

STRONGER TOGETHER

Toyota Motor Europe Corporate Briefing Event

Plenary Script

CHECK AGAINST DELIVERY

PASCAL RUCH

VICE PRESIDENT CORPORATE AND GOVERNMENTAL AFFAIRS

Good afternoon, everyone, and welcome to Toyota Motor Europe's headquarters.

We know this is a demanding week, with the Paris Motor Show under way, so we are especially grateful that you have made the time to join us.

Today's briefing is built around a single idea: together, we are stronger.

Over the next hour, you will hear four perspectives.

Our President and CEO, Yoshihiro Nakata, will explain the philosophy of Toyota and its history in Europe.

Till Conrad, Executive Vice President for Sales and Marketing, will set out where we stand today – and the challenges facing our industry.

Shinichi Yasui, Executive Vice President for Research and Development, will present the technologies we are bringing to Europe's future.

And Matt Harrison, our Chief Corporate Officer, will outline what we are asking of policymakers in the European Union and the United Kingdom.

After lunch, you will join small-group Q&A sessions on hydrogen, hybrid, renewable fuels and policy, followed by one-to-one interviews.

Please note that today's briefing is under a short embargo until tomorrow morning, October 16th at 09:00 Central European Time.

Your usual respect of this timing is very much appreciated.

Lastly, due to the confidential activities taking place here, photography is only allowed in this room and during media Q&A.

We will, however, provide you with a full set of images for your reporting.

With that, it is my pleasure to invite our first speaker to the stage.

Nakata-san, please.

YOSHIHIRO NAKATA
PRESIDENT AND CEO

Thank you, Pascal. Good afternoon, everyone.

At Toyota, we are guided by a simple principle. We call it "Best in Town".

It means two things.

First, we put the customer at the centre of everything we do – wherever they are, and whatever they need. Our business priority is meeting local needs, not simply achieving global scale.

Second, we aim to contribute to society, and to be a trusted partner of every community in which we operate.

This principle has guided us globally, and in Europe, for more than sixty years.

Our story here began in 1963, with just 400 Toyota Crowns sold in Denmark.

Norway, Sweden and the Netherlands soon followed.

From the late 1970s until 1999, voluntary export restraints limited the number of vehicles we could bring to Europe.

We did not step back. We continued to invest for the long term.

In 1971, we built our first car in Europe: a second-generation Corolla, assembled in Portugal by our partner Toyota Caetano.

In 1992, full-scale production began in the United Kingdom.

Since then, we have learned a lot and grown steadily with European partners and society.

More plants. More volume. More people.

As of today we have built around 14 million vehicles in Europe.

And we have never done it alone.

We work with respected European partners – like Stellantis – originally on small cars and now on LCVs - and recently with BMW on sports cars.

But we do much more here than only assembling vehicles.

In July, our engine plant in Deeside, in North Wales, built its six-millionth engine.

In Poland, we build engines, transmissions and e-axes.

In Türkiye, we assemble battery packs for plug-in hybrids.

And here in Belgium, we produce fuel-cell systems.

Most of these vehicles and powertrains will be sold within Europe, but a large number are also exported outside of the EU and wider Europe, thereby boosting local employment and bringing foreign currency contributions.

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Our investment in local engineering, research and development has grown steadily, too.

What began with local variants, such as wagon versions of the Corolla, has evolved to the point where our European engineers now develop complete vehicles – such as the Toyota C-HR and the new Aygo X.

Today we have three R&D centres for both hardware and software in Europe.

Furthermore, in France we have our European Design Centre, and in Germany and Finland we have our leading-edge motorsport teams competing in World Endurance and World Rally.

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Last but not least we have two captive finance companies, 28 national sales and marketing companies and a network of over 2700 retailers together with our partners.

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In total, we have invested more than 13 billion euros in Europe – in eight manufacturing plants across six countries, in technical centres, motorsports teams and a design studio, and in helping our suppliers grow with us.

Today, we directly employ more than 25,000 people in Europe, and support many more jobs indirectly.

We source from around 450 suppliers, many of whom also supply the wider European automotive industry.

Last year alone, we spent more than 8 billion euros with European-based suppliers.

Our multi-pathway approach has reduced CO2 emissions year after year, in Europe and around the world.

The estimated total CO2 savings of the 33 million hybrids we have sold since 1997 comes to 270 million tonnes.

This is equivalent to the total annual CO2 emissions of a country like France, or the combined emissions of Netherlands, Belgium and Austria.

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Since we launched the Prius here, we have put more than seven million electrified vehicles – mainly hybrids – on Europe's roads.

Last year, 80 per cent of the vehicles we sold in Western Europe were electrified.

Our plants are also moving towards carbon neutrality, and we are on track to meet our commitment to make all of our facilities carbon neutral by 2030.

Earlier this month, I was in Deeside to celebrate the start of carbon-neutral manufacturing operations – making it Toyota's first plant in Europe, and the second plant globally, to reach this milestone.

Our ambition goes further.

By 2040, we aim to reach full carbon neutrality in Europe – extending to our purchased goods and services, and all of our logistics – ten years ahead of Toyota's global target.

We have also announced our second Toyota Circular Factory, in Poland, building on the success and learning from our first, award-winning recycling facility in the UK.

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Supporting local communities is an important part of our Best In Town philosophy.

Education is one example.

For instance, we invest with Hydrogen Grand Prix across Europe to promote STEAM education amongst students and inspire them to become the next generation of innovators and engineers.

And we also invest in the future with our Technical Education Programme where Toyota supports schools and technical colleges with tools, training materials and assets to train the next generation of automotive technicians.

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Toyota is a trusted partner of the EU, and wider Europe.

Our business flow between the EU and Japan illustrates the point.

Last year, our vehicle and parts imports from Japan amounted to around 6.9 billion euros.

Over the same period, our activities generated around 7 billion euros of value in the EU, including 1.8 billion euros in exports to non-EU countries.

In other words, as a trusted partner, we have a positive net impact on the EU's economy.

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Finally, I would like to highlight Toyota's wider economic contribution to Europe.

Each year, Toyota contributes as much to Europe's economy as a country such as Estonia or Latvia.

Last year, our tax contribution across Europe amounted to 440 million euros.

So let me be very clear.

Toyota is not a guest in Europe.

I am both humbled and proud to say that Toyota is a European manufacturer, and an important contributor to Europe's automotive industry, economy and communities.

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Let me close by confirming that this contribution to Europe will continue.

Today, one of the key challenges facing Europe's automotive industry is battery development and manufacturing.

In this area, Toyota has already gained significant experience in Japan, China and the USA.

We would like to contribute to the development of the European battery industry, including R&D.

To achieve this, maintaining a stable, free-trade-based environment that fosters a trusted, mutually beneficial partnership between Japan and the EU is essential.

We are ready to continue to play an active and leading role in helping strengthen the competitiveness and resilience of the European automotive industry.

Thank you.

Till-san, please.

TILL CONRAD
EXECUTIVE VICE PRESIDENT SALES

Thank you, Nakata-san.

Let me move from our history in Europe to where we stand today.

As you just heard from Nakata san, Toyota is a company that has a long-term planning and commitment approach for its businesses worldwide, including in Europe.

Long-term investment requires a healthy business. And today, our business in Europe is strong.

Toyota is the number two brand in the European market – a position we have held for the past five years.

Last year, for Toyota and Lexus combined, we sold more than 1.2 million vehicles across our European markets – our highest result ever – with a market share of 7.2 per cent.

This year we expect to beat last year's performance and raise our sales result even higher.

These great figures reflect our philosophy, the strength of our retailers, our parts and logistics networks, and our financial services; and, above all, our commitment to listening to customers.

We offer a broad electrified line-up: 13 battery-electric vehicles, five plug-in hybrids and 16 hybrids.

Our electrified vehicle sales are also continuing to grow.

At this point last year, electrified vehicles accounted for 77 per cent of our sales.

This year, that figure has risen to 87 per cent, an increase of ten percentage points, driven largely by the introduction of hybrid technology to the Aygo Cross.

And we are growing our light-commercial-vehicle business, built on our long-standing partnership with Stellantis and the recent launch of the all-new Hilux – including a battery-electric version.

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So, we have the products.

We have the technology.

We have the network.

And we know how to sell battery-electric vehicles – just look at our results in the Nordic markets, and in light commercial vehicles.

In fact, in battery-electric LCVs, Toyota is today the market leader in Europe.

But we must also be honest about what customers are actually buying, and the pace at which they are ready to change.

Demand for battery-electric vehicles is growing, supported recently by higher oil prices.

Yet the gap between real demand and regulatory targets remains and it's forecast to be behind regulation through 2035 and probably beyond.

After all, we all know that moving the first 50% of the market to EVs is likely to be significantly easier than moving the last 50% to the same place.

Let me put this in numbers.

Last year, battery-electric vehicles accounted for around 17 per cent of new cars sold in Europe – when an estimate of 22 to 25 per cent was the target.

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By 2030, the BEV market mix is forecast to reach around 45 per cent – against the more than 55 per cent that current rules require.

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For light commercial vehicles, the gap is even greater: battery-electric LCVs took around 11 per cent of the market last year, against a level of roughly 20 per cent needed to meet targets.

And the outlook for LCVs in 2030 is a market mix forecast of 35 per cent versus a regulation level of around 55 per cent.

Faster roll-out of charging infrastructure will help. But it will not close the gap on its own.

Public fast charging can still cost significantly more than refuelling – even in these times of high fuel costs.

But in many countries the network density outside key urban areas is simply not there yet.

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If nothing changes, the industry faces fines of more than 20 billion euros in 2030 – for passenger cars alone.

Regulation needs to be reset to reflect market reality – in both the European Union and in the United Kingdom.

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Here is why this matters.

Investment in Europe's automotive industry rose from around 50 billion euros in 2017 to around 85 billion euros a year in 2023, 2024 and 2025.

At the same time, the European industry has experienced three major challenges:

First, the European market has still not recovered to pre-Covid levels, with an estimated 20 million vehicle sales lost over the past six years.

Second, an unprecedented wave of new entrants has collectively secured around 15 per cent of the European market.

And third, manufacturers are spending more on discounts, either to force demand or secure compliance, rather than investing in the future.

This is not sustainable. Something has to give.

Unfortunately, what usually gives is jobs and plants – and that trend appears to be accelerating.

In 2024 and 2025, around 1,000 jobs per month were lost in the European automotive industry.

This year, that figure has risen to 3,000 jobs per month.

That is the equivalent of losing a company the size of Toyota Motor Europe every eight months.

This is a catastrophic loss of people and capability.

I don't believe it's unreasonable to say that Europe's automotive industry is in crisis.

This is not the moment for Europe to turn inward.

It is the moment to be pragmatic – and to work with friends and trusted partners.

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For many manufacturers, working together is already a daily reality.

Our own network illustrates why.

Around 80 per cent of the Toyota cars and LCVs we sell in greater Europe are built here, including those produced with Stellantis.

In the EU we build in France and the Czech Republic, and with Stellantis in Poland, Spain and Italy.

Around 140,000 of those EU-built vehicles are exported every year to markets outside the EU.

That is around one in every five vehicles.

At our plant in France, the proportion is even higher: around one in every four vehicles.

We also build cars in the United Kingdom and Türkiye – both close trading partners of the EU for decades.

Those vehicles use engines, hybrid systems and many other components made in the EU, by Toyota and by our suppliers.

If Europe raises barriers against its trusted partners, and those partners respond in kind, everyone loses – plants, suppliers and jobs, on both sides.

Isolation makes us weaker.

Together, we are stronger.

<pause>

The same principle applies to heavy-duty transport.

Trucks and buses account for more than a quarter of Europe's road-transport CO2 emissions.

At the IAA Transportation show in Hanover, Daimler Truck CEO Karin Rådström explained why batteries alone cannot decarbonise heavy trucks.

Let's hear it in her own words.

VIDEO: Karin Rådström clip.

Her point is about scale.

Electrifying Germany's truck fleet with batteries alone would require a massive expansion of power generation and grid capacity.

The same challenge, and opportunity, applies in every country across Europe.

I believe its clear that Europe needs more than one solution – or it will miss its climate goals.

We are confident that hydrogen will play a major role alongside electricity, particularly for heavy loads and long distances, where range and reliability matter most.

Toyota is already deeply involved – and Yasui-san will now explain how.

SHINICHI YASUI
CHEF TECHNOLOGY OFFICER

Thank you, Till-san.

I would like to talk about the technologies Toyota is bringing to Europe.

The first is hydrogen.

The momentum behind hydrogen fuel cells is growing.

Germany is a good example: there is strong political commitment to hydrogen, and recent private investment applications for infrastructure were over-subscribed.

This matters because hydrogen needs a co-ordinated approach.

Vehicles and refuelling stations must grow together.

Toyota is committed to both.

Our third-generation fuel-cell system is a major step forward.

Compared with the previous generation, it is up to twice as durable – comparable with a diesel engine – and delivers 20 per cent more range.

It is designed for heavy-duty trucks as well as passenger cars, and is now being introduced in Europe.

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We are not doing this alone.

In Europe, we work with BMW, Scania, and Iveco.

We also signed a binding agreement to join Daimler Truck and Volvo Group as an equal partner in cellcentric, subject to regulatory approval.

We build fuel-cell systems here in Belgium.

And we share our technology: over 9,000 of our fuel-cell patents are royalty-free.

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Fuel cells are a key zero-emission technology for Europe.

But this market is still young. It needs time – and room – to grow.

That is why, as Matt-san will explain, we are asking that fuel-cell vehicles are not constrained by rules of origin too early.

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Fuel cells are not our only zero-emission capability.

As Till-san mentioned, we now offer 13 battery-electric vehicles.

Five of them are made in the EU, through our partnership with Stellantis – in Spain, France, and Poland.

And last year, we announced that we will begin BEV production in the Czech Republic.

Anticipating wider adoption, our global R&D team established a development centre here in Belgium for small BEV development, reflecting European market trends and the products local customers prefer.

After five years of building these capabilities, we are contribute small and micro BEV technology to Toyota worldwide.

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Now, let me turn to hybrid technology, where Toyota has led the industry for almost thirty years.

We launched our first hybrid in 1997.

Since then, we have sold around 33 million hybrids worldwide, including 4.4 million in 2025 alone.

We have built this expertise over many years – and we share it with other companies.

More than 24,000 of our electrification patents can be used royalty-free.

Today, hybrid powertrains are the most popular in Europe.

So far this year, 47 percent of new cars sold in the EU were hybrids.

29 percent had petrol or diesel engines only.

22 percent were battery-electric vehicles.

Put simply, almost half of all new cars sold in the EU this year are hybrids.

That is the voice of the customer.

Customers want hybrids today.

And tomorrow, they will want even more efficient and affordable hybrids.

So, we are developing our next generation of hybrid technology: a new engine, new electric motors, new inverters and a new power control unit.

The new engine is smaller, more efficient and more powerful.

We are also significantly reducing the size of the inverters and power control unit.

The result is a new hybrid system that is significantly more compact than our current one.

Why does this matter?

Because we need the flexibility for electrification to evolve and meet very different customer demands in each region.

At the same time, we must offer competitive battery-electric vehicles, without compromise.

So, our approach to future vehicle development is “battery-electric first.”

This means our architecture design will be fully optimised for battery-electric vehicles – but also support hybrid and plug-in hybrid systems, without compromising performance.

That is the key objective of our next-generation hybrid system.

This also improves the efficiency of our battery-electric investment because it spreads the cost of key elements across a larger volume of vehicles, including hybrids and plug-in hybrids.

Internally, we call this our “multi-pathway platform.”

We introduced this strategy at the Japan Mobility Show one year ago, when presenting the new Corolla concept.

Today, I wanted to give you a deeper understanding of the bigger picture.

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I am excited about the potential of our new hybrid technology, because it has also been optimised to run on renewable fuels.

So, let me say a few words about them.

Their biggest strength is that they can significantly reduce new carbon emissions from new cars and from the estimated 300 million vehicles with engines on Europe’s roads today.

And, they can do so using the current fueling infrastructure – without new grid connections or charging networks.

Renewable fuels that meet the EU’s Renewable Energy Directive already greatly reduce new emissions compared to fossil fuels: around 78 per cent for both bio-gasoline and bio-diesel.

Toyota has used renewable fuels in motorsport for many years.

We have learned much about efficiency, durability and real-world performance.

Now we are testing this knowledge in everyday driving, with partners including BMW, Bosch and Repsol.

Let's have a look.

VIDEO: Renewable Fuels Inc. trial

This trial shows how easy it is to make sure the right fuel goes into the right vehicle.

That's the purpose of the proposed VEEF framework – for Vehicles Exclusively running on Eligible Fuels.

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Renewable fuels also strengthen Europe's energy resilience and support a circular economy.

They reduce Europe's dependence on imported fossil fuels – and on imported critical raw materials.

And independent studies suggest that today's waste biomass level can produce enough fuel in Europe to meet road transport demand until at least 2040.

Further scaling is relatively straightforward; and also creates jobs in farming communities along the way.

Repsol is an example. The Nexa 95 fuel in our trial was made from certified renewable waste and biomass materials.

It is a high-quality, 95-octane drop-in fuel.

And it is made entirely at Repsol's Tarragona plant in Spain.

If we are serious about reducing carbon emissions as much and as fast as possible, renewable fuels have a big role to play.

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Finally, motorsport – where Europe is the centre of the world.

Toyota supports the European motorsport industry at the highest levels;

in Formula One, with Haas, in the UK and Cologne;

in the World Rally Championship, from Finland;

in the World Endurance Championship, from Cologne;

in the World Rally-Raid Championship, from Belgium;

and in GT racing, from Cologne.

Our investment and operations here are substantial.

But motorsport is not only about winning races.

It develops our people and brings new technologies to our customers' cars.

And it improves technical skills and drives innovation in Europe.

Thank you for your kind attention.

Matt-san, over to you.

MATTHEW HARRISON
CHIEF CORPORATE OFFICER

Thank you, Yasui-san, and good afternoon from my side.

So, you have heard where we come from, where we stand today, and what we bring to Europe.

Let me close by now setting out what we are asking of policymakers - and why it matters.

I'd like to begin with what we support.

We support the ambition behind the EU's Industrial Accelerator Act: to build a stronger, more competitive and more resilient industrial base in Europe.

But, to achieve that, scale is critical.

In 2025, the EU27 new-car market totalled around 11 million vehicles. China's market was around 27 million.

However, when the EU is considered together with its free-trade and trusted customs-union partners - including the United Kingdom, Türkiye, Japan, South Korea and Canada - the combined market reaches around 31 million vehicles.

That is the scale Europe needs to compete effectively on the global stage...

... and Europe will not achieve such scale by narrowing its global reach, or by pushing away trusted partners and skilled employees who are already contributing here.

Trusted partners do more than bring technology and skills. They also make an incremental financial contribution to the EU and to wider Europe.

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Our overall message to governments is therefore simple: embrace trusted partners, because together we are stronger...

...Listen to customers.

...Be pragmatic about the pace of change.

...Consider the impact on industry, communities and the environment.

...And accelerate the roll-out of the necessary infrastructures to support both battery-electric and fuel cell-electric expansion.

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Within that overall message, we are calling for action in three specific areas.

First, regarding the Industrial Accelerator Act, or IAA, we need to move from "Made in Europe" to "Made with Europe".

The IAA should recognise long-standing investors and trusted production partners, including the United Kingdom, Türkiye and Japan.

This matters because investors are watching Europe closely.

According to the European Commission's own figures, the EU's share of global foreign direct investment has fallen from 27 per cent to 14 per cent in just seven years.

An EU-only assembly rule would send the wrong signal to long-standing investors, at exactly the wrong moment.

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The same principle should guide the rules of origin or local content. These must also be realistic, workable and consistent with "Made with Europe", rather than restricted to "Made in Europe".

This means giving manufacturers sufficient time to work with key supply-chain partners to increase local content.

In practice, we believe such a transition will take around three years. And therefore a 70 per cent threshold should not apply before 2030.

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We take a similar view regarding overall vehicle sales and the proposed fleet average threshold – or the so called 'fleet booster'

Our concern is not the principle. It's the design.

An 85 per cent portfolio-wide threshold is too high and does not reflect the current reality of globally-integrated automotive supply chains.

We are therefore asking for a more realistic threshold of 70 per cent.

This would still remain ambitious, and it would encourage localisation, but without creating disproportionate compliance risks.

If the objective of the IAA is also to increase automotive contribution to EU GDP then we believe the calculation should also include EU-built vehicles exported outside the EU.

These vehicles generate EU investment, contribute to EU GDP and create EU employment and manufacturing value, regardless of where they are ultimately sold.

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Today the Japan – EU automotive trade flow is mutually beneficial and well balanced.

Around 11.3 billion euros worth of vehicles were exported from Japan to the EU last year.

At the same time, from the EU, around 10.8 billion euros worth of vehicles were exported – either from the EU to Japan or by Japanese OEMs from the EU to other non-EU markets.

This is a great example of reciprocity. And also a great example of an EU trusted partner.

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Regarding access to procurement incentives, we are also calling for a fair and equitable approach.

Under the current proposal, non-EU-produced vehicles would have access only to public-procurement fleets, which represent around 2 per cent of the market. They would be excluded from the much larger corporate-fleet market.

We believe this would be counterproductive. By limiting choice and reducing competition, it could slow both battery-electric vehicle demand and fleet renewal.

Our request is straightforward: battery-electric vehicles made by trusted partners, in other words vehicles “Made with Europe”, should qualify equally for both public procurement and corporate fleet incentives.

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Fuel-cell technology, however, needs a different approach.

As Yasui-san has mentioned, hydrogen will play an important role in decarbonising Europe's vehicle fleet, particularly in the heavy-duty sector.

But the market is still at an early stage, and a critical investment cycle lies ahead.

For that reason we believe fuel-cell vehicles should remain outside the scope of "Made in Europe" until the market develops.

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Turning to the EU Automotive Package, our second request is for CO2 rules that are technology-neutral, realistic and responsive to the market.

The Automotive Package should support every zero- and low-emission solution, including plug-in hybrids and renewable fuels.

Targets should be achievable, and they must be reviewed regularly if market demand does not develop as expected.

Around 2030, we need a five-year compliance window to soften the transition curve.

Light commercial vehicles require a similar approach, but with lower targets.

For 2035, we support a 90 per cent reduction target for cars and 80 per cent for light commercial vehicles, with additional flexibility coming from the use of renewable fuels and green steel to offset the carbon impact.

Both targets, however, should be reviewed if customer demand does not keep pace with regulatory expectations.

For renewable fuels, we are asking for one consistent definition that is aligned with the Renewable Energy Directive, and for vehicles that run exclusively on eligible fuels to be recognised as zero-emission.

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Our third request concerns the United Kingdom and the need to reset the Zero Emission Vehicle Mandate so that it reflects real customer demand.

We welcome the ongoing ZEV mandate consultation and intend to respond in full next week.

We also support the proposed ten-year national reindustrialisation plan set out by Andy Burnham, the UK Prime Minister, and its commitment to protect Britain's manufacturing and production capabilities.

The automotive industry must be central to this plan. Indeed, Business & Trade Secretary Jonathan Reynolds recently described the sector as a "jewel in the crown of UK manufacturing".

The ZEV mandate should therefore more closely align with the Prime Minister's ten-year plan and help return automotive manufacturing's contribution to the UK's economy to its historical levels.

There is also an important timing issue.

With 2030 only three years away, major investment decisions taken now will only affect the period from 2030 to 2035 and beyond.

The consultation must therefore establish a clear position for 2035, giving Toyota and our suppliers the confidence to invest.

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For the nearer term, we believe a 50 per cent ZEV mix is the most realistic option for cars in 2030.

Light commercial vehicles require their own target.

Here, we believe the realistic ZEV mix is closer to 40 per cent.

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More broadly, the UK should align with the EU on timing, adopt a similar five-year approach to flexibilities, and recognise renewable fuels as an important route to decarbonisation.

But similarly, the revised UK framework must be implemented quickly in 2027.

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Let me close with this clear message.

Europe has the capabilities, the people and the trusted partners to lead.

Toyota supports an accelerated timetable for agreeing the EU and UK legislative frameworks. But speed cannot come at the expense of achieving the right outcome.

Too much is at stake.

Legislation must reflect the real pace at which customers are able and willing to make the transition, and the time manufacturers realistically need to adapt.

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The way forward is a pragmatic regulatory framework, openness to every technology that reduces CO2, and close cooperation with trusted partners.

That is how we build a stronger, more resilient European automotive industry.

“Made with Europe” is the most effective way forward...

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...because together, we are stronger.

Thank you.