

Globalization of the Materials Handling Equipment Segment

Toyota Industries' Materials Handling Equipment Segment, a world leader in the production and sale of lift trucks, comprises TOYOTA Material Handling Company ("TMHC") and BT Industries AB ("BT Industries"). The two companies will cooperate globally as equal strategic partners, marketing each other's products on an OEM basis.

Competition in the materials handling equipment market is intensifying, marked by cross-border consolidation and alliances. By assuming the industrial equipment sales and marketing operations of Toyota Motor Corporation ("TMC") and acquiring BT Industries, we intend to strengthen our position as a global leader distinguished by our comprehensive lineup, superior technologies and responsiveness to customer needs.

Brand Portfolio of the Materials Handling Equipment Segment

The Materials Handling Equipment Segment will continue to provide products under the TOYOTA and BT brands. TMHC uses the brand name TOYOTA L&F in Japan and Toyota Industrial Equipment in other regions. BT Industries uses

primarily the brand names BT in Europe and other regions and Raymond in North America. While maintaining their own brand names, TMHC and BT Industries will cooperate closely in seeking to develop potential benefits of synergy to the maximum.

TOYOTA Material Handling Company

Japanese market



Non-Japanese markets



Industrial equipment made by Toyota Industries 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 AB

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 has the Cesab, Prime-Mover and Lift-Rite brand names used in certain areas.

TOYOTA Material Handling Company



Gearing Up for Future Growth

In April 2001, Toyota Industries took over the industrial equipment sales and marketing operations of TMC. From 1956, when the first TOYOTA-brand forklift truck was launched, TMC had been responsible for the sales and marketing of materials handling equipment developed and manufactured by Toyota Industries. With the transfer, Toyota Industries assumed full responsibility for all materials handling equipment operations on a global basis.

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 will make for more flexible management, faster decision-making and strengthened global competitiveness.

Consequent to the above move, the section that handles TOYOTA-brand forklift trucks within the Materials Handling Equipment Segment became TOYOTA Material Handling Company, an in-house corporate entity within Toyota Industries. TMHC acts as a virtual company with its own management, enabling it to operate in close line with market changes. TMHC also subsumed some of TMC's domestic forklift truck sales subsidiaries and the Industrial Equipment

Division of Toyota Motor Sales, U.S.A., Inc., also transferred in April 2001. We also absorbed other related operations, including TMC's industrial equipment sales subsidiaries in Europe.

Operations in Japan

The forklift truck markets in advanced countries, including Japan, are maturing, and demand therefore tends to follow the business cycle. Calendar year 2001 saw total demand in the domestic market increase by 2.9% over 2000 while TMHC outperformed market demand, increasing unit sales by 3.8% and recording a record-high market share of 40.6%. The consolidation of manufacturing and sales operations was a key factor in this achievement.

TMHC supplies TOYOTA-brand forklift trucks and materials handling systems through an established sales network of 43 dealers throughout the country. To provide optimal solutions to customers who want higher materials handling efficiency, we also sell warehouse trucks other than counterbalanced forklift trucks. In October 2001, we marketed the fully remodeled High-Pick Lift, an electric order picking truck for loads of 0.5 to 1.5 tons.

Although the Japanese forklift truck market is expected to improve marginally in the second half of fiscal 2002, a full recovery will take longer. In these circumstances, we have embarked on a full-fledged fleet management program targeted at increasing Toyota Industries' presence in the fleet market and set up a specialized section within TMHC. In April 2001, we introduced BT Industries' hand pallet trucks on an OEM basis into the Japanese market to enhance our warehouse truck lineup. In May 2002, we started sales of electric pallet trucks, also on an OEM basis. We will continue to introduce BT Industries' products step by step.

In April 2001, the TOYOTA Material Handling Customer Center opened for business. The Center, located just east of Tokyo in Ichikawa, markets TMHC's products and also offers consulting services.



TOYOTA Material Handling Customer Center

Supported by TMHC's accumulated know-how and a broad lineup of software and hardware, including forklift trucks, racks and materials handling systems, the engineers at the Center can provide customized total materials handling solutions, from efficient equipment layout to inventory analysis.

Operations in the U.S.A.

The year 2001 was a time of transition and challenge in the U.S. for both the Toyota Group's industrial equipment operations and the forklift truck industry. As part of the Toyota Group's strategy to strengthen its global materials handling operations, Toyota Industrial Equipment, formerly a division of Toyota Motor Sales, U.S.A., Inc., was acquired by Toyota Industries Corporation. This resulted in the formation of a new sales company in the U.S., Toyota Material Handling, USA, Inc. ("TMHU"), which is responsible for TMHC's sales operations in the United States.

The already faltering U.S. economy was hit hard by the tragic events of September 11, and the industrial equipment sector did not escape this impact. In 2001, retail orders for the industry as a whole slipped more than 30%. However, TMHU's commitment to growth helped the company reach new market share records while remaining profitable. In 2001, TMHU became the exclusive industrial equipment supplier to the United States Postal Service for the next ten years. This, along with other strategic partnerships, helped TMHU to grow in a depressed market.



For 2002, the market is moving slowly into recovery. Current trends center on environmental and safety considerations, increased productivity and reduced operating expenses, leading to increased demand for energy-efficient electric forklift trucks. TMHU has taken advantage of this trend with the successful launch of its new line of 7-Series electric lift trucks in 2000 and 2001. These new four-wheel electric lift trucks offer advanced performance features, including an AC drive system with power regeneration technology for greater efficiency and productivity. The line offers a broad range of lift capacities to suit most industry applications, and each model incorporates TMHC's exclusive System of Active Stability (SAS) for increased safety and stability.

Headquartered in Irvine, California, TMHU has been offering high-quality lift trucks in the U.S. for 35 years. With a reputation for quality and durability, TOYOTA is one of the best-selling brands of forklift trucks in the world. Approximately 95% of Toyota lift trucks sold in the U.S. are assembled by Toyota Industrial Equipment Manufacturing, Inc., in Columbus, Indiana. TMHU's commitment to customer service extends nationwide. Eighty authorized dealers with a total of 182 facilities located throughout the U.S. offer comprehensive customer support, including one-stop shopping for Toyota Industrial Equipment lift trucks, parts,



service, financing and rentals.

In 2002, TMHU will continue its rise as a comprehensive industrial equipment service provider in the U.S., while maintaining Toyota Industries' No. 1 position in U.S. counterbalanced forklift truck sales and market share. TMHU is focused on attaining the No. 1 position in all product classes. For more information on TMHU, please visit www.toyotaforklift.com.

Operations in Europe

Toyota Industrial Equipment Europe, S.A.R.L. ("TIEE"), the European division of TMHC, offers a comprehensive lineup of forklift trucks and warehouse products for use in a variety of materials handling situations. Building on its corporate theme of "Share Our Strength," TIEE is continuously developing its products and services to meet changing customer needs in the European market. With its marketing headquarters in



Brussels, TIEE provides extended marketing and sales support to distributors all over Europe. It is responsible for identifying and analyzing customers' needs and passing on this information to technical and research departments for implementation. TIEE manages an extensive after-sales service to guarantee continuous operation of its products. Extremely short delivery times are ensured through a European centralized spare parts distribution network. European customers are supported and serviced through the local

Toyota network across 20 European countries.

The year 2001 brought many challenges in economic and market conditions. However, TIEE succeeded in outperforming market trends and conditions, achieving a year-on-year sales increase of 5% in 2001.

In general, the European economy started to slow in the beginning of the second quarter of 2001, as a delayed result of the recession in the U.S. The tragic events of September 11 accelerated this downward trend. The German economy in particular performed worse than expected.

The market for counterbalanced forklift trucks suffered severely from the general economic conditions in 2001, but TIEE managed to maintain its market share of about 10% and to keep orders at the same level as in 2000. The market for warehouse equipment showed more resistance to the economic situation, growing by approximately 12% over the year 2000. Again, TIEE succeeded in outperforming the market, with orders up 40%.

Market analysts expect the European economy to recover over the second and third quarters of 2002, and the market for counterbalanced forklift trucks and warehouse equipment will likely pick up in response. The first few months of 2002 showed signs that the downward trend is indeed stabilizing.

As a whole, 2002 promises to be a very exciting year for TIEE. In May, TIEE moved to new European headquarters in Brussels. From there, it will continue its efforts to extend its European sales, distribution and after-sales network in order to ensure a quick and effective response to customers' demands. TIEE will continue to invest heavily in new engineering technologies and manufacturing techniques, and provide existing and new customers with state-of-the-art products. Among the innovative products scheduled for launch during 2002 are the Generation 7 Stackers, the 7FBRE reach truck and the Easymover handy electric pallet truck. The extended range of warehouse equipment was introduced at the CeMAT fair in Hannover in April 2002. Later in the year TIEE will launch the 7FBMF, a counterbalanced forklift truck featuring the latest technology that is destined to set revolutionary new standards for the industry in productivity, safety, ergonomics and reliability. For more information on products and services, visit www.tiee.com.

Note: The fiscal years of Toyota Material Handling USA, Inc. and Toyota Industrial Equipment, S.A.R.L. run from January 1 to December 31.

BT Industries

In June 2000, Toyota Industries acquired BT Industries, a Swedish warehouse equipment manufacturer, and made it a subsidiary. BT Industries is the world's leading manufacturer of warehouse trucks.

A Message from BT Industries' President

BT Industries Stays Strong in a Declining Market



Carl-Erik Ridderstråle (left), credited with having transformed BT Industries into the world leader in warehouse equipment, was succeeded as president and CEO by Per Zaunders (right) on June 1, 2002.

Demand for warehouse trucks weakened in 2001, but BT Industries achieved continued growth in revenue and income. This was helped by, among other things, a good order backlog at the beginning of the year. The year was also notable for further investments in product development and increased market coverage.

BT Industries is the world's leading manufacturer of electric warehouse trucks and manual trucks, so-called hand pallet trucks, and these lines are complemented by a broad range of counterbalanced trucks. But efficient materials handling involves much more than hardware. BT Industries also offers a wide range of services, including repair and maintenance solutions, fast, efficient distribution of spare parts, driver training, various leasing alternatives and truck financing. In fact, service is BT Industries' core business, allowing customers to concentrate on theirs.

Several of our client industries are undergoing consolidation

through mergers and acquisitions, with large international companies leading the way. At the same time, there is a trend for customers to concentrate on their core businesses and subcontract their entire materials handling operations. Both these developments call for BT Industries to provide turnkey solutions across borders. Companies want access to the concepts they use in their home markets no matter where else in the world they set up operations. Thanks to its Group's global presence, BT Industries has a competitive advantage. It is the only lift truck producer that can provide customers with full product lines that meet both European and U.S. standards.

One reason why BT Industries has succeeded in establishing long-term relationships with its customers is its ability to develop along with them. Short-term rental and multi-year leasing represent an important and growing share of BT Industries' operations. The leasing concept in Europe allows customers to calculate their truck costs in advance. It also eliminates the need to tie up capital that can be better used in other areas of their operations. A few years ago, one of every three trucks BT Industries delivered in Europe was part of some form of rental agreement. Today, the figure is



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

nearly 40%. In North America, BT Industries has an extensive leasing business, with independent dealers usually responsible for maintenance and service. In this case as well, freeing up capital, in combination with access to sufficient truck capacity, is an important factor in customers' decisions.

The lift truck market is experiencing long-term growth, particularly with regard to warehouse trucks. The market for electric warehouse trucks has grown by an annual average of 6–7% over the past 30 years. Despite a temporary decline in 2001, average growth over the last ten years has been even higher. This is a reflection of increases in consumer spending and changes in spending patterns. One example is the consumer goods sector, where a growing share of finished and semi-finished goods is distributed directly to end-users. Another is the trend among large engineering companies toward outsourcing of production, allowing them to focus on assembly. As a result, higher volumes of components have to be transported.

The global market for lift trucks is largely concentrated in regions with high levels of consumer spending, such as Europe, North America and Japan. But as their standards of living rise, developing countries, particularly in Eastern Europe, Southeast Asia and Latin America, are also becoming highly attractive markets for BT Industries. There are exciting developments ahead in these markets.

Before its acquisition by Toyota Industries in June 2000, BT Industries was the world leader in warehouse trucks and Toyota Industries was the world leader in counterbalanced trucks. Now, BT Industries and Toyota Industries' lift truck operations complement each other geographically as well as in terms of products, resources and competence. Together, the two command over 20% of the total global market for lift trucks, making it the market leader in the industry as a whole.

Toyota Industries and BT Industries are continuously developing their cooperation, engaging in various joint projects and benefiting from an increased exchange of knowledge and experience. This cooperation is helping to increase our competitive strength.

In 2001, the global market for lift trucks was adversely affected by the major economic slowdown in North America. BT Industries adapted its production to the weaker market. In



Europe, demand remained good, although a decline was noted toward the end of the year. Demand also fell in markets outside Western Europe and North America late in the year.

Orders received increased to SEK12.2 billion, up 2% over 2001, while sales rose by 15% to SEK13.2 billion. A very good order backlog at the start of the year contributed to the sales increase and income trend. Income after net financial items was SEK888 million, up 8%.

BT Industries is continuing to add capacity. During the last two years, capacity has been expanded at the production units in Mjölby (Sweden), Bologna (Italy) and Brantford (Canada). These investments demonstrate confidence in the long-term growth of the industry and our ability to make the most of future opportunities. Continued investments in product development should be seen from the same perspective. In 2001, BT Industries launched several important new products. At the main U.S. plant in Greene, New York, ground was broken on a facility that will house product development and a demonstration hall.

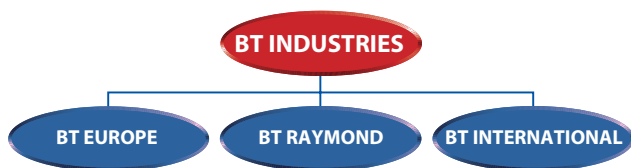
In 2002, the North American market is expected to recover and then grow modestly. In Europe and the rest of the world, BT Industries anticipates that demand will develop more weakly than in 2001. However, BT Industries has very good prospects of further expanding its operations in mature markets such as Western Europe and North America as well as in growth markets.

In this section, we explain BT Industries' organization, market trends in fiscal 2001 and future prospects.

Organization of BT Industries

BT Industries' products and services are marketed in some 70 countries around the world. Operations are divided into three geographic business areas: BT EUROPE (Western Europe), BT RAYMOND (North America) and BT INTERNATIONAL (rest of the world). The BT Industries Group has seven production units. In Europe, there are two plants in Mjölby, Sweden, and one in Bologna, Italy. In the U.S., there are plants in Greene, New York, and Muscatine, Iowa. In Canada, there are production facilities in Brantford and Toronto, Ontario.

The BT Industries Group's sales and service activities are carried out by its own companies as well as by partly owned associated companies and independent dealers. The BT Industries Group comprises a total of 70 companies and it cooperates with around 450 dealers spread across much of the world. BT Industries Group operations are managed through the parent company, BT Industries AB, part of Toyota Industries Corporation since 2000.



Note: The BT Industries Group comprises some 70 companies with global coverage. BT Industries' operations are organized into three business areas.

Market Trend

The global market for the year 2001 for lift trucks (excluding manual trucks) is estimated at 591,000 units, with warehouse trucks accounting for approximately 41% and electric- and combustion-powered counterbalanced trucks for 19% and 40%, respectively.

BT Industries' principal focus remains warehouse trucks. In recent years, the product range has been broadened to include mainly electric counterbalanced trucks. Since Toyota Industries' main focus is counterbalanced trucks, BT Industries and Toyota Industries' products complement each other. The

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 own sales and service organizations and some 450 distributors and dealers.

lift truck market is concentrated in the industrialized world. Approximately 78% of demand for warehouse trucks is in Western Europe, North America and Japan. 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 the service market.

The largest suppliers in the market consist of around ten companies based in Europe, the U.S. or Japan. Some are focused mainly on counterbalanced trucks, while others, like BT Industries and Toyota Industries, offer both warehouse and counterbalanced trucks. With a market share of over 20%, BT Industries and Toyota Industries together are the world leader.

Despite a weak market in 2001, the lift truck market is undergoing long-term growth. This applies in particular to the market for electric warehouse trucks. During the past 30 years demand for electric warehouse trucks in Western Europe and North America has grown by an average of 6–7% a year. Emerging markets in Eastern Europe, Southeast Asia and South America have grown by more than 10% annually in the last decade. Demand for warehouse trucks is driven mainly by a society's standard of living. A higher standard of living leads to more commerce and an increased flow of goods, which in turn raises the demand for efficient distribution.

BT Industries expects demand in the electric warehouse truck segment to remain at its historical growth rate.