

FY2020 2nd Quarter Financial Results

November 1, 2019



I. Financial Summary

1. Points of financial results

2. Financial results for FY2020 2Q

3. Financial forecast for FY2020

Points of Financial Results for FY2020 2Q

1. Net sales and profits increased led by favorable results in Vehicle and Engine businesses as well as Materials Handling Equipment segment.
2. Interim dividends increased to ¥80 per share, ¥5 increase compared with previous year.
3. Full year forecast of net sales, operating profit, profit before income taxes and profit attributable to owners of the parent are revised downward.

Performance <FY2020 2Q>

(Billion yen)

	FY2019	FY2020	Change	
Net sales	1,057.0	1,102.9	45.9	4.3%
Operating profit	61.3	71.5	10.2	16.6%
Profit before income taxes	98.3	108.0	9.7	9.8%
Profit attributable to owners of the parent	74.4	82.2	7.8	10.6%
Earnings per share	¥239.65	¥265.02	¥25.37	-
Dividends per share	¥75	¥80	¥5	-
¥/US\$	¥110	¥109	(¥1)	-
¥/Euro	¥130	¥121	(¥9)	-

- Net sales and profits increased due mainly to unit sales increase in Vehicle and Engine businesses as well as initiatives of value chain in the Materials Handling Equipment segment.
- Interim dividends increased by ¥5 per share compared with previous year.

Segment Information <FY2020 2Q>

Net sales [Operating profit]

(Billion yen)

	FY2019	FY2020	Change	
Vehicle	35.0	46.3	11.3	32.3%
Engine	49.3	61.7	12.4	25.1%
Car Air-Conditioning Compressor	173.7	169.3	(4.4)	(2.5%)
Electronics parts, Foundry and others	35.4	37.8	2.4	6.8%
Automobile	293.5 [3.7]	315.2 [12.8]	21.7 [9.1]	7.4%
Materials Handling Equipment	697.7 [52.0]	727.2 [54.2]	29.5 [2.2]	4.2%
Textile Machinery	36.0 [3.0]	30.2 [1.0]	(5.8) [(2.0)]	(16.2%)
Others	29.6 [2.6]	30.2 [3.5]	0.6 [0.9]	1.9%
Total	1,057.0 [61.3]	1,102.9 [71.5]	45.9 [10.2]	4.3%

Unit sales

(Thousand units)

	FY2019	FY2020	Change
RAV4	97	165	68
Vitz (Yaris)	50	-	(50)
Vehicle	147	165	18
Diesel	175	198	23
Gasoline	62	209	147
Engine	237	407	170
Car Air-Conditioning Compressor	16,670	16,200	(470)
Materials Handling Equipment	144	144	(0)
Air-jet loom	4.1	3.5	(0.6)

Vehicle :Net sales increased as unit sales of RAV4 increased.

Engine :Net sales increased as unit sales of A25A and M20A gasoline and GD diesel engines increased.

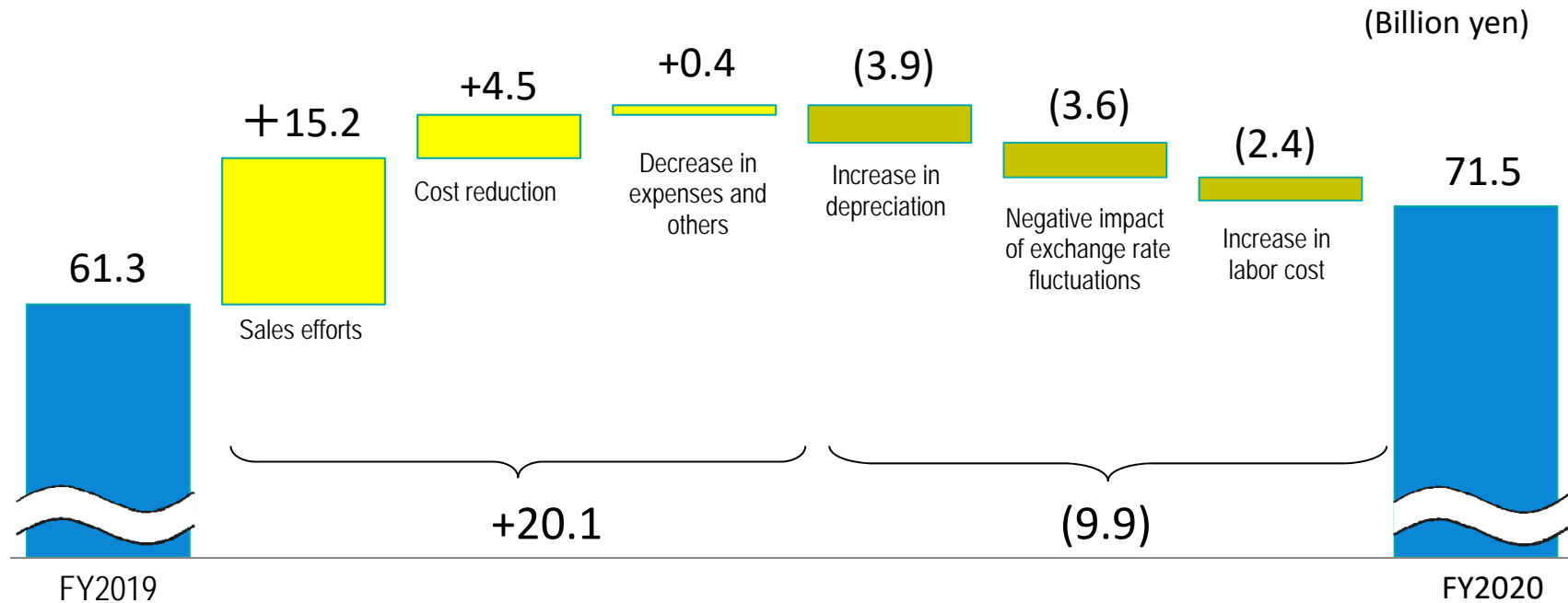
Car Air-Conditioning Compressor :Although unit sales in Japan increased, decreases in Europe, North America and emerging countries including China led to net sales decrease.

Materials Handling Equipment :While unit sales of lift trucks was on par with previous year, initiatives of value-chain contributed to increase of net sales.

Changes in Operating Profit

Year-on-year comparison (FY2019 2Q and FY2020 2Q)

Operating profit ¥10.2 billion decrease (¥61.3 to ¥71.5 billion)



- Sales efforts and cost reduction contributed to increase in operating profit despite increase in depreciation and negative impact of exchange rate fluctuations.

Performance <FY2020 2Q>

(Billion yen)

	FY2019	FY2020	Change	
Investments in tangible assets	58.3	49.4	(8.9)	(15.3%)
Depreciation	40.9	44.8	3.9	9.6%

- Although investments in tangible assets in the Materials Handling Equipment segment increased, those in Vehicle and Engine businesses decreased, resulting decrease in total.

Performance <FY2020 2Q>

(Billion yen)

	As of March 31, 2019	As of September 30, 2019	Change	
Total assets	5,261.1	5,464.6	203.5	3.9%
Total equity	2,561.9	2,713.5	151.6	5.9%
Ratio of share of equity attributable to owners of the parent	47.1%	48.2%	-	-
Consolidated subsidiaries	254	259	5	-

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

Performance <FY2020 Forecast>

(Billion yen)

	FY2019	FY2020	Change		Previous Forecast
Net sales	2,214.9	2,220.0	5.1	0.2%	2,300.0
Operating profit	134.6	135.0	0.4	0.2%	145.0
Profit before income taxes	202.2	200.0	(2.2)	(1.1%)	208.0
Profit attributable to owners of the present	152.7	151.0	(1.7)	(1.1%)	157.0
Earnings per share	¥491.97	¥486.34	(¥5.63)	-	¥505.66
Cash dividends per share	¥155	¥160	¥5	-	¥160
¥/US\$	¥111	¥107	(¥4)	-	¥110
¥/Euro	¥128	¥118	(¥10)	-	¥125

Segment Information <FY2020 Forecast>

Net sales [Operating profit]

(Billion yen)

	FY2019	FY2020	Change		Previous Forecast
Vehicle	82.4	85.0	2.6	3.1%	76.0
Engine	108.4	123.0	14.6	13.4%	130.0
Car Air-Conditioning Compressor	346.2	338.0	(8.2)	(2.4%)	350.0
Electronics parts, Foundry and others	73.6	73.0	(0.6)	(0.8%)	73.0
Automobile	610.7 [6.8]	619.0	8.3	1.4%	629.0
Materials Handling Equipment	1,466.6 [114.6]	1,477.0	10.4	0.7%	1,549.0
Textile Machinery	76.3 [7.3]	64.0	(12.3)	(16.2%)	62.0
Others	61.2 [5.9]	60.0	(1.2)	(2.0%)	60.0
Total	2,214.9 [134.6]	2,220.0 [135.0]	5.1 [0.4]	0.2%	2,300.0 [145.0]

Segment Information <FY2020 Forecast>

Unit sales

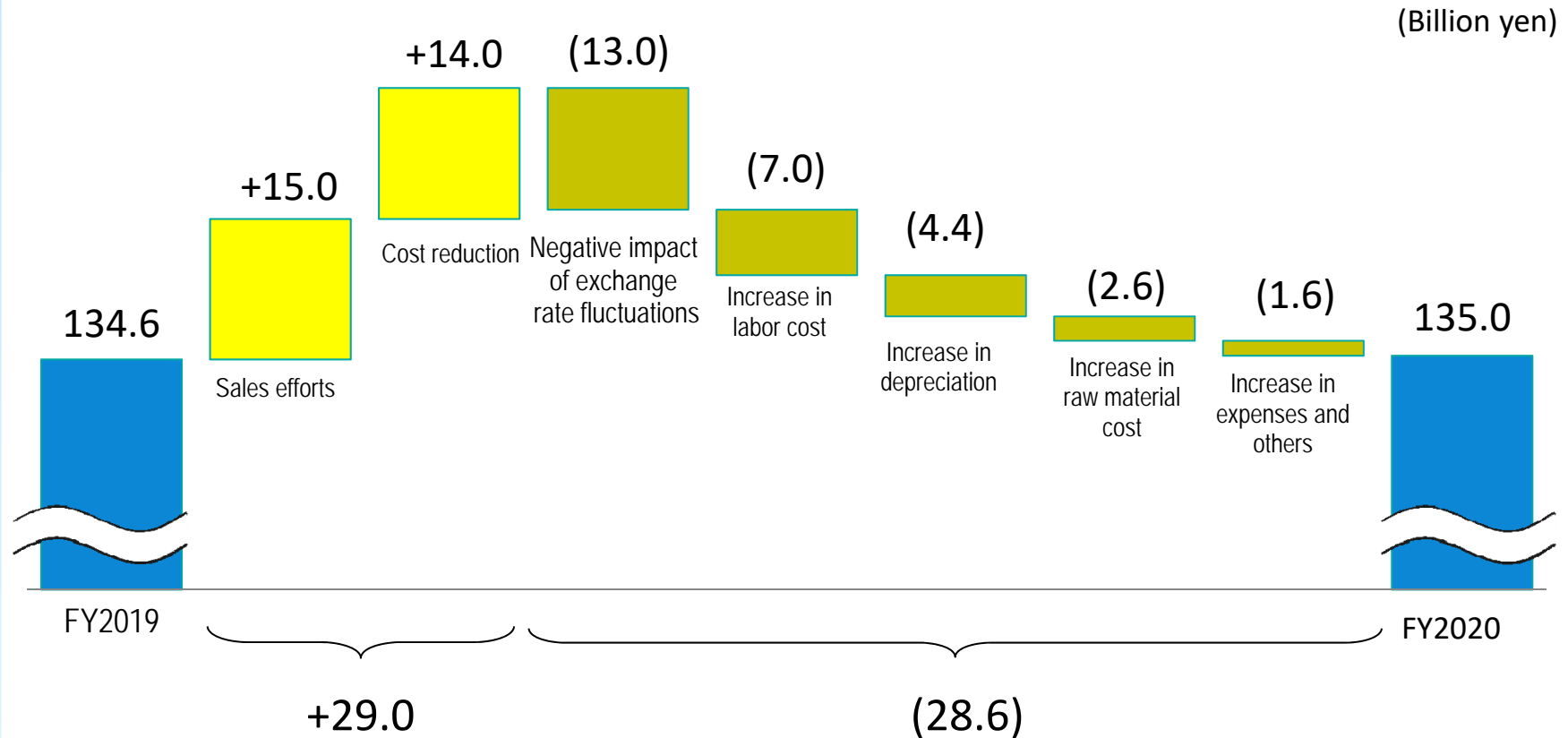
(Thousand units)

		FY2019	FY2020	Change	Previous Forecast
	RAV4	235	310	75	275
	Vitz (Yaris)	50	-	(50)	-
Vehicle		285	310	25	275
	Diesel	375	394	19	429
	Gasoline	218	419	201	399
Engine		593	813	220	828
Car Air-Conditioning Compressor		32,980	33,000	20	34,000
Materials Handling Equipment		300	298	(2)	306
Air-jet loom		9.0	6.3	(2.7)	5.7

Changes in Operating Profit

Year-on-year comparison (FY2019 full year and FY2020 full year forecast)

Operating profit ¥0.4 billion increase (¥134.6 to ¥135.0 billion)



Performance <FY2020 Forecast>

(Billion yen)

	FY2019	FY2020	Change	
Investments in tangible assets	113.7	105.0	(8.7)	(7.7%)
Depreciation	85.6	90.0	4.4	5.1%

II. Our Business Initiatives

Materials Handling Equipment

Automobile

- Car Air-conditioning Compressor
- Vehicle
- Engine
- Car Electronics

Materials Handling Equipment

1. Products and Services

Comprehensive offering of logistics related equipment and system

Logistics solutions



Automated storage and retrieval system



Sorter



Software



Automatic guided vehicle (AGV)



Sales financing

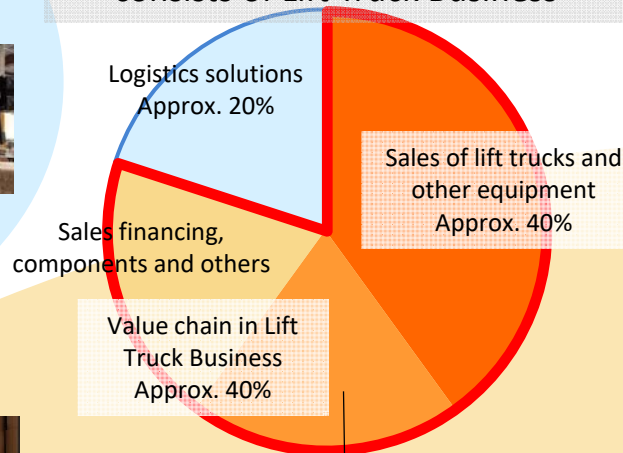


Attachments and other components

Net Sales in Materials

Handling Equipment Segment

Approximately 80% of net sales consists of Lift Truck Business



Lift trucks and other equipment



Internal-combustion lift truck



Electric lift truck



Reach-type electric lift truck



Low lift truck



Automated lift truck

Value chain



After-sales services
Spare parts



Fleet management system
Warehouse management system
Telematics

Value chain

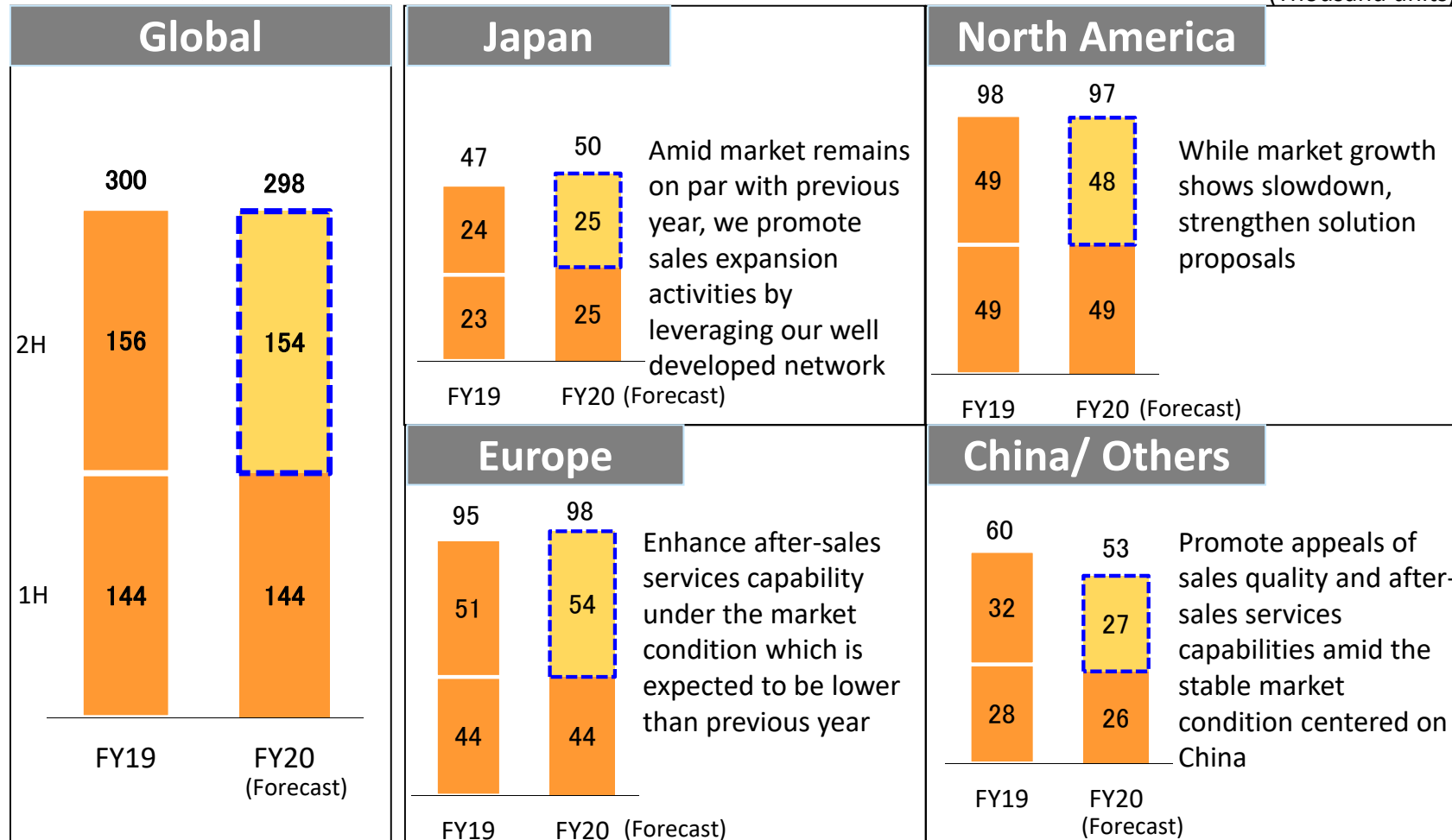


Materials Handling Equipment

2. Current Lift Truck Sales

Surrounding uncertainties affect current lift truck market to remain on par with previous year. Amid this circumstance, Toyota Industries endeavors sales expansion by leveraging our strengths of high product appeals and superior after-sales services.

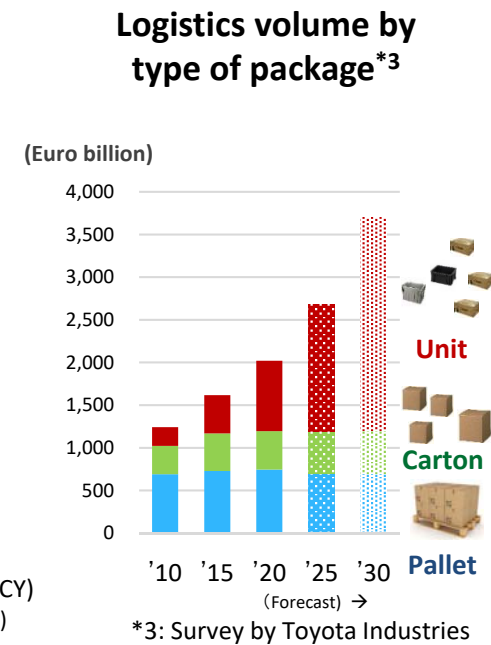
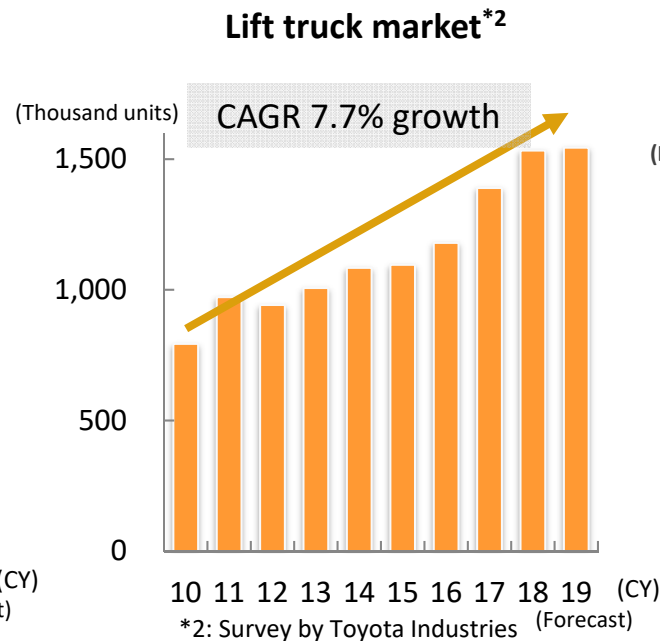
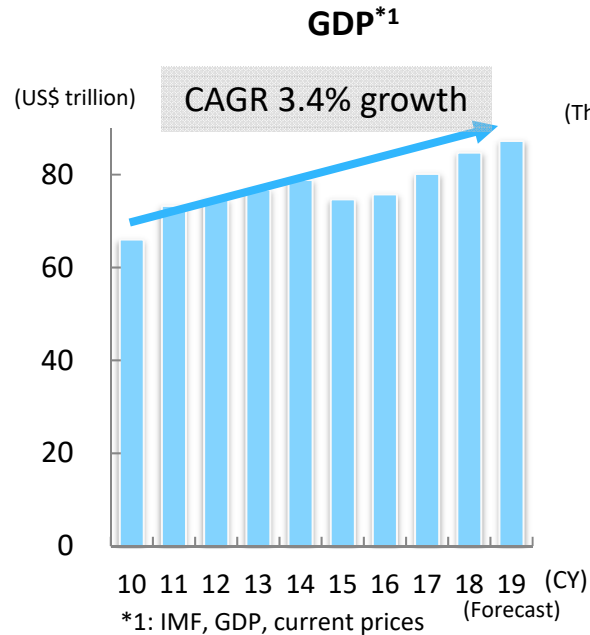
(Thousand units)



Materials Handling Equipment

3. Lift Truck Market

Stable lift truck demand is expected exceeding mid- to long-term macro economic growth.

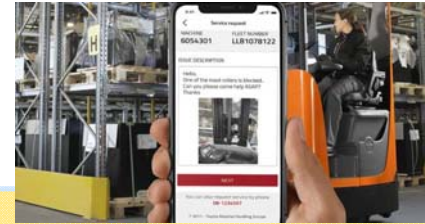


- Increase of lift truck demand is expected by mechanization needs of manual loading/unloading as well as transporting backed by **Labor shortage** in developed countries and **increasing labor costs** in developing countries.
- Increase of smaller packages leads **larger opportunity for lift truck operations.**

Materials Handling Equipment

4. Initiatives for Growth of Lift Truck Business

Support for efficient logistics by telematics



Lift truck operation management

- **Improve overall productivity at logistics sites** by visualizing operating status of each truck

Safety and environment management

- **Contribute to safe and fuel/power efficient drive** by visualizing truck record of shocks by accident on lift trucks as well as each operator's driving

Swift maintenance

- **Provide swift maintenance services** by recognizing such information as machine troubles on mobile terminal even from remote location

- Already active to use at supermarket chains and logistics operators in Europe and USA as well as food wholesaler in Japan



Materials Handling Equipment

4. Initiatives for Growth of Lift Truck Business

Further advanced after-sales services by usage of telematics

- Provide high quality after-sales services throughout the network by utilizing **globally integrated platform**
- By leveraging data accumulated from various logistics sites, establishing **the industry-first predictive maintenance system**
 - Using AI and other technologies, replace parts at the most **sufficient timing** in consideration of each truck's **usage conditions**



Materials Handling Equipment

4. Initiatives for Growth of Lift Truck Business

Enable outdoor usage of autonomous lift trucks

Challenge for outdoor usage and our response

- Various load positions and pitch of truck bed
=> **Utilize image recognition and AI technologies**
- Needs for different sensors according to difference of surrounding environments
=> **Combine multiple location detecting devices**



Contribute to efficient logistics in agricultural and other fields

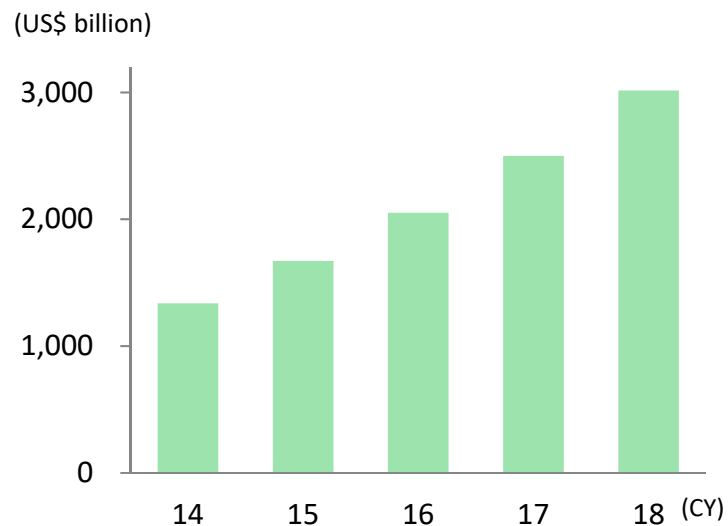
- Aim to realize at early stage as much as possible working with Logistics Solutions Business

Materials Handling Equipment

5. Logistics Solutions Market

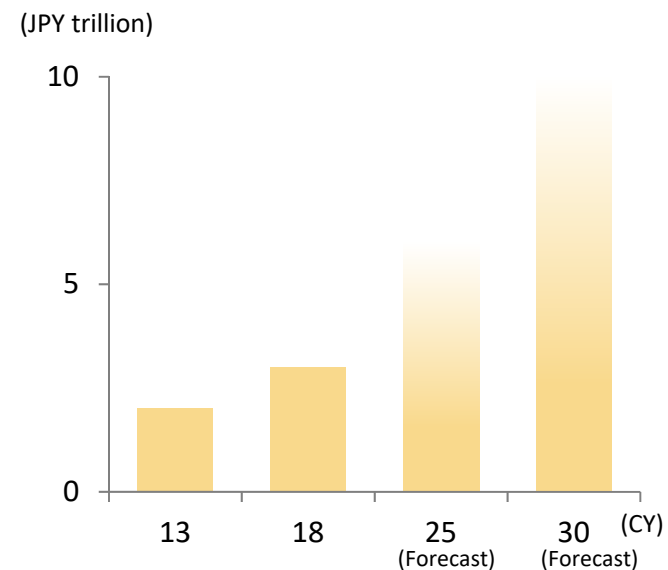
Logistics solutions market is expected to grow backed by e-commerce market expansion

Global e-commerce market*1



*1: Created by Toyota Industries based on "Study Report on a Structural Analysis of The ICT Industry in the IoT Era and Verification of ICT's Multifaceted Contributions to Economic Growth," Japan's Ministry of Internal Affairs and Communication (2016)

Logistics solutions market*2

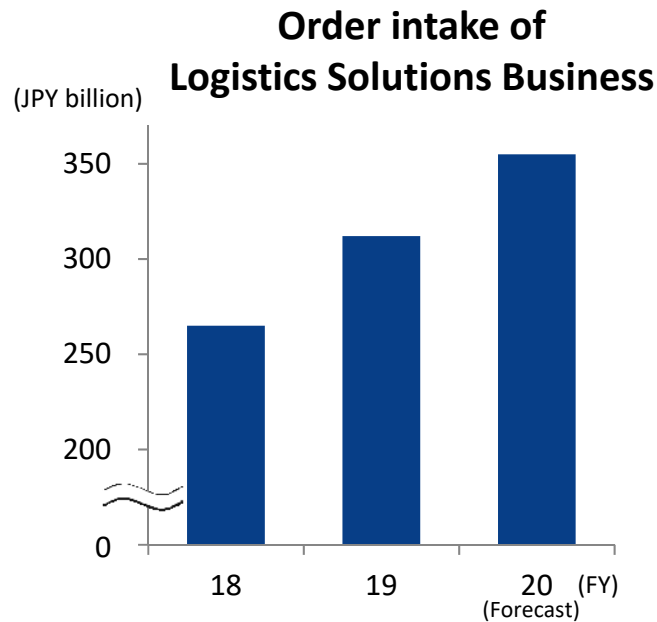


*2: Survey by Toyota Industries

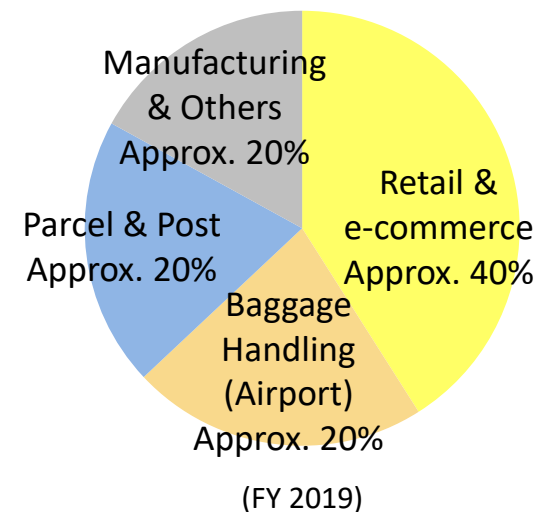
Materials Handling Equipment

5. Logistics Solutions Market

Our Logistics Solutions Business is growing stably in accordance with market expansion



Breakdown of sales of Logistics Solutions Business



Well balanced and diversified industries

- Sales of some projects are behind the initial plan, affecting the recent performance of the business.
- **Steady growth of order intake** in accordance with market growth and our active sales activities

Materials Handling Equipment

6. Initiatives for Growth of Logistics Solutions Business

Leveraging respective strengths of Bastian, Vanderlande and Toyota, aim for business growth by cooperation with Lift Truck Business

FY2019

FY2020

Promotion of individual strategy of each company

VANDERLANDE

Bastian
SOLUTIONS

TOYOTA

- Efficient operation through **clarification of roles** of each of three companies (area, industry and size) in consideration of strengths of three companies

- Proactive business operation of each company
- Synergy creation by **cooperation of three companies**
- **Cooperation with Lift Truck Business**
- **Improvement of profitability** by system standardization and other efforts

Materials Handling Equipment

6. Initiatives for Growth of Logistics Solutions Business

Various synergy cases are ongoing in Europe and USA, as well as in Japan

Case 1: Cooperation of Logistics Solutions and Lift Truck Businesses

Project of distribution center of a European major retailer

Utilizing TMHE* made autonomous lift trucks, Vanderlande has constructed overall logistics system

Operation: July 2019



Autonomous lift truck (TMHE)



Palletising robot (Vanderlande)

Case 2: Cooperation of Bastian and TICO's Logistics Solutions operation

Project of distribution center in Tokyo of a US major wholesaler of daily use products

With Bastian's system control software, TICO constructs overall logistics system

Operation: Planned in October 2020



Warehouse Control System

System control software (Bastian)

*: European headquarters for lift truck business

At ProMat 2019, North America's largest materials handling trade show, both Lift Truck and Logistics Solutions Businesses joined together in April 2019



- First **joint exhibition of five brands**, Toyota, Raymond, Tailift, Bastian and Vanderlande
- Showcased **collective strengths** to respond to the logistics issues of all customers

II. Our Business Initiatives

Materials Handling Equipment

Automobile

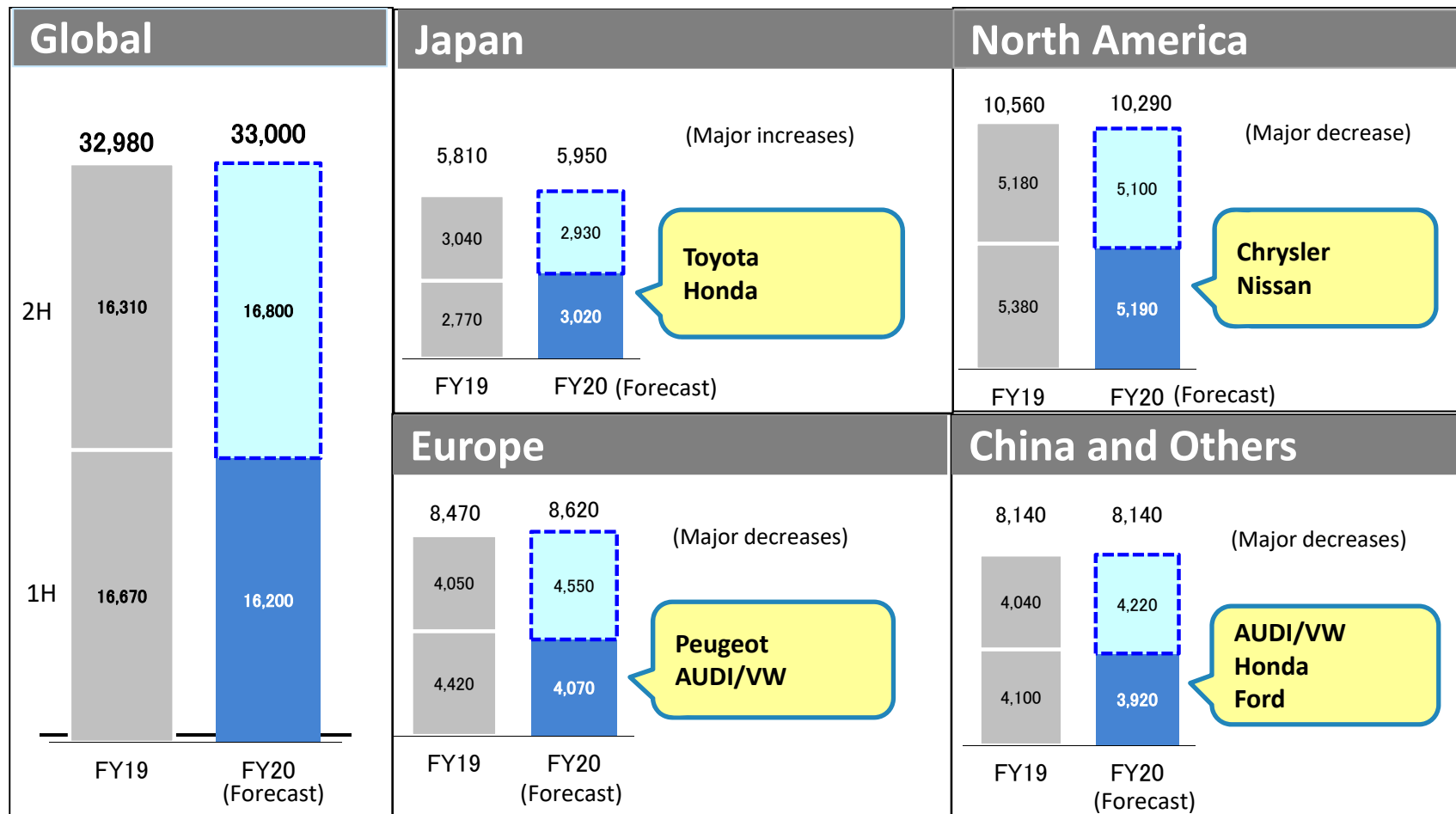
- Car Air-conditioning Compressor
- Vehicle
- Engine
- Car Electronics

Car Air-Conditioning Compressor

1. Our Compressor Sales and Forecast

While our order intake is stable, stagnant automobile market trends lead weak unit sales

(Thousand units)



Car Air-Conditioning Compressor

2. Our Response to Increase of Electrified Vehicles

Demand for electric type is expected to expand backed by increase of such electrified vehicles as HVs, PHVs, EVs and FCVs.

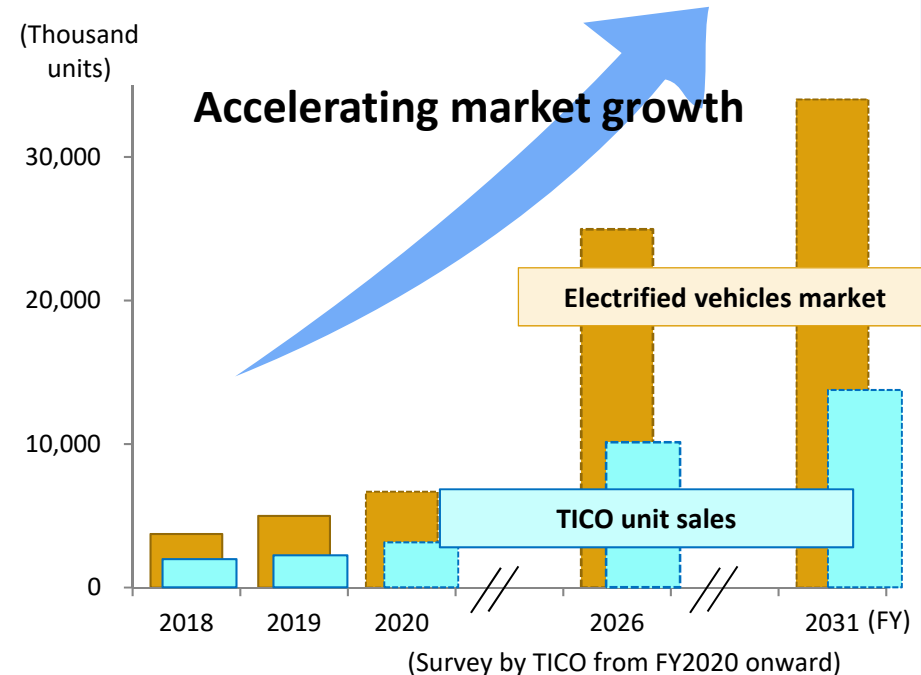


Our response

[R&D] Product development responding to diversifying customer's needs as well as strengthening of customer support capability

[Production] Production in the market with demand for electric type and flexibly responding to volume fluctuation

Electrified Vehicle Market and Unit Sales of Our Electric Type



Car Air-Conditioning Compressor

3. Increase of order intake of electric driven type

Previous (FY18 to FY19 1H)

Present (FY19 2H to FY20 1H)

Automakers

Strictly focusing on low price



Returning to value **product performance and quality** as well as **customer support capability**

Our response

- Further **performance** improvement
- Meticulous **response to diversified automaker's needs** by leveraging our wealth of resources
- Strengthening of our **support capability** to automakers

Order intake of electric type has grown in past one year

Four new car models
200 thousand units



Nine new car models
One million units

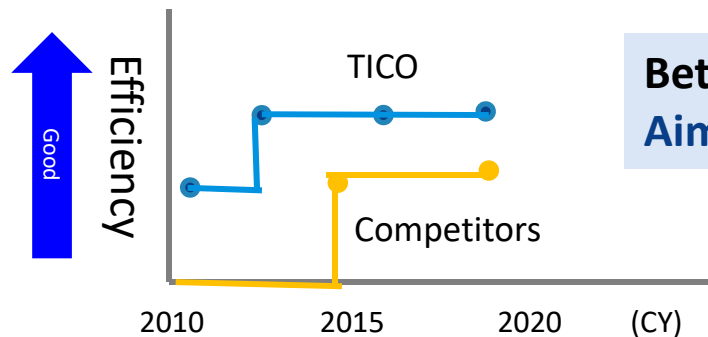
Car Air-Conditioning Compressor

4. R&D initiatives for electric driven type

1) Further performance improvement

Performance differentiation from competitors utilizing our unique method of evaluation and analysis, as well as know-how

- ✓ High efficiency
=> Extension of driving range

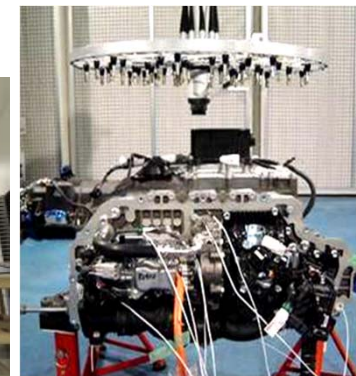


Better performance by 10% and above
Aim for even higher efficiency in the future

- ✓ Lower electromagnetic noise
=> Prevention of radio disturbance on home electrical appliances
- ✓ Improvement of quietness
=> Lower noise of electrified vehicles



Analysis using radio wave anechoic chamber



Evaluation of quietness

Car Air-Conditioning Compressor

4. R&D initiatives for electric driven type

2) Meticulous response to diversified automaker's needs

- Respond to larger capacity required for cooling of electronics devices by leveraging our broad experience of product development

	Air conditioning (Compact vehicles ~ Large vehicles)	Air conditioning and Cooling of electronics devices
TICO		Respond to larger capacity as well
Competitors		

- Responding to quick charging by utilizing low electromagnetic noise technologies
- Developing products for mild hybrid vehicles by applying downsizing technologies of motors

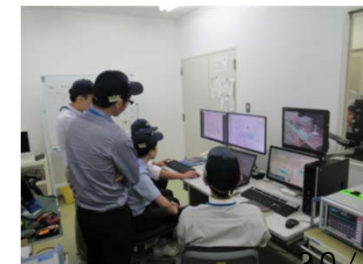
3) Strengthening of our support capability to automakers

- Proposing solutions against various types of noise and vibration
- Strengthening our customer support structure at each of our overseas operation

[Case example of customer support]

- Tone issue during motor speed increase
- Analyzed control method for the most suitable speed utilizing our simulation technologies
 - Our engineers made proposals with actual vehicle at an automaker's facility

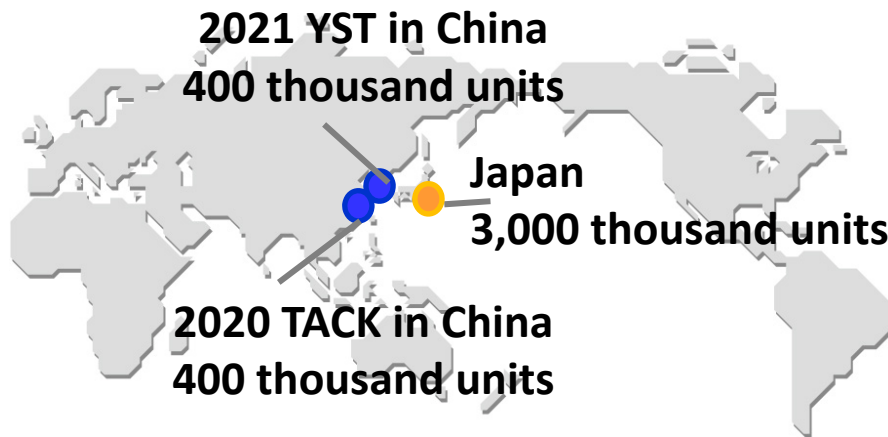
Led to an immediate solution



Car Air-Conditioning Compressor

5. Production initiatives for electric driven type

Commencement of electric type in China



Based on the production line which has been cultivated at the mother plant in Japan, utilize production knowhow

Pursue the most suitable parts procurement among China and Japan

Improvement of productivity in Japan

Respond to volume fluctuations by the best combination of mass production line and small volume production line

Mass production line

Produce main products in the line dividing production processes

Small volume production (cell) line

Produce small volume products consolidating production processes

According to the production volume, select the suitable production line, thereby increase productivity

Car Air-Conditioning Compressor

6. Expansion of business field by leveraging core technologies

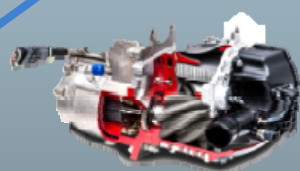
1) Develop device cooling compressors of which the demand increase is expected by electrification and automation of vehicles

- Already received order by leveraging our strengths of high efficiency and reliability for car air-conditioning use



2) Enhance FC business which has excellence in well-to-wheel area

- Expand business field into drive train components by applying compression technologies
- Under development of next generation type based on our experience of product development for MIRAI



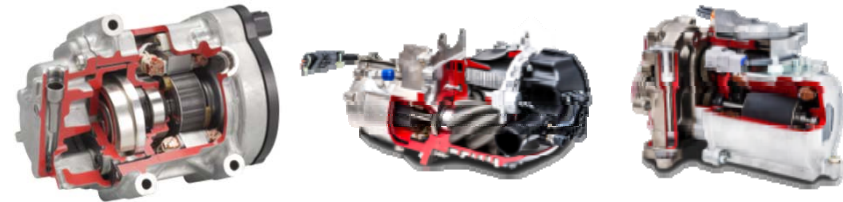
Oxygen-supplying
air compressor



Hydrogen
circulation pump

Car Air-Conditioning Compressor

7. Initiatives to increase profitability Enhance price competitiveness in addition to performance



Growth in net sales

- Further **differentiate product appeals**
- **Expand sales** to automakers worldwide by **leveraging product appeals and customer support capability**
- **Expand sales** of highly value added **electric type** anticipating growth of electrified vehicle market
- Increase volume of **products and components for FCVs**

Cost reduction

- Deepen **cost reduction activities in broad areas of production processes** including die-casting foundry
- Further improve **production engineering capability** such as precise and high-speed machining, as well as automation
- **Realize the most suitable production capacity** through efficient capital investment
- Increase productivity of plant outside Japan by **utilizing knowhow of mother plants**

Vehicle

The world best selling SUV

Product planning

Exterior design

Production



RAV4

Cross octagon 



TICO's exterior design idea has been adopted

Product development

TICO took various roles including development of upper body

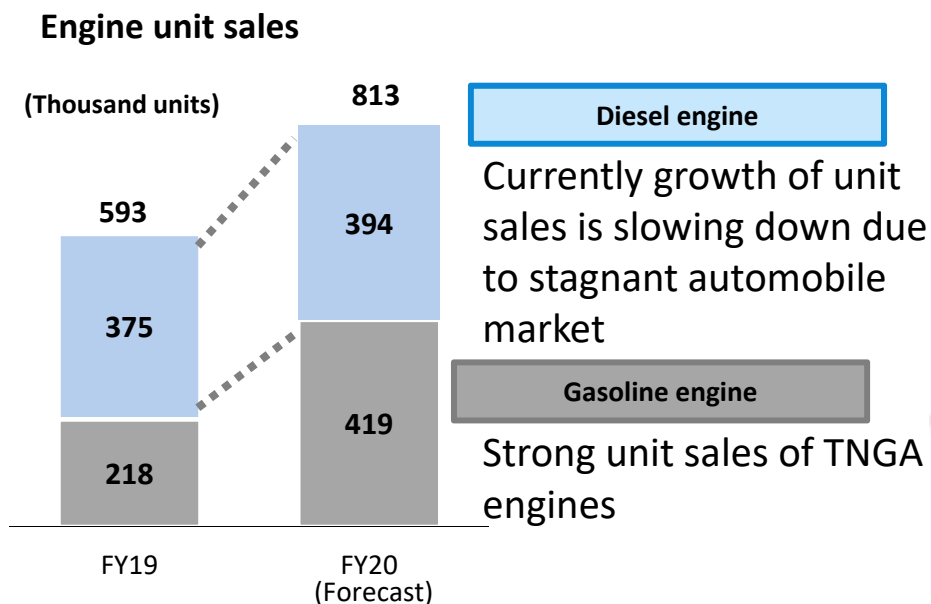
Production engineering

Evaluation

- Further strengthen manufacturing capability through plant-wide concerted efforts from planning and development to production
- Aim to be a leader in the small SUV field

Engine

Aim for business growth of both diesel and gasoline engines



Our GD diesel engine is mounted on Toyota's new model GRANACE



GD diesel engine

Aim for further improvement of development and production efficiencies through integration of diesel engine business from Toyota Motor

Car Electronics

Promote the use of a vehicle as a power source (1)



Utilized for the power outage in Chiba caused by typhoon

Our AC inverter is equipped

Direct current



Alternate current

Feed electricity to electric home appliances in private residences



TICO-owned seven MIRAI FCVs were sent to a disaster-affected area



Car Electronics

Promote the use of a vehicle as a power source (2)

Development of a power combiner to connect DC-AC inverters

Combining multiple DC-AC inverters, enable operation of facilities which require large power such as water distribution pumps and elevators during a power outage



Power combiner of DC-AC inverters



Feasibility test for operating water distribution pump

Aim to promote early commercialization by conducting feasibility tests jointly with relevant local governments

Topics

Accredited “Platinum Kurumin” logo

Ministry of Health, Labour and Welfare highly evaluated TICO’s initiatives to support raising children

TICO has been certified as “Platinum Kurumin” company, which is the highest rank being given to the companies providing various initiatives to support raising children



“Platinum Kurumin” logo

Major reasons of certification

* Enhanced support systems

- Whole day telecommuting system
- Financial aid system for day care costs for employees raising an infant younger than one year old
- Leave for fertility treatment

* Engagement of male employees in child care

- Approximately half of eligible employees took leave or time off for childbirth and childcare



Seminar prior to taking childcare leave

Topics

Participates the 46th Tokyo Motor Show 2019, October 24 to November 4

Exhibits our automobile related products in two categories; “compression technologies” and “the use of electrified vehicles as a power source”.

1. Compression technologies



- Electric car air-conditioning compressor
- Oxygen-supplying air compressor for FCVs
- Hydrogen circulation pump for FCVs
- GD diesel engine and turbocharger
- Electric turbocharger, etc.

2. Use of electrified vehicles as a power source



- DC-AC inverter and power combiner
- Charging and discharging stand for EVs and PHVs (V2H)
- Outer power feeder (V2L)
- On-board charger, etc.

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.