

FY2019 2nd Quarter Financial Results

November 1, 2018



I. Financial Summary

1. Points of financial results

2. Financial results for FY2019 2Q

3. Financial forecast for FY2019

Points of Financial Results for FY2019 2Q

1. Net sales increased due mainly to favorable business condition of Materials Handling Equipment segment. On the other hand, operating profit decreased because of one time effect and other reasons.

2. Interim dividends increased to ¥75 per share, ¥5 increase compared with previous year.

3. Full year forecast of net sales, profit before income taxes and profit attributable to owners of the parent are raised.

Performance <FY2019 2Q>

(Billion yen)

	FY2018 (IFRS)	FY2019 (IFRS)	Change	
Net sales	937.9	1,057.0	119.1	12.7%
Operating profit	77.0	61.3	(15.7)	(20.3%)
Profit before income taxes	110.3	98.3	(12.0)	(10.8%)
Profit attributable to owners of the parent	80.8	74.4	(6.4)	(8.0%)
Earnings per share	¥260.49	¥239.65	(¥20.84)	-
Dividends per share	¥70	¥75	¥5	-
¥/US\$	¥111	¥110	(¥1)	-
¥/Euro	¥126	¥130	¥4	-

- Net sales increased due mainly to unit sales increase as well as overall growth of value chain in the Materials Handling Equipment segment..
- Profit decreased as one-time effect of changes in retirement benefit plan was included in FY2018.
- Interim dividends increased by ¥5 per share compared with previous year.

Segment Information <FY2019 2Q>

Net sales [Operating profit]

(Billion yen)

	FY2018 (IFRS)	FY2019 (IFRS)	Change	
Vehicle	35.3	35.0	(0.3)	(1.0%)
Engine	46.8	49.3	2.5	5.3%
Car Air-Conditioning Compressor	170.4	173.7	3.3	1.9%
Electronics parts, Foundry and others	34.3	35.4	1.1	3.1%
Automobile	287.0 [19.4]	293.5 [3.7]	6.5 [(15.7)]	2.3%
Materials Handling Equipment	591.7 [51.2]	697.7 [52.0]	106.0 [0.8]	17.9%
Textile Machinery	30.0 [3.3]	36.0 [3.0]	6.0 [(0.3)]	20.1%
Others	29.0 [2.8]	29.6 [2.6]	0.6 [(0.2)]	1.9%
Total	937.9 [77.0]	1,057.0 [61.3]	119.1 [(15.7)]	12.7%

Unit sales

(Thousand units)

	FY2018	FY2019	Change
RAV4	101	97	(4)
Vitz (Yaris)	47	50	3
Vehicle	148	147	(1)
Diesel	157	175	18
Gasoline	112	62	(50)
Engine	269	237	(32)
Car Air-Conditioning Compressor	16,350	16,670	320
Materials Handling Equipment	123	136	13
Air-jet loom	2.1	4.1	2.0

Vehicle :Net sales was on par with the previous year as Vitz (Yaris) increased although RAV4 decreased.

Engine :Although AR gasoline engines decreased, increase of GD engines led to increase of net sales.

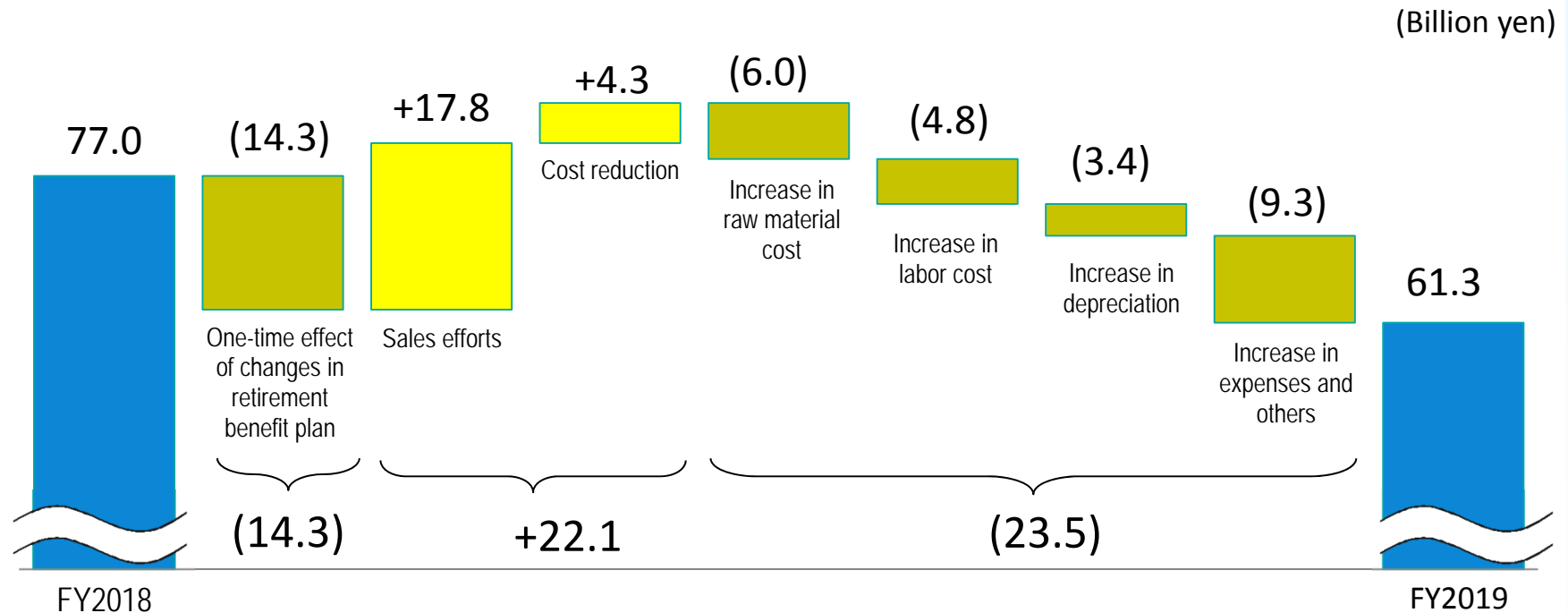
Car Air-Conditioning Compressor :Increase of unit sales mainly in North America and emerging countries contributed to increase of net sales although unit sales in Europe decreased.

Materials Handling Equipment :In addition to unit sales increase in each area including North America and Europe, growth of Logistics Solutions business contributed to increase of net sales.

Changes in Operating Profit

Year-on-year comparison (FY2018 2Q and FY2019 2Q)

Operating profit ¥15.7 billion decrease (¥77.0 to ¥61.3 billion)



- Despite of contributions of sales efforts and cost reduction, previous year's one-time effect of changes in retirement benefit plan as well as such impacts including increases in raw material cost and labor cost led to decrease in operating profit.

Performance <FY2019 2Q>

(Billion yen)

	FY2018 (IFRS)	FY2019 (IFRS)	Change	
Investments in tangible assets	46.9	58.3	11.4	24.4%
Depreciation	37.5	40.9	3.4	9.1%

- Investments in tangible assets in the Automobile segment increased, mainly for Engine business.

Performance <FY2019 2Q>

(Billion yen)

	As of March 31, 2018	As of September 30, 2018	Change	
Total assets	5,258.5	5,428.0	169.5	3.2%
Total equity	2,633.8	2,770.7	136.9	5.2%
Ratio of share of equity attributable to owners of the parent	48.6%	49.6%	-	-
Consolidated subsidiaries	254	259	5	-

*Total assets and total equity increased due to an increase in market value of investment securities.

Performance <FY2019 Forecast>

(Billion yen)

	FY2018 (IFRS)	FY2019 (IFRS)	Change		Previous Forecast
Net sales	2,003.9	2,200.0	196.1	9.8%	2,150.0
Operating profit	147.4	135.0	(12.4)	(8.4%)	135.0
Profit before income taxes	209.8	198.0	(11.8)	(5.6%)	189.0
Profit attributable to owners of the present	168.1	150.0	(18.1)	(10.8%)	146.0
Earnings per share	¥541.67	¥483.11	(¥58.56)	-	¥470.23
Cash dividends per share	¥150	¥150	-	-	¥150
¥/US\$	¥111	¥110	(¥1)	-	¥105
¥/Euro	¥130	¥130	-	-	¥130

Segment Information <FY2019 Forecast>

Net sales [Operating profit]

(Billion yen)

	FY2018	FY2019	Change		Previous Forecast
Vehicle	72.1	69.0	(3.1)	(4.3%)	69.0
Engine	98.7	110.0	11.3	11.4%	110.0
Car Air-Conditioning Compressor	351.4	351.0	(0.4)	(0.1%)	361.0
Electronics parts, Foundry and others	72.7	75.0	2.3	3.1%	75.0
Automobile	595.0 [29.6]	605.0	10.0	1.7%	615.0
Materials Handling Equipment	1,283.0 [104.9]	1,460.0	177.0	13.8%	1,410.0
Textile Machinery	65.5 [6.1]	75.0	9.5	14.5%	65.0
Others	60.3 [6.6]	60.0	(0.3)	(0.6%)	60.0
Total	2,003.9 [147.4]	2,200.0 [135.0]	196.1 [(12.4)]	9.8%	2,150.0 [135.0]

Segment Information <FY2019 Forecast>

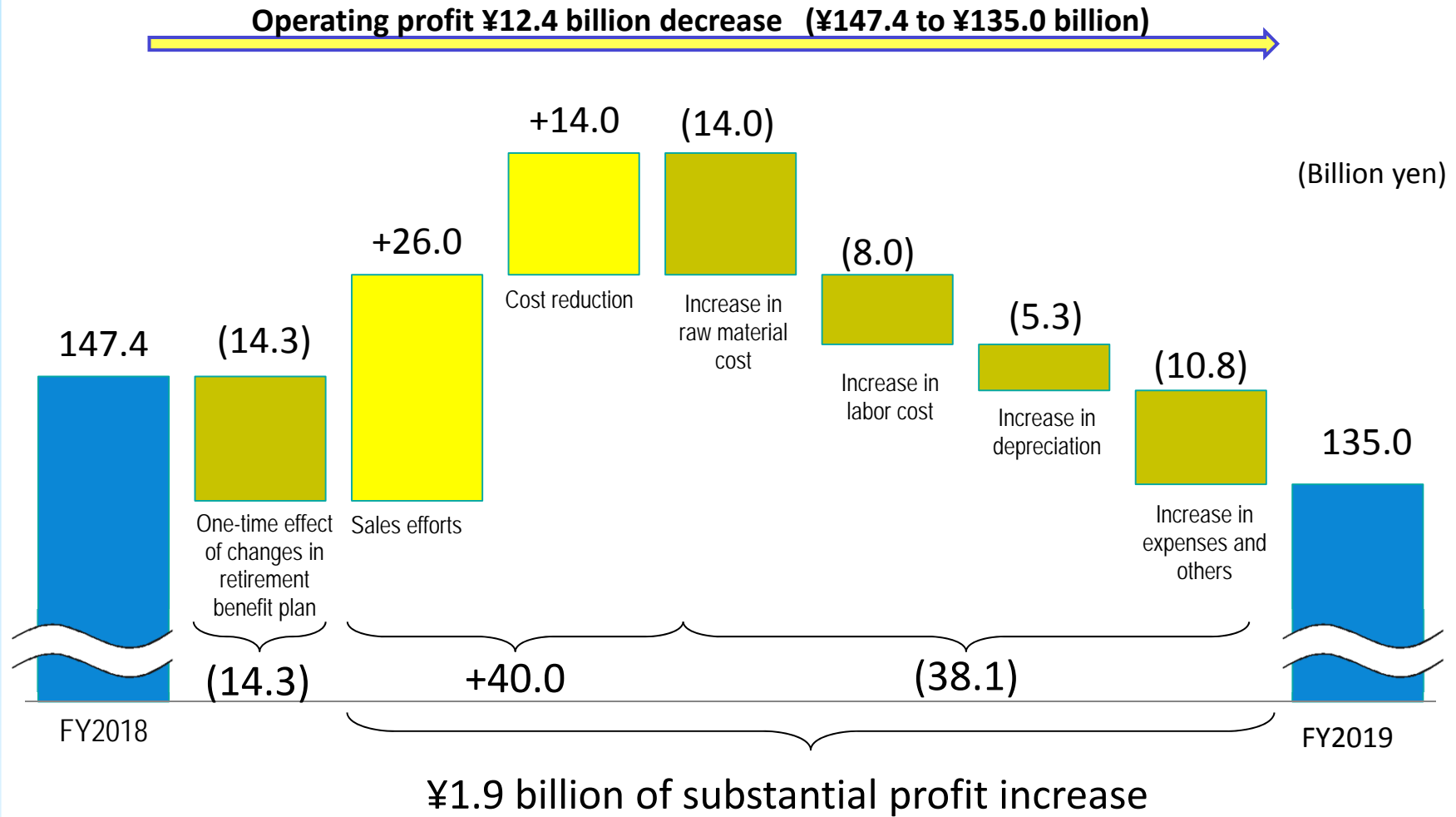
Unit sales

(Thousand units)

		FY2018	FY2019	Change	Previous Forecast
	RAV4	205	235	30	237
	Vitz (Yaris)	93	50	(43)	48
Vehicle		298	285	(13)	285
	Diesel	330	403	73	403
	Gasoline	244	222	(22)	222
Engine		574	625	51	625
Car Air-Conditioning Compressor		33,420	34,200	780	35,400
Materials Handling Equipment		263	294	31	294
Air-jet loom		6.3	8.3	2.0	6.2

Changes in Operating Profit

Year-on-year comparison (FY2018 full year and FY2019 full year forecast)



Performance <FY2019 Forecast>

(Billion yen)

	FY2018	FY2019	Change	
Investments in tangible assets	115.4	110.0	(5.4)	(4.7%)
Depreciation	77.7	83.0	5.3	6.8%

II. Our Business Initiatives toward Medium-Term Growth

Materials Handling Equipment

Car Air-Conditioning Compressor

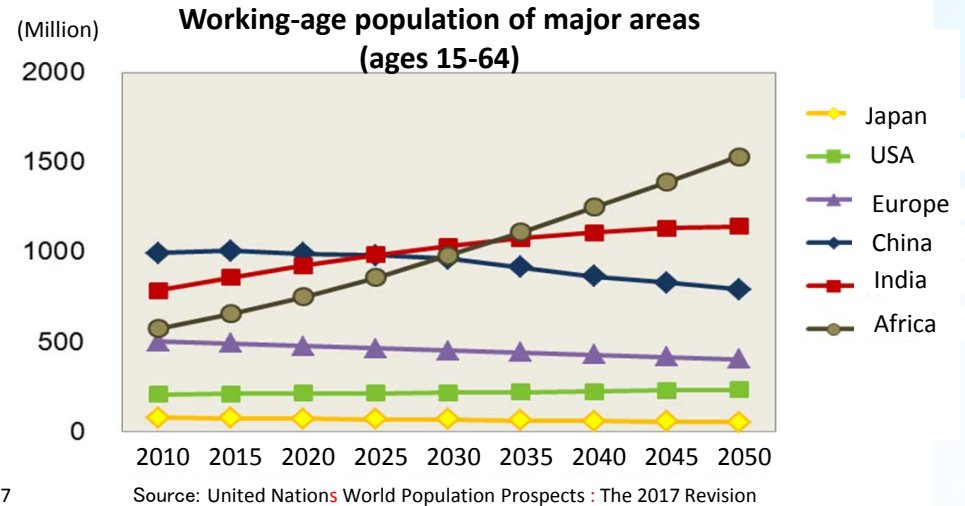
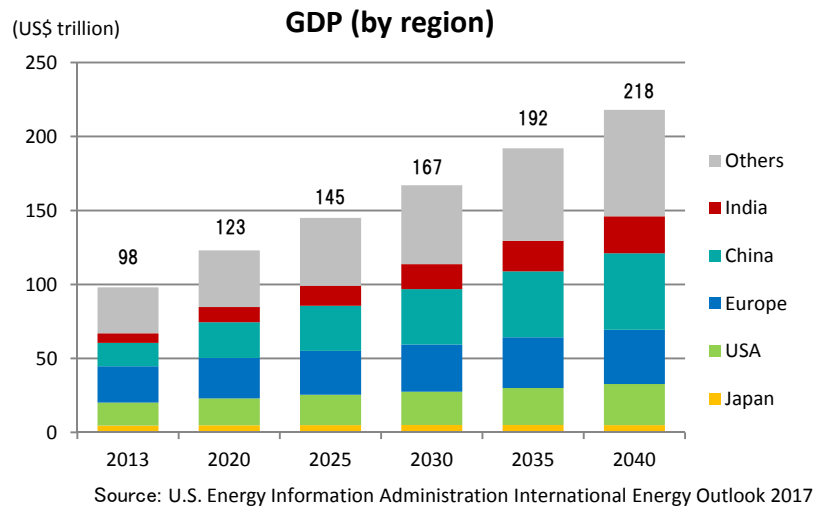
Vehicle / Engine

1. Circumstances surrounding the business
2. Business direction of Materials Handling Equipment Segment
3. Initiatives of lift truck business
4. Initiatives of logistics solutions business
5. Direction of R&D of both lift truck and logistics solutions businesses

Materials Handling Equipment

1. Circumstances surrounding the business

Circumstances surrounding the business have been drastically changing due to expansion of the global economy, labor shortages, more stringent environmental regulations, the evolution of IT and others



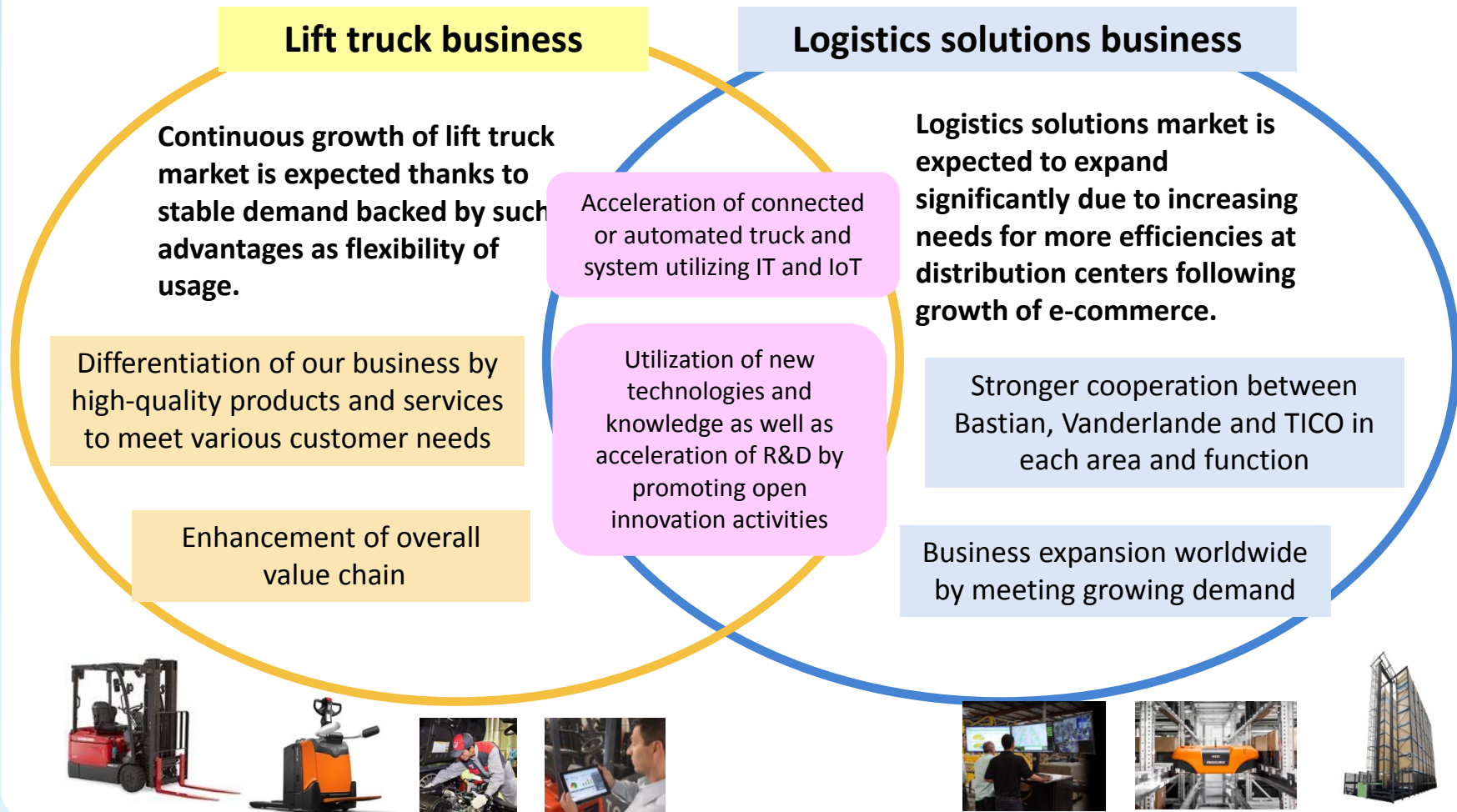
- Sustainable growth of global economy led by emerging countries
- Less working-age population except in certain countries / regions
- More stringent environmental regulations because of global warming
- Progress of new technologies including IT, IoT and AI, as well as the advent of a super advanced information society

Large opportunity of **quantitative growth** as well as **further added-value products and services** in the fields of **materials handling and logistics**.

Materials Handling Equipment

2. Business direction of Materials Handling Equipment Segment

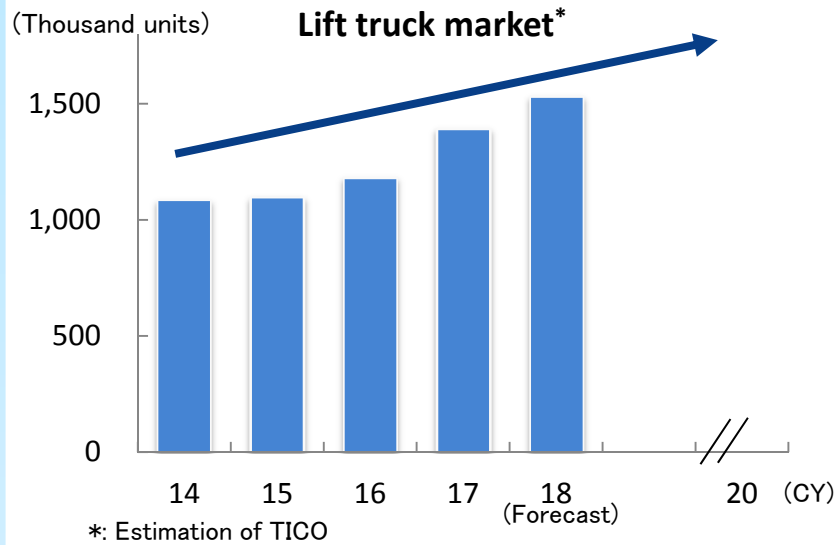
Aim for further growth of overall Materials Handling Equipment Segment via stronger ties of lift truck and logistics solutions businesses, where market growth is expected



Materials Handling Equipment

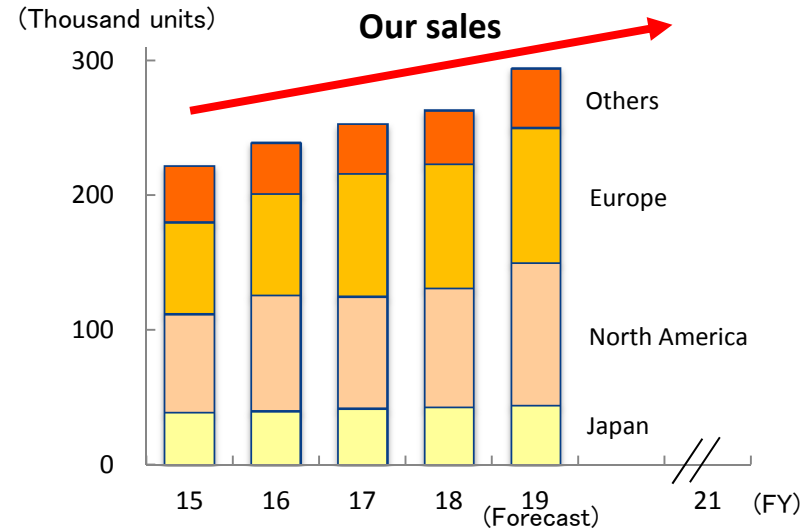
3. Initiatives of lift truck business Market and our sales

Sales expansion of lift trucks by responding to the needs of continuously growing market



Market growth continues

- Continues to grow supported by stable global economy
- Global logistics volume increasing including new demand from expanding e-commerce



Increase in unit sales by leveraging product appeal and well-developed network

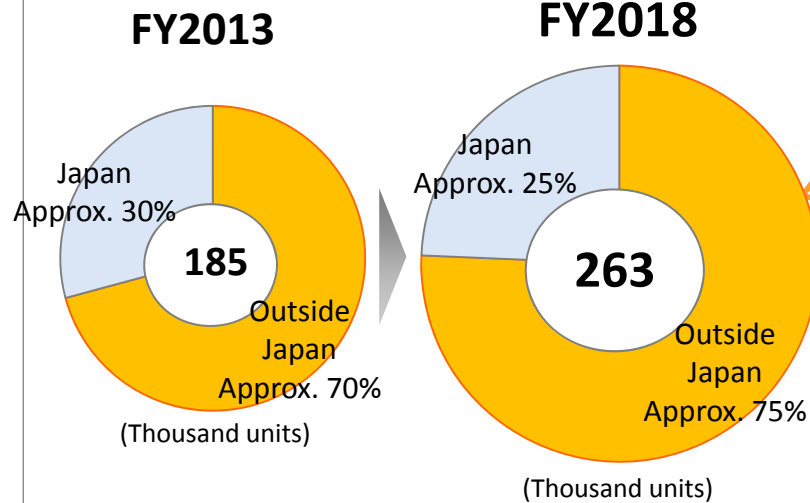
- FY2019 units sales increases in each region backed by market growth
- Respond to customers' various needs associated with increasing environmental consciousness by offering a wide range of product lines

Materials Handling Equipment

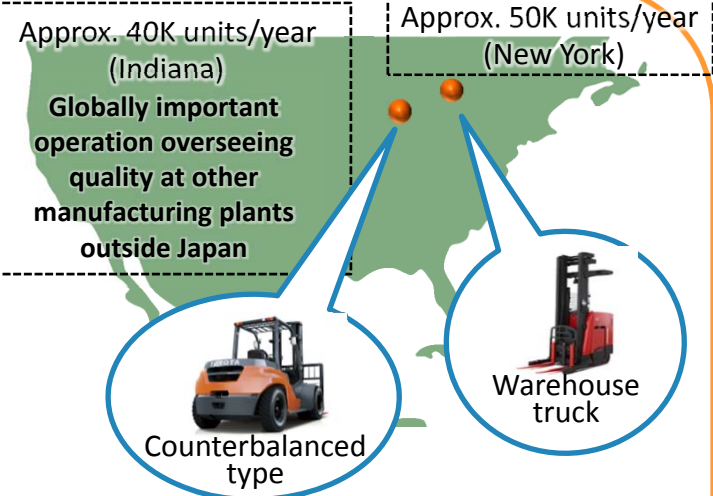
3. Initiatives of lift truck business Enhancement of production outside Japan

Increased production outside Japan based on local production for local demand strategy

Lift truck production volume



<Lift truck production in the U.S.A.>



- Almost all lift trucks sold in the U.S. are locally made
- Considering to switch some parts from imported to locally procured

Materials Handling Equipment

3. Initiatives of lift truck business **Expansion of value chain**

**Maximize outcome of expanded value chain such as
After-sales services and sales finance**

After-sales services

- Promoting more efficient lift truck management utilizing IT together with Microsoft



- Further enhancing capability of after-sales services
=> Increase earnings by offering life cycle services



Components

- Strengthening product appeal of internally developed components such as engines, motors and controllers
=> Differentiate lift truck performance, sales expansion to non-lift truck equipment

Sales finance

- Enhance the business globally
=> Respond to the needs of lease, rental and second-hand trucks

Emerging markets

- Reinforce product appeal by leveraging Tailift
=> Respond to more stringent emission regulations in China

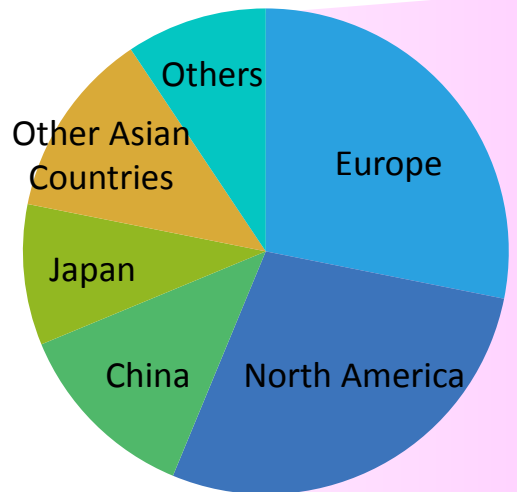


Materials Handling Equipment

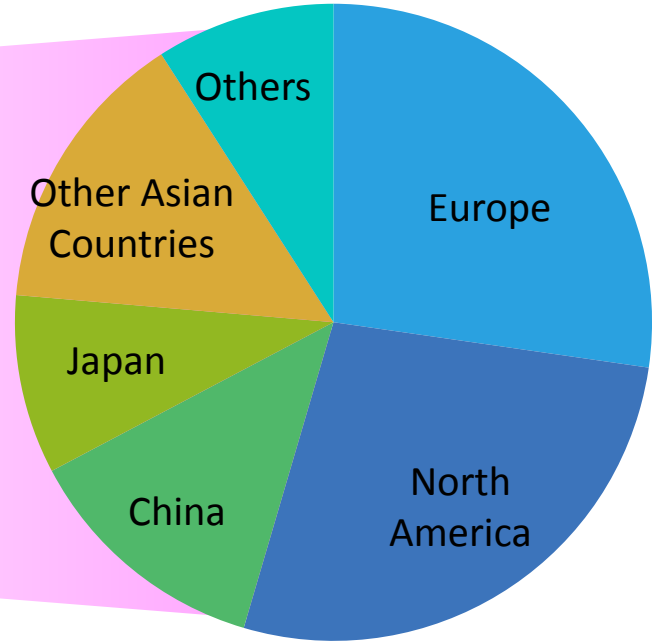
4. Initiatives of logistics solutions business Growth of market

Logistics solutions market size is expected to grow, centered on Europe and North America, driven by growth of retail and e-commerce

CY2017
JPY 3 trillion



CY2025
JPY 6 trillion



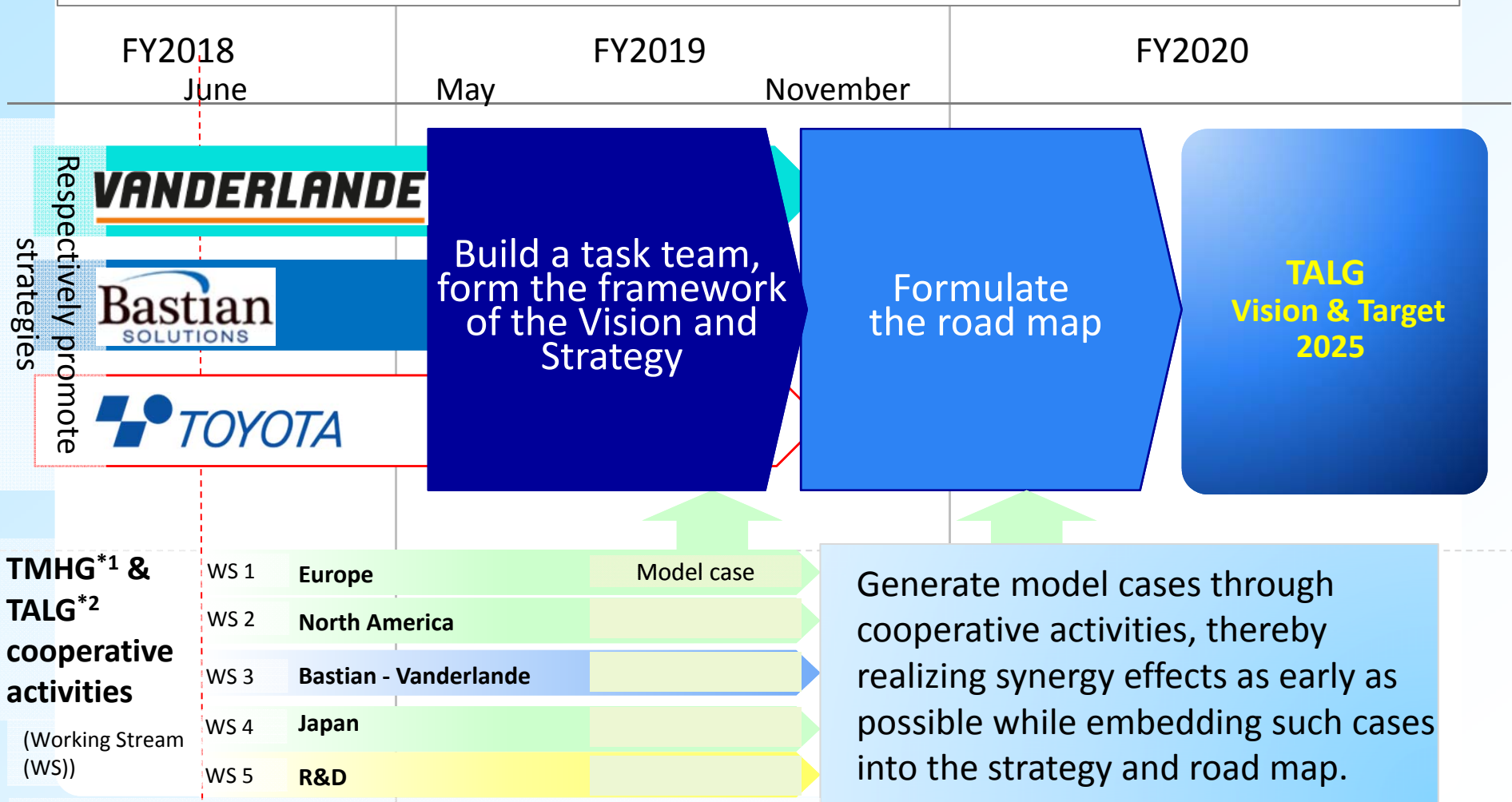
Note: Automated materials handling equipment for assembly is not included.
Source: Estimated by TICO based on Markets and Markets (Material handling equipment market global forecast to 2023) and others

Materials Handling Equipment

4. Initiatives of logistics solutions business Steps for business growth

FY2018: Get-to-know-each-other period, started cooperative activities

FY2019: Initiated discussion on global vision and strategy, form the framework by November 2018



*1: Toyota Material Handling Group, lift truck business

*2: Toyota Advanced Logistics Group, logistics solutions business

Materials Handling Equipment

4. Initiatives of logistics solutions business Business situation at present

Implementing activities for business expansion steadily

Discussion on strategies for business expansion at the global meeting

Top managements of Bastian, Vanderlande and Toyota Industries meet and discuss about tasks and strategy on various matters to share a common view of future direction.

Major discussion themes, September

Ideas for TALG vision, mission and value

Sales

- Sales activity cooperation
- Focus region
- Responses by customer industry
- Cross-selling
- Global Key Account

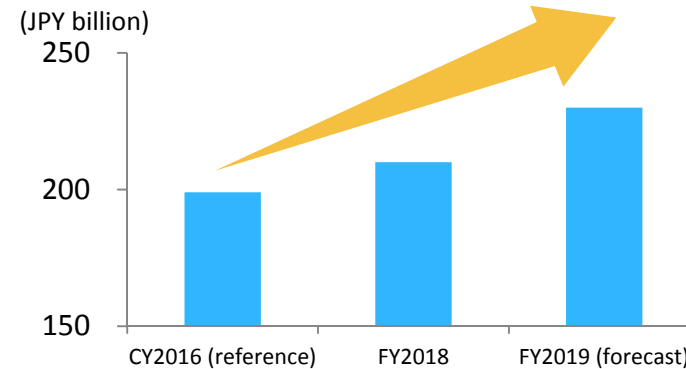
R&D

- Consideration of R&D cooperation structure as a group
- Information sharing of focus technologies and solutions
- Commonalization and standardization of technologies
- Utilization of each company's resources

Stable order increase of Vanderlande

Stable order increase including new airport projects as well as after-sales services of each business domain

Order volume of Vanderlande



Materials Handling Equipment

4. Initiatives of logistics solutions business Cases of cooperation

Bastian, Vanderlande and Toyota Industries are cooperating on sales activities

Case 1: Bastian and TICO cooperation in Thailand

Following the entry of an auto parts customer A of Bastian in the Thai market, TICO's local operation provides various support



Case 2: TMHE's *1 AGFs *2 supplied to a major customer of Vanderlande

One of Europe's leading retailers ordered Vanderlande to supply TMHE's AGFs into its new distribution center to build a highly automated center



*1: Toyota Material Handling Europe, lift truck operation in Europe

*2: Automated Guided Forklift

Materials Handling Equipment

5. Direction of R&D of both lift truck and logistics solutions businesses

Contribute to customers' efficient logistics by leveraging new technologies

<Mid-to-Long-term direction>

(1) Further **enhancing product appeal** of lift trucks

- Higher performance and efficiency
- More product lineups
- Utilization of next-generation technologies



(2) Development of **robotics technologies**

- Automated driving
- Advanced operation support



(3) R&D using **AI and IoT**

- Materials handling equipment and software to be connected, integration of data

<Actions>

- (1) Promote **speedy R&D by engineers in each region** with extensive knowledge of customers' needs, share R&D direction and progress globally
- (2) Enhance product lineup through **cooperation between both lift truck and logistics solutions businesses**



- (3) Pursue **open innovation** together with advanced research firms and universities throughout the world, accelerate product development utilizing cutting-edge technologies

Materials Handling Equipment

5. Direction of R&D of both lift truck and logistics solutions businesses

Nagoya University Hospital and TICO co-developed robot transfer system

Toyota Industries made frequent visits to the medical front where labor shortage is a critical issue, and aimed to **generate solutions with medical staff.**

Autonomous running robot automatically transfers specimens, including blood, as well as medicines, safely, securely, precisely and efficiently, thereby contributing to a reduced load on medical staff.



Runs avoiding people and obstacles.

Unlocks doors of rooms and gets on and off elevators.

Ensures security of important transferred items.

Four robots are undergoing a field test at Nagoya University Hospital from January 2018 through March 2019.

Materials Handling Equipment

[TOPIC]

Toyota Industries exhibited at Logis-Tech Tokyo 2018 with largest-ever space, appealing our comprehensive strengths as well as latest technologies



Approximately 35,000 visitors in total to our booth within four-day period

- Appealed our aim to become a global logistics solutions provider supported by the cooperation of Bastian, Vanderlande and Toyota Industries
- Exhibited numerous products with latest automation technologies, including SLAM* AGF

*: Simultaneous Localization and Mapping

II. Our Business Initiatives toward Medium-Term Growth

Materials Handling Equipment

Car Air-Conditioning Compressor

Vehicle / Engine

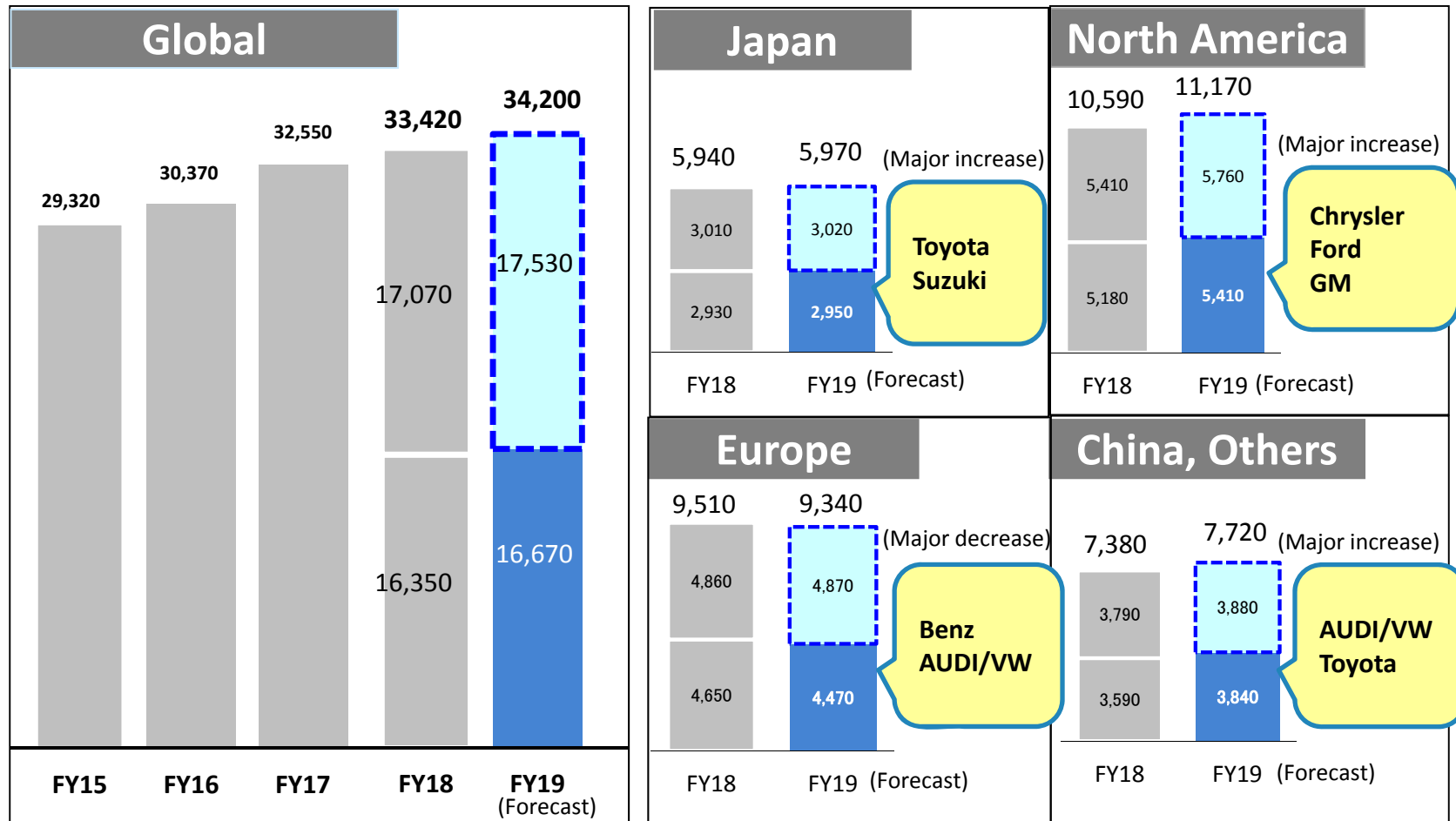
- 1. Compressor sales results and forecast**
- 2. Demand of compressor by type and our actions**
- 3. Our initiatives in response to changes surrounding the business**
 - 1) More stringent fuel efficiency regulations**
 - 2) Accelerating R&D of car manufacturers**
 - 3) Response to small volume models due to diversification of customer needs**
 - 4) Stronger needs for local production**

Car Air-Conditioning Compressor

1. Compressor market and our Initiatives

While automobile market grows at sluggish pace, aim for sales expansion mainly for Japan, North America, China and Others regions backed by increased earlier orders.

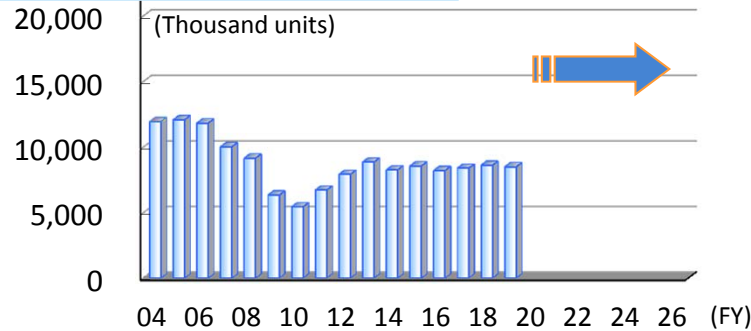
(Million units)



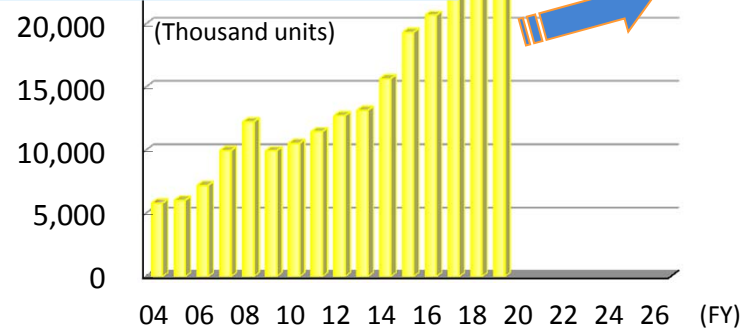
Car Air-Conditioning Compressor

2. Demand of compressors by type and our actions

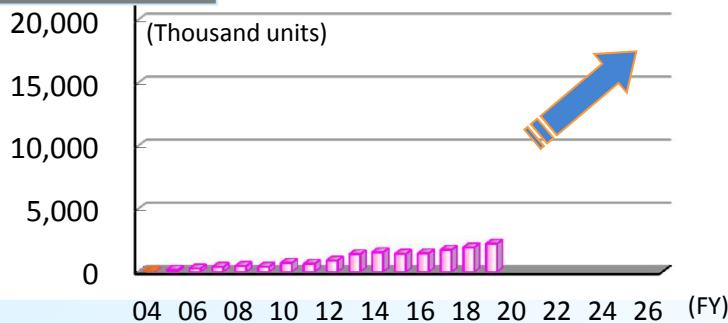
Fixed-displacement



Variable-displacement



Electric



Demand

While shift to variable-displacement type is expected, **stable demand** continues backed by **demand increase centered on emerging countries**

Variable-displacement type **continues to be mainstay** of our compressors due to more stringent fuel efficiency of internal-combustion vehicles

Expansion in demand is expected to accelerate for mid- to long term backed by increasing EVs, including HVs and PHVs

Our actions

Develop **highly reliable and competitively priced** products through various actions including close communications with car manufacturers

Achieve **further improvement of fuel-efficient capability** with our unique technologies, while continuing to aim for **high quality in manufacturing** throughout the world

Acquire business for electric powered vehicles **leveraging our product development capabilities utilizing both mechatronics and electronics technologies as well as stable production capability**

Car Air-Conditioning Compressor

3. Our initiatives in response to changes surrounding the business

More stringent fuel efficiency regulations

Accelerating R&D of car manufacturers

Response to small volume models due to diversification of customer needs

Stronger needs for local production

Our initiatives

Visualization of fuel efficiency performance by developing fuel efficiency measurement system in response to new regulations

<WLTC* mode>

- Fuel efficiency measurement method close to actual driving including city, suburbs and highway
- Applied in Japan from October 2018, following Europe

- **Developing a fuel efficiency measurement system in consideration of conditions of WLTC mode enables us to measure compressor's effect on actual fuel efficiency**

- Possible to measure precisely by accumulated know-how through internal development of measurement system
- In addition to engine-driven vehicle, our measurement system can also be used for hybrid vehicles by leveraging our fuel efficiency technologies accumulated in our vehicle assembly business



Fuel efficiency measurement

* : Worldwide harmonized Light vehicles Test Cycle

Car Air-Conditioning Compressor

3. Our initiatives in response to changes surrounding the business

More stringent fuel efficiency regulations

Accelerating R&D of car manufacturers

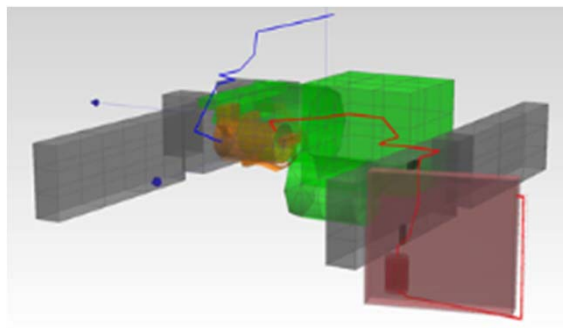
Response to small volume models due to diversification of customer needs

Stronger needs for local production

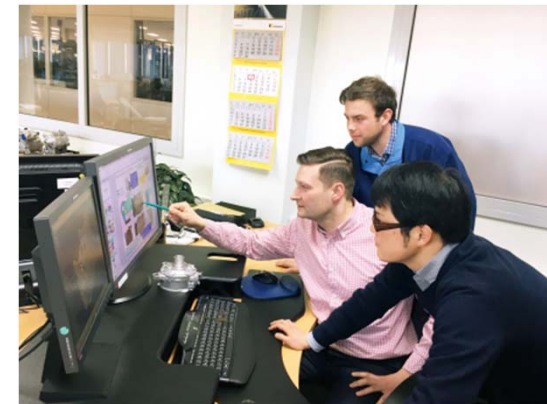
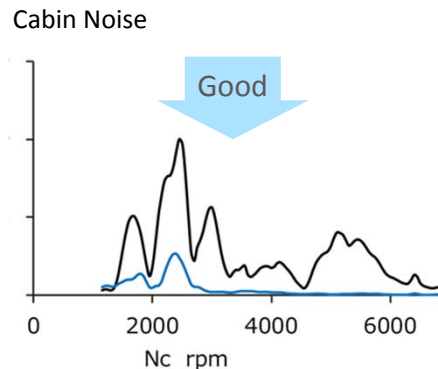
Our initiatives

Support to car manufacturers

- With our analyzing capability using internally developed measurement system, propose solutions to noise or vibration of not only the AC systems but also vehicles as a whole
- Conduct various measurement tests efficiently backed by our 20 years of experience in developing systems for electric powered vehicles



<Simulation of noise optimization>



Car Air-Conditioning Compressor

3. Our initiatives in response to changes surrounding the business

More stringent fuel efficiency regulations

Accelerating R&D of car manufacturers

Response to small volume models due to diversification of customer needs

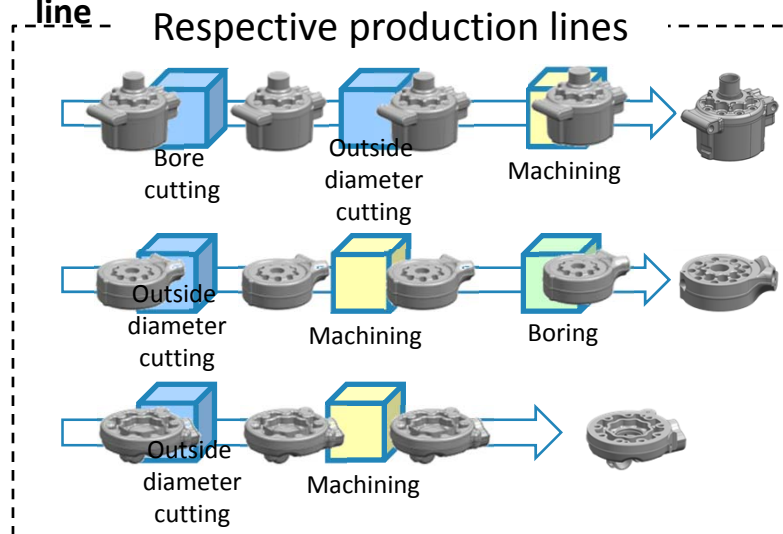
Stronger needs for local production

Our initiatives

Build a cost competitive small volume production line

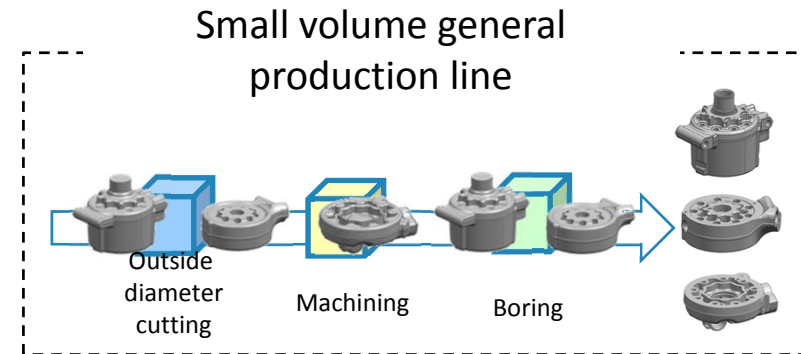
Present

According to the difference of the shape of parts, each model is manufactured by respective mass- to mid-volume production line



Implemented in 2018

Developed lean production line suitable for special small volume models



Our internal development capability enables flexible production lines, combining plural production lines into one

Car Air-Conditioning Compressor

3. Our initiatives in response to changes surrounding the business

More stringent fuel efficiency regulations

Accelerating R&D of car manufacturers

Response to small volume models due to diversification of customer needs

Stronger needs for local production

Our initiatives

Stable quality production close to car manufacturers

- Through usage of IoT and the sharing of best practices of manufacturing bases throughout the world, aim for stable quality and productivity globally.

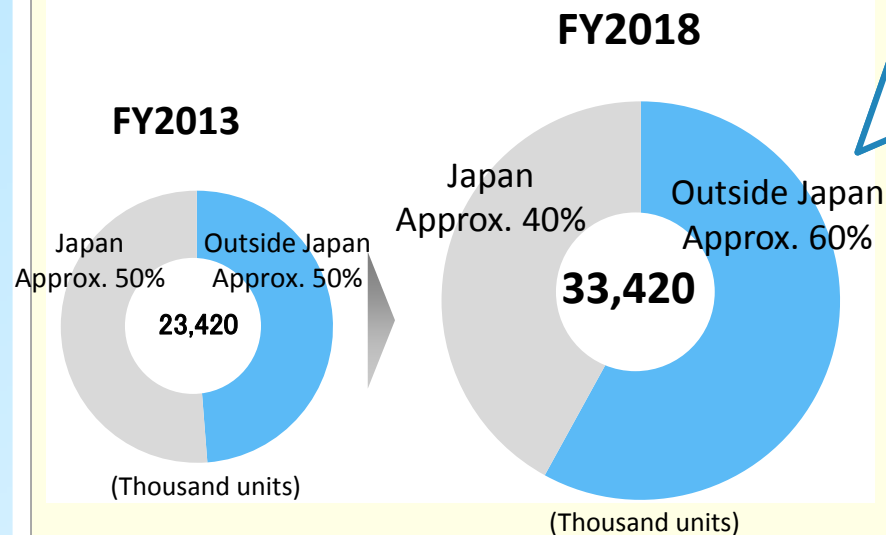


Car Air-Conditioning Compressor

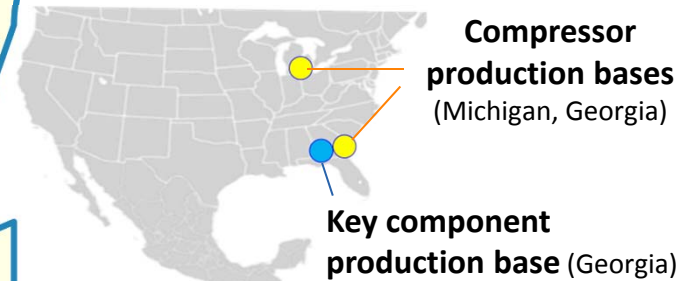
Enhancement of production outside Japan

[Global production]

Increased production volume outside Japan



[Production in the U.S.A.]



Annual production in the U.S. already reaches about seven million units

- Covering about 70% of our sales in the U.S.

Manufacture key components and materials as well in the U.S.

<Basic approach of global production structure>

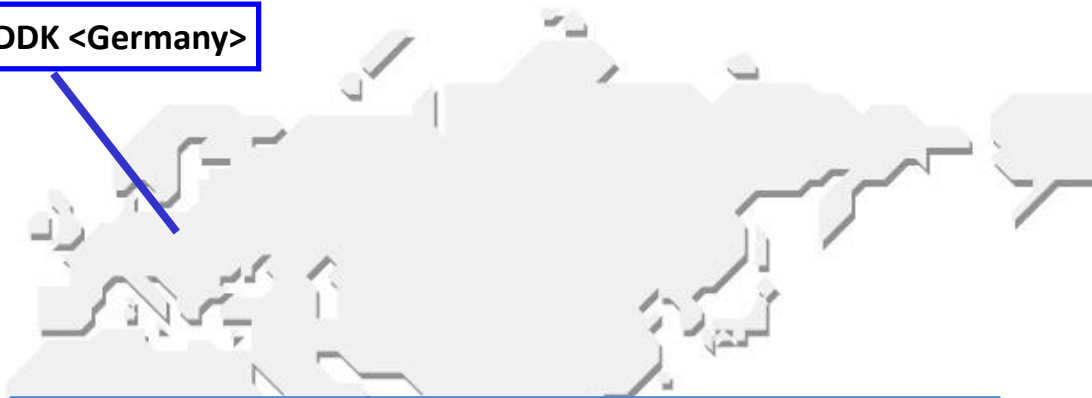
**Basically manufacture at the place near the customers,
while mother plant in Japan supports fluctuations of production volume outside Japan.**

Car Air-Conditioning Compressor

[TOPIC]

TDDK celebrates production of 50 millionth car air-conditioning compressor

TDDK <Germany>



- **Supply base for European customers**
(Production started in April 2000)
- **In addition to production of variable-displacement type, conducts development and measurement locally, realizing shorter R&D lead time**



II. Our Business Initiatives toward Medium-Term Growth

Materials Handling Equipment

Car air-conditioning Compressor

Vehicle / Engine

**Vehicle: Contributing to Toyota Group with our strengths of
manufacturing and R&D capabilities**

**Engine: Further enhancing businesses of both automobile
as well as industrial engines**

Vehicle

Aim for overwhelming contribution to Toyota Group with our strengths of manufacturing and R&D capabilities

Received the Toyota Quality Control Award from Toyota Motor for six consecutive years

◆ Enhancing manufacturing capability

- Improvement of quality
- Improvement of productivity
- More efficient logistics
- Establishment of highly flexible production lines enabling model changes in a shorter period



● Renovation of the plant that keeps competitiveness for next 20 to 30 years

- Combination of Toyota Motor's latest technologies and TICO Nagakusa Plant's unique know-how
- Establishment of production structure to manufacture more value-added vehicles
- Creation of highly flexible production lines meeting fluctuations of production models

Business growth

◆ Strengthening R&D capability

- All related functions from R&D to manufacturing work together to strengthen our model life management
- Commercialization of plastic glazing that contributes to lighter weight of vehicles

2015

2018

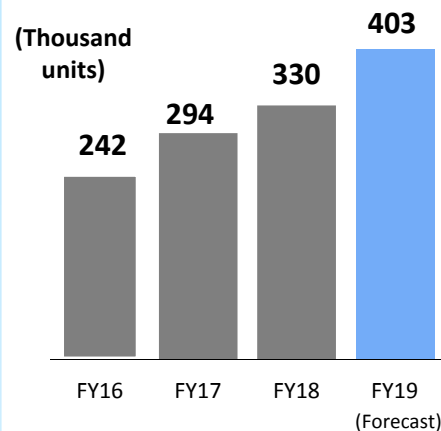
2020 (FY)

Engine

Business direction

Aim for further enhancement of businesses of both automobile as well as industrial engines with our accumulated development and production experiences

Diesel engine



- Response to continuous demands in emerging countries
- Improvement of quality and productivity of GD type production in both Japan and India
- Further improvement of development and production efficiency by consolidating the business from TMC



GD diesel engine

Turbocharger

- Sales expansion by strengthening competitiveness



Turbocharger mounted on GD diesel engines

Gasoline engine

- Successful production commencement of new engine
- Increase of production volume

Engines for lift truck and general industries

- Increase of models of construction machinery and other equipment mounting our engines
- Order increase for GHP and CHP
- Contribution to improvement of our lift trucks



Toyota 1KD diesel engine

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.