

## Passion for Globalizing —Materials Handling Equipment Segment—

Toyota Industries' Materials Handling Equipment Segment, a world leader in the production and sales of forklift trucks, comprises TOYOTA Material Handling Company ("TMHC") and BT Industries AB ("BT Industries"). TMHC is the global leader in counterbalanced forklift trucks, whereas BT Industries is the world's leading supplier of warehouse trucks. Also included in this segment is Aichi Corporation ("Aichi"), which held a market share of 66% in Japan for aerial work platforms in fiscal 2004.

TMHC and BT Industries operate as parallel groups, collaborating in such areas as sales, procurement and R&D, and operating under a common global scheme as equal strategic partners.

Competition in the forklift truck market is intensifying, marked by cross-border consolidation and alliances. Against this backdrop, we are resolved to strengthen our position as a global leader distinguished by our abilities to develop superior

technologies and provide optimum solutions to customers' materials handling needs.

### Brand Portfolio of the Materials Handling Equipment Segment

The Materials Handling Equipment Segment continues to provide products under the TOYOTA and BT brands. The BT and Raymond brands are well recognized in Europe and North America, respectively, and Toyota Industries is keen to exploit BT Industries' brand assets to the fullest. While maintaining their own brand names, TMHC and BT Industries cooperate closely to maximize benefits of synergy on a global scale. Aichi, a subsidiary of Toyota Industries since May 2003 and a leading manufacturer of special-purpose vehicles in Japan, will also continue to maintain its own brand.

#### TOYOTA Material Handling Company

##### Japanese market



##### Non-Japanese markets



Materials handling equipment produced by TMHC is sold in Japan under the brand name of TOYOTA L&F (Logistics and Forklifts), which refers to materials handling systems and industrial vehicles and equipment. Outside Japan, the signature of TOYOTA INDUSTRIAL EQUIPMENT is used.

#### BT Industries Group

##### European market



##### North American market



BT Industries uses the brand names BT in Europe and other regions, and Raymond in North America.

BT Industries also uses the Cesab, Prime-Mover and Lift-Rite brand names in certain markets.

#### AICHI CORPORATION



Aichi uses the AICHI brand throughout the world. Visit <http://www.aichi-corp.jp/> for further information on Aichi Corporation.

# TOYOTA Material Handling Company

## Gearing Up for Future Growth

TMHC was created as an in-house company in April 2001 after Toyota Industries took over the industrial equipment sales and marketing operations of Toyota Motor Corporation.

This consolidation positions materials handling equipment as a core business within the Toyota Group, and underlines Toyota Industries' status as one of the world's leading comprehensive

manufacturers in the field. The integration of development and manufacturing expertise with strong sales and marketing capabilities makes for more flexible management, faster decision-making and strengthened global competitiveness.

For more information on TMHC's global sales network and products, please visit [www.global-toyotaforklifts.com](http://www.global-toyotaforklifts.com).

## Operations in Japan

### TMHC Leads the Japanese Market by Providing Optimum Solutions for Customers

Calendar year 2003 saw total demand in the domestic forklift truck market increase by 3.9% over 2002, while TMHC increased its domestic unit sales by 7.6%. TMHC embarked on sales promotion activities that focused on optimized solutions for materials handling problems and the cost-reduction needs of our customers. These activities included the marketing of environmentally sound products with excellent safety, handling and operability, as represented by the GENE0 Series (7-Series outside Japan). TMHC also provided prompt and reliable services, as well as a full-fledged fleet management program which undertakes comprehensive management of materials handling equipment from introduction to maintenance and makes improvement suggestions, thus contributing to further cost reduction.

In 2003, the GENE0-E (7FBE outside Japan) three-wheel electric counterbalanced forklift truck and the GENE0-R (7FBR outside Japan) reach truck achieved brisk sales with the benefit of favorable customer review.

For calendar year 2003, TMHC achieved a record-high market share of 42.6% in Japan, an increase of 1.4 percentage points over 2002, exceeding 40% for the fifth consecutive year. This marked the 38th consecutive year that TMHC was No. 1 in the Japanese forklift truck industry.

As part of enhancing its warehouse truck line, TMHC introduces BT Industries' products into the Japanese market under the TOYOTA



4SDT15  
Job Fighter wheel loader

L&F brand. One example is BT Industries' very narrow aisle trucks, marketed as the Rack Stocker MD and the Rack Stocker MU in November 2003. TMHC aims to develop the warehouse equipment market, still a small segment in Japan, through the introduction of more BT Industries products as well as vigorous sales and marketing activities.

TMHC developed the CBT Series of compact electric tow tractors for transporting loads and marketed the product in Japan in November 2003. The CBT Series comprises three models: The two models with 4-ton towing capacity come as either stand-up or sit-down types, and the model with 6-ton towing capacity is available as a sit-down type. TMHC also introduced the upgraded version of the Job Fighter wheel loader into the Japanese market in March 2004. The new Job Fighter is equipped with a new engine that boasts better fuel efficiency and cleaner exhaust emission, as well as a suspension seat and seat belt for greater safety and operability.



CBT6  
Compact tow tractor (sit-down type)

# FOCUS 2

TMHC anticipates the domestic forklift truck market will improve slightly in 2004 due to a recovering Japanese economy. In these circumstances, we will respond precisely to customer needs, promote a fleet management program to major accounts and offer materials handling solutions optimized for each

customer, thereby aiming at further expansion of sales and market share.

TMHC supplies TOYOTA-brand forklift trucks, materials handling systems and other peripheral equipment through an established sales network of 41 dealers throughout Japan.

## TMHC's extensive product lineup in the Japanese market

TMHC responds precisely to customer needs with an extensive product lineup — from forklift trucks to automated storage and retrieval systems — for warehousing, storing and low-level or high-level order

picking. Very narrow aisle trucks and other warehouse trucks supplied by BT Industries make TMHC's product line even more comprehensive.

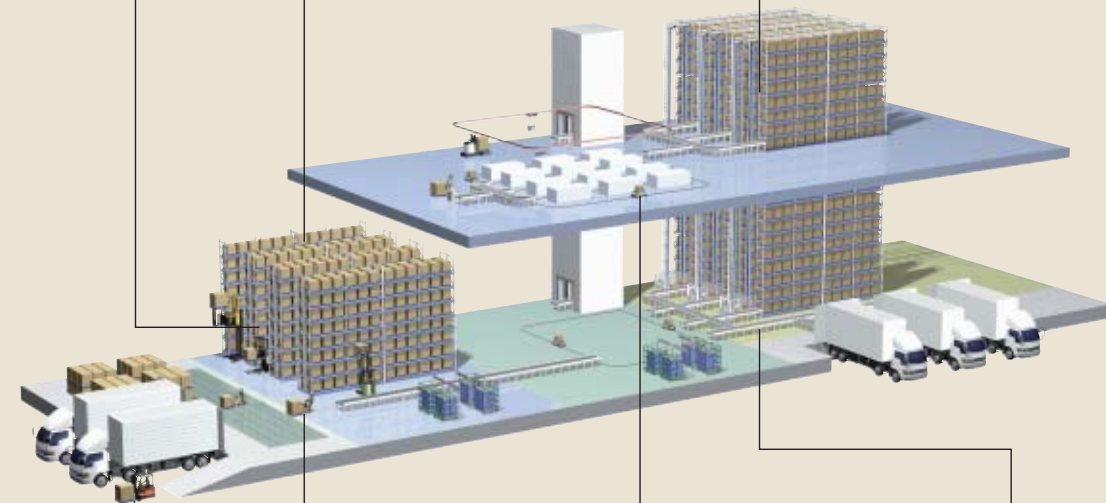
Order picking trucks



Racks



Automated storage and retrieval systems



Counterbalanced forklift trucks



Walkie rider trucks



Automatic guided vehicle systems



High-speed sorting equipment

## Operations in the United States

# Toyota Is the Leading Lift Truck Supplier in the U.S. for Second Consecutive Year

Toyota Material Handling, U.S.A., Inc. ("TMHU," the U.S. division of TMHC) entered 2004 poised to strengthen its lead in the materials handling industry. Offering a full line of top-quality products, TMHU was the No. 1 selling forklift truck supplier in the U.S. for the second consecutive year, increasing sales in calendar year 2003 nearly 13%.

As part of a long-term growth strategy, TMHU continues to focus on securing and maintaining large national account customers. Currently, TMHU has major contracts with high-profile customers such as Bridgestone Americas and New United Motor Manufacturing, Inc.



TMHU's headquarters in Irvine, California

Headquartered in Irvine, California, TMHU markets its products under the TOYOTA INDUSTRIAL EQUIPMENT brand through an elite network of dealers located throughout the U.S. More than 99% of Toyota forklift trucks sold in the U.S. are manufactured in North America. Toyota Industrial Equipment Mfg., Inc. ("TIEM"), TMHC's world-class manufacturing facility, is located in Columbus, Indiana. This year, TIEM announced a major expansion in order to accommodate TMHU's recent growth and enhance its training and sales facilities. Completion is scheduled for early 2005.



TIEM's plant in Columbus, Indiana  
In April 2004, TIEM achieved cumulative production of 200,000 forklift trucks since commencing operations.

## Creating Long-Term Value

TMHU introduced a number of important new products in 2004, all of which deliver productivity, energy efficiency and cost-of-ownership advantages. Several of these new forklift trucks — a 4,500 lb. capacity electric pallet truck, a line of 7-Series reach trucks and a line of 7-Series electric stand-up riders — reflect the progress of TMHU's partnership with BT/Raymond. TMHU also made improvements to current models in its line of electric pallet trucks, and expanded its electric product line with new electric walkie straddle stacker forklift trucks featuring adjustable baselegs.

Also in 2003, the company debuted new electric sit-down tugger models, the CBT4 and CBT6 Floor-Runners, and the CBTY4 Stand-Up Tugger.

TMHU continues to lead the materials handling industry in safety technology with its exclusive System of Active Stability (SAS) and Active Mast Control (AMC). These dramatic advancements help reduce the risk of accidents and injuries, and minimize the potential for product and equipment damage, while maintaining higher levels of productivity.



TMHU's new 7-Series electric reach trucks are a reliable and cost-effective solution for a wide variety of applications.

## Premier Dealer Network

In order to strengthen its exceptional dealer network and focus on its high level of customer support, TMHU has employed a philosophy of consolidation. In 2002, there were 80 dealers and 183 dealership locations. Currently, TMHU has 71 dealers with a total of 185 dealership locations.

TMHU considers its dealers to be partners in meeting customer needs, and provides extensive support to ensure ultimate customer satisfaction. Such support includes sophisticated online training resources, factory-trained technicians, STARLIFT parts, Toyota Certified Used forklift trucks, and flexible leasing and finance packages through Toyota Financial Services.

This support, combined with 37 years of experience in the U.S., continued innovation and superior engineering, means that TMHU's complete line of forklift trucks can be tailored for any application. For more information or to locate the nearest dealer, call 800-226-0009 or visit [www.toyotaforklift.com](http://www.toyotaforklift.com).

## Operations in Europe

### TIEE Increases Market Share Supported by Product Launches and Customer Commitment

Toyota Industrial Equipment Europe ("TIEE"), the European division of TMHC, offers a comprehensive line of forklift trucks and warehouse equipment for use in various materials handling situations.

For TIEE, 2003 was marked by a number of significant developments. In particular, TIEE continued to expand its range of warehouse equipment and forklift trucks, and further strengthened its regional distribution network.



TIEE's European sales & marketing office in Brussels, Belgium

During the year, TIEE launched several innovative new products that complement TIEE's existing line of industrial equipment. An electric range of four low-level order pickers equipped with ergonomic enhancing features will improve both operator comfort and performance for first- and second-level order picking. The new electric tow tractors provide an ideal solution for the continuous movement of loads over longer distances in factories and warehouses. Also, TIEE introduced stainless steel versions of its Generation 7 powered pallet and stacker trucks. These INOX models are designed for specialized applications in strictly controlled hygienic environments, such as food processing facilities, abattoirs and pharmaceutical factories.

#### Operational Results Outperform the Market

Difficult market conditions made 2003 a challenging period. Toward the end of the year, the European market showed a slight sign of recovery and grew 3% overall compared with the previous 12 months. TIEE reported very good results, achieving an increase in sales of almost 18% compared with 2002. This was the third consecutive year that TIEE significantly outperformed the market.

The European market for counterbalanced forklift trucks continued its steep decline as a result of the general economic slowdown. Sales in this sector decreased almost 3% in total. TIEE, however, increased its share of this market. On the other hand, sales of warehouse equipment recorded an increase of 8%. TIEE substantially outperformed the market, increasing sales

of warehouse equipment 40%.

Looking ahead, the materials handling market in Europe may again see a slight recovery in 2004: In the first quarter, the market performed better than in the corresponding period of 2003. It is expected that the slowly improving economic conditions in Europe will have a moderate but positive impact on the materials handling market.

Throughout 2004, TIEE will continue to strengthen its position within the European market by further extending its sales, distribution and after-sales network to ensure quick and effective responses to customer demands.



LOP10CF  
Low-Level Order Picker  
with Elevating Cabin

#### European Customer Commitment

Offering a full range of top-quality products, TIEE is supported by a distributor network in 22 European countries. It has earned the loyalty of its customers through an ongoing commitment to after-sales services and customer support. Most TIEE forklift trucks sold in Europe are assembled by Toyota Industrial Equipment, S.A. at its state-of-the-art facility in France. Under the theme "Made in Europe For Europe," TIEE responds to local market needs.

TIEE's key aims for 2004 are to implement after-sales training courses throughout its distributor and dealer network, shorten lead-times, reduce costs and increase overall customer satisfaction levels. The ultimate goal is to provide European customers with optimum materials handling solutions, and TIEE is well on its way to achieving this.

For more information on products and services, visit [www.tiee.com](http://www.tiee.com).



Toyota Industrial Equipment, S.A., our forklift truck production base in France, manufactures approximately 13,000 forklift trucks annually for the European market.

## Operations in China

In 2003, TMHC completed construction of a new forklift truck assembly plant within the premises of Toyota Industry (Kunshan) Co., Ltd. ("TIK"), a subsidiary of Toyota Industries engaged in the production of foundry parts in Kunshan, Jiangsu Province. TIK began production of forklift trucks in April 2003, and in calendar year 2003 assembled more than 300 units of the 1-3 ton internal combustion forklift truck. In the same period, including exports from its production facilities in Japan, TMHC sold roughly 800 units in China. Closely monitoring the trend in demand, TIK will gradually increase unit production as well as the number of models.

In May 2003, we established Toyota Material Handling (Shanghai) Co., Ltd. ("TMHS") jointly with Toyota Tsusho Corporation as a distributor of forklift trucks in China. The new company, which started operations in June 2003, will take the leading role in augmenting a dealer network and forging a stronger sales and after-sales service structure in the country.

Sales in the forklift truck market in China in calendar year 2003 were approximately 44,000 units. In 2005, TMHC expects sales to grow to 65,000 units. In response to growth in demand, TMHC will accordingly increase local production at TIK and provide quick and reliable after-sales services at TMHS with a view to further strengthening competitiveness in the growing Chinese market.



TIK, our forklift truck production base in China

## Operations in Australia

In June 2003, Toyota Industries established Toyota Industries Corporation Australia Pty Limited ("TICA") as a new distributor with a view to expanding sales of forklift trucks and other materials handling equipment. TICA started operations on July 1, 2003 after acquiring the materials handling equipment sales operations of Toyota Motor Corporation Australia Ltd., a TMC subsidiary that handled sales of these products in Australia.



Opening ceremony at TICA

## Operations in Brazil and Argentina

In January 2004, Toyota Industries established Toyota Industries Mercosur Ltda. ("TIM") in Brazil as a new distributor with the aim of enhancing sales of forklift trucks and other materials handling equipment in Brazil and Argentina, the two largest markets in South America. TIM began operations in April 2004. Prior to the establishment of TIM, materials handling equipment sales in Brazil and Argentina were carried out by TMC subsidiaries Toyota do Brasil Ltda. ("TDB") and Toyota Argentina S.A. ("TASA"), respectively. TIM took over and consolidated the materials handling equipment operations of TDB and TASA, enabling quicker decision-making and flexible business management in both markets.

By building a strong sales structure centered on TIM, Toyota Industries aims to raise its competitiveness and establish a solid position in these markets.



Guests and Brazil-based staff gather for a photo opportunity after TIM's opening ceremony in Brazil.



Guests and Argentina-based staff gather for a photo opportunity after TIM's opening ceremony in Argentina.



**Per Zaunders**  
President and CEO

## BT Industries Group

*In June 2000, BT Industries, a Swedish warehouse truck manufacturer, became an important member of the Toyota Industries Group. BT Industries plays a crucial role together with TMHC in the field of materials handling equipment.*

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

### Statement by the President of BT Industries

BT Industries is the world's leading manufacturer of electric warehouse trucks. We have achieved this position through a long-term, focused effort at every level of the BT Group. Our vision is to have the industry's highest quality, strong brands and a product range second to none.

Part of our business concept is to anticipate customers' needs for efficient materials handling and provide customized solutions. This means we have to be constantly attentive to what customers want and interpret their needs, so that we can quickly translate their demands into a range of products and services. Only by satisfying our customers can we remain a successful company in the long term.

Changing customer demands also create new opportunities for us to exploit. As a whole, this places great demands on all employees of BT Industries, regardless of the markets and functions in which they work. It is their competence that forms the backbone of BT's global organization. The BT Group is distinguished by a decentralized organization with delegated responsibility and confidence in individuals.

In today's rapidly changing world, you can never rest on your laurels. The ability to continuously change for the better is what creates competitive companies. This means that we must question the ways we think and work and constantly strive to improve. An important part of this effort is maintaining high quality in everything we do — not only our products and services but also how we work with each other within the BT Group.

#### Faster Product Development

In a marketplace with growing competition and ever-faster development, high demands are placed on the BT Group's ability to continuously develop new, competitive products and services. We maintain a long-term approach to product development and quality improvement. We are already on the cutting edge in terms of such important aspects as performance, ergonomics and safety. But there is more we can do. A key to achieving faster, more cost-efficient product development is shared use of components and modularly designed systems and platforms. We

are also working with clear objectives to renew our product range.

The cooperation between our units in North America and Europe — and also with our owner, Toyota Industries Corporation — has intensified in the last year. We have a lot to learn from each other. Methods and processes that were developed in one part of the BT Group can also be used in other parts; there is no reason to reinvent the wheel. Even though we have only taken the first steps in this respect, it is obvious that the rate of product development has improved. Investments in product development are investments in the future. Together with our size, established position and customer focus, they will help to strengthen the BT Group competitively.

Naturally, there are several areas aside from product development where opportunities for synergies exist within the BT Group and between the BT Group and Toyota Industries, such as economies of scale in production, product and component supply, and purchasing. We are cooperating more closely to identify the best methods and processes to benefit all the parties concerned, while at the same time respecting and having patience for the time it takes to achieve synergy gains. By building long-term relationships, we create opportunities to utilize each other's strengths and competencies in the best way possible. A good example of successful cooperation is the trainee exchange we have established. Young employees at BT Industries are given the opportunity to work at Toyota Industries in Japan for a period of time, in the same way that Japanese trainees can work in the BT Group in England, Sweden or the U.S., for example. In this way, we increase understanding of each other's cultures and at the same time encourage an exchange of knowledge and experience.

## Market Leader

Our core business is electric trucks. In the warehouse truck segment, we are the world leader. Our product range also includes counterbalanced forklift trucks, primarily electric-powered. Together with TMHC, which is the world's largest manufacturer of counterbalanced forklift trucks, we are the leader in the overall truck market.

Our approach is to utilize two distribution channels — BT Industries and TMHC — and to continue working with two separate brands. This is expected to achieve the greatest benefit for BT Industries and Toyota Industries as a whole, since BT Industries' focus is on customers that primarily demand warehouse trucks, while TMHC's customers consist largely of companies in industries where the emphasis is on counterbalanced forklift trucks.

At BT Industries, we utilize two main brands: Raymond in North America and BT in the rest of the world. We are a global player with approximately 20% of the world market for warehouse trucks, and we have a competitive advantage since we are the only major truck manufacturer that can supply products that meet both European and U.S. standards.

## One Group – Two Strong Brands



BT Industries uses the BT brand in Europe and the rest of the world with the exception of North America. The Raymond brand is used mainly in North America.

We are seeing a clear trend in the market in that customers want to work with a single supplier for all their truck needs. The BT Group has the product and service range, the geographic coverage and the financial resources necessary to be an attractive partner to customers with high demand for efficient materials handling. We can provide complete materials handling solutions — no matter where in the world the customers happen to be. The reliability of our turn-key offerings is what sets BT Industries apart.

We have also made a name for ourselves by the fact that service has long been an integral part of our core business. It is through our day-to-day service work that we strengthen the relationship with customers and together with them build long-term confidence in each other.

## Long-Term Growth Market

The industrial truck market, especially the warehouse truck segment, is experiencing long-term growth despite relatively

## BT Industries' Worldwide Manufacturing Bases



BT Industries presently operates seven manufacturing bases in four countries: two in Sweden, two in the U.S., two in Canada and one in Italy. Products made at these bases are sold worldwide through BT's own sales and service organizations and some 450 distributors and dealers.

weak development in recent years. Use of warehouse trucks generally follows a society's standard of living. A higher consumption level leads to a greater range of goods, which in turn necessitates more transports and more goods handling. The manufacturing industry is also using warehouse trucks to a growing extent as many large companies outsource more and more of their manufacturing to subcontractors. This is raising the volume of components being transported. In addition, goods flows are speeding up. Goods and components have to be in the right place in the right quantity at the right time. The faster this is done, the more goods handling is needed.

Ergonomics and safety are other important driving forces behind growth. Trucks should do the heavy work, not people.

The global market for trucks is overwhelmingly concentrated in Western Europe, North America and Japan, but with rising standards of living in other regions there are several interesting growth markets as well. In mature markets in the industrialized world, the historic growth rate for electric warehouse trucks has averaged 6 - 7% a year. Markets in Central and Eastern Europe, Asia and Latin America have greater growth potential as a result of their fast-growing standards of living and, consequently, consumption patterns similar to those of Western Europe and North America.

## High Activity in BT Industries

The year 2003 proved to be a long wait for an economic recovery that never really took off. However, BT Industries continued to develop well, with a high level of customer activity, positive energy in change and improvement projects, and stable profitability, despite demand being relatively weak. After a long string of years with good profitability, we are in a position of strength from which we can grow once demand turns upward again. With our broad customer base, strong product range, efficient production facilities and focus on constant improvement, I am convinced that we will not only defend our market shares and profitability but also succeed in increasing them.

## Per Zaunders

President and CEO