



FY2014 2nd Quarter Financial Results

November 1, 2013



TOYOTA INDUSTRIES CORPORATION

I . Financial Results

Financial Summary<FY2014 2Q>

1. Net sales, operating income, ordinary income and net income marked a record high for the second quarter of the six months from April 1 to September 30

2. Net sales increased by 29%, operating income increased by 39%
Net sales of the Vehicle, the Engine, the Car Air-Conditioning Compressor and the Textile Machinery marked a record high

3. Revised up the forecasts of net sales and income, as well as the distribution of an interim dividend and year-end dividend forecast of FY2014

Performance <FY2014 2Q>

(Billion yen)

	FY2013 2Q (6 months)	FY2014 2Q (6 months)	Change	
Net sales	762.9	981.4	218.5	28.6%
Operating income	37.2	51.8	14.6	39.2%
Ordinary income	42.4	64.8	22.4	52.8%
Net income	24.0	43.5	19.5	80.8%
Net income per share	¥77.24	¥139.09	¥61.85	—
Dividends per share	¥25	¥35	¥10	—

- Net sales and operating income increased by the good performance of the Automobile Segment, an increase of unit sales of the Materials Handling Equipment Segment and the inclusion of Cascade Corporation as a subsidiary
- Revised the distribution of an interim dividend from ¥30 per share to ¥35 per share

Performance <FY2014 2Q>

(Billion yen)

	FY2013 2Q (6 months)	FY2014 2Q (6 months)	Change	
Capital Expenditures	35.2	47.5	12.3	34.9%
Depreciation	27.0	29.6	2.6	9.6%

¥/US\$	¥79	¥99	¥20	—
¥/Euro	¥101	¥130	¥29	—

- Capital expenditures increased mainly in the Car air-conditioning compressor business and the Materials handling equipment segment
- Depreciation increased with an increase of capital expenditures

Performance <FY2014 2Q>

(Billion yen)

	As of March 31, 2013	FY2014 2Q	Change	
Total assets	3,243.7	3,737.4	493.7	15.2%
Total net assets	1,524.9	1,820.2	295.3	19.4%
Equity ratio	45.4%	47.3%	—	—
Consolidated subsidiaries	217	214	(3)	—

- Total assets and total net assets increased due to an increase in market value of investment securities

Segment Information <FY2014 2Q>

Net sales [Operating Income]

(Billion yen)

	FY2013 2Q (6 months)	FY2014 2Q (6 months)	Change	
Vehicle	157.3	238.1	80.8	51.3%
Engine	105.2	107.6	2.4	2.2%
Car air-conditioning compressor	111.7	132.9	21.2	18.9%
Electronics parts, foundry and others	28.3	28.3	0.0	0.2%
Automobile	402.8 [14.8]	507.1 [19.4]	104.3 [4.6]	25.9%
Materials handling equipment	281.0 [18.6]	383.8 [26.4]	102.8 [7.8]	36.6%
Logistics	46.0 [2.3]	47.4 [2.3]	1.4 [0.0]	3.0%
Textile machinery	18.0 [(0.0)]	31.5 [1.8]	13.5 [1.8]	74.6%
Others	14.9 [1.4]	11.4 [1.5]	(3.5) [0.1]	(23.7%)
Total	762.9 [37.2]	981.4 [51.8]	218.5 [14.6]	28.6%

Unit Sales

(Thousand units)

	FY2013 2Q (6 months)	FY2014 2Q (6 months)	Change
Vitz (Yaris)	85	68	(17)
RAV4	41	97	56
Mark X ZiO	1	1	(0)
Vehicle	127	166	39
Diesel	216	202	(14)
Gasoline	108	137	29
Engine	324	339	15
Car air-conditioning compressor	11,790	12,560	770
Materials handling equipment	88	95	7
Air-jet loom	1.8	3.8	2.0

- The Vehicle business : Net sales increased by favorable sales of new models of RAV4
- The Car air-conditioning compressor business : Net sales increased by an increase of global unit sales
- The Materials handling equipment segment : Net sales increased by an increase of unit sales and the inclusion of Cascade Corporation as a subsidiary

Change in Ordinary Income

Year-on-year Comparison (FY2013 2Q and FY2014 2Q)

(Billion yen)

Increase in sales volume	10.1	Increase in labor cost	(5.0)
Cost reduction	6.5	Increase in research and development expenses	(3.7)
Positive impact of exchange rate fluctuations	12.6	Increase in expenses and others	(5.9)
Changes in the net amount of non-operating income and non-operating expenses	7.8		
Increases total	37.0	Decreases total	(14.6)
		Total Changes in Ordinary income	22.4

- Net sales increased due mainly to an increase of unit sales of the Automobile segment and the Materials handling equipment segment
- Labor cost, research and development expenses and other expenses increased because of aggressive business initiatives

Performance <FY2014 Forecast>

(Billion yen)

	FY2013	FY2014	Change		Previous plan
Net sales	1,615.2	2,000.0	384.8	23.8%	1,900.0
Operating income	77.0	105.0	28.0	36.2%	95.0
Ordinary income	86.8	125.0	38.2	43.9%	114.0
Net income	53.1	78.0	24.9	46.8%	70.0
Net income per share	¥170.36	¥249.07	¥78.71	—	¥223.79
Dividends per share	¥55	¥70	¥15	—	¥60

Performance <FY2014 Forecast>

(Billion yen)

	FY2013	FY2014	Change		Previous plan
Capital Expenditures	89.4	100.0	10.6	11.8%	100.0
Depreciation	57.9	64.0	6.1	10.4%	66.0

¥/US\$	¥83	¥97	¥14	—	¥96
¥/Euro	¥107	¥130	¥23	—	¥126

Segment Information <FY2014 Forecast>

Net sales [Operating Income]

(Billion yen)

	FY2013	FY2014	Change		Previous plan
Vehicle	356.7	472.0	115.3	32.3%	420.0
Engine	216.7	211.0	(5.7)	(2.6%)	220.0
Car air-conditioning compressor	228.1	271.0	42.9	18.8%	265.0
Electronics parts, foundry and others	57.0	61.0	4.0	6.9%	60.0
Automobile	858.6 [29.4]	1,015.0	156.4	18.2%	965.0
Materials handling equipment	596.4 [38.7]	790.0	193.6	32.5%	770.0
Logistics	93.0 [4.8]	100.0	7.0	7.5%	100.0
Textile machinery	39.9 [0.5]	75.0	35.1	88.0%	45.0
Others	27.2 [3.3]	20.0	(7.2)	(26.5%)	20.0
Total	1,615.2 [77.0]	2,000.0	384.8	23.8%	1,900.0

Segment Information <FY2014 Forecast>

Unit Sales

(Thousand units)

	FY2013	FY2014	Change	Previous plan
Vitz (Yaris)	155	126	(29)	113
RAV4	112	198	86	176
Mark X ZIO	2	1	(1)	1
Vehicle	269	325	56	290
Diesel	452	397	(55)	433
Gasoline	214	253	39	272
Engine	666	650	(16)	705
Car air-conditioning compressor	23,420	26,000	2,580	25,700
Materials handling equipment	185	203	18	197
Air-jet loom	4.6	10.0	5.4	6.5

Change in Ordinary Income

Year-on-year Comparison (FY2013 full year and FY2014 full year forecast)

(Billion yen)

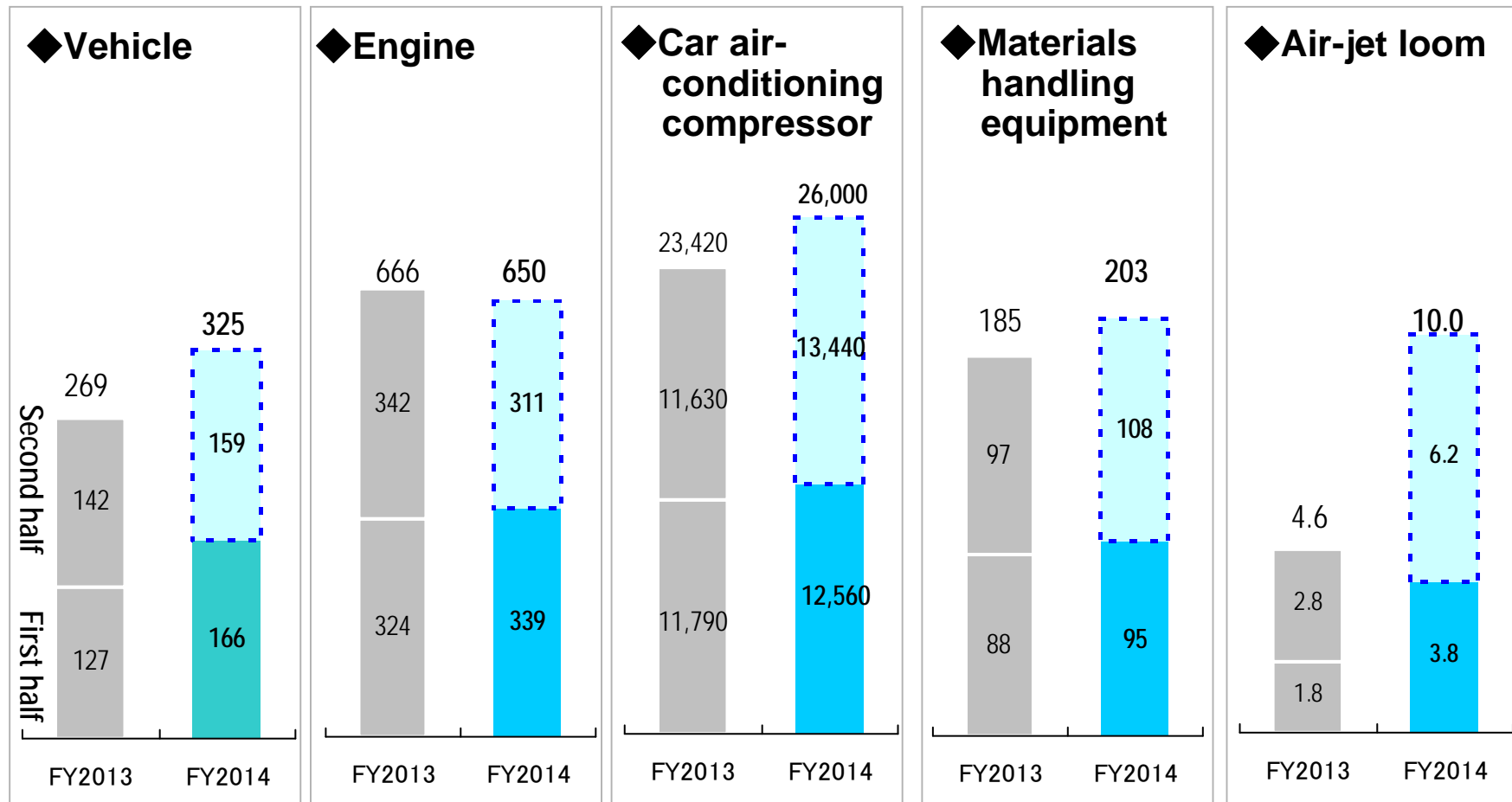
Increase in sales volume	21.0	Increase in labor cost	(9.0)
Cost reduction	16.0	Increase in depreciation	(6.1)
Positive impact of exchange rate fluctuations	17.0	Increase in research and development expenses	(4.0)
Changes in the net amount of non-operating income and non-operating expenses	10.2	Increase in expenses and others	(6.9)
Increases total	64.2	Decreases total	(26.0)
		Total Changes in Ordinary income	38.2

II . Recent Sales Units

Unit Sales by Segment

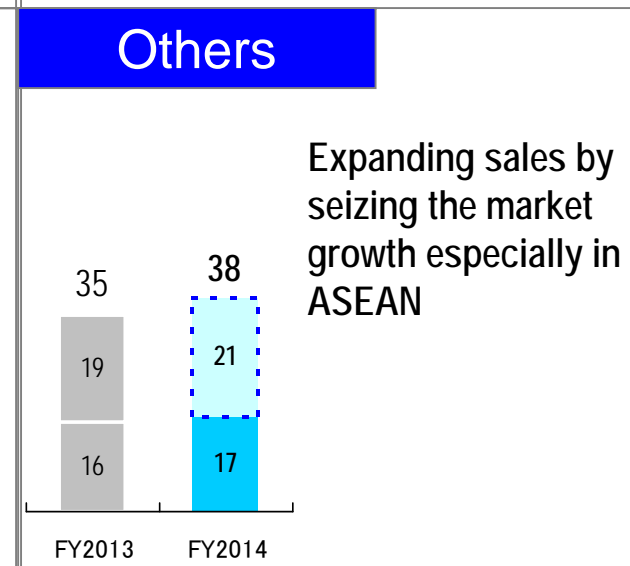
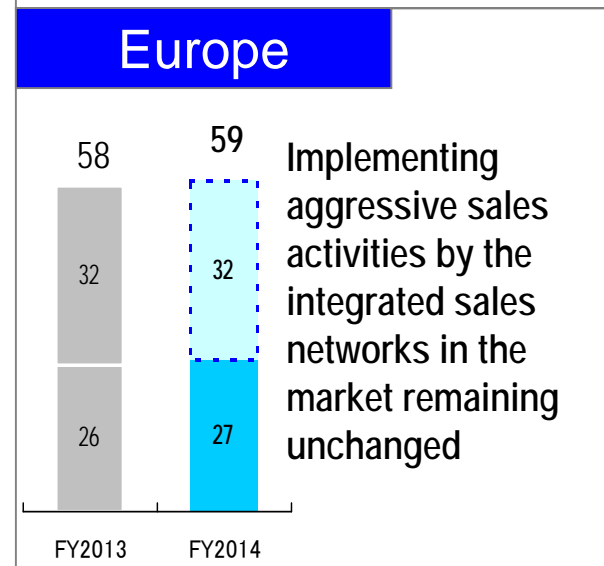
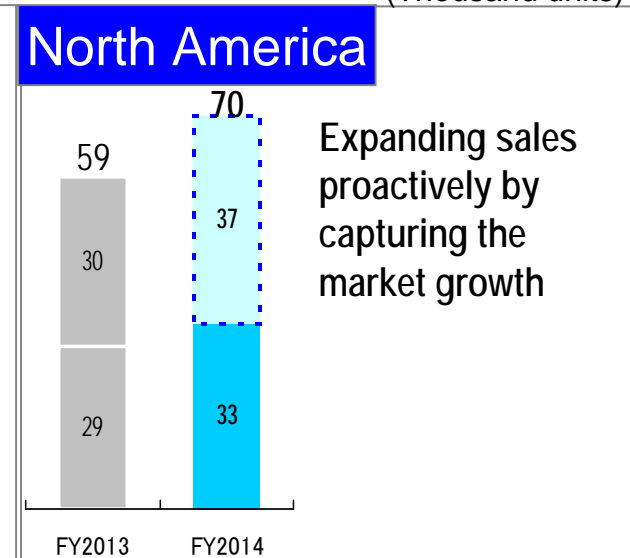
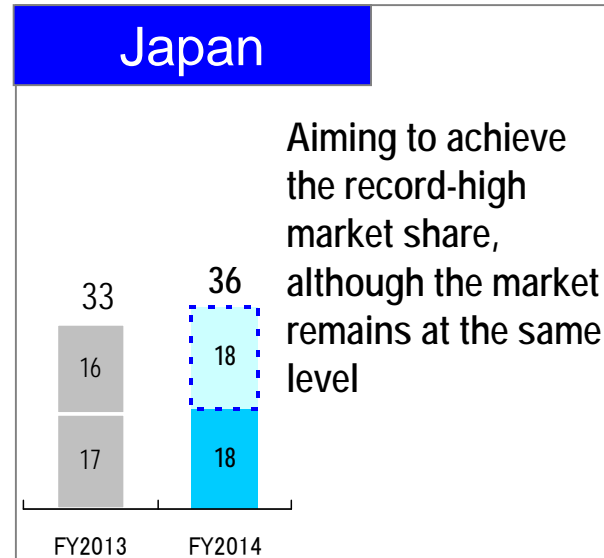
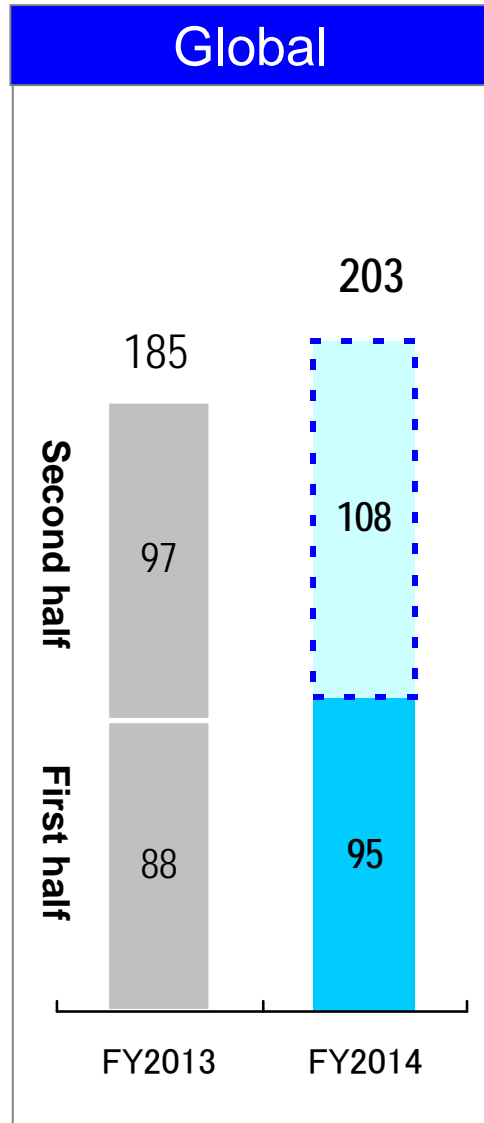
Sales expansion activities resulted increase of unit sales in each segment

(Thousand units)



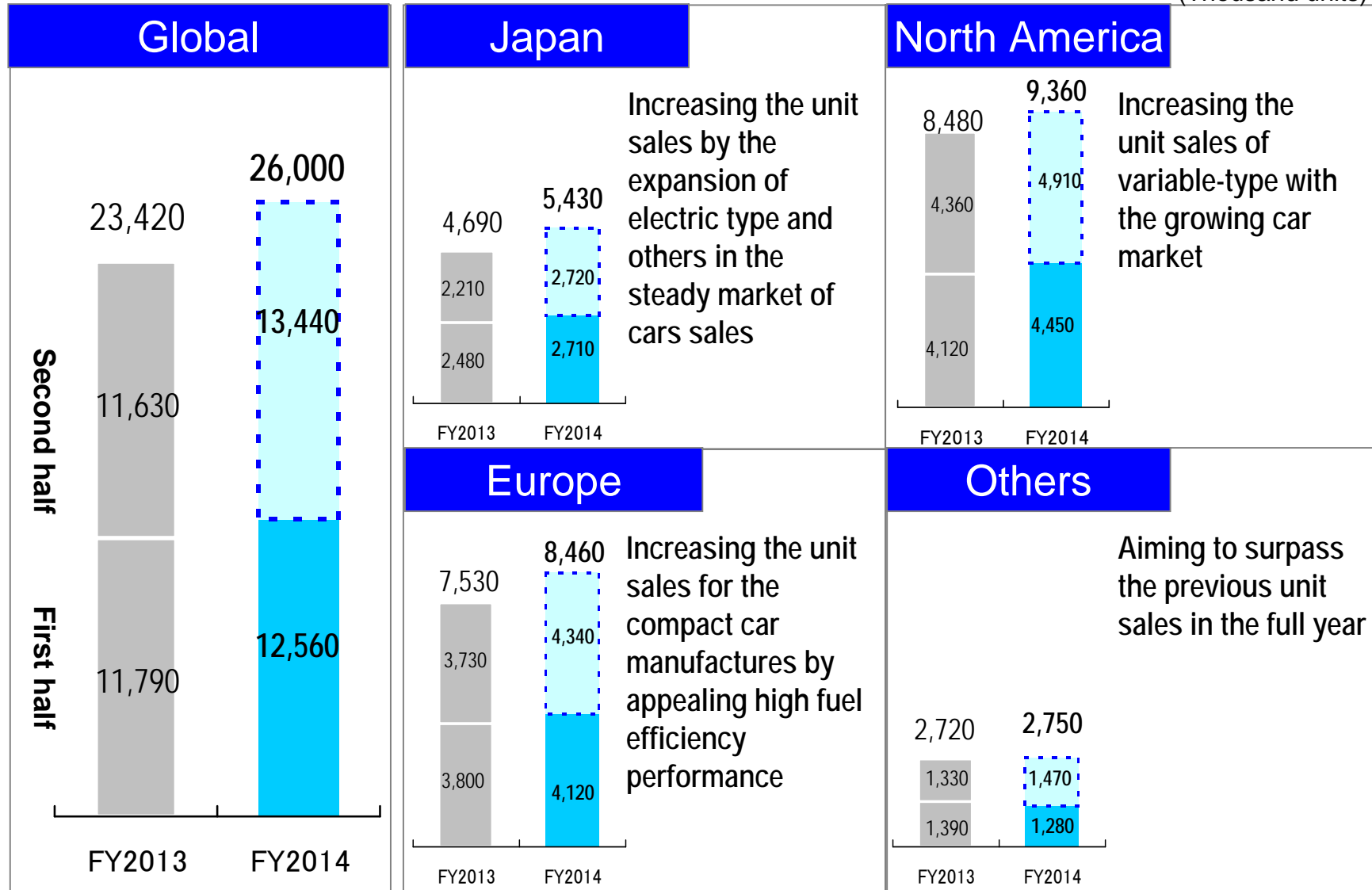
Unit Sales of Materials Handling Equipment Business

(Thousand units)



Unit Sales of Car Air-Conditioning Compressor Business

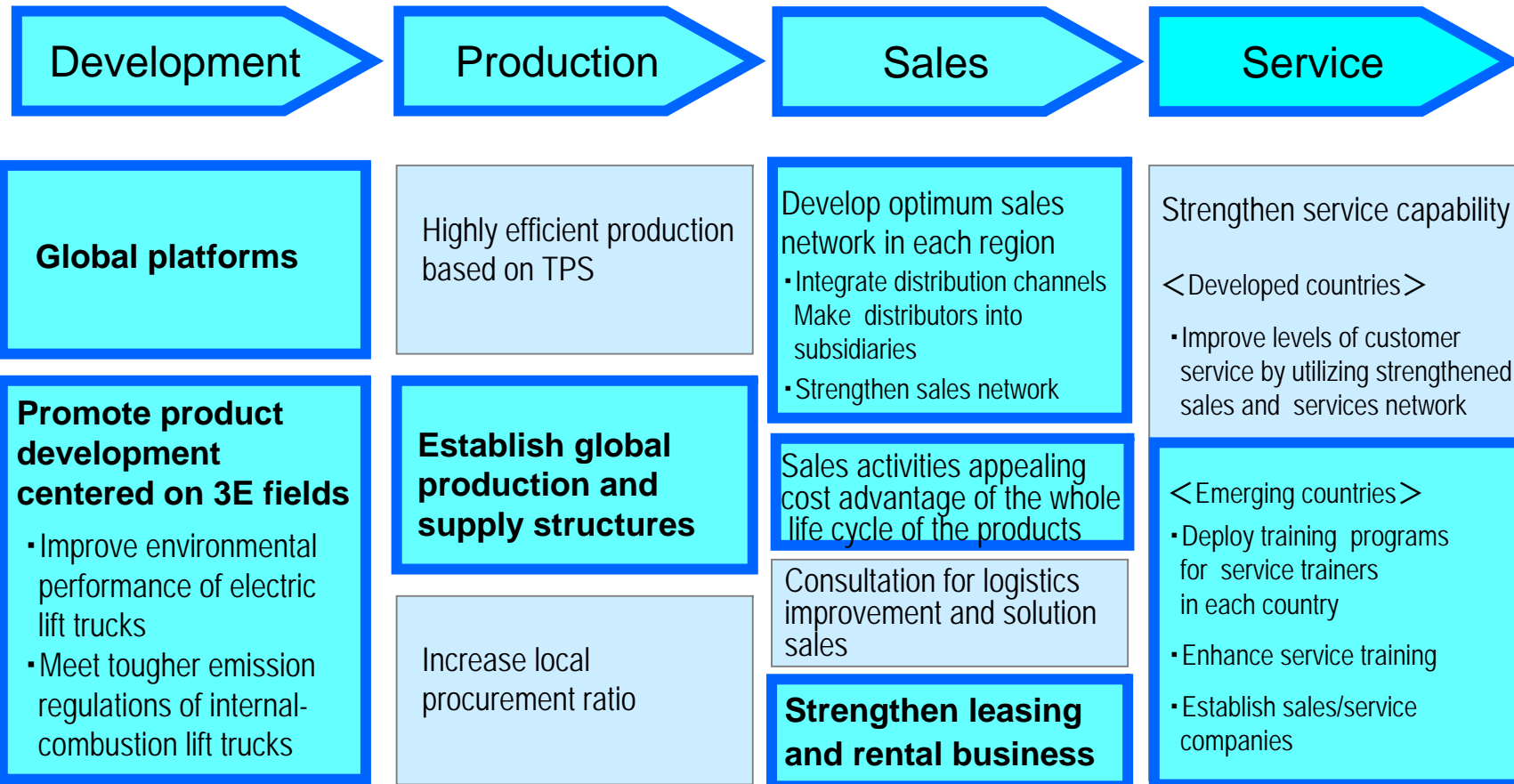
(Thousand units)



III. Our Business Initiatives toward medium- to long-term growth

<p>Solution</p> <p>Materials Handling Equipment</p>	<ul style="list-style-type: none">➤ Global Platforms➤ Product development centered on 3Es➤ Establishing Global Production and Supply Structures➤ Upgrading Sales and Service Capabilities➤ Expanding our business domain
<p>Key components</p> <p>Car-air conditioning Compressor</p>	<ul style="list-style-type: none">➤ Product development centered on 3Es➤ Establishing Optimum Production and Supply Structures

Our initiatives toward the expansion of value chain



Global platforms

Reducing product development lead-time and improving price competitiveness by commonalizing platforms and creating modules, while responding market needs

1. Electric lift truck

1.5- to 3.0-ton

Released products manufactured in China to the China market in May 2011 and to ALOMA* markets in Jan. 2012

*Asia, Latin America, Oceania, Middle East, Africa

2. Internal-combustion lift truck

3.5- to 8.0-ton

Started sales in North America in Apr. 2013

Started production in North America in Oct. 2013

➔ **Introduce more models as a series**



Product development centered on 3Es

Enhancing the appeal of products by developing major functional components in-house

1. Improving environmental performance of electric lift trucks

Cooperating with the Electronics Division

Differentiated our products in the field of software by improving the performance of controllers, one of the functional components

- Realized longer continuous operation by 10%

GENEO-R (started sales in May 2012)

High-pick Lift (started sales in Dec. 2012)

2. Meeting tougher emission regulations of internal-combustion lift trucks

Cooperating with the Engine Division

3.5- to 8.0-ton

Equipped with our new 1KD diesel engine and turbocharger which are developed by the Engine division

- Eliminated diesel particulate filter by an extensive improvement of combustion efficiency
- Improved fuel efficiency by 30%

Establishing Global Production and Supply Structures

1. In developed countries, already established production bases near each market
2. To emerging countries, changed the supply bases from Japan to the optimal bases sequentially since May 2010

To Asia : supply from China
To Brazil : supply from the U.S.
To Russia : supply from Europe
(Previously supplied from Japan)

} Reducing product development lead-time and transportation cost

3. Established a new plant in Brazil

- Commenced production of 1.8- to 3.0-ton internal-combustion lift trucks in Oct. 2013
- Production capacity : 5,000 units per year

Establishing Global Production and Supply Structures

4. Expanded production capabilities of a plant in China

- Completed to relocate and expand production capabilities in Jun. 2013
- Responding to expansion of the high-end market in China and increase of exports to emerging countries

5. Producing major functional components in optimum countries

Commenced production of motors for electric lift trucks in Vietnam in Apr. 2012

- Supplying these motors to our assembly plants in Japan, North America, Europe and China
- Improving the appeal of products and price competitiveness while increasing the number of electric lift trucks equipped with these motors

Upgrading Sales and Service Capabilities

1. Regional Initiatives

Implementing appropriate measures for each region, such as integration of distribution channels and acquisition of the ownership of distributors

1) Europe

- (1) In Jan. 2013, completed to integrate separately operated sales channels for TOYOTA- and BT-brand lift trucks throughout Europe
- (2) **Established a sales company in Russia (Launch operation in Apr. 2014)**
Upgrading sales capabilities in the large and developing Russia market

2) North America

- (1) Acquiring key dealerships based on the premise of meeting TICO's and distributor owners' needs
- (2) Continuing to enhance response to key-account business together with TOYOTA- and BT-brand lift trucks

Upgrading Sales and Service Capabilities

1. Regional Initiatives

3) ALOMA and China

(1) Established sales and service companies

India (Launched operations in May 2011)

China (Launched operations in Sep. 2011)

(2) Strengthening service capabilities by continuing service technician training programs at Global Training Center

(3) Appealing economic advantage of a lifecycle of products backed by excellent products and service quality in sales expansion activities

4) Japan

(1) Strengthening sales expansion activities to new customers and large customers in every industry sector and appealing optimal logistics efficiency combining hardware (material handling systems) and software (logistics improvements)

(2) Further improving customer satisfaction by quick and fine support, utilizing our sales and service networks throughout Japan

Upgrading Sales and Service Capabilities

2. Strengthening leasing and rental business to respond to customers' needs

In Jun. 2013, established leasing and rental business bases in Mexico and France

- Responding a wide range of customers' needs by strengthening leasing and rental business, as well as sales and services
- Responding customers in all regions by utilizing our global sales and service networks
- Improving customer satisfaction throughout the product lifecycle, including stages of purchase, maintenance and replacement

Expanding our business domain

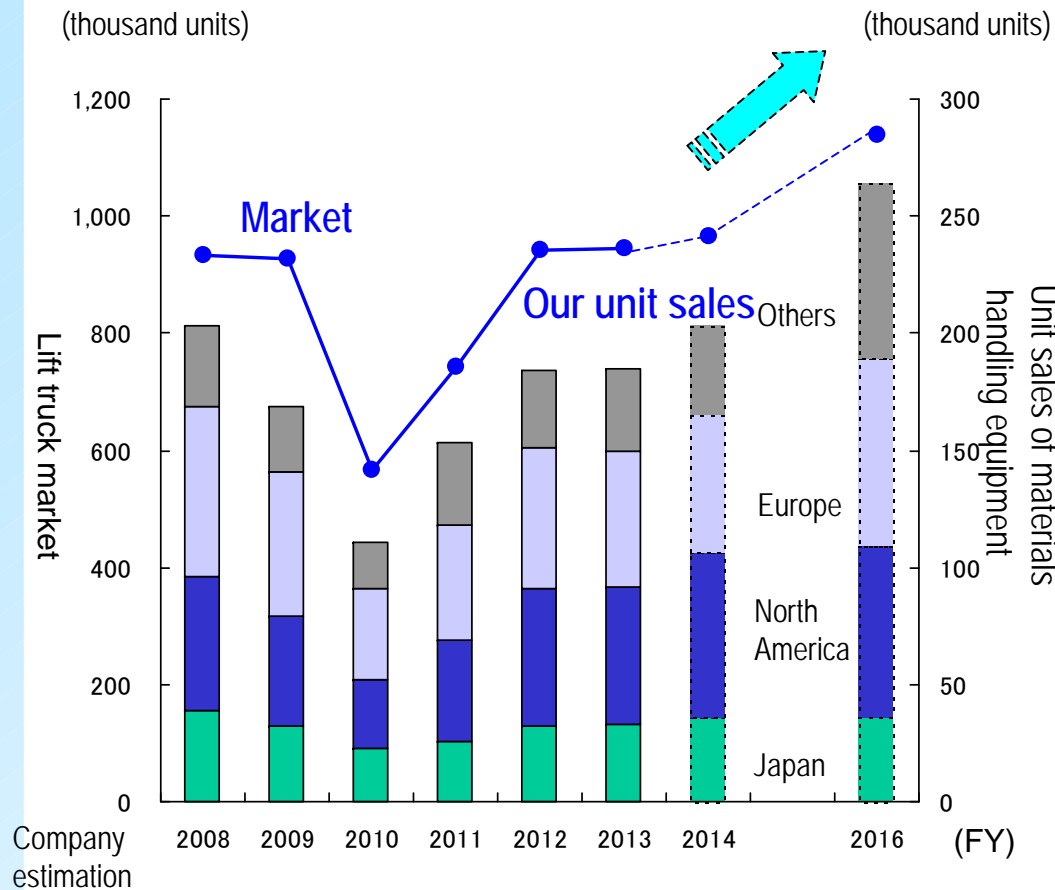
1. At the end of Mar. 2013, acquired the ownership of U.S.-based Cascade Corporation, one of the world's largest manufacturers of lift truck attachments

- Further enhancing the appeal of products by sharing the advantages of each company throughout activities to understand each business initiatives
- Expanding our business domain and respond to a broader range of customers' logistics needs
- Promoting to reinforce components business including attachments in corporation with Cascade



Solution / Materials Handling Equipment

Further expansion of sales



【Enhance the appeal of products】

- Commonalize platforms
- Develop major functional components in-house

【Strengthen Supply Structures】

- Expand production capabilities in emerging countries
- Produce major functional components in optimum countries

【Upgrade Sales and Service Capabilities】

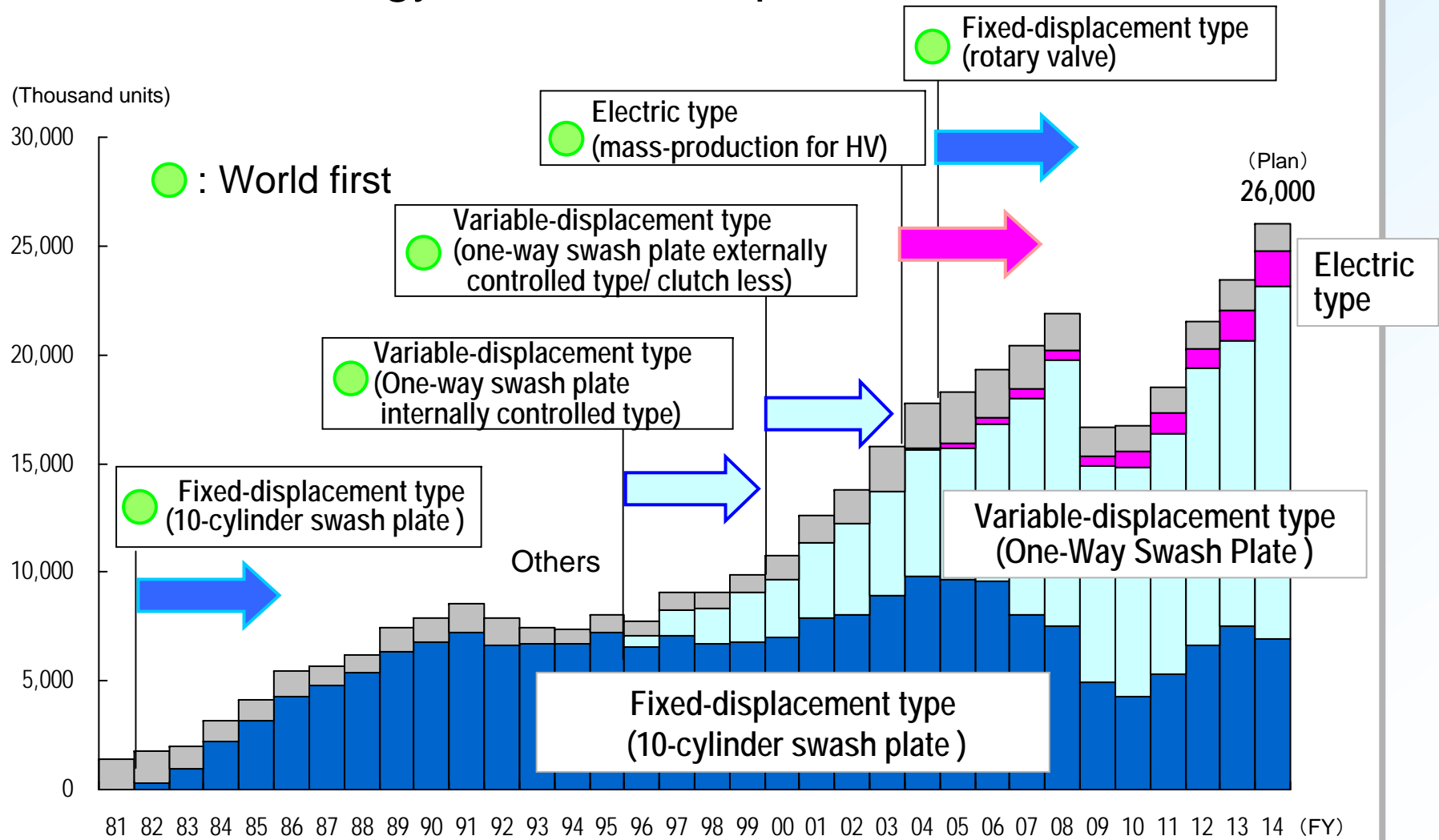
- Strengthen sales and service networks
- Strengthen service capabilities
- Strengthen leasing and rental business

【Expand our business domain】



Aim to increase sales units and income

TICO's Technology and Sales Expansion



Product development centered on 3Es

1. Appropriately responding to a broader range of customers' needs both in emerging countries and developed countries

Targeting developed countries

For HV, PHV, EV

**Fitted in all Toyota Motor Corporation's HVs and PHVs
Promoting sales to other automakers**

- 1) Electric type : Rapid increase in the number of inquiries due to expansion of HV, PHV and EV market
 - (1) More compact, lighter weight and improve quiet operation and fuel-efficiency
 - (2) Enhancing the appeal of products by improving performance of motors and inverters produced in-house

For internal-combustion vehicle

**Adopted by leading automakers around the world
such as Toyota Motor Corporation**

- 1) Variable-displacement type : Needs for fuel-efficient type is growing primarily in North America because of more strict regulations on fuel efficiency
 - (1) Developing a next-generation type with further greater fuel efficiency
 - (2) Optimum balance between performance and price of products for emerging countries
- 2) Fixed-displacement type : Strong demand in emerging countries
 - (1) Developing models for emerging countries
 - (2) Improving price competitiveness

Targeting emerging countries

Product development centered on 3Es

2. Launching new products

1) Electric type

ESA series

Lighter weight by 10%, improved electricity efficiency by 10% and better installation capabilities

Selling to Honda in addition to Ford and Volkswagen



ESA34

2) Variable-displacement type

SES series

Lighter weight by 10% and improved fuel efficiency by 10%

Selling to Toyota Motors, GM, Audi, Volkswagen, and Daimler



6SES14

Establishing Optimum Production and Supply Structures

1. North America

- 1) Expanding production capabilities since 2012 to respond to the growing demand of variable-displacement type resulted from more strict regulations on fuel efficiency
- 2) Increasing local procurement ratio by **establishment of a production base for compressor parts in Sep. 2013**

2. Europe

- 1) **Expanded production capabilities in Oct. 2013** to respond to the growing demand of compressors associated with the increased production of cars
- 2) Increasing local procurement ratio

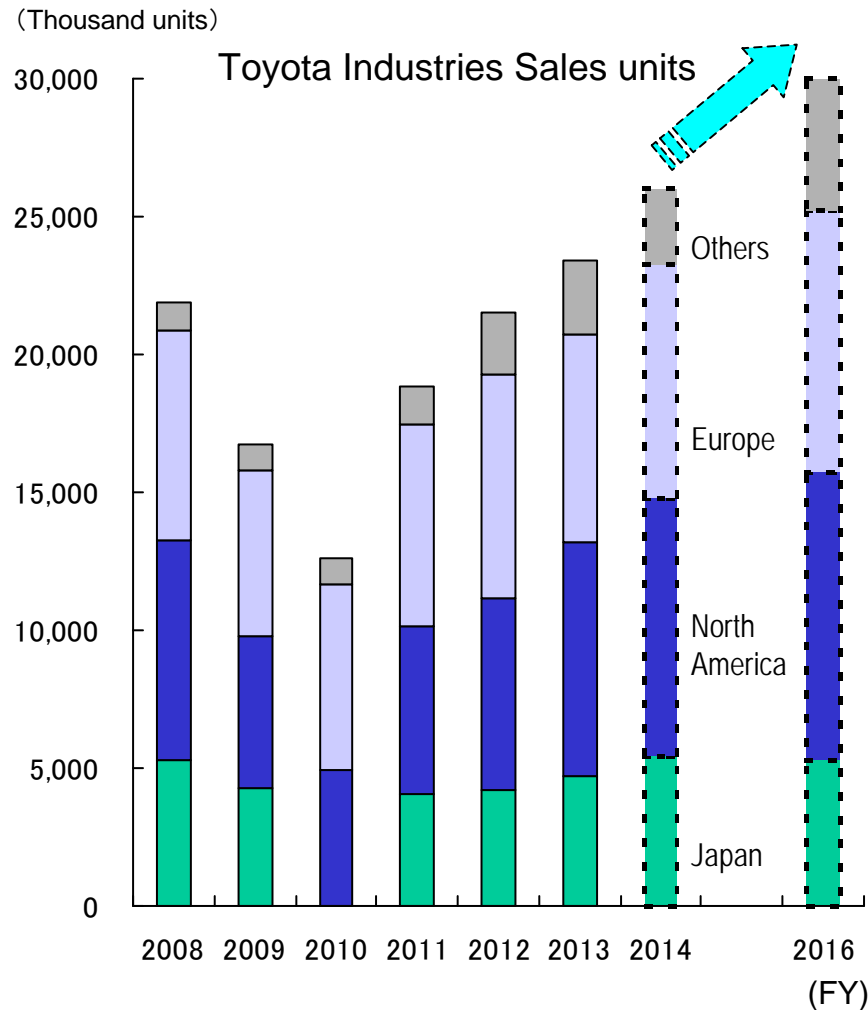
3. China

- 1) Responding the increasing orders from the automakers in Japan, U.S. and Europe
- 2) Increasing local procurement ratio

4. ASEAN

- 1) **Relocate a production base in Indonesia and expand production capabilities in Oct. 2014** to respond to the growing demand of compressors in ASEAN area and increasing exports to other areas
- 2) Increasing local procurement ratio

Key components / Car- air conditioning Compressor



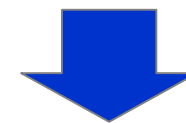
Further expansion of sales

【Enhance the appeal of products】

- Further strengthen the competitiveness of fuel-efficient products
- Develop the products with good balance between performance and price to respond to the needs of emerging countries

【Strengthen the supply structure】

- Increase production capabilities to respond to the growing global demand
- Improve price competitiveness by increasing local procurement ratio



Accelerate expansion of sales to automakers worldwide

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