

# Toyota to Realign Manufacturing Operations in North America

April 15, 2015



**PLANO, Texas, April 15, 2015** – Toyota today announced a multi-year plan to realign its manufacturing operations in North America in support of the Toyota New Global Architecture (TNGA), a comprehensive approach to achieving sustainable growth by making ever-better vehicles more efficiently.

As part of this strategy, Toyota will invest approximately US\$1 billion to construct its newest North American manufacturing facility in the state of Guanajuato in Central Mexico to produce the Corolla. This state-of-the-art plant will feature the latest TNGA production engineering innovations, employ approximately 2,000 team members and have the capacity to produce 200,000 units annually.

Once Corolla production begins in Mexico in 2019, Toyota Motor Manufacturing Canada Inc. (TMMC) will transform its Cambridge, Ontario North Plant to switch from producing Corollas to mid-sized, higher-value vehicles, marking Toyota's first major reinvestment in the plant since it opened in 1997. Toyota will also make significant new investments over several years in TMMC's assembly plants in Cambridge and Woodstock, Ontario to implement TNGA modifications, maintaining the facilities' importance as a strategic manufacturing hub.

These moves advance Toyota's efforts under TNGA to group production by common vehicle platforms in each North American plant to improve efficiency and enhance flexibility.

"We are thrilled to invest further in North America so we can better meet the needs of our customers for decades to come," said Jim Lentz, chief executive officer of Toyota North America. "This strategic re-thinking of how and where we build our products will create new opportunities for our company, our business partners and our team members across the region.

Lentz added: "Our next-generation production facility in Mexico will be a model for the future of global manufacturing and set a new standard for innovation and excellence. Transforming our Canadian vehicle assembly plants is an equally important part of our strategic plan to position the North America region for sustainable long-term growth."

TNGA boosts vehicle quality and appeal while achieving cost savings through production engineering innovations, building more models on common platforms, the intelligent use of common parts and more fully leveraging Toyota's supply chain. And, by focusing on the joint development of vehicle powertrains and platforms, TNGA enables Toyota to produce vehicles with a lower center of gravity and lighter, more compact components, delivering to customers enhanced driving performance, greater fuel efficiency, exceptional visibility, more attractive styling and high-quality collision performance.

### **Implementing Latest Engineering Technologies to build Corolla in Mexico**

Toyota's vehicle assembly facility in Guanajuato will begin producing the Corolla with Model Year 2020. The new plant will be Toyota's 15<sup>th</sup> in North America, its first since 2011 and its largest investment in Mexico to date.

The plant will be the first in the world designed from the ground up with TNGA production engineering technologies and will leverage the existing robust supply base and transportation infrastructure in the region. Toyota will also establish a plant preparation office in the state of Queretaro.

"Having produced vehicles in this country for more than thirteen years, we know that the strength of the workforce and manufacturing capabilities in advanced technology make Central Mexico the right place for our newest facility," said Mike Bafan, President, Toyota Motor Manufacturing de Baja California, Inc. (TMMBC) and project leader for the new plant. "Our announcement today further reaffirms our commitment to our Mexican team members, dealers, partners, suppliers and customers, and we look forward to future success together."

### **Further Strengthening Canadian Manufacturing to Advance Common Vehicle Platform Strategy**

Toyota will realign production at its Cambridge and Woodstock, Ontario assembly plants; all three plants will then produce mid-sized vehicles of higher value. The TNGA adjustments at these plants will require major modifications to the two assembly plants in Cambridge and the one in Woodstock. These significant new investments will take place over the next several years.

The Woodstock plant will continue to manufacture the RAV4, a vehicle competing in a rapidly growing segment. The Cambridge South Plant will continue to build the Lexus RX 350 and 450h, the newest models of which were recently unveiled.

“This commitment to Toyota manufacturing in Canada is a huge vote of confidence in our team members,” said Brian Krinock, President of TMMC. “With a new platform, new products and new technology, Toyota’s continued investments in Canada will take us to the forefront of advanced manufacturing, further drive our competitiveness and position us for sustainable success.”

By 2019, the Cambridge, Ontario plants will all be producing higher-value mid-sized vehicles, along with Toyota Motor Manufacturing, Kentucky, Inc. (TMMK) and Toyota Motor Manufacturing, Indiana, Inc. (TMMI). The new facility in Mexico and Toyota Motor Manufacturing, Mississippi, Inc. (TMMMS) will build the Corolla, consolidating compact vehicle production to the southern U.S. and Mexico. These groupings by common vehicle platform follow Toyota’s consolidated truck production at its San Antonio, Texas and Baja California, Mexico plants, which has helped streamline Tacoma and Tundra assembly while better leveraging the supply chain.

Other recent manufacturing expansions by Toyota in North America include:

- \$360 million investment in Toyota’s Georgetown, Kentucky plant, adding 750 new jobs
- \$150 million investment at its Huntsville, Alabama plant
- CA\$100 million investment in Toyota’s Cambridge, Ontario plant, adding approximately 400 new jobs, to introduce hybrid production and increase capacity
- \$100 million investment in Toyota’s Princeton, Indiana plant, adding 300 jobs
- \$90 million investment at its Buffalo, West Virginia plant, adding 80 jobs
- Substantial year-over-year increases in production volume at Toyota’s plants in Indiana, Mississippi, Texas, Canada, and Baja California, Mexico