

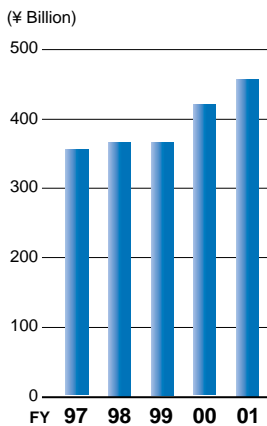
# Review of Operations

The first year of the third millennium turned out extremely well for all of Toyota Industries' businesses. Details of fiscal 2001 (April 1, 2000 to March 31, 2001) are as follows:

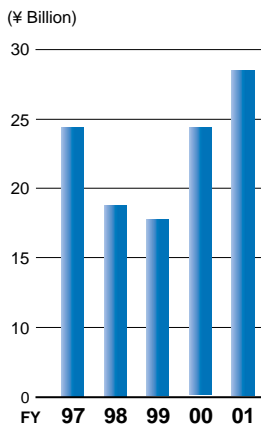
## Automobile Segment

Net sales of the Automobile Segment in fiscal 2001 totaled ¥457.6 billion (US\$3,693.6 million), up 8.1% over fiscal 2000 (April 1, 1999 to March 31, 2000) and representing 59.6% of total net sales. Operating income was ¥28.5 billion (US\$230.2 million), up 16.8%.

Net Sales of the Automobile Segment



Operating Income of the Automobile Segment



## Vehicle Business

The vehicle business accounts for the largest portion of sales in the Automobile Segment. During the year under review, Toyota Industries manufactured two TOYOTA-brand models, the Vitz (Yaris), TMC's global strategic small car, and the Sprinter Carib (exported outside Japan as the Corolla Wagon), a compact station wagon.

Because the model was nearing the end of its life cycle, the number of Sprinter Caribs (Corolla Wagons) sold in fiscal 2001 decreased by 15,075 units from fiscal 2000 to 13,454 units. On the other hand, although two years have passed since the commencement of production in January 1999, sales of the Vitz (Yaris) increased to 262,460 units, up 38,360 over fiscal 2000. These models are manufactured under consignment from TMC and are all sold to TMC.

Total net sales reached ¥195.9 billion (US\$1,581.0 million), up 2.3% over fiscal 2000.

Toyota Motor Manufacturing France S.A.S., a manufacturing subsidiary of TMC, started production of the Yaris in January 2001. Domestic production for export will therefore gradually decrease. However, because we received new orders from TMC to produce the RAV4, a compact sport utility vehicle, starting May 2001, and the bB Open Deck, a tall, box-like, compact vehicle with a small pickup bed, starting June 2001, we expect the impact to be minimal.

## Engine Business

The major products in Toyota Industries' engine business are diesel and gasoline engines for TOYOTA-brand automobiles and forklift trucks.

Diesel engines sold in fiscal 2001 totaled 170,344 units, down 3.5% from fiscal 2000. This result reflects a reduction in shipments of 2000cc class C-type diesel engines and 4000cc class HZ-type diesel engines, which outweighed an increase in shipments of 2000cc class direct injection 1CD-type diesel engines with a common rail fuel system, and diesel engines for forklift trucks.

Gasoline engines sold in fiscal 2001 totaled 182,719 units, up 10.9% over fiscal 2000. This result mainly reflects increased sales of 5E-type and Y-type engines in line with a recovery in the domestic automobile market. New orders from TMC to produce 2UZ-type gasoline engines also helped.

The total number of engines sold in fiscal 2001 increased 3.5% to 353,063. Total net sales of the engine business amounted to ¥102.1 billion (US\$824.0 million), up 11.1%.

## Car Air-Conditioning Compressor Business

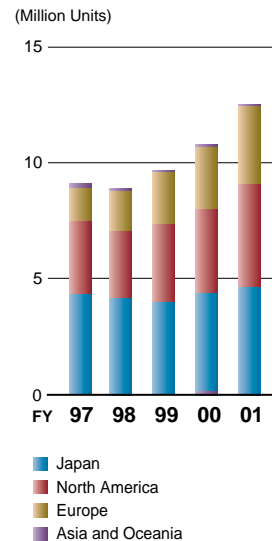
This business develops and manufactures compressors, a core part of car air-conditioning systems.

New orders and stable car sales contributed to a sound performance in both domestic and overseas markets.

Car air-conditioning compressors sold in the domestic market totaled 4.6 million units, up 8.7% over fiscal 2000.

In North America, despite an economic slowdown in the U.S., sales increased to 4.4 million units, up 18.0%. Fixed displacement compressors, which have excellent reliability at high running speeds, were particularly well received by customers.

Car Air-Conditioning Compressor Unit Sales



Car air-conditioning compressors produced for the European market totaled 3.4 million units, up 26.2% over fiscal 2000. This result reflects an expansion in the European market due to the increase of cars fitted with air conditioners, as well as the winning of new orders after fierce competition among rival manufacturers. In Europe, our variable displacement compressors for luxury cars are highly regarded. We are now making efforts to increase sales of variable displacement compressors for compact cars.

Total units sold in fiscal 2001 amounted to 12.5 million, up 16.6% over fiscal 2000. Total net sales were ¥139.6 billion (US\$1,126.5 million), up 16.0%.

All car air-conditioning compressors manufactured by Toyota Industries are sold to major automobile manufacturers globally through DENSO Corporation.

## Materials Handling Equipment Segment

The Materials Handling Equipment Segment encompasses the industrial vehicle business and the materials handling system business, which includes automated storage and retrieval systems and automatic guided vehicle systems. Industrial vehicle business sales accounted for about 97% of the Materials Handling Equipment Segment in fiscal 2001.

Total net sales of the Materials Handling Equipment Segment were ¥236.5 billion (US\$1,908.8 million), up 58.6% over fiscal 2000. Operating income was ¥14.5 billion (US\$117.4 million), up 153.0%. These figures include the second half of BT Industries, acquired in June 2000.

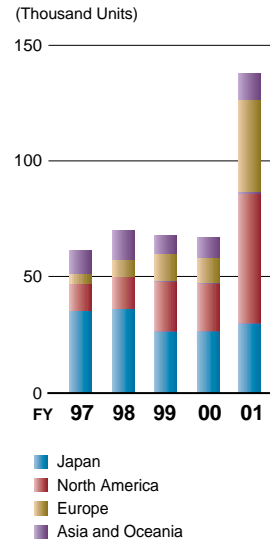
### Industrial Vehicle Business

Despite signs of a downturn in the U.S. economy in the second half of fiscal 2001, overall demand in the U.S. and Europe remained fairly strong. Unit shipments of industrial vehicles such as forklift trucks for overseas markets increased 4,741 units over fiscal 2000 to 44,419 units (excluding those of BT Industries). In Japan, increased private sector capital equipment investment boosted sales. The GENE0-B (7FB overseas), an electric counterbalanced forklift truck, sold well among environmentally conscious users. In January 2001, we launched the GENE0-R, a new electric reach truck. As a result of these factors, our share of forklift truck sales in the domestic market in fiscal 2001 exceeded 40% for the second consecutive year. Unit shipments totaled 27,500, up 2,688 over fiscal 2000. Total shipments of other industrial vehicles, including tow tractors, skid steer loaders, shovel loaders and scrubbers, decreased 201 units to 1,974 units over fiscal 2000.

The main product of Toyota Industries' industrial vehicle business had always been the counterbalanced forklift truck. In June 2000, as part of our global strategy, we acquired 97% of the outstanding shares of BT Industries AB of Sweden for SEK7.4 billion (US\$759.3 million)\*<sup>1</sup>, to complement and strengthen our product lineup. As a result, Toyota Industries

\*<sup>1</sup> U.S. dollar amounts have been translated from Swedish krona, for convenience only, at the rate of SEK9.69 = US\$1. After the June 2000 purchase, we continued to buy BT Industries' shares, holding 98.2% of its equity as of March 31, 2001.

### Industrial Vehicle Unit Sales\*<sup>2</sup> (Shipments from Plants)



\*<sup>2</sup> The figure for fiscal 2001 includes the unit shipments of BT Industries.

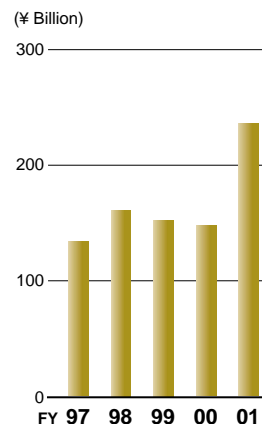
can not only offer industrial trucks but can also provide comprehensive materials handling solutions. BT Industries continued to perform well during calendar 2000.

In addition, an agreement was entered into in December 2000 to transfer TMC's industrial equipment sales division to Toyota Industries. As a result, as of April 1, 2001, all of TMC's industrial equipment and related operations were combined within Toyota Industries. These moves will enable us to provide products and services that further satisfy customer needs.

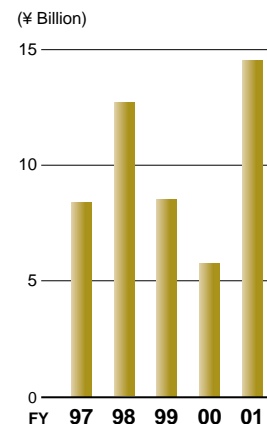
### Materials Handling System Business

The materials handling system business develops and manufactures systems such as automated storage and retrieval systems and automatic guided vehicles for the Japanese market. As a result of a slight recovery in equipment investment in the private sector and enhanced sales efforts, sales increased by more than 80% over fiscal 2000.

#### Net Sales of the Materials Handling Equipment Segment



#### Operating Income of the Materials Handling Equipment Segment



## Textile Machinery Segment

The Textile Machinery Segment consists mainly of the spinning machinery business, including ring spinning frames, and the weaving machinery business, including air-jet looms.

Net sales of this segment totaled ¥33.2 billion (US\$268.3 million), up 43.7% over fiscal 2000. Operating income improved dramatically to ¥35 million (US\$0.28 million), thanks to increased sales and the positive effects of structural streamlining. The export ratio is very high in this business, and exports accounted for 94.6% of total net sales for fiscal 2001.

### Spinning Machinery Business

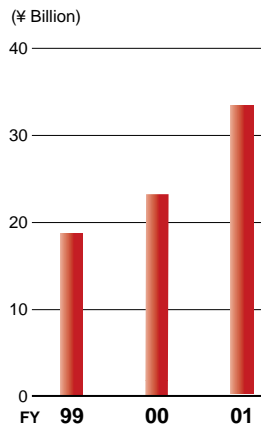
The spinning machinery business won new orders from Uzbekistan and increased sales in Thailand, Pakistan and Indonesia. As a result, net sales totaled ¥11.8 billion (US\$95.4 million), up 101.0% over fiscal 2000. This business also includes the manufacture and sale of roving frames and drawing frames.

### Weaving Machinery Business

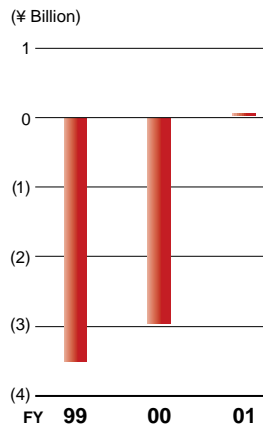
Orders from South Korea and Taiwan for air-jet looms, the core product of this business, decreased. This was offset by dramatically increased sales in China, as well as moderate sales increases in Indonesia and Thailand. As a result, the number of units sold totaled 4,578, up 973 over fiscal 2000. Sales of water-jet looms totaled 1,202 units, up 391 units, due mainly to increased sales in China and South Korea. Total sales of the weaving machinery business increased 24.1% to ¥21.4 billion (US\$172.8 million).

We continue to promote rationalization of our Textile Machinery Segment in order to raise productivity, and are also working to lower costs and strengthen the product line.

Net Sales of the Textile Machinery Segment<sup>\*3</sup>



Operating Income of the Textile Machinery Segment<sup>\*3</sup>



<sup>\*3</sup> From fiscal 1999, the Textile Machinery Segment has been separated from the Others Segment.

## Others Segment

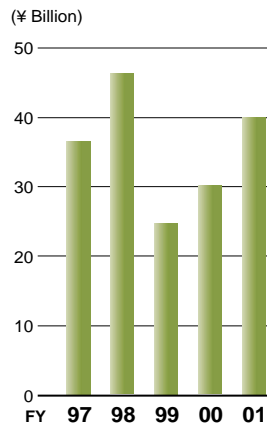
The Others Segment comprises businesses that we entered comparatively recently. Although the businesses are still small, they are expected to grow rapidly and become strategic operations of Toyota Industries.

ST-LCD<sup>\*4</sup>, a joint venture with Sony Corporation, forms the core of our Others Segment. It produces low-temperature poly-Si TFT LCDs, expected to become a next-generation LCD. In addition, TIBC was established as a joint venture with Ibiden Co., Ltd., and began production of plastic package substrates for IC chipsets in April 1999. This segment also covers the press die business and others.

Although the growth of high-tech companies, our main customers, slowed slightly in calendar 2000, both ST-LCD and TIBC expanded sales according to plan. Net sales of this segment totaled ¥40.0 billion (US\$322.9 million), up 32.8% over fiscal 2000. Operating income was ¥4.4 billion (US\$35.2 million), up 480.5%.

<sup>\*4</sup> Net sales of ST-LCD are accounted by the equity method and are not included in consolidated net sales and operating income or loss.

Net Sales of the Others Segment<sup>\*4</sup>



Operating Income of the Others Segment<sup>\*4</sup>  
(Including Elimination of Inter-Segment Transactions)

