

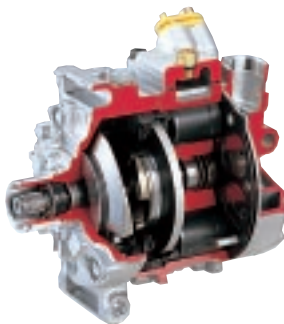
## Automobile Segment



**Vitz (Yaris):** Toyota's 1,000 cc and 1,300 cc class global strategic cars, with advances in safety technology and low fuel consumption, have been highly acclaimed in both the domestic and European markets.



**1CD Engine:** At Toyota, the common rail system was adopted for the first time for the small-sized direct injection diesel engine. The 2,000 cc engine delivers low fuel consumption, yet with high power.



**7SBU16 Compressor:** The displacement of a swash plate variable displacement type compressor is varied to suit the state of the automobile, such as the load on the engine and cabin temperature, giving a smooth driving feeling. Variable displacement also reduces fuel consumption.

The Automobile Segment, made up of the vehicle, engine, car air-conditioning compressor, foundry parts, and automotive electronics businesses, holds a dominant 68 percent portion of Toyota's consolidated sales.

Sales for the Automobile Segment during the fiscal year ended March 31, 2000, were ¥423.4 billion, up 16 percent from the previous year.

### Vehicle Business

The vehicle business accounts for the largest portion of sales in the Automobile Segment. Toyota currently manufactures two Toyota brand models, the Vitz (exported to Europe as the Yaris), Toyota's global strategic small car, and the Sprinter Carib (exported as the Corolla Wagon), a compact station wagon. These two models are manufactured under consignment from Toyota Motor Corporation (TMC) and are all sold to TMC.

As a result of the sluggish domestic automobile market, the number of Sprinter Caribs (Corolla Wagons) sold in the past fiscal year fell 33 percent, compared to the previous year, to 28,529 units. However, domestic and export sales of the Vitz (Yaris), which commenced production in January 1999, grew to 224,100 units. Overall unit sales increased to 266,574 units, up 34 percent from the previous fiscal year.

Total sales reached ¥191.5 billion, up 37 percent from the previous fiscal year.

Note: Production of the Starlet, a 1,300 cc class car, was terminated in July 1999. The number of Starlets sold during the past fiscal year was 13,945 units. The Vitz (Yaris) is the replacement model for the Starlet.

### Engine Business

The major products in Toyota's engine business are diesel and gasoline engines for Toyota brand automobiles and forklifts. All automobile engines are sold to TMC, and forklift engines are mounted in forklifts manufactured by Toyota.

Total diesel engines sold during the fiscal year declined 15 percent, compared to the previous year, to 177,180 units. This result reflects a weak domestic automobile market and a 16 percent decline in shipments of C-type diesel engines, a core product. These results were partly offset by sales of 14,981 direct injection 1CD-type diesel engines for Toyota's Avensis, which is produced exclusively for the European market.

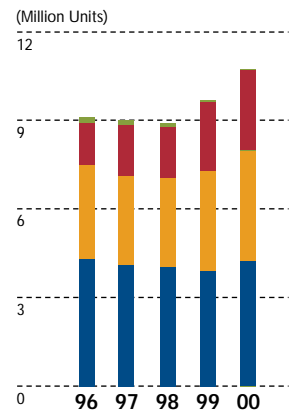
Total gasoline engines sold during the fiscal year fell 7 percent, compared to the previous year, to 164,026 units. This result mainly reflects a drop in production of S-type engines. However, sales of the new E-type engines for small 1,500 cc passenger cars rose to 40,744 units.

The total number of engines sold during the past fiscal year fell 11 percent to 341,206 units.

### Car Air-Conditioning Compressor Business

The car air-conditioning compressor business has developed products serving the needs of customers in

**Car Air-Conditioning Compressor Unit Sales**  
(Years ended March 31)



■ Japan  
■ North America  
■ Europe  
■ Asia and Oceania

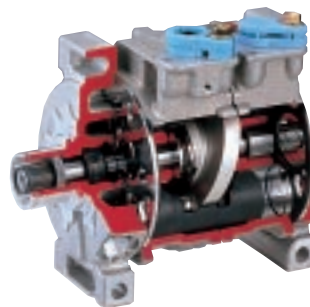
each market globally and expanded sales in North America and Europe. Sales increased 12 percent, compared to the previous fiscal year, to ¥120.3 billion. All car air-conditioning compressors manufactured by Toyoda are sold to major automobile manufacturers globally through DENSO Corporation.

Sales of car air-conditioning compressors produced for the domestic market increased 9 percent, compared to the previous year, to 4.3 million units, due mainly to favorable mini-vehicle sales.

Car air-conditioning compressors also sold well overseas. Results in North America reflect the acquisition of new orders and brisk automobile sales due to increased personal spending. As a result, car air-conditioning compressor sales increased 10 percent, compared to the previous year, to 3.7 million units. In the North American markets, fixed displacement type compressors, which have excellent reliability at high running speeds, have been received favorably by customers.

The number of car air-conditioning compressors produced for the European markets increased 17 percent, compared to the previous year, to 2.7 million units. This result reflects an expansion in European markets due to increased use of car air-conditioners and the acquisition of new orders. In Europe, variable displacement type compressors for luxury cars are regarded highly.

As a result, total sales rose 11 percent, compared to the previous fiscal year, to 10.8 million units.



**10S13 Compressor:** A swash plate fixed displacement type compressor highly acclaimed not only for its high reliability but also for its light weight.



**GENEO-B (7FB):** An electric-powered forklift equipped with a dedicated AC drive system for forklifts as standard equipment. With high basic performance and operability, the GENEO-B shows the way forward for electric-powered forklifts.

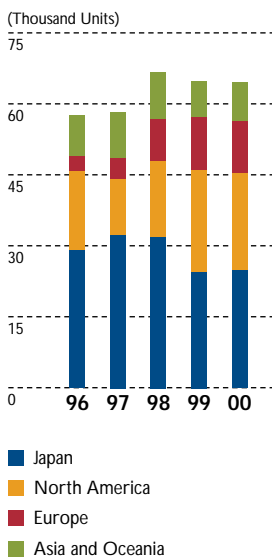
## Materials Handling Equipment Segment

The Materials Handling Equipment Segment encompasses the forklift business and the materials handling systems business, which includes automated storage and retrieval systems and automatic guided vehicle systems. Forklift business sales accounted for about 97 percent of the Materials Handling Equipment Segment in the past fiscal year. Total sales fell slightly to ¥149.1 billion, a drop of 1.5 percent from the previous year.

In the forklift business, demand in the United States market declined slightly, but on the whole, demand in the United States and Europe remained fairly strong. In Japan, however, despite signs of recovery since autumn 1999, sluggish investment caused demand to fall for the second consecutive year.

Against this backdrop, the GENEO-B, an electric-powered counterbalanced forklift with a 1.0- to 3.5-ton capacity, was launched in the Japanese market in August 1999 to strengthen Toyoda's product range. As a result, the annual market share of Japanese forklift sales surpassed 40 percent for the first time. This enabled the Materials Handling Equipment Segment to reach its

**Forklift Unit Sales**  
(Years ended March 31)



**GENEO (7 Series):** The GENEO is an engine-powered forklift of 1.0- to 5.0-ton capacity. In addition to basic materials handling performance, this highly acclaimed forklift series is powered by an environmentally friendly engine dedicated for forklifts and assures safety by adopting the state-of-the-art computerized safety control system, "System of Active Stability" (SAS).

# Review of Operations



**BT Industries AB:** A Swedish warehouse equipment and forklift manufacturer, BT Industries AB became Toyota's subsidiary in June 2000. Together with the warehouse equipment of BT Industries, Toyota now realizes a comprehensive lineup of materials handling equipment.

targeted sales volume in the domestic market, despite a drop in overall demand.

Launched in overseas markets during fiscal 2000, the 7 Series engine-powered counterbalanced forklift (GENEO in Japan) has sold well. Although sales volume fell slightly compared to the previous year, it remained at a high level.

With the acquisition of BT Industries AB in June 2000, Toyota expects to develop and expand its forklift business in the future by creating synergy between regions, products and sales. In addition, an agreement with Toyota Motor Corporation (TMC) in late July, will allow Toyota to further strengthen its forklift and materials handling systems businesses. Presently, TMC focuses on sales and marketing, and Toyota develops and manufactures forklifts. The new agreement when finalized is expected to transfer all forklift and related operations to Toyota. The transfer of these operations is slated for April 2001. This will consolidate Toyota's position as a leading forklift manufacturer.

The materials handling systems business is responsible for the manufacture of automated storage and retrieval systems and automatic guided vehicles. As a result of sluggish equipment investment in the private sector, sales remained at a low level during the fiscal year under review.



**LW600 Series Water Jet Loom:** A water jet loom that uses the force of water to insert the weft through the warp running lengthwise on the loom. The machine was launched in February 2000. Not only is it capable of weaving cloth of high quality, but it has excellent durability and low running costs, making it an efficient, high-speed weaving machine.

## Textile Machinery Segment

The Textile Machinery Segment consists mainly of the spinning machinery and weaving machinery businesses. Sales in this segment increased 22 percent over the previous fiscal year to ¥23.1 billion. This result reflects improvement, albeit spotty, in the business conditions of Southeast Asia.

In the weaving machinery business, orders from Korea and Taiwan for the JAT610 air jet loom, the core product of this business, increased, reflecting signs of economic recovery in these markets. As a result, the number of weaving machines sold increased 2,296 units to 4,416 units and sales increased 72 percent, compared to the previous fiscal year, to ¥17.2 billion. In April 1999, the textile machinery business acquired the water jet loom business from Nissan Texsys Co., Ltd. and a new type of water jet loom, the LW600 series, was launched in February 2000. Toyota has taken measures to attract new customers as well as to promote repeat sales.

In the spinning machinery business, carefully planned sales activities were conducted for prospective customers in leading Asian markets. However, a plunge in demand in Indonesia and Thailand caused sales of the RX 240 ring spinning frame and the FL 100 roving frame to drop. As a result, sales of the spinning machinery business fell to ¥5.9 billion, down 34 percent from the previous fiscal year.

In the Textile Machinery Segment, Toyota continues to promote rationalization measures to enhance productivity, and is working to lower costs and strengthen its product line and profitability.



**RX240 Ring Spinning Frame:** By utilizing a new mechanical design featuring Toyota's proprietary spinning geometry, positive lifting, and an easy-to-use function panel, the RX240 provides superior quality, productivity and operability with simplified maintenance.