

# FY2012 2nd Quarter Financial Results



October 31, 2011

 **TOYOTA** TOYOTA INDUSTRIES CORPORATION

# Financial Summary

# Performance

FY2012 2Q

(Billion yen)

	FY2011 2Q (6 months)	FY2012 2Q (6 months)	Change		Previous plan
Net sales	729.8	722.6	(7.2)	(1.0%)	710.0
Operating income	36.2	29.2	(7.0)	(19.3%)	20.0
Ordinary income	38.3	36.7	(1.6)	(4.2%)	26.0
Net income	23.6	25.9	2.3	9.5%	15.0

# Performance

FY2012 Forecast

(Billion yen)

	FY2011	FY2012	Change		Previous plan
Net sales	1,479.8	1,580.0	100.2	6.8%	1,570.0
Operating income	68.7	75.0	6.3	9.0%	70.0
Ordinary income	73.9	85.0	11.1	15.0%	80.0
Net income	47.2	55.0	7.8	16.5%	46.0

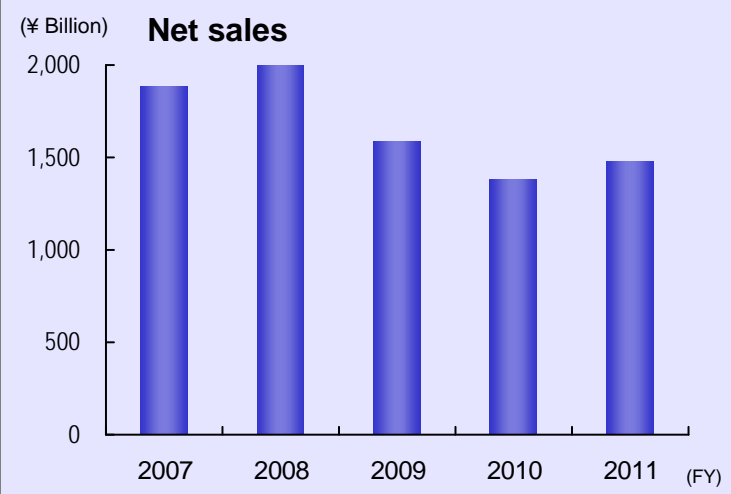
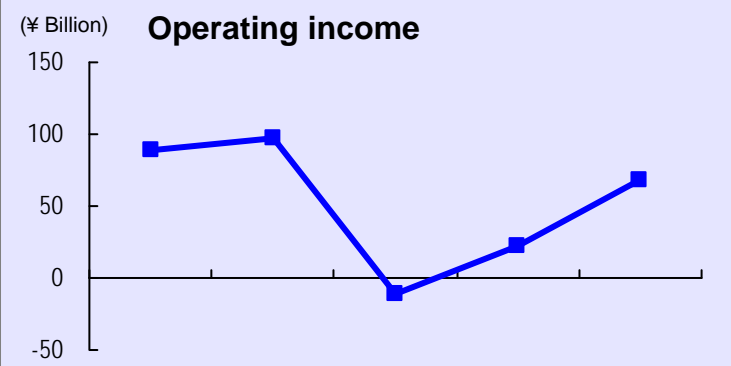
TOYOTA INDUSTRIES GROUP

# Vision 2020

# Toward Further Independence and Growth

FY2009	<p>Apr. <b>"Times have changed. We must change our mindset."</b></p> <p><b>Launch profit improvement activities</b></p> <ul style="list-style-type: none"> <li>•Meticulous management of personnel allocation and working hours</li> <li>•Review of investments</li> <li>•Reduction of expenses, etc.</li> </ul> <p>Sep. <b>Global financial crisis</b></p> <p>Dec. <b>Accelerate profit improvement activities</b></p> <ul style="list-style-type: none"> <li>•Launch of Emergency Profit Improvement Committee</li> </ul> <p><b>Promote comprehensive structural downsizing</b></p> <p>&lt;Mainly Materials Handling Equipment and Car Air-Conditioning Compressor businesses&gt;</p> <ul style="list-style-type: none"> <li>•Reorganization of production bases</li> <li>•Streamlining of personnel, etc.</li> </ul>
FY2010	
FY2011	<p><b>Solidify defenses shift to offensive</b></p> <ul style="list-style-type: none"> <li>•Continue to strengthen our corporate structure while maintaining streamlined structure</li> <li>•Be attuned to market changes and seize business opportunities</li> </ul>

## Initiatives to strengthen corporate structure have improved profit-generating capabilities

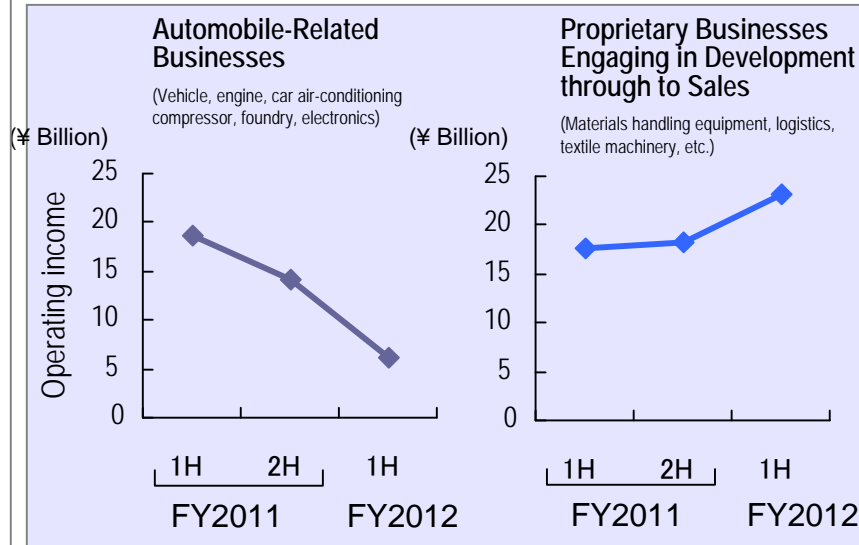


# Toward Further Independence and Growth

Earthquake and tsunami disasters

## FY2012 Initiatives to normalize production

Agile response leveraging independent supply chain enabled quick recovery of lift truck production



During the **recovery** phase, such non-automobile segments as materials handling equipment shored up business results significantly

## Harsh Business Environment

Strong yen, high corporate income tax rates, strict labor regulations, delay in free trade agreements, power shortages, ambitious targets for curbing greenhouse gas reductions

Aim for **further independence and growth** through original products and technologies

Formulate and announce Vision 2020 and Medium-Term Management Plan

## <Background of Vision 2020 and basic assumptions>

### 1) World in 2020

- Population increase mainly in Asia
- Environment/energy issues
- Borderless society (Advanced information communication, etc.)
- Intensification of competition on a global scale

### 2) TICO's Current Condition

- Various business sectors, global No. 1 share products
- Balanced business growth from inside and outside
- Technology/hardware-oriented products
- Oriented toward developed markets while developing business in emerging markets

### 3) TICO's Aspired Image

Toward 2020, qualitative progress using environmental technology in developed countries and quantitative progress in emerging markets, especially in Asia, will serve as the driving force of our business growth.

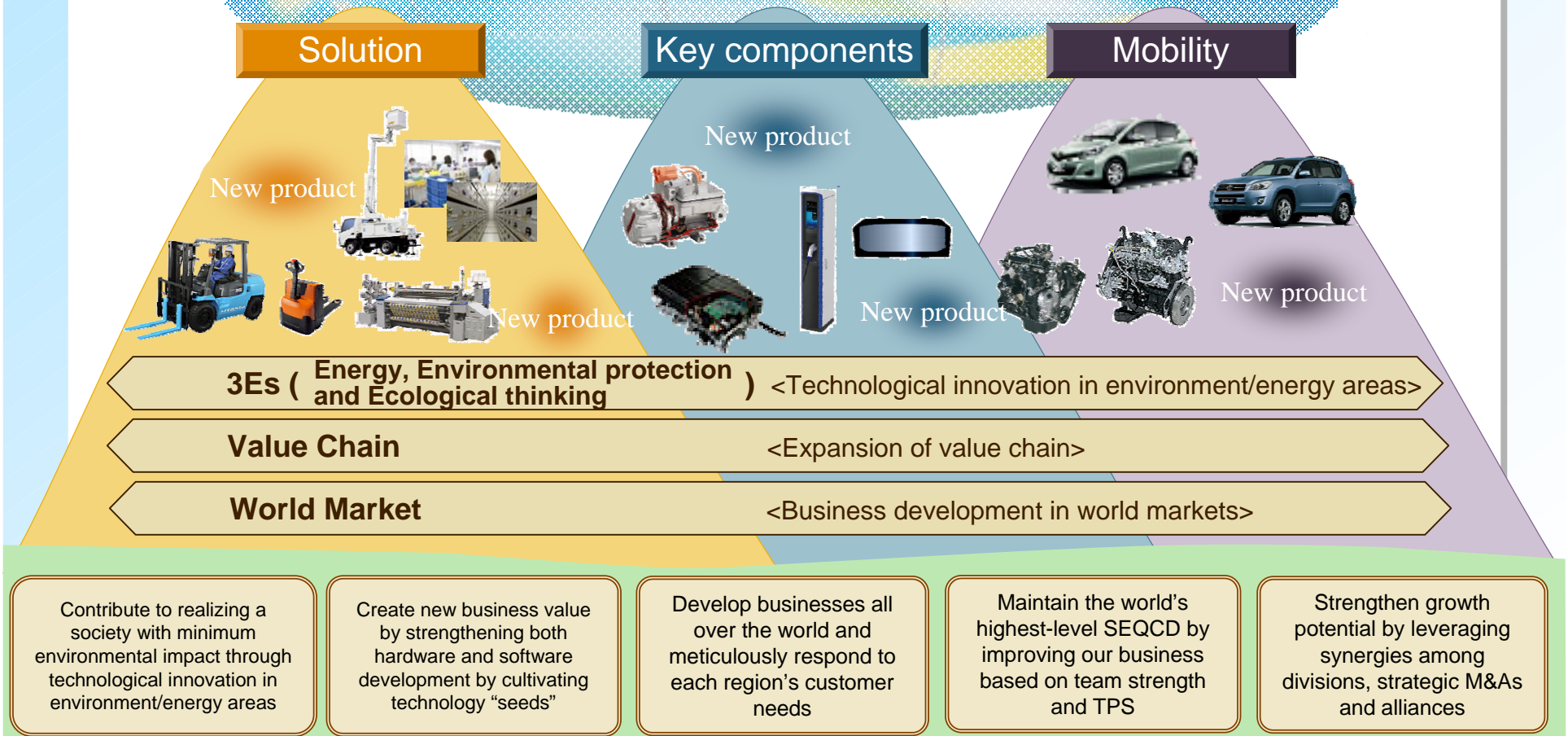
It is necessary to leverage our strength and counter our weaknesses in order to increase growth potential.

- **Innovative technological development in environment/energy (3Es) fields**
- **Do business anywhere there is a market**
- **Strengthen market/customer orientation**
- **Expand value chain**
- **Well-balanced software/hardware development**
- **Leverage synergies among divisions to the full extent**



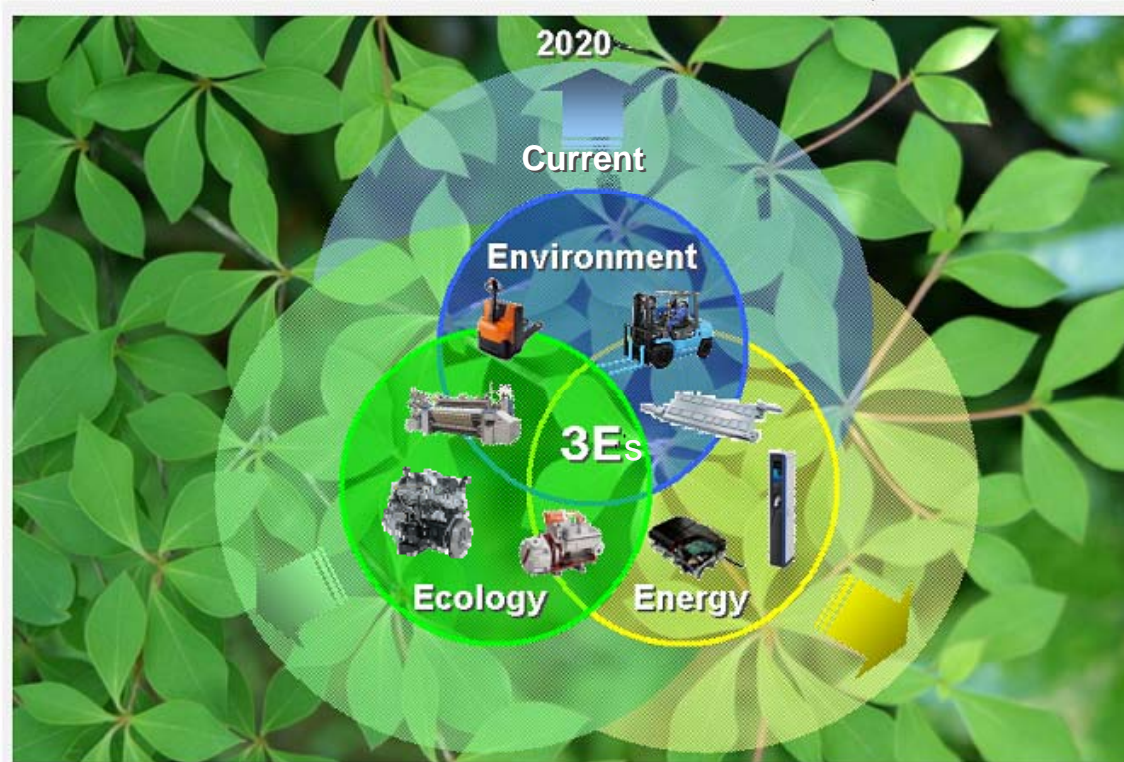
Support industries and social foundation around the world by continuously supplying products/services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles.

## To contribute to a comfortable society and enriched lifestyles



## 1) Contribute to realizing a society with minimum environmental impact through technological innovation in environment/energy areas

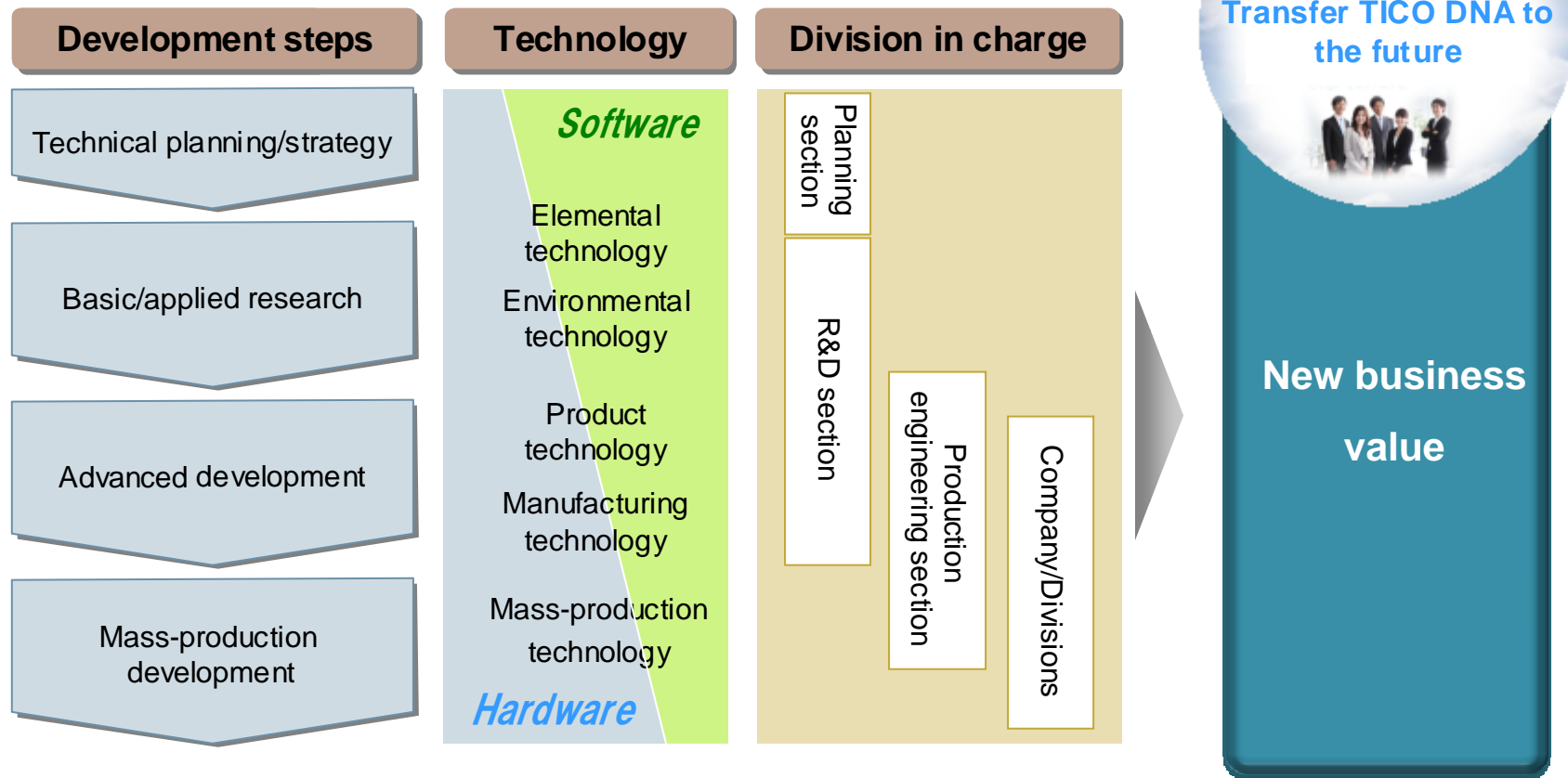
- Research and product development centered on the keywords of “3Es” (energy saving, electrification, lighter weight, etc.)
- Develop and distribute environment-friendly products in mobility/materials handling equipment/ textile machinery areas (components for HVs/EVs, clean diesel engines, hybrid/electric lift trucks, etc.)
- Contribute to realizing green logistics



Reduction of  
environmental  
impact

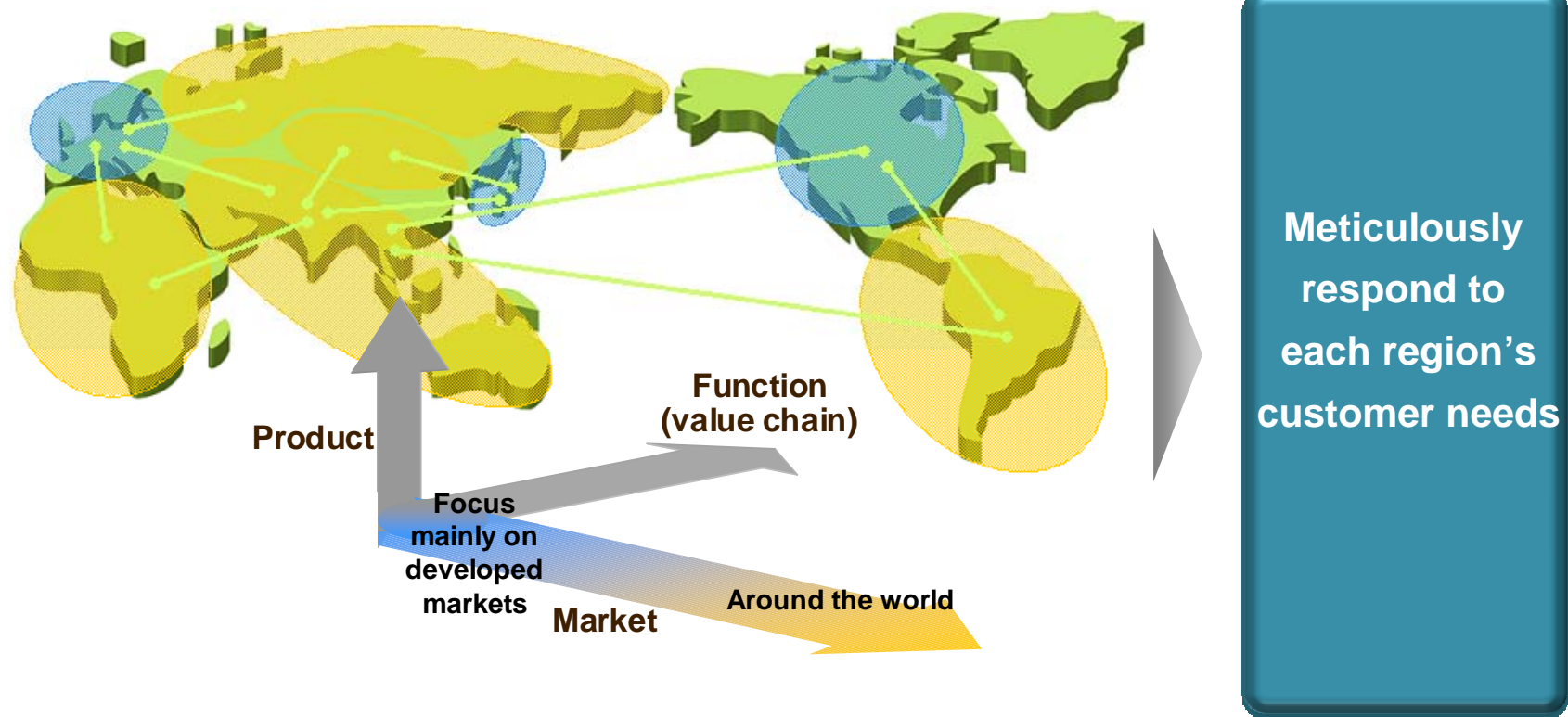
## 2) Create new business value by strengthening both hardware and software development by cultivating technology “seeds”

- Comprehensive development structure from basic/applied research to mass-production/commercialization
- Promote well-balanced software/hardware development ahead of the times



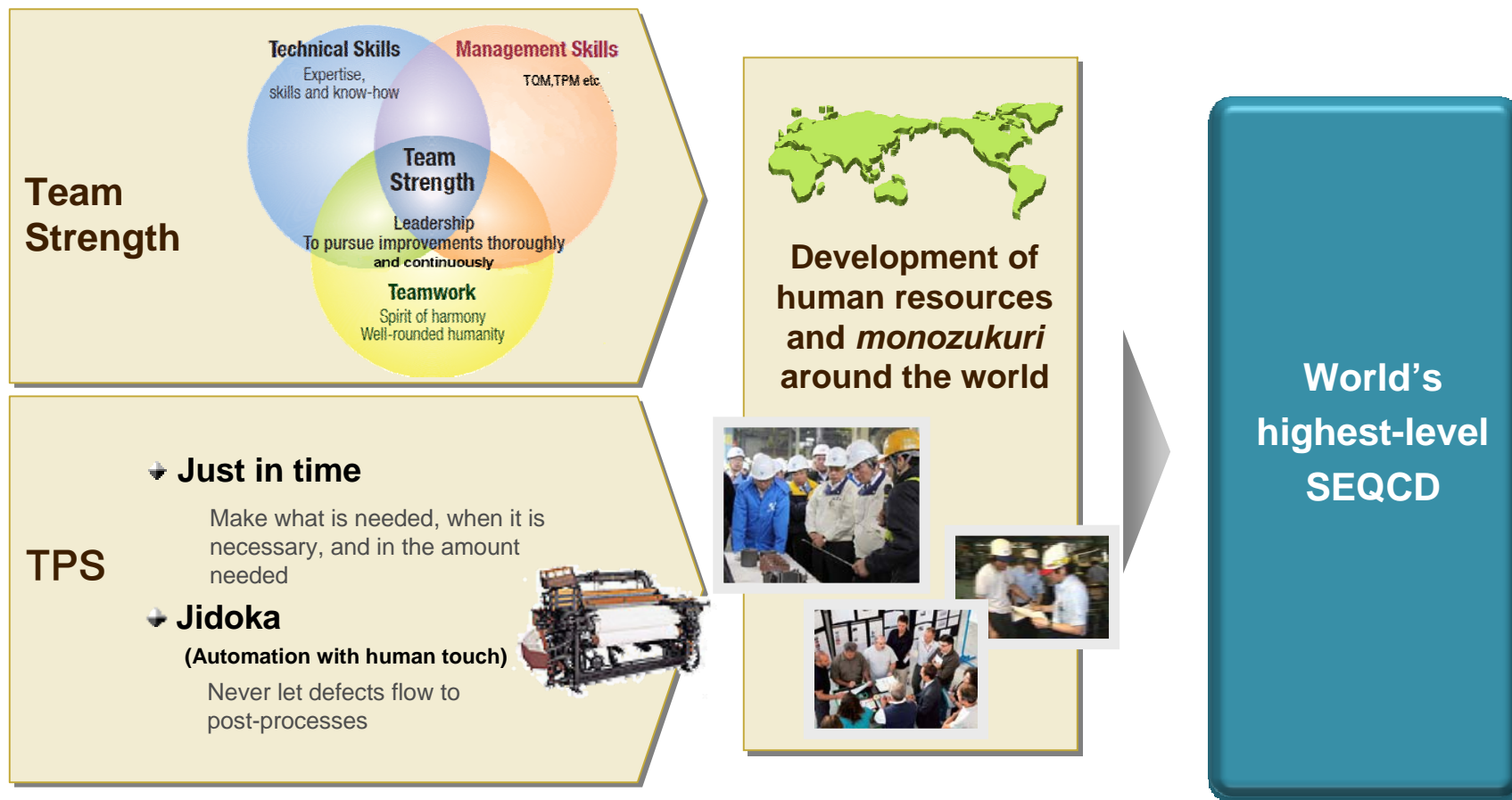
### 3) Develop businesses all over the world and meticulously respond to each region's customer needs

- Expand product lineup and services to flexibly respond to each region's customer needs
- Achieve global optimum production and risk diversification through global specialization/collaboration
- Further develop global supply chain and sales/service network



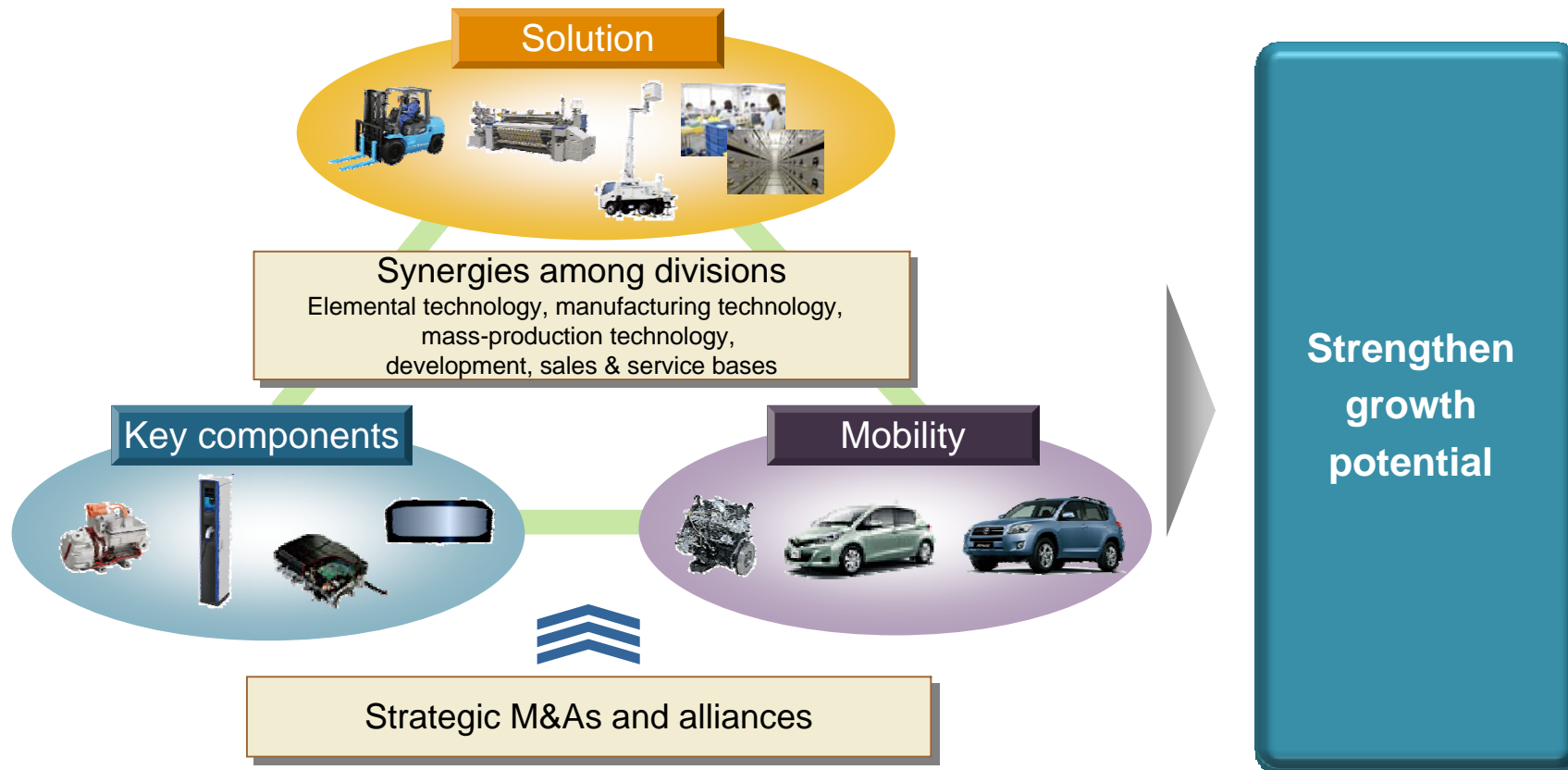
#### 4) Maintain the world's highest-level SEQCD by improving our business based on team strength and TPS

- Transmit “team strength” and “TPS” to group companies
- Strengthen *monozukuri* (manufacturing) by “development of human resources” around the world



## 5) Strengthen growth potential by leveraging synergies among divisions, strategic M&As and alliances

- Maximize synergies among divisions including group companies
- Complement/generate synergies by strategic M&As and alliances



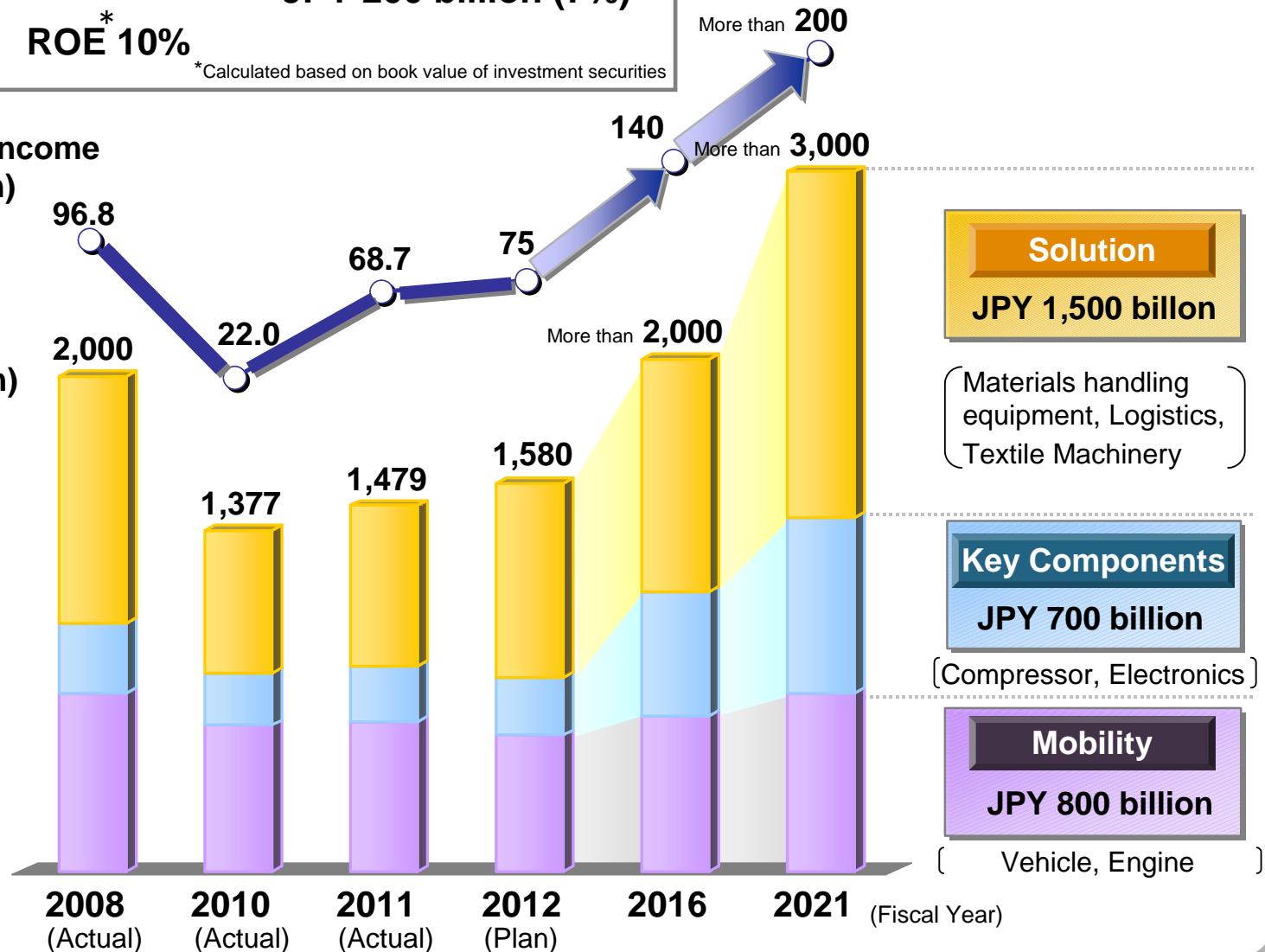
(Target Level)

- Net Sales More than **JPY 3,000 billion**
- Operating Income More than **JPY 200 billion (7%)**
- ROA\* 5%, ROE\* 10%

\*Calculated based on book value of investment securities

Operating Income  
(JPY Billion)

Net Sales  
(JPY Billion)



TOYOTA INDUSTRIES GROUP

# Medium-Term Management Plan (FY2013 – 2016)

*- Toward the Realization of Vision 2020 -*



# 1. Targets for FY2016

(JPY Billion)

	FY2011	FY2012 (Plan)	FY2016
Net Sales	<b>1,479</b>	<b>1,580</b>	More than <b>2,000</b>
(%) Operating Income	(4.6%) <b>68</b>	(4.5%) <b>75</b>	(7.0%) <b>140</b>
ROA <sup>*1</sup>	<b>2.8%</b>	<b>3.3%</b>	<b>5.0%</b>
ROE <sup>*1</sup>	<b>9.0%</b>	<b>9.8%</b>	<b>10.0%</b>
Investment in tangible assets	<b>38</b>	<b>60</b>	<b>500</b> <sup>*2</sup> FY2013-2016 cumulative total

\*1 Calculated based on book value of investment securities

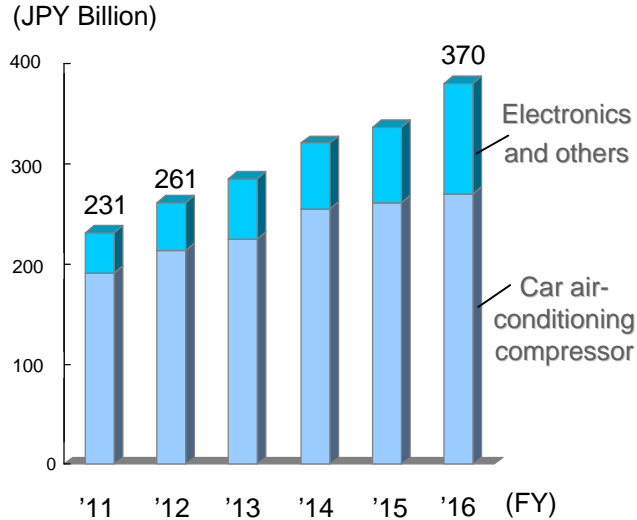
\*2 Including M&A investment

## 2. Business Plan

### 1) Solution

Net Sales Targets	Priorities toward FY2016														
<p>(JPY Billion)</p> <table border="1"> <caption>Net Sales Targets (JPY Billion)</caption> <thead> <tr> <th>FY</th> <th>Total Sales</th> </tr> </thead> <tbody> <tr> <td>'11</td> <td>675</td> </tr> <tr> <td>'12</td> <td>760</td> </tr> <tr> <td>'13</td> <td>800</td> </tr> <tr> <td>'14</td> <td>850</td> </tr> <tr> <td>'15</td> <td>900</td> </tr> <tr> <td>'16</td> <td>1,050</td> </tr> </tbody> </table>	FY	Total Sales	'11	675	'12	760	'13	800	'14	850	'15	900	'16	1,050	<p><b>(1) Materials Handling Equipment</b> <b>(Developed Countries)</b></p> <ul style="list-style-type: none"> <li>➤ <b>Maintain and increase market share</b> <ul style="list-style-type: none"> <li>• Product development centered on “3Es”</li> <li>• Improved competitiveness through global optimum production/procurement</li> <li>• Better response to wide-area, large-fleet customers</li> </ul> </li> <li>➤ <b>Expand value chain</b></li> </ul> <p><b>(Emerging/developing countries)</b></p> <ul style="list-style-type: none"> <li>➤ <b>Anticipate the market and develop new markets</b> <ul style="list-style-type: none"> <li>• Roll out products matched to each market’s customer needs in a timely manner</li> <li>• Strengthen production/sales/service structure</li> </ul> </li> </ul> <p><b>(2) Logistics</b></p> <ul style="list-style-type: none"> <li>➤ <b>Concentrate on core competence and reinforce business base</b> <ul style="list-style-type: none"> <li>• Expand 3PL business by leveraging strengths and increase added value in parts distribution business</li> <li>• Provide high value-added services matched to customer needs</li> </ul> </li> </ul> <p><b>(3) Textile Machinery</b></p> <ul style="list-style-type: none"> <li>➤ <b>Maintain global No.1 market share of air-jet looms</b> <ul style="list-style-type: none"> <li>• Differentiate technologies centered on energy savings and software development</li> <li>• Strengthen business base with a view toward global alliances</li> </ul> </li> </ul>
FY	Total Sales														
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## 2) Key components

Net Sales Targets	Priorities toward FY2016																												
 <p>(JPY Billion)</p> <table border="1"> <caption>Net Sales Targets (JPY Billion)</caption> <thead> <tr> <th>FY</th> <th>Car air-conditioning compressor</th> <th>Electronics and others</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>'11</td> <td>190</td> <td>41</td> <td>231</td> </tr> <tr> <td>'12</td> <td>210</td> <td>51</td> <td>261</td> </tr> <tr> <td>'13</td> <td>225</td> <td>66</td> <td>291</td> </tr> <tr> <td>'14</td> <td>255</td> <td>71</td> <td>326</td> </tr> <tr> <td>'15</td> <td>265</td> <td>76</td> <td>341</td> </tr> <tr> <td>'16</td> <td>275</td> <td>95</td> <td>370</td> </tr> </tbody> </table> <p>(FY)</p>	FY	Car air-conditioning compressor	Electronics and others	Total	'11	190	41	231	'12	210	51	261	'13	225	66	291	'14	255	71	326	'15	265	76	341	'16	275	95	370	<p><b>(1) Car Air-Conditioning Compressor</b></p> <ul style="list-style-type: none"> <li>➤ <b>Expand global market share</b> <ul style="list-style-type: none"> <li>• Product development matched to market needs</li> <li>• Higher sales in developing markets</li> </ul> </li> <li>➤ <b>Strengthen profit structure</b> <ul style="list-style-type: none"> <li>• Promote local production and procurement to minimize the impact of currency fluctuations</li> <li>• Secure unrivaled level of manufacturing in Japan</li> </ul> </li> </ul> <p><b>(2) Electronics</b></p> <ul style="list-style-type: none"> <li>➤ <b>Product development centered on “3Es”</b> <ul style="list-style-type: none"> <li>• Promote electrification of automobiles and materials handling equipment</li> <li>• Strengthen control technology and software development</li> </ul> </li> <li>➤ <b>Increase cost competitiveness</b> <ul style="list-style-type: none"> <li>• Increase competitiveness through simultaneous engineering and global optimum production/procurement</li> </ul> </li> <li>➤ <b>Develop global sales networks</b></li> </ul>
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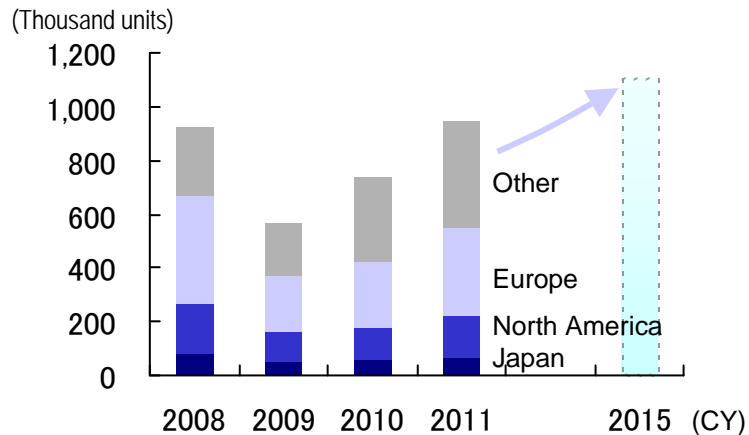
### 3) Mobility

Net Sales Targets	Priorities toward FY2016																												
<p>(JPY Billion)</p> <table border="1"> <caption>Net Sales Targets (JPY Billion)</caption> <thead> <tr> <th>FY</th> <th>Vehicle</th> <th>Engine</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>'11</td> <td>~380</td> <td>~192</td> <td>572</td> </tr> <tr> <td>'12</td> <td>~350</td> <td>~209</td> <td>559</td> </tr> <tr> <td>'13</td> <td>~330</td> <td>~242</td> <td>572</td> </tr> <tr> <td>'14</td> <td>~330</td> <td>~250</td> <td>580</td> </tr> <tr> <td>'15</td> <td>~330</td> <td>~260</td> <td>590</td> </tr> <tr> <td>'16</td> <td>~330</td> <td>~250</td> <td>580</td> </tr> </tbody> </table>	FY	Vehicle	Engine	Total	'11	~380	~192	572	'12	~350	~209	559	'13	~330	~242	572	'14	~330	~250	580	'15	~330	~260	590	'16	~330	~250	580	<p><b>(1) Vehicle</b></p> <ul style="list-style-type: none"> <li>➤ <b>Strengthen role as utility factory within Toyota Group</b> <ul style="list-style-type: none"> <li>• Maintain top position in QCD among all Toyota Group companies</li> <li>• Achieve flexible and highly efficient production of a wide variety of vehicles in small quantities</li> </ul> </li> <li>➤ <b>Develop new as well as auxiliary businesses</b> <ul style="list-style-type: none"> <li>• Develop plastic glazing window business</li> </ul> </li> </ul> <p><b>(2) Engine</b></p> <ul style="list-style-type: none"> <li>➤ <b>Strengthen role as diesel engine manufacturer within Toyota Group</b> <ul style="list-style-type: none"> <li>• Contribute to Toyota Group in R&amp;D and production in and outside Japan</li> </ul> </li> <li>➤ <b>Strengthen product appeal and increase sales volume of industrial engines</b> <ul style="list-style-type: none"> <li>• Expand product lineup</li> <li>• Develop production, sales and service networks</li> </ul> </li> </ul>
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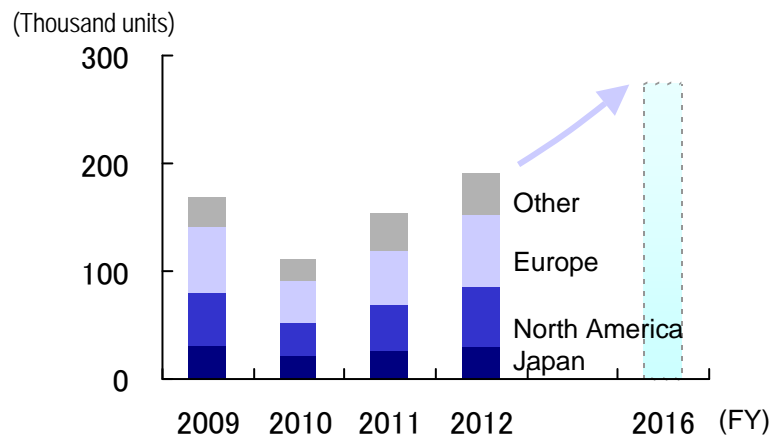
# Materials Handling Equipment Business

# Initiatives for Further Growth

## Global Lift Truck Market



## Toyota Industries Lift Truck Sales



### Developed countries:

Slow growth yet huge markets

Maintain and improve market share

### Emerging countries:

Expected to grow steadily

Strengthen sales expansion

- Develop global models
- Build optimum production and supply structures
- Strengthen sales capabilities
  - Expand value chain
  - Strengthen sales network

Aim for further business expansion

Market Needs

Developed countries: High-performance, highly functional products  
 Emerging countries: Products with well-balanced performance/functions and cost



## ◆ Global Models

- Standardize basic platform and create modules matched to the needs of each market
- Integrate/discontinue models and reduce the number of components to significantly keep down costs

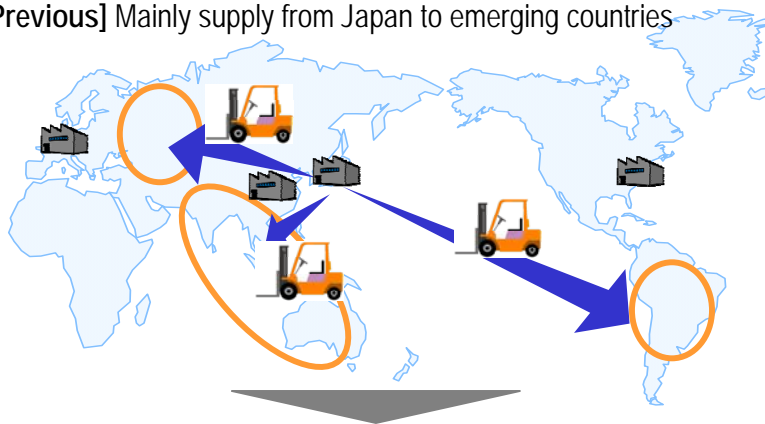
Electric lift trucks	Three-wheel/ four-wheel	More than 100 models 	Introduce global models
	Reach trucks		
	Internal-combustion lift trucks		
		Aim for halving the number of models 1st model: Launch 8 FBN (electric lift truck)	Introduce global models
		• Commenced production in China in May 2011 and started sales for the Chinese market • Gradually introduce to other markets 	
		Consider gradually introducing other global models	

# Build Optimum Production and Supply Structures Materials Handling Equipment

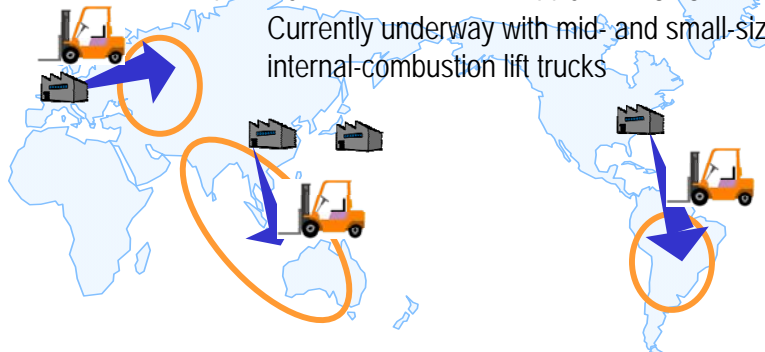
## ◆ Supply from optimally located production base to emerging countries

- Aim to minimize the impact of currency fluctuations by shifting supply bases

[Previous] Mainly supply from Japan to emerging countries

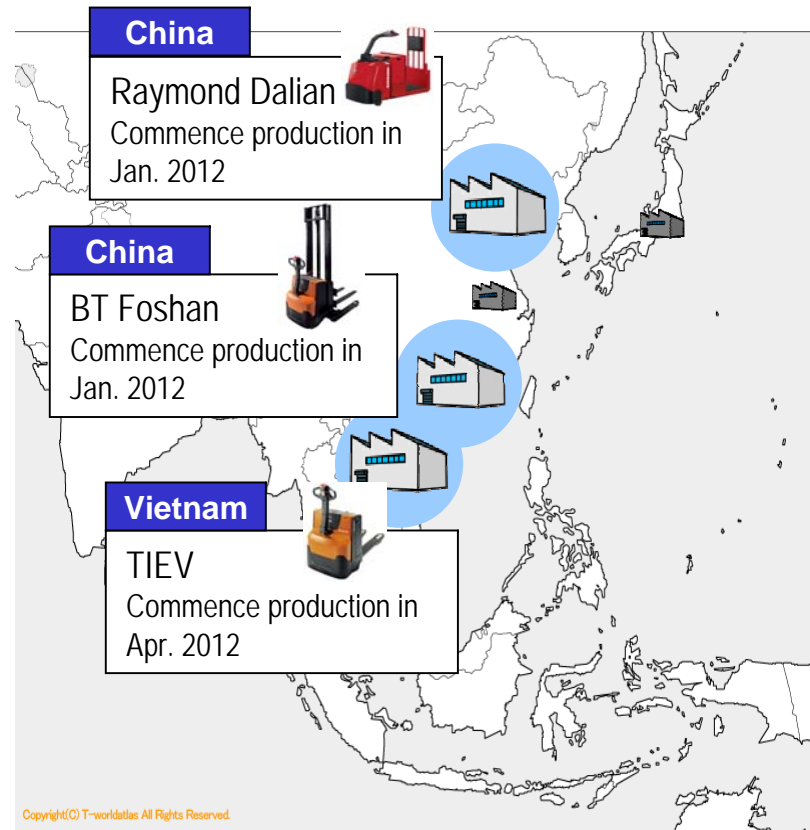


[Future] Switch to optimally located bases to supply emerging countries



## ◆ Establish new production bases (China, Vietnam)

- In response to expanding demand in Asia, establish production bases for lift trucks





# Strengthen Sales Capabilities

## Materials Handling Equipment

### Priority Items

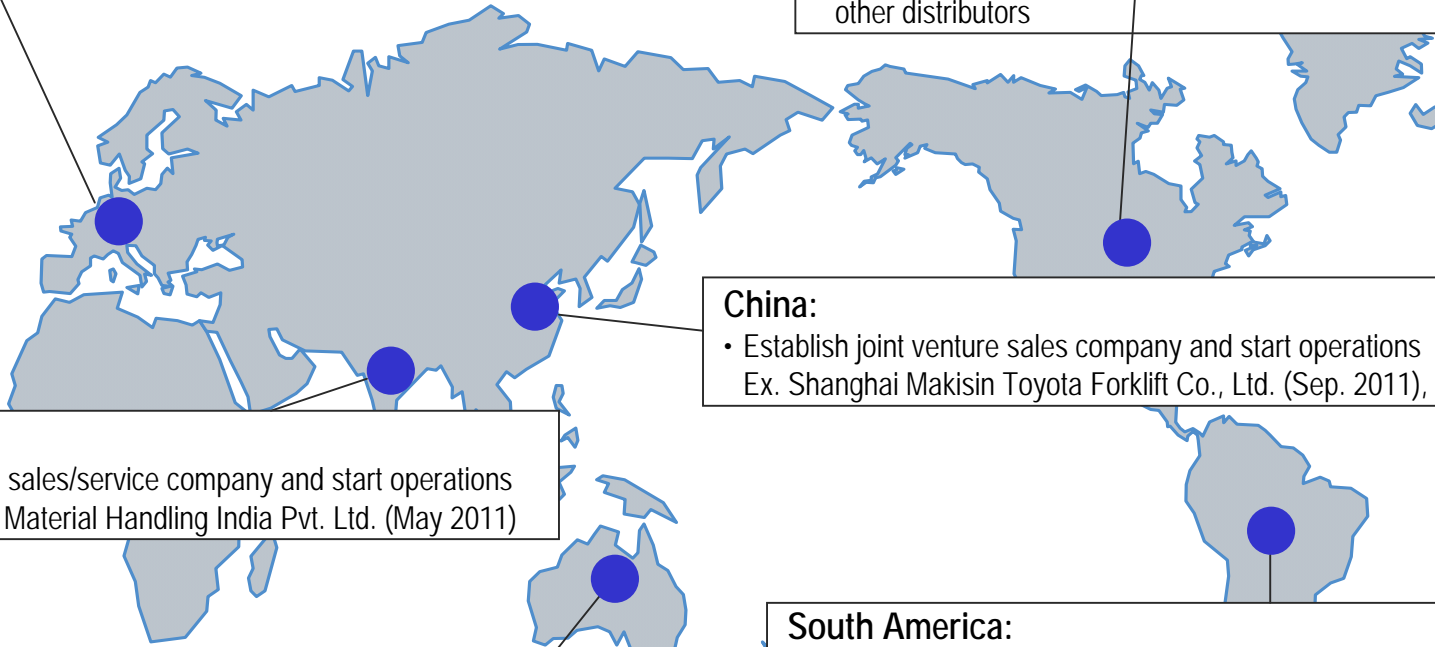
- ◆ **Developed countries: Expand value chain**
- ◆ **Emerging countries: Strengthen sales network**

#### Europe:

- Utilize integrated sales network for direct distribution and channels
- Better response to large-fleet customers

#### North America:

- Strengthen business through TMHNA, Inc, a manufacturing and sales headquarters
- Make some distributors into subsidiaries and acquire a stake in other distributors



#### China:

- Establish joint venture sales company and start operations  
Ex. Shanghai Makisin Toyota Forklift Co., Ltd. (Sep. 2011), etc.

#### India:

- Establish sales/service company and start operations  
Toyota Material Handling India Pvt. Ltd. (May 2011)

#### Australia:

- Utilize integrated sales network for direct distribution and channels

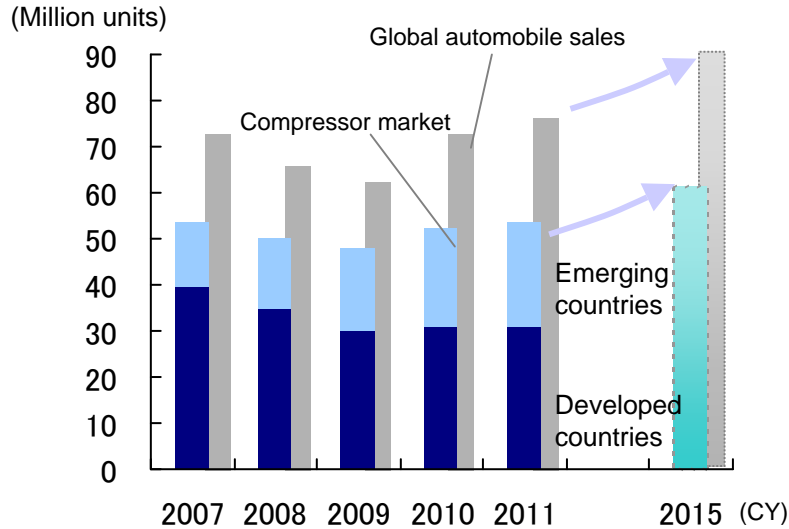
#### South America:

- Utilize integrated sales network for direct distribution and channels
- Strengthen local sales structures
- Introduce new products

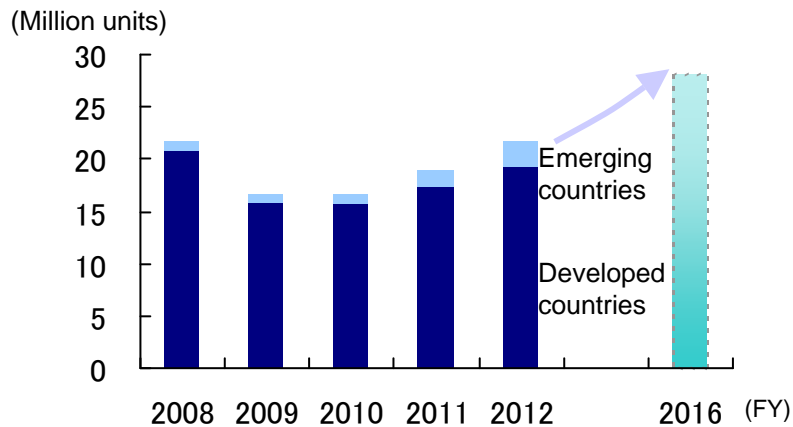
# Car Air-Conditioning Compressor Business

# Initiatives for Further Growth

## Global Compressor Market



## Toyota Industries Compressor Sales



### Developed countries:

Slow growth yet huge markets

### Emerging countries:

High growth expected

- **Expand sales by leveraging broad product lineup**

#### For developed countries:

Strengthen fuel-efficient products

#### For emerging countries:

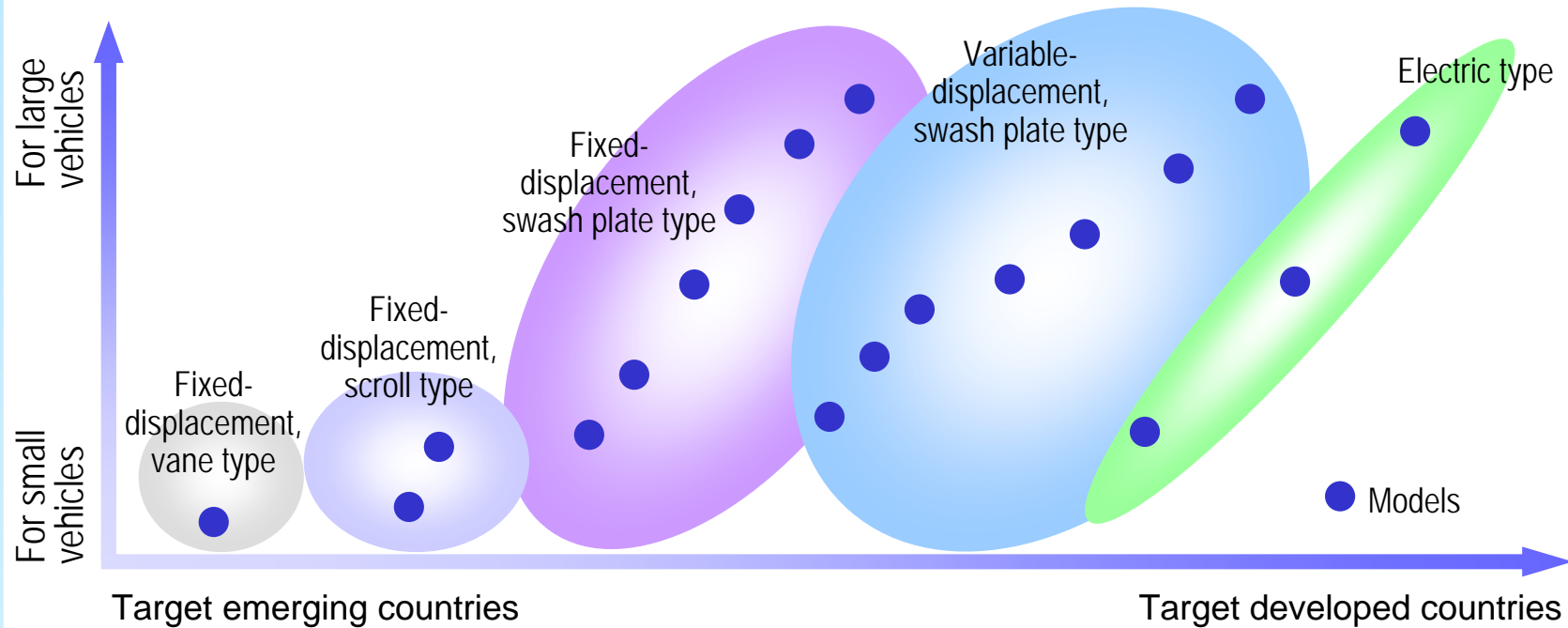
Develop products with excellent cost performance

- **Strengthen production/procurement structure**

**Aim for further sales expansion to carmakers worldwide**

## Expand Sales by Leveraging Broad Product Lineup

Car Air-Conditioning Compressors



**Make finely tuned response to various customer needs by providing broad product lineup targeting both emerging countries and developed countries**

## Development trend

### Products for developed countries

**Variable-displacement type:** Meet increasing needs for better fuel efficiency

- Develop next-generation variable-displacement compressors

**Electric type:** More compact, lighter weight, better fuel efficiency and higher efficiency

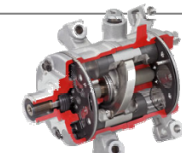
- Improve performance of electronic components (inverters, motors, etc.)
- Strengthen software for high-speed rotation control

### Products for emerging countries

**Fixed-displacement type:** Better cost competitiveness

**Variable-displacement type:** Optimum balance between performance and cost

- Further strengthen technical support for carmakers



**<Primary sales targets>**

ASEAN countries, India, Brazil: Major Japanese, U.S. and European carmakers

China: China-produced vehicles by U.S. and European carmakers, China domestic carmakers

# Strengthen Production/Procurement Structures

Car Air-Conditioning Compressors

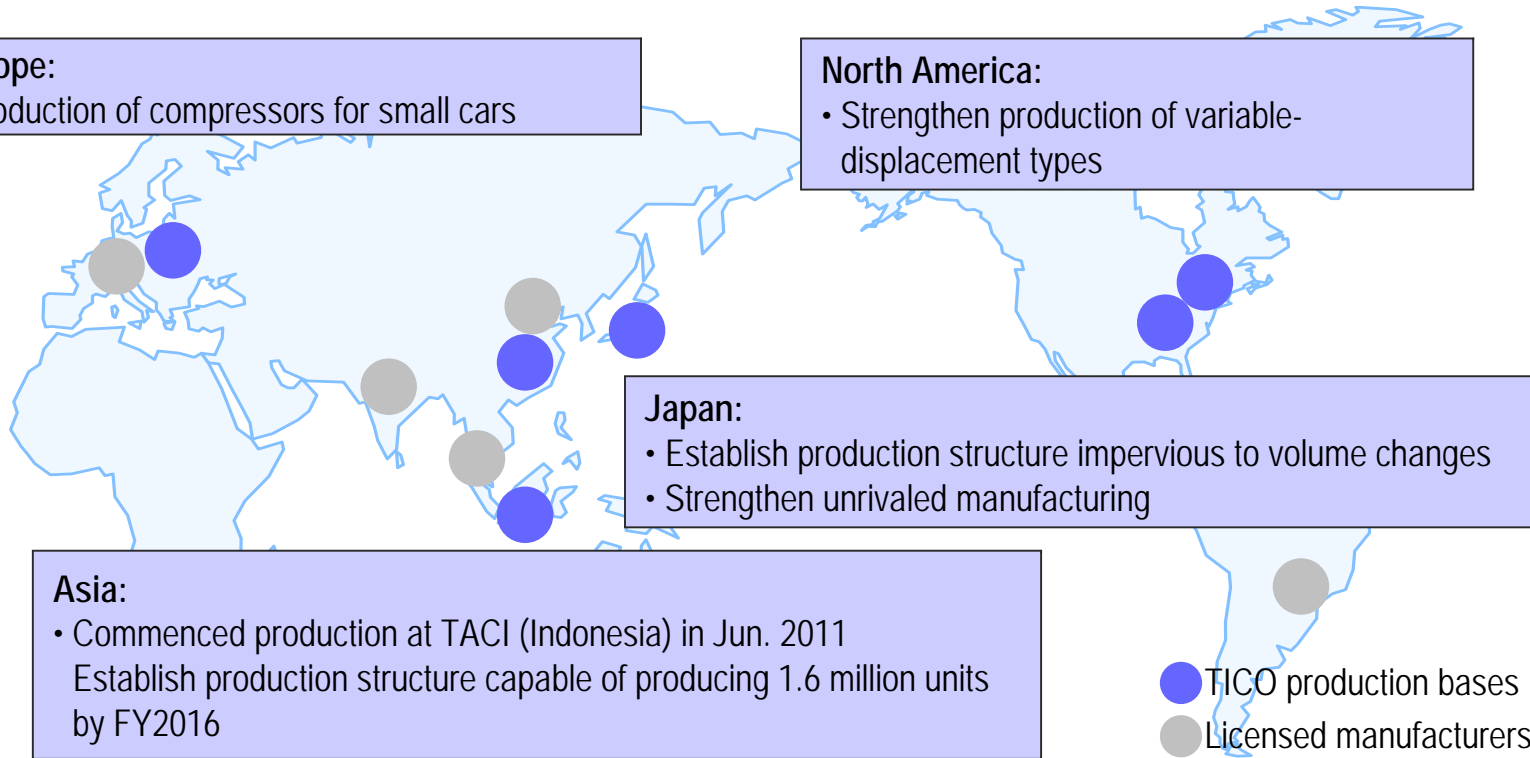
## Initiatives for production

### Europe:

- Production of compressors for small cars

### North America:

- Strengthen production of variable-displacement types



### Japan:

- Establish production structure impervious to volume changes
- Strengthen unrivaled manufacturing

### Asia:

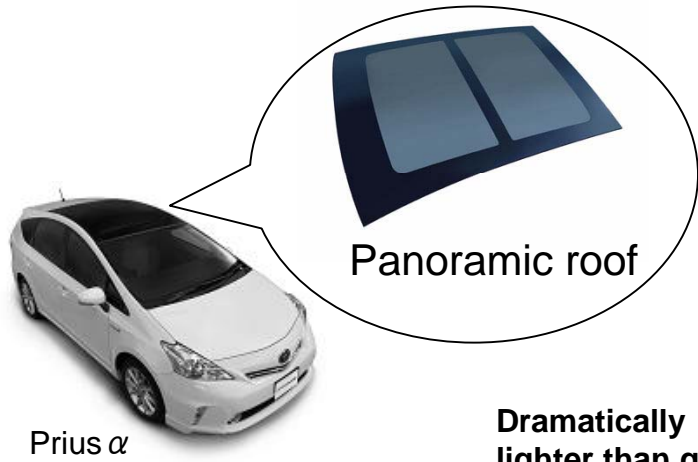
- Commenced production at TACI (Indonesia) in Jun. 2011
- Establish production structure capable of producing 1.6 million units by FY2016

● TICO production bases  
● Licensed manufacturers

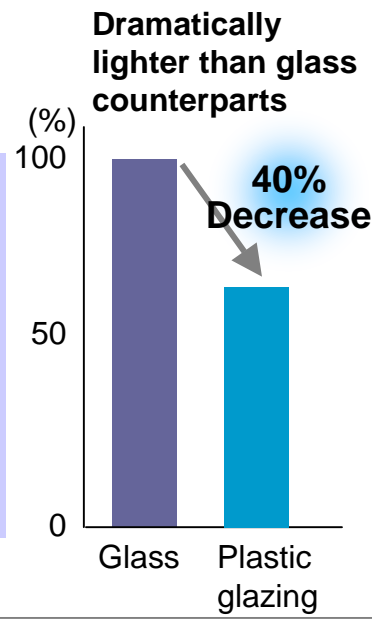
## Initiatives for procurement

- ◆ Establish globally optimum procurement structure
- ◆ Expand scope of locally procured products

## Our plastic glazing fitted in the Prius α

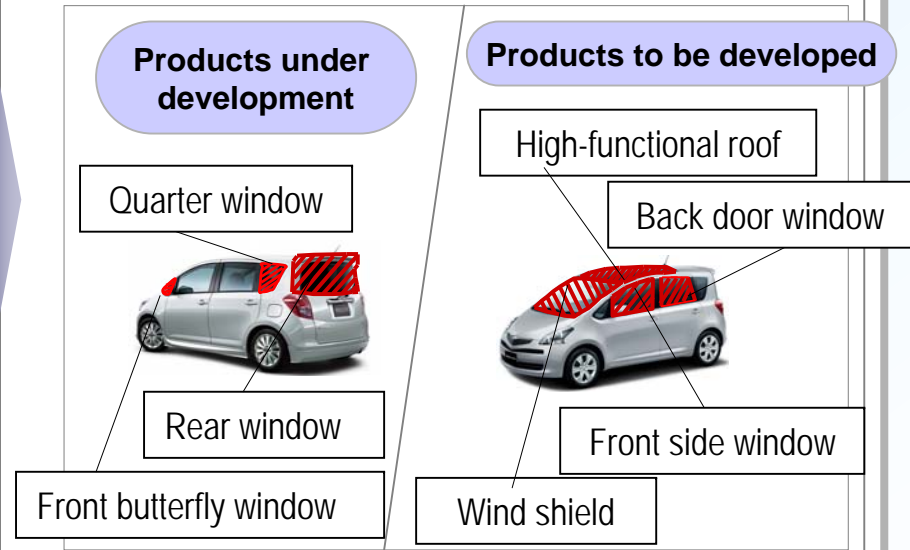


- Feature of plastic glazing**
- Light
  - Flexibility of shape
  - Hard to break
  - Well-insulated



## Aim for further sales expansion

- Promote sales activities to carmakers worldwide
- Expand product lineup



Contribute to improvement of fuel efficiency by lowering the weight of automobile bodies

# Financial Results



# Performance

FY2012 2Q

(Billion yen)

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Ordinary income	38.3	36.7	(1.6)	(4.2%)
Net income	23.6	25.9	2.3	9.5%
Net income per share	¥76.02	¥83.21	¥7.19	-
Dividends per share	¥25	¥25	-	-
Investments in tangible assets	16.3	21.0	4.7	29.0%
Depreciation	29.9	28.6	(1.3)	(4.4%)

## Exchange rate

¥/US\$	¥89	¥80	(¥9)	-
¥/Euro	¥114	¥114	(¥0)	-

# Performance

FY2012 2Q

(Billion yen)

	As of March 31, 2011	FY2012 2Q	Change	
Total assets	2,481.4	2,350.9	(130.5)	(5.3%)
Total net assets	1,075.9	968.9	(107.0)	(9.9%)
Equity ratio	41.4%	39.2%	-	-
Consolidated subsidiaries	162	165	3	-

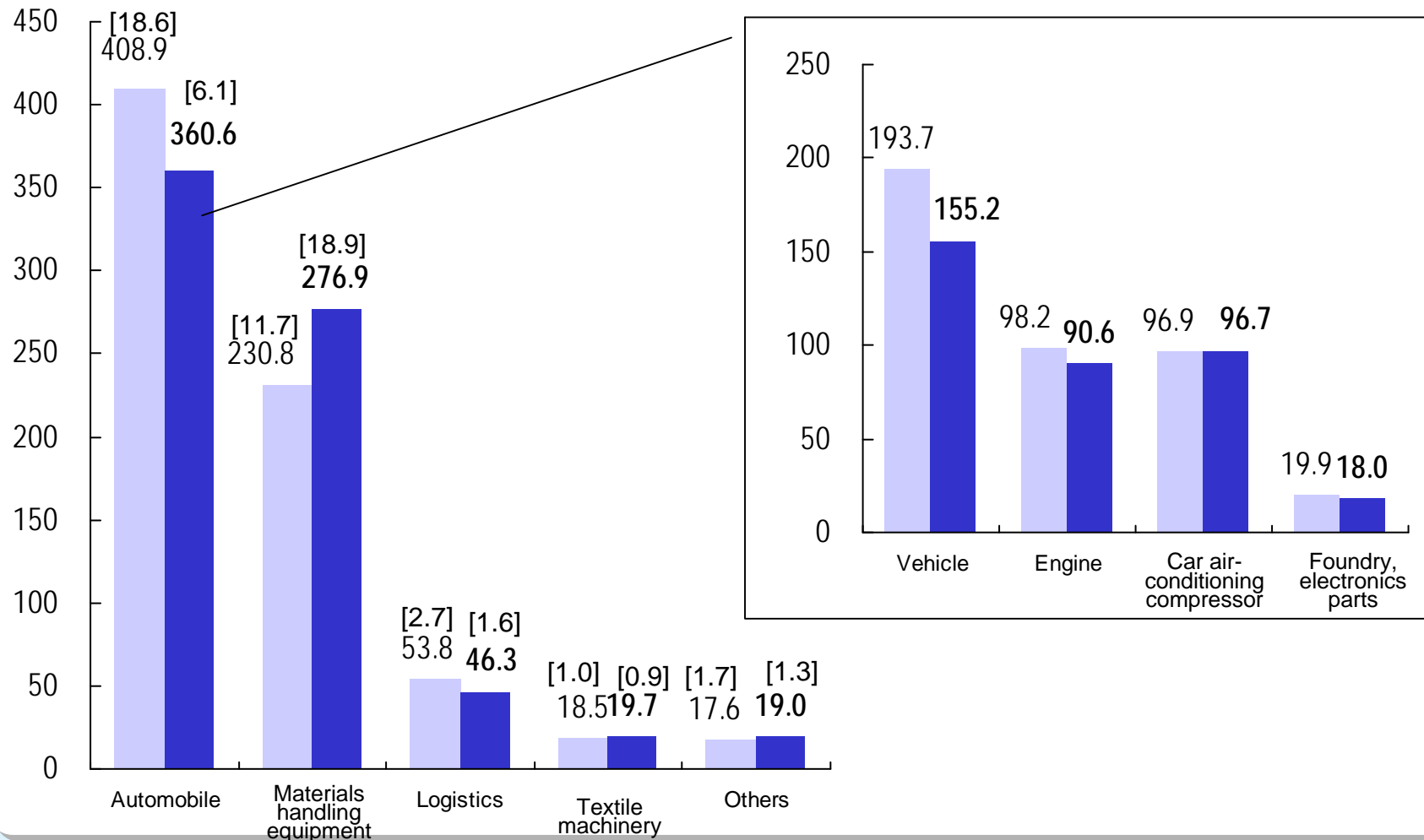
# Segment Information

FY2012 2Q

## ◆ Net sales

(Billion yen [Operating Income])

FY2011 2Q (6 months)  
 FY2012 2Q (6 months)



# Unit sales

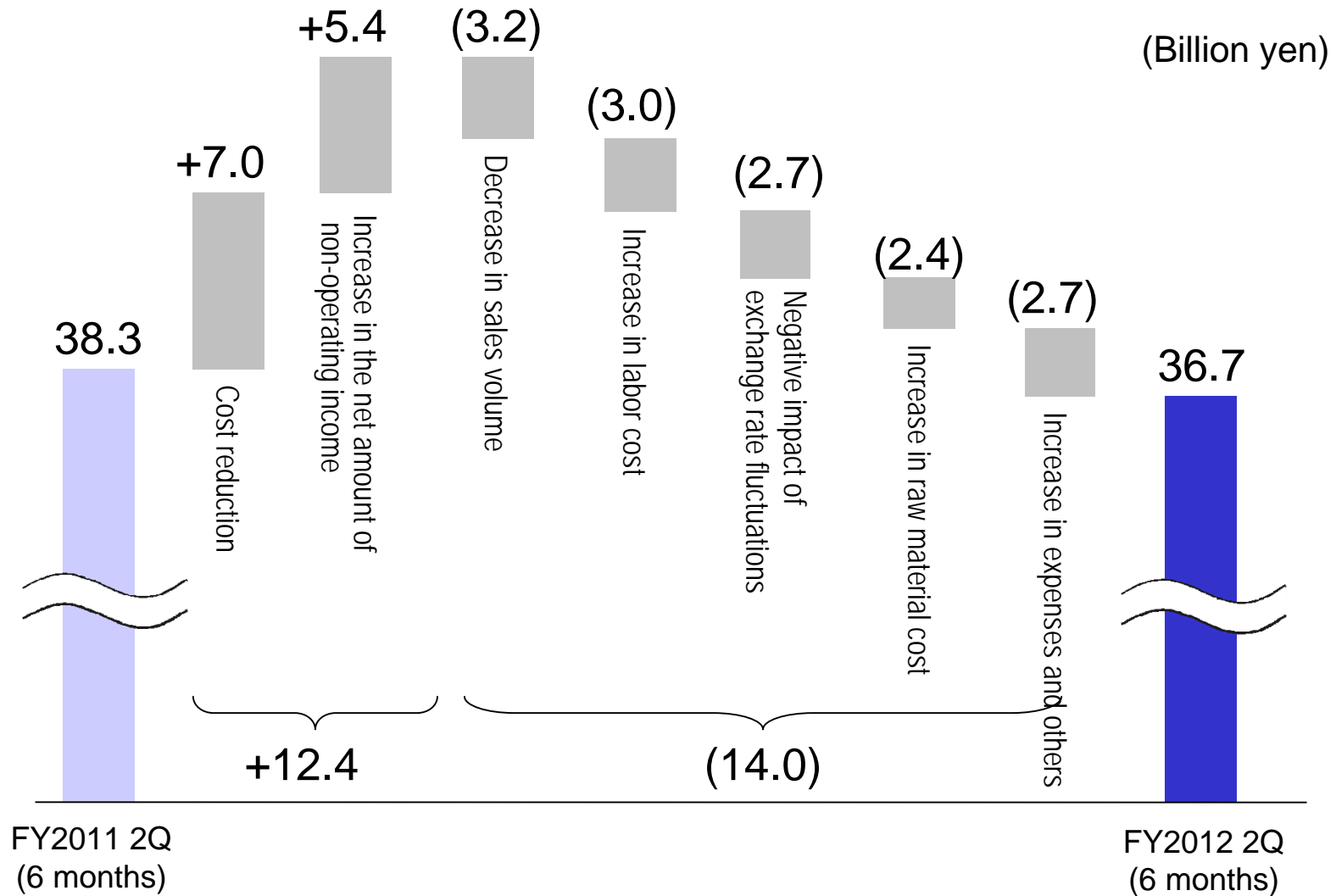
FY2012 2Q / FY2012 Forecast

(Thousand units)

	FY2011 2Q (6 months)	FY2012 2Q (6 months)	Change	FY2012 forecast		
				Current plan	Change	Previous plan (6/14)
Vitz (Yaris)	95	80	(15)	182	1	181
RAV4	57	38	(19)	93	(16)	90
Mark X ZiO	2	3	1	5	0	4
<b>Vehicle</b>	<b>154</b>	<b>121</b>	<b>(33)</b>	<b>280</b>	<b>(15)</b>	<b>275</b>
Diesel	186	188	2	423	41	395
Gasoline	121	86	(35)	207	(25)	185
<b>Engine</b>	<b>307</b>	<b>274</b>	<b>(33)</b>	<b>630</b>	<b>16</b>	<b>580</b>
<b>Car air-conditioning compressor</b>	<b>9,400</b>	<b>9,870</b>	<b>470</b>	<b>22,000</b>	<b>3,170</b>	<b>21,800</b>
<b>Materials handling equipment</b>	<b>69</b>	<b>86</b>	<b>17</b>	<b>190</b>	<b>37</b>	<b>183</b>
<b>Air-jet loom</b>	<b>3.0</b>	<b>2.4</b>	<b>(0.6)</b>	<b>5.0</b>	<b>(2.2)</b>	<b>6.0</b>

# Change in Ordinary Income

FY2012 2Q



# Performance

FY2012 Forecast

(Billion yen)

	FY2011	FY2012	Change		Previous plan
Net sales	1,479.8	1,580.0	100.2	6.8%	1,570.0
Operating income	68.7	75.0	6.3	9.0%	70.0
Ordinary income	73.9	85.0	11.1	15.0%	80.0
Net income	47.2	55.0	7.8	16.5%	46.0
Net income per share	¥151.51	¥176.46	¥24.95	-	¥147.64
Dividends per share	¥50	¥50	-	-	¥50
Investments in tangible assets	38.2	60.0	21.8	56.8%	60.0
Depreciation	62.3	60.0	(2.3)	(3.8%)	62.0

## Exchange rate

\*Second half

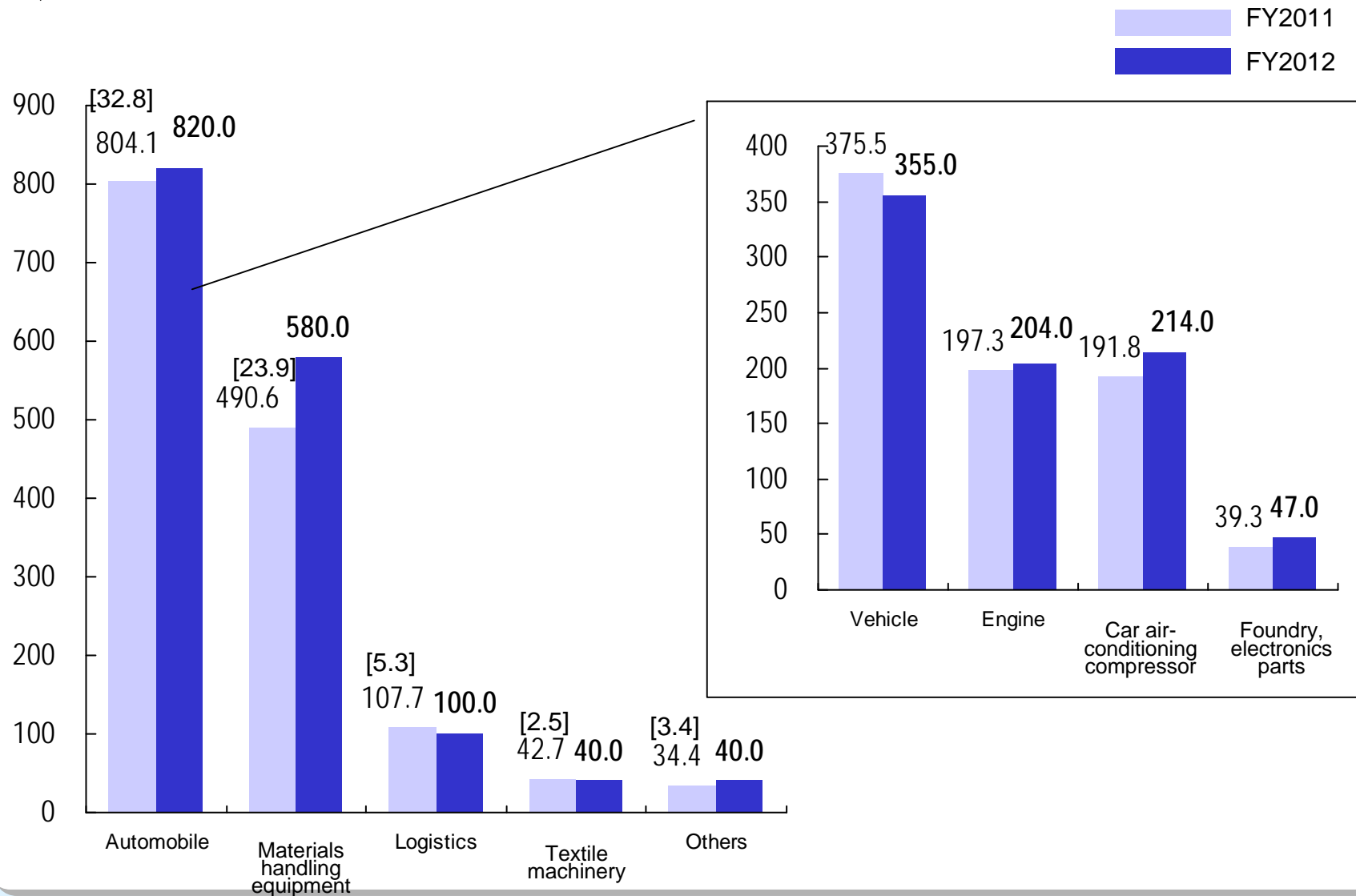
¥/US\$	¥86	¥78 [¥75*]	(¥8)	-	¥80
¥/Euro	¥113	¥110[¥105*]	(¥3)	-	¥112

# Segment Information

FY2012 Forecast

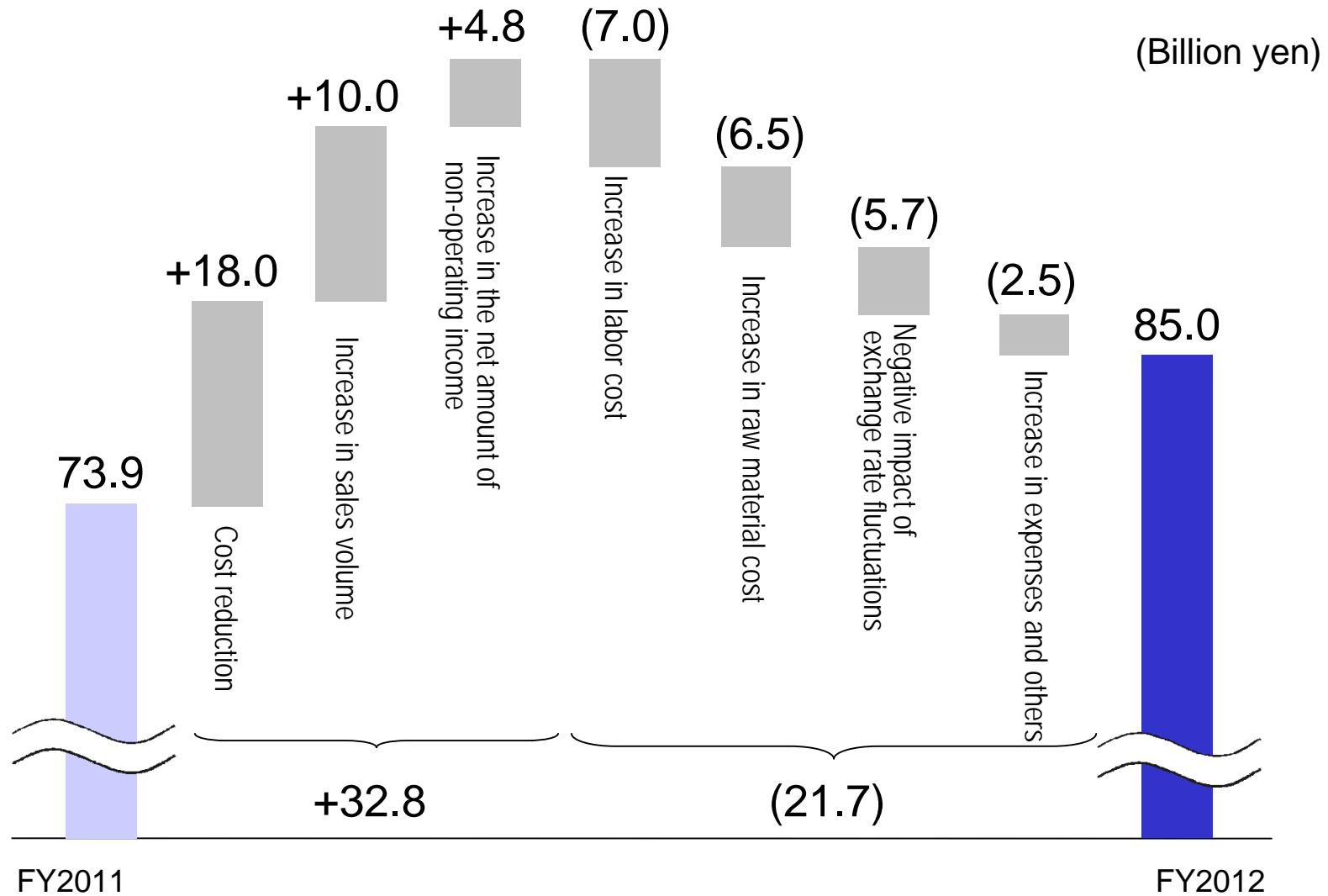
## ◆ Net sales

(Billion yen [Operating Income])



# Change in Ordinary Income

FY2012 Forecast





## **Cautionary Statement with Respect to Forward-Looking Statements**

*This presentation contains projections of business results as well as statements regarding business plans, forecasts, strategies, and other forward-looking statements that are not to be taken as historical fact. Projections and forward-looking statements are based on the current expectations and estimates of Toyota Industries and its Group companies. All such projections and forward-looking statements are based on management's assumptions and beliefs derived from the information available to it at the time of producing this report and are not guarantees of future performance. You should also be aware that certain risks and uncertainties could cause the actual results of Toyota Industries and its Group companies to differ materially from any projections or forward-looking statements appearing in this report. These risks and uncertainties include, but are not limited to, the following: 1) economic trends, 2) various competitive pressures, 3) changes in relevant laws and regulations, and 4) fluctuations in exchange rates.*