

# FY2016 Second Quarter Financial Results



All-new Prius (U.S.model)

Toyota Motor Corporation

November 5, 2015

## Cautionary Statement with Respect to Forward-Looking Statements

This presentation 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, but are not limited to: (i) changes in economic conditions, market demand, and the competitive environment affecting the automotive markets in Japan, North America, Europe, Asia 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, the Russian ruble, the Canadian dollar and the British pound, and interest rates fluctuations; (iii) changes in funding environment in financial markets and increased competition in the financial services industry; (iv) Toyota's ability to market and distribute effectively; (v) Toyota's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (vi) 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 government policies relating to vehicle safety including remedial measures such as recalls, trade, environmental protection, vehicle emissions and vehicle fuel economy, as well as changes in laws, regulations and government policies that affect Toyota's other operations, including the outcome of current and future litigation and other legal proceedings, government proceedings and investigations; (vii) political and economic instability in the markets in which Toyota operates; (viii) Toyota's ability to timely develop and achieve market acceptance of new products that meet customer demand; (ix) any damage to Toyota's brand image; (x) Toyota's reliance on various suppliers for the provision of supplies; (xi) increases in prices of raw materials; (xii) Toyota's reliance on various digital and information technologies; (xiii) fuel shortages or interruptions in electricity, 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; and (xiv) the impact of natural calamities including the negative effect on Toyota's vehicle production and sales.

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 notified to a stock exchange and 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 ) 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.

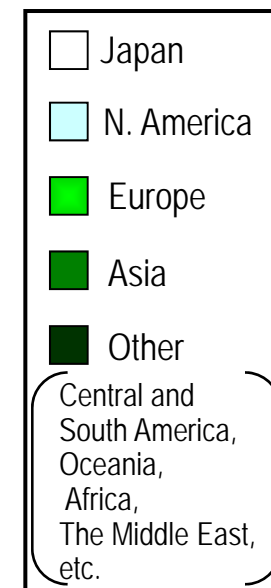
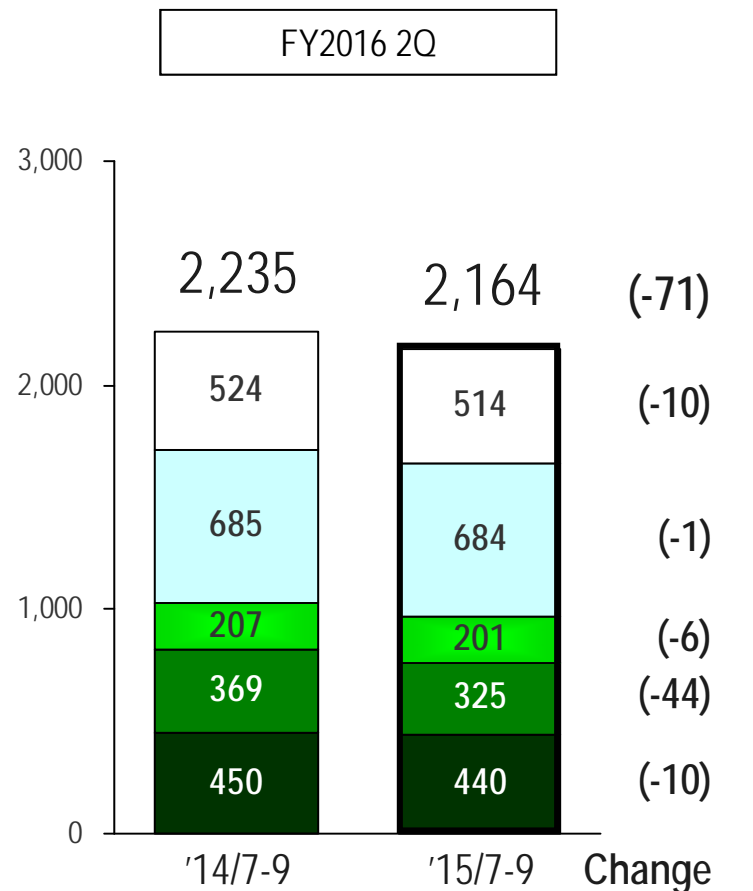
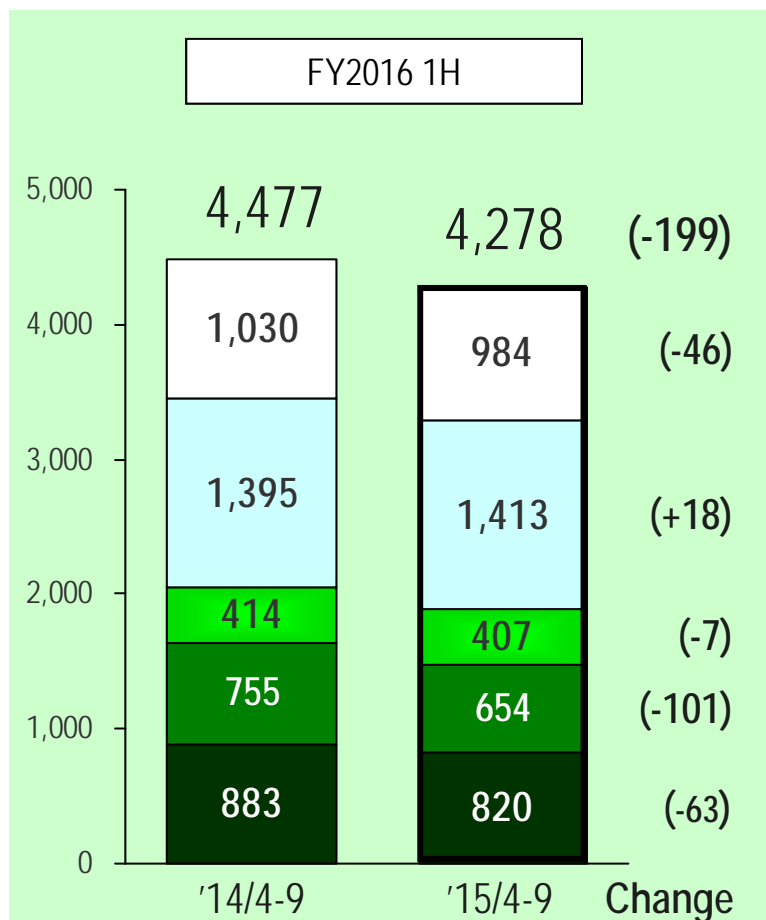
# FY2016 Second Quarter Financial Results

FY2016 Second Quarter Financial Performance  
(FY2016 First Half)

FY2016 Financial Forecasts

# Consolidated Vehicle Sales

(thousands of vehicles)



Total retail vehicle sales in thousands

5,032	4,979	-53
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2,519	2,477	-42
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# Consolidated Financial Summary (FY2016 First Half)

(billions of yen)

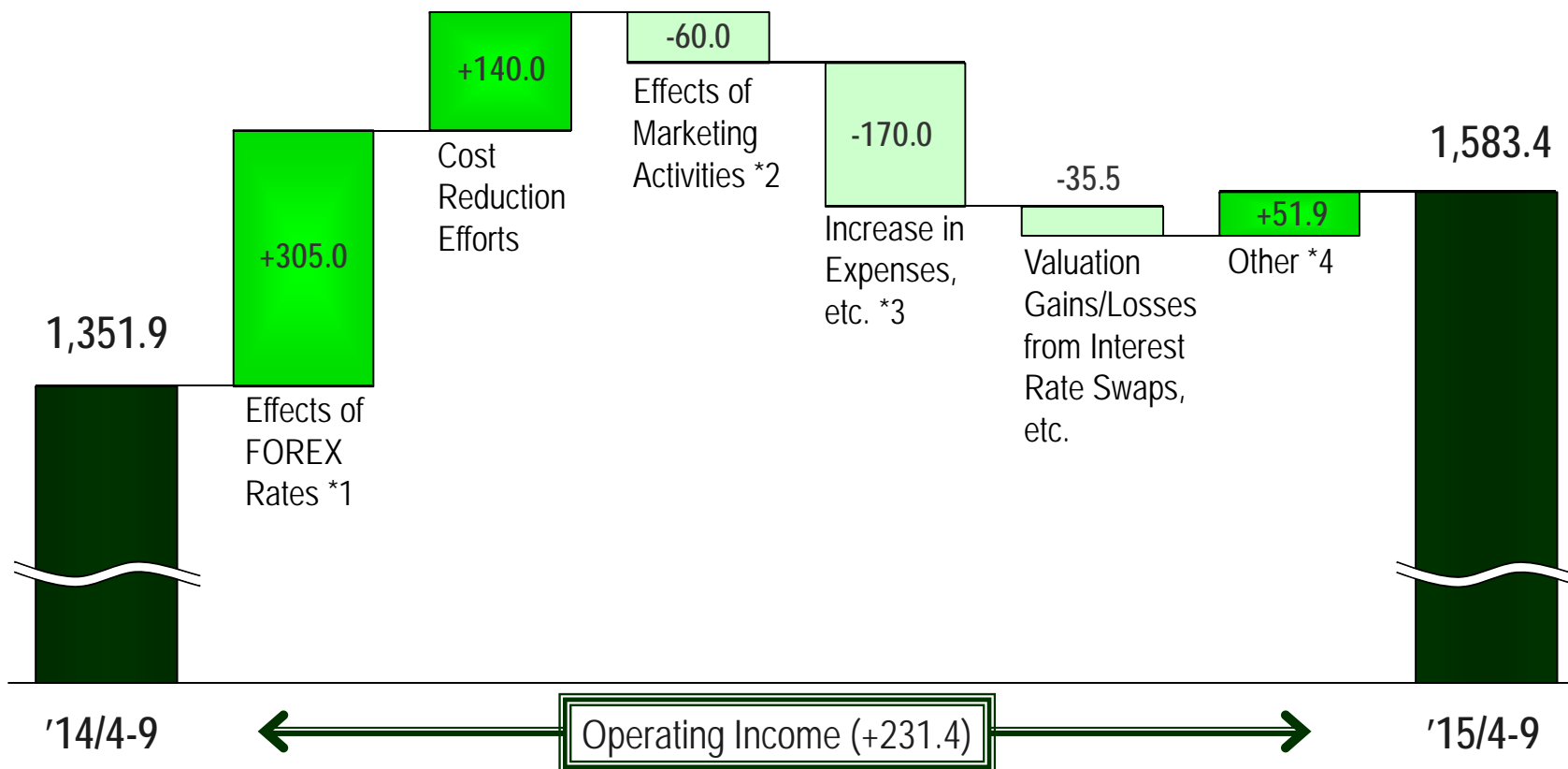
	FY2015 1H (‘14/4-9)	FY2016 1H (‘15/4-9)	Change		
<b>Net Revenues</b>	12,945.5	14,091.4	+1,145.8	+8.9%	
<b>Operating Income</b>	1,351.9	1,583.4	+231.4	+17.1%	
Operating margin	10.4%	11.2%	-	-	
Income before income taxes and equity in earnings of affiliated companies	1,509.1	1,675.1	+165.9	+11.0%	
<b>Net Income*<sup>1</sup></b>	1,126.8	1,258.1	+131.2	+11.6%	
Net margin* <sup>1</sup>	8.7%	8.9%	-	-	
Net income per share* <sup>2</sup> (diluted)	355.91 yen	397.75 yen	+41.84 yen	-	
FOREX Rates	US\$	103 yen	122 yen	+19 yen	-
	€	139 yen	135 yen	-4 yen	-

\*1 Net Income attributable to Toyota Motor Corporation

\*2 Net Income attributable to common shareholders

# Analysis of Consolidated Operating Income (FY2016 First Half)

(billions of yen)



*1. Details by currency		*2. Details		*3. Details			*4. Details		
US\$	+360.0	Volume, Model Mix	-115.0	Labor Costs	-60.0	Depreciation and CAPEX-related Expenses	-15.0	Translational FOREX impact concerning overseas subsidiaries	+55.0
€	-10.0	Financial Services	±0	R&D Expenses	-40.0				
Other	-45.0	Other	+55.0			Expenses, etc.	-55.0	Other	-3.1

# Consolidated Financial Summary (FY2016 Second Quarter)

(billions of yen)

	FY2015 2Q (‘14/7-9)	FY2016 2Q (‘15/7-9)	Change		
<b>Net Revenues</b>	6,554.9	7,103.8	+548.9	+8.4%	
<b>Operating Income</b>	659.2	827.4	+168.1	+25.5%	
Operating margin	10.1%	11.6%	-	-	
Income before income taxes and equity in earnings of affiliated companies	737.3	829.8	+92.5	+12.6%	
<b>Net Income*<sup>1</sup></b>	539.0	611.7	+72.6	+13.5%	
Net margin* <sup>1</sup>	8.2%	8.6%	-	-	
Net income per share* <sup>2</sup> (diluted)	170.54 yen	192.51 yen	+21.97 yen	-	
FOREX Rates	US\$	104 yen	122 yen	+18 yen	-
	€	138 yen	136 yen	-2 yen	-

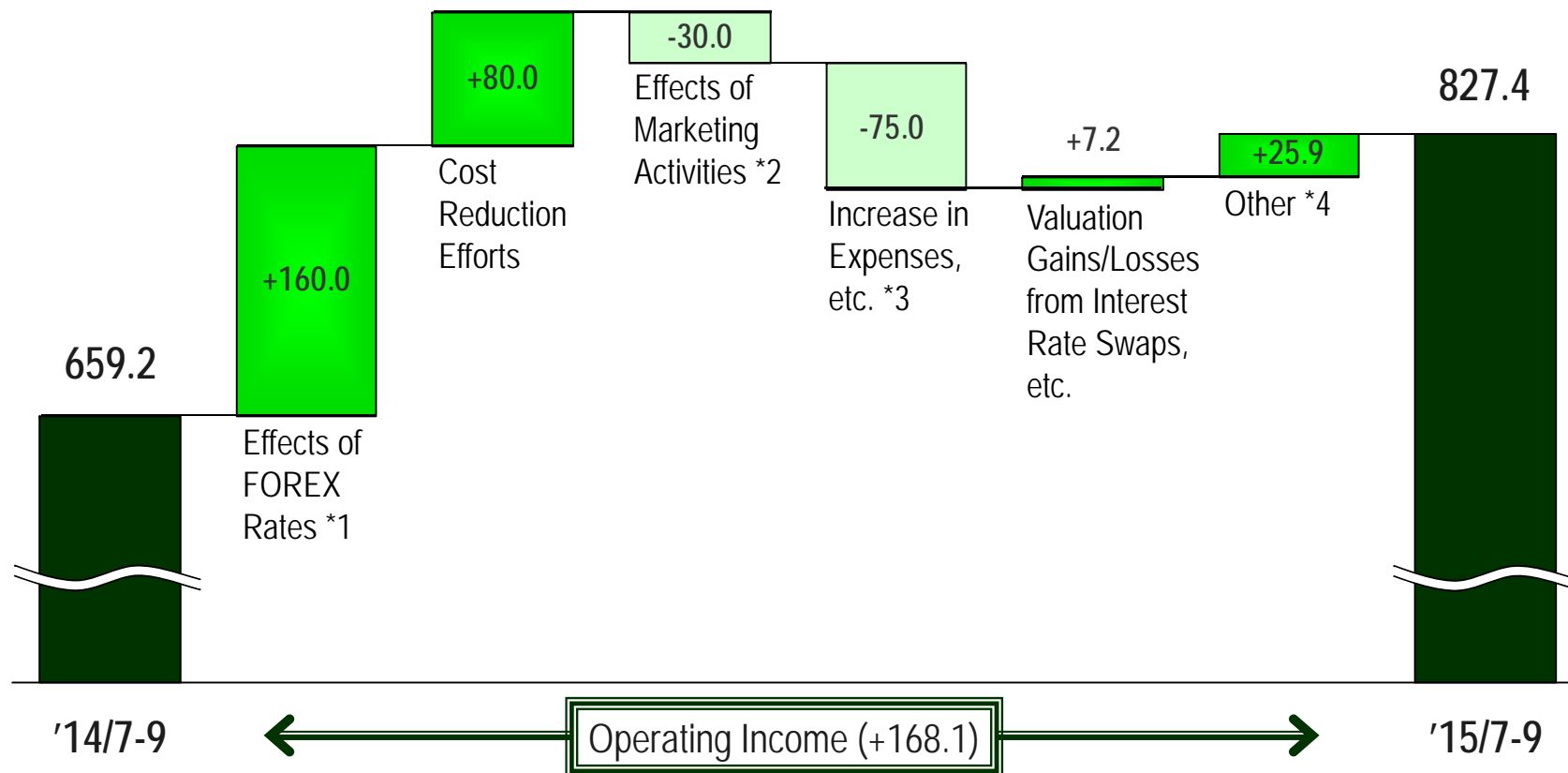
\*1 Net Income attributable to Toyota Motor Corporation

\*2 Net Income attributable to common shareholders



# Analysis of Consolidated Operating Income (FY2016 Second Quarter)

(billions of yen)

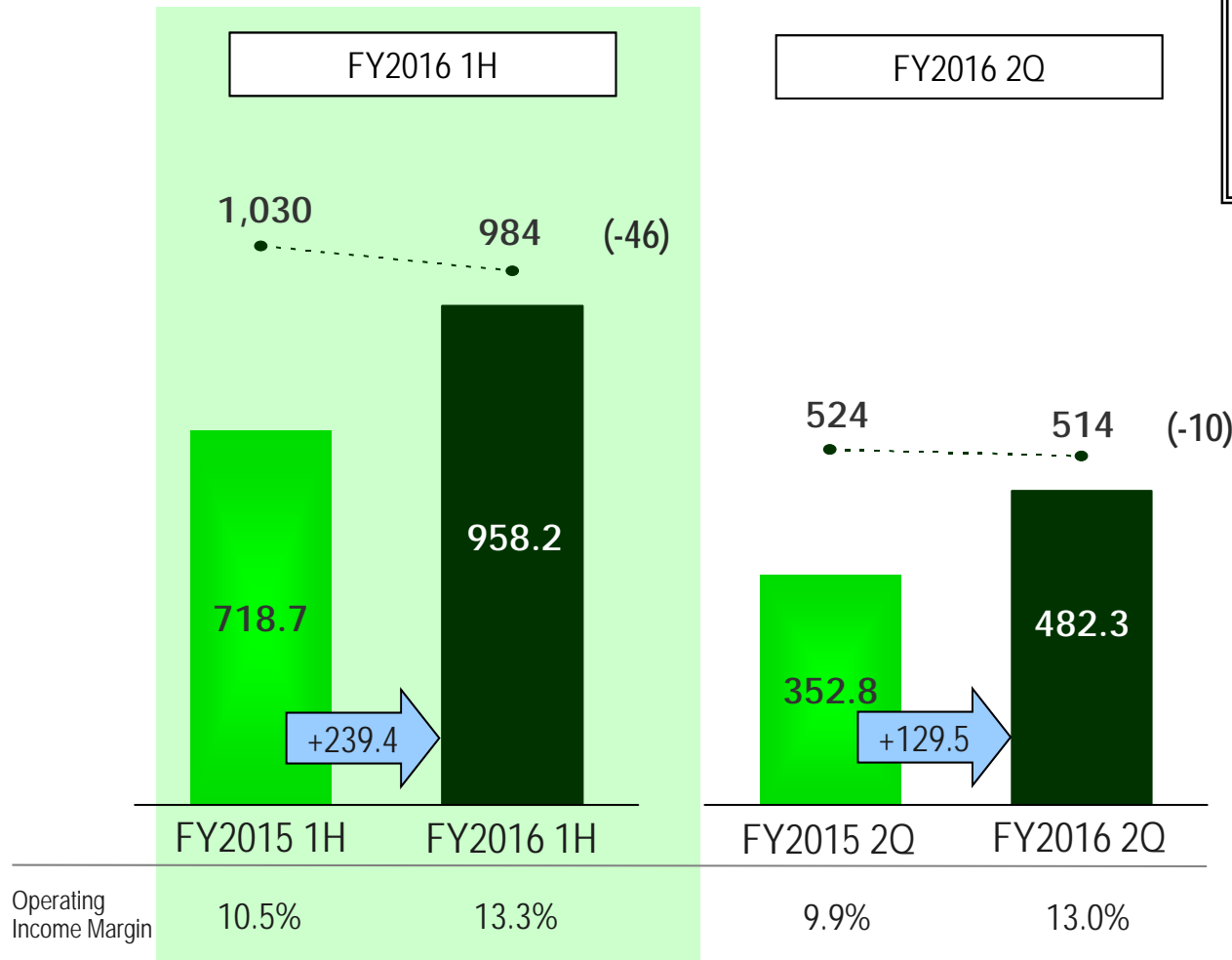


*1. Details by currency		*2. Details		*3. Details		*4. Details			
US\$	+185.0	Volume, Model Mix	-50.0	Labor Costs	-30.0	Depreciation and CAPEX-related Expenses	-10.0	Translational FOREX impact concerning overseas subsidiaries	+25.0
€	-5.0	Financial Services	-5.0	R&D Expenses	-20.0				
Other	-20.0	Other	+25.0			Expenses, etc.	-15.0	Other	+0.9

# Geographic Operating Income : Japan

- Operating Income (billions of yen)
- Consolidated Vehicle Sales (thousands of vehicles)

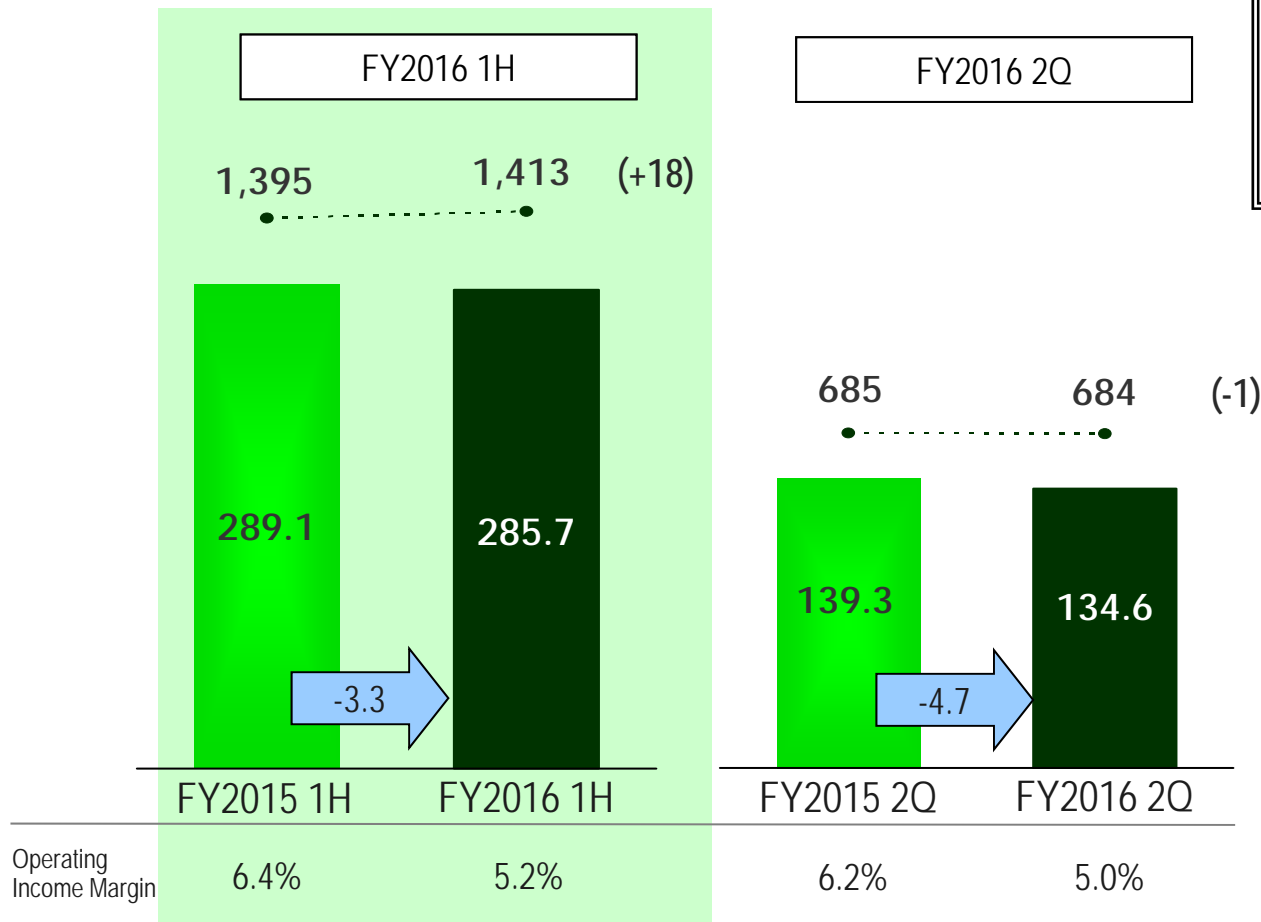
FY2016 First Half Increased as a result of favourable foreign exchange rates and cost reduction efforts.



# Geographic Operating Income : North America

- Operating Income (billions of yen)  
[ Excluding Valuation Gains/Losses from Interest Rate Swaps, etc. ]
- Consolidated Vehicle Sales (thousands of vehicles)

FY2016 First Half  
Decreased mainly due to the  
impact of foreign exchange rates  
and an increase in expenses.



Valuation Gains/Losses from Interest Rate Swaps, etc.

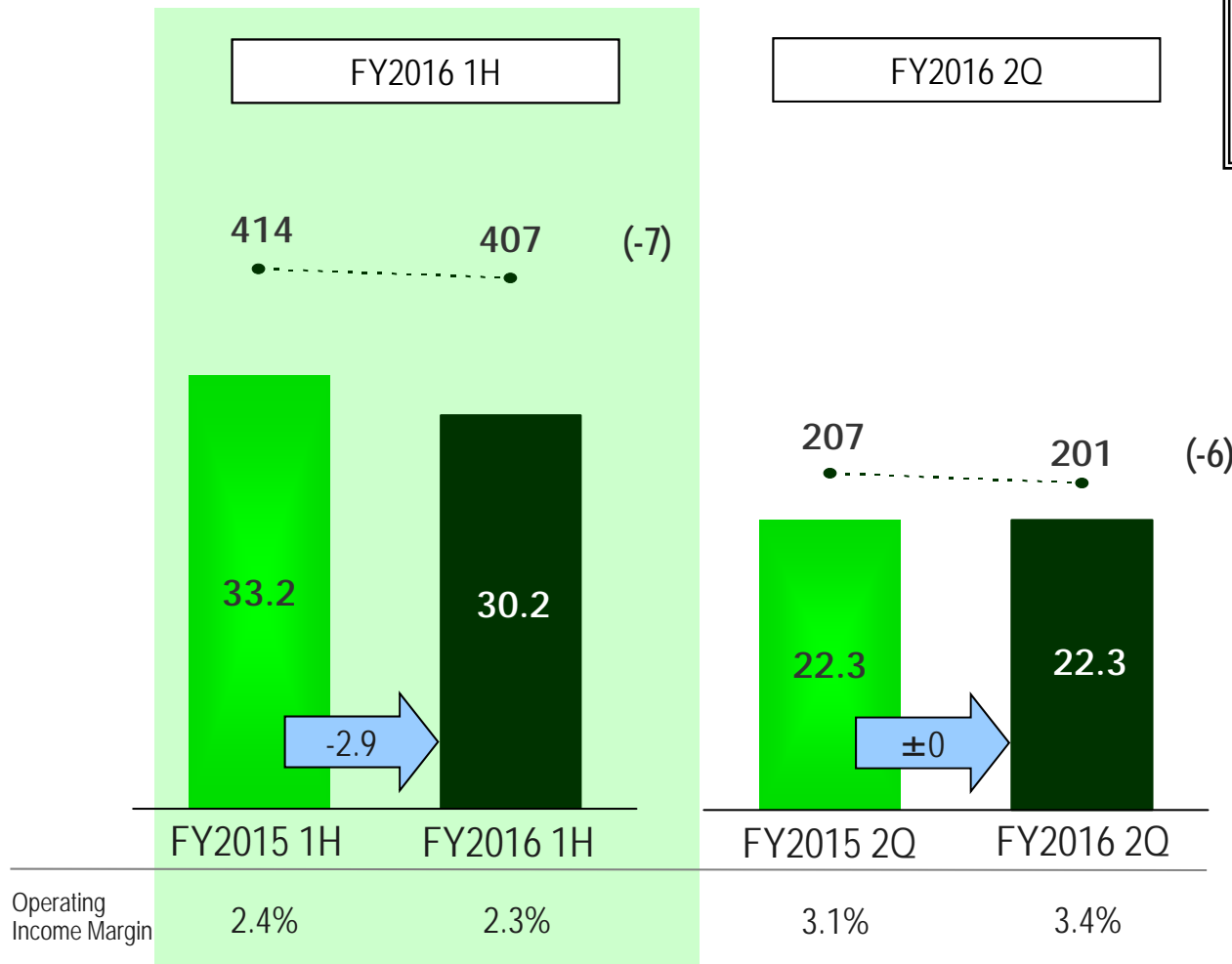
23.5 billion yen   -10.4 billion yen   7.7 billion yen   13.9 billion yen



# Geographic Operating Income : Europe

■ Operating Income (billions of yen)  
 -●- Consolidated Vehicle Sales (thousands of vehicles)

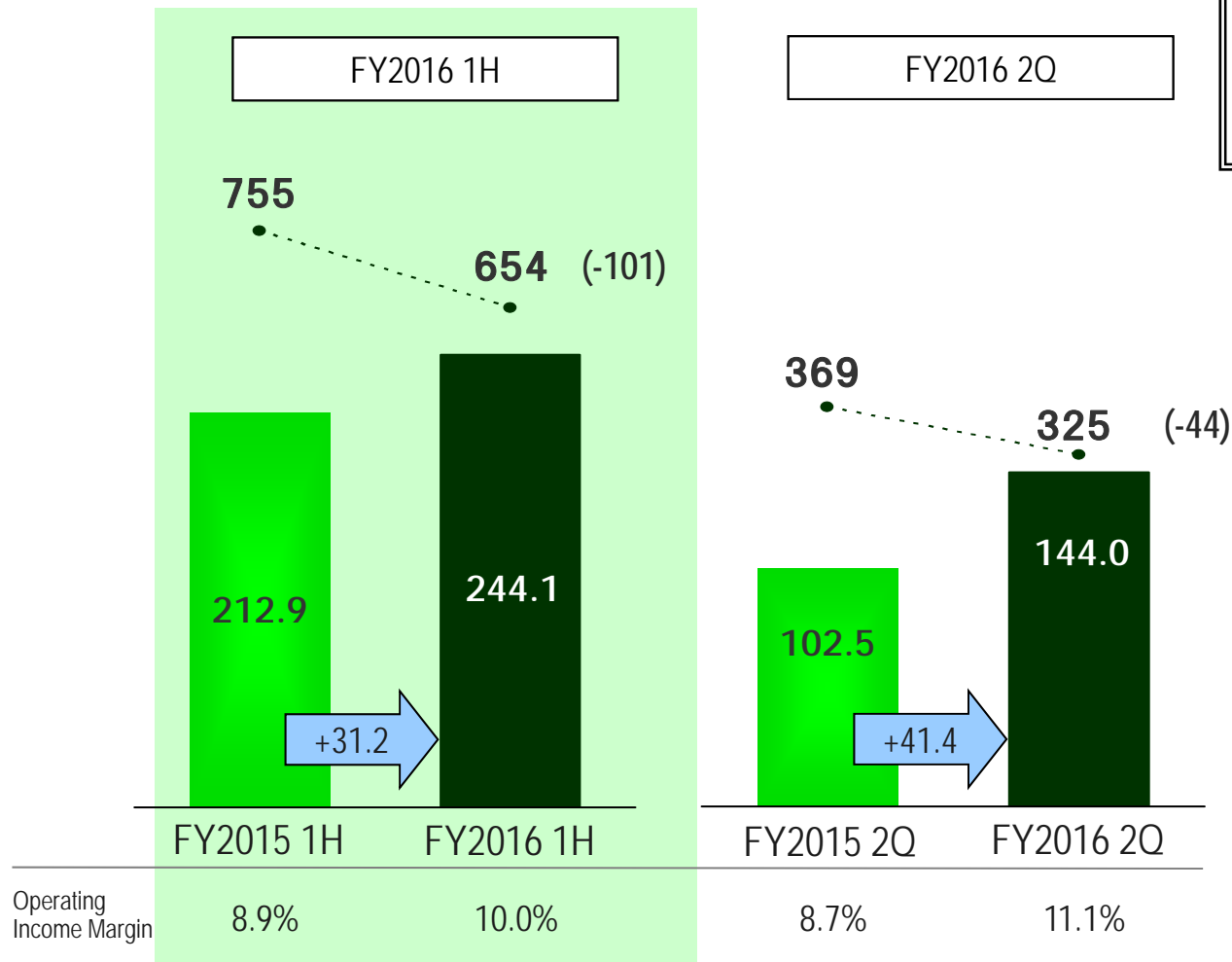
FY2016 First Half  
 Decreased mainly as a result of  
 fewer vehicle sales.



# Geographic Operating Income : Asia

- Operating Income (billions of yen)
- Consolidated Vehicle Sales (thousands of vehicles)

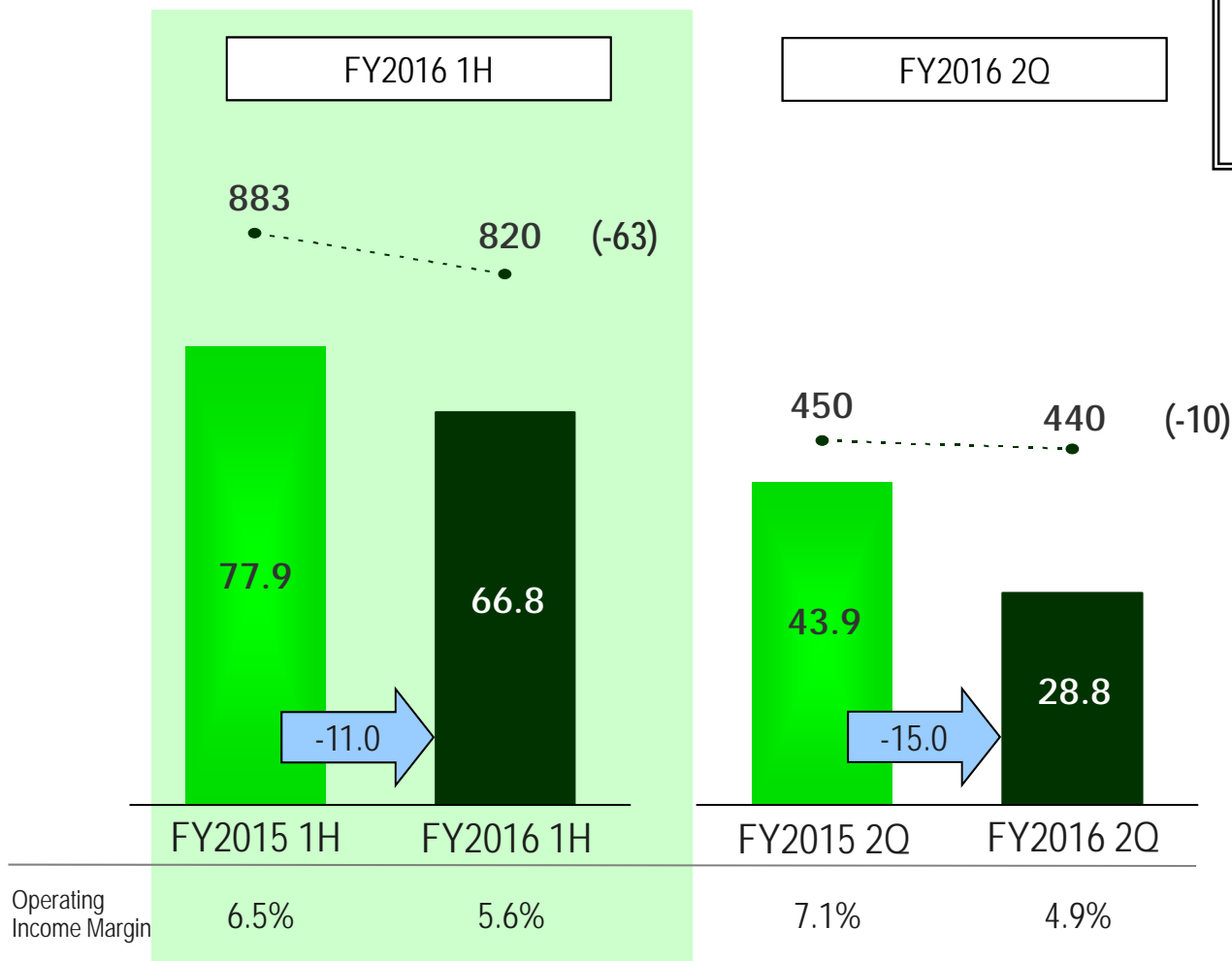
FY2016 First Half  
Increased mainly due to cost  
reduction efforts and favourable  
exchange rates.



# Geographic Operating Income : Central & South America, Oceania, Africa and The Middle East

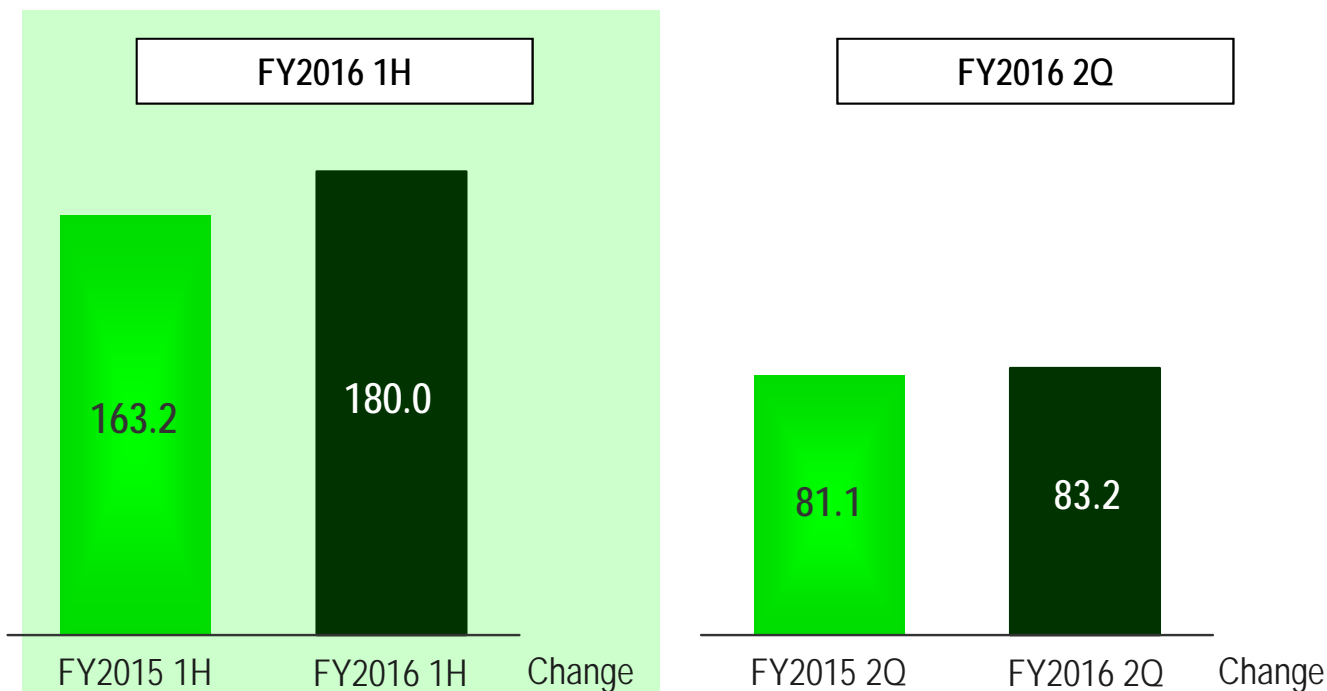
■ Operating Income (billions of yen)  
 -●- Consolidated Vehicle Sales (thousands of vehicles)

FY2016 First Half  
 Decreased primarily due to the impact of foreign exchange rates and increased expenses.



# Financial Services Operating Income

(billions of yen)

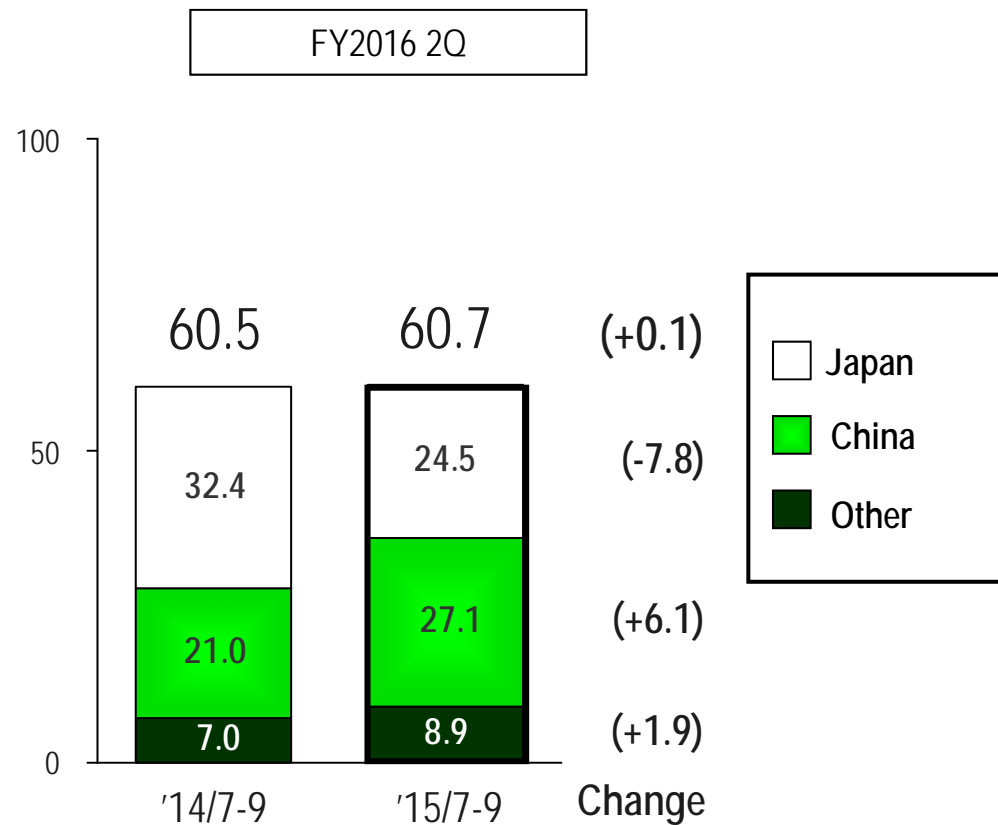
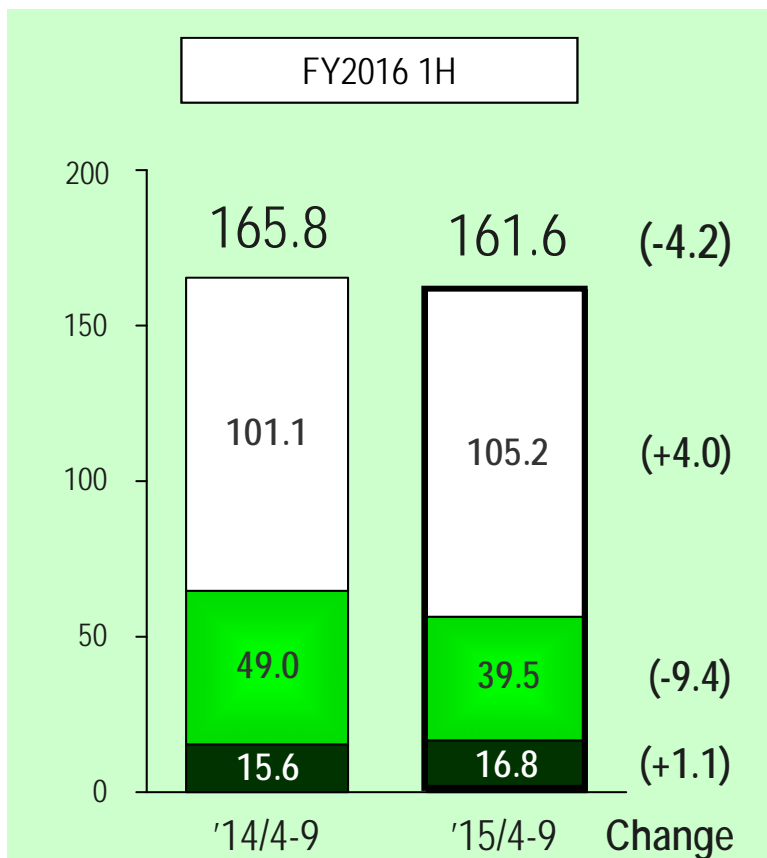


	FY2015 1H	FY2016 1H	Change	FY2015 2Q	FY2016 2Q	Change
Operating Income	184.5	165.8	-18.6	86.3	95.6	+9.3
Valuation Gains/Losses from Interest Rate Swaps, etc.	21.2	-14.2	-35.5	5.1	12.4	+7.2
Operating Income Excluding Valuation Gains/Losses from Interest Rate Swaps, etc.	163.2	180.0	+16.8	81.1	83.2	+2.0

Improved mainly due to an increase in both lending balance and lending margins.

# Equity in Earnings of Affiliated Companies

(billions of yen)



Retail Sales Results in China (thousands of vehicles)

'14/1-6	'15/1-6	Change
466	513	+47

'14/4-6	'15/4-6	Change
238	285	+47

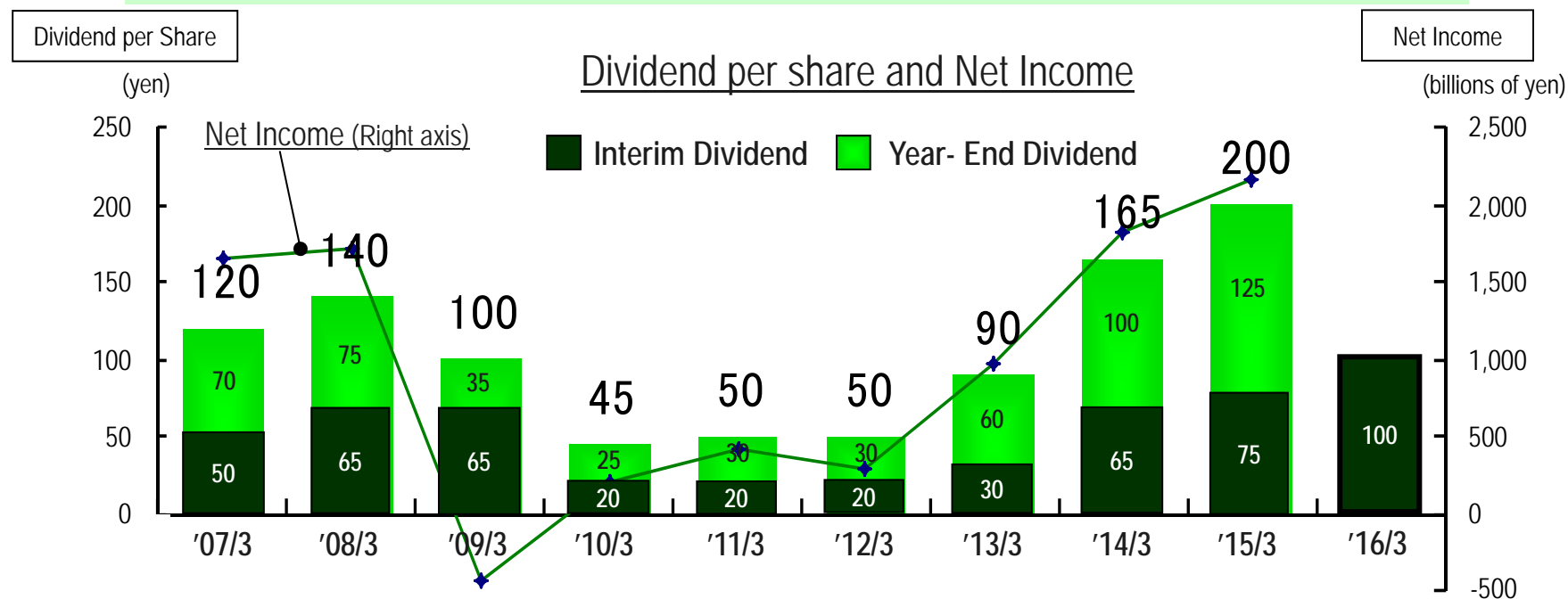


# Shareholder Return

**Interim Dividend : 100 yen per common share**

(Total Amount of Payout : 311.3 billion yen, Payout Ratio 25.0%)

**Repurchase (max) : 150.0 billion yen  
23 million shares**



# Shareholder Return

Improving the balance between the Interim and the Year-End dividends

Improving flexibility through a resolution to repurchase shares in interim period

< Resolved matters >		FY2015	FY2016 (plan)
Interim Period	Interim Dividend	75 yen per share	100 yen per share
	Payout Ratio	21.1%	25.0%
	Repurchase (max)	-	150 billion yen 23 million shares
Year-End	Year-End Dividend	125 yen per share	<u>Will be considered based on full-year return level *</u>
	Payout Ratio	37.6%	
	Repurchase (max)	300 billion yen/ 40 million shares	
Full-year	Payout Ratio	29.0%	around 30%*

(The above shows resolved matters regarding common stock)

# Shareholder Return

## <Repurchase schedule>

1. Resolved at the Meeting of the Board of Directors on May 8, 2015

Period	Total number of shares	Total purchase price
from November 16, 2015 to January 29, 2016	40 million shares (max)	300 billion yen (max)

2. Resolved at today's(November 5, 2015) Meeting of the Board of Directors

Period	Total number of shares	Total purchase price
from February 1, 2016 to March 31, 2016	23 million shares (max)	150 billion yen (max)

◇ Repurchase plan for fiscal year ending March 2016 (1+2)

Period	Total number of shares	Total purchase price
from November 16, 2015 to March 31, 2016	63 million shares (max)	450 billion yen (max)

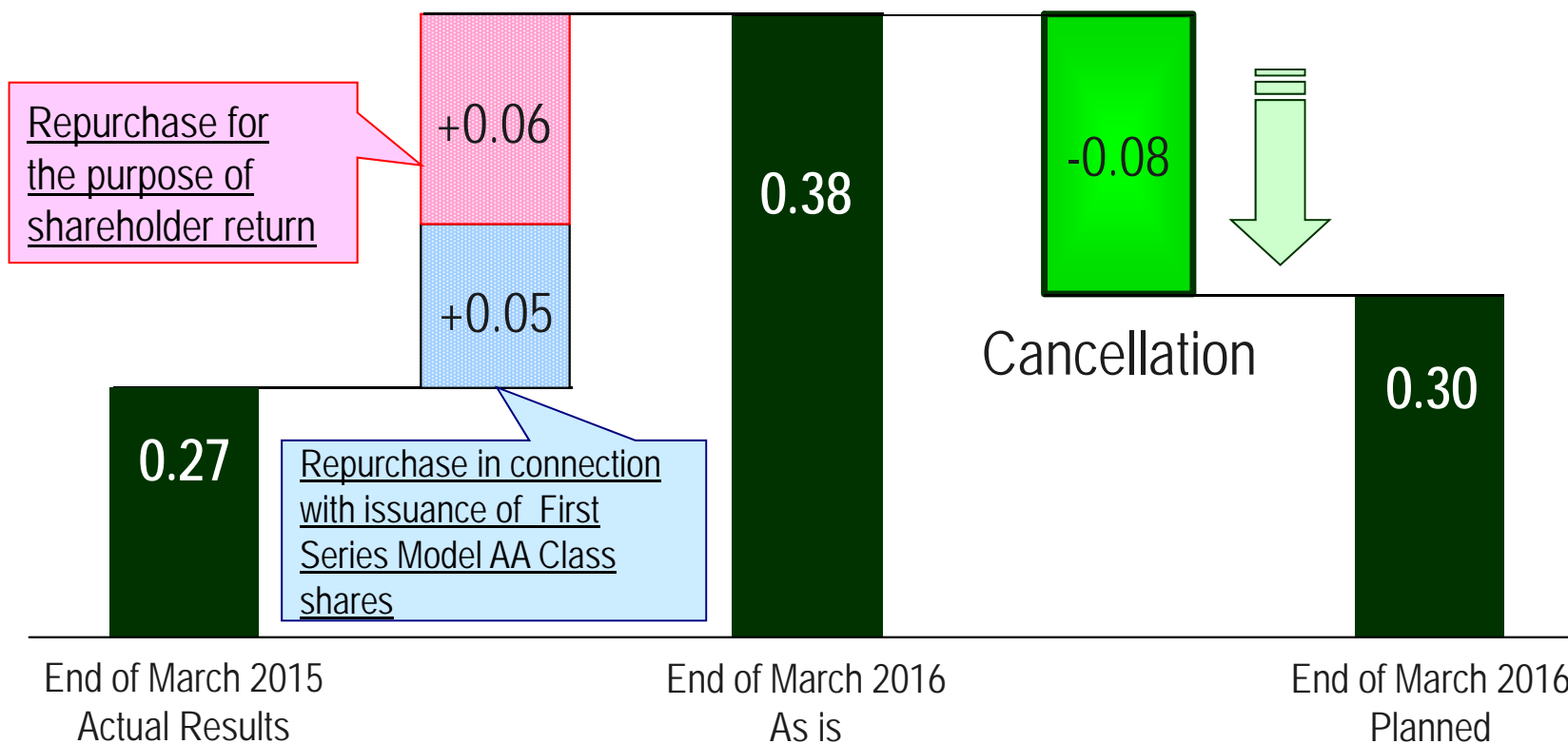
In addition to the above, we have already repurchased 47.1 million shares of 348.2 billion yen to avoid dilution of the common shares from the issuance of First Series Model AA Class shares.

# Shareholder Return

Cancellation of shares of treasury stock : 80 million shares  
 (The cancellation is expected to take place on November 30, 2015.)

(billions of shares)

Balance of shares of treasury stock



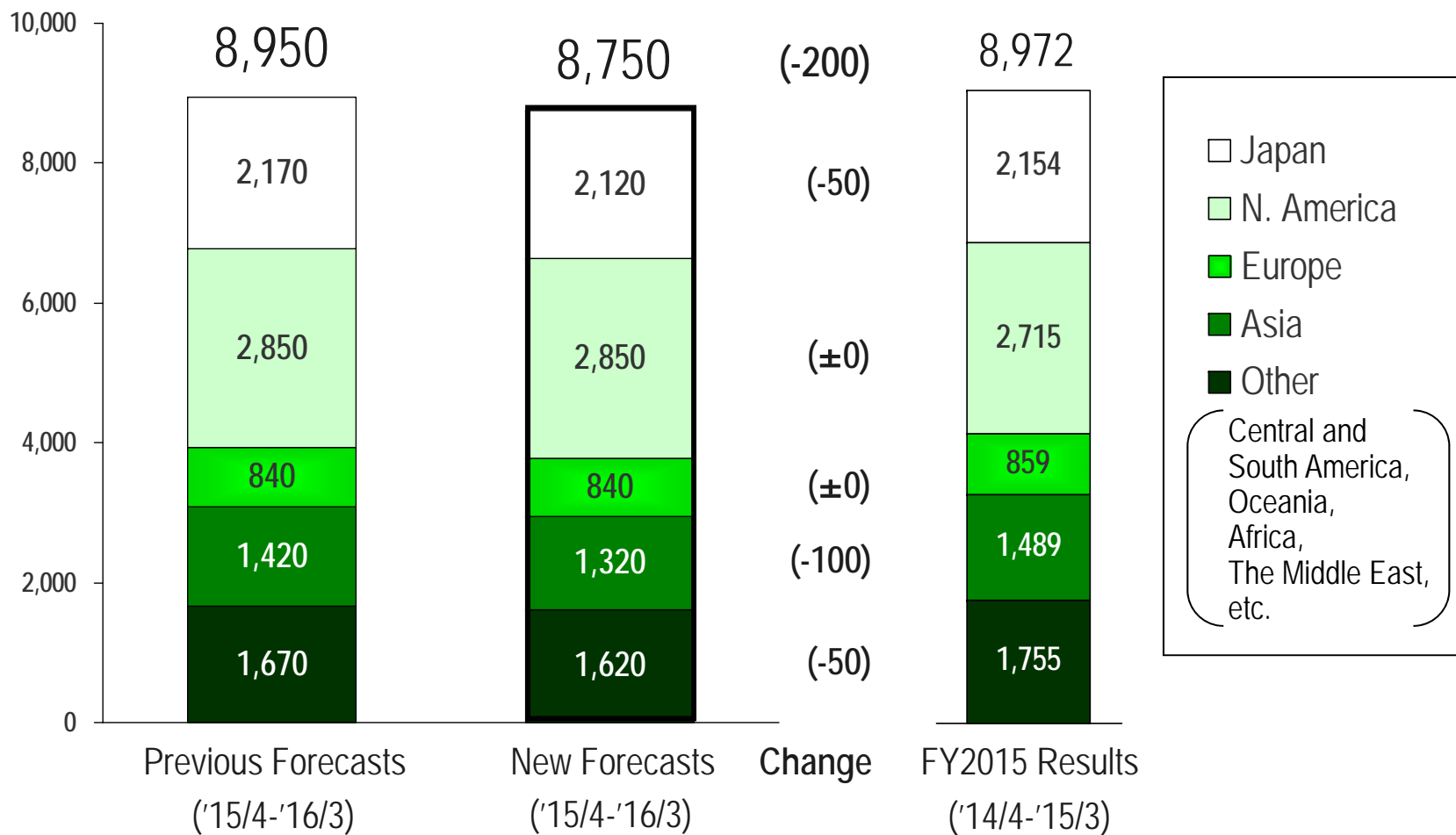
# FY2016 Second Quarter Financial Results

FY2016 Second Quarter Financial Performance  
(FY2016 First Half)

**FY2016 Financial Forecasts**

# FY2016 Forecasts: Consolidated Vehicle Sales

(thousands of vehicles)



Total retail vehicle sales in thousands	10,150	10,000	-150	10,168
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# FY2016 Forecasts: Consolidated Financial Summary

(billions of yen)

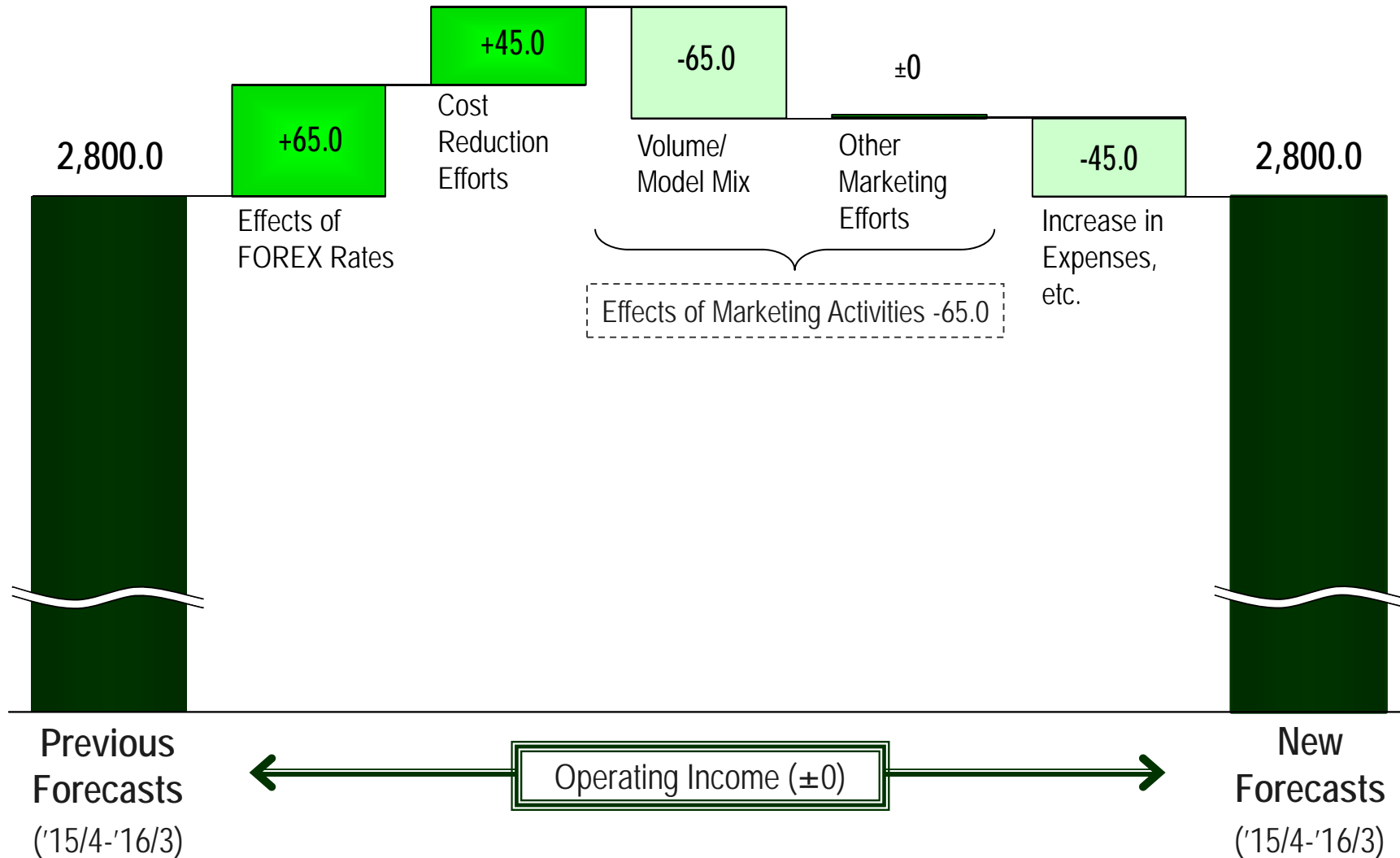
	Previous Forecasts ( <sup>'15/4-'16/3</sup> )	New Forecasts ( <sup>'15/4-'16/3</sup> )	Change	FY2015 Results ( <sup>'14/4-'15/3</sup> )	
<b>Net Revenues</b>	27,800.0	27,500.0	-300.0	27,234.5	
<b>Operating Income</b>	2,800.0	2,800.0	±0	2,750.5	
Operating margin	10.1%	10.2%	-	10.1%	
Income before income taxes and equity in earnings of affiliated companies	2,980.0	2,980.0	±0	2,892.8	
Equity in earnings of affiliated companies	330.0	310.0	-20.0	308.5	
<b>Net Income<sup>*1</sup></b>	2,250.0	2,250.0	±0	2,173.3	
Net margin <sup>*1</sup>	8.1%	8.2%	-	8.0%	
FOREX Rates	US\$	117 yen	118 yen <sup>*2</sup>	+1 yen	110 yen
	€	127 yen	133 yen <sup>*2</sup>	+6 yen	139 yen

\*1 Net Income attributable to Toyota Motor Corporation

\*2 FOREX Rate assumptions: 115 yen against the U.S. dollar and 130 yen against the Euro from October 2015 to March 2016

# Analysis of FY2016 Forecasts: Consolidated Operating Income **TOYOTA** (vs. Previous Forecasts)

(billions of yen)

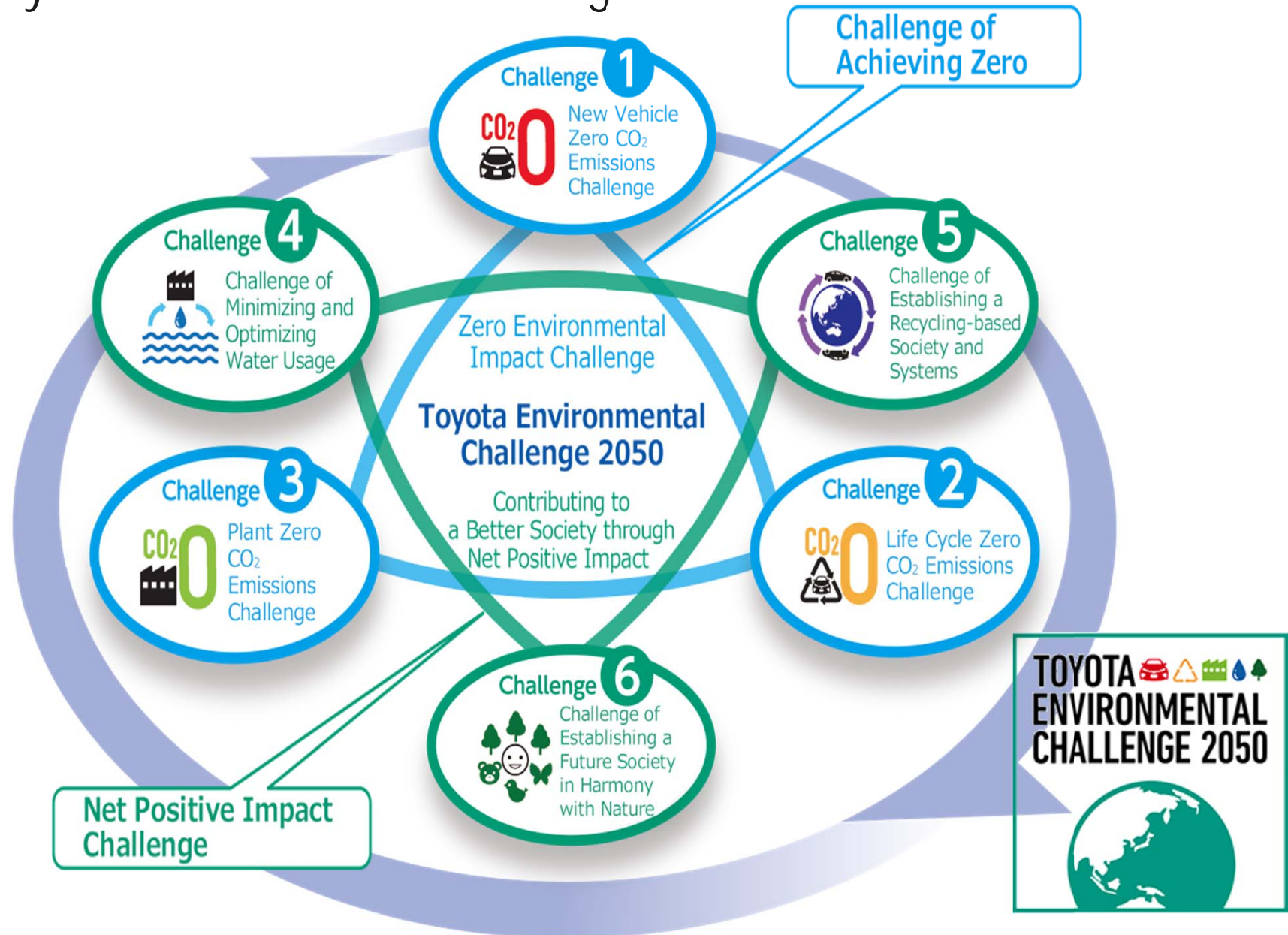




# TOYOTA



◇ Toyota Environmental Challenge 2050



# ◇ Development of Automated Driving

Safety

**TOYOTA**

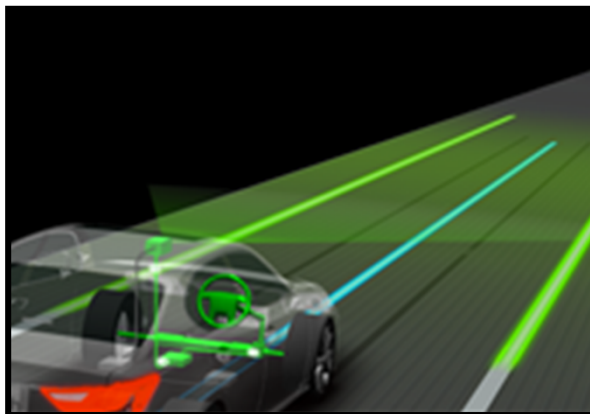


Efficiency  
Reducing congestion



Freedom

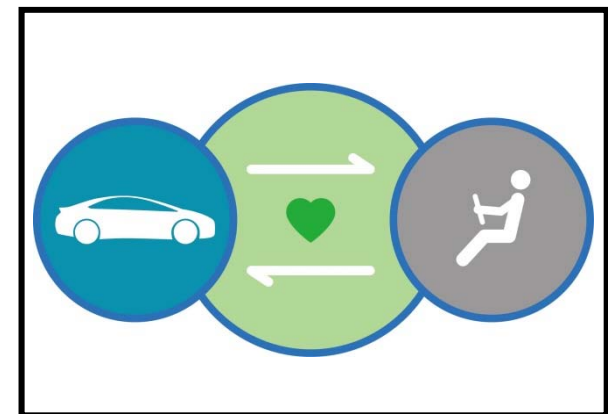
Driving Intelligence



Connected Intelligence



Interactive Intelligence

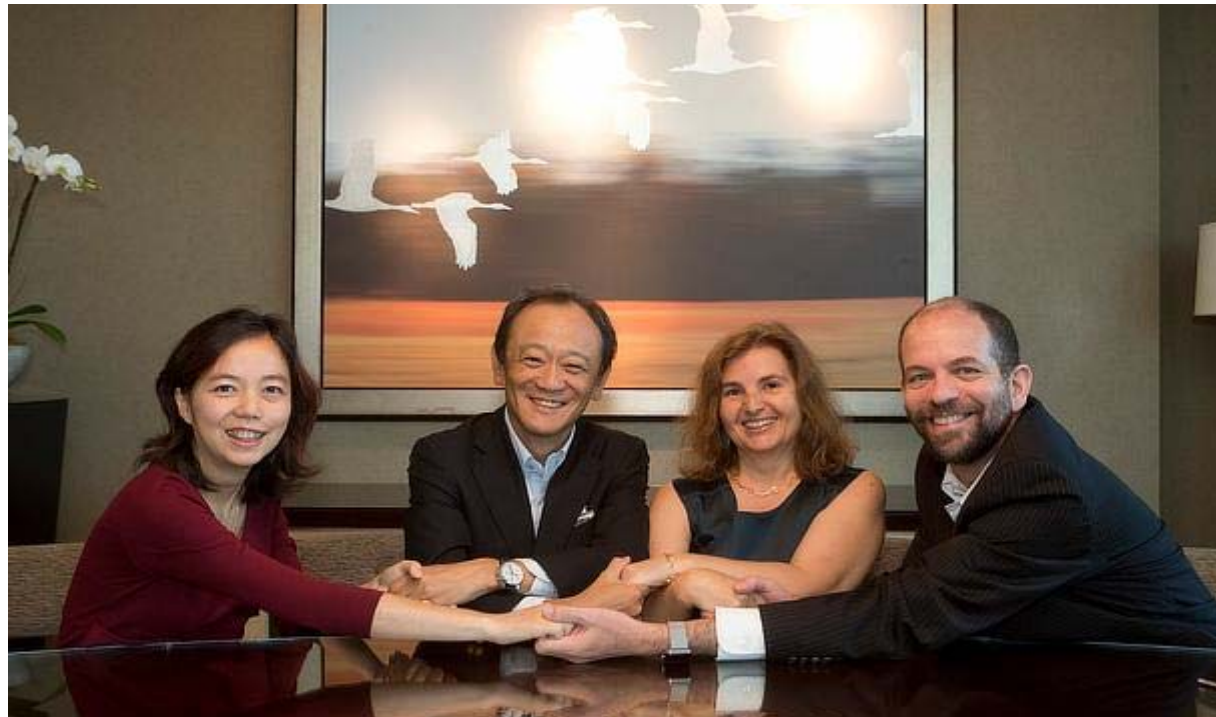


# ◇ Artificial Intelligence Research

**TOYOTA**

<Press release of September 4, 2015>

- Establishment of a collaborative research centers with MIT and Stanford
- Total investment of USD \$50 million to accelerate AI research
- AI industry expert Dr. Gill A. Pratt invited to reinforce research into artificial intelligence

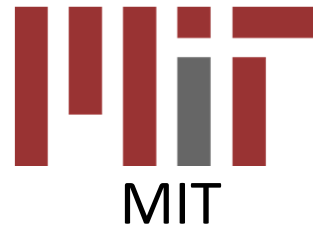


Professor Fei-Fei Li,  
Stanford

Kiyotaka Ise,  
Senior Managing Officer

Professor Daniela Rus, Dr. Gill A. Pratt  
MIT

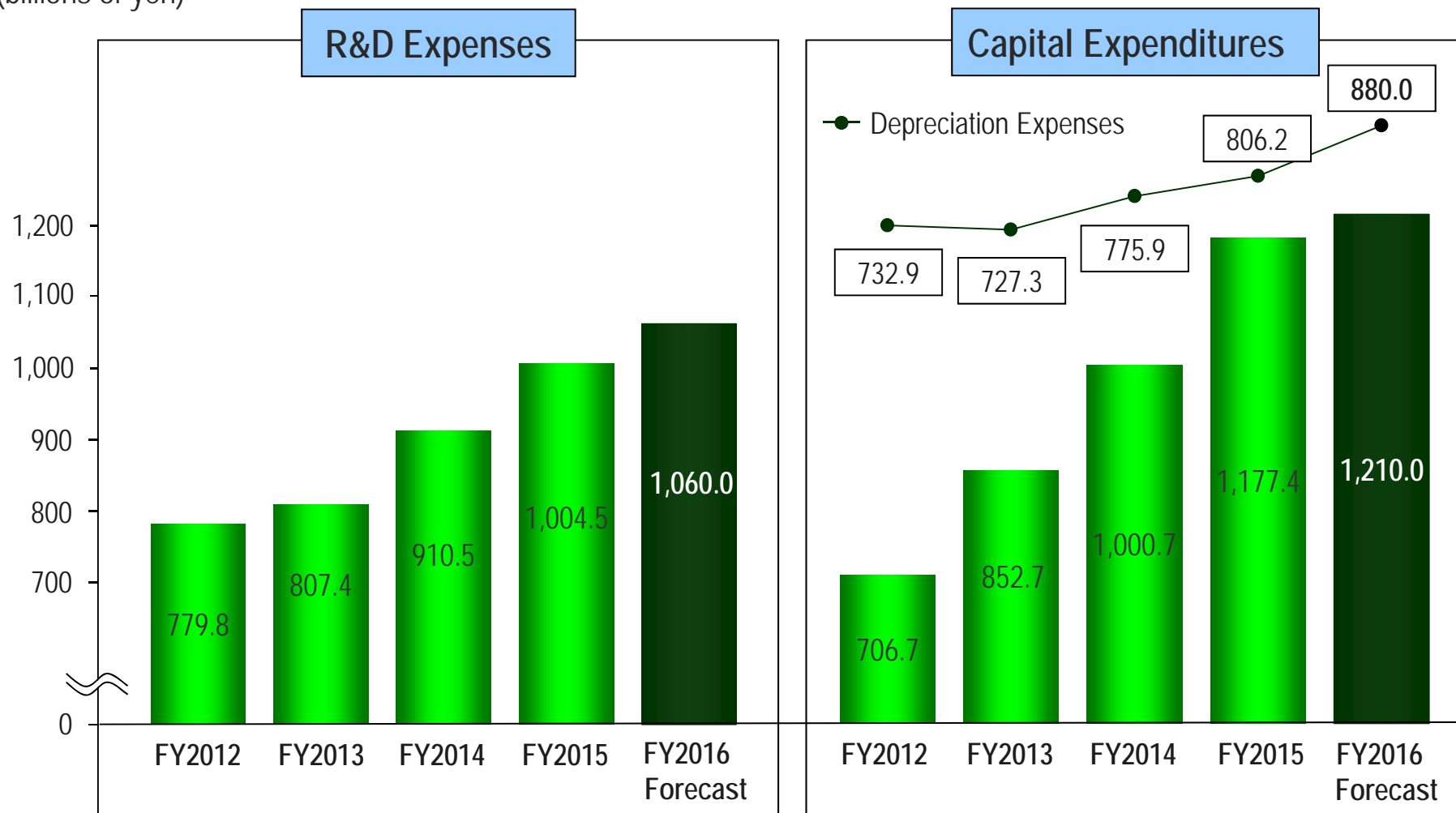
Stanford University



**TOYOTA**

# FY2016 Consolidated Forecasts: R&D, CAPEX, Depreciation

(billions of yen)



Change from Previous Forecasts:

R&D Expenses +10.0 billion yen    Capital Expenditures ±0 billion yen    Depreciation Expenses ±0 billion yen

# FY2016 Second Quarter Financial Results



LEXUS RX

Toyota Motor Corporation  
November 5, 2015

(Reference)

TOYOTA

## FY2016 Forecasts: Vehicle Production and Retail Sales

(thousands of vehicles)

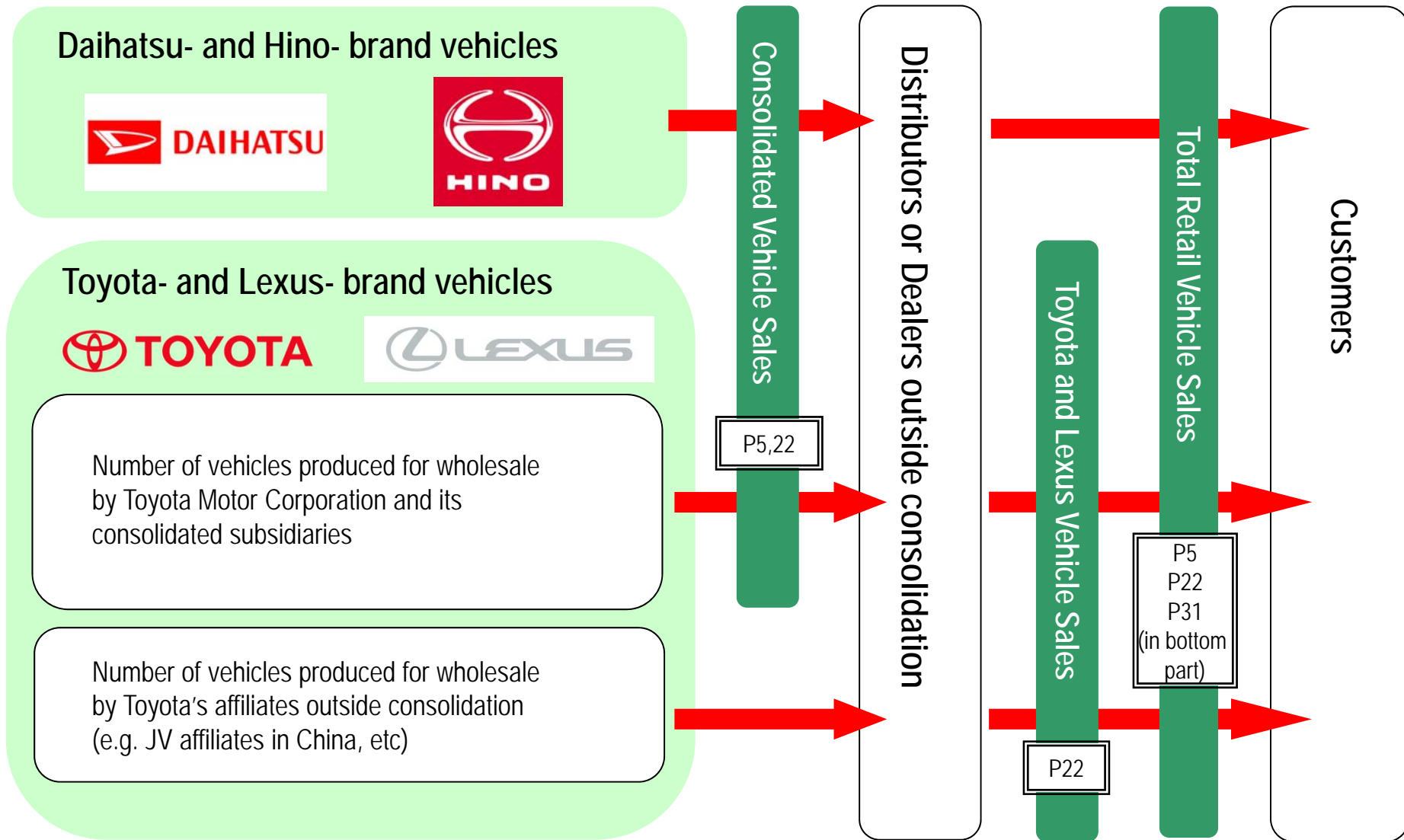
		Previous Forecasts	New Forecasts	Change	
		('15/4-'16/3)	('15/4-'16/3)		
T o y o t a  &  L e x u s	Vehicle Production *1	Japan	3,250	±0	
		Overseas	5,850	5,750	-100
		Total	9,100	9,000	-100
	Vehicle Retail Sales *2	Japan	1,450	1,500	+50
		Overseas	7,700	7,600	-100
		Total	9,150	9,100	-50
	Exports		1,800	1,800	±0
	Total Vehicle Retail Sales*2 (Including Daihatsu- & Hino- brand)		10,150	10,000	-150

\*1 Including vehicle production by Toyota's affiliates outside consolidation

\*2 Including vehicle sales by Toyota's affiliates outside consolidation

(Reference)

# Definitions of Consolidated and Retail Vehicle Sales



\*There are a limited number of exceptional cases where sales are made other than in accordance with the flowchart above.