

# Results of 2<sup>nd</sup> Quarter for the Year Ending March 31, 2019

November 8, 2018  
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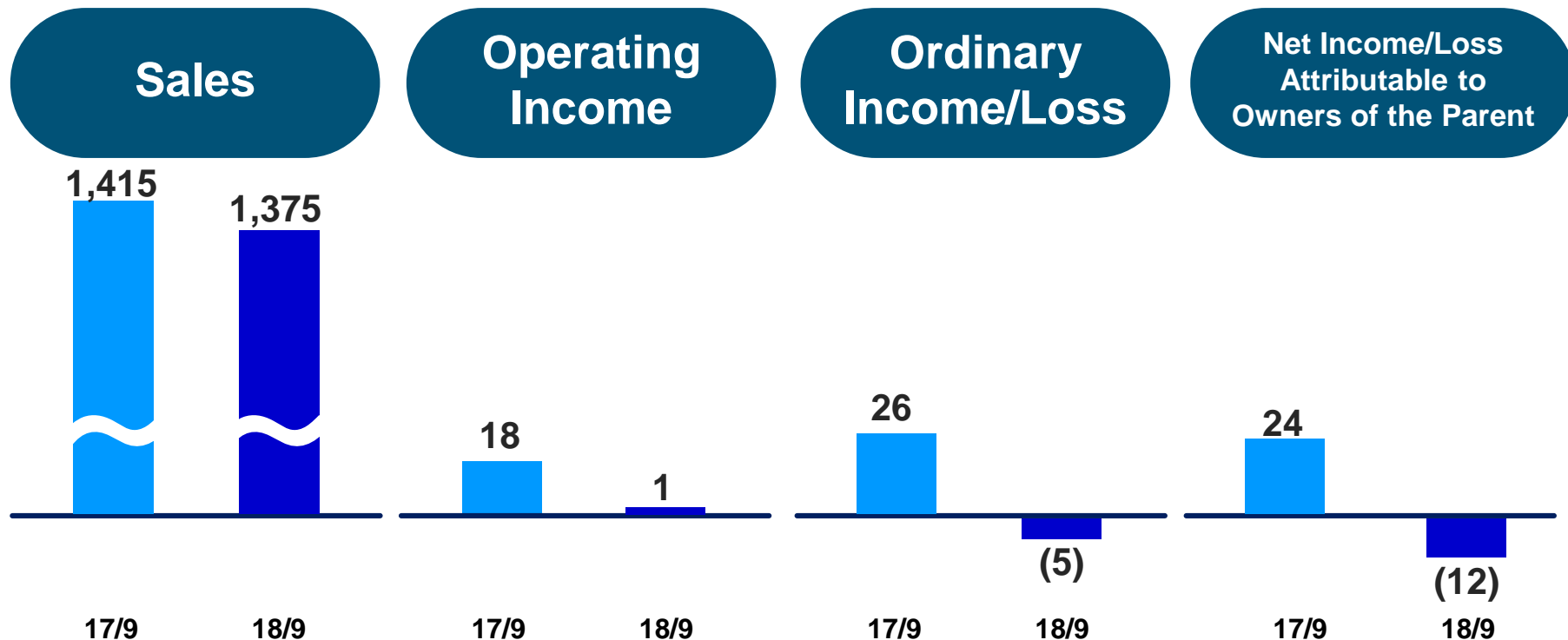
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# Results of 2<sup>nd</sup> Quarter for the Year Ending March 31, 2019

# 1. Results of 2<sup>nd</sup> Quarter for the Year Ending March 31, 2019

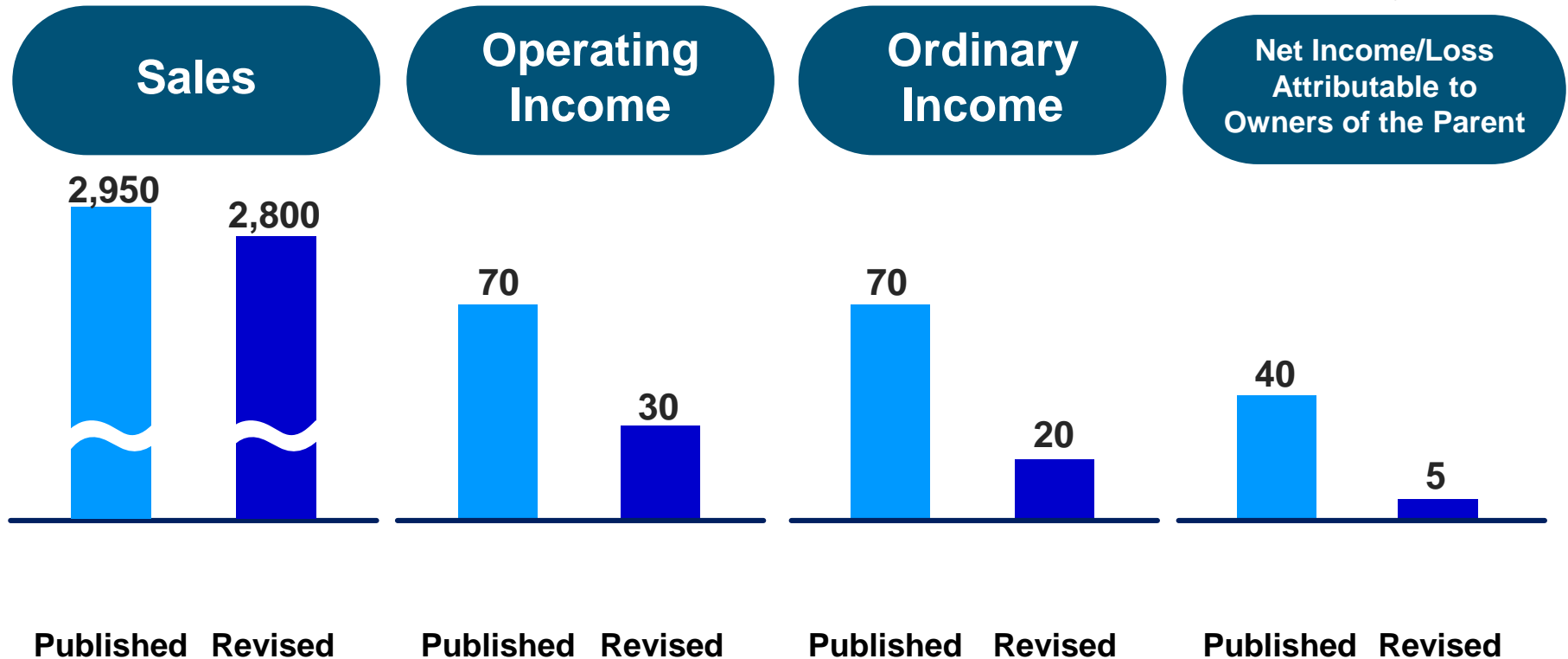
(100 Millions of Yen)



# Earnings forecast for the Year Ending March 31, 2019

## 2. Earnings forecast for the Year Ending March 31, 2019

(100 Millions of Yen)



### 3. Recognition of results and future challenges

#### ■ Automotive Systems Business



Electric compressor

Changes in business environment

New fuel economy test procedure (WLTP)

Diesel emission scandal

US trade policy, etc.

#### ■ Commercial Store Systems Business



Micro market

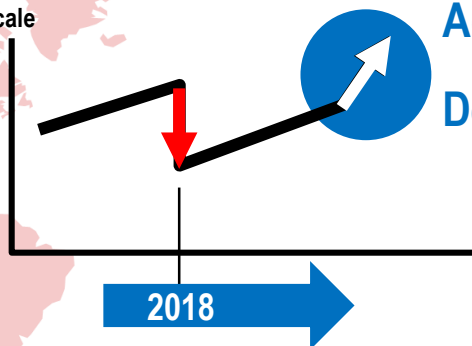
Labor-saving & unmanned stores

E-money & cashless

IoT based maintenance (Cold-chain)

Reduction of food loss

scale



Acquire new business

Develop new market

Implement thorough in-house improvement

- 1) Innovative cost reduction
- 2) Reorganization of bases and innovative production system
- 3) Management resources optimization

# Efforts toward goal achievement



# 4. Efforts toward goal achievement

Overview for Progress of the Priority Measures of Mid-Term Plan  
(extracted from briefing material FY2018)

## 4 Key Initiatives

1	<b>'Comprehensive Cost Transformation'</b> to improve profitability	Material and parts procurement transformation
		Productivity innovation
		Quality reforms
2	<b>'Asset Efficiency Enhancement'</b> to strengthen the overall financial structure	Selection & concentration of investment
		Reduction of working capital
		Liquidation of non-core assets
3	<b>'Optimization of the Business Portfolio'</b> to create corporate value	
4	<b>'Management System Reform'</b> to achieve sustainable growth	

## (1) Innovative cost reduction

### i. PX compressor

Strengthening of the global manufacturing base

- Cost reduction of in-house parts (key parts, new manufacturing methods)
- Optimization of global procurement (competitive procurement for components from oligopolistic suppliers)
- Improvement in productivity of assembly processes
- Global deployment of labor-saving production (transfer Japanese model to European plants)



### ii. Clutch

- Global procurement for clutch parts
- Development of next-generation clutches and optimize clutch specification

# 4. Efforts toward goal achievement

Overview for Progress of the Priority Measures of Mid-Term Plan  
(extracted from briefing material FY2018)

## 4 Key Initiatives

## (2) Productivity innovation

1	<b>'Comprehensive Cost Transformation'</b> to improve profitability	Material and parts procurement transformation <b>Productivity innovation</b> Quality reforms
2	<b>'Asset Efficiency Enhancement'</b> to strengthen the overall financial structure	Selection & concentration of investment Reduction of working capital Liquidation of non-core assets
3	<b>'Optimization of the Business Portfolio'</b> to create corporate value	
4	<b>'Management System Reform'</b> to achieve sustainable growth	

### i. Global management efficiency

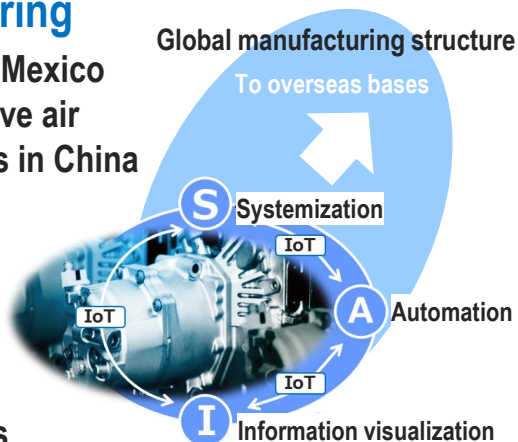
- Reorganization of the bases in Europe for quick decision making
- Reorganization of the bases in Taiwan for quick decision making
- Response to Brexit (transfer HQ from UK to Germany)

### ii. Strengthening manufacturing

- Reorganization of the bases in Mexico
- Reorganization of the automotive air conditioning related companies in China

### iii. Lead as mother plant Innovative manufacturing factory

- Smart factory
- Synchronization & Cleanliness



# 4. Efforts toward goal achievement

Overview for Progress of the Priority Measures of Mid-Term Plan  
(extracted from briefing material FY2018)

## 4 Key Initiatives

1	<b>'Comprehensive Cost Transformation'</b> to improve profitability	Material and parts procurement transformation Productivity innovation Quality reforms
2	<b>'Asset Efficiency Enhancement'</b> to strengthen the overall financial structure	Selection & concentration of investment Reduction of working capital Liquidation of non-core assets
3	<b>'Optimization of the Business Portfolio'</b> to create corporate value	
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## (3) Optimization of management resources

### i. Completion of withdrawal from the production of Living & Environment Systems Business

- Japan and other regions
- Allocate management resources to growing fields

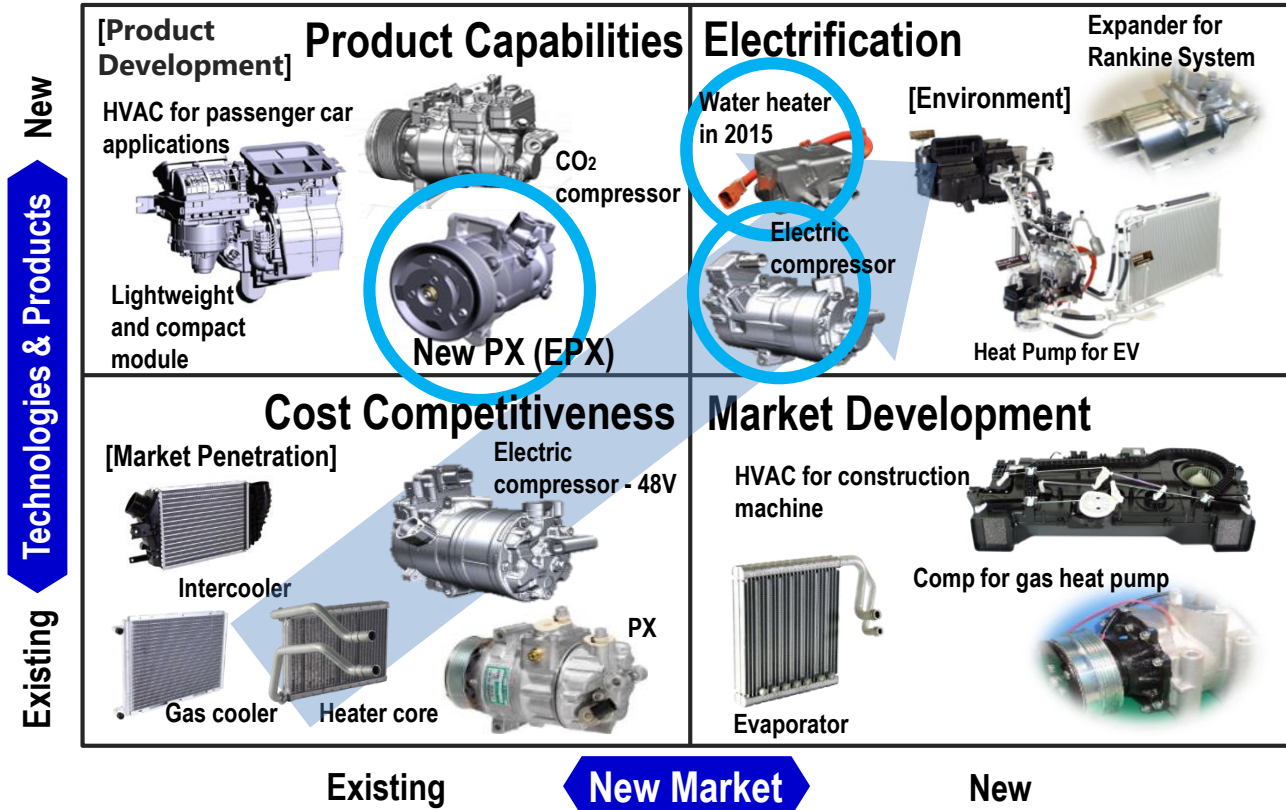
### ii. Reorganization of headquarters

- Optimize allocation of experts
- 9 headquarters & 2 plants → 7 headquarters

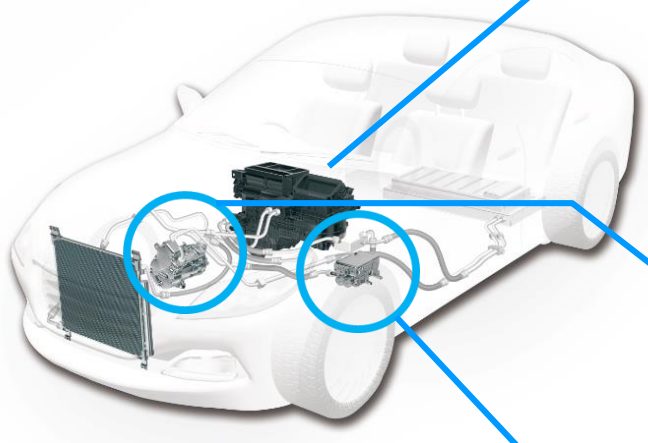


# 4. Efforts toward goal achievement

## ■ Automotive Systems Business



# Acquire New Business



### ■ Heat pump (HP) system



- Develop HP market
- Concentrate production of key devices in Japan
- Produce evaporators for HP applications in China

### ■ Electric compressor



- Introduce production line to increase production capacity for electric compressors at the mother plant
- New product launch of new electric compressor

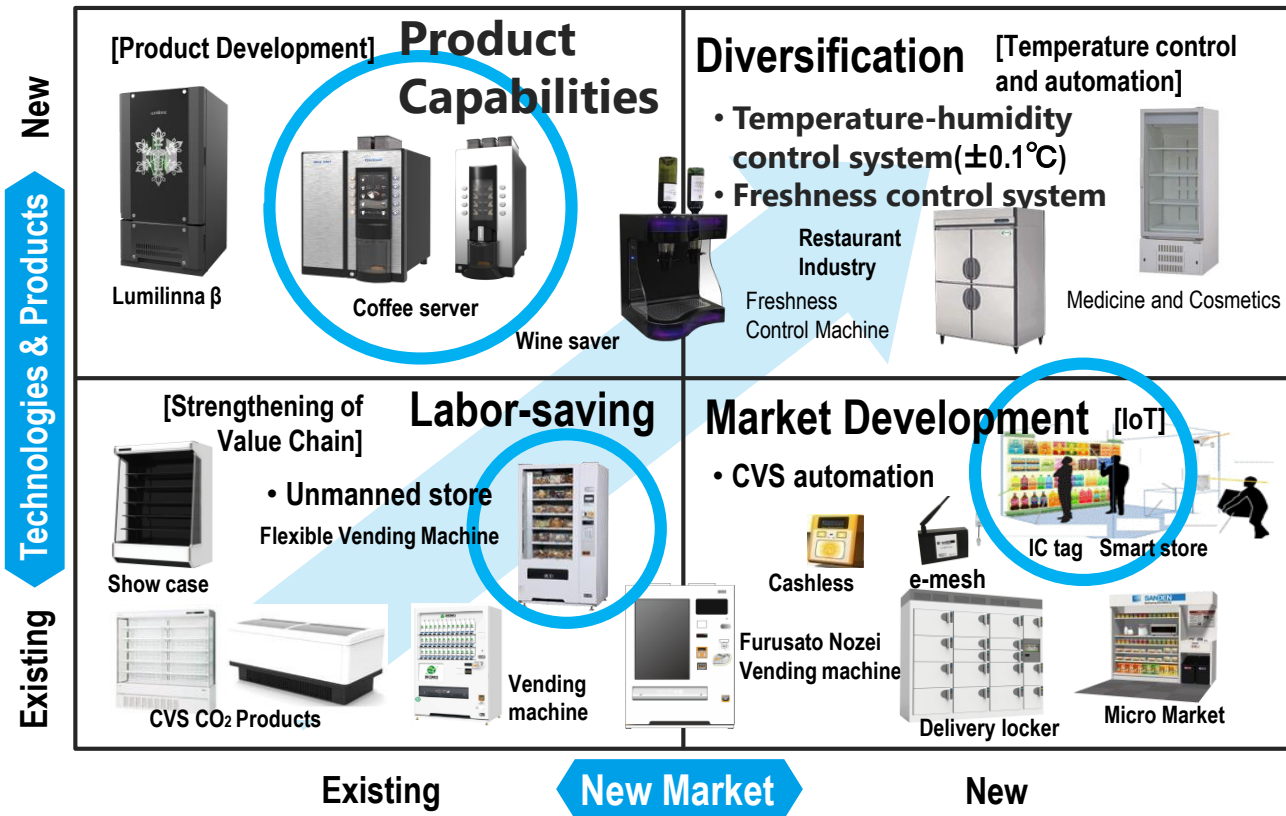
### ■ Water heater



- Acquire business of electric vehicle market
- Introduce water heater production line at the mother plant

# 4. Efforts toward goal achievement

## ■ Commercial Store Systems Business



# 4. Efforts toward goal achievement

## Commercial Store Systems Business

### Develop New Market



#### New products

- Coffee server
- Wine saver ...



#### New market

- Unmanned or labor-saving operation
- Smart store
- Micro market
- Unmanned store & goods vending machines



#### New market

- Safety of food and reducing food loss
- Overseas expansion of 'cold chain' business



- Develop IoT based service & maintenance business

# Dividend forecast



## 5. Dividend forecast

	Dividend per share (JPY)		
Base date	End of 2Q	End of fiscal year	Total
<b>Previous forecast</b> (announced on May 9, 2018)		20.00	20.00
<b>Revised forecast</b>		0.00	0.00



**Cautionary Note Regarding Outlook Statements**

Forward-looking statements in this earnings release, such as forecast of results of operations, are based on the information currently available and the certain assumptions that we regard as reasonable. Therefore, actual results may differ materially from those contained in or suggested by any forward-looking statements.