

# FY2018 First Quarter Financial Results



CAMRY Hybrid

Toyota Motor Corporation  
August 4, 2017

## 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.

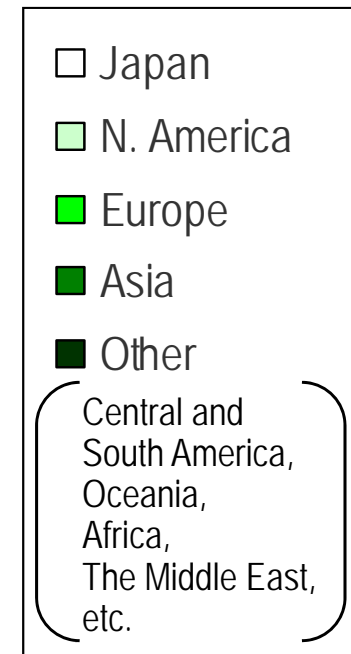
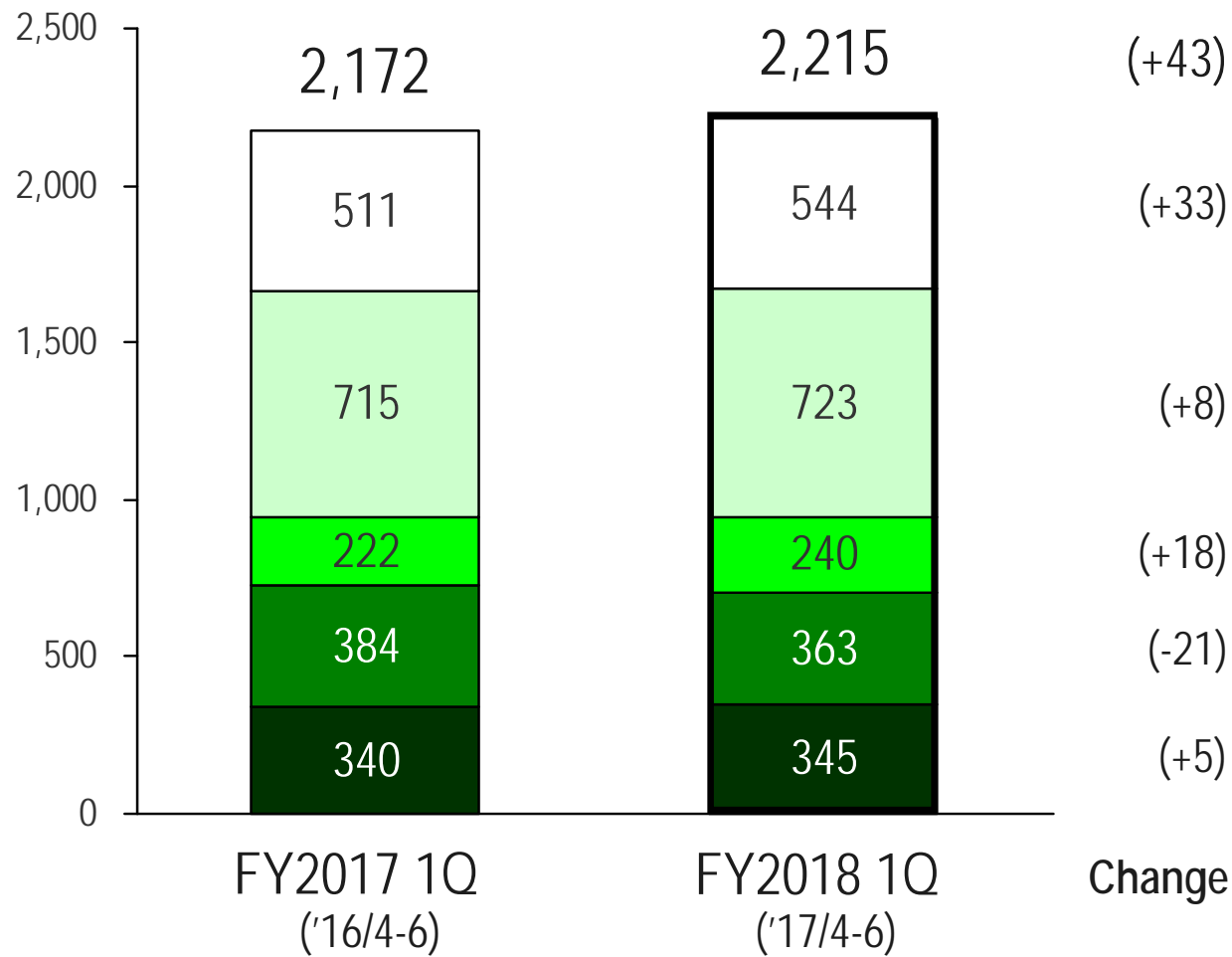
# FY2018 First Quarter Financial Results

**FY2018 First Quarter Financial Performance**

FY2018 Financial Forecasts

# Consolidated Vehicle Sales

(thousands of vehicles)



Total retail vehicle sales	2,529	2,590	+61
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# Consolidated Financial Summary

(billions of yen)

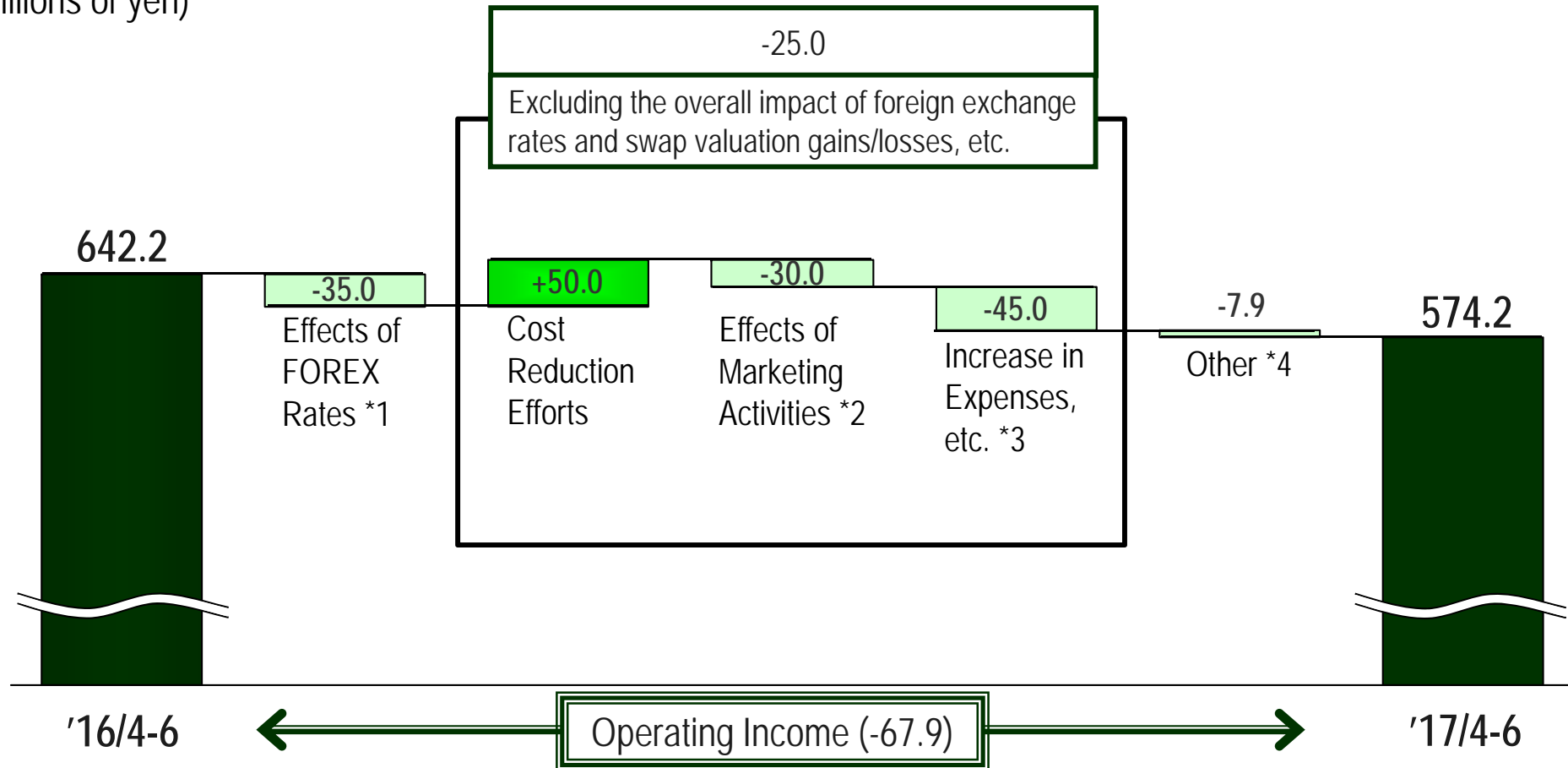
	FY2018 1Q ( <sup>'17/4-6</sup> )	FY2017 1Q ( <sup>'16/4-6</sup> )	Change		
<b>Net Revenues</b>	7,047.6	6,589.1	+458.4	+7.0%	
<b>Operating Income</b>	574.2	642.2	-67.9	-10.6%	
Operating margin	8.1%	9.7%	-	-	
Income before income taxes and equity in earnings of affiliated companies	679.3	677.0	+2.2	+0.3%	
<b>Net Income<sup>*1</sup></b>	613.0	552.4	+60.5	+11.0%	
Net margin <sup>*1</sup>	8.7%	8.4%	-	-	
Net income per share <sup>*2</sup> (diluted)	202.84 yen	179.11 yen	+23.73 yen	-	
FOREX Rates	US\$	111 yen	108 yen	+3 yen	-
	€	122 yen	122 yen	±0 yen	-

\*1 Net Income attributable to Toyota Motor Corporation

\*2 Net Income attributable to common shareholders

# Analysis of Consolidated Operating Income

(billions of yen)

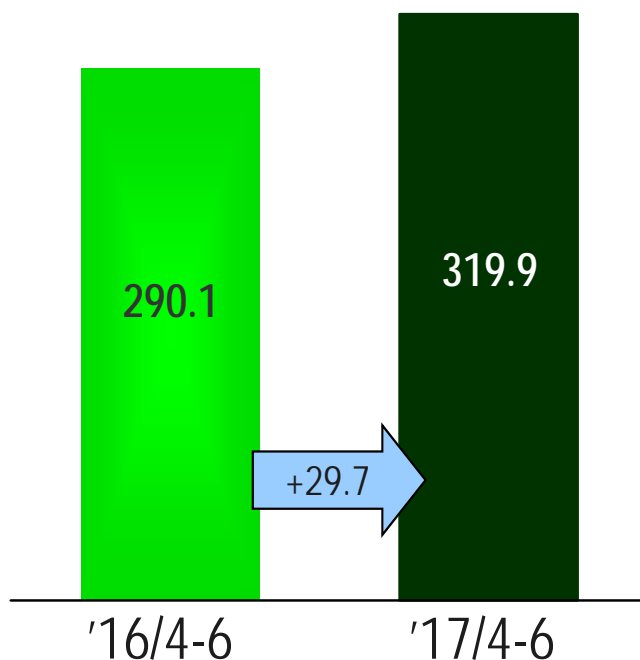
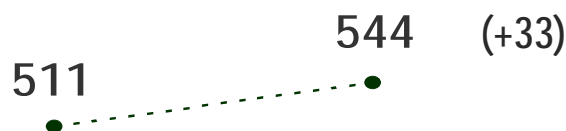


*1. Details		*2. Details		*3. Details		*4. Details	
Transactional (Imports & Exports)	+35.0	Translational FOREX impact concerning overseas subsidiaries	+5.0	Volume, Model Mix	+10.0	Labor Costs	-15.0
US\$	+30.0	Other	-75.0	Financial Services	-10.0	Depreciation	-10.0
€	±0	(Translational FOREX impact of fiscal year-end balance of provisions in foreign currencies, etc.)		Other	-30.0	R&D Expenses	-5.0
Other	+5.0					Expenses, etc.	-15.0
						Valuation Gains/Losses from Swaps, etc.	-7.9

From FY2017 financial results, "Effects of FOREX Rates" includes translational FOREX impact concerning operating income of overseas subsidiaries and fiscal year-end balance of provisions in foreign currencies, etc.

# Geographic Operating Income : Japan

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



**Operating Income\***  
**319.9 billion yen (+29.7 billion yen year on year)**

Increased mainly due to vehicle sales growth and cost reduction efforts.



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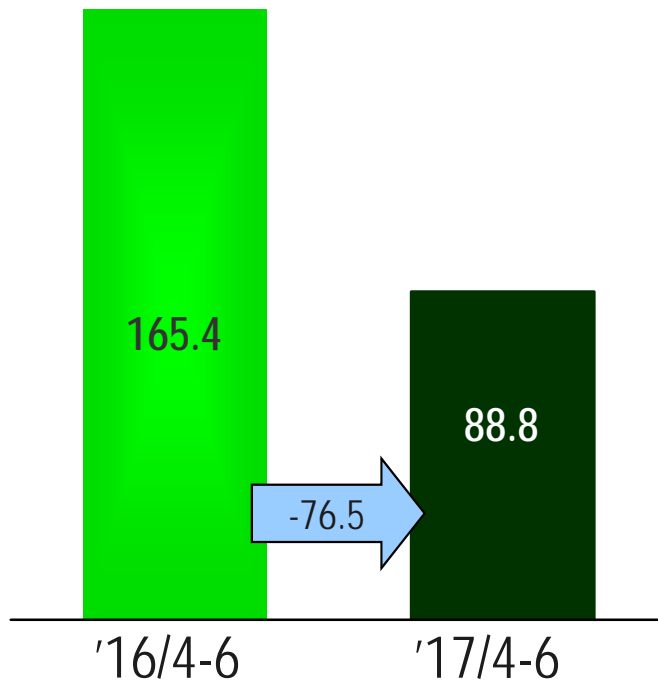
Operating Income Margin	8.6%	8.7%
Operating Income including Valuation Gains/Losses from Interest Rate Swaps, etc. (billions of yen)	290.3	319.2



# Geographic Operating Income : North America

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

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**Operating Income\***  
**88.8 billion yen (-76.5 billion yen year on year)**

Decreased largely a result of increased marketing expenses.

Operating Income Margin	6.5%	3.3%
Operating Income including Valuation Gains/Losses from Interest Rate Swaps, etc. (billions of yen)	171.4	89.2

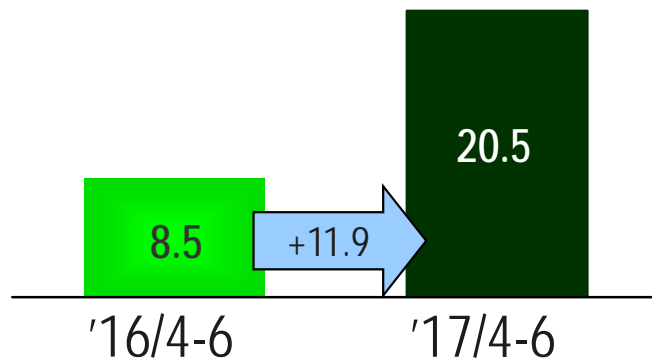


# Geographic Operating Income : Europe

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

**Operating Income\***  
**20.5 billion yen (+11.9 billion yen year on year)**

Increased mainly a result of increased vehicle sales and cost reduction efforts.



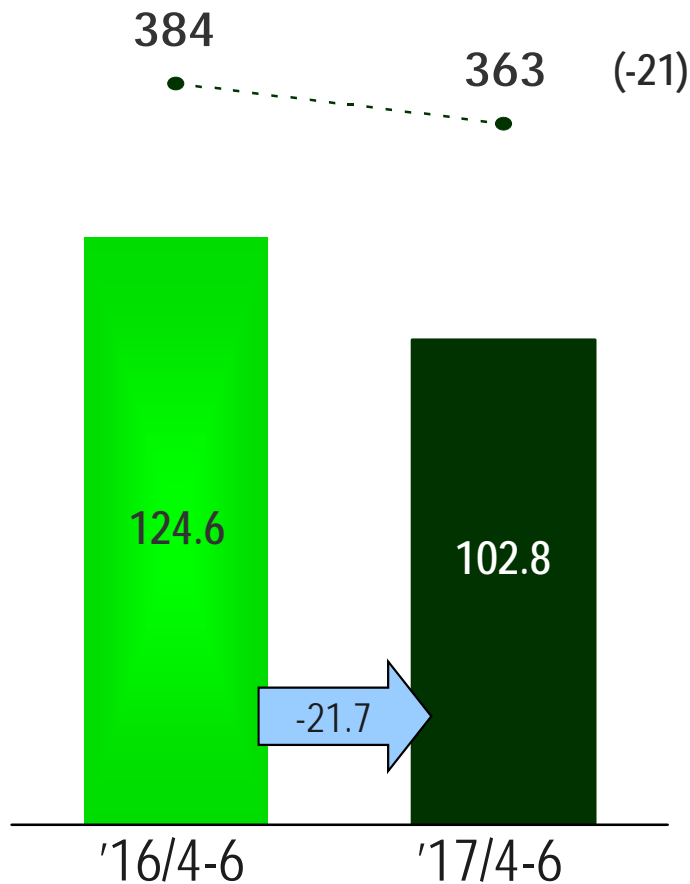
Operating Income Margin	1.4%	2.7%
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Operating Income including Valuation Gains/Losses from Interest Rate Swaps, etc. (billions of yen)	9.0	20.3
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# Geographic Operating Income : Asia

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



**Operating Income\***  
**102.8 billion yen (-21.7 billion yen year on year)**

Decreased largely due to the effect of FOREX rates and decreased vehicle sales.



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Operating Income Margin	10.5%	8.6%
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Operating Income including Valuation Gains/Losses from Interest Rate Swaps, etc. (billions of yen)	127.4	104.3
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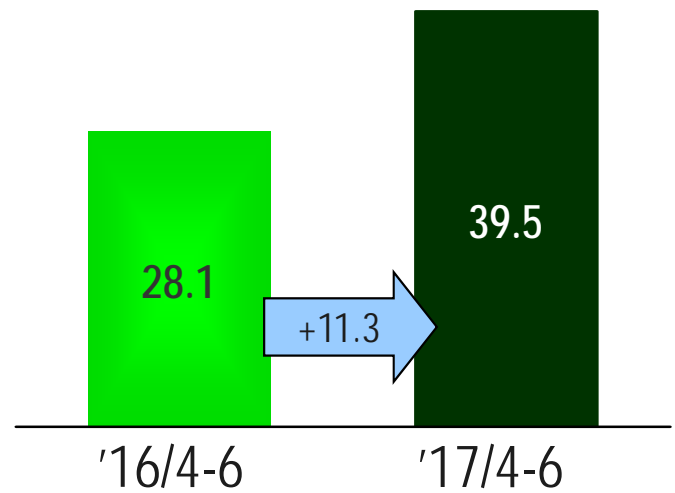
# Geographic Operating Income : Central & South America, Oceania, Africa and The Middle East

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



**Operating Income\***  
**39.5 billion yen (+11.3 billion yen year on year)**

Increased mainly due to the impact of FOREX rates and vehicle sales growth.



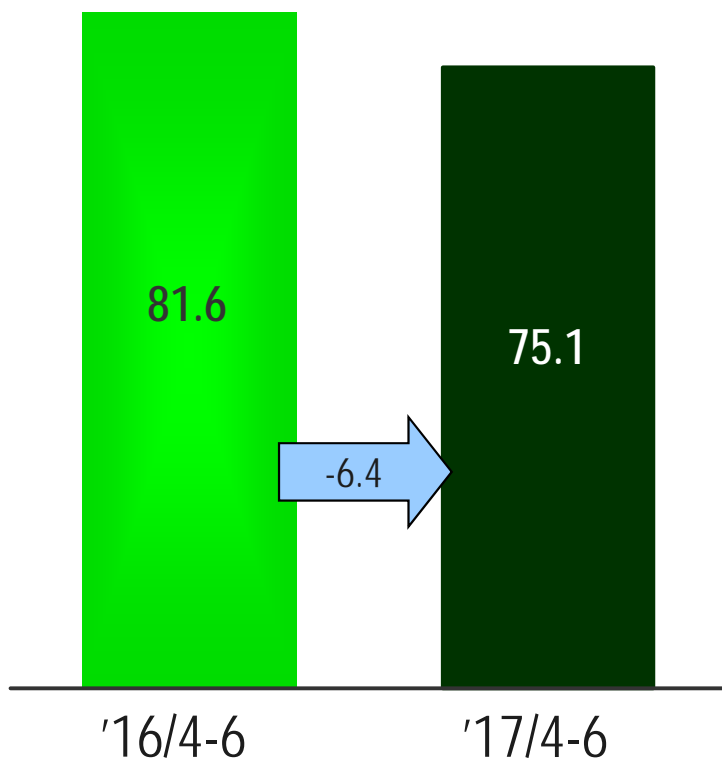
Operating Income Margin	5.4%	6.5%
Operating Income including Valuation Gains/Losses from Interest Rate Swaps, etc. (billions of yen)	27.3	38.6

# Financial Services Operating Income

■ Operating Income (billions of yen) \*  
 \* Excluding Valuation Gains/Losses from Interest Rate Swaps, etc.

**Operating Income\***  
**75.1 billion yen (-6.4 billion yen year on year)**

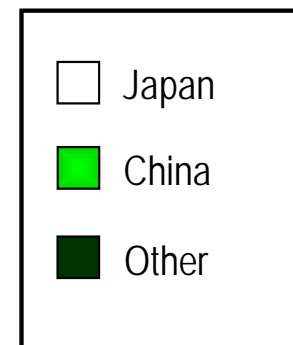
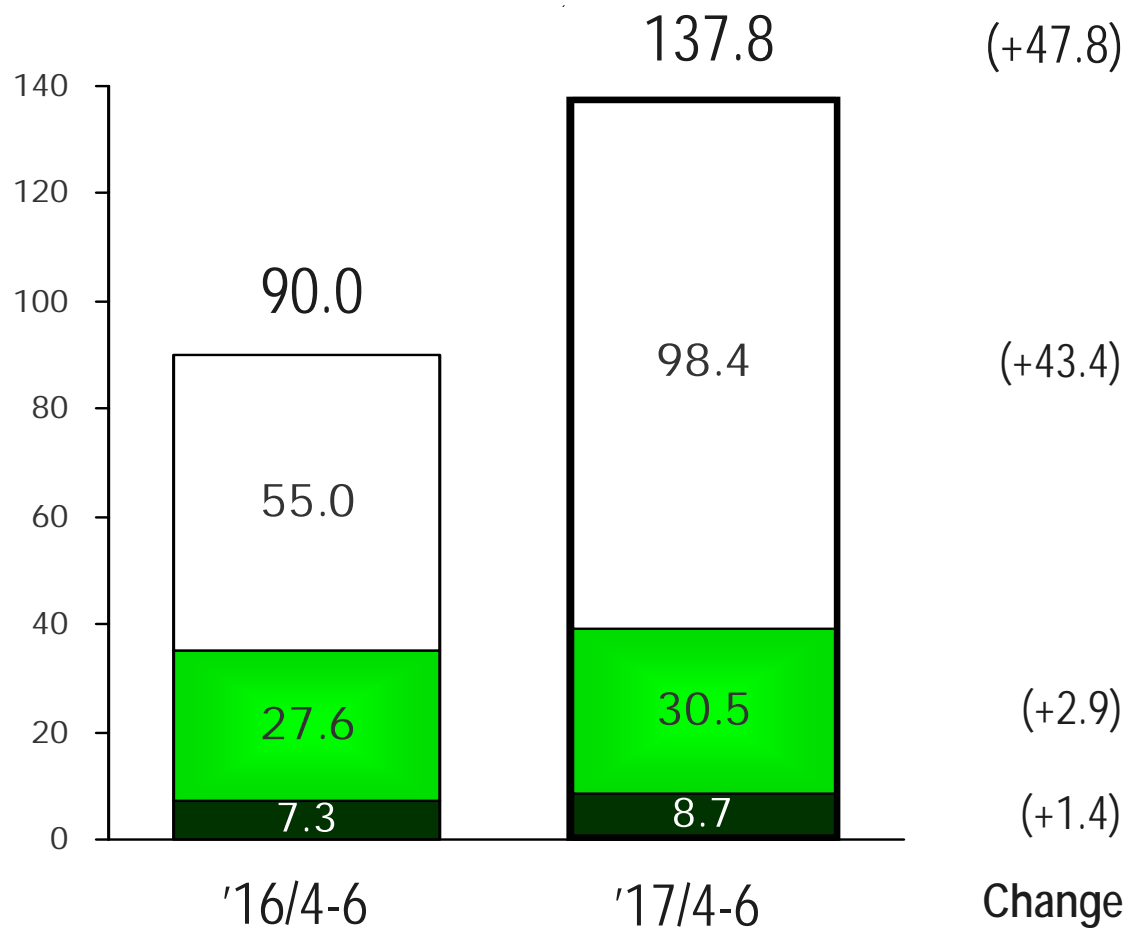
Although the lending balance grew, there was an increase in costs related to loan losses and remarketing of returned leased vehicles.



	'16/4-6	'17/4-6	Change
Operating Income	90.2	75.3	-14.9
Valuation Gains/Losses from Interest Rate Swaps, etc.	8.6	0.1	-8.4
<b>Operating Income Excluding Valuation Gains/Losses from Interest Rate Swaps, etc.</b>	<b>81.6</b>	<b>75.1</b>	<b>-6.4</b>

# Equity in Earnings of Affiliated Companies

(billions of yen)



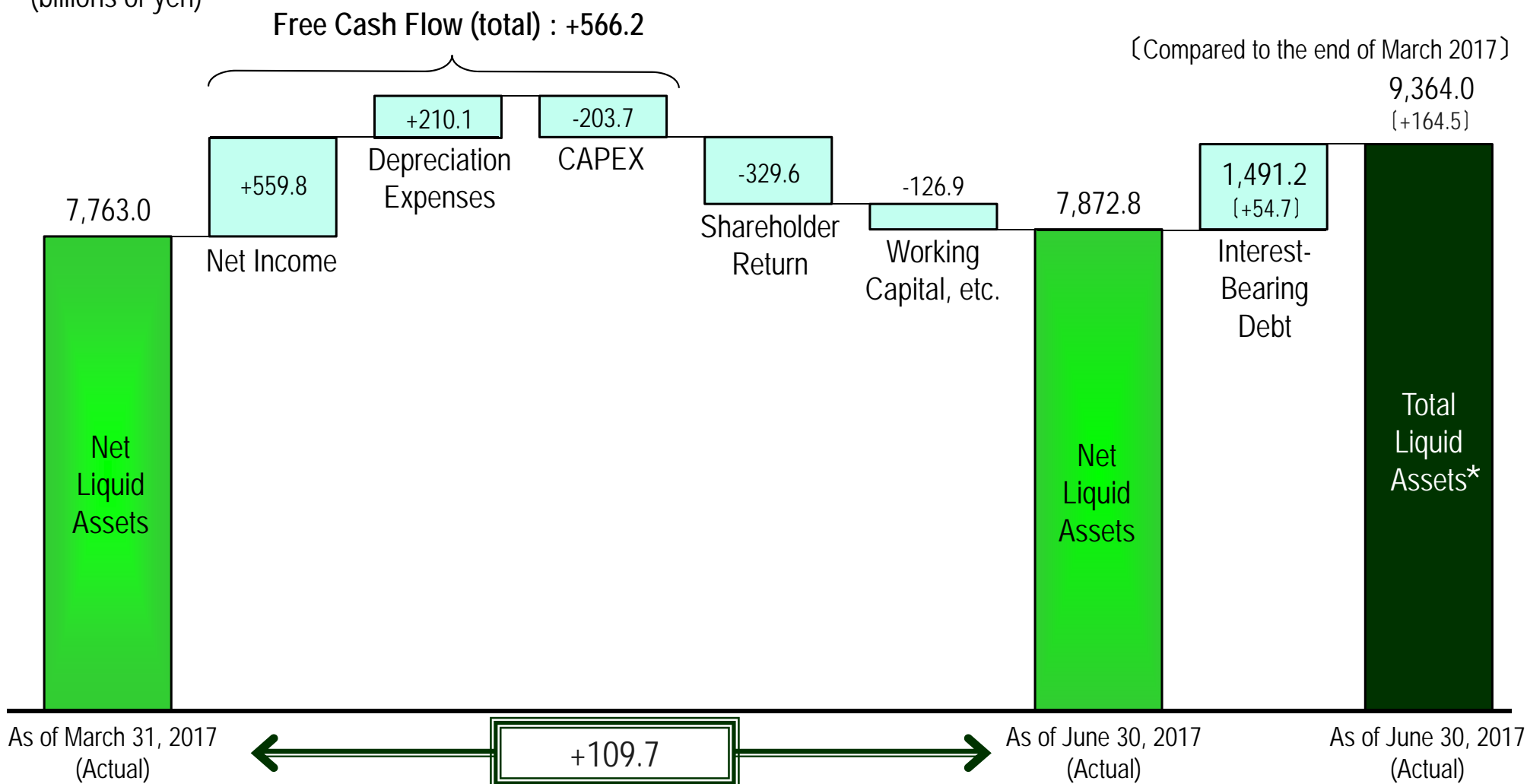
Retail Sales Results in China		
	(thousands of vehicles)	
	'16/1-3	'17/1-3
Retail Sales Volume	291	296



# Liquid Assets (Excluding Financial Services)

Net Liquid Assets as of June 30, 2017 : 7,872.8 billion yen  
 (+109.7 billion yen compared to the end of March 2017)

(billions of yen)



\*Total Liquid Assets consist primarily of cash and cash equivalents, time deposits, marketable securities and security investments(excluding equity securities), excluding in each case those relating to financial services.

# FY2018 First Quarter Financial Results

FY2018 First Quarter Financial Performance

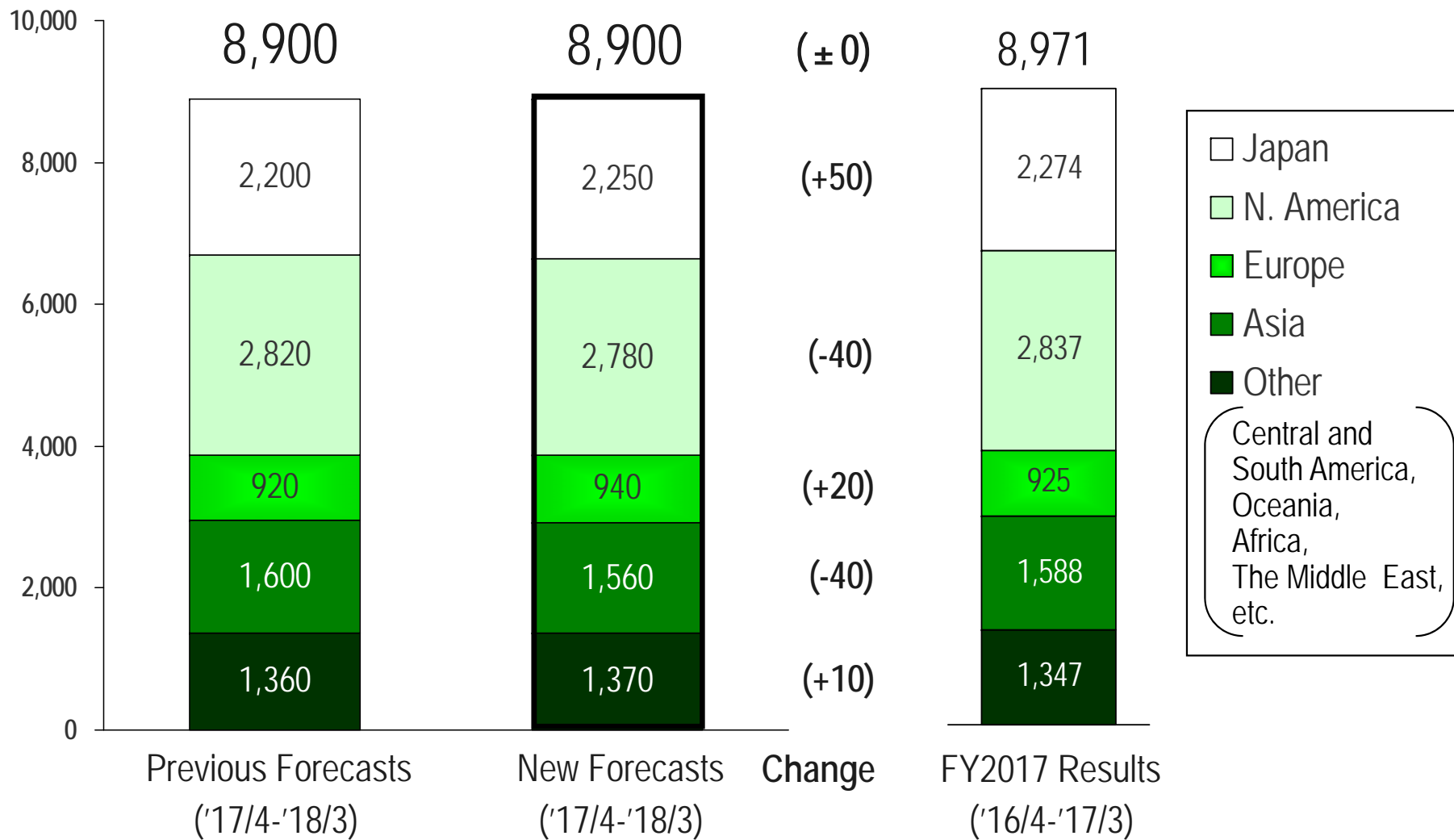


**FY2018 Financial Forecasts**



# FY2018 Forecasts: Consolidated Vehicle Sales

(thousands of vehicles)



Total retail vehicle sales	10,250	10,250	±0	10,251
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# FY2018 Forecasts: Consolidated Financial Summary

(billions of yen)

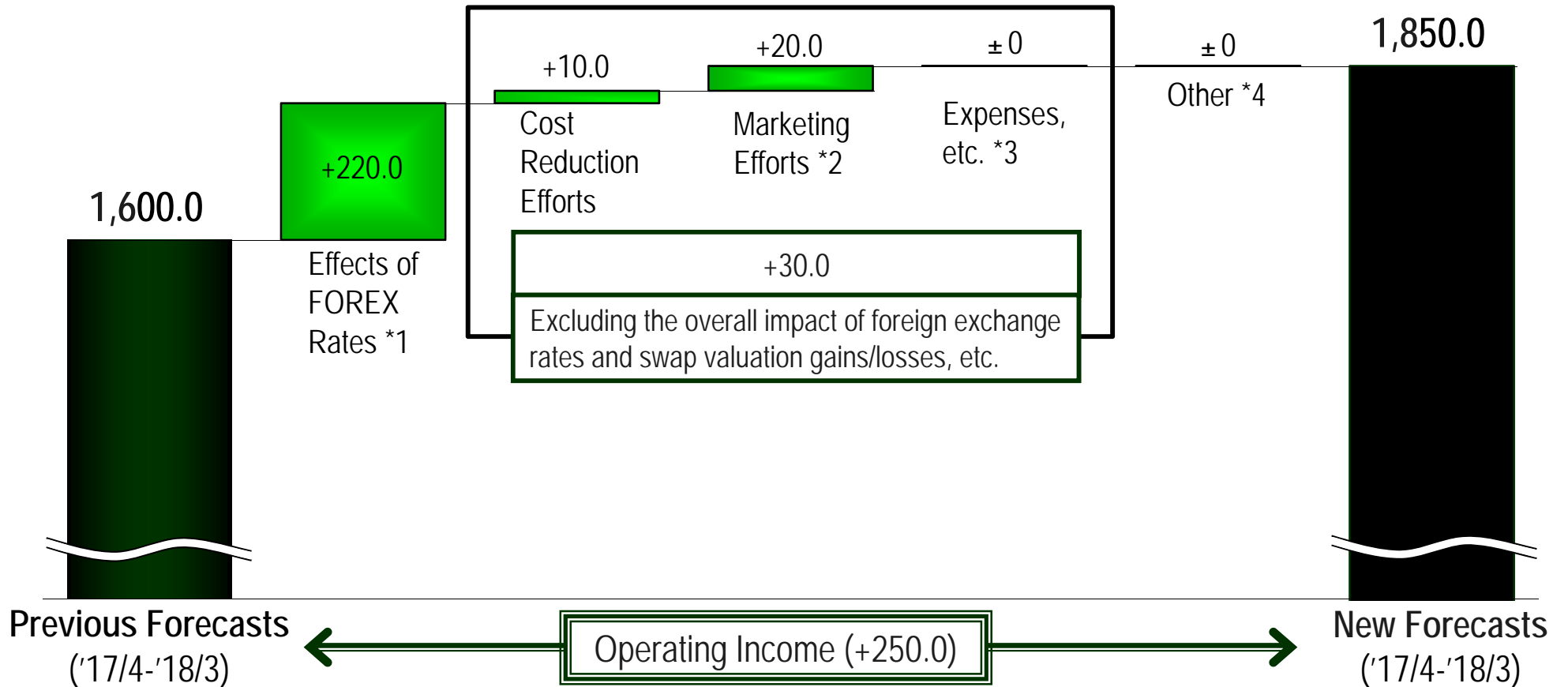
	New Forecasts ( <sup>'17/4-'18/3</sup> )	Previous Forecasts ( <sup>'17/4-'18/3</sup> )	Change	FY2017 Results ( <sup>'16/4-'17/3</sup> )	
<b>Net Revenues</b>	28,500.0	27,500.0	+1,000.0	27,597.1	
<b>Operating Income</b>	1,850.0	1,600.0	+250.0	1,994.3	
Operating margin	6.5%	5.8%	-	7.2%	
Income before income taxes and equity in earnings of affiliated companies	2,050.0	1,800.0	+250.0	2,193.8	
Equity in earnings of affiliated companies	380.0	350.0	+30.0	362.0	
<b>Net Income<sup>*1</sup></b>	1,750.0	1,500.0	+250.0	1,831.1	
Net margin <sup>*1</sup>	6.1%	5.5%	-	6.6%	
FOREX	US\$	110 yen <sup>*2</sup>	105 yen	+5 yen	108 yen
Rates	€	124 yen <sup>*2</sup>	115 yen	+9 yen	119 yen

\*1 Net Income attributable to Toyota Motor Corporation

\*2 FOREX Rate performance: 111 yen against the U.S. dollar and 122 yen against the Euro from April 2017 to June 2017  
FOREX Rate assumptions: 110 yen against the U.S. dollar and 125 yen against the Euro from July 2017 to March 2018

# Analysis of FY2018 Forecasts: Consolidated Operating Income (vs. Previous Forecasts)

(billions of yen)

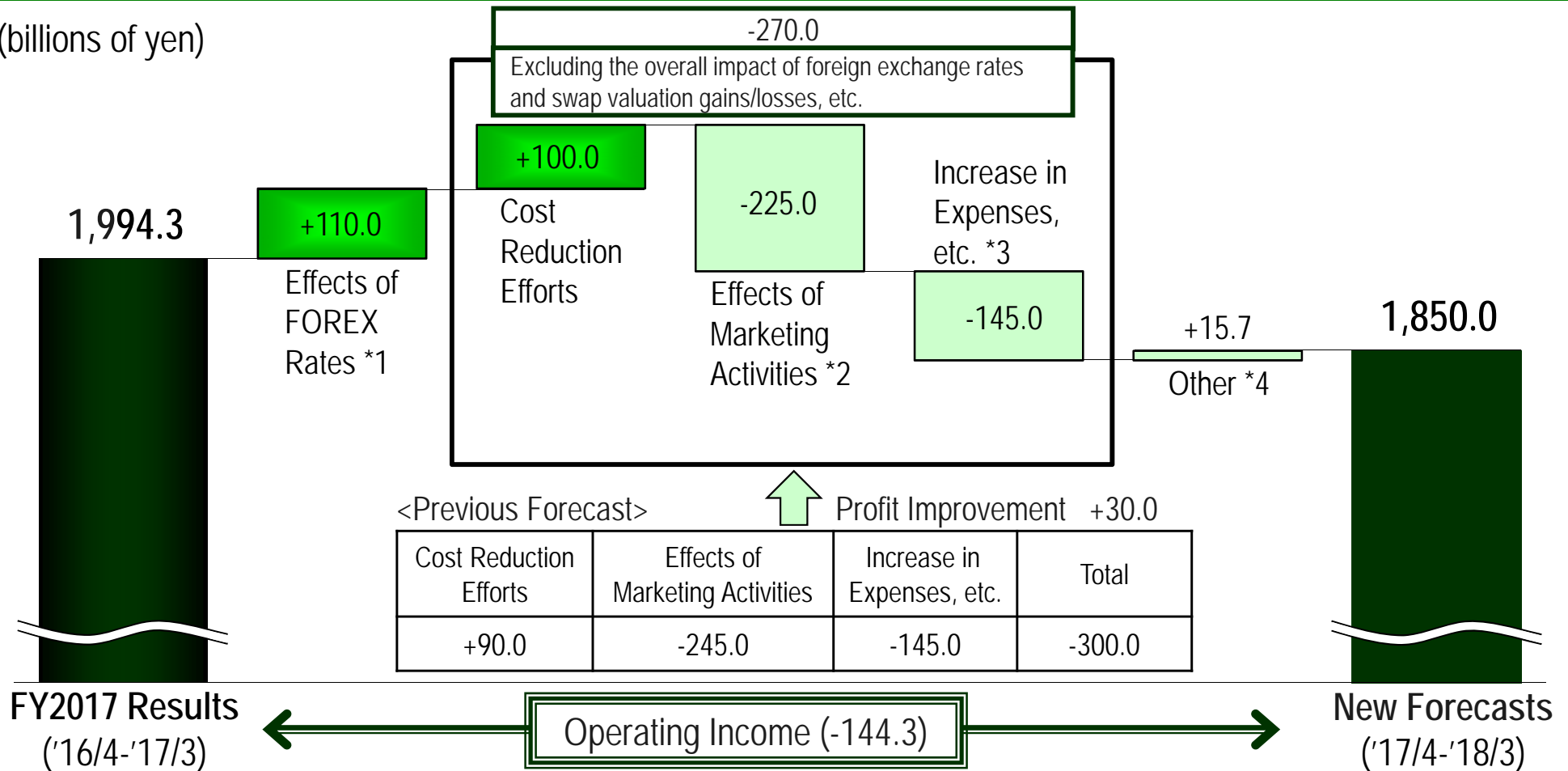


*1. Details		*2. Details		*3. Details		*4. Details	
Transactional (Imports & Exports)	+265.0	Translational FOREX impact concerning overseas subsidiaries	+10.0	Volume, Model Mix	±0	Labor Costs	-10.0
US\$	+210.0	Other	-55.0	Financial Services	+20.0	Depreciation	±0
€	+50.0	(Translational FOREX impact of fiscal year-end balance of provisions in foreign currencies, etc.)		Other	±0	R&D Expenses	±0
Other	+5.0					Expenses, etc.	+10.0
						Valuation Gains/Losses from Swaps, etc.	±0

From FY2017 financial results, "Effects of FOREX Rates" includes translational FOREX impact concerning operating income of overseas subsidiaries and fiscal year-end balance of provisions in foreign currencies, etc.

# Analysis of FY2018 Forecasts: Consolidated Operating Income (vs. FY2017 Results)

(billions of yen)



*1. Details		*2. Details		*3. Details		*4. Details	
Transactional (Imports & Exports)	+95.0	Translational FOREX impact concerning overseas subsidiaries	+10.0	Volume, Model Mix	-80.0	Labor Costs	-45.0
US\$	+75.0	Other	+5.0	Financial Services	-15.0	Depreciation	-55.0
€	+30.0	(Translational FOREX impact of fiscal year-end balance of provisions in foreign currencies, etc.)		Other	-130.0	R&D Expenses	-20.0
Other	-10.0					Expenses, etc.	-25.0
						Valuation Gains/Losses from Swaps, etc.	+15.7

From FY2017 financial results, "Effects of FOREX Rates" includes translational FOREX impact concerning operating income of overseas subsidiaries and fiscal year-end balance of provisions in foreign currencies, etc.

# Summaries of FY2018 First Quarter Financial Results

## < FY 2018 First Quarter Financial Performance >

- Consolidated vehicle sales were 2 million 215 thousand units. (+ 43 thousand units year on year)
- Operating income was 574.2 billion yen. (- 67.9 billion yen year on year)
- Decreased mainly due to the effects of marketing activities and increase in expenses despite the positive impact of cost reduction efforts.
- Operating income excluding the overall impact of foreign exchange rates and swap valuation gains and losses declined 25.0 billion yen year on year.

## < FY 2018 Financial Forecasts >

- Consolidated vehicle sales are expected to be 8.90 million units. (- 71 thousand units year on year)  
No change from the previous forecasts.
- Operating income is expected to be 1 trillion 850.0 billion yen. (- 144.3 billion yen year on year)  
Revised upward by 250.0 billion yen from the previous forecasts.
- Changed the FOREX rate assumptions for the fiscal year to 110 yen per US dollar and 124 yen per euro.
- Factored in the forecasts some profit improvement activities that we have identified.
- Operating income excluding the overall impact of foreign exchange rates and swap valuation gains and losses is down 270.0 billion yen year on year, despite an improvement of 30.0 billion yen compared to the previous forecasts as a result of cost reduction and marketing efforts.
- Work to further build up profit improvement measures to avoid two consecutive years of earnings decline.

# Activities for Enhancement of Competitiveness

<p>“Offense” Competitiveness in the Future</p>	<ul style="list-style-type: none"> <li>- Shift R&amp;D resources to crucial fields including autonomous driving, AI, and next generation environmental vehicles.</li> <li>- Ensure technological capabilities including M &amp; A at a “sowing” stage through various measures such as a fund of Toyota AI Ventures and a fund of Mirai Creation Investment Limited Partnership.</li> <li>- Promote sales of new Camry launched as the first TNGA full model vehicle.</li> </ul>
<p>“Defense” Challenges for Today</p>	<ul style="list-style-type: none"> <li>- Reconfirm merchantability of all current models through the eyes of our customers. (Maximize the vehicle sales and profit by reviewing specifications and sales price)</li> <li>- Resolve of gap between supply and demand by prompt decision and prompt execution using in-house companies system.</li> </ul>
<p>Work Innovation</p>	<ul style="list-style-type: none"> <li>- Automate routine tasks by RPA (Robotic Process Automation) in indirect divisions. (e.g. Making reports and answering inquiries)</li> <li>- For the consecutive launch of TNGA models, utilize smart phones to share the images and the twitters between domestic plants and overseas ones on a real-time basis to solve problems at an early phase.</li> </ul>

# FY2018 First Quarter Financial Results



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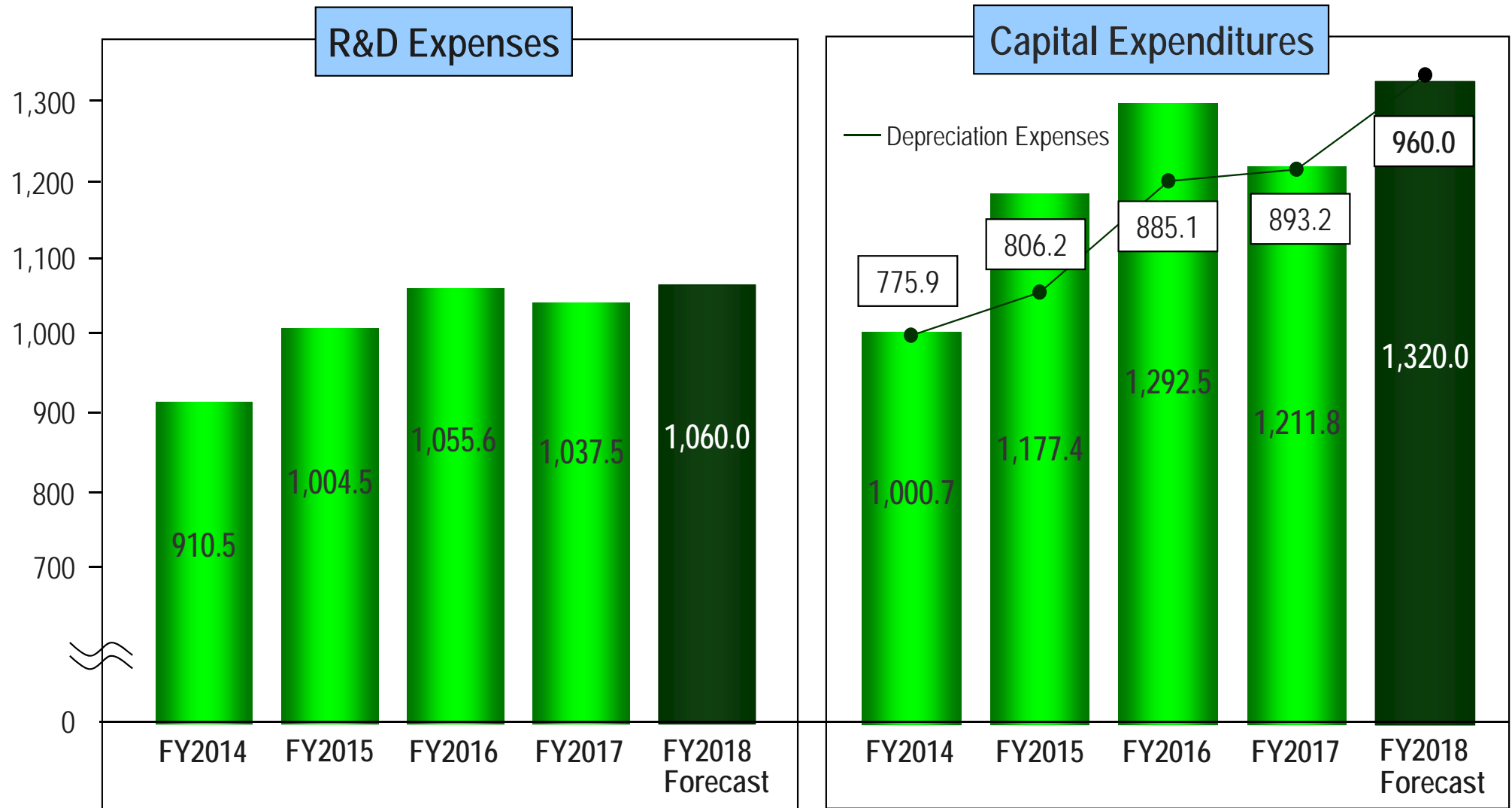
Toyota Motor Corporation  
August 4, 2017



(Reference)

# FY2018 Consolidated Forecasts: R&D, CAPEX, Depreciation

(billions of yen)



Change from Previous Forecasts:

R&D Expenses +10.0 billion yen

Capital Expenditures +20.0 billion yen

Depreciation Expenses +10.0 billion yen



(Reference)

# FY2018 Forecasts: Vehicle Production and Retail Sales

(thousands of vehicles)

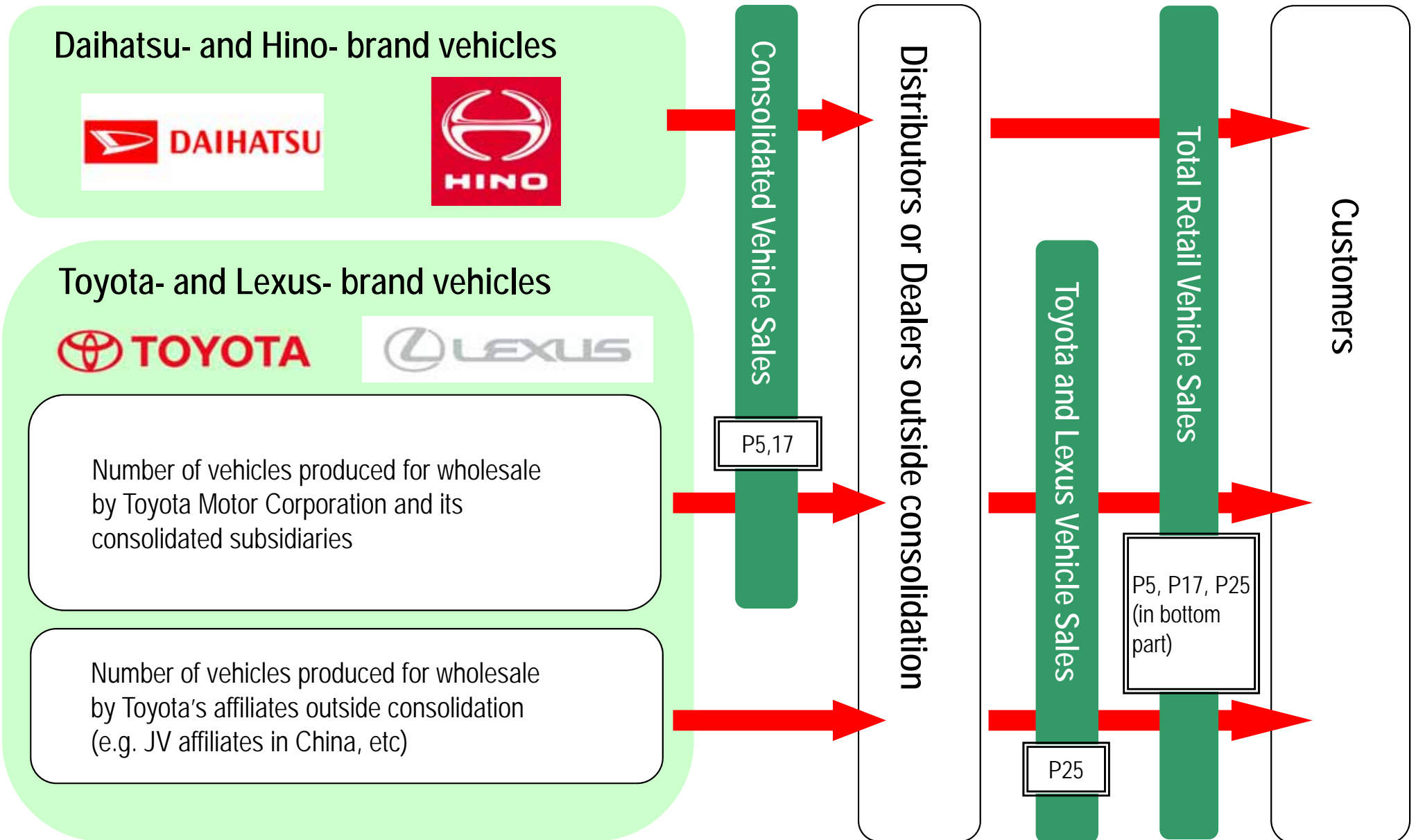
			New Forecasts ( <sup>'17/4-'18/3</sup> )	Previous Forecasts ( <sup>'17/4-'18/3</sup> )	Change	Revised Sales and Production Plan for CY2017 ( <sup>'17/1-12</sup> ) <Change from the previous plan>
T O Y O T A & L e x u s	Vehicle Production <sup>*1</sup>	Japan	3,180	3,150	+30	3,190 <-20>
		Overseas	5,720	5,750	-30	5,780 <+10>
		Total	8,900	8,900	± 0	8,970 <-10>
	Vehicle Retail Sales <sup>*2</sup>	Japan	1,580	1,550	+30	1,610 <+10>
		Overseas	7,720	7,750	-30	7,650 <-20>
		Total	9,300	9,300	± 0	9,260 <± 0>
	Exports		1,800	1,800	± 0	-
	Total Vehicle Retail Sales <sup>*2</sup> (Including Daihatsu- & Hino- brand)		10,250	10,250	± 0	10,252 <+50>

\*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.