



# About the Long-Term Business Plan

May 14, 2008



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# Vision and Outline of Long-Term Business Plan

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# Outline of Management Vision - Summary of Future Prospects

## “VISION 2015 – LEAD THE NEXT –”

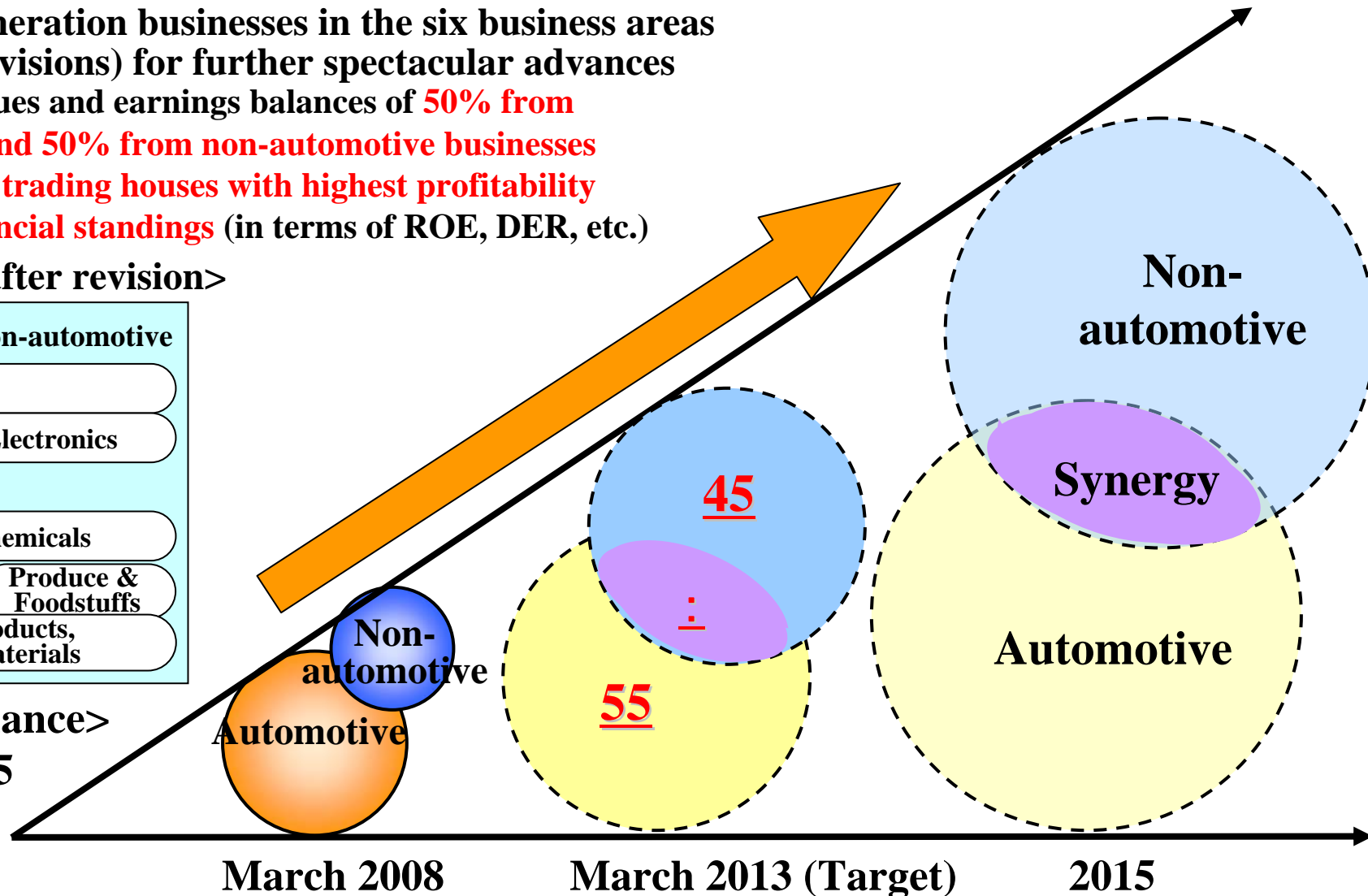
Create next-generation businesses in the six business areas (i.e., product divisions) for further spectacular advances

- ◆ Target revenues and earnings balances of **50% from automotive and 50% from non-automotive businesses**
- ◆ **To be among trading houses with highest profitability and best financial standings** (in terms of ROE, DER, etc.)

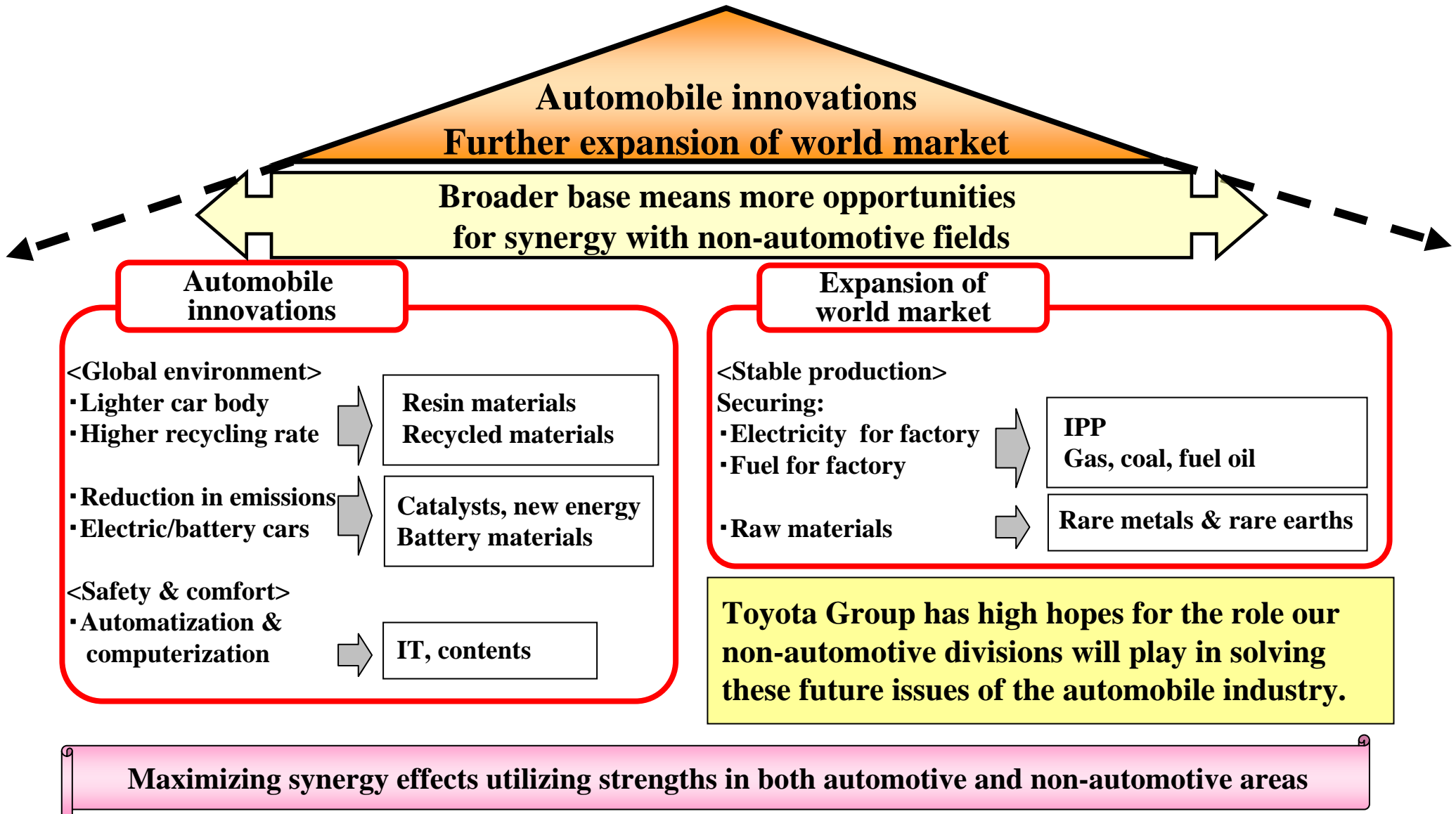
<Classification after revision>

Automotive	Non-automotive
Metal	
Machinery and Electronics	
Automotive	
Energy and Chemicals	
	Produce & Foodstuffs
Consumer Products, Services & Materials	

<Profit Balance>  
65 : 35



# Expansion in Depth and Width of Areas with Synergy between Automotive and Non-automotive Businesses



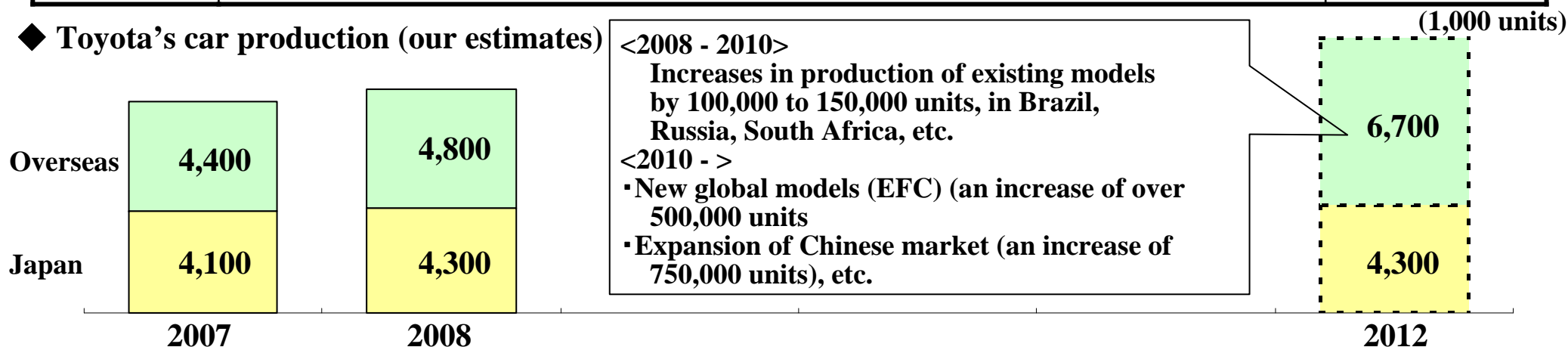
Automotive areas <Continued growth>	Non-automotive areas <Accelerated growth>		
<p>To consolidate foothold while striving for improved functionality and for development of new business models</p> <p><b>Strengthening of field forces</b></p> <ol style="list-style-type: none"> <li>1. Thorough safety management in production/processing</li> <li>2. Fostering of human resources (engineers and dealers) for overseas businesses</li> </ol>	<p>To accelerate seeding to achieve a growth rate higher than the Company's average from fiscal year ending March 2010 and beyond</p> <p><b>Strategic resource allocations</b></p> <ol style="list-style-type: none"> <li>1. Selection of businesses to be fostered and focused allocation of management resources</li> <li>2. Expansion of businesses in which we are No. 1</li> </ol>		
<p><b>Higher added value in supply chain</b></p> <table border="0"> <tr> <td data-bbox="97 727 1073 1010"> <ol style="list-style-type: none"> <li>1. Expansion into peripheral businesses for improved functionality and profitability</li> <li>2. Fostering of dealers' functionality as antenna shop to identify new business opportunities</li> </ol> </td> <td data-bbox="1080 727 2056 1010"> <ol style="list-style-type: none"> <li>1. Business expansion into mid- to down-stream operations that are not dependent on vested interests</li> <li>2. Enhanced efforts to strengthen retail</li> <li>3. Strengthening of logistics operations (responses to TPS)</li> </ol> </td> </tr> </table>		<ol style="list-style-type: none"> <li>1. Expansion into peripheral businesses for improved functionality and profitability</li> <li>2. Fostering of dealers' functionality as antenna shop to identify new business opportunities</li> </ol>	<ol style="list-style-type: none"> <li>1. Business expansion into mid- to down-stream operations that are not dependent on vested interests</li> <li>2. Enhanced efforts to strengthen retail</li> <li>3. Strengthening of logistics operations (responses to TPS)</li> </ol>
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<p><b>Stronger relationships and alliances with strategic partners</b></p> <p>Stronger relationships with manufacturers and natural resources companies (joint ventures, alliances, etc.)</p>			
<p><b>Accelerated global/consolidated development</b></p> <table border="0"> <tr> <td data-bbox="97 1185 1073 1412"> <ol style="list-style-type: none"> <li>1. Expansion in specialty/focus areas to dominate competitors</li> <li>3. More efforts in environmental businesses</li> </ol> </td> <td data-bbox="1080 1185 2056 1412"> <ol style="list-style-type: none"> <li>2. Fostering and strengthening of group core companies</li> </ol> </td> </tr> </table>		<ol style="list-style-type: none"> <li>1. Expansion in specialty/focus areas to dominate competitors</li> <li>3. More efforts in environmental businesses</li> </ol>	<ol style="list-style-type: none"> <li>2. Fostering and strengthening of group core companies</li> </ol>
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# Assumptions for Long-Term Business Plan

## ◆ Long-term economic forecast for countries and areas (our estimates)

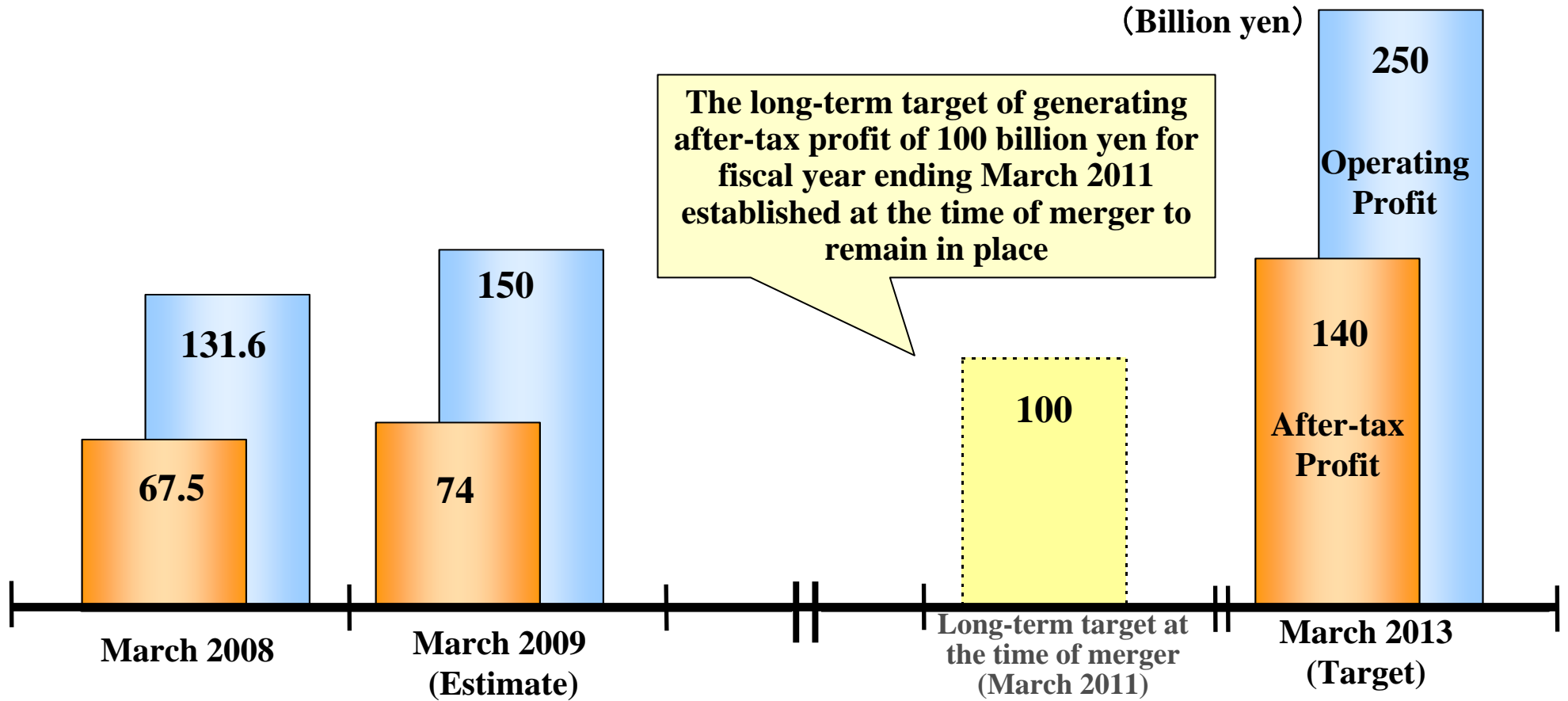
◆ Long-term economic forecast for countries and areas (our estimates)		Growth image
Japan	Higher growth potential over long term thanks to improved productivity mirroring good capital investments and technological innovations	
US	Lower growth for the time being. Stable growth over long term thanks to population growth and improved fiscal balances	
EU	Deceleration in growth due to lower competitiveness mirroring stronger euro, but growth to continue thanks to increases in capital investments and employment	
Asia	High economic growth in India and other emerging countries driving overall economic growth in the entire Asian region	
China	Stronger renminbi and excess production capacities after World Expo to decelerate growth temporarily	
Middle East	Higher crude oil prices and good domestic demand leading to high growth despite political and diplomatic issues	
South Africa	Steady economic expansion to continue	
Brazil	Continued economic growth due to lower interest rates and higher wages	

## ◆ Toyota's car production (our estimates)



# Outline of Long-Term Management Plan (1)

## - Overall Numeric Targets -

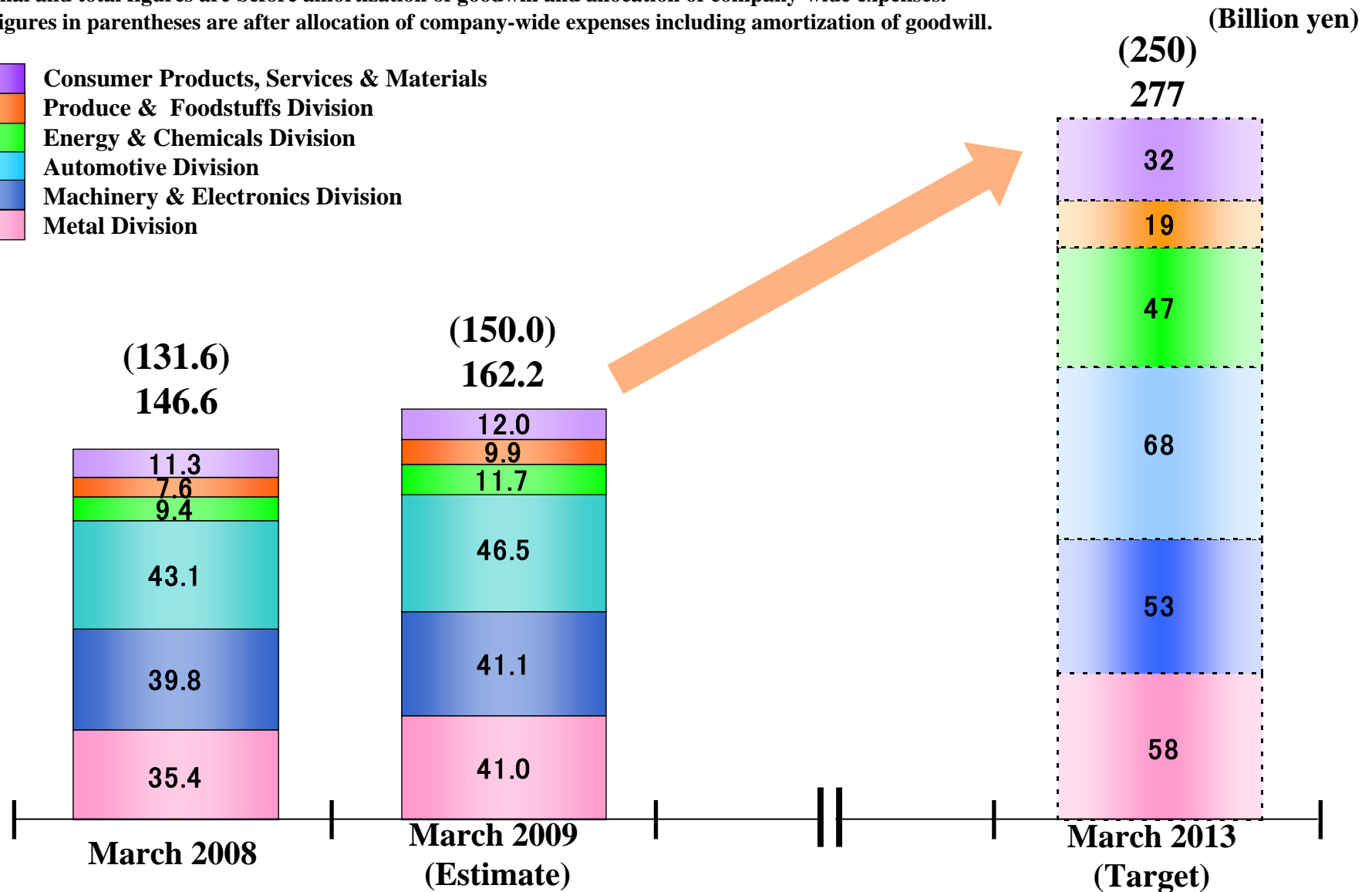
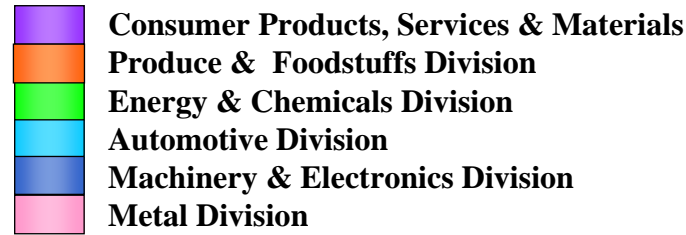


	March 2008	March 2009 (E)	...	March 2013 (Target)
Net Sales	70,003	78,000	...	120,000
Gross Profit	3,695	4,000	...	6,300
Ordinary Profit	1,429	1,500	...	2,500

# Outline of Long-Term Management Plan (2)

## - Operating Profits by Division -

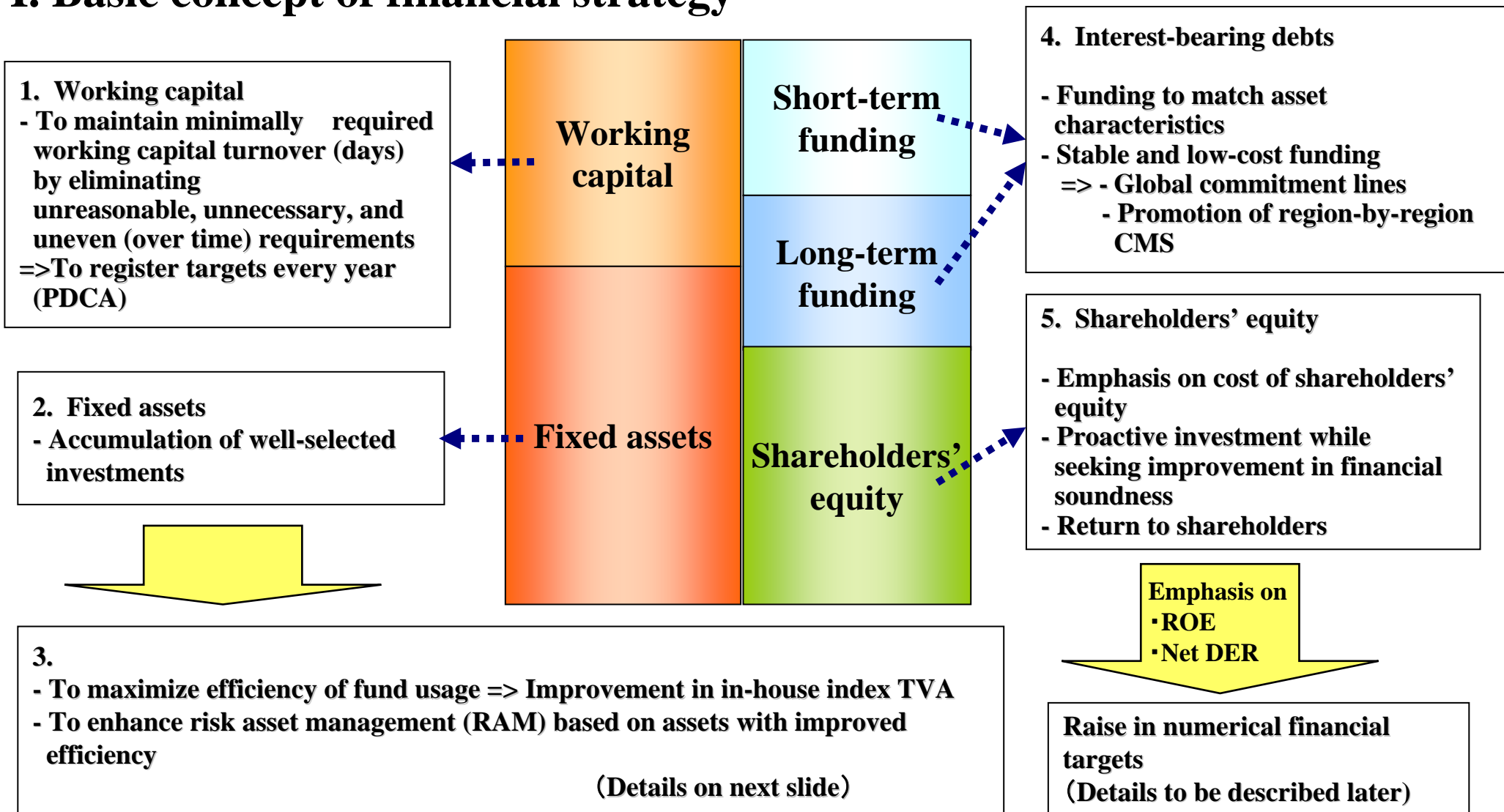
\* Divisional and total figures are before amortization of goodwill and allocation of company-wide expenses.  
Total figures in parentheses are after allocation of company-wide expenses including amortization of goodwill.



# Outline of Long-Term Management Plan (3)

## - Financial Strategy and Dividend Policy (1) -

### I. Basic concept of financial strategy



# Outline of Long-Term Management Plan (3) - Financial Strategy and Dividend Policy (2) -

## II. Risk asset management

<As of end of December 2007>

**Risk assets (RA)**  
About 400 billion yen

**Risk buffer (RB)**  
(Mostly net worth)  
About 520 billion yen

Ratio of RA to RB (RA/RB): 0.77  
Risk return ratio (RR ratio)  
(After-tax ordinary income/risk assets): 20%

### ◆ Introduction of RAM measures

- 1) Measures already in place by last fiscal year  
[Measures for individual risks]
  - Credit risks (application for transactions, application for commodities positions)
  - Business investment risks (application for individual business investments), etc.
- 2) Measures to be in place from current fiscal year onward
  - Target management of RA/RR targets on corporate, divisional, and SBU basis  
=> Establishment and monitoring of RA/RR plans in long-term business plan and 2-year plans

### ◆ Basic policy on risk asset management (RAM)

- 1) Total risks within sustainable amount ( $RA \leq RB$ )
- 2) Sufficient earnings for risks  
(Risk return ratio of over 15%)

### ◆ Improvement of assessment of business investment projects

Increases in non-automotive investments are expected to achieve the vision of 50:50 ratio between automotive and non-automotive areas

**Introduction of earnings approach** in measuring risks of fluctuations in business values due to future earnings variations when investing in large non-automotive projects (natural resources, etc.)

⇒ Trial introduction in fiscal 2008 for relevant projects, to be officially introduced in fiscal 2009

# Outline of Long-Term Management Plan (3) - Financial Strategy and Dividend Policy (3) -

## III. Changes in numerical fiscal targets and dividend policy

### <Changes in numerical fiscal targets>

Establishment of financial structure to ensure enduring growth by means of reinvestment of profits for further generation of profits

<b>Equity</b>	<p>After-tax profitability to be over equity cost</p> <p>=&gt; Continued emphasis on ROE, which is considered to be an index highly correlated with equity cost</p>
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In view of consistency of equity cost (around 8%) and management indices (RR  $\geq$  15%, RA:RB = 1:1), the target figure is revised:



**Consolidated ROE of 15%** over long run  
(Formerly consolidated ROE of 10% or over)

<b>Debt</b>	<p>Maintenance of low debt level that allows rating to remain at A even after a large-scale M&amp;A</p> <p>=&gt; Continued emphasis on Net DER as an index to measure financial soundness</p>
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In view of expected increases in cash flows from operating activities thanks to careful selection of investments and efficient usage of working capital, the target figure is revised:



**Net DER (except goodwill) of 1.0 time**  
(Formerly Net DER of 1.5 times or less)

### <Change in dividend policy>

Formerly: Stable dividends, with gradual increase in consolidated payout ratio



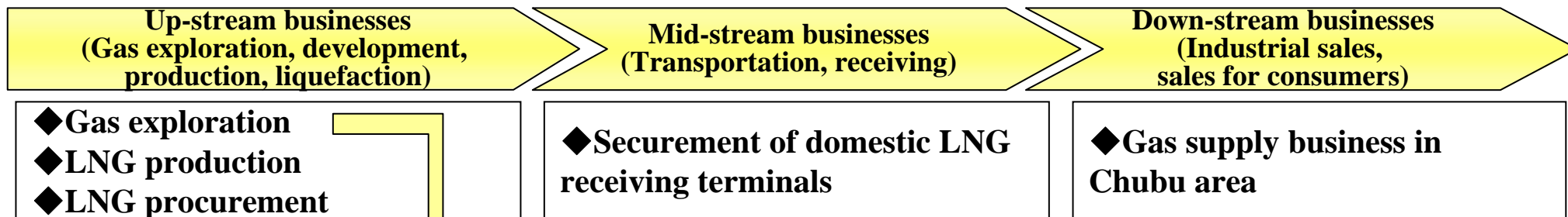
Dividends to be linked to consolidated earnings, **with a gradual increase in consolidated payout ratio to 20%**



# Examples of Iconic Investment Plans

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# Purchase of Natural Gas Mine Rights in Australia



## ■ Outline of projects

Company name: Toyota Tsusho Gas E&P Australia Pty Ltd

\* To utilize capital contribution system for exploration provided by JOGMEC (an independent administrative agency)

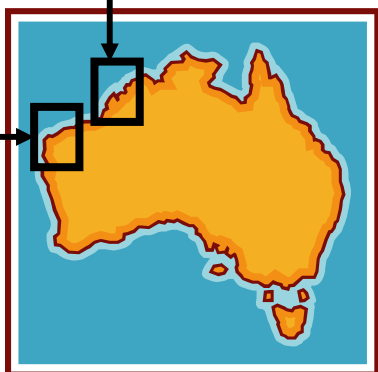
Right owner	Participation ratio	Note
Woodside Energy Ltd	42.7291%	(Operator)
Japan Australia LNG (MINI) Pty Ltd	32.4123%	
BHP Billiton Petroleum (North West Shelf) Pty Ltd	17.3586%	
Toyota Tsusho Gas E&P Australia Pty Ltd	7.5%	

Company name: Toyota Tsusho Gas E&P Browse Pty Ltd

Right owner	Participation ratio	Note
Woodside Energy Ltd	70%	(Operator)
Mitsui E&P Australia Pty Ltd	20%	
Toyota Tsusho Gas E&P Browse Pty Ltd	10%	

1. **News release on Mar. 6, 2008**  
Acquires a 7.5% right on Block WA-294-P off Australian coast (our first gas exploitation business)

2. **Agreement on acquirement of rights in March 2008**  
Acquires a 10% right for each of Blocks WA-378-P, WA-396-P, and WA-397-P off Australian coast



## Important points

1. Strengthened relationship with a specific country (Australia) with which we have good relationship, and with specific partners
2. A program to secure stable LNG supply sources of our own for establishment of gas business chain.

# Projects in State-of-the-Art Chemical Product Technological Fields

**News release on Feb. 12, 2008**

**Development and marketing of new material that has low dielectrics even at high frequencies**

Admatechs  
Company Limited

Taiyo Kagaku  
Co., Ltd.

Toyota Tsusho  
Corporation

Development of “mesoporous silica,” a new porous, low-dielectric material (Product name: Admaporous)

Sales launched in April 2008

Mesoporous silica is silica (silicon dioxide: SiO<sub>2</sub>) with regularly shaped nano-sized pores. The material is expected to be very useful for catalysts and resin fillers in digital consumer electronics and automobile electronics products, as it can encapsulate gases and specialty molecules in fine particles.

(Right figure): Illustration of mesoporous silica



**News release on Feb. 13, 2008**

**Marketing of multiwall carbon nanotubes in Asia**

Bayer MaterialScience

Toyota Tsusho  
Corporation

Conclusion of agency contract of “Baytubes®” (multiwall carbon nanotubes, MWCNT)

As a sole agent in Japan, China, Hong Kong, Singapore, South Korea, Taiwan, India, Malaysia, Thailand, Indonesia, and Vietnam, we will conduct marketing, sales, technical development, and support for the Baytubes® business.

When added to various materials, “Baytubes®” (carbon nanotubes) can alter characteristics of materials substantially:

- They can make plastics electro-conductive.  
For use as, for example, antistatic packaging for computer chips and protective plastic containers for transportation of minute IC chips.
- They can substantially increase rigidity and elasticity of materials  
For weight-saving and mechanical strengthening of surfboards and skis made of epoxy resin.

## Important point

1. Our first project in the high value-added chemicals/new materials field, which is expected to grow in the future

# Enhancement of Existing Grain Businesses

**New release on Jan. 31, 2008**

**Addition of silos for auxiliary materials at Toyo Grain Terminal, making it the largest in Chukyo area**



## Toyo Grain Terminal

**Silo additions enhanced storage capacity from 60,000 tons to 72,000 tons**

**Silos added will mainly store soybean hulls for animal feedstuff**

## Functions

### Previously

There were no large silos in the Chukyo area to which soybean hulls could be transported directly from overseas on large cargo vessels, hindering stable imports in the area.

### From now

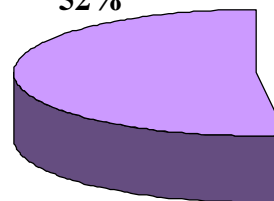
The expansion of Toyo Grain Terminal will substantially reduce distribution costs of imports and ensure stable supplies of soybean hulls to feed mixture manufacturers in the area.

## Reference

◆ Share of silo storage capacity of terminals affiliated with trading companies and agricultural cooperatives (ca. 2,650,000 tons in total). Does not include ca. 3 mil. tons of capacity owned by warehousing companies, etc.

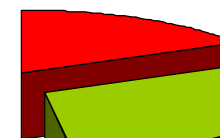
### Other trading companies

52%



### Toyota Tsusho

17% (ca. 500,000 tons)



Agricultural cooperative-affiliated  
31%

Silo	Capacity (tons)	Handling (tons)	No. of Plants
Tohoku Grain Terminal (Hachinohe, Aomori)	150,000	1,250,000	5
Kanto Grain Terminal (Kashima, Ibaraki)	190,000	1,460,000	7
Toyo Grain Terminal (Chita, Aichi)	70,000	360,000	2
Higashinada Tomen Silo (Kobe, Hyogo)	80,000	510,000	2

## Important points

- Contribution, in an environment in which grain prices are soaring, to stable supplies of feedstuff materials with enhancement to grain silos while ensuring safety and quality.**
- Promotion of stable supplies on a global basis by applying our expertise built up domestically to overseas operations.**

# Expansion of Value Chains and Sizes of Uniform Businesses

**News release on Feb. 28, 2008**  
Establishment of new recycling systems for uniform businesses

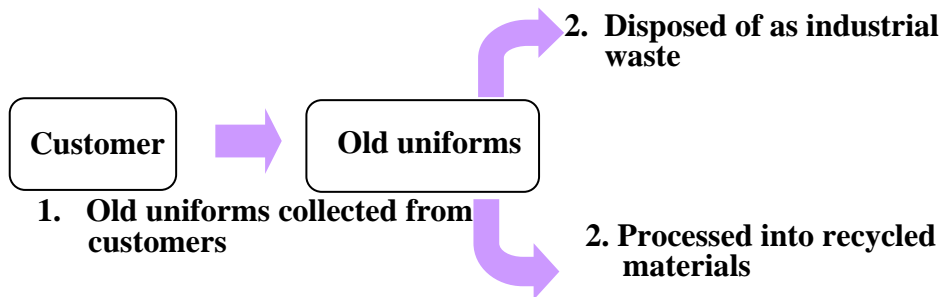
Renown Uniforms

Toyota Tsusho Corporation

Establishment of new system

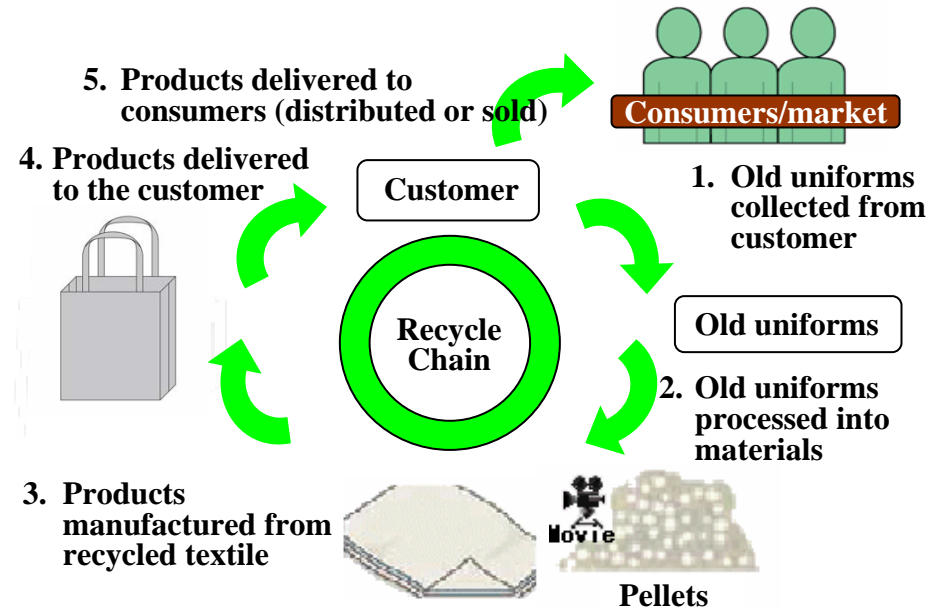
## Previous recycling system

Old uniforms collected were either disposed of as industrial waste or recycled to recover materials only.



## New recycling system

A recycling system is proposed to Circle K Sunkus Co., Ltd. in which old uniforms are collected from the customer and reprocessed into products, which are delivered back to the same customer in an integrated manner.



**News release on Mar. 10,**  
Toyota Boshoku Uniform Co., Ltd. established

Planning and sales operations of uniforms independently performed by Toyota Boshoku, Toyota Tsusho, and Iijima Industry were consolidated

Expansion in sales of uniforms to Toyota Motor-affiliated companies

Sales to companies outside Toyota Group and overseas in the future

## Important points

1. Provision of recycle chain where the recycling process is visible and which is friendly to the global environment, incorporating all the processes from collection to delivery of recycled products
2. Sales to Toyota Motor-affiliated companies first, and then expansion to other companies and overseas