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TOYOTA INDONESIA STIMULATES EXPORT

Toyota Indonesia Stimulates Export

-Total Component Export Reached Up to 100.000 Containers -

Jakarta, June 20, 2014, Today, PT Toyota Motor Manufacturing Indonesia (TMMIN) has announced its component export achievement, which has reached up to 100.000 containers. The 100.000th container export event was attended by the Minister of Industry, M.S. Hidayat, some of the Directorate Generals of Ministry of Industry and Ministry of Trade and also Toyota Indonesia's managements.

Consistency of Toyota's export performance shows the realisation of Toyota Berbagi (*Toyota Bersama Membangun Indonesia*) pillars especially towards the second pillar, industry development, through healthy industry development for the continuity of Indonesian economic development.

Toyota started its first component export since 1988. The volume of component export increased significantly since the start of IMV project (International Innovative Multi-purpose Vehicle) in 2004. Component export has been done for the last 26 years; this is included with the CKD (Complete Knock Down) parts, components, engines, components of engine, and dies (tool used in the press process) & jigs (tooling aid used in the welding process).

Since its first component export, Toyota has recorded 700.000 units of CKD export volume, more than 477 million pieces of vehicle components, more than 1 million units of engine, more than 8 million of engine components, 215 units of die and 603 units of jig.

The seriousness of TMMIN to develop export performance shows one of Toyota Group's¹ commitment that has been stated before by the President of Toyota Motor Corporation, Akio Toyoda together with five other Toyota Group companies (Toyota Auto Body Co., Ltd., Toyota Tsusho Corporation, Aisin Seiki Co., Ltd., DENSO Corporation, and Daihatsu Motor Co., Ltd.) in November 2012. Not only TMMIN, but other Toyota Group companies would also try to improve their export performance gradually through either TMMIN's export operation or directly to the designated export country accordingly based on each company's specialisation.

Production and Export Base

In order to strengthening TMMIN's position as export base, TMMIN is continuously trying to improve export performance not only through quality improvement but also through competitiveness by market expansion or entering new markets. "In order to strengthen our position as production base, we should not rely only towards the domestic market but export should also become our priority," stated President Director of TMMIN, Masahiro Nonami.

During the last four years (2010-2013), Toyota Indonesia's export performance is continuously increasing. Not only components, but also CBU vehicles which give significant addition to Toyota Indonesia's export performance. In total, Toyota's car export in the form of CBU has increased from 55.796 units in 2010 to 118.436 units in 2013 or increased by 112.27%.

Meanwhile, 53.064 units of Toyota branded vehicles have recorded in the first five months of 2014 being exported to several countries. In total, for 2014 Toyota's export is expected to grow 30% compared to the total Toyota branded export in 2013. "It is expected that this target will be achieved by increasing export to Middle East, especially for sedan type of vehicles such as Vios," stated Nonami.

First export of Toyota's CBU vehicles started in 1987. At that time Kijang Super or Kijang 3rd generation became the model for Toyota's export that was being delivered to several countries in Asia-Pacific. Just like components, Toyota's CBU export has experienced a significant increase since the beginning of IMV project in 2004. Cumulatively, Toyota has delivered more than 590.000 units of CBU units since 1987 up to May, 2014.

Toyota's export products have been positively acknowledged in five continents with a total of more than 70 countries in the world. The export values reached up to USD 12 billion since it first export.

Market Challenge

On the same occasion, Vice President Director of TMMIN, Warih Andang Tjahjono admitted that the challenge to increase export will not be easy. In addition to demanding high quality standards, efforts of increasing export are also highly dependent on the economic conditions of the designated countries.

"That's why we continue to expand the market in order to have alternatives of a more diverse market so that the development risk of a less favourable designated country's economic conditions is not so affecting the achievement of our exports," said Warih.

In addition, another obstacle that could occur is the handling in the logistics area. Increasing export could not be realised without the support of adequate domestic infrastructure such as roads, ports and so on. It is not only related to the timeliness of delivery, but also related to the natural and climatic conditions. Delivering products to the destination safely also requires extra attention.

"Just like the TR engine export from TMMIN to Kazakhstan, it needs special handling due to the extreme climate and modes of transportation which is very different in comparison with other designated export countries," stated Warih.

In order to arrive in Kazakhstan, these engines made by TMMIN need to use a combination of two transportation modes, this is transportation by sea and land. Challenges faced are extreme weather,

because it could reach to minus 40 degrees Celsius, and also its transportation modes. Because the final destination is too far from the sea, trains are therefore used to deliver the engines from the port to its final destination in Kazakhstan. "For exports to Kazakhstan, we must use special engine oil so that it will not freeze, and we also need to modify the engine packaging system so that it could be adjusted to its mode of transportation using train, which involves a high rate of vibration in order to maintain the quality of the products," said Warih.

Besides the TR engine, TMMIN has also produced and exported environmentally friendly engines with ethanol as its fuel based to Argentina since 2010. TMMIN with its credible experience in producing TR engines is given the trust to develop ethanol engines with global quality standard. This ethanol engine is being installed to the type of vehicles like Hilux.

One more of Toyota's export product, which shows none less attraction, is the tooling production. Besides having the capability to produce vehicles, engines and components, Toyota Indonesia has managed to produce supporting tools to support the manufacturing process of vehicles, which are dies and jigs. These export products are very well welcomed by some developed countries like Australia, France and Japan.

Qualified Strategy

In order to continuously improve the quality, Warih added, TMMIN refers to four things which are: hearing to consumers input, internal management improvement, external management and encourage quality of human resources.

In a hearing on consumer's feedback, TMMIN always maintain good communication with importers regularly and be immediately giving responds if there are complaints from consumers. "We are also very concerned about the development of internal management in production activities that could support the export activities. Besides that, external factors such as logistics and distribution control problems for importers also received serious attention. We are very focus on two things, including relationships with suppliers whose number reach up to 700 companies from the first-tier up to

third-ties, "said Warih.

No less important, he continues, is the effort to encourage good quality of resources improvement through internal training as well as external training. "The point is that how to improve technician and engineer capability by increasing their knowledge and experience," stated Warih.

Social Contribution

One of the basic values of Toyota's global operations which continue to be maintained is becoming good corporate citizen; it would also be implemented in Indonesia. Since its presence 43 years ago, Toyota Indonesia has not only focused on the development of the industry and the market, but also seeking to strengthen its presence in the social field through various CSR (Corporate Social Responsibility). The desire to grow and develop together the nation's journey has filled more than 40 years of Toyota side by side with the government and people of Indonesia in various social aspects.

Referring to the spirit of "Toyota Berbagi" (Toyota, Bersama Membangun Indonesia), especially the third pillar, Toyota optimizes the positive impact of CSR activities that can be more widely and increasingly perceived by the public.

Toyota has set four commitments in the field of social contribution both to the nation and the people of Indonesia, namely education, environment, traffic safety as well as social and cultural. In the field of education, Toyota has specifically established the Toyota Astra Foundation in 1974 to manage the assistance in the field of education, including scholarships, research grants and researches, and the help of props.

On this occasion, Toyota donated teaching aid in the form of Toyota Vios to the nearest vocational school namely SMK Kencana. This is one of Toyota's efforts to play an active role in supporting education in Indonesia

In the field of the environment, Toyota has also made a rare tree nursery, prevention of coastal erosion and reforestation is done in Jakarta, West Java, Central Java, Yogyakarta and East Sulawesi. In addition, Toyota has consistently run the Toyota Eco Youth program, which until now has entered the 8th year the organization.

In the field of traffic safety, Toyota has done and also carrying out traffic management improvements in Jakarta, and in major cities of Indonesia, as well as to educate the public through traffic safety to the user communities of Toyota vehicles, like the Toyota Avanza Club, Toyota Kijang Club, and others.

In social and cultural fields, Toyota also has been implementing community development programs in various areas, such as in Sunter, North Jakarta and Karawang in West Java to stimulate sustainable economic activities for the people around companies or income generating activities.

Toyota, in line with the principles of its founders, is committed to continually contribute to society through the promotion of production activities, export, distribution and customer service in Indonesia. In addition, Toyota has also developed products that exceed customer expectations in line with the spirit to contribute significantly in the development of Indonesia's automotive industry.

¹Group of 16 companies that cooperate for Toyota-related businesses. Members include: Toyota Industries Corporation; Aichi Steel Corporation; JTEKT Corporation; Toyota Auto Body Co., Ltd.; Toyota Tsusho Corporation; Aisin Seki Co., Ltd.; DENSO Corporation; Toyota Boshoku Corporation; Towa Real Estate Co., Ltd.; Toyota Central R&D Labs., Inc.; Toyota Motor East Japan, Inc.; Toyoda Gosei Co., Ltd.; Hino Motors, Ltd.; Daihatsu Motor Co., Ltd.; Toyota Housing Corporation; Toyota Motor Corporation.

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