

# FY2006 Financial Results

*- prepared in accordance with U.S. GAAP -*



**TOYOTA** **Toyota Motor Corporation**  
**May 10, 2006**

## **Cautionary Statement with Respect to Forward-Looking Statements**

This report contains forward-looking statements that reflect Toyota's plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include: (i) changes in economic conditions and market demand affecting, and the competitive environment in, the automotive markets in Japan, North America, Europe and other markets in which Toyota operates; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar, the euro, the Australian dollar and the British pound; (iii) Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (iv) changes in the laws, regulations and government policies in the markets in which Toyota operates that affect Toyota's automotive operations, particularly laws, regulations and policies relating to trade, environmental protection, vehicle emissions, vehicle fuel economy and vehicle safety, as well as changes in laws, regulations and government policies that affect Toyota's other operations, including the outcome of future litigation and other legal proceedings; (v) political instability in the markets in which Toyota operates; (vi) Toyota's ability to timely develop and achieve market acceptance of new products; and (vii) fuel shortages or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to, or difficulties in, the employment of labor in the major markets where Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold.

A discussion of these and other factors which may affect Toyota's actual results, performance, achievements or financial position is contained in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

## **Caution concerning Insider Trading**

Under Japanese securities laws and regulations (the "Regulations"), subject to certain exceptions, any person who receives certain material information relating to the business, etc., of Toyota which may be contained in this document is prohibited from trading in Toyota's shares or certain other transactions related to such shares (as set forth in the Regulations) until such material information is deemed to be made public. Under the Regulations, material information is deemed to be made public when (i) such material information is disclosed by ways of electromagnetic means as prescribed by the ordinance of the Cabinet Office (posting on the TDnet (Timely Disclosure Network) information service and ED-NET (Electronic Disclosure Network) information service ) or (ii) twelve (12) hours have elapsed since a listed company, such as Toyota, disclosed such material information to at least two (2) media sources as prescribed by the Regulations.

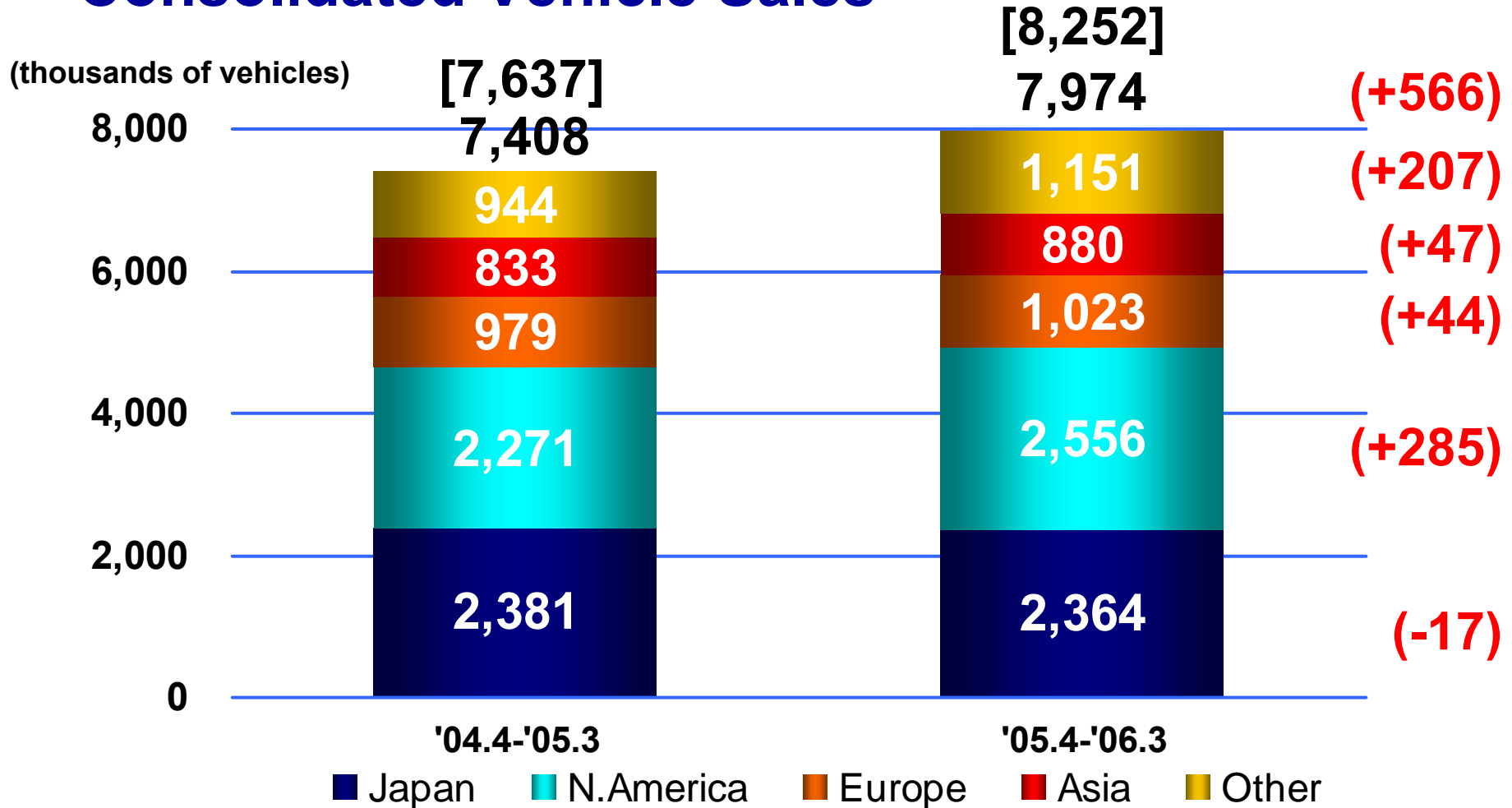
**Takeshi Suzuki**

**Senior Managing Director**

**TOYOTA**

# FY2006 Summary

## Consolidated Vehicle Sales



**TOYOTA**

Figures in brackets show total retail unit sales of Toyota, Daihatsu, and Hino vehicles.

Figures in parentheses show year-on-year changes

# FY2006 Summary

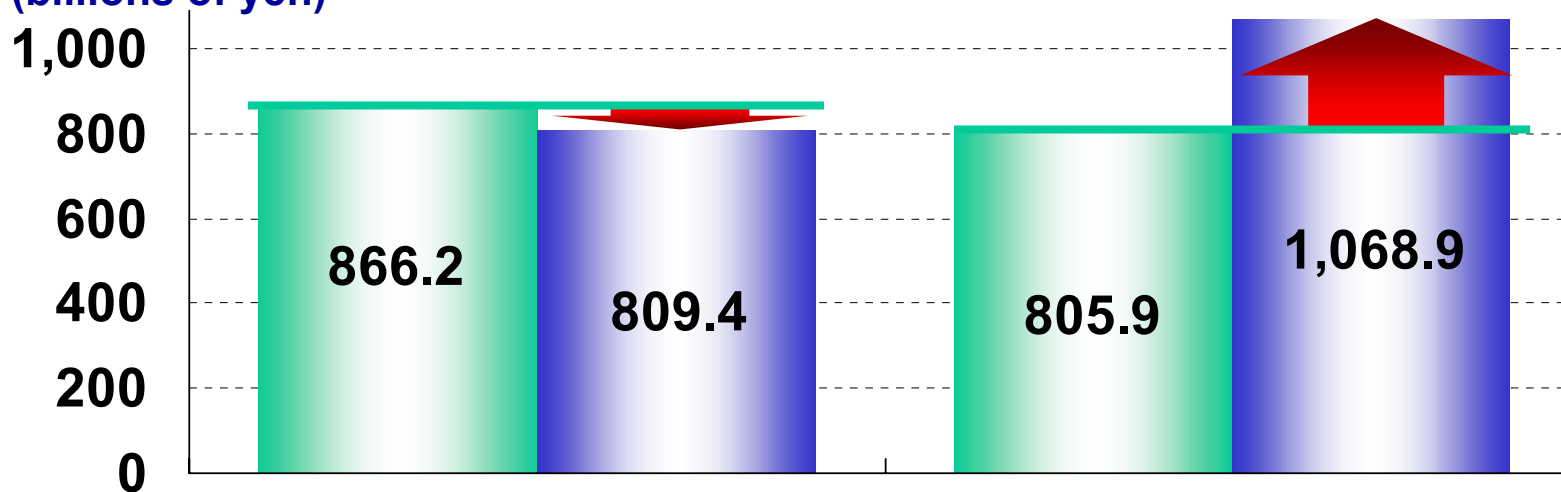
Consolidated Net Revenue: Year-on-year Change  
**21,036.9 billion yen (13.4% up)**

Consolidated Operating Income:  
**1,878.3 billion yen (12.3% up)**

Consolidated Net Income:  
**1,372.1 billion yen (17.2% up)**

## Operating Income by Quarter

(billions of yen)



1st Half

2nd Half

**TOYOTA**

■ 04.4-05.3

■ 05.4-06.3

# Growth to Aim

**Stable & Long-term Growth**

**Improve Quality**



**TOYOTA**

# 05.4-06.3

## Major Activities

- ✓ Taking in market growth through improvements of Tech. and products
- ✓ Creating and developing a new market through HV system
- ✓ Increasing production capacity to respond flexibly to global demand growth
- ✓ Building brand in the global premium vehicle market

**TOYOTA**



## **<05.4-06.3> Strength of Products & Tech.**

**Toyota products won customers' trust through responding to market needs**

Increased global sales by strength of products

(Strength of Product) = Quality, Performance, Fuel Economy, Safety Tech.

Environmentally Friendly Features, Price, Design, etc.

### **<Major New Products>**



**Avalon (NA)**



**Vitz / Yaris (Japan-NA-Europe)**



**Fortuner (Asia -Other Region)**



**Tacoma (NA)**



**RAV4(Japan-NA-Europe)**



**Mark X / REIZ (Japan-China)**

➔ Use marketing expenses efficiently, and increase sales by new products  
➔ Lead to profit growth

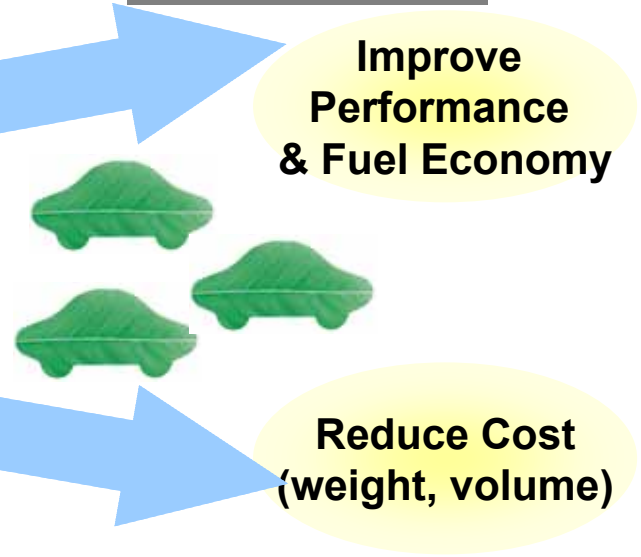
**TOYOTA**

# <05.4-06.3> Strength of Products & Tech.

Hybrid System : Improve power performance & Reduce cost

Sales Units of HVs 263K units (YOY change:120K units up)  
→ Achieved 600K units of cumulative sales

➔ Aim 1 million of annual sales units as a market leader  
(Plan to achieve the target in early 2010s)



**TOYOTA**

\*THS : Toyota Hybrid System

# <05.4-06.3> Production Capability

Increased production capacity in Japan :  
To respond quickly and flexibly to growing demands in globe













Basic Policy : Manufacture where the demand is  
(Increase production capacity outside Japan)

Demand exceeding the plan

Increase in domestic production capacity (3.5mil ▶ 3.8mil)

- Quick start-up
- Flexibility in response to demand change
- Efficient investment

Increase in overseas production capacity  
(Equivalence to domestic production in quality and investment efficiency)

	04	05	06	07	08
Japan		 <b>Kyushu</b> 200k  <b>Iwate</b> 100k			
Overseas	 <b>Mexico</b> 30k <b>Turkey</b> (expansion) +50k <b>France</b> (expansion) +50k <b>Tianjin 1st Plant</b> (expansion) +30k	 <b>TPCA</b> (expansion) 100k  <b>Tianjin 2nd Plant</b> 100k  <b>UK</b> (expansion) +65k	 <b>Texas</b> 200k <b>France</b> (expansion) +30k  <b>Guangzhou</b> 100k <b>Thailand</b> (expansion) +90k	<b>SIA OEM</b> 100k <b>S. Africa</b> (expansion) +90k  <b>Thailand 3rd Plant</b> 100k <b>Mexico</b> (expansion) +20k  <b>Russia</b> 50k  <b>Tianjin 3rd Plant</b> 200k	 <b>Canada 2nd Plant</b> 150k

**TOYOTA**

**<05.4-06.3> Marketing & Sales Capability**  
**Development of Global Premium Brand 'Lexus'**

**Fiscal Year 2006 : 'Dawn for Global Lexus'**

**Global Sales Units 411k units/year (YOY Change; 72k up)**

➤ **Japan : New Launch**

**05.8-06.3 17k units(7 months)**

Established brand image  
in a short period

Outlets: 142 (05.8)->151(06.3)

➤ **Europe : Rebuilding**

**05.4-06.3 39k units**

Expanded Lexus  
exclusive network

Outlets: 72 (05.3)->93(06.3)

➤ **China : Building**

**Foundation**

**05.4-06.3 6k units**

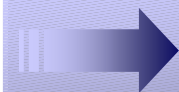
Built Lexus outlets

Outlets: 10(06.3)

➤ **N. America : Established #1 Position in Luxury Brand Segment**

Maintained exceeding sales units: **05.4-06.3 322k units**(YOY change; 34k up)

**TOYOTA**



***Lexus's Flag Ship, New 'LS'***  
***Debut in 2006***

# 06.4-07.3

## Major Activities

- ✓ Global Core Models
- ✓ Innovative Cost Reduction
- ✓ Efficient Start-up of New Overseas Plants

## <06.4-07.3> Strength of Products & Tech. Develop Appealing ‘Global Core Models’

34% of Consolidated Sales occupied by **Global Core Models** (05.4-06.3)



**IMV**

537k unit sales /year  
04 Launch



**Vitz-Yaris**

432k unit sales /year  
05 Full Model Change



**Camry**

536k unit sales /year  
06 Full Model Change



**Corolla**

1,207k unit sales /year

(# of unit sales based on global sales  
in the year 05.4-06.3)

### **Development Concept “Global Best, Local Best”**

Development of global common platform and key components

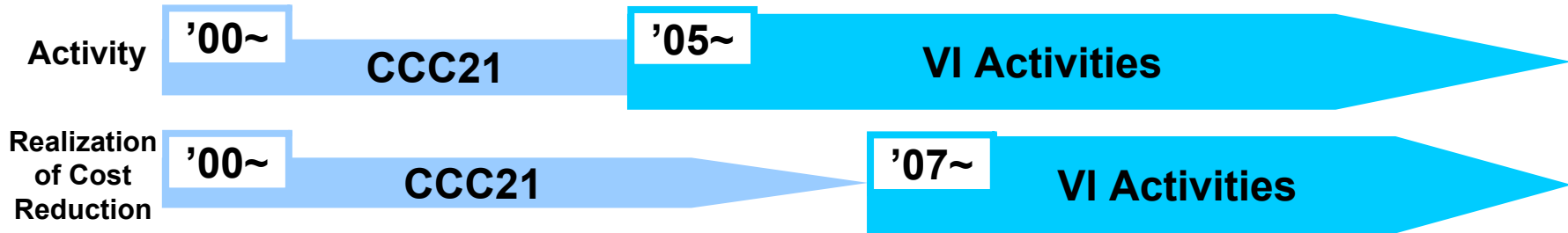
Adoption of local market needs in design and upper body development

- ✓ Develop products efficiently and globally
- ✓ Create products to satisfy customers' needs

**TOYOTA**

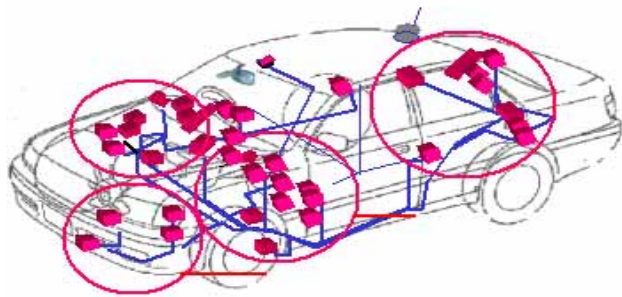
# <06.4-07.3> Cost Reduction Innovative Cost Reduction (=VI Activities)

**Aim to exceed CCC21 in terms of speed, scale and reducing amounts**



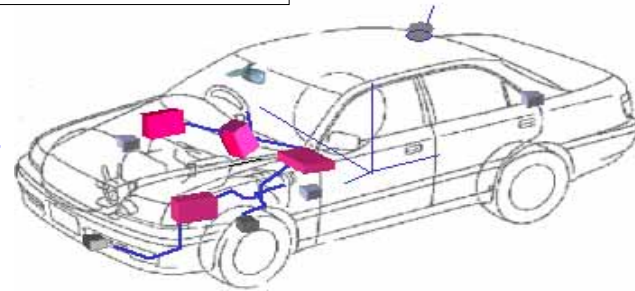
**Cost Reduction in ECU system ▶ Unite separate ECUs**

**Approx. 60 units**



Reclassify units with review the functions

**4 Functions**



- Powertrain Control
- Multi-media
- Body Control
- Safety Control

*Start with advanced development concept  
execute cost reduction  
in system-by- system*

\*ECU : Electronic Control Unit

# <06.4-07.3> Production Capability Efficient Start-up of Overseas New Plants

**06.4-07.3 Overseas Production Plan ; 329k units up YOY\*** \*Toyota/Lexus

**Expand efficient production line globally**

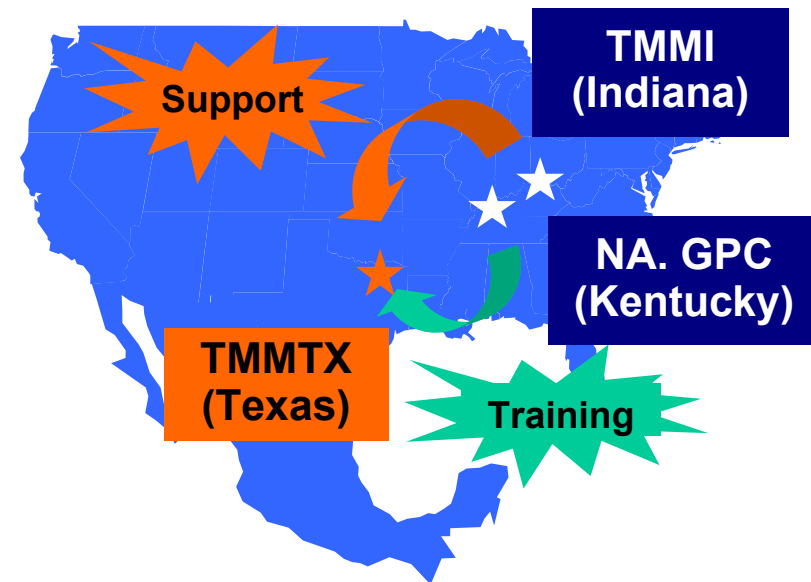
**Guangzhou, China (May)**  
<Camry --- 100k /year>



**To achieve full production  
with high quality by newest GBL**

**Strengthen self reliance of  
overseas operation**

**Texas, USA (October)**  
<Tundra --- 200k /year>

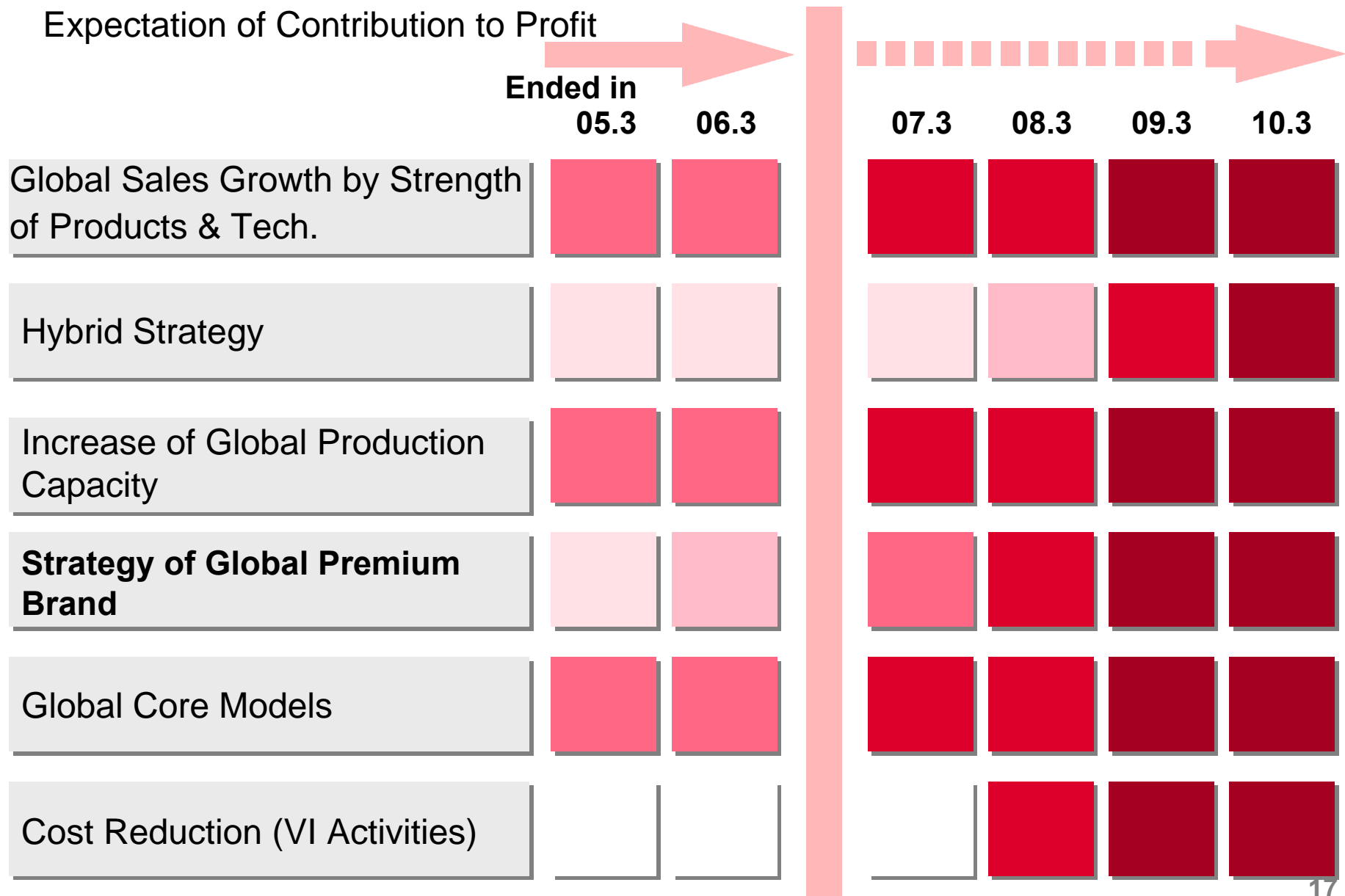


**To complete start-up programs in N.A area**



# Road Map towards Profit Realization

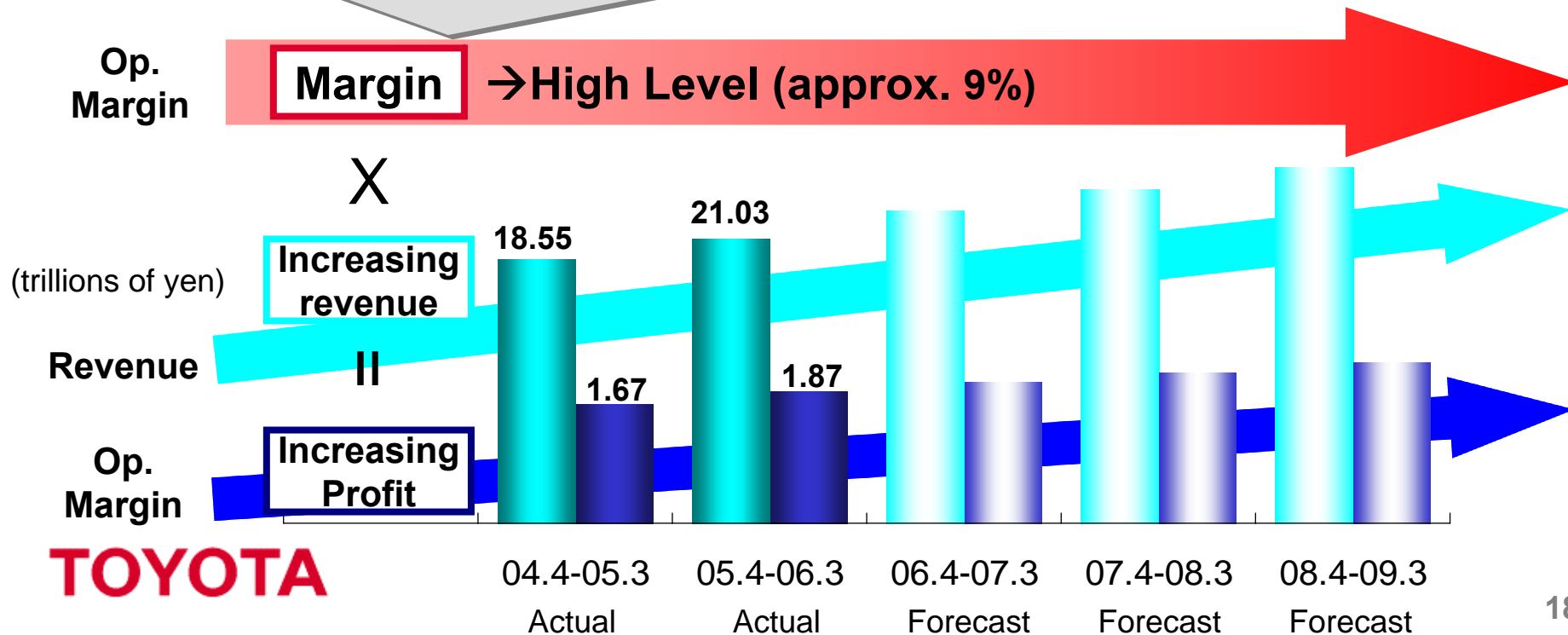
Expectation of Contribution to Profit



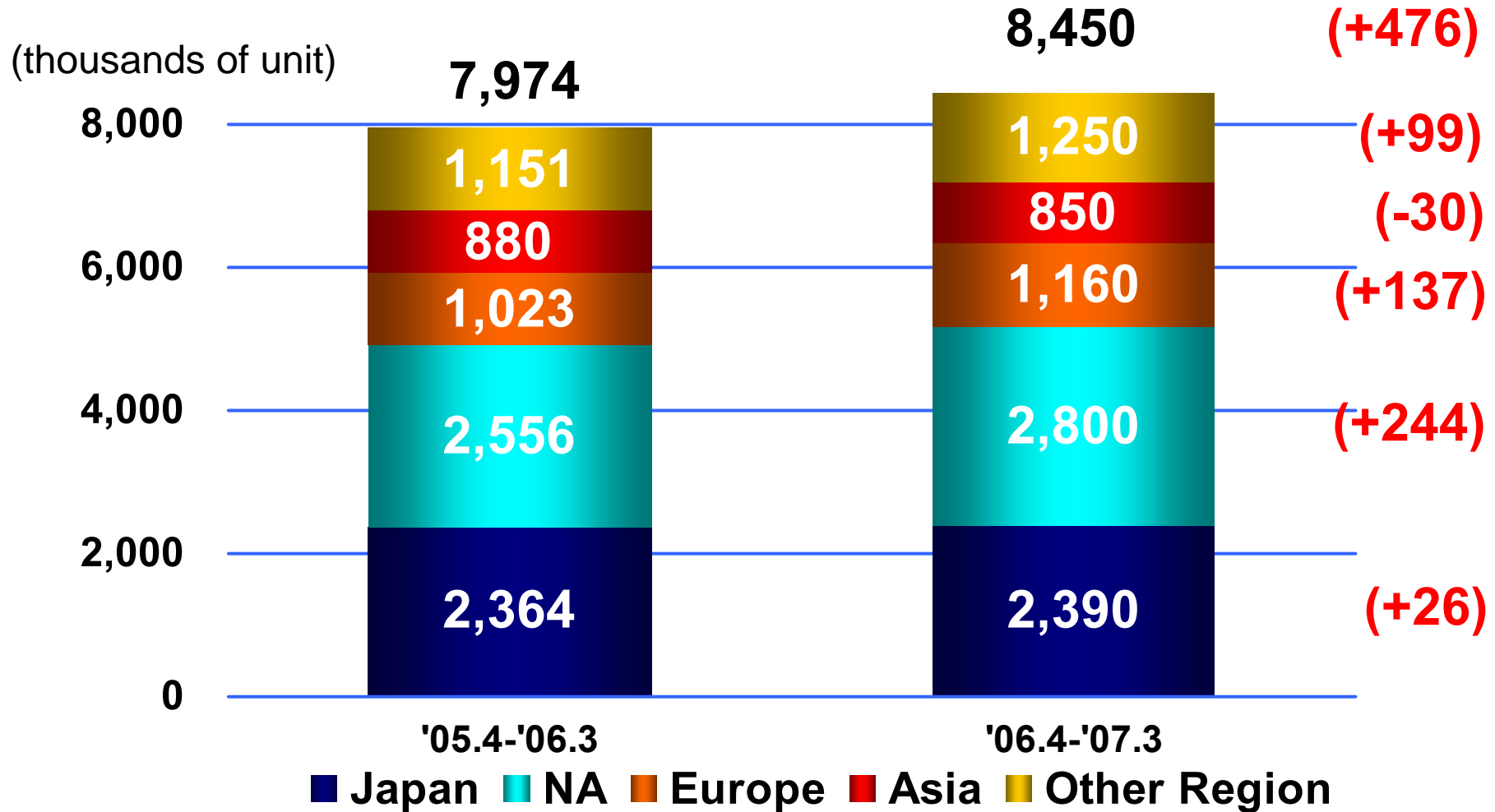
# Consistency of Growth and Efficiency

'Growth of Sales/Revenue' X 'High Level of Operating Margin'

- Marketing activities with keeping balance between achieving sales efforts and securing profits
- Cost reduction by VI activities and global management of fixed cost



# 06.4-07.3 Consolidated Prospects Vehicle Unit Sales



**TOYOTA**

Figures in parentheses show year-on-year changes

## 06.4-07.3 Consolidated Prospects

**Consolidated Net Revenue:**

**22,300 billion yen**

---

**Consolidated Operating Income:**

**1,900 billion yen**

---

**Consolidated Net Income:**

**1,310 billion yen**

---

Forex Rate

110 yen/1\$  
135 yen/1Euro

# Shareholder Return Policy



## Dividend

-Aim for 30% payout ratio on consolidated basis



## Share Buyback

-Improve capital efficiency(ROE)  
-Provide support in case of demand-supply imbalance

# Shareholder Return

## Dividend : 90 yen per share

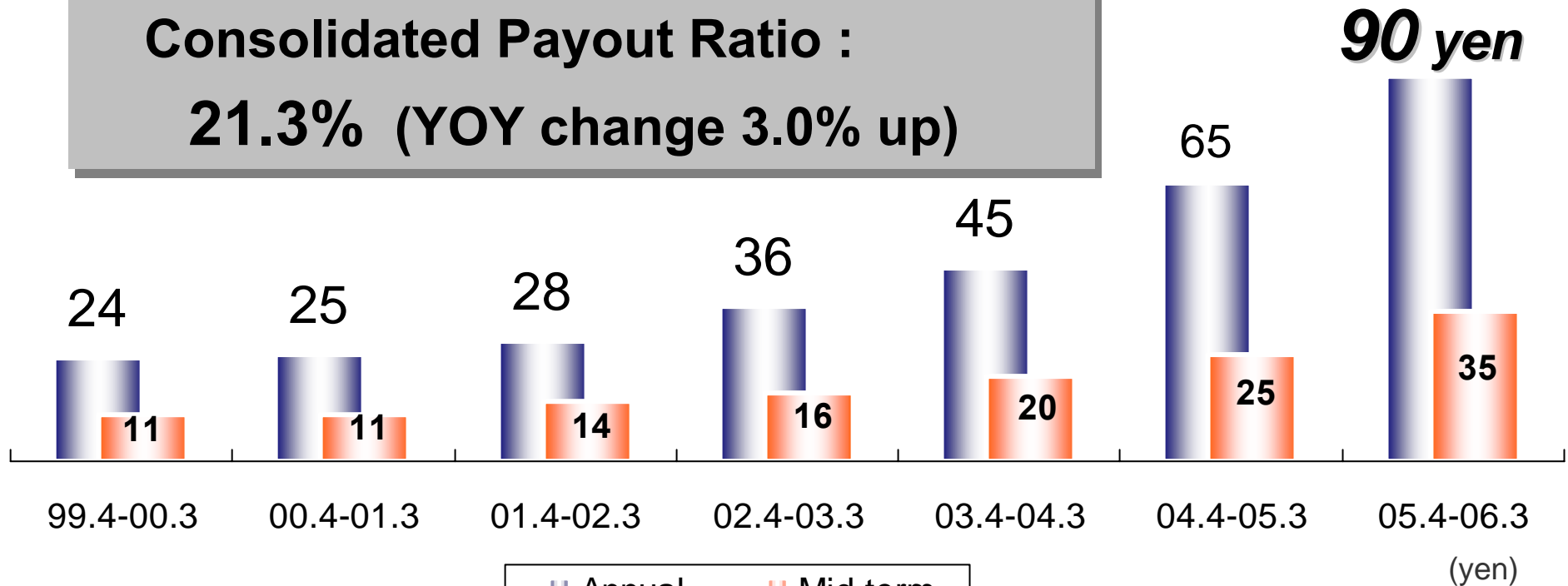
(YOY change: 25 yen up)

Total Amount of Payout :

**292.1 billion yen**

Consolidated Payout Ratio :

**21.3% (YOY change 3.0% up)**



**TOYOTA**

■ Annual ■ Mid-term

(yen)

# Shareholder Return

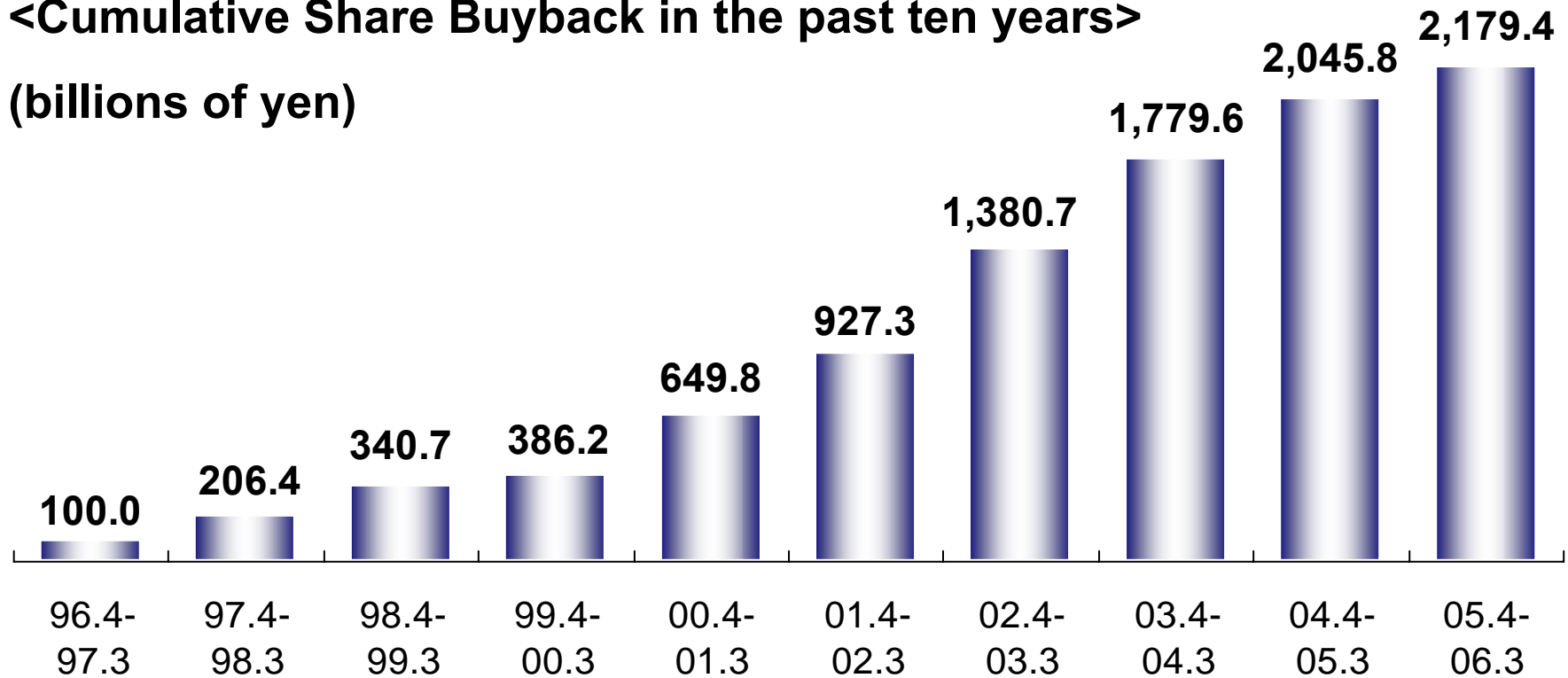
**Share Buyback**



**Enabling Amount** (maximum limitation)  
**200 billion yen / 30 million shares**

<Cumulative Share Buyback in the past ten years>

(billions of yen)



**TOYOTA**

# Consolidated Financial Summary

	<b>FY2006</b> <b>(05.4-06.3)</b>	<b>FY2005</b> <b>(04.4-05.3)</b>	<b>Changes</b>	
	(billions of yen)	(billions of yen)	(billions of yen)	%(*1)
<b>Net Revenues</b>	21,036.9	18,551.5	2,485.4	13.4
<b>Operating Income</b>	1,878.3	1,672.1	206.2	12.3
Income before income taxes, minority interest and equity in earnings of affiliated companies	(*2)2,087.3	1,754.6	332.7	19.0
<b>Net Income</b>	1,372.1	1,171.2	200.9	17.2
<b>Forex Rate</b>	113yen/1\$ 138yen/1Euro	108yen/1\$ 135yen/1Euro	+5yen/1\$ +3yen/1Euro	

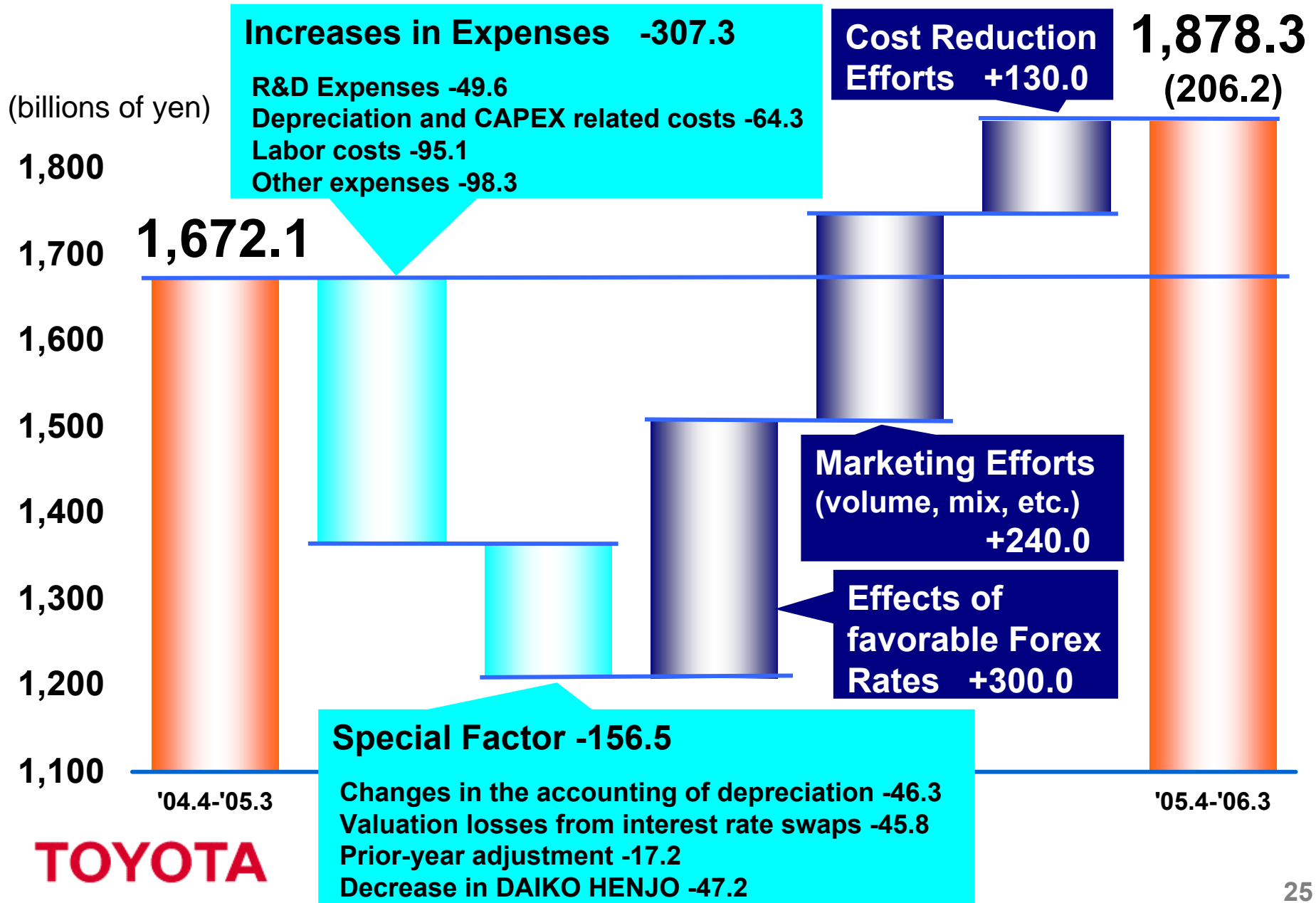
\*1 : percentage changes year-on-year

**TOYOTA**

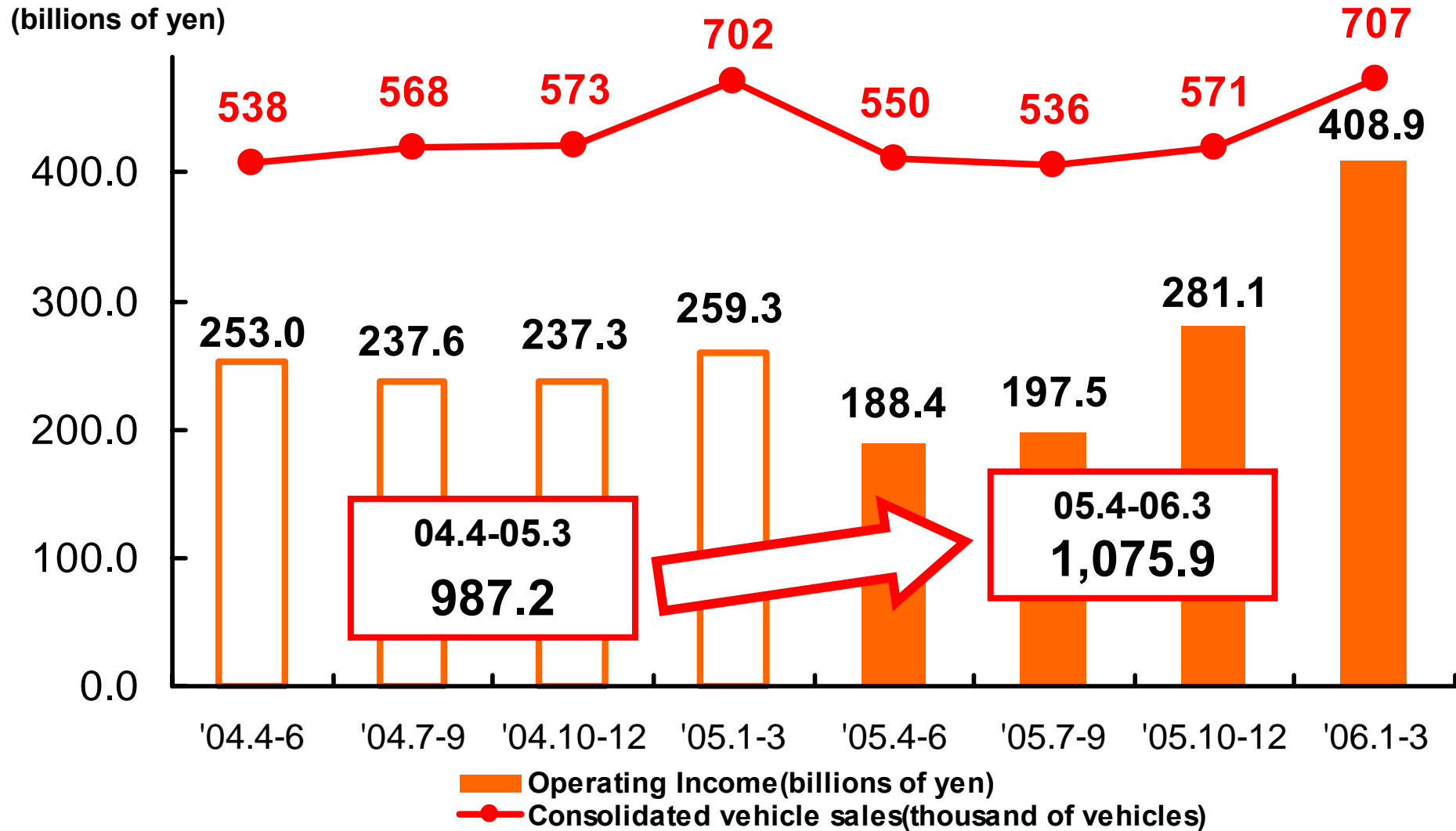
\*2 : Other Income included a 143.3 billion yen evaluation gain resulting from the merger of the Mitsubishi-Tokyo Financial Group and the UFJ Holdings 24



# Contributing Factors to Consolidated Operating Income



# Geographic Operating Income: Japan

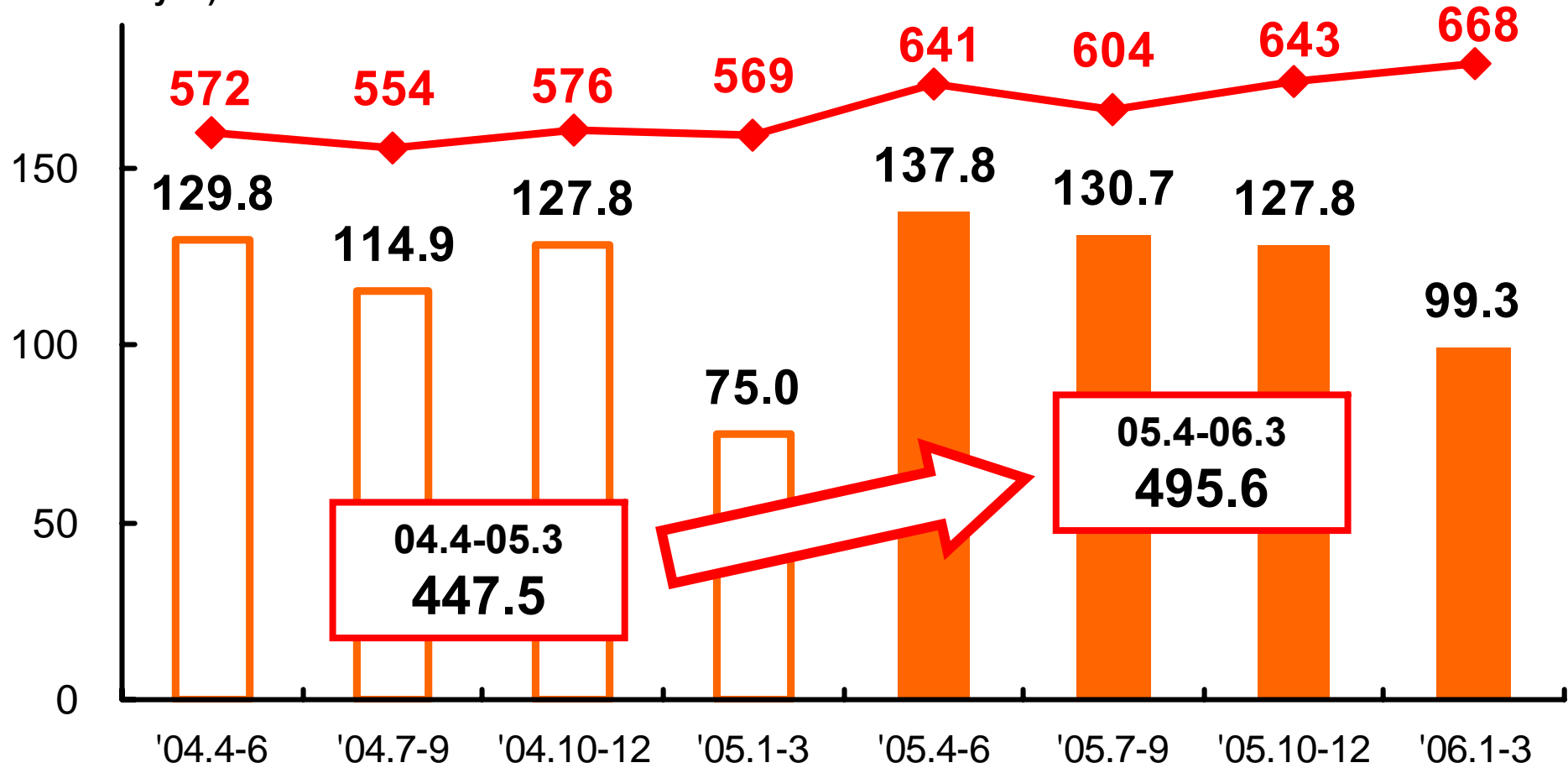


**TOYOTA**

- Increased production by expansion of production capacity and contributed to profit increase

# Geographic Operating Income: North America

(billions of yen)



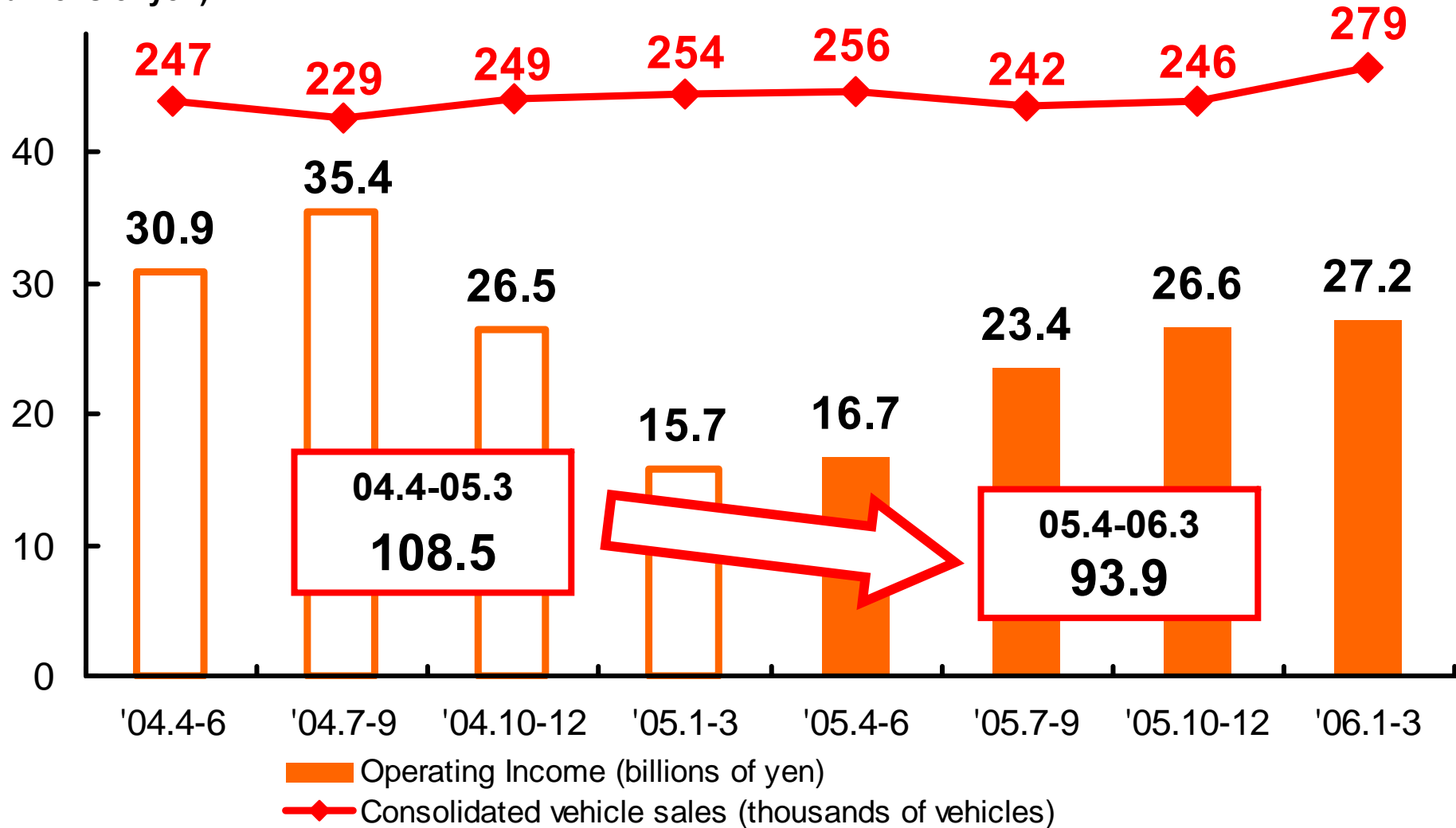
■ Operating Income (billions of yen)  
◆ Consolidated vehicle sales (thousands of vehicles)

**TOYOTA**

**- Increase sales with favorable trends mainly in new products and compact vehicles**

# Geographic Operating Income: Europe

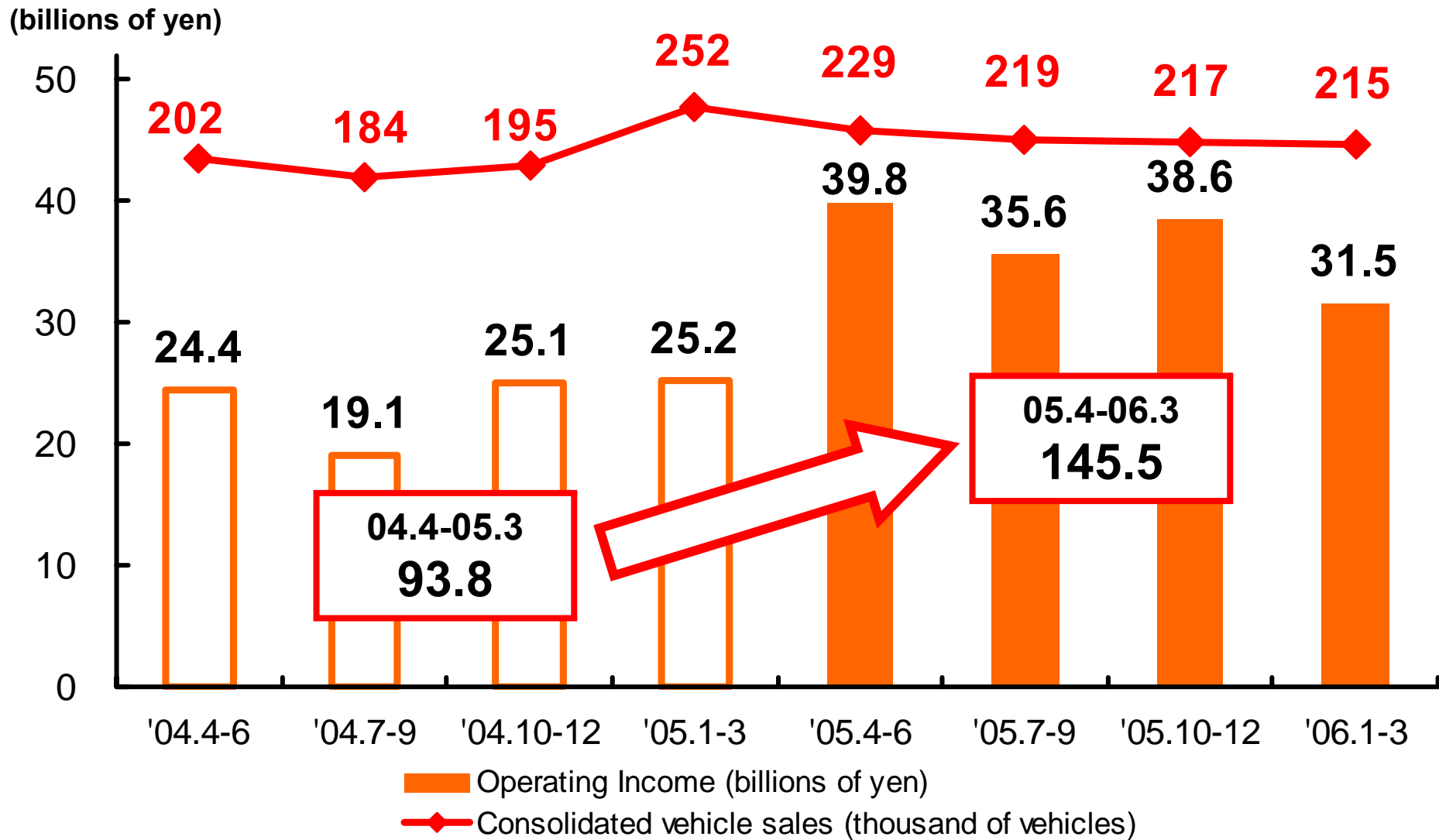
(billions of yen)



**- Steadily improved profit by quarters through launches of new products, with overwhelming investment for production expansion**

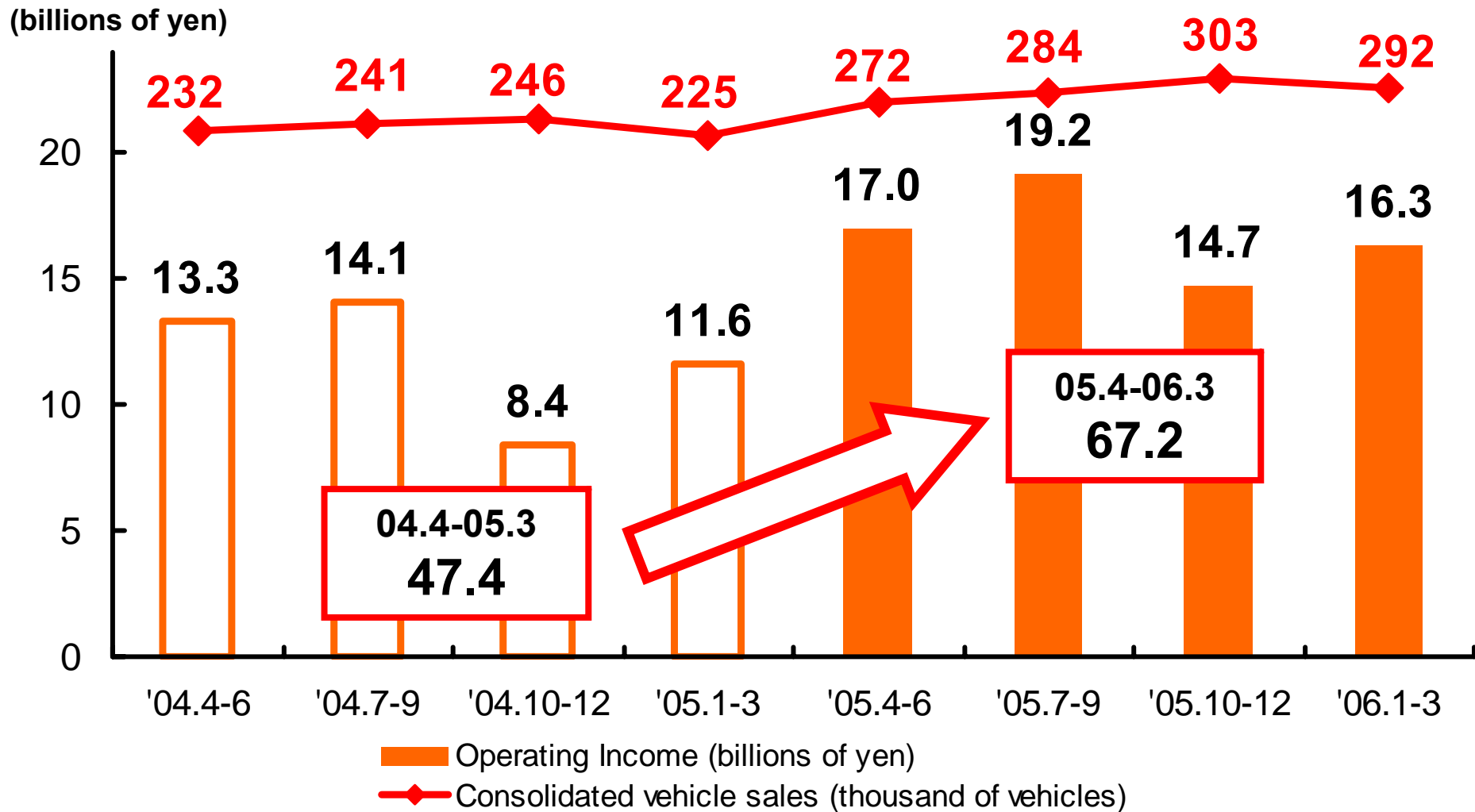
**TOYOTA**

# Geographic Operating Income: Asia



**TOYOTA** - Rose profit up to the higher level mainly due to IMV benefit

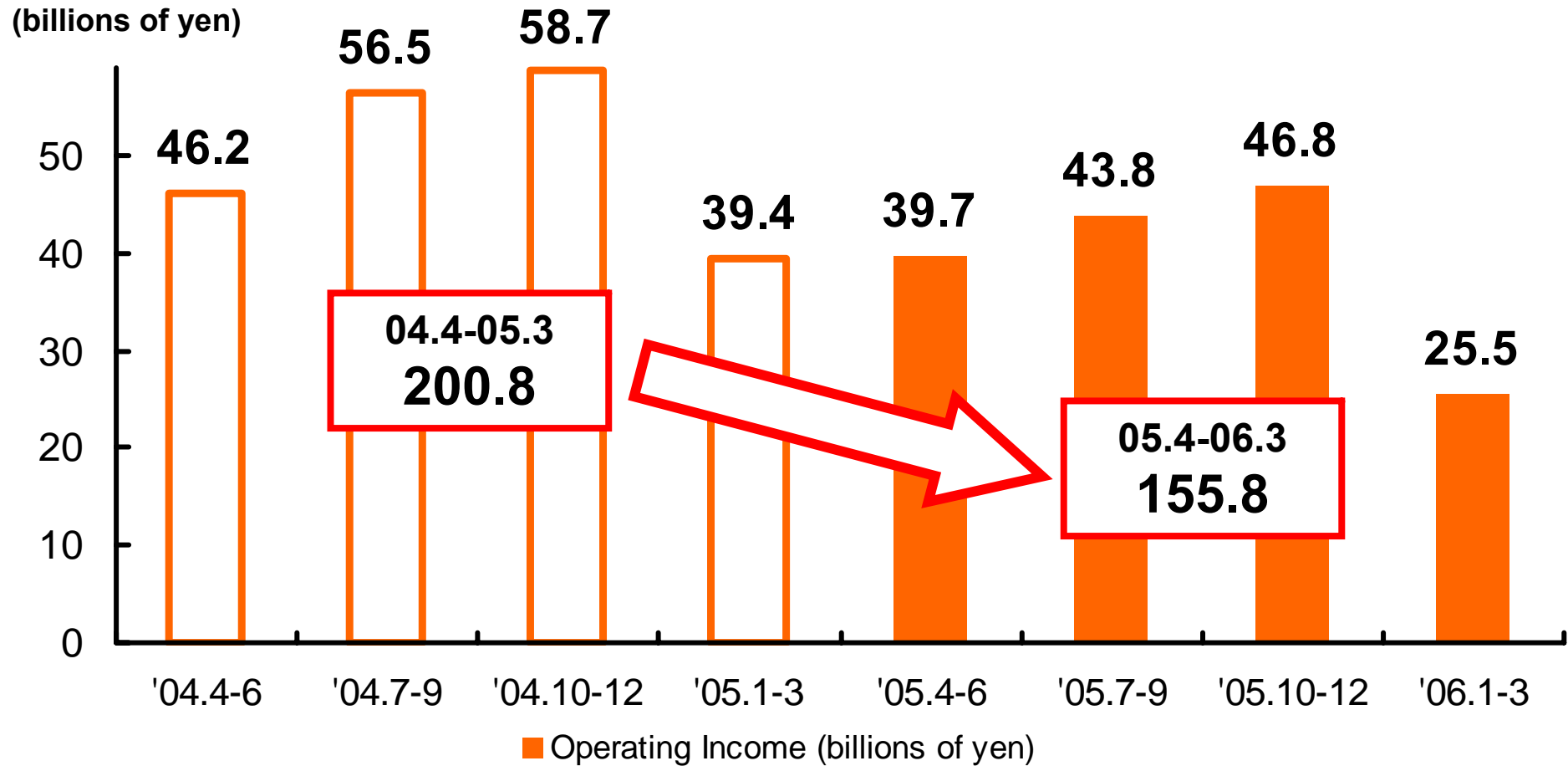
# Geographic Operating Income: Other (Africa, Oceania, South and Central America, etc.)



**TOYOTA**

**- Rose profit up to the higher level mainly due to IMV benefit**

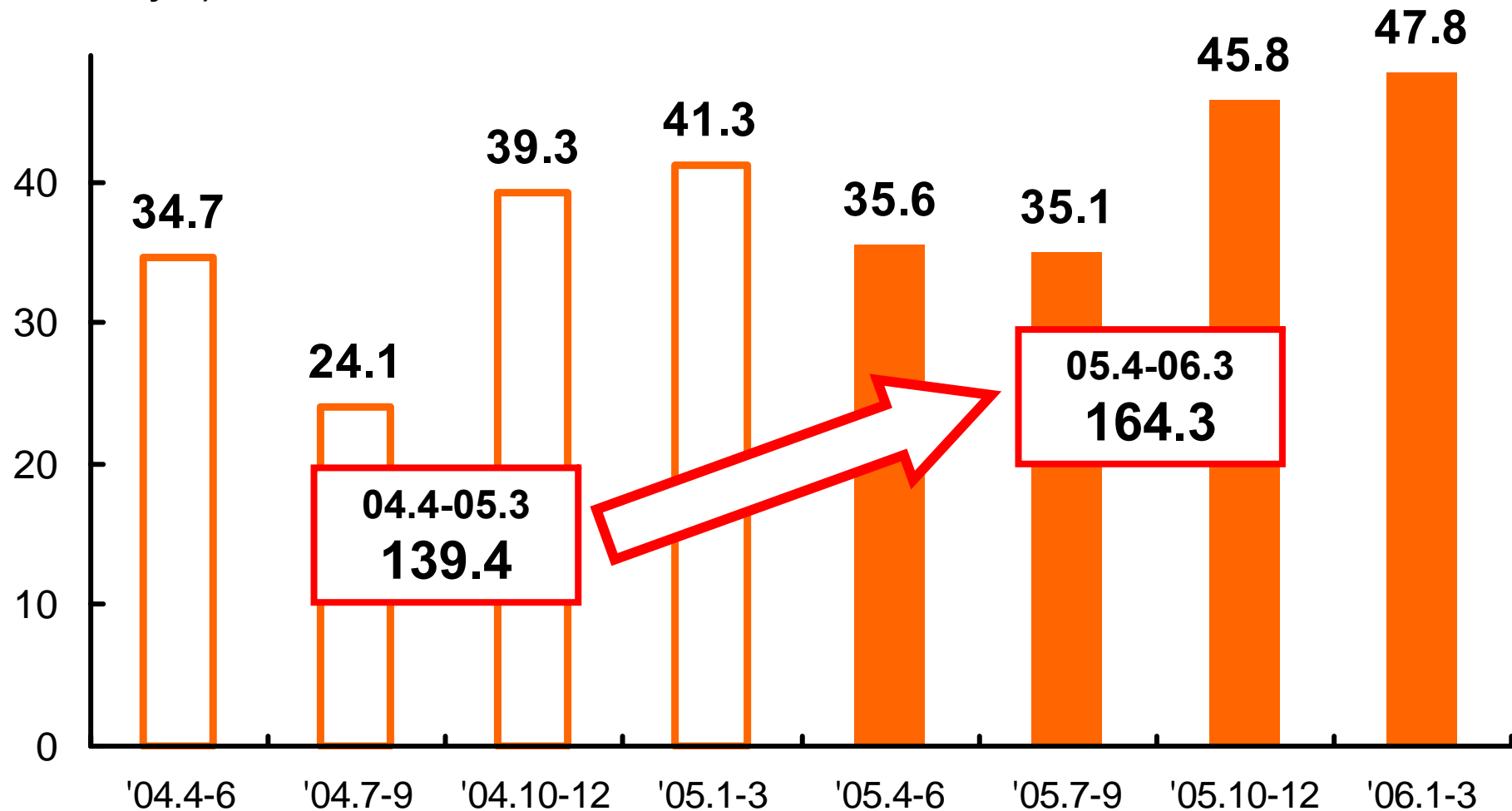
# Business Segment: Financial Services



- Valuation losses from interest rate swaps at TFC and TMCC: -45.8 bil. yen  
 - Prior-year adjustment at TMCC: -17.2 bil. yen

# Equity in Earnings of Affiliated Companies

(billions of yen)



- Favorable performance mainly by domestic group affiliates and Chinese joint venture companies.

**TOYOTA**



## FY2006 Consolidated CAPEX, Depreciation, R&D

	Capital Expenditure (billions of yen)		Depreciation Expenses (billions of yen)		R&D Expenses (billions of yen)	
<b>Consolidated</b>	1,528.8	(+441.6)	891.4	(+115.6)	812.6	(+57.5)
<b>Japan</b>	909.3	(+234.3)	568.9	(+ 80.5)		
<b>North America</b>	270.3	(+116.6)	165.1	(+ 12.1)		
<b>Europe</b>	130.5	(+ 57.8)	75.9	(+ 4.6)		
<b>Asia</b>	131.9	(- 3.0)	48.0	(+ 9.8)		
<b>Other</b>	86.8	(+ 14.6)	33.5	(+ 8.6)		

**TOYOTA**

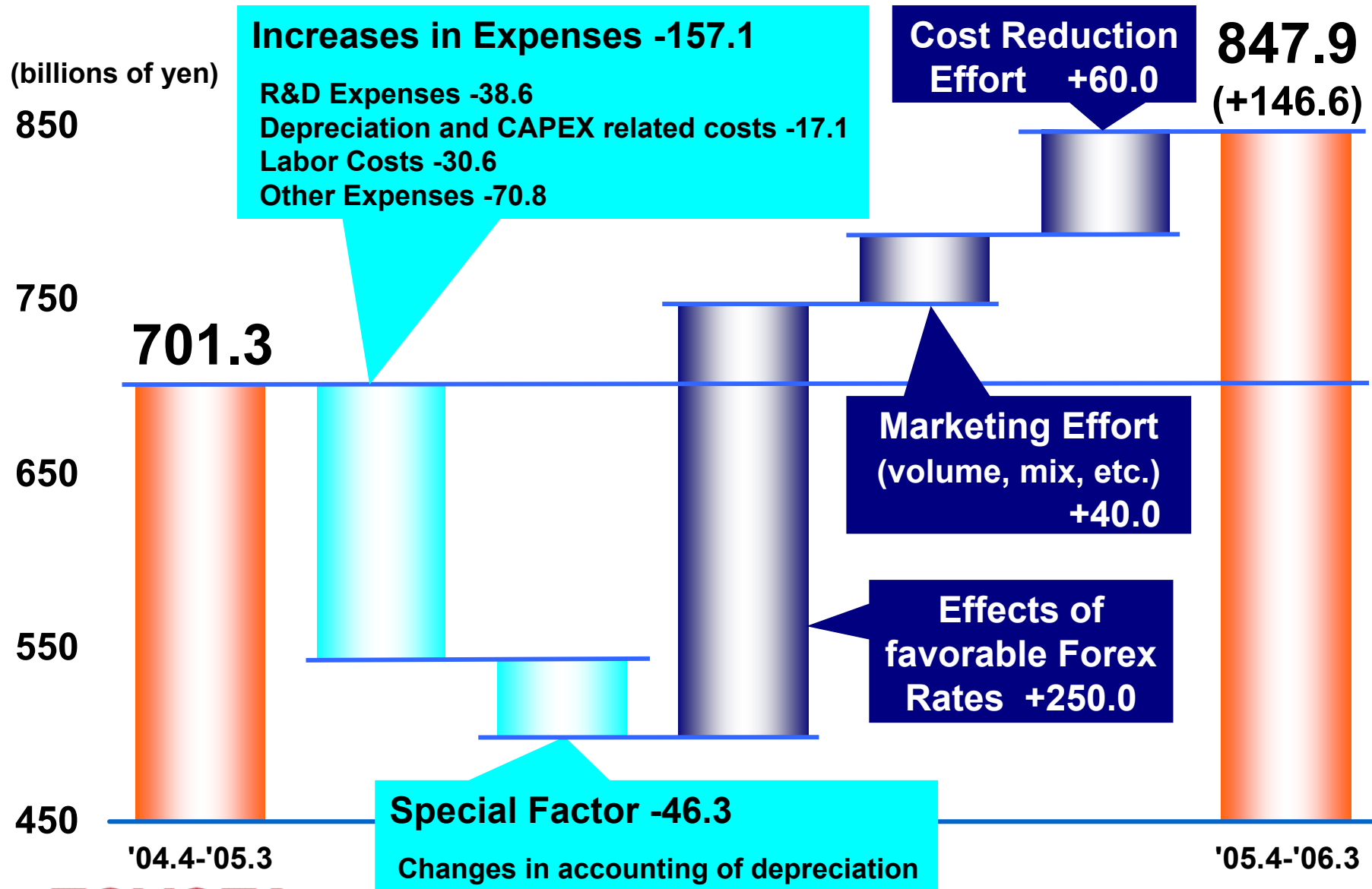
Figures in parentheses show year-on-year changes

# Unconsolidated Financial Summary (Japan GAAP)

	<b>FY2006</b> <b>(05.4-06.3)</b>	<b>FY2005</b> <b>(04.4-05.3)</b>	<b>Changes</b>	
	(billions of yen)	(billions of yen)	(billions of yen)	%(*)
<b>Net Sales</b>	10,191.8	9,218.3	973.5	10.6
<b>Operating Income</b>	847.9	701.3	146.6	20.9
<b>Ordinary Income</b>	1,104.7	856.2	248.5	29.0
<b>Net Income</b>	765.9	529.3	236.6	44.7

\* percentage changes year-on-year

# Contributing Factors to Unconsolidated Income



**TOYOTA**

# FY2007 Consolidated Prospects: Financial Summary

	<b>FY2007</b> <b>(06.4-07.3)</b>	<b>FY2006</b> <b>(05.4-06.3)</b>	<b>Changes</b>	
	(billions of yen)	(billions of yen)	(billions of yen)	%(*1)
<b>Net Revenues</b>	22,300.0	21,036.9	1,263.1	6.0
<b>Operating Income</b>	1,900.0	1,878.3	21.7	1.2
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	1,970.0	(*2)2,087.3	- 117.3	- 5.6
<b>Net Income</b>	1,310.0	1,372.1	- 62.1	- 4.5
<b>Forex Rate</b>	110yen/1\$	113yen/1\$	-3yen/1\$	
	135yen/1Euro	138yen/1Euro	-3yen/1Euro	

\*1 : percentage changes year-on-year

**TOYOTA**

\*2 : Other Income included a 143.3 billion yen evaluation gain resulting from the merger of the Mitsubishi-Tokyo Financial Group and the UFJ Holdings

## FY2007 Consolidated Prospects: CAPEX, Depreciation, R&D

	Capital Expenditure (billions of yen)	Depreciation Expenses (billions of yen)	R&D Expenses (billions of yen)
<b>Consolidated</b>	1,550.0 (+ 21.2)	930.0 (+ 38.6)	920.0 (+107.4)
<b>Japan</b>	850.0 (- 59.3)	590.0 (+ 21.1)	
<b>North America</b>	330.0 (+ 59.7)	165.0 (- 0.1)	
<b>Europe</b>	130.0 (- 0.5)	80.0 (+ 4.1)	
<b>Asia</b>	135.0 (+ 3.1)	55.0 (+ 7.0)	
<b>Other</b>	105.0 (+ 18.2)	40.0 (+ 6.5)	

**TOYOTA**

Figures in parentheses show year-on-year change projections

# FY2007 Unconsolidated Prospects:

## Financial Summary (Japan GAAP)

	FY2007	FY2006	Changes	
	(06.4-07.3)	(05.4-06.3)	(billions of yen)	%(*)
<b>Net Sales</b>	11,000.0	10,191.8	808.2	7.9
<b>Operating Income</b>	880.0	847.9	32.1	3.8
<b>Ordinary Income</b>	1,230.0	1,104.7	125.3	11.3
<b>Net Income</b>	850.0	765.9	84.1	11.0

\* percentage changes year-on-year

<Reference Material>

## FY2007 Toyota's Operations Prospects

	FY2007 (06.4-07.3)	FY2006 (05.4-06.3)
	thousand of units	thousand of units
<b>Automotive</b>		
<b>Production</b>		
<b>Japan</b>	4,100	3,863
<b>Overseas</b>	4,060	3,731
<b>Sales (Japan)</b>	1,780	1,769
<b>Exports</b>	2,350	2,126
<b>Sales (Overseas)</b>	6,250	5,664
<b>Housing Sales</b>	5,000 <sub>units</sub>	4,693 <sub>units</sub>

**TOYOTA**

# FY2006 Financial Results

*- prepared in accordance with U.S. GAAP -*



**Toyota Motor Corporation**  
**TOYOTA** **May 10, 2006**