

## Message from the Chairman and President

Firstly, we would like to extend our sincere appreciation for your continued support of Toyota Industries Corporation and the Toyota Industries Group.

In fiscal 2017 (ended March 31, 2017), the global economy mildly expanded, driven by monetary and financial policies in respective countries despite a deceleration of the Chinese economy and the anticipated impact of the U.K.'s decision to leave the EU. Although modestly, the Japanese economy continued to grow due primarily to increases in capital investment and exports in addition to a recovery in consumer spending.

In this business environment, Toyota Industries Corporation and its Group companies ("Toyota Industries") undertook efforts to ensure customer trust through a dedication to quality first as well as to expand sales by responding flexibly to market trends. As a result, unit sales were strong in each business division; however, net sales in fiscal 2017 decreased owing mainly to the impact of exchange rate fluctuations. In terms of profit, despite cost reduction efforts throughout the Toyota Industries Group, sales efforts and declines in depreciation costs, we recorded a decrease in profit because of the impact of exchange rate fluctuations and an increase in labor costs.

With regard to the future economic outlook, the global economy is expected to continue growing. However, uncertainties surrounding the business environment preclude optimism, as the future trend in monetary easing in respective countries, protectionist policies spreading in developed countries, a further deceleration of the Chinese economy and the occurrence of terrorism and conflicts around the world require close monitoring.

Under these circumstances, Toyota Industries is further strengthening its business foundation and addressing key management issues to raise corporate value by leveraging the Group's comprehensive strengths.

As immediate tasks, we will endeavor to bolster our management platform to respond quickly to changes in the business environment that are accelerating year by year. Specifically, based on our quality first approach, we aim to build a stronger production foundation by maintaining and improving productivity on a global basis. Furthermore, we will strive to build a lean corporate structure by thoroughly eliminating waste, by pursuing excellence in quality, cost and product lead time throughout the global supply chain and by improving productivity in administrative functions. Moreover, we will strengthen risk management in order to quickly and appropriately respond to changes in the world situation.

Besides these approaches, we will work to hone our manufacturing capabilities, which are one of our core strengths, and further bolster product competitiveness. To this end, we will differentiate Toyota Industries not only through the development of technologies based on the keyword of the 3Es, which we define as "energy," "environmental protection" and "ecological thinking," but also through our production engineering technologies. In addition, we aim to leverage new growth potentials through several measures. They include taking advantage of such structural changes as progress in electrification and the rapid growth of e-commerce in the automobile and materials handling equipment markets on a global scale; creating and providing customers with new values; and utilizing the Internet of Things (IoT) and artificial intelligence (AI). To support such business development, we will continue our efforts to create a workplace environment that enables diverse human resources to fully demonstrate their abilities and develop personnel who can play active roles in the global arena.

In other areas, Toyota Industries will create a workplace environment that places top priority on safety; thoroughly enforce compliance, including observance of laws and regulations; and proactively participate in social contribution activities. By carrying out these initiatives, we aim to broadly meet the trust of society and grow harmoniously with society. With regard to protection of the global environment, we will undertake Group-wide initiatives in seeking to realize "a zero CO<sub>2</sub> emissions society in 2050."

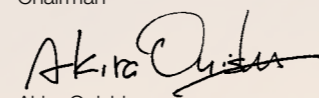
Through these initiatives, we aim for sustainable growth of each business and strive to contribute to an enriched lifestyle and comfortable society around the world as described in Toyota Industries' Vision 2020 plan.

In closing, we would like to sincerely ask for your continued understanding and support.

July 2017



Tetsuro Toyoda  
Chairman



Akira Onishi  
President

