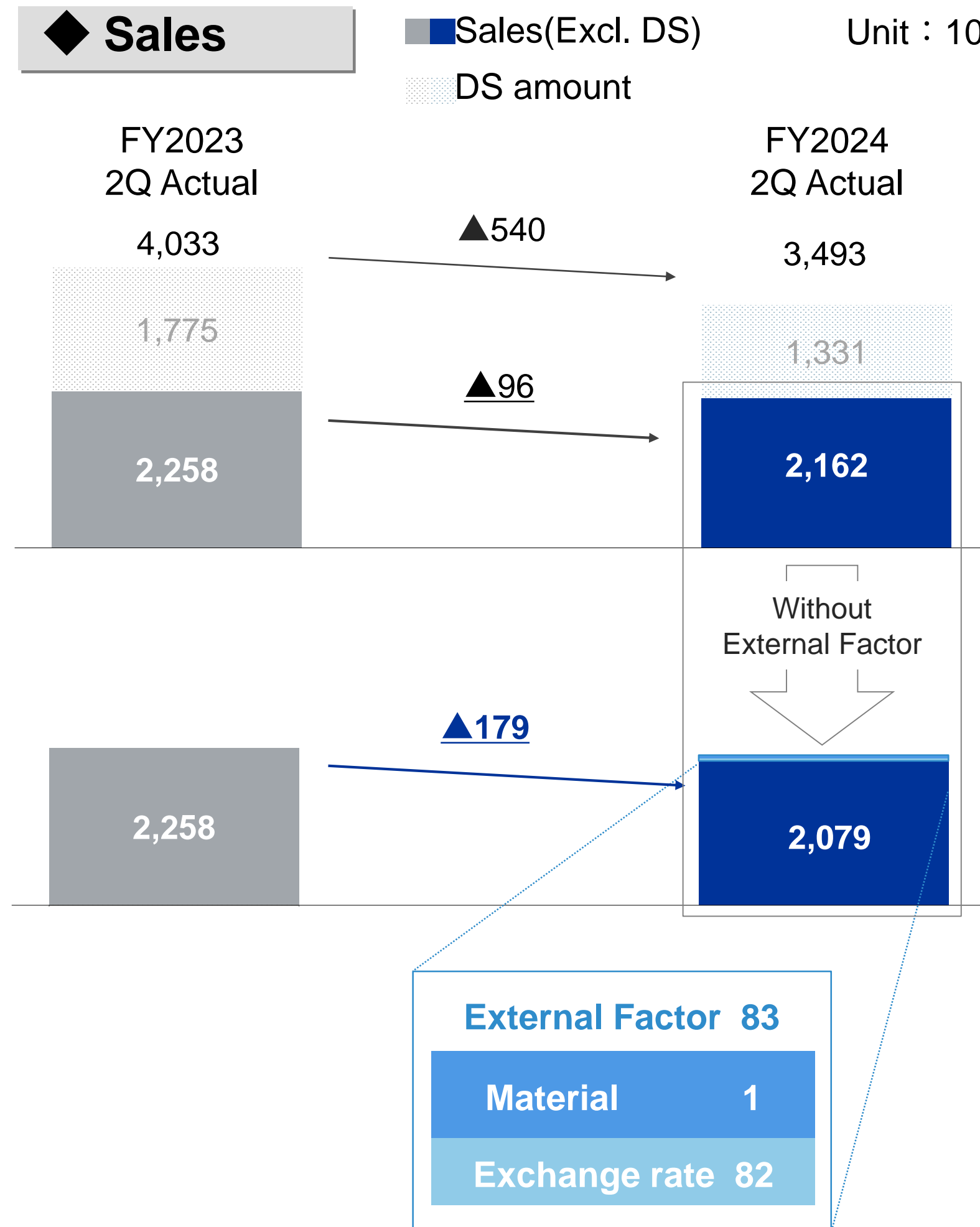
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Unit: Mill JPY

	FY2024 2Q		FY2023 2Q	Diff	Diff Ratio
Sales [Incl.DS]	349,312		403,340	▲54,027	▲13.4%
Sales [Excl.DS]	216,214		225,850	▲9,636	▲4.3%
Operating Profit	5,446 (1.6%) (2.5%)		9,445 (2.3%) (4.2%)	▲3,999	▲42.3%
Ordinary Profit	3,565 (1.0%) (1.6%)		9,527 (2.4%) (4.2%)	▲5,961	▲62.6%
Profit attributable to owners of parent	1,588 (0.5%) (0.7%)		6,739 (1.7%) (3.0%)	▲5,150	▲76.4%

The figure in () shows profit/sales ratio Upper row: Incl. DS Lower row: Excl. DS

Exchange rate (1 USD)	152.6 JPY		141.0 JPY	+11.6 JPY
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- Sales including DS parts : ▲540
- Sales excluding DS parts : ▲96
- Sales excluding external factor(Material & Exchange Rate) : **▲179** 〈▲7.9%〉

• DS Parts?

Direct Supply Parts. It is the parts supplied by customers. The selling price including DS parts includes values of parts supplied by customers. No Profit Impact

• Material Impact?

Due to changes in market, Unit purchase prices of materials and material cost in sales prices fluctuate by the same amount. No Profit Impact

• Exchange rate Impact?

When converting the financial figure of overseas subsidiaries into JPY, the differences in exchange rates between the previous year and the current year affects the sales amount.

〈Consolidated〉 Sales & Operating Profit by segments

Excl.DS

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Unit: Mill JPY

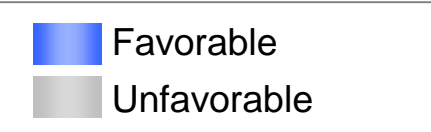
		FY2024 2Q	FY2023 2Q	Diff	Diff Ratio
Japan	Sales [Excl.DS]	103,847	114,777	▲10,929	▲9.5%
	Operating Profit	2,364 (2.3%)	6,265 (5.5%)	▲3,900	▲62.3%
NA	Sales [Excl.DS]	62,386	54,275	+8,110	+14.9%
	Operating Profit	911 (1.5%)	525 (1.0%)	+386	+73.5%
Europe	Sales [Excl.DS]	18,623	18,297	+326	+1.8%
	Operating Profit	578 (3.1%)	431 (2.4%)	+147	+34.2%
China	Sales [Excl.DS]	27,329	34,197	▲6,868	▲20.1%
	Operating Profit	792 (2.9%)	1,027 (3.0%)	▲234	▲22.9%
Asia	Sales [Excl.DS]	9,480	8,611	+869	+10.1%
	Operating Profit	810 (8.6%)	1,045 (12.1%)	▲234	▲22.4%
Consolidated Adjustment	Sales [Excl.DS]	▲5,452	▲4,307	▲1,144	
	Operating Profit	▲11	151	▲163	
Total	Sales [Excl.DS]	216,214	225,850	▲9,636	▲4.3%
	Operating Profit	5,446 (2.5%)	9,445 (4.2%)	▲3,999	▲42.3%

The figure in () shows profit/sales ratio

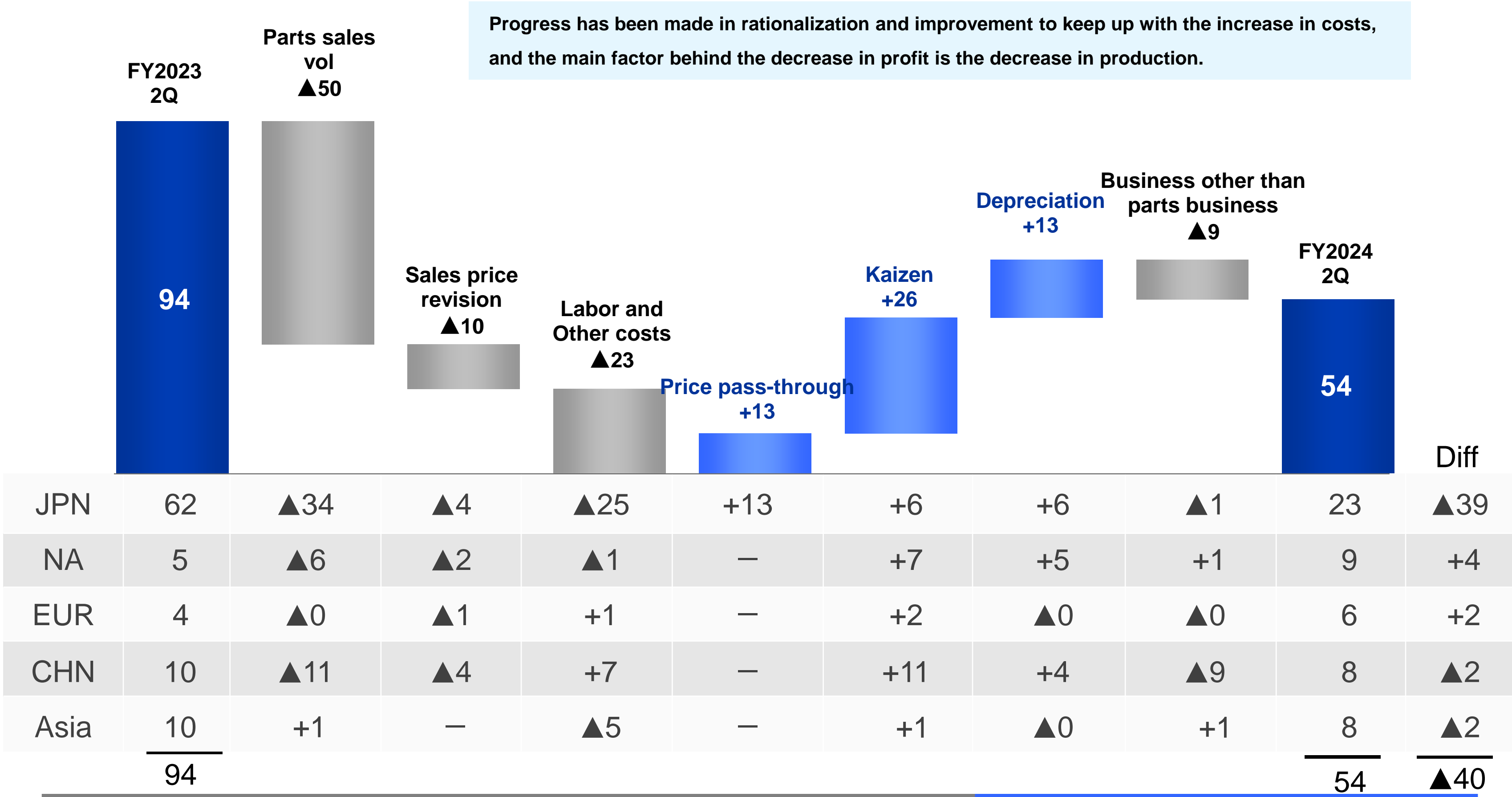
<Consolidated> OP Flux Analysis FY24 2Q vs FY23 2Q

GAP Total ▲40 (94 → 54)

Unit : 100 Mill JPY



Progress has been made in rationalization and improvement to keep up with the increase in costs, and the main factor behind the decrease in profit is the decrease in production.



〈Consolidated〉 Sales by customer

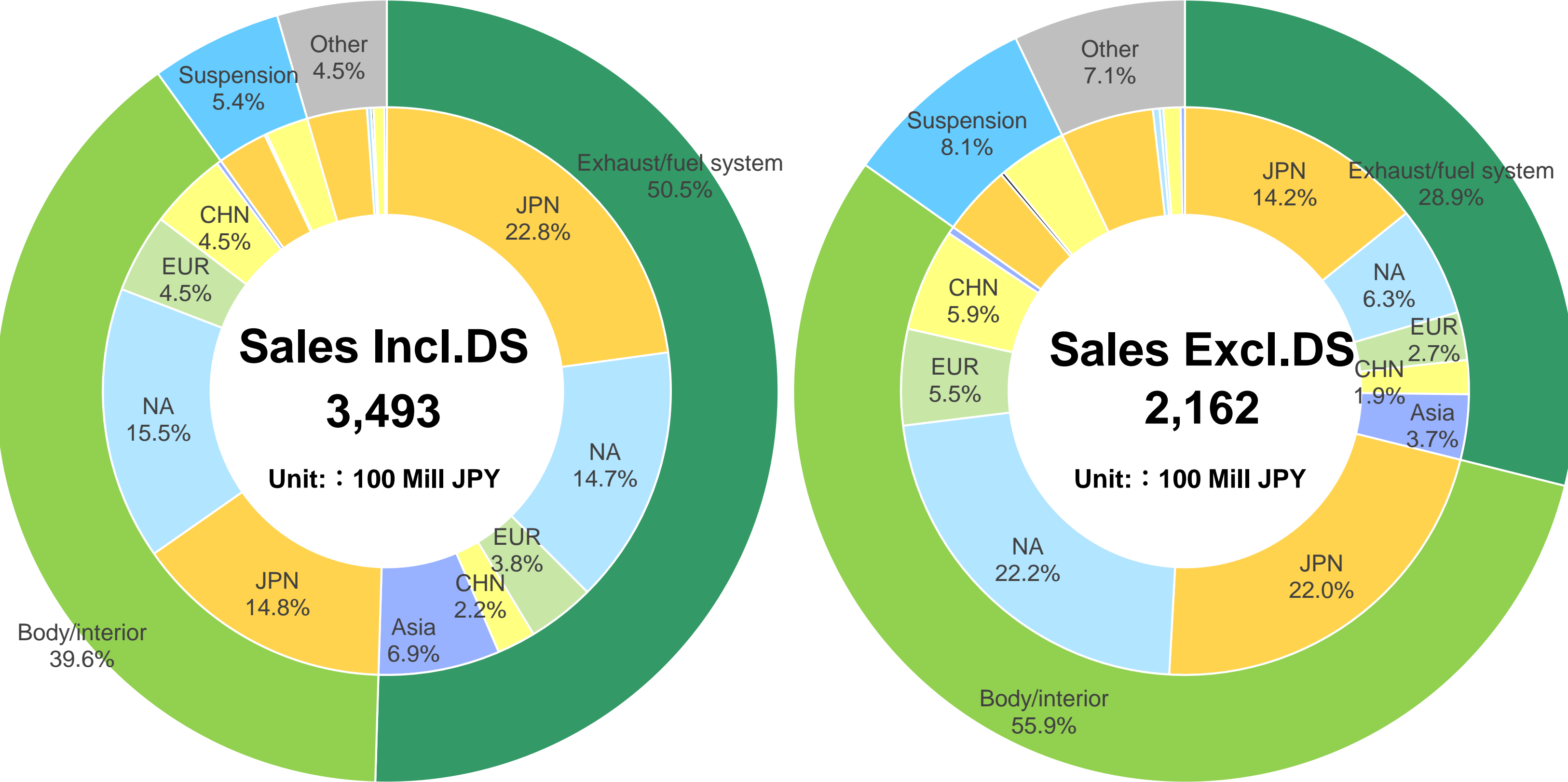
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The figure in () shows profit /sales ratio Unit : 100Mill JPY

Incl.DS	FY2024 2Q		FY2023 2Q		Diff	Diff Ratio
※1Toyota Group	2,882	(82.5%)	3,281	(81.3%)	▲398	▲12.1%
Suzuki	280	(8.0%)	356	(8.8%)	▲75	▲21.1%
Mitsubishi Motors	89	(2.6%)	115	(2.9%)	▲26	▲22.7%
※2 Nissan Group	42	(1.2%)	41	(1.0%)	+0	+0.9%
Honda	41	(1.2%)	44	(1.1%)	▲2	▲6.4%
Other	156	(4.5%)	194	(4.9%)	▲37	▲19.4%
Total	3,493	(100.0%)	4,033	(100.0%)	▲540	▲13.4%
Excl.DS						
※1Toyota Group	1,834	(84.8%)	1,904	(84.3%)	▲70	▲3.7%
Suzuki	110	(5.1%)	110	(4.9%)	+0	+0.1%
Mitsubishi Motors	52	(2.4%)	52	(2.3%)	▲0	▲0.3%
※2 Nissan Group	31	(1.5%)	31	(1.4%)	+0	+2.0%
Honda	32	(1.5%)	31	(1.4%)	+0	+2.0%
Other	100	(4.7%)	127	(5.7%)	▲27	▲21.4%
Total	2,162	(100.0%)	2,258	(100.0%)	▲96	▲4.3%

※1 Toyota Group includes Daihatsu and Hino Motors, etc. ※2 Nissan Group includes Nissan Shatai

〈Consolidated〉 FY2024 2Q Percentage of sales by Product Category 8



Compare Sales Incl.DS parts to Sales Excl.DS parts
Exhaust and fuel system parts 50.5%→28.9% (▲21.6%)
Body and Interior parts 39.6%→55.9% (+16.3%)

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〈Consolidated〉 FY2024 Forecast

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The full-year earnings forecast announced on July 30 has been revised downward based on the results for the first half and the number of units produced by customers in the second half.

Unit : 100 Mill JPY

	FY2024 Revised Forecast	FY2024 Previous Forecast	Diff	Diff Ratio	FY2023 Actual	Diff
Sales [Incl.DS]	6,900	7,400	▲500	▲6.8%	7,958	▲1,058
Sales [Excl.DS]	4,250	4,450	▲200	▲4.5%	4,496	▲246
Operating Profit	130 (1.9%) (3.1%)	160 (2.2%) (3.6%)	▲30	▲18.8%	192 (2.4%) (4.3%)	▲62
Ordinary Profit	110 (1.6%) (2.6%)	150 (2.0%) (3.4%)	▲40	▲26.7%	184 (2.3%) (4.1%)	▲74
Profit attributable to owners of parent	60 (0.9%) (1.4%)	120 (1.6%) (2.7%)	▲60	▲50.0%	128 (1.6%) (2.9%)	▲68

The figure in () shows profit/sales ratio Upper row: Incl. DS Lower row: Excl. DS

Exchange rate (1 USD)	145.0 JPY	145.0 JPY			144.6 JPY	
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Difference from the previous forecast below operating profit

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Profit attributable to owners of parent ▲60 (Previous 120 → Revised 60)

Unit : 100 Mill JPY

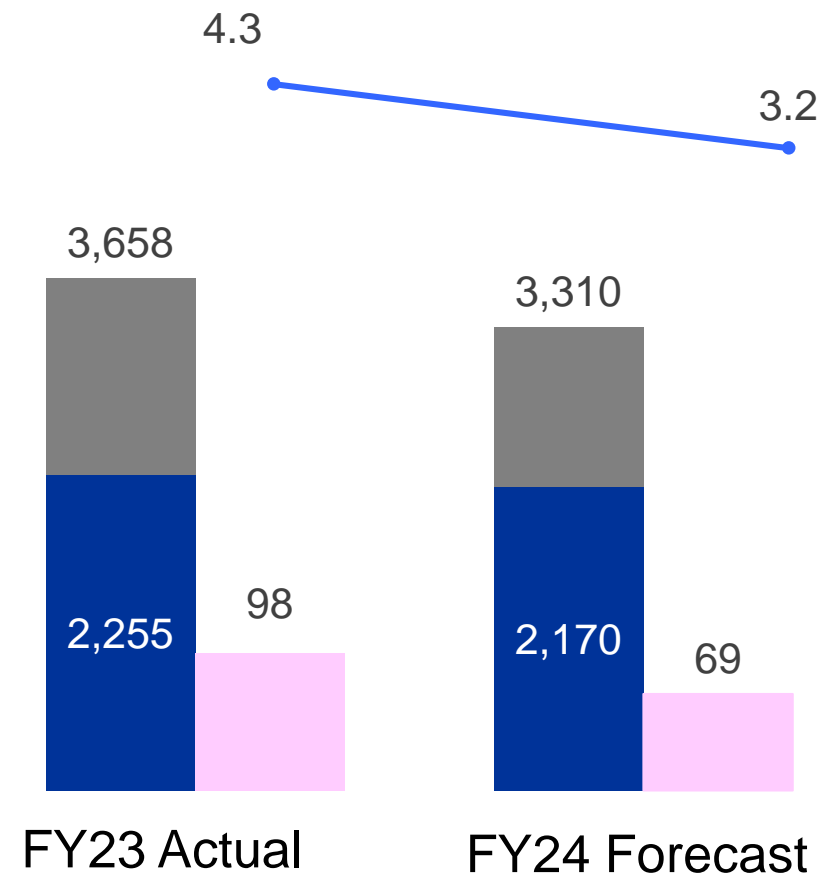
			FY2024 Revised forecast	FY2024 Previous forecast	Diff	Comments	FY2023 Actual	Diff
	1 st Half Actual	2 nd Half forecast						
Operating Profit	55	75	130	160	▲30	Mainly due to lower sales	192	▲62
Non-operating income or loss	▲20	0	▲20	▲10	▲10	Foreign exchange losses, etc.	▲8	▲12
Ordinary Profit	35	75	110	150	▲40		184	▲74
Extraordinary profit	8	—	8	—	+8	Sale of shares held	—	+8
Extraordinary loss	—	13	13	—	+13	Loss on consolidation of production bases in Tianjin, China	—	+13
Income before income taxes and minority interests	43	62	105	150	▲45		184	▲79
Income taxes	25	15	40	25	+15	Changes in profits by business location	50	▲10
Net Income	18	47	65	125	▲60		134	▲69
Net income attributable to non-controlling interests	2	3	5	5	0		6	+1
Profit attributable to owners of parent	16	44	60	120	▲60		128	▲68

Sales and Operating Profit by Segment FY24 vs FY23 Excl.DS 12

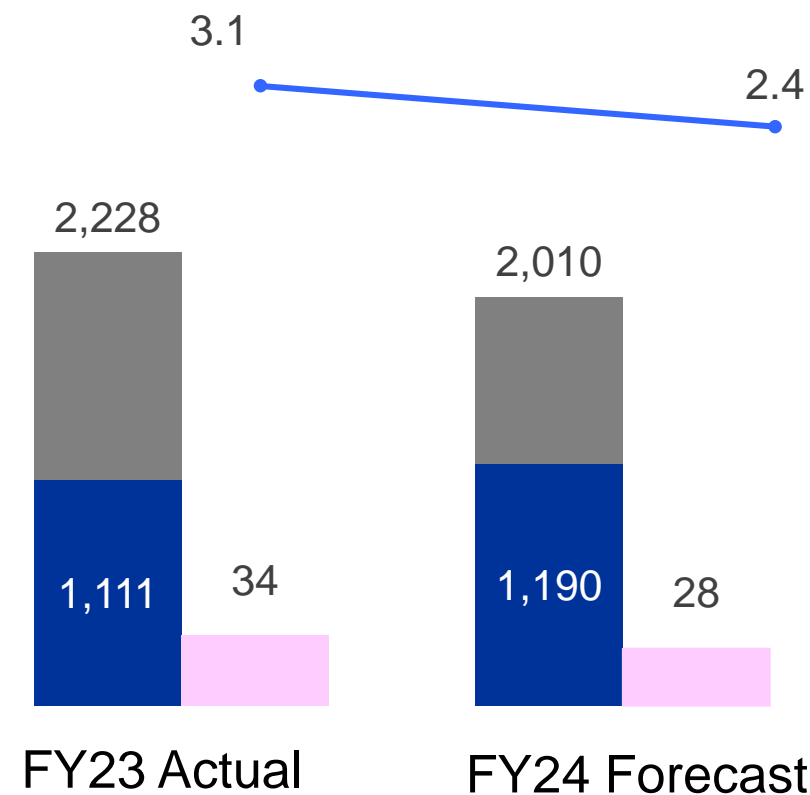
Unit : 100 Mill JPY

■ Sales Incl.DS ■ Operating Profit
■ Sales Excl.DS ●—● Operating Profit/Sales Excl.DS ratio

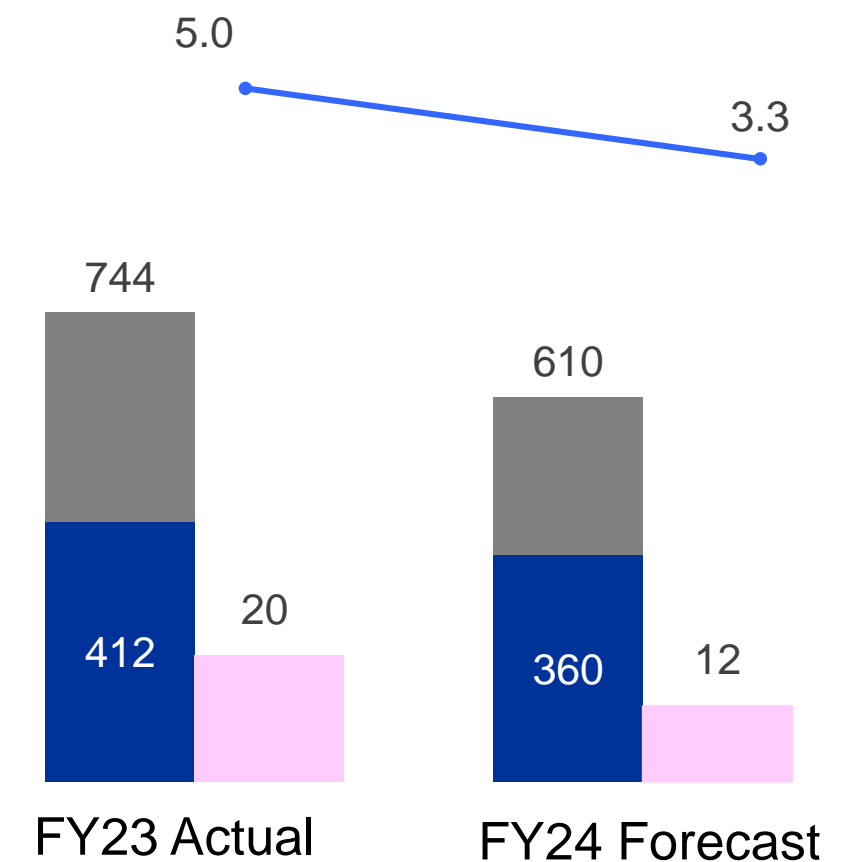
JPN



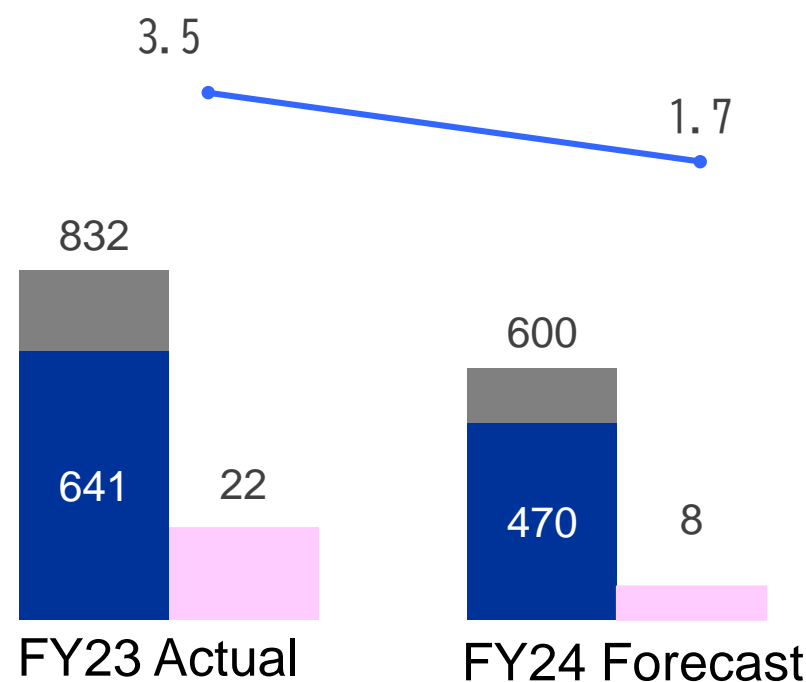
NA



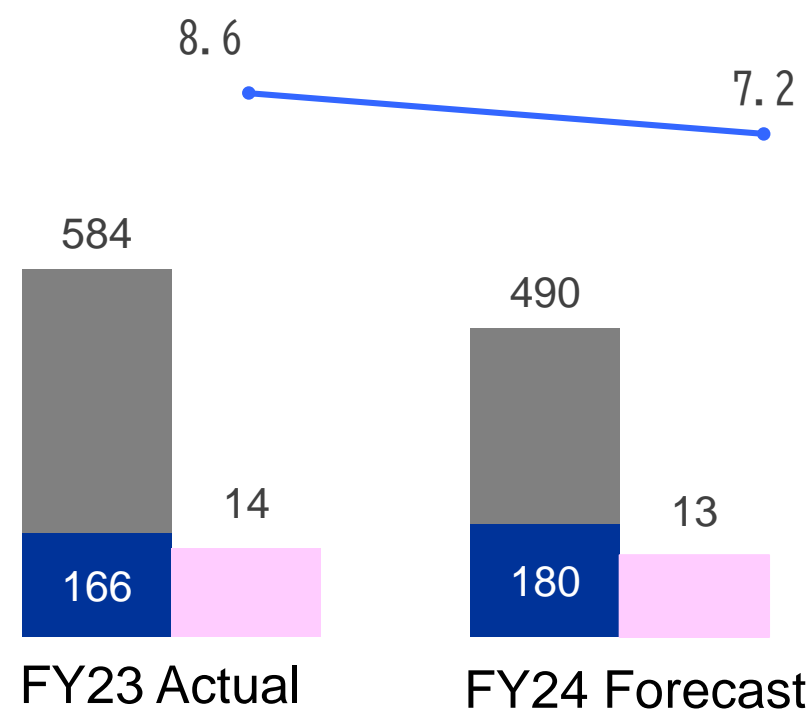
EUR



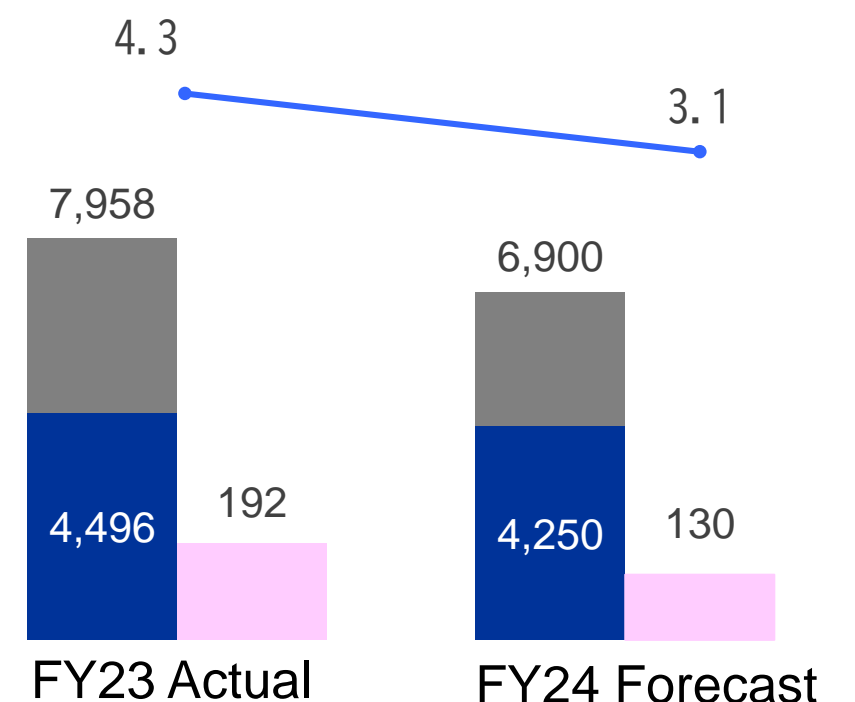
CHN



Asia



Total



GAP Total ▲62

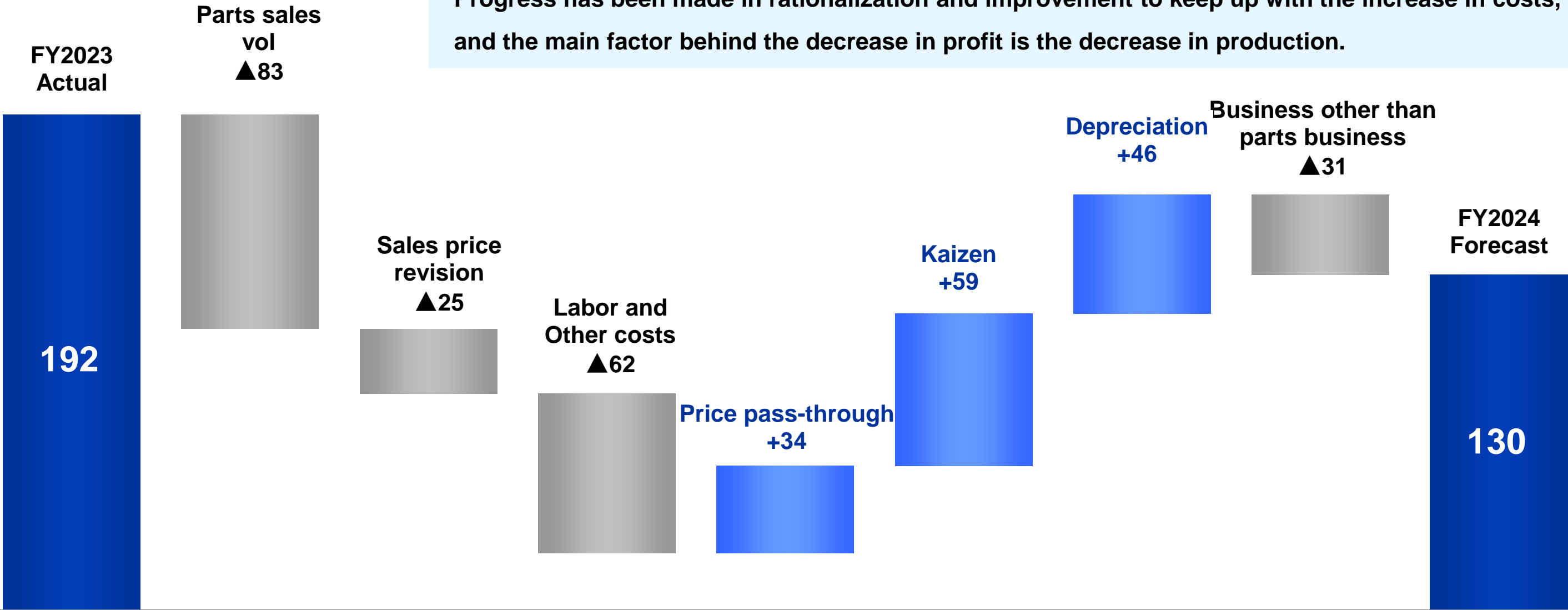
(192 → 130)

Unit : 100 Mill JPY

Favorable

Unfavorable

Progress has been made in rationalization and improvement to keep up with the increase in costs, and the main factor behind the decrease in profit is the decrease in production.



JPN	98	▲32	▲8	▲50	+28	+17	+26	▲13	69	▲29
NA	35	▲17	▲4	▲16	+6	+17	+9	▲2	28	▲7
EUR	21	▲11	▲2	+0	—	+3	+2	+0	12	▲9
CHN	22	▲23	▲10	+7	—	+20	+10	▲17	8	▲14
Asia	14	+0	▲0	▲3	—	+2	▲0	+1	13	▲1
									192	
									130	▲62

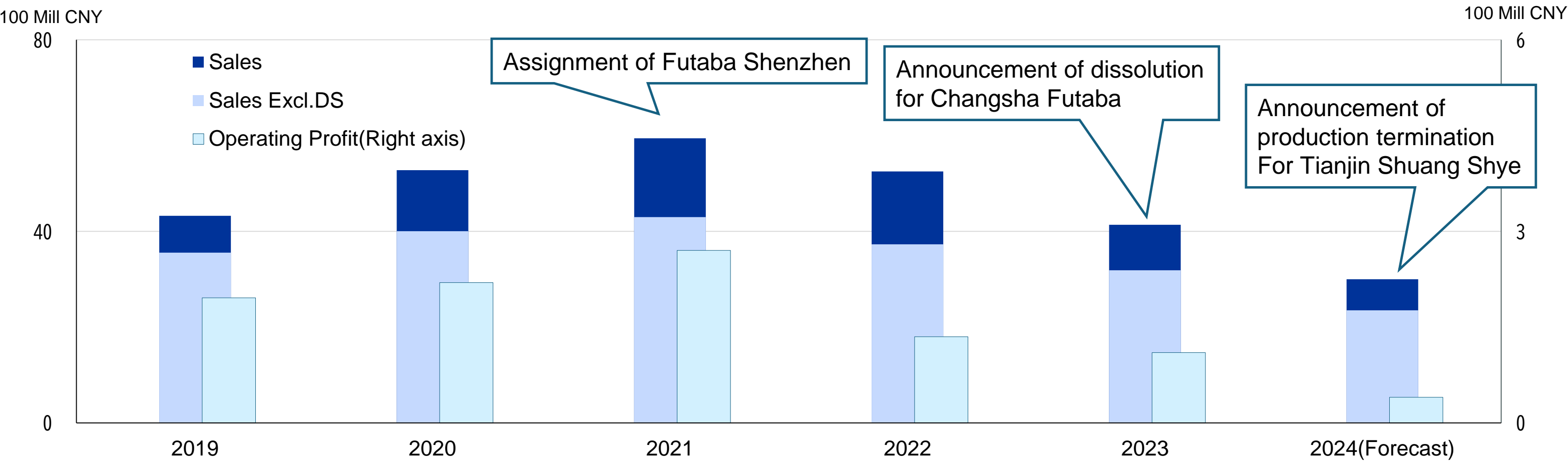
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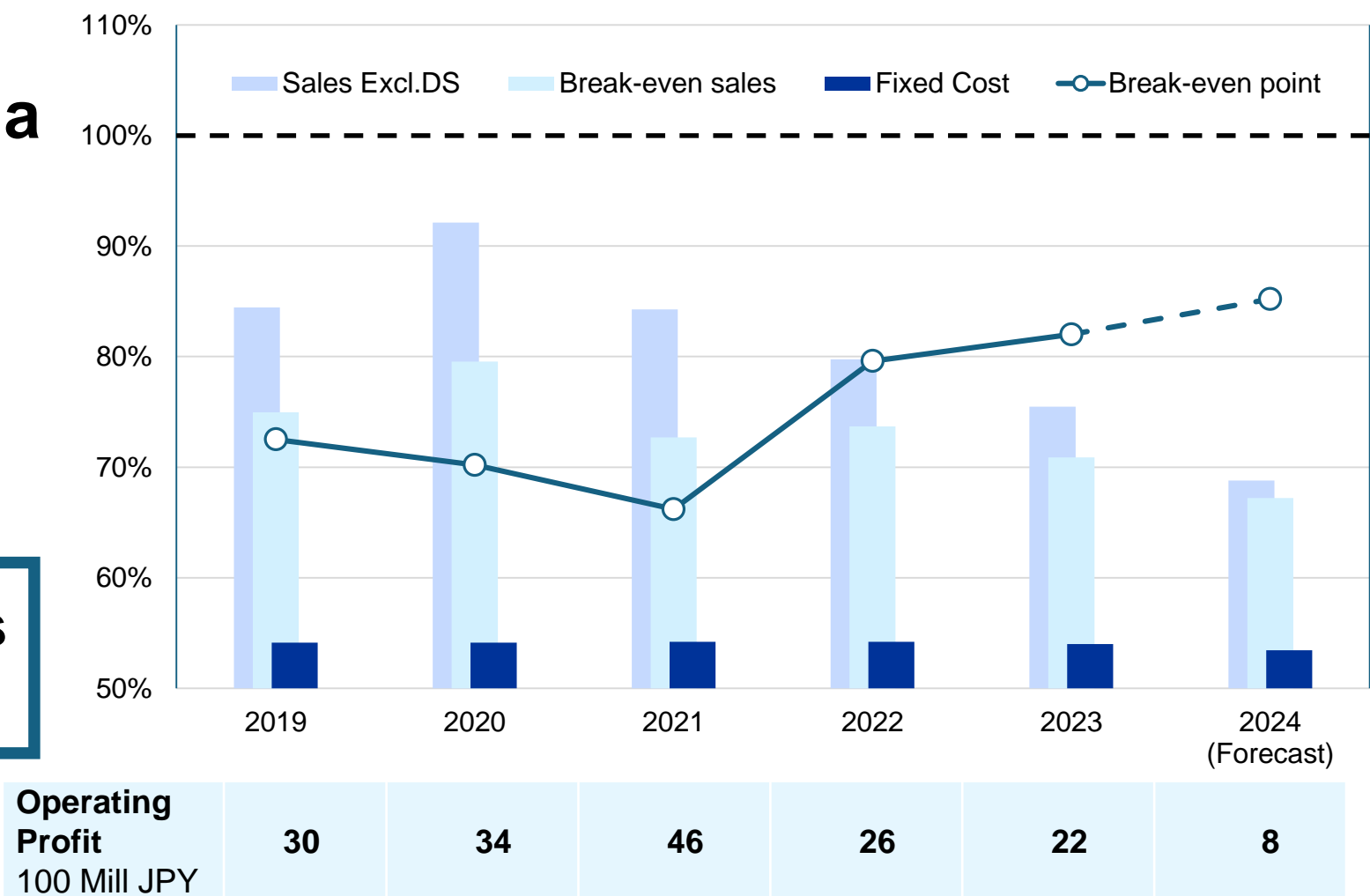
Sales/Operating Profit



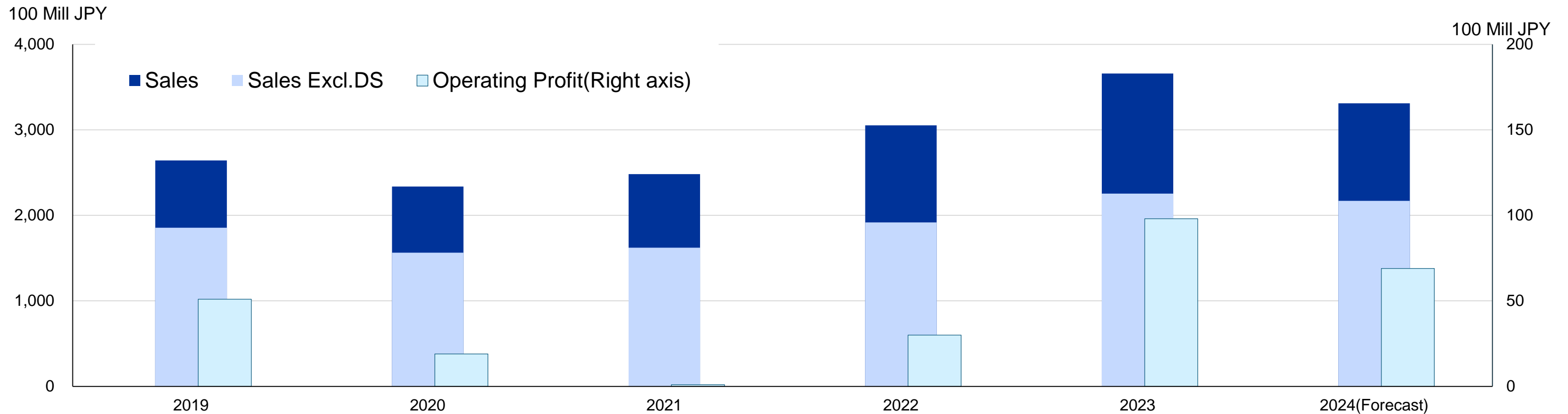
Optimization of production bases in China

The rapid shift to BEVs in the Chinese market has led to a decline in demand for production items, and we have worked to improve production efficiency and reduce fixed costs.

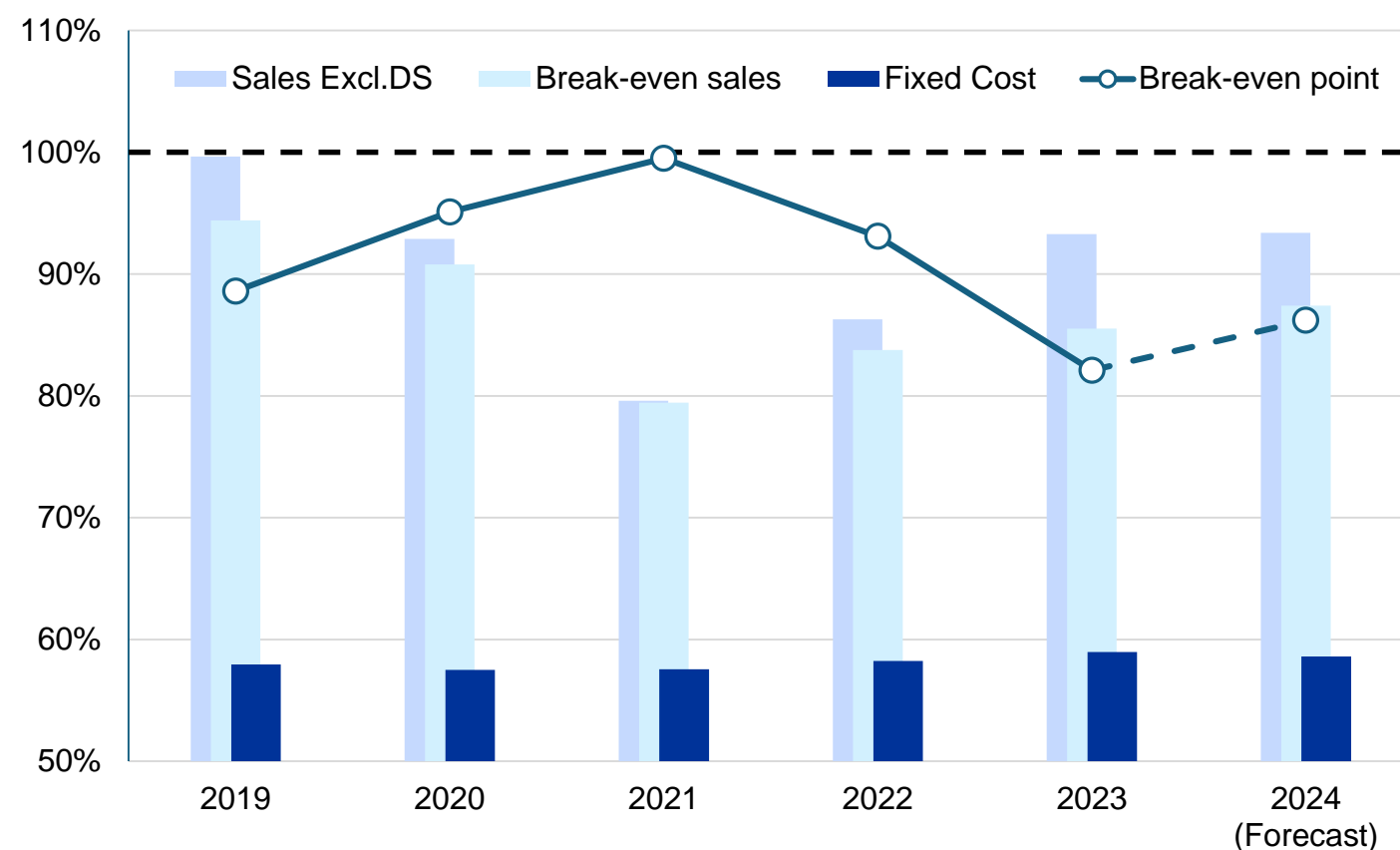
We will continue to carefully monitor market trends and consider the optimal composition of bases.



Sales/Operating Profit



Activities to improve the break-even point



Operating Profit						
100 Mill JPY	51	19	1	30	98	69

< Special activity >

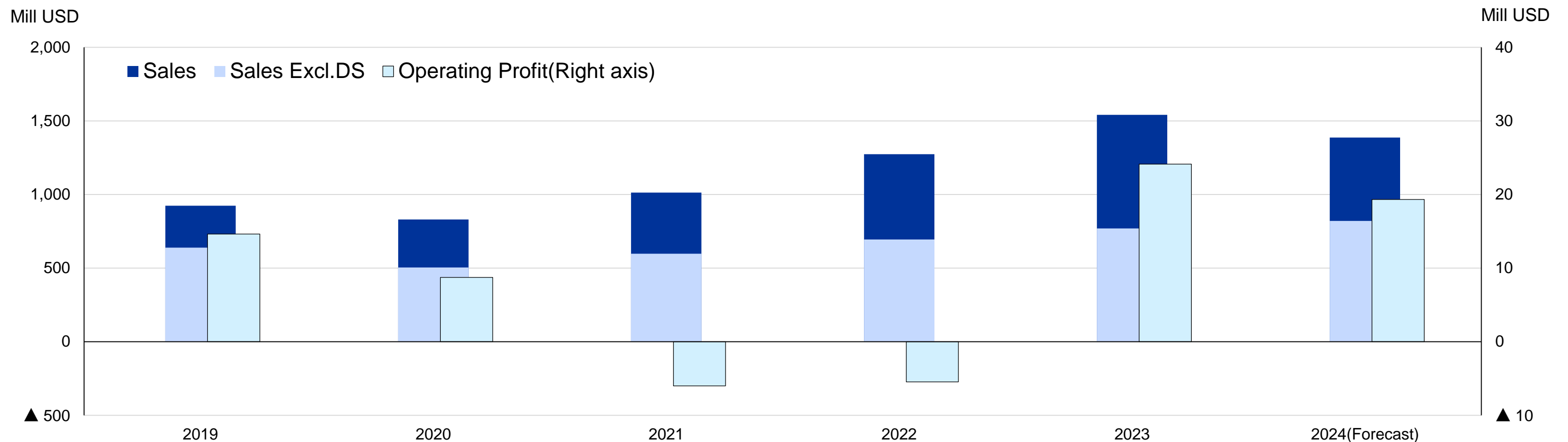
Best practice activities

- Improvement of press productivity
- Production line stoppages
- Improving profitability of interior parts
- Strengthening the competitiveness of exhaust system components

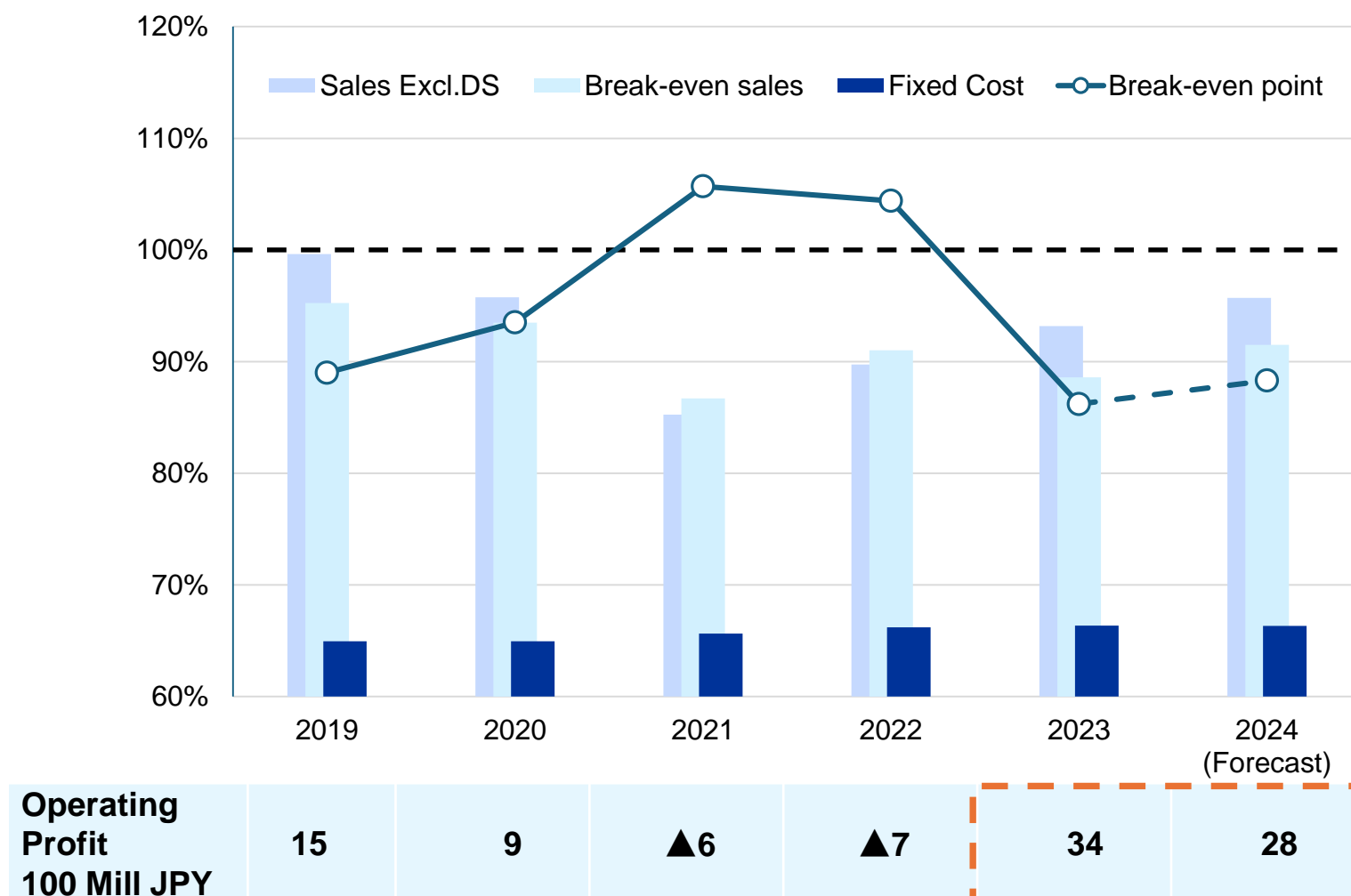
Activities by each segment 【NA】

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Sales/Operating Profit



Activities to improve the break-even point

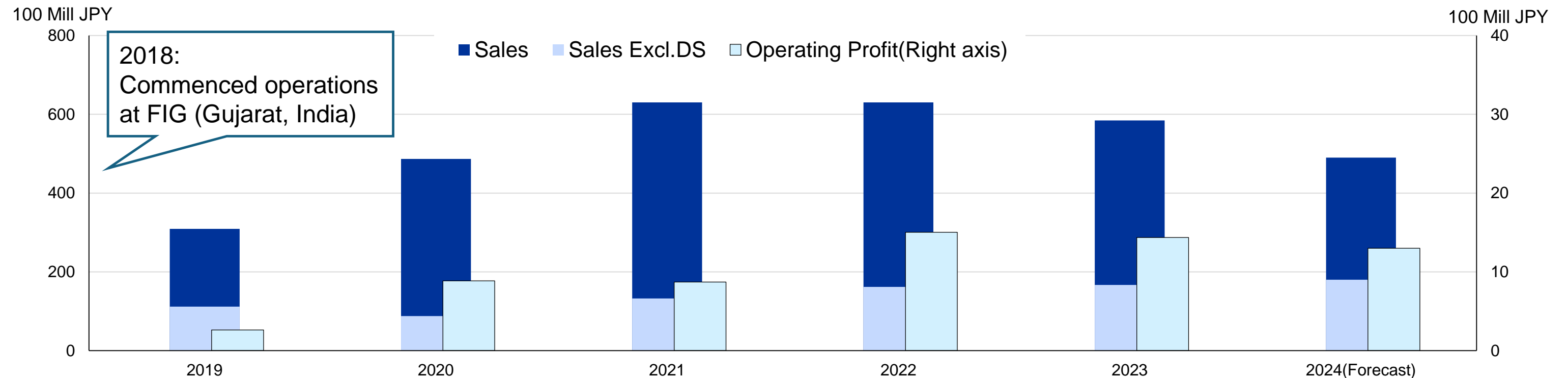


Efforts to improve the break-even point

- Best Practice Activities (Japan Exhibition)
- Appropriate price pass-through of fixed cost increase (inflation)
- Further promotion of local procurement

Operating Profit 100 Mill JPY	15	9	▲6	▲7	34	28
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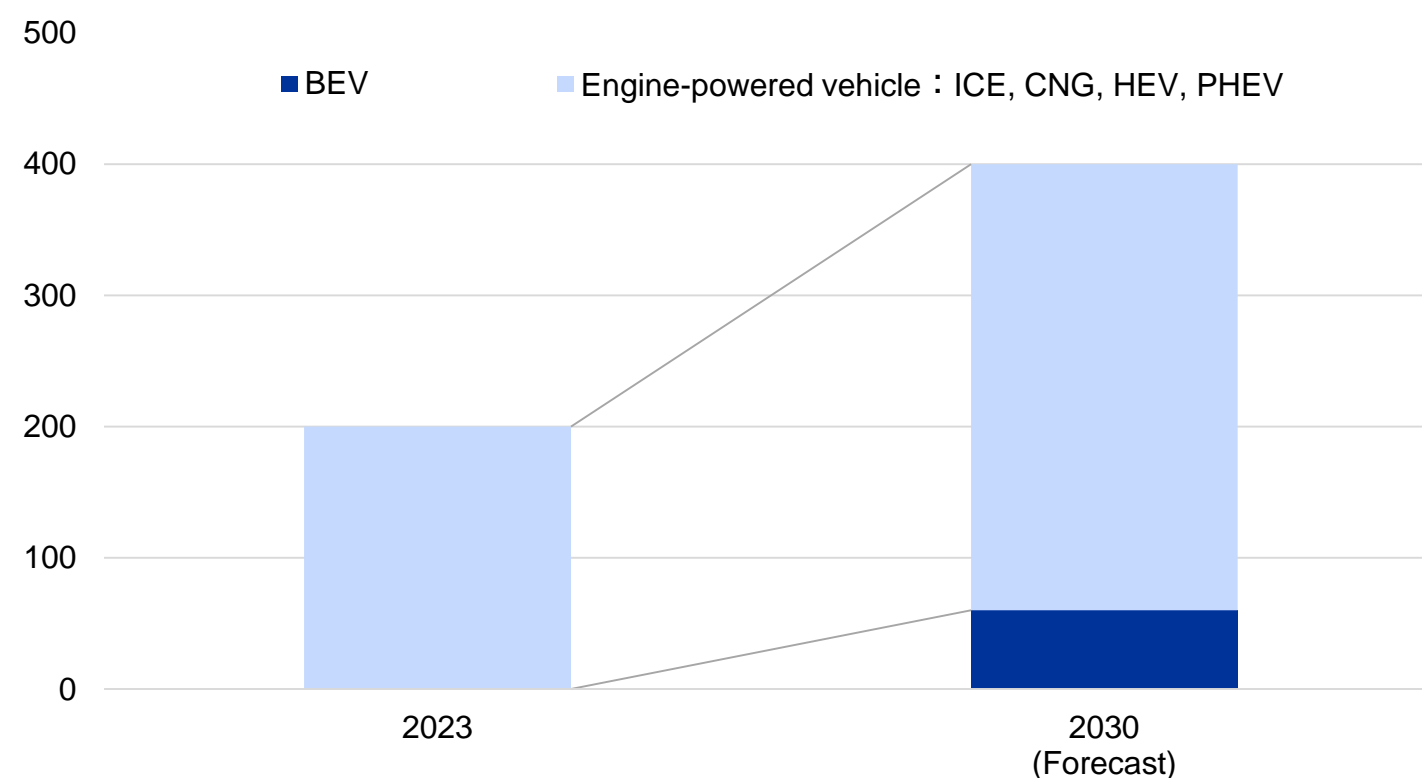
Sales/Operating Profit



Expand business in India (expand sales by expanding OEM business)

Production volume
unit : 10,000

【OEM India Production Plan】



MARUTI SUZUKI Annual Integrated Report 2022-23
SUZUKI Forecasts from the Growth Strategy Briefing for FY 2030

Accelerating expansion of business in India

August 2024 Established India Business Planning Office

Investment results in India

Cumulative total since establishment of FIG (Gujarat)

- FMI Approx. 2.1 billion yen
- FIG Approx. 4.3 billion yen

1 . FY2024 2Q Financial Results

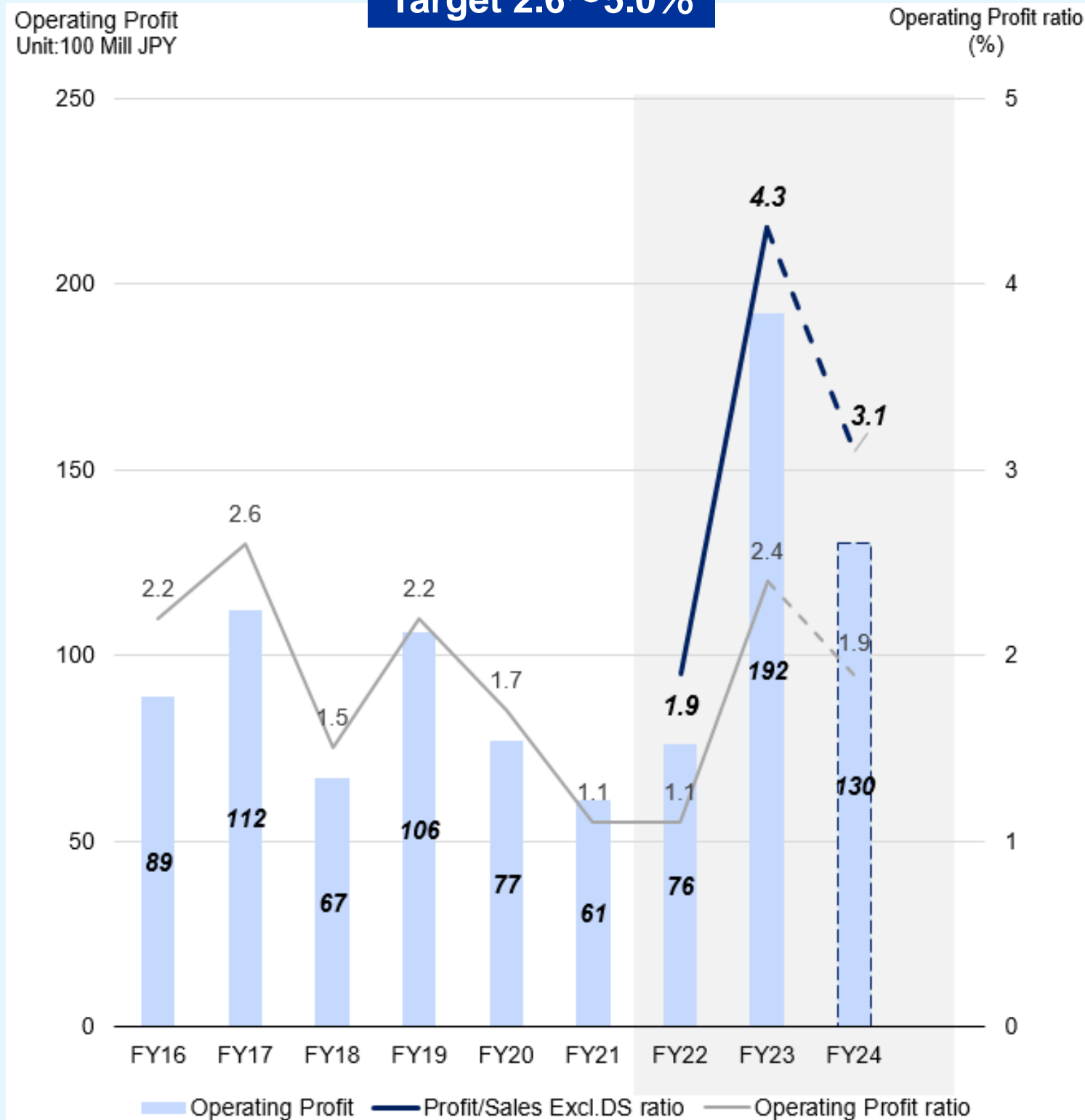
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Operating profit ratio

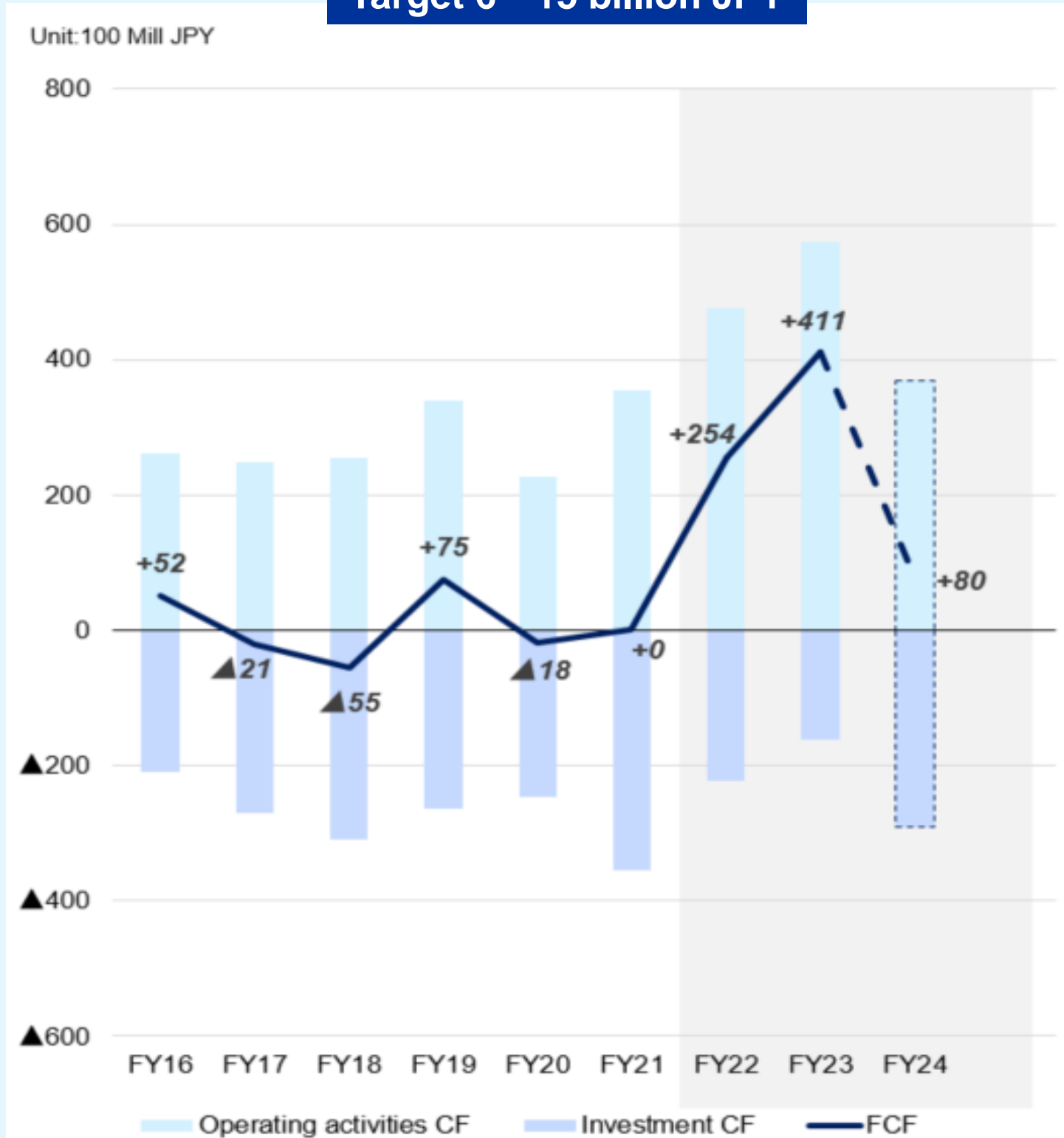
Target 2.6~5.0%



- Continue activities to reduce break-even point sales
- To increase efficiency in terms of both variable and fixed costs

Free cash flow

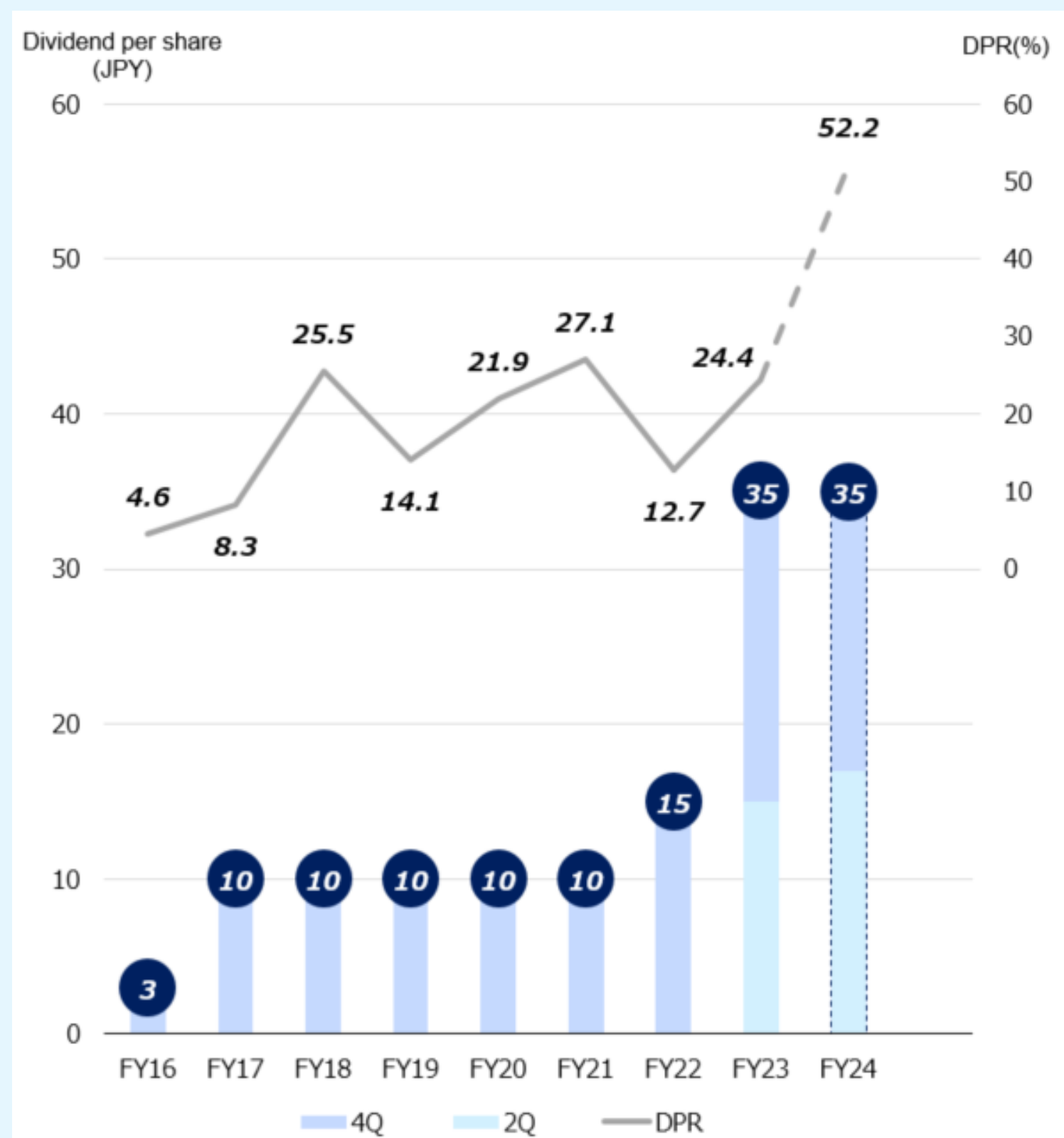
Target 6~15 billion JPY



Stable surplus and distribution

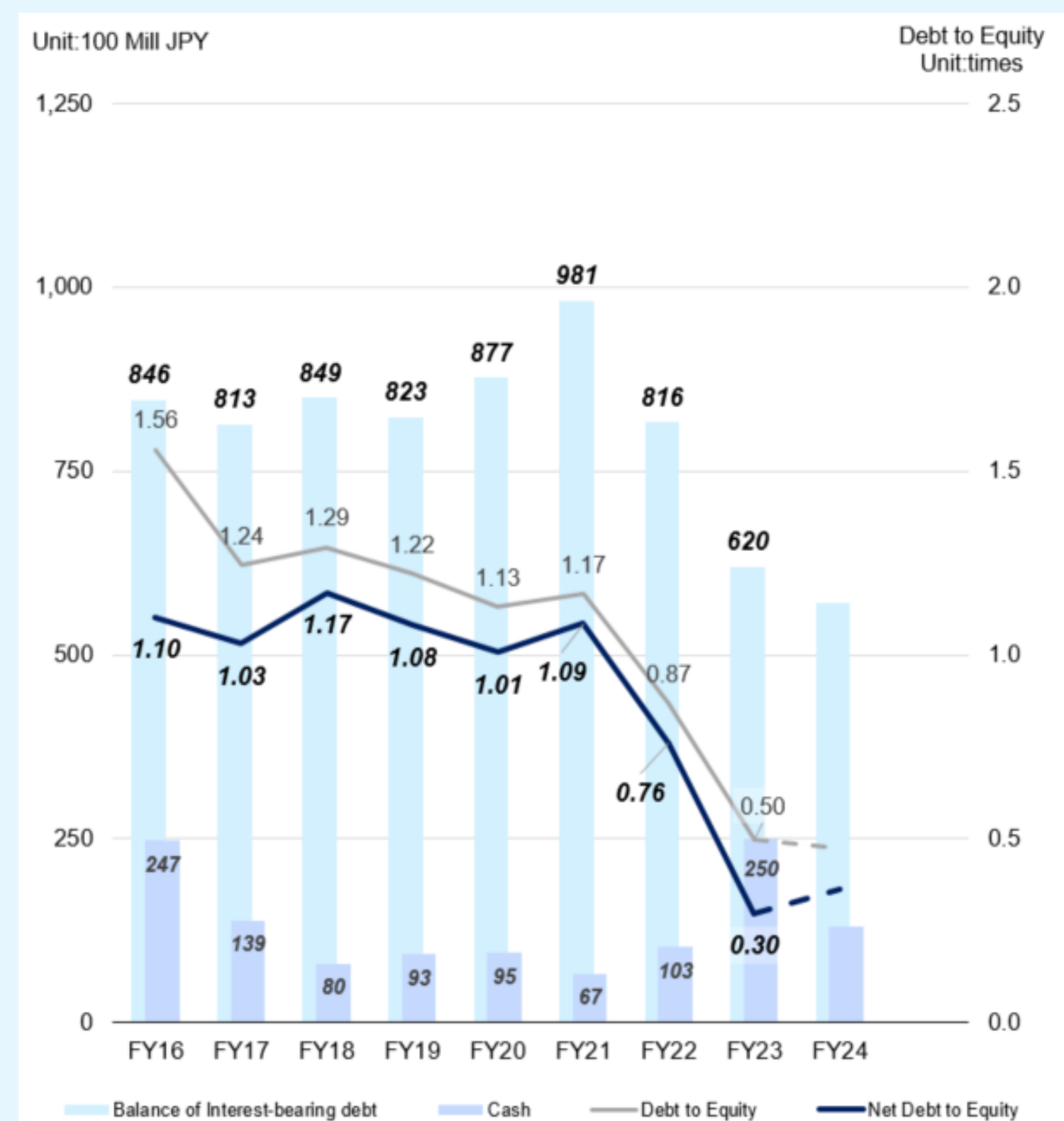
- ①Return to shareholders
- ②Repayment of interest-bearing debt
- ③Growth investment (Strengthen advanced development)

Return to shareholders



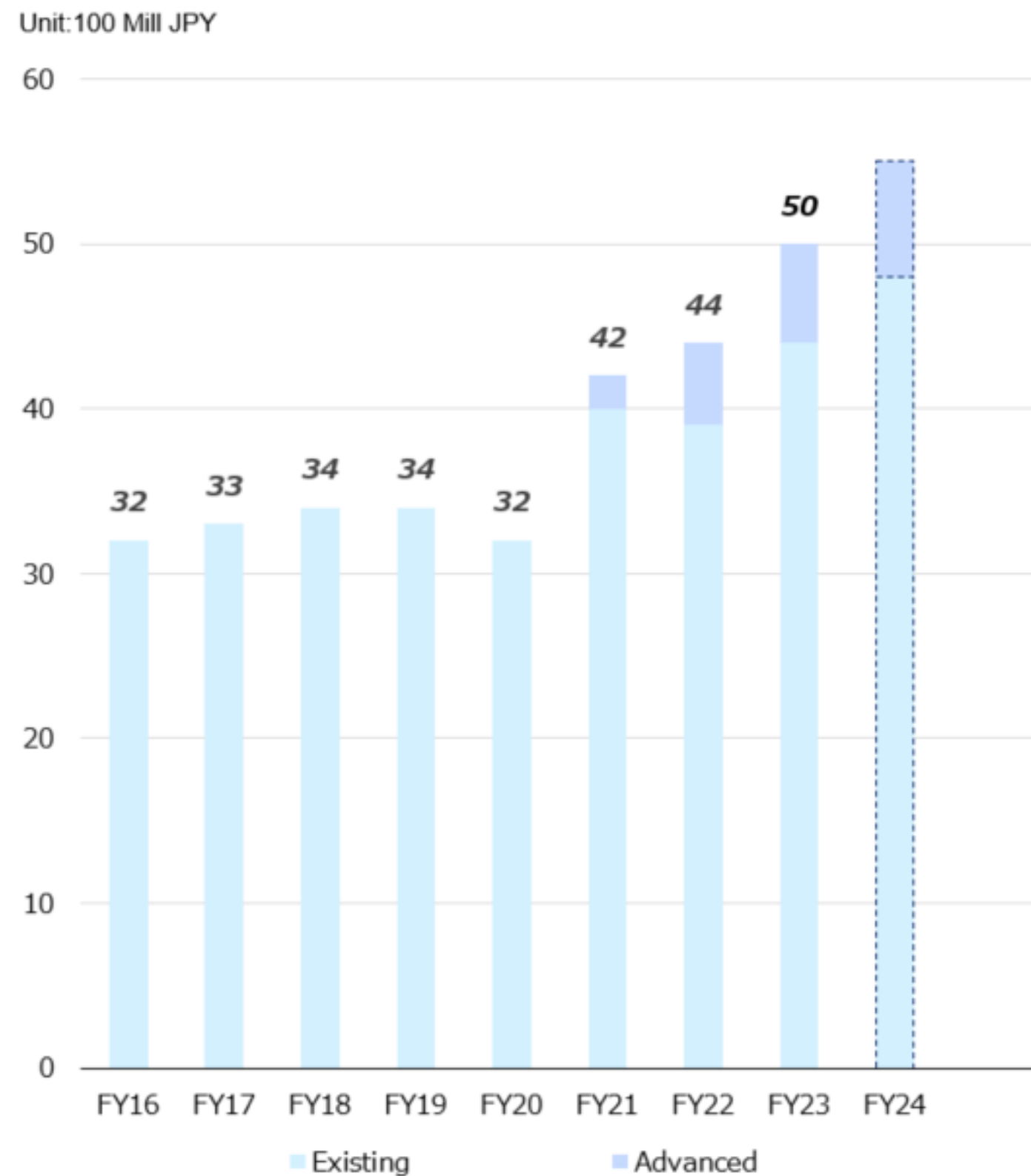
- Target dividend payout ratio of around 30%
- Maintain and improve dividends

Repayment of interest-bearing debt



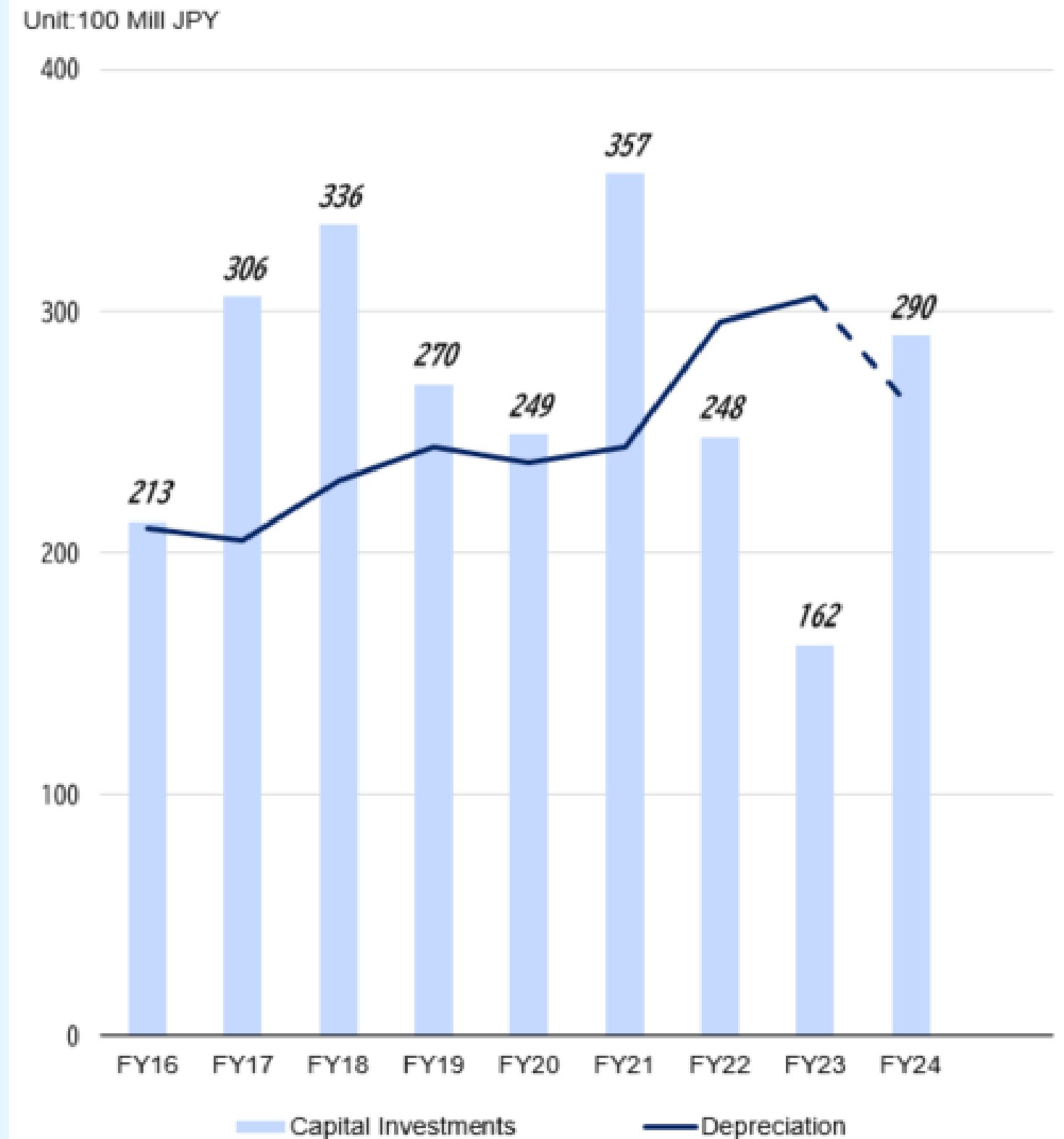
- Continue to reduce interest-bearing debt
- Reducing interest-bearing debt by increasing funding liquidity within the Group

Growth investment (R & D expenses)



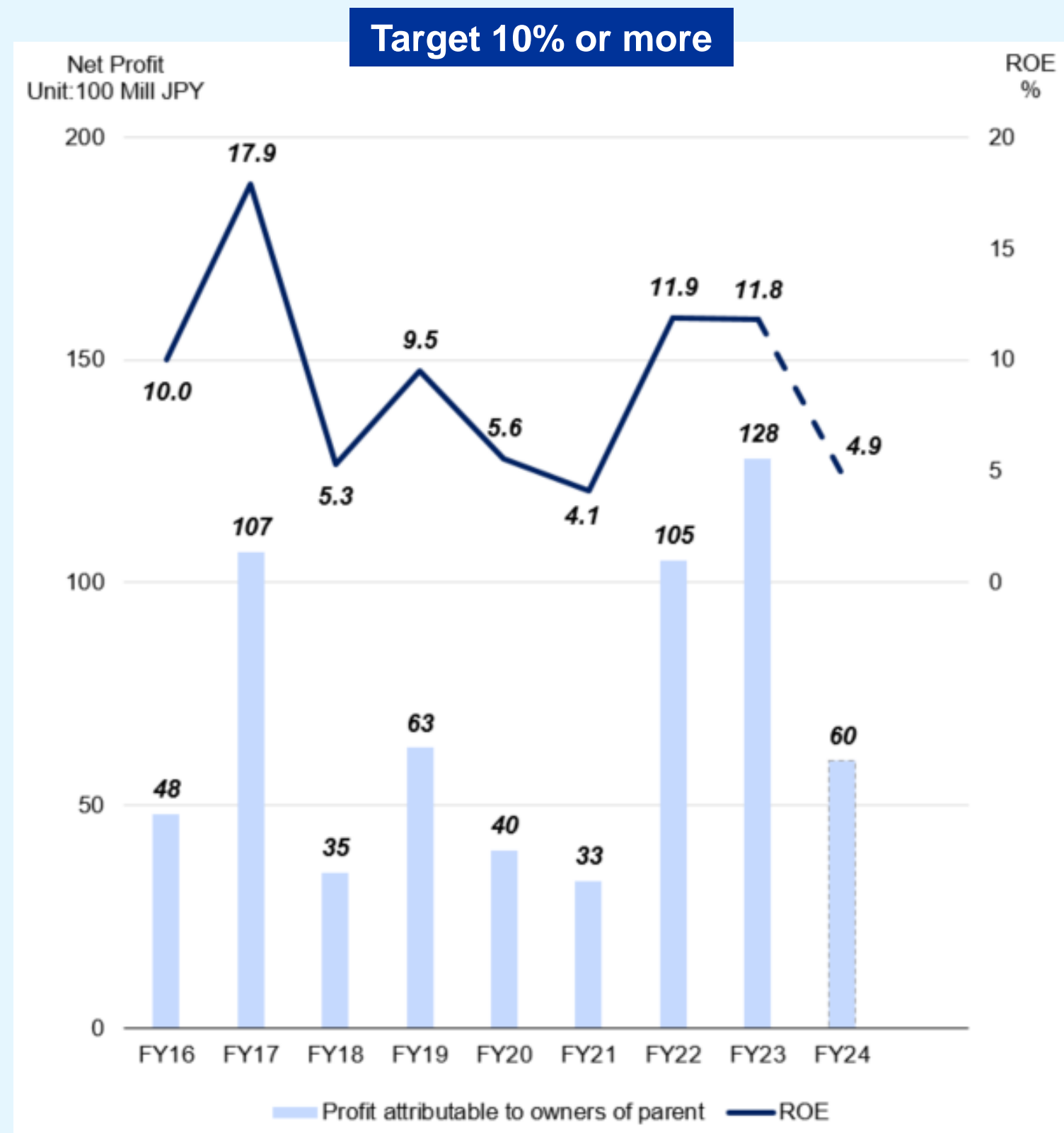
- Increase R & D expenditures from 1% of net sales to 2-3%
- Shift from existing fields to advanced fields

Capital Investment



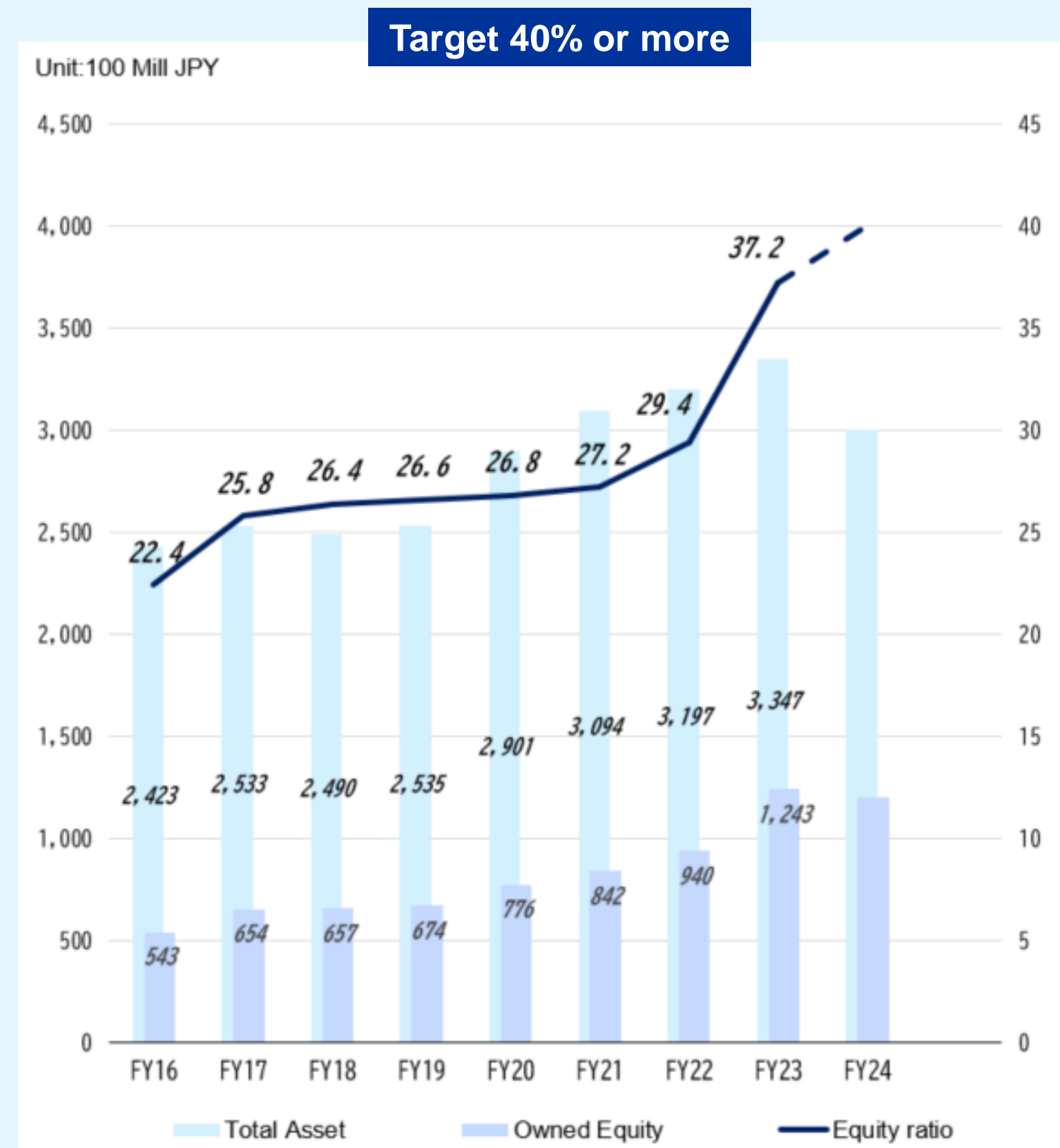
- Capital investment capped at 25 to 30 billion JPY to achieve free cash flow target
- Investment within the scope of depreciation as a basic principle

ROE



- Clarification of ROE target to "10% or more"
- Working to realize management that is conscious of capital costs

Equity ratio



- Strengthening Profitability and Capital
- To increase the turnover of inventories and fixed assets

FUTABA

Futaba Industrial Co., Ltd.

<https://www.futabasangyo.com/>

[Important Notes]

Forecasts and other forward-looking statements about the Company (including its consolidated subsidiaries) contained in this document are management's forecasts based on the information currently available to the Company and involve risks and uncertainties. Therefore, investors are advised not to make investment decisions based solely on these forecasts.

Please note that actual results may differ materially from the forecasts due to various key factors. Important factors that may affect actual results include, but are not limited to, economic conditions surrounding the business areas of the Company, its consolidated subsidiaries and equity method affiliates, market trends, and exchange rates of the yen against the U.S. dollar and other currencies.

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In this document, some figures are shown in billion yen for the purpose of providing a general overview of the Company's business performance. The total amount and difference shown in this document may appear to be inaccurate to the billion yen digit because the original figures, which are in millions of yen, are rounded.