



## BT Industries AB

*In June 2000, Toyota Industries acquired BT Industries AB ("BT Industries"), one of the world's leading materials handling equipment manufacturers. BT Industries will remain a separate entity within Toyota Industries Group.*

### A Road to the Future:

#### A Message from Dr. Carl-Erik Ridderstråle, President and CEO of BT Industries AB

For BT Industries, the year 2000 was perhaps the most important ever. Together with Toyota Industries, we created a global leader in the field of forklift trucks and started a journey into a promising future.

Against that backdrop, I would like to take this opportunity to explain the heart of BT Industries' business concept.

On the surface, our business revolves around warehouse trucks, i.e., electric trucks purposely designed and built for indoor materials handling. At the center of our business concept, however, lies a vibrant and wider customer-focused theme: To offer our customers trouble-free materials handling.

Lift trucks in a warehouse are a lot like copiers in an office. They have to be accessible, easy to use and always work. A customer shouldn't have to think about service or repairs. If something breaks, it should be fixed without the customer even noticing.

This is the heart of BT's business concept: To supply products and services that provide customers with trouble-free materials handling. It is a goal that has driven our development and actions for 55 years. It is a concept which grows stronger as we increasingly find large international companies among



**Carl-Erik Ridderstråle**  
*President and CEO*

our customers, with high expectations with regard to their logistics functions.

It means, for one thing, that we have to provide sales and service everywhere in the world where our customers operate. In addition, we have to offer a wide product range.

*Note: The fiscal year of BT Industries, unlike that of Toyota Industries, runs from January 1 to December 31.*

Our major customers, particularly those in consumer goods distribution, are merging into new, larger groups on both a national and international level. At the same time, they are investing heavily to improve their logistics. In many cases this means outsourcing of their entire materials handling function. For a set monthly fee, the subcontractor, for example the truck supplier, is expected to manage a truck fleet, provide maintenance and repairs, arrange for replacement vehicles, spare parts when needed, and so on.

BT has taken rewarding actions in the past to meet these demands. In 1995 our market essentially consisted of Europe, with sales at just under SEK4 billion. Today, sales have nearly tripled from that figure. Almost half is now generated in North America, and the contribution from other parts of the world is growing quickly.

BT's development is a reflection of another theme that runs deep in the company: The only way to guarantee success in the future is to question the present. And the driving force behind our development has been, and will continue to be, our customers.

So it was with our customers in mind that we welcomed Toyota Industries as our new owner last

summer. The acquisition allows each company to broaden its respective product range and it further broadens our geographic coverage. Indeed, the benefits extend to include every important aspect, geographically and in terms of products, resources and capabilities.

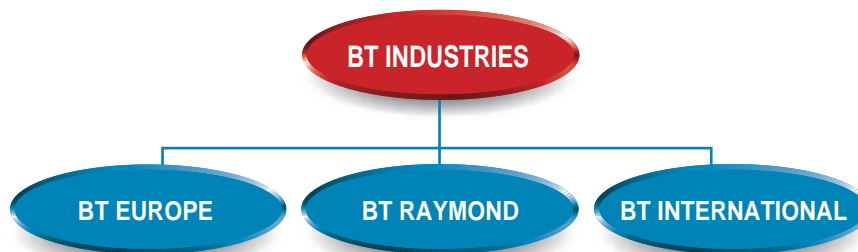
One obvious question is of course how two companies with such different cultural backgrounds can be united. My firm belief is that ultimately it is a question of communication between people. By communication I mean straightforward, simple and honest language combined with mutual respect and a sense of humility for the task. This is the foundation of the work we are now facing.

Finally, a few words about the future. In the short term we expect weaker market growth in 2001 compared to a very strong 2000. The strength of our new structure, however, will provide us with better opportunities than ever to gain market share. This is only one example from the road we have begun to travel together, extending into an unknown but promising future.

**Carl-Erik Ridderstråle**  
*President and CEO*



## Organization of BT Industries



### General Market Trends

(Fiscal year ended December 31, 2000)

The forklift truck market is concentrated in the industrialized world. Total global market volume for all truck types is estimated at 600 thousand units in 2000. Approximately 40% or 250 thousand units are electric warehouse trucks. Counterbalanced trucks account for around 350 thousand units, of which 100 thousand are electric and 250 thousand combustion-powered.

Approximately 80% of the market for electric warehouse trucks is in Western Europe and the U.S. Japan and the rest of the world account for around 10% each. In terms of value, the global market for products and services based on electric warehouse trucks is estimated at SEK50 billion, half of which represents truck sales and half after-sales services.

The main players in the market consist of around ten companies based in the U.S., Europe and Japan. Some focus mainly on counterbalanced trucks, while others offer both warehouse and counterbalanced trucks. With a market share exceeding 20%, BT and Toyota Industries are the world leader.

The forklift truck market, and in particular the market for electric warehouse trucks, is undergoing long-term growth. During the past 20 years demand for electric warehouse trucks in Western Europe and North America has grown by an average of 6% a year. Emerging markets in Eastern Europe, Southeast Asia and South America have grown even faster over the last decade, at 10-20% annually. This reflects the fact that demand for warehouse trucks is mainly driven by a society's standard of living. An increased flow of goods leads to greater demand for efficient distribution.

### Business Area BT EUROPE

The year 2000 saw favorable market growth in Western Europe continue. The market for electric warehouse trucks increased by approximately 15% to 120 thousand units. The largest growth was among small trucks, pedestrian pallet trucks and stackers.

The biggest gains were posted in France, Germany and Italy, Western Europe's largest markets, which as a whole have doubled in size over the last five years.

Three large companies that together have about an 80% market share dominate the Western European market. In electric warehouse trucks, two German manufacturers are the largest players. BT is number three, with a market share of approximately 18%.

In the hand pallet truck segment, BT's market share is estimated at about 25%. In combination with its share of the North American hand pallet truck market, BT is the world leader in this segment.

### Business Area BT RAYMOND

In 2000 the North American market for electric warehouse trucks grew by approximately 3% to 80 thousand units. The strongest growth was in the Riders segment, i.e., trucks on which drivers ride.

Apart from BT RAYMOND, which is the market leader, there are two major competitors in electric warehouse trucks, both of which are domestic producers. With the exception of BT, European companies have a very limited presence.

### Business Area BT INTERNATIONAL

The total market for electric warehouse trucks in BT INTERNATIONAL's geographic area is estimated at 50 thousand units, an increase of approximately 30%

compared with 1999. In Japan, the single largest market for the business area, about 20 thousand warehouse trucks were sold, a strong recovery from 1999.

The currency crises in many parts of the world in 1997 and 1998 have subsided, sparking an increase in demand. One exception, however, is the Brazilian market, where the local currency problems that arose in 1999 are still holding demand for imported products in check. As a whole, however, all market regions reported growth during the year.

## Organization

BT's products and services are marketed in around 70 countries around the world. Operations are divided into three geographic business areas. Group operations are managed through the parent company, BT Industries AB, headquartered in Mjölby, Sweden.

Business area BT EUROPE, with around 4,500 employees, operates through 12 sales and service companies in an equal number of countries. Operations consist primarily of marketing, sales and after-sales services.

Overall operations are managed and supported by BT Europe AB, based in Mjölby, Sweden, where the business area's marketing and business development are coordinated. Also, product development and production is concentrated in BT Products AB in

Mjölby.

Business area BT RAYMOND, with around 2,900 employees, distributes Raymond branded trucks through 33 dedicated dealers with nearly 100 sales locations in North America. All dealers work strictly with the Raymond brand. These dealers have full responsibility for operations in their respective geographical areas, with the exception of sales to nationwide corporate customers, which are coordinated centrally by BT RAYMOND. Manufacturing takes place at Raymond in Greene, New York and Brantford, Canada, and at BT Prime-Mover in Muscatine, Iowa.

Trucks from BT Prime-Mover are distributed through a separate dealer network focused mainly on customer groups other than those reached by the Raymond brand.

Business area BT INTERNATIONAL, with around 450 employees, is active in around 40 markets around the world. Operations comprise wholly owned sales and service companies in Eastern Europe, Greece and Australia as well as a network of partly owned or independent distributors in Southeast Asia, Latin America, Europe, the Middle East and Africa. About half of BT International's business volume is from BT's wholly or partly owned companies. BT International in Mjölby supports operations in its various markets with training, sales promotions and professional advice on large customer projects.

## BT Industries Worldwide Manufacturing Bases



*BT Industries presently operates seven manufacturing bases in Europe and North America. Products made at these bases are sold worldwide through BT's distributors, wholly or partly owned by BT, as well as independent distributors.*



**Topics for Fiscal 2000**

The past year was highlighted by Toyota Industries' acquisition of BT. Internally, the focus remained on day-to-day operations and continued growth. Orders received rose by 20% to SEK12,060 million, sales by 18% to SEK11,518 million and income after net

financial items by 22% to SEK824 million.

Another highlight during the year was the acquisition of the remaining 55% of CESAB, an Italian manufacturer of counterbalanced trucks.

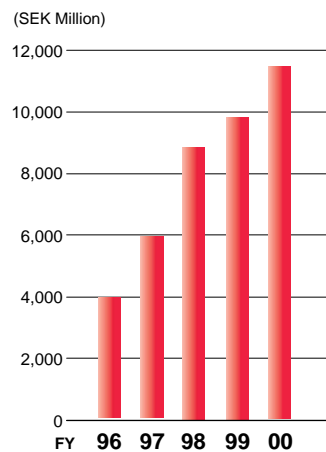
Within business area BT EUROPE, the new range of ORION powered pallet trucks was introduced. These trucks exemplify how advanced technology and microelectronics can be used to benefit customers in the form of performance and reliability.

During the year BT EUROPE also introduced new, AC-powered electric counterbalanced trucks. The main advantages of AC power compared with direct current are higher performance and lower maintenance costs.

Also, BT's hand pallet truck was updated during the year. Among other things, the new truck has a higher lift capacity than its predecessor. In March, BT celebrated the production of its two millionth BT branded hand pallet truck.

For BT EUROPE, 2000 was a year of substantial market growth, resulting in a high level of activity and good financial results. BT has fast-tracked certain

Net Sales of BT Industries



investments that will raise production capacity for electric warehouse trucks in Mjölby by slightly over 40%. The investment program is also designed to boost productivity.

A similar program to meet expected future growth has been implemented at CESAB in Bologna, where production of counterbalanced trucks has almost doubled over the last two years.

In terms of earnings, 2000 was a strong year for BT EUROPE. Sales rose by 18% to SEK5,897 million, while income climbed 23% to SEK590 million. Despite stiff competition that resulted in price pressure, the business area was able to maintain its margins through lower production costs. The business area's market share is estimated at 18%.

Within business area BT RAYMOND, several important products were launched last year, including the Millennium™ series of powered pallet trucks, high lift orderpickers, and reach trucks designed for performance, efficiency and ergonomics. Several technical innovations were introduced as well, such as a clamp that holds a wide range of pallet configurations securely in place on orderpickers and SMARTi™, a control system that captures and analyzes operating data on truck functions.

The year was marked by market growth, and at the



same time BT RAYMOND further strengthened its market position. BT's share of the North American warehouse truck market is slightly over 25% for its own brands. Including the production and supply of privately branded products, BT manufactures more than one of every three warehouse trucks in the North American market.

Among the highlights of the year was an agreement with Home Depot. Over a five-year period, BT RAYMOND will supply the home improvement chain with 12 to 14 thousand electric warehouse trucks, meeting 90% of its needs during that period.

During the year an expansion was completed at the Brantford plant in Canada, raising production capacity.

Income for 2000 rose by 24% to SEK533 million, the highest in the business area's history. Sales increased by 15% to SEK5,289 million.

For business area BT INTERNATIONAL, 2000 was a year of continued strong expansion. Invoiced sales rose by 29% to SEK920 million, while orders received increased 43% to SEK1,001 million. Its average overall market share is estimated at between 20% and 25% excluding Japan, a gain compared with 1999.

