

## 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 2018 (ended March 31, 2018), the global economy remained strong overall on the back of an expansion in consumer spending and exports in Europe and the United States despite such uncertainties as the slowing economic growth in China and geopolitical risks. The Japanese economy progressed favorably due mainly to an increase in exports as well as a recovery in domestic demand including consumer spending and capital investment.

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, in fiscal 2018 Toyota Industries posted an increase in net sales. The increase was attributable mainly to higher unit sales of such products as materials handling equipment and car air-conditioning compressors as well as to newly consolidating U.S.-based Bastian Solutions LLC and Netherlands-based Vanderlande Industries Holding B.V., both of which are engaged in the logistics solutions business. In terms of overall profit, despite increases in raw materials costs and labor costs, Toyota Industries recorded an increase in profit due mainly to vigorous sales efforts, cost reduction activities throughout the Toyota Industries Group, the positive impact of exchange rate fluctuations and changes in retirement benefit plans.

With regard to the future economic outlook, the global economy is expected to continue to grow. However, uncertainties surrounding the business environment preclude optimism, as the impact of trade frictions arising from protectionist policies in the United States, the future trend in financial policies in respective countries and geopolitical risks 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 drastic changes in the business environment. 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 (the period from production to delivery)



throughout the supply chain and by improving productivity in administrative functions. At the same time, we intend to strengthen risk management in order to quickly and appropriately respond to changes in world affairs.

Besides these approaches, we will focus on the timely launch of appealing products demanded by customers worldwide and improve earnings power by expanding the value chain and strengthening solution proposal capabilities. We will also proactively utilize the Internet of Things (IoT), artificial intelligence (AI) and other cutting-edge technologies. Through such measures, we aim to raise the competitiveness of our businesses. In addition, we plan to develop our next growth pillars by promoting strategic technology and product development while also embracing open innovation.

To support such business development, we will continue our efforts to create an organization and 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 meet the overall 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 support industries and social foundations around the world and contribute to an enriched lifestyle and comfortable society as described in Toyota Industries' Vision 2020 plan.

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

July 2018

Handwritten signature of Tetsuro Toyoda in black ink.

Tetsuro Toyoda  
Chairman

Handwritten signature of Akira Onishi in black ink.

Akira Onishi  
President