

Toyota and Daihatsu Plan Internal Company for Emerging-market Compact Vehicles

Toyota Motor Corporation (Toyota) and its fully owned subsidiary Daihatsu Motor Co., Ltd. (Daihatsu) plan to establish an internal company that will be responsible for compact vehicles for emerging markets, from product planning to production preparation. This is the result of both companies having agreed on each company's role in strengthening their compact vehicle operations in emerging markets to help them attain their joint goal of achieving sustainable growth. Toyota and Daihatsu will work toward establishing the internal company in January 2017.

The objective and outline of the internal company are as follows:

1. Objective

To develop and launch competitive compact vehicles—based on Daihatsu's approach to manufacturing affordable, high-quality products—for emerging markets, in which the potential for growth is high but in which competition is intensifying

2. Outline

Roles of Toyota and Daihatsu

- Daihatsu will basically be responsible for unified development, procurement and production preparation for compact vehicles for emerging markets based on "DNGA", a Daihatsu vehicle architecture now being defined. Toyota will support these efforts by providing knowledge and resources.
- Toyota and Daihatsu will jointly formulate and share product and business plans.
- Toyota and Daihatsu will put their existing production bases to mutually effective use.

Internal company for emerging-market compact vehicles

- The internal company will be responsible for compact vehicles for emerging markets, from product planning to production preparation.
- The internal company will comprise elements from both Toyota and Daihatsu and tentatively be established in January 2017.

Daihatsu is expected to take the lead in the internal company, which will bridge areas of both Daihatsu and Toyota. As such, the internal company will be positioned differently from the so-called "companies" of the product-based in-house company system Toyota introduced to innovate its work processes in April 2016.

Explaining one of the benefits for Toyota of this initiative, Toyota Executive Vice President Shigeki Terashi said, "With the establishment of the internal company, Toyota intends to learn the very

fundamentals of Daihatsu's competitiveness and change the way we work." Daihatsu President Masanori Mitsui commented, "We will further advance our knowhow cultivated in the manufacturing of minivehicles and be a Toyota Group driving force, not only for minivehicles, but also for compact vehicles for emerging markets. For Daihatsu, this initiative represents an important opportunity for enormous and sustainable growth. Separately, both companies confirmed today that Daihatsu will continue to take the lead in the development of the Daihatsu brand."

Toyota and Daihatsu will apply to the fullest the strengths they have thus far cultivated and will implement a strategy of "selection and concentration" for globally advancing the making of ever-better cars.