

Toyota Business Strategy Meeting 2007

**Toyota Motor Corporation
August 31, 2007**

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2

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Katsuaki Watanabe

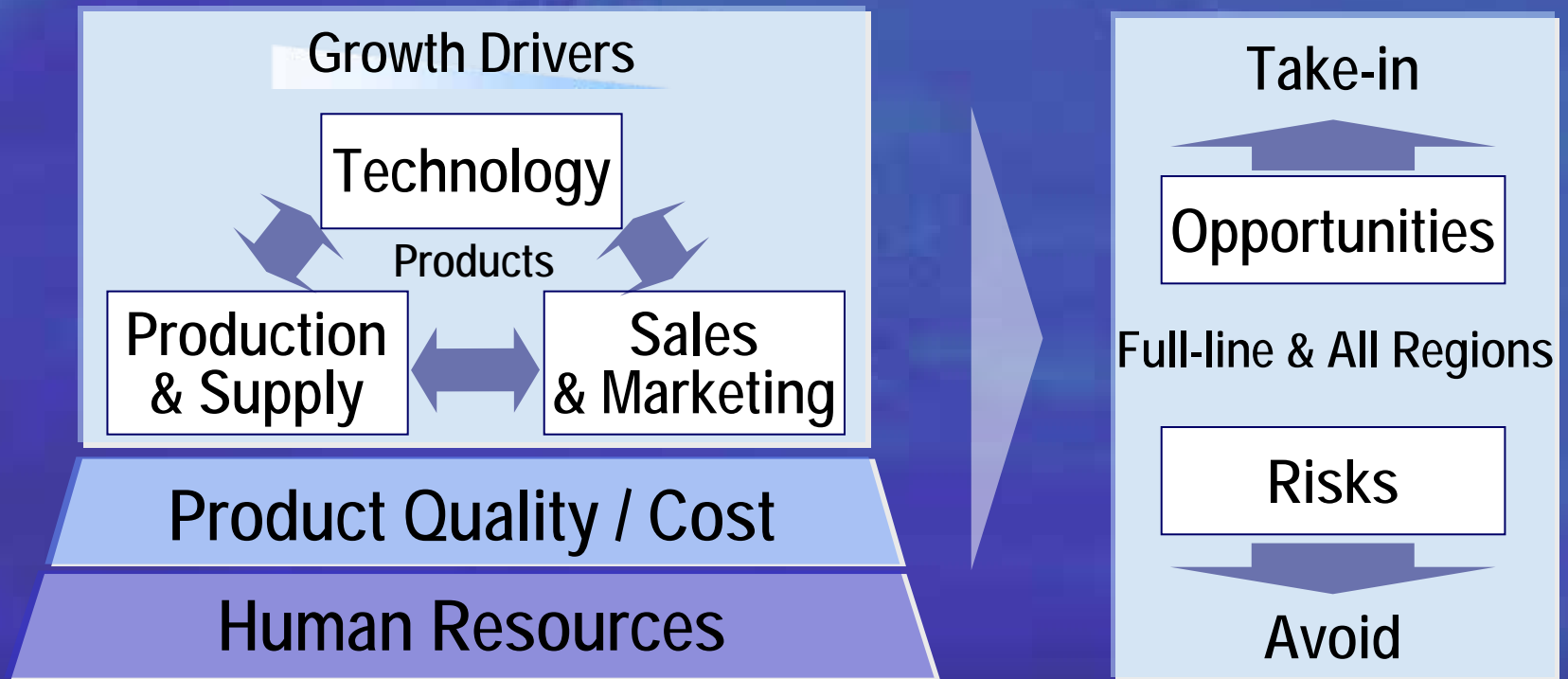
President

- 
- **Growth Philosophy**
 - **Building a Solid Foundation**
 - **Growth Drivers**
 - **Sales Plan**
 - **Shareholder Return**

. Growth Philosophy

6

Quality Improvement ► Long-term and Stable Growth



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. Solid Foundation

7



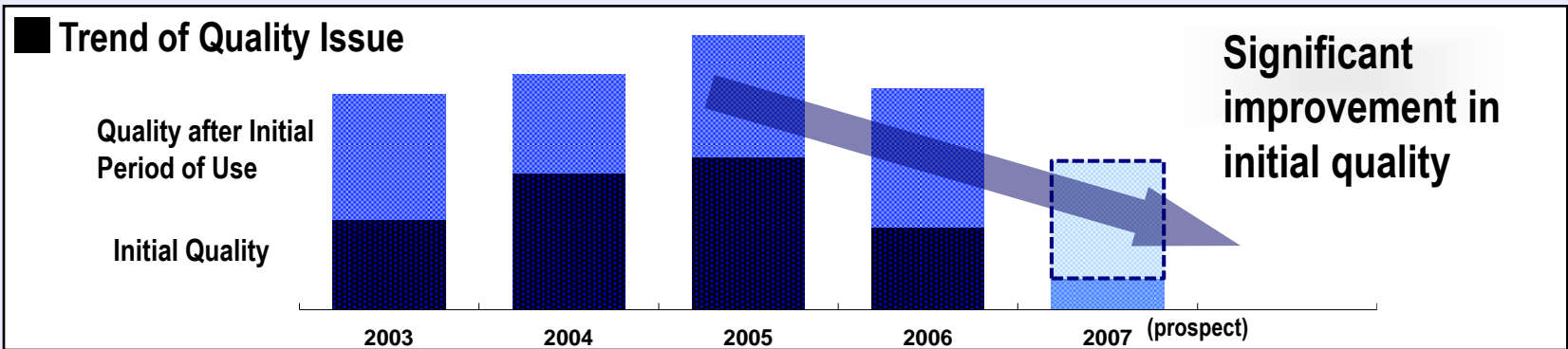
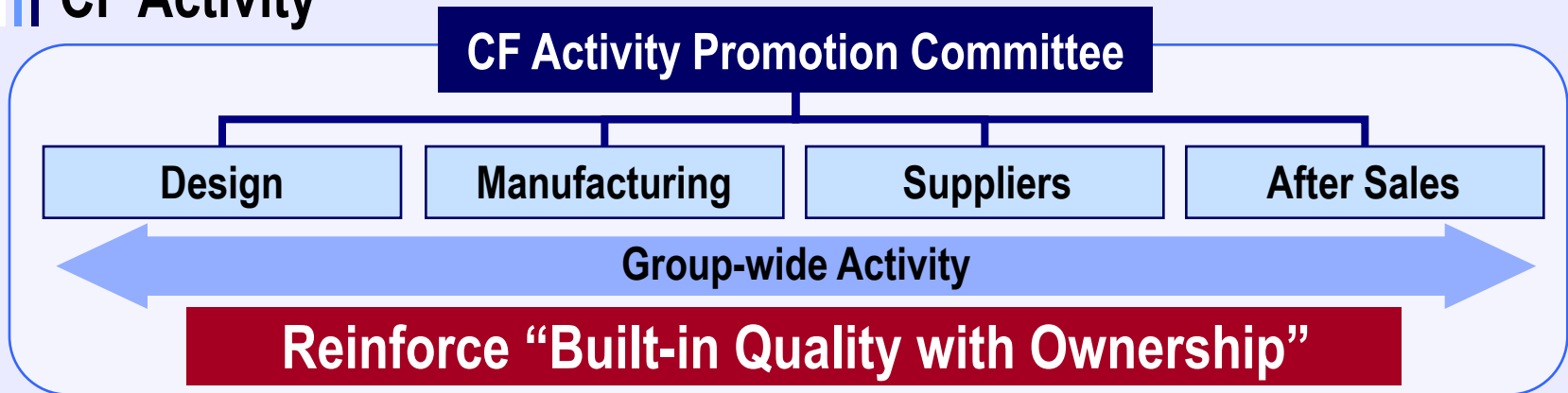
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II - 1. Product Quality



CF Activity

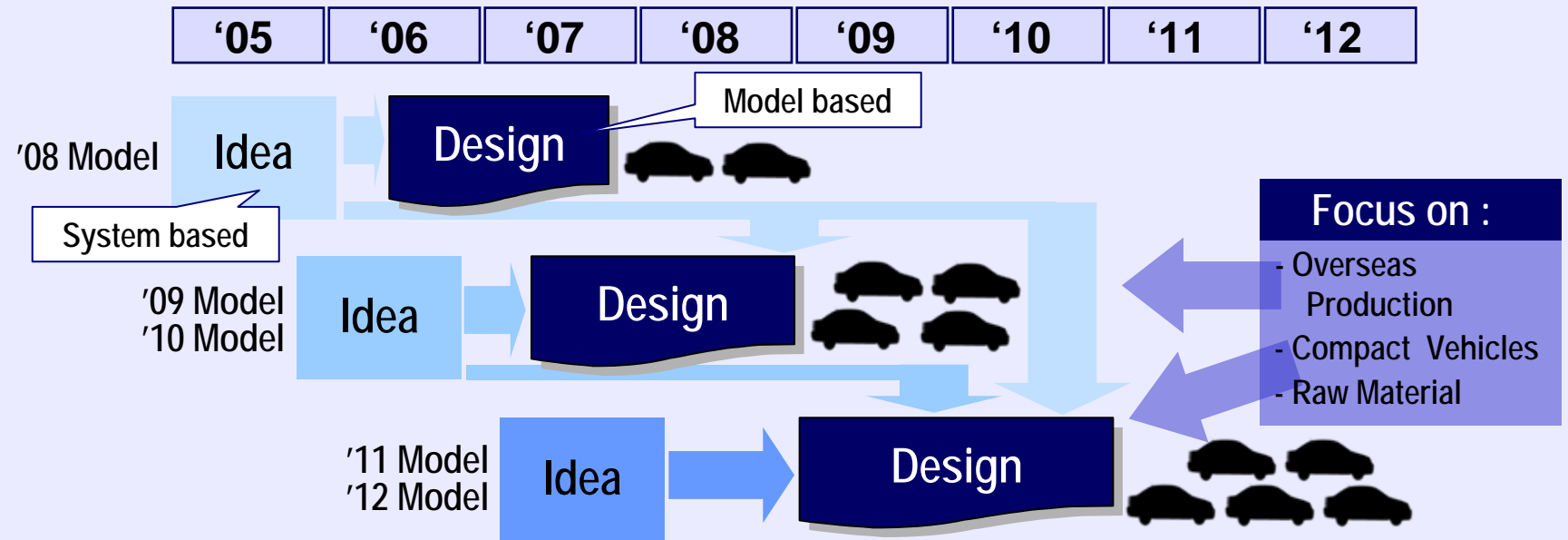
CF=Customer First



- 2 . Cost



Value Innovation (VI) Activity

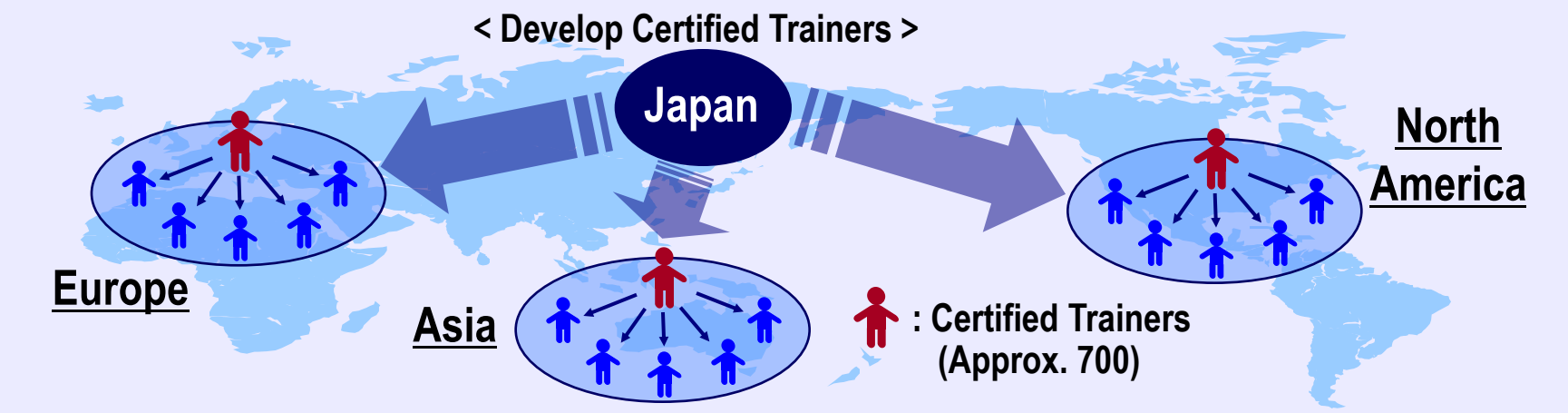
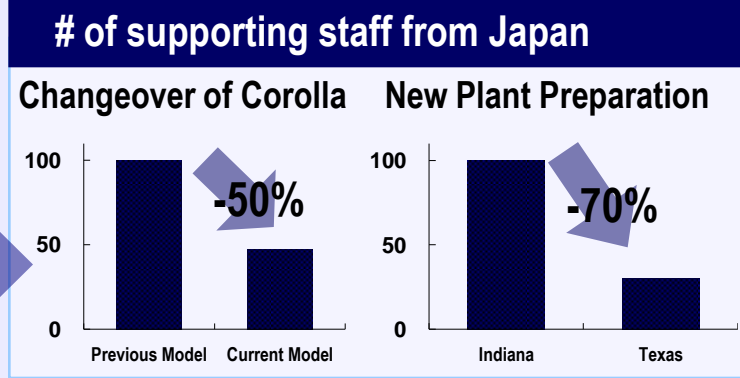
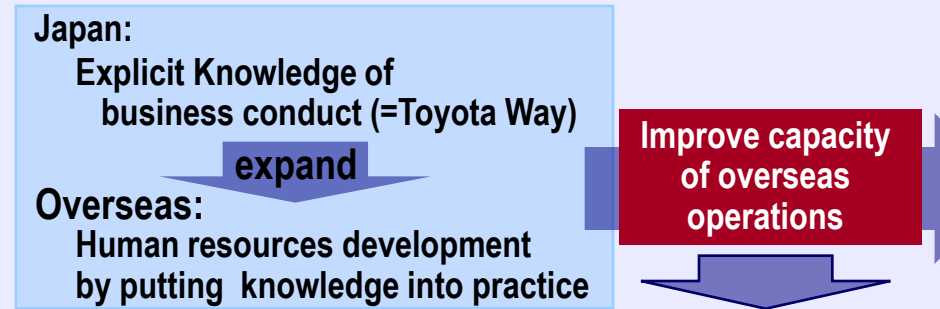


Promote VI activities to increase net profits

II - 3. Human Resources

Product Quality	Cost	Human Resources
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Global Promotion of Self-Reliance



. Growth Drivers

11



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- 1 . Technology

12

Technology

Challenges for Sustainable Mobility

CO₂ Reduction ✕ Fuel Efficiency ✕ Alternative Energy Sources

Engine
Transmission

- Redesign all to improve environmental performance (-2010)

Diesel

- Strengthen line-up (Joint development of 1.6L with Isuzu)
- Further reduce emissions (Expansion of clean diesel)

Hybrid

- Reduce cost through more compact, lighter system
Expand model line-up
=> 1 million unit HV sales in the early 2010s
- Evolve HV technology (Test of PHV on public road)

PHV=Plug-in Hybrid Vehicle

Production
& Supply

Sales
& Marketing

TOYOTA

- 1 . Technology

Technology

Challenges for Sustainable Mobility

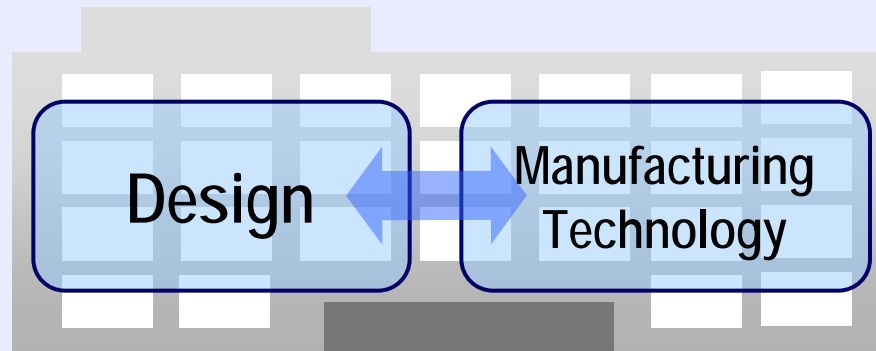
Stronger need for next generation environmental technology
(Hybrid System / Engine / Transmission)



Early commercialization with state of the art environmental technologies

Production & Supply

Sales & Marketing



Development of Technology through Closer Coordination

- 2 . Production & Supply

Technology

Sustainable Plant Activity

-Introduction of Innovative Manufacturing Technology

Production & Supply

Effects

- Reduction in CAPEX
- Improvement of product quality and productivity
- CO₂ reduction

[Takaoka Plant]

Innovative Manufacturing Technology

Stamping Body Weld Paint Assembly

Transfer technology to other plants

Sales & Marketing

[e.g. Welding Line]

■ Previous GBL ■ Innovative Line

Reduce processes & space
Shorten production lead time

Small Robot
New Slim Robot
Large Robot

- 2 . Production & Supply

Technology
Production & Supply
Sales & Marketing

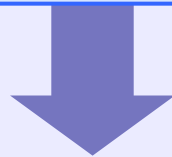


Sustainable Plant Activity

-Harmony with the Natural Environment

Tsutsumi Plant Initiatives

- Supply of electricity from photovoltaic power generation
- Use of photocatalytic paint
- Active planting of vegetation in and around the plant



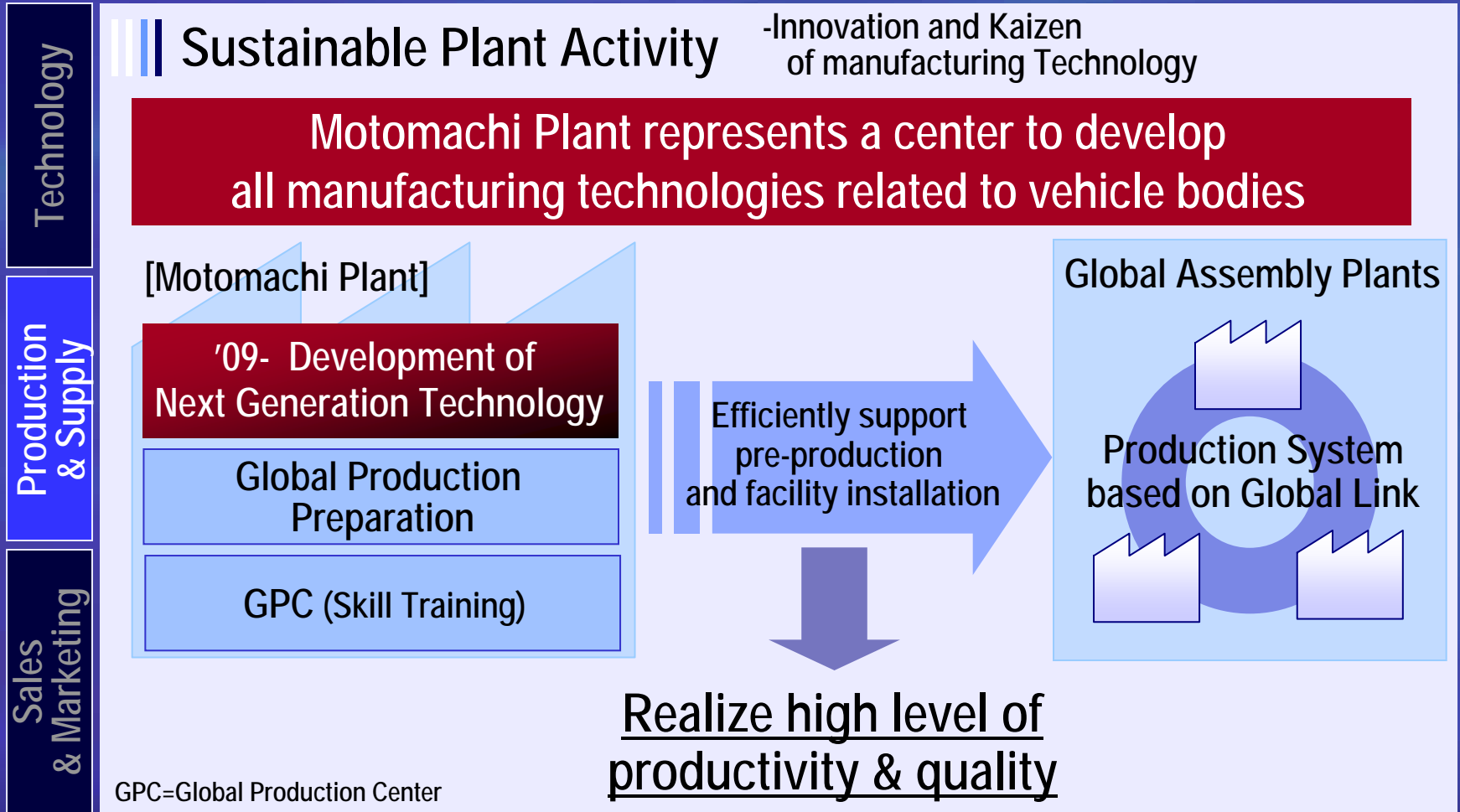
Significant improvement of environmental performance

Photovoltaic Power Generation



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- 2 . Production & Supply

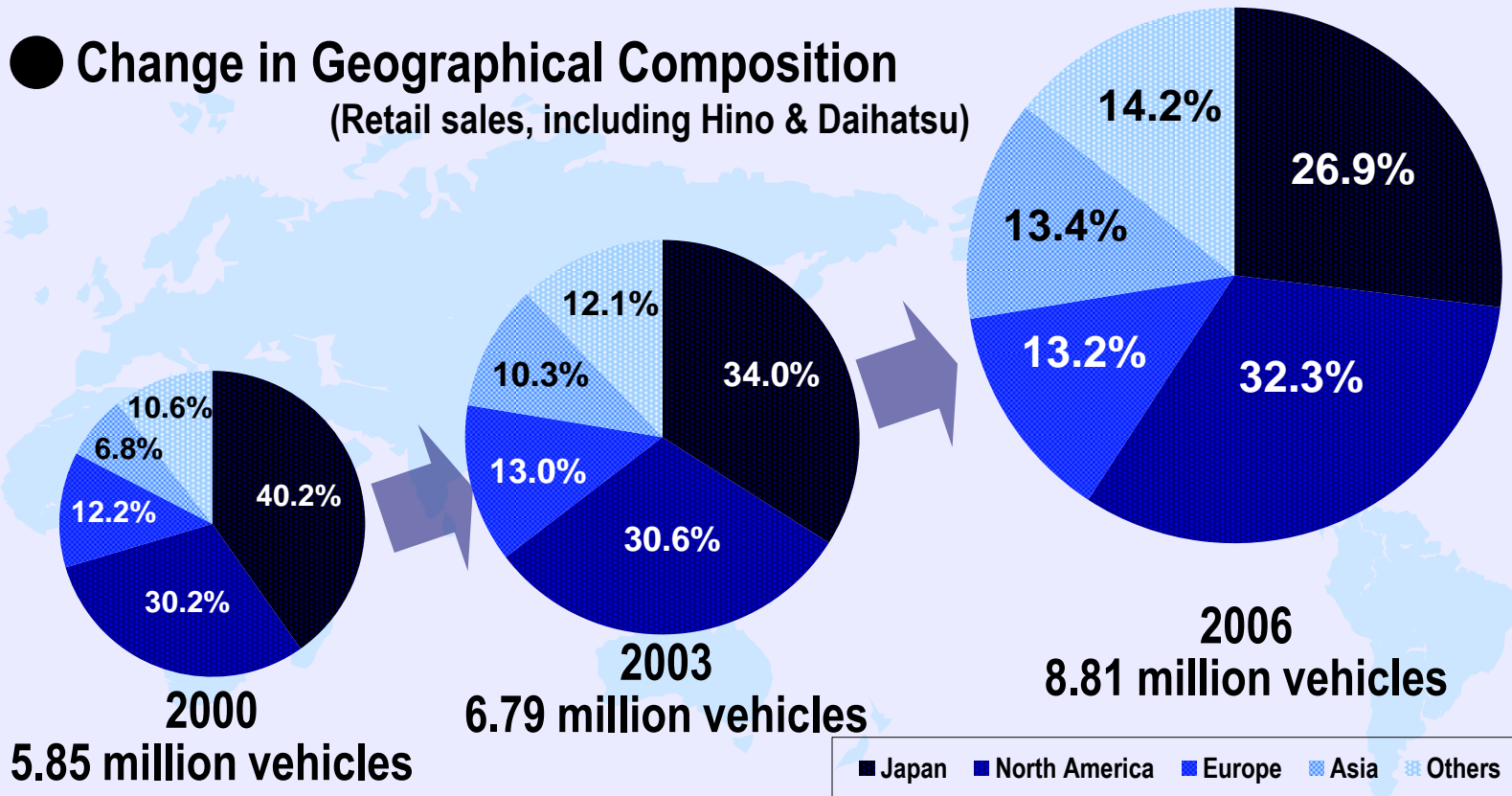


III – 3. Sales & Marketing

Technology
Production & Supply
Sales & Marketing

Regionally Balanced Growth

● Change in Geographical Composition
(Retail sales, including Hino & Daihatsu)



- 3 . Sales & Marketing

Technology

Production & Supply

Sales & Marketing

Strategy by Region -Japan

Introduce attractive products to create new markets



- Introduce new models
- Build social infrastructure to support use of automobiles
- Effectively communicate attractiveness of automobiles

Aim to revitalize the Japanese Market

Technology

Strategy by Region -North America

Introduce attractive products to create new markets

● Launch of New Tundra in '07

▼ Successful entry into full-size pick-up truck market



● Enhance Lineup

▼ Aim to grow in all product categories



Production & Supply

Sales & Marketing

- 3 . Sales & Marketing

Technology

Production & Supply

Sales & Marketing

Strategy by Region -Europe

Introduce attractive products to create new markets

● Promote sales of core models



● Reinforce response to the CO₂ reduction

- Innovative compact model

A new concept vehicle to be displayed at Motor Show in Frankfurt

- Expand diesel line-up



- Promote sales of HVs



III – 3. Sales & Marketing

Technology

Strategy by Region -China

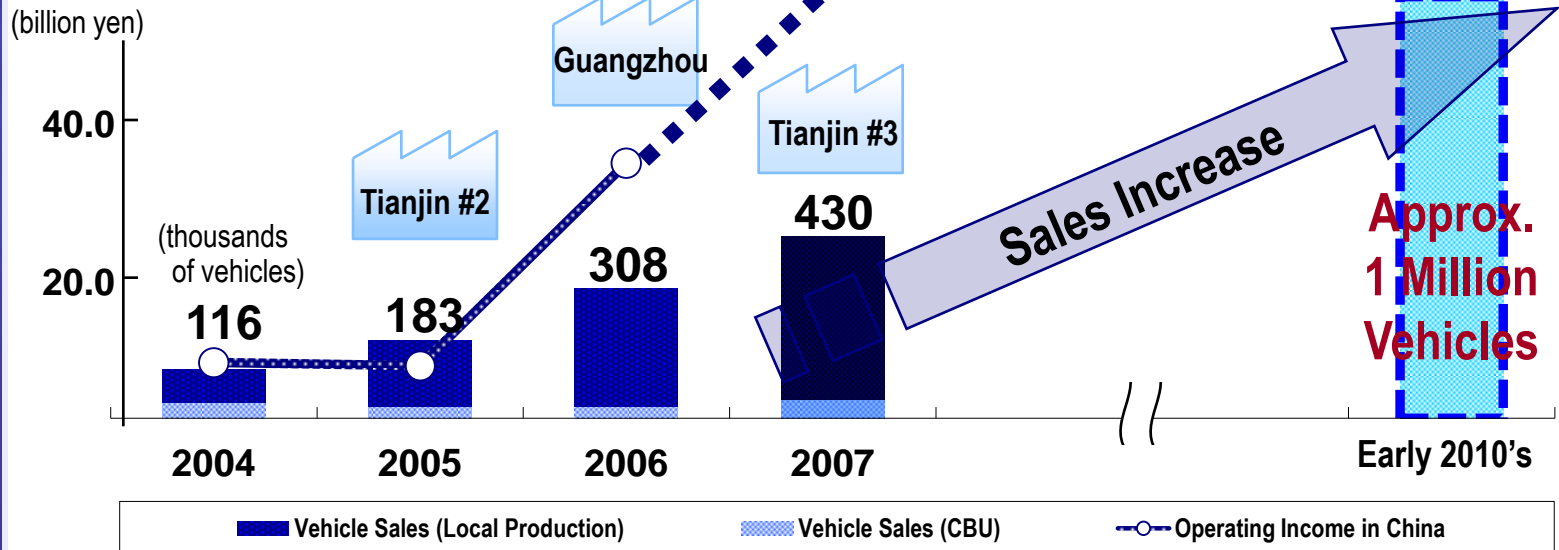
Aim to further increase profits by expanding sales networks and local manufacturing



Production & Supply

Sales & Marketing

Change of Sales Volume / Operating Income



Operating Income in China=Operating Income of Consolidated Subsidiaries+Operating Income of Affiliated Companies * Equity Ratio of Affiliated Companies

III – 3. Sales & Marketing

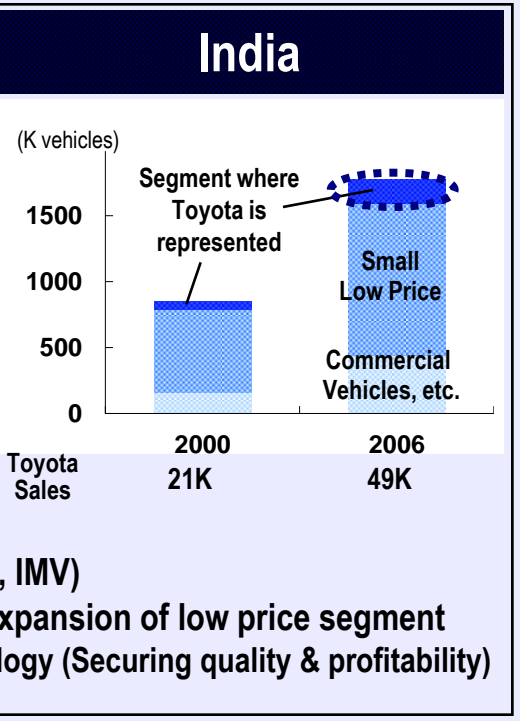
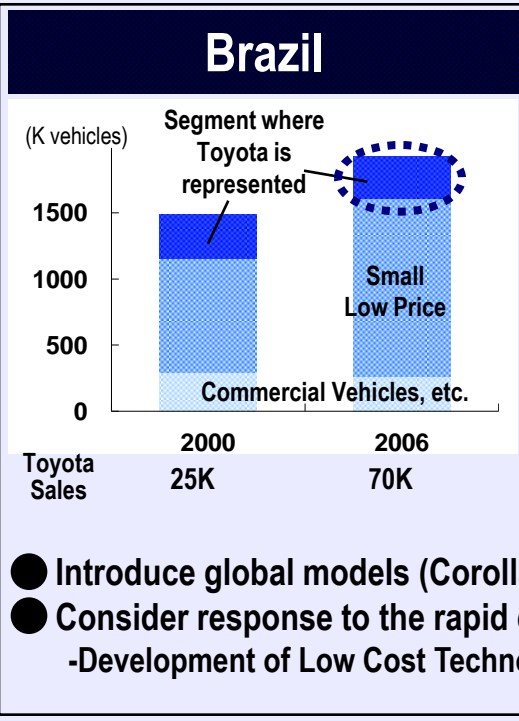
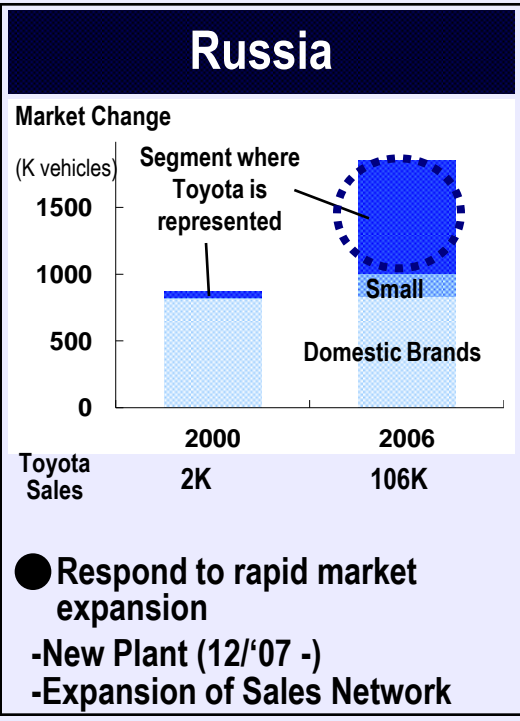
Technology

Production & Supply

Sales & Marketing

Strategy by Region -Emerging Markets

Thoroughly respond to local needs



Technology

Production & Supply

Sales & Marketing

Strategy by Brand -Lexus

Increase Sales by Improving Lineup

5/07 Flagship Model

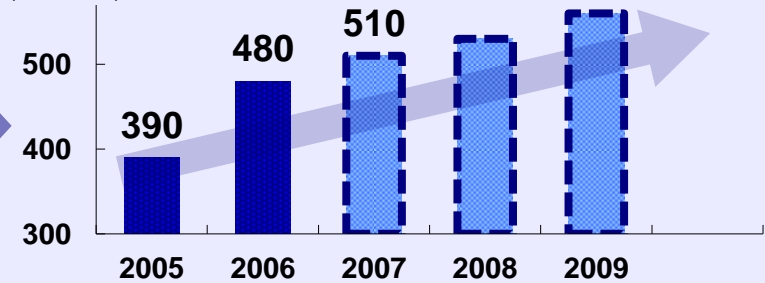


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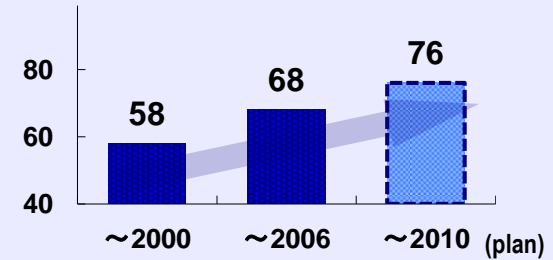
Improve line-up steadily

Change in Vehicle Sales

(K vehicles)



The Number of Countries/Areas Where Lexus is Sold



- Build foundation for the brand
 - Expand countries/areas to sell
 - Increase Lexus exclusive dealers

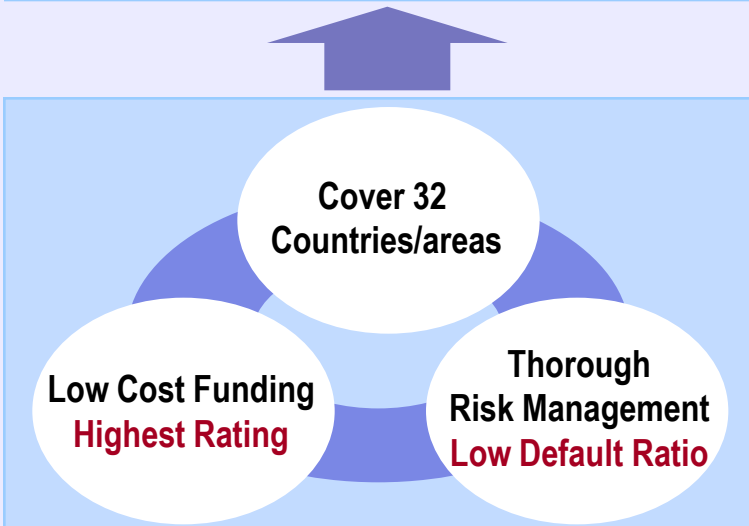


Technology
Production & Supply
Sales & Marketing

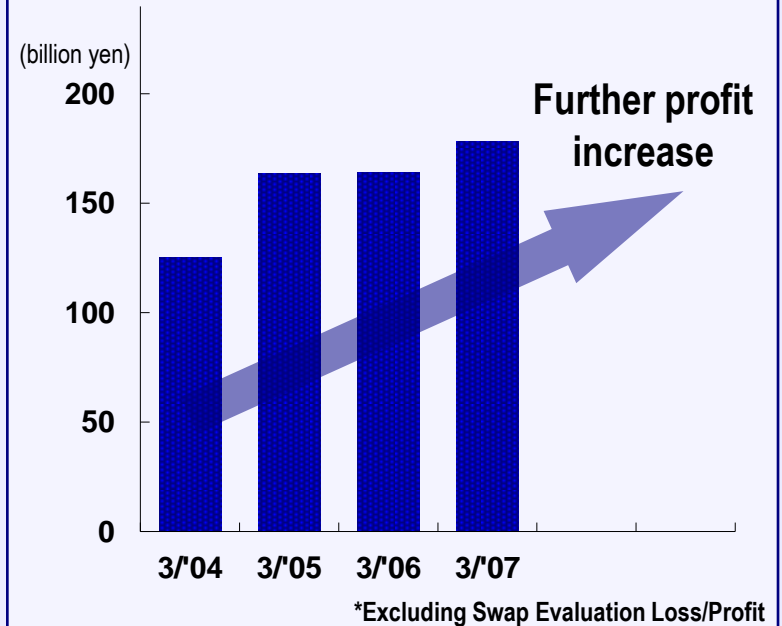
Financial Services

Cooperate with dealers and support vehicle sales

Promote various marketing programs & strengthen customer-retention

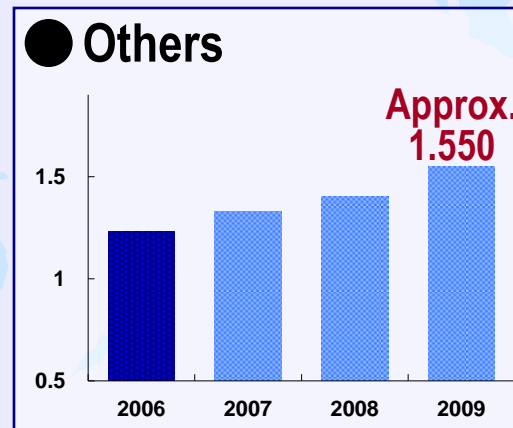
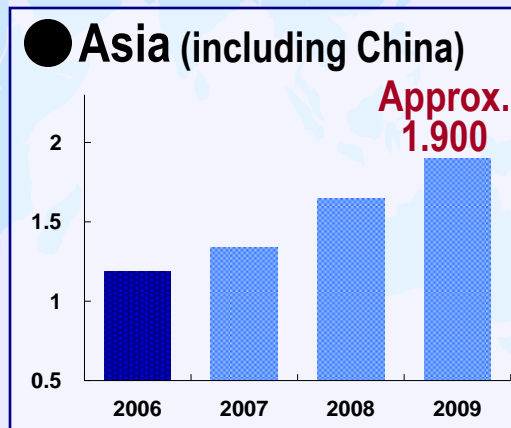
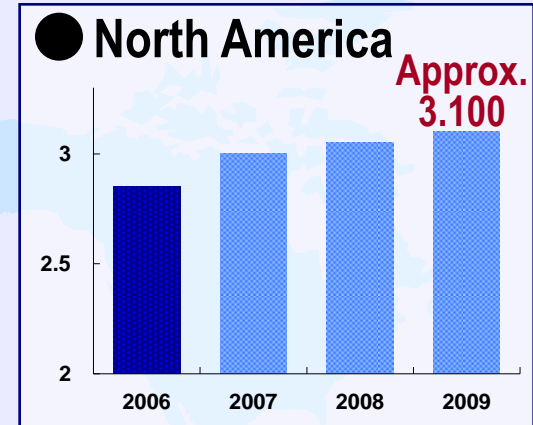
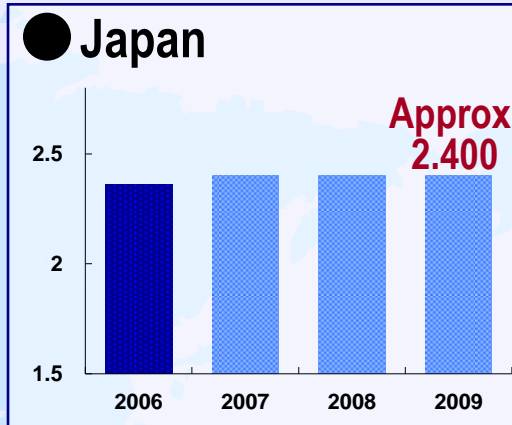
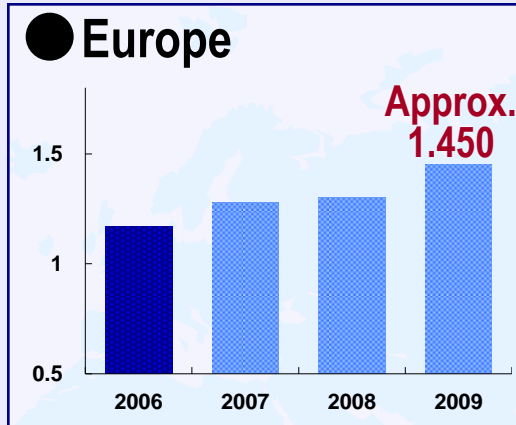


Operating Income from Financial Service Sector



IV. Sales Plan

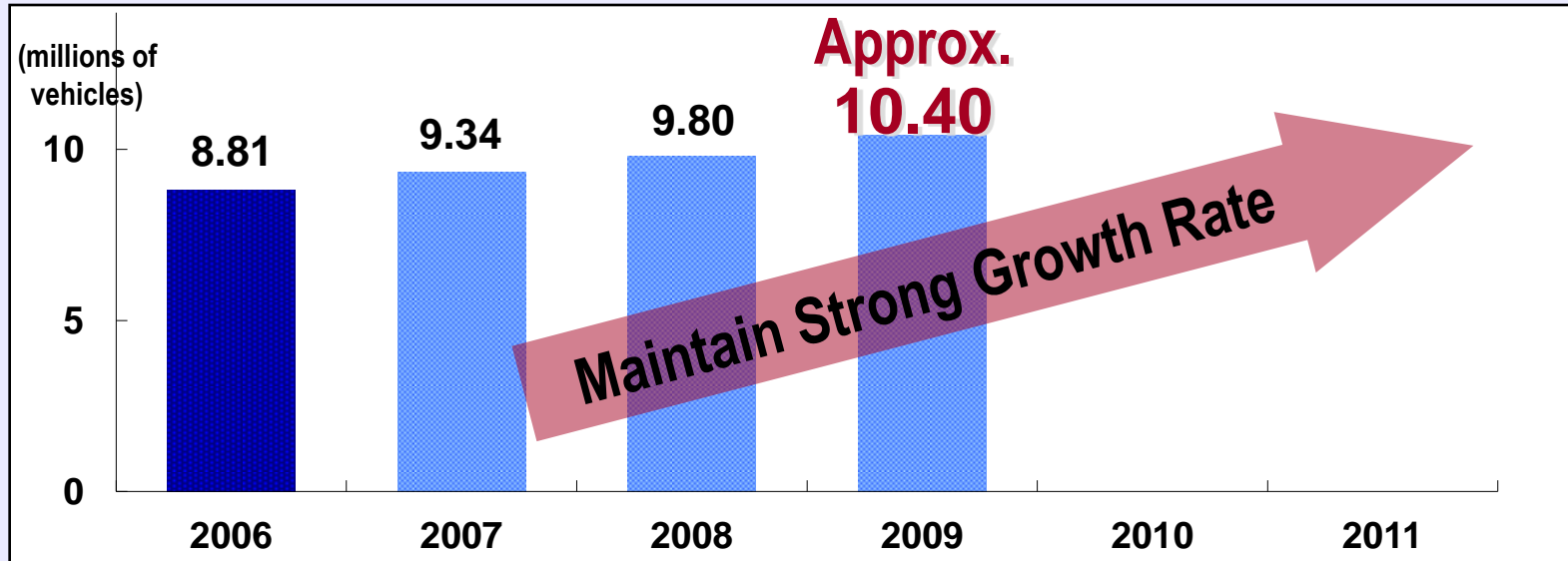
Sales Plan by Region (Retail sales, including Hino and Daihatsu)



(millions of vehicles)

IV. Sales Plan

Total Vehicle Sales (Retail sales, including Hino and Daihatsu)



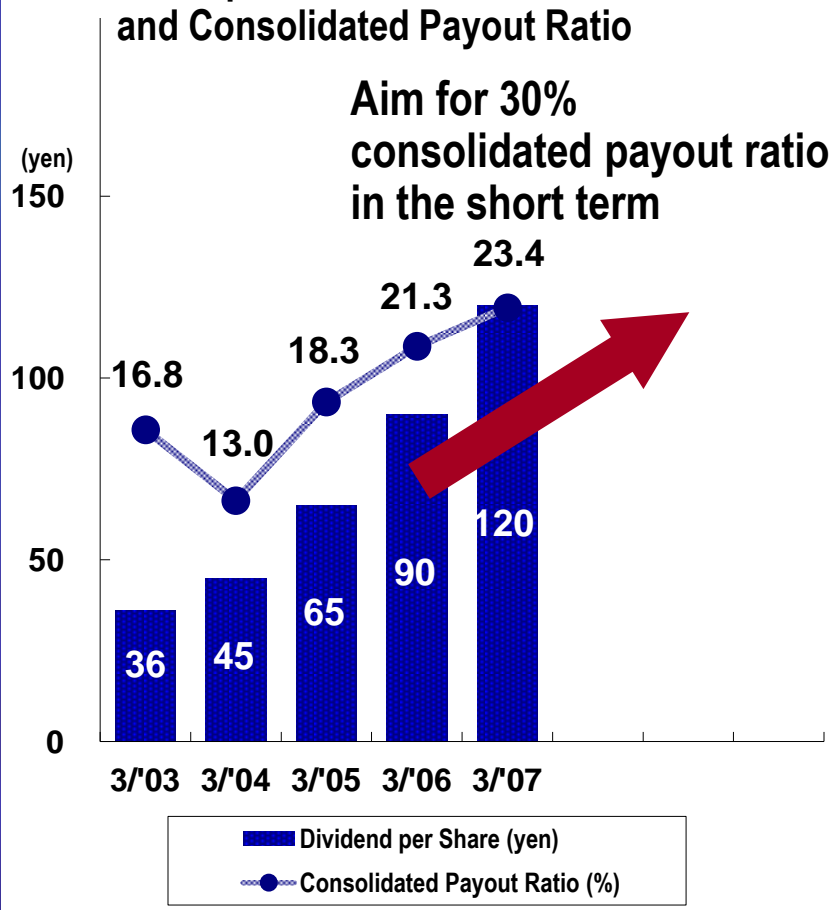
Profit

Target of Operating Income Ratio in Medium & Long-term 10%

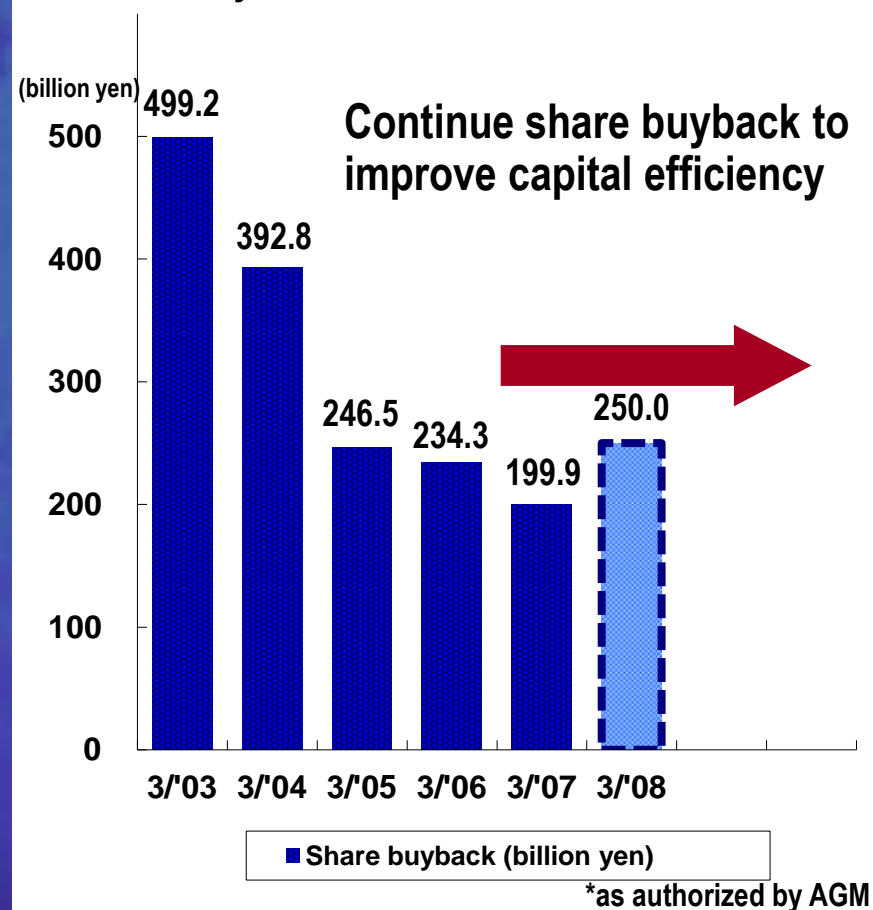
Sustainable Growth in Profit

V. Shareholders Return

Dividend per Share and Consolidated Payout Ratio



Share Buyback



Building a Platform for Growth

28

Contribution to the Sustainable Development of the Earth and Society

Three Sustainability Concepts

Research & Development

Manufacturing

Contribution to the Society

Long-term Sustainable Growth

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