



Long-term Business Plan

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	<u>Page</u>
◆ Vision and Outline of the Long-term Business Plan	p. 4~ 11
◆ Numerical Targets of the Long-term Business Plan	p. 12~ 18
◆ Strategy by Business Segment and Major Investment Plans	p. 19~ 32



Vision and Outline of the Long-Term Business Plan

Management Vision – Intent Remains Unchanged

“VISION 2015 – LEAD THE NEXT –”

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

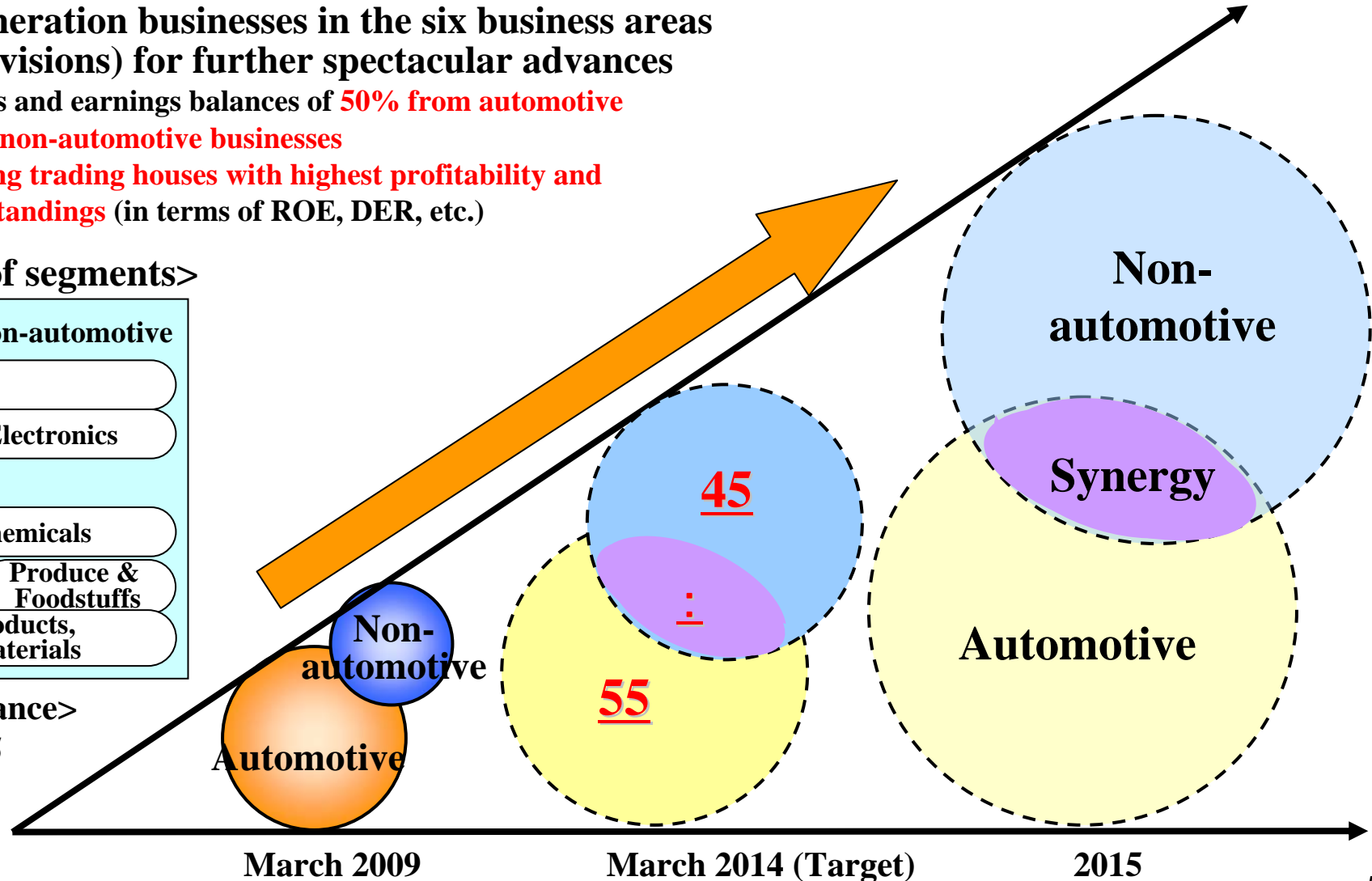
- ◆ Target revenues and earnings balances of **50% from automotive** and **50% from non-automotive businesses**
- ◆ **Seek to be among trading houses with highest profitability and best financial standings** (in terms of ROE, DER, etc.)

<Classification of segments>

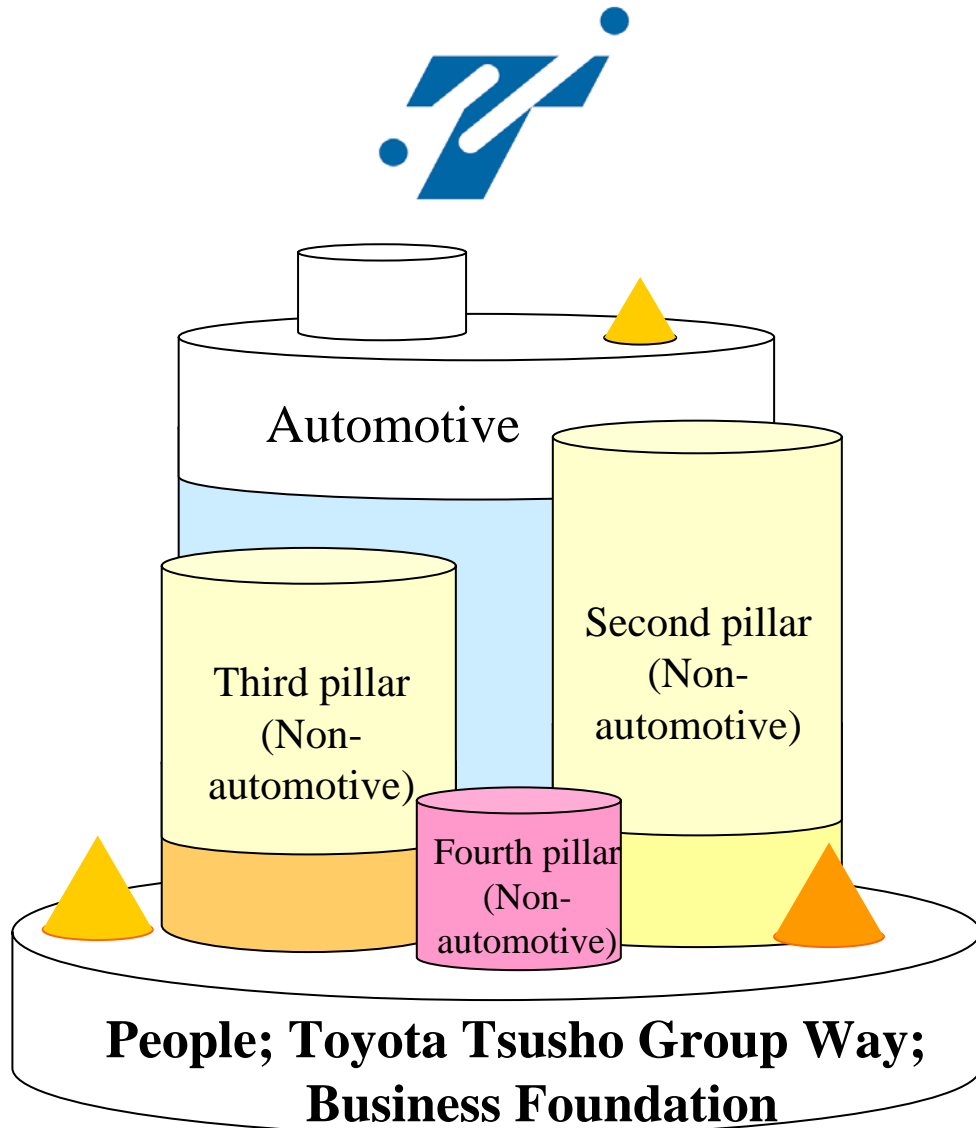
Automotive	Non-automotive
Metals	
Machinery and Electronics	
Automotive	
Energy and Chemicals	
	Produce & Foodstuffs
Consumer Products, Services & Materials	

<Profit balance>

65 : 35



Long-Term Management Policy for Fiscal Years to March 2014 – Ideal Situation



Changes in the Company's environment

- Market changes (confusion in the financial markets, deterioration in developed economies, etc.)
- Global issues and business chances (food, environment, etc.)
- Strategic review of automotive business (rapid contraction of market)
- Identifying the major risk factors (safety, foreign exchange, etc.)



Ideal situation

Both automotive and non-automotive areas to maintain growth to realize the vision

- Grasp the business opportunities in a revolutionary phase of major changes
 - Strengthen the core business foundation
- ➔ Put into practice offensive and defensive management

“Offense”

I. Challenge new markets

Develop Toyota Tsusho Group’s strong points in new regions and customers in accordance with the Global and Regional Strategy

II. Create new functions

Add further functions to the existing core businesses to tackle the changes

III. Pursue new businesses

Concentrate management resources on endeavors in winnable fields and with winnable partners by ensuring selection and focus

“Defense”

<Overall check of actual operations>

I. Overall check of safety

Each and every employee to raise their **safety awareness** and carry out comprehensive safety check leaving no stones unturned.

II. Overall check of job

Dive into business sites to carry out overall check of existing businesses and operations and **implement Selection and Concentration**

III. Overall check of the Group’s team power

From a long-term perspective, **systematically develop human resources** who can succeed on the global stage

IV. Ensuring compliance

Offense: Identify fields to compete in and challenge enthusiastically

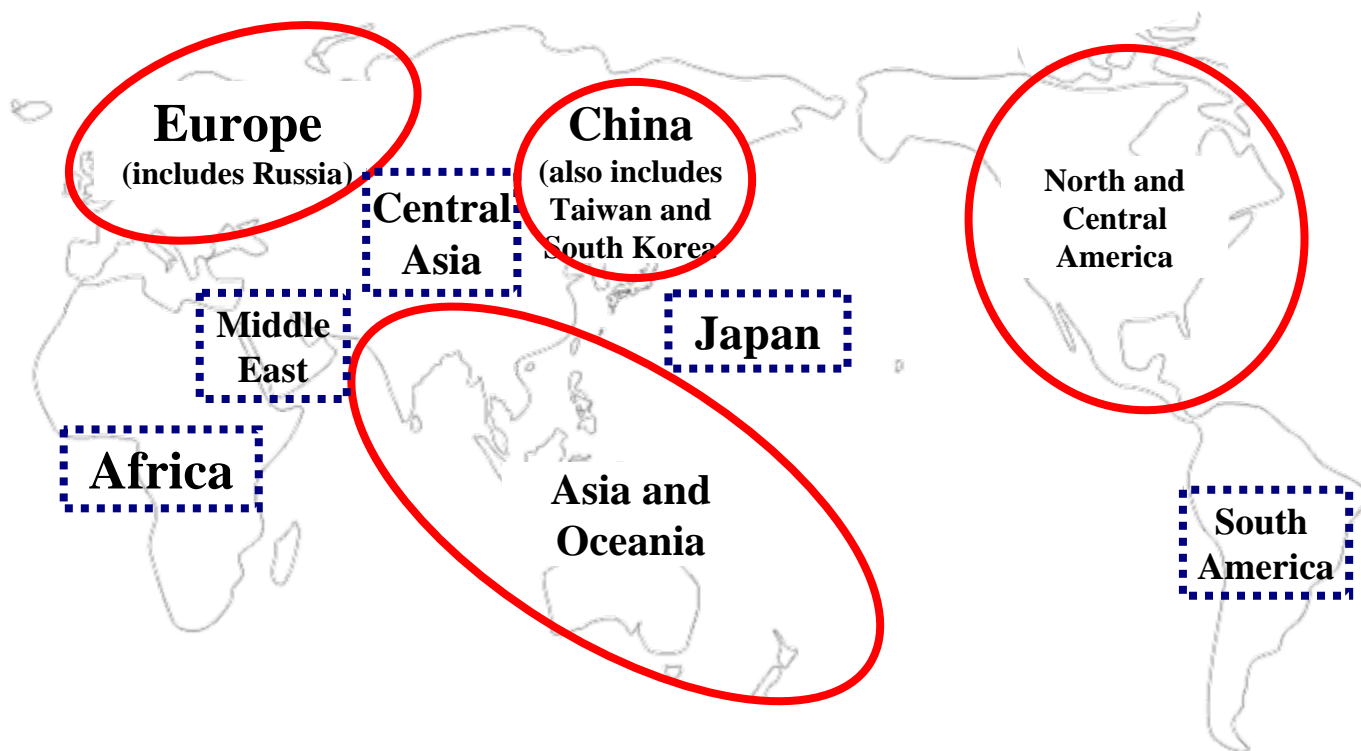
Defense: Overall check of all activities by going back to “Genchi”, “Genbutsu”, “Genjitsu”

Offense Measures [I] – New Market Strategy

Laterally introduce regionalized management while maintaining vertical divisional management as the main pillar



Explore markets by focusing management resources of various divisions
Speed up decision making in overseas sites



Policy (4 bases + 1)

- Asia and Oceania, China, Europe, and North and Central America to be 4 key regions, and each would formulate and implement its own strategy.
- Other emerging and resource-rich countries to be managed directly by head office under “+1” category

<Crucial countries and regions for the Company as a whole>

- (1) Russia, (2) India, (3) Turkey
- (4) South America (Brazil, Argentina)
- (5) Africa (South Africa, Angola)
- (6) Central Asia (Kazakhstan)
- (7) Middle East (Iran, Iraq)

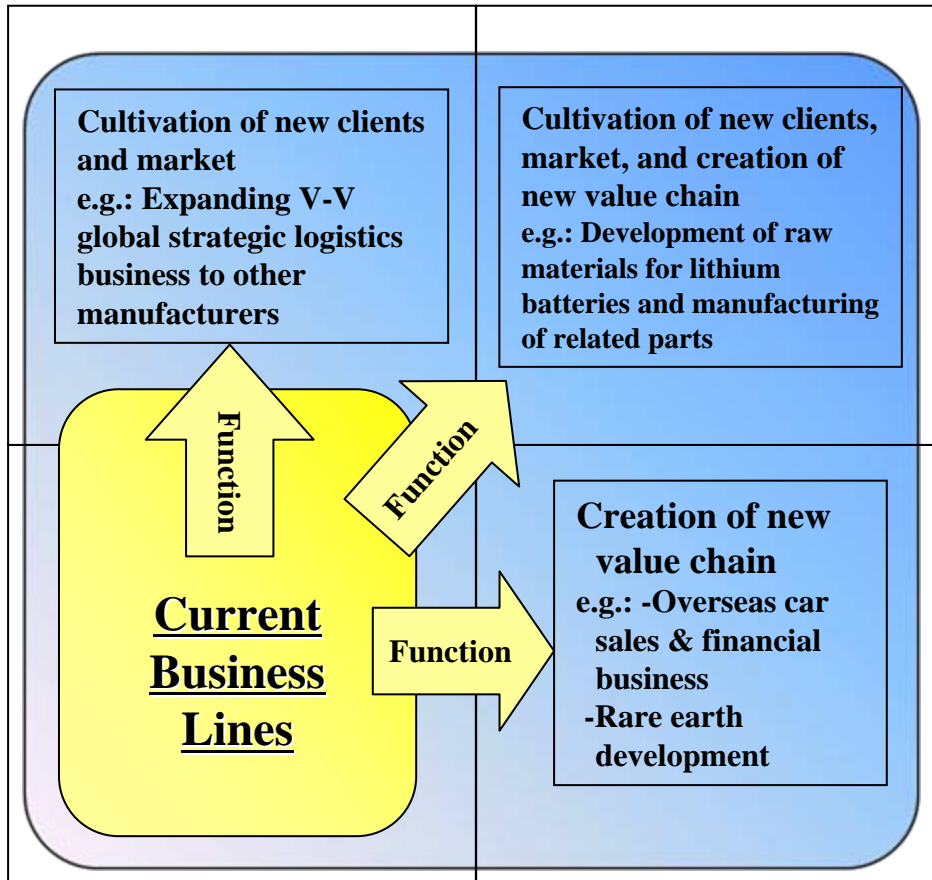
Establishing framework for strengthening operations at Key regions, emerging and resource-rich countries

Offense Measures [II] – Create New Functions

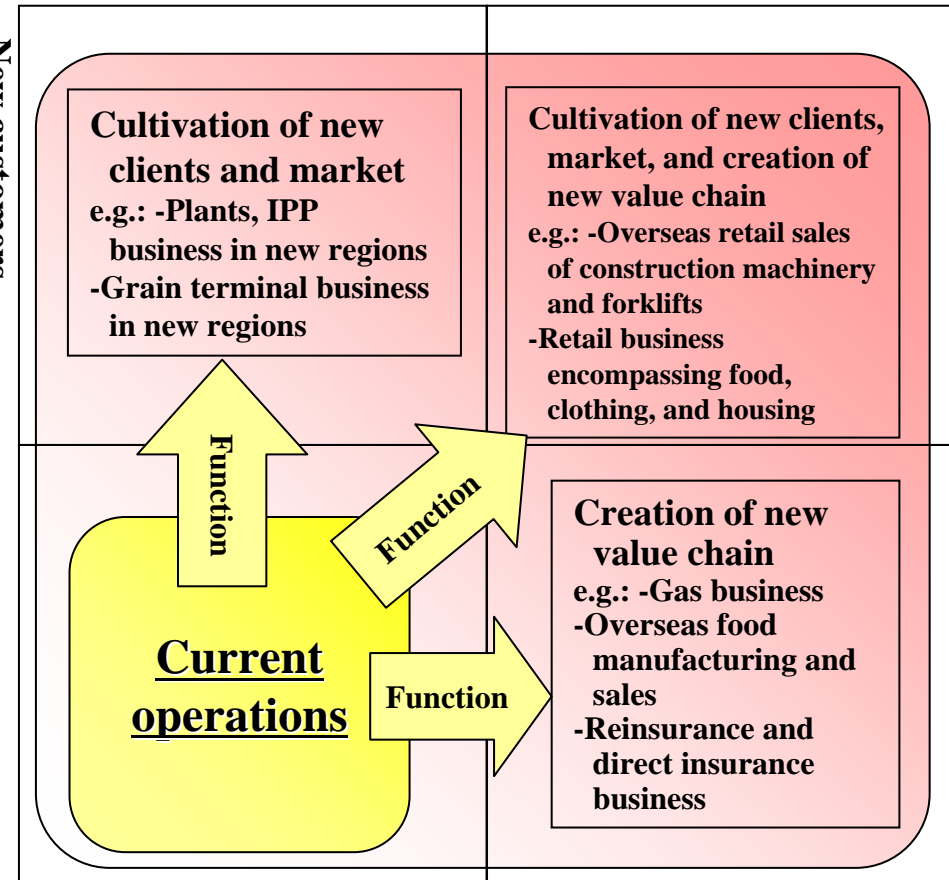
Automotive areas

Non-automotive areas

Outside Toyota Group
Toyota Group



New customers
(including Toyota Group)
Existing customers



Existing business

New business

Existing business

New business

Building a stronger value chain by creating new functions

For example

Emerging Global Issues

Global population growth

World population will be 8.3 billion in 2030
(of which 6.7 billion will be in the developing world)

Tight fossil fuel supply and environmental issues

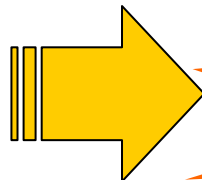
- Energy consumption is growing at 2% a year
- Control global warming

Food shortage (collapse of supply-demand balance)

- Farm abandoned due to desertification and industrialization

Water shortages

- Impact on people's lives inc. food issues
- Impact on industrial production



Business chance

Environment-related business

- Reduce carbon dioxide
- Shift to new energies
- Promote recycling

Foodstuff-related business

- Secure supply volume
- Secure cultivated acreage
- Expand concept of food safety globally

Water-related business

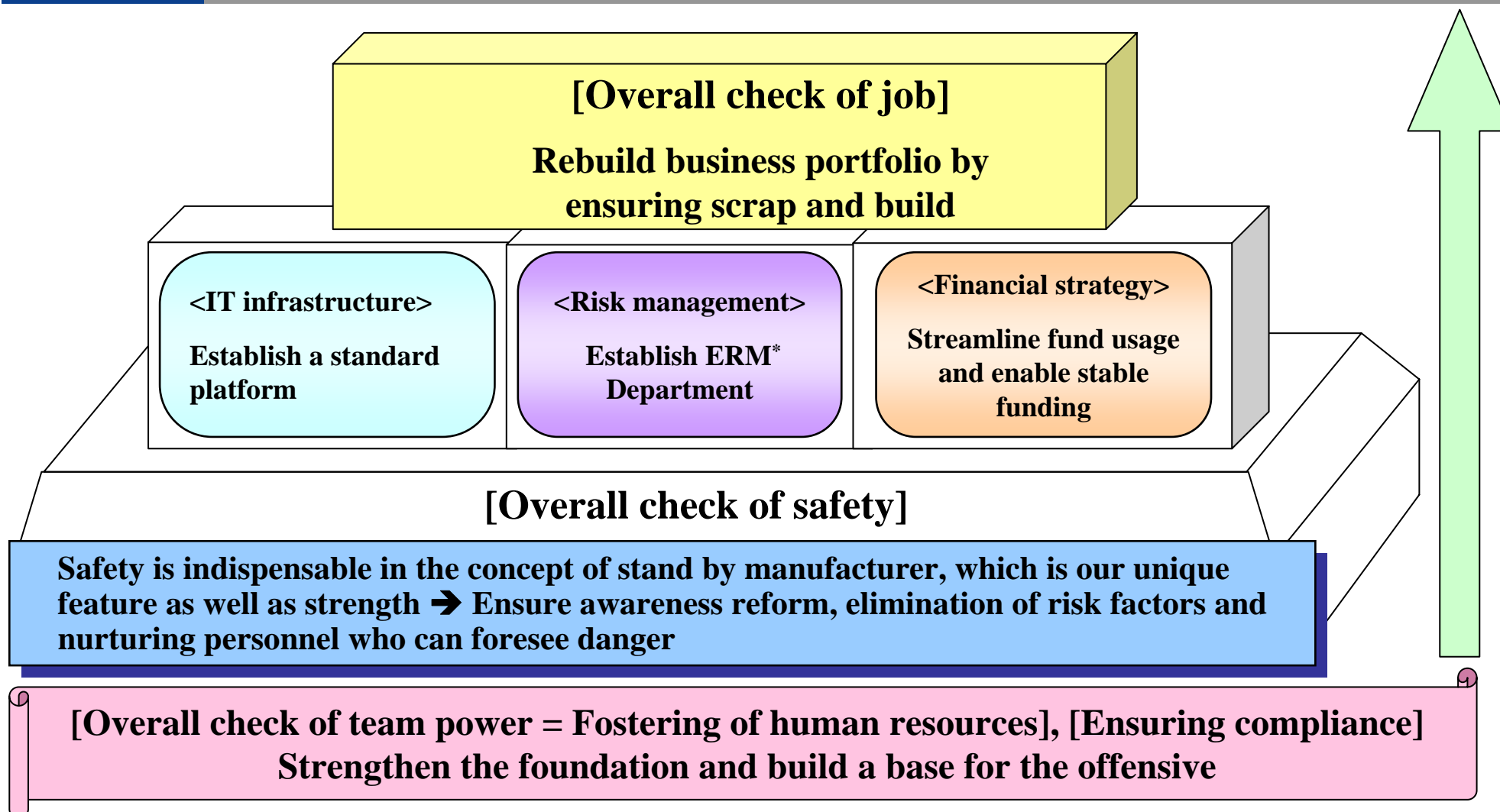
- Improve utilization ratio of renewable water

Reformation phase offers a real business chance

— Recognize the change in investment environment as an opportunity

Defense Measures

– Overall Check of Actual Operations



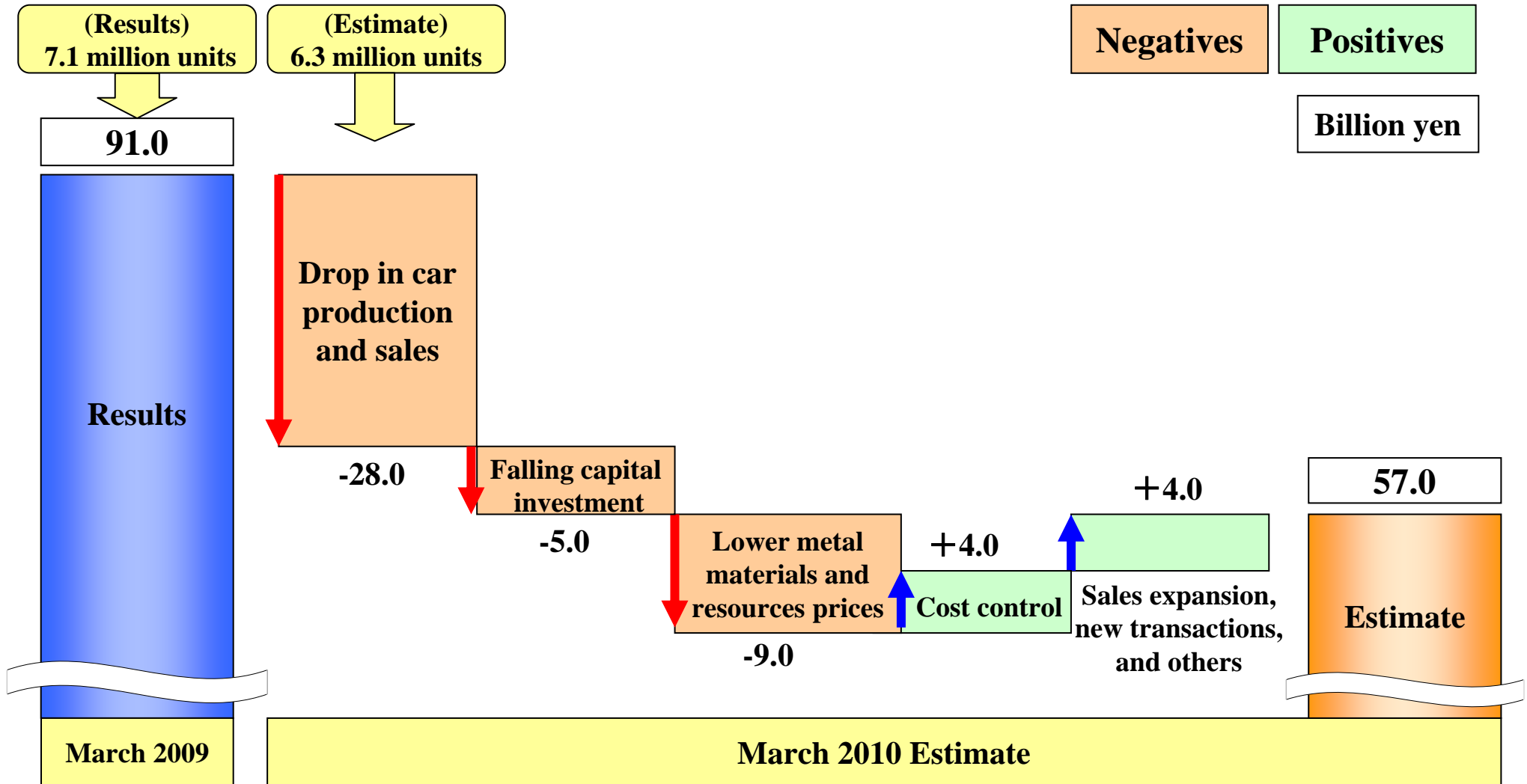
* Enterprise Risk Management: Department combining certain operations of existing Internal Audit Dept., Internal Control Dept. and Risk Management Dept. to manage individual risks on a company-wide level so as to handle the diversification, increasing complexity and magnitude of corporate risks



Numerical Targets of the Long-Term Business Plan

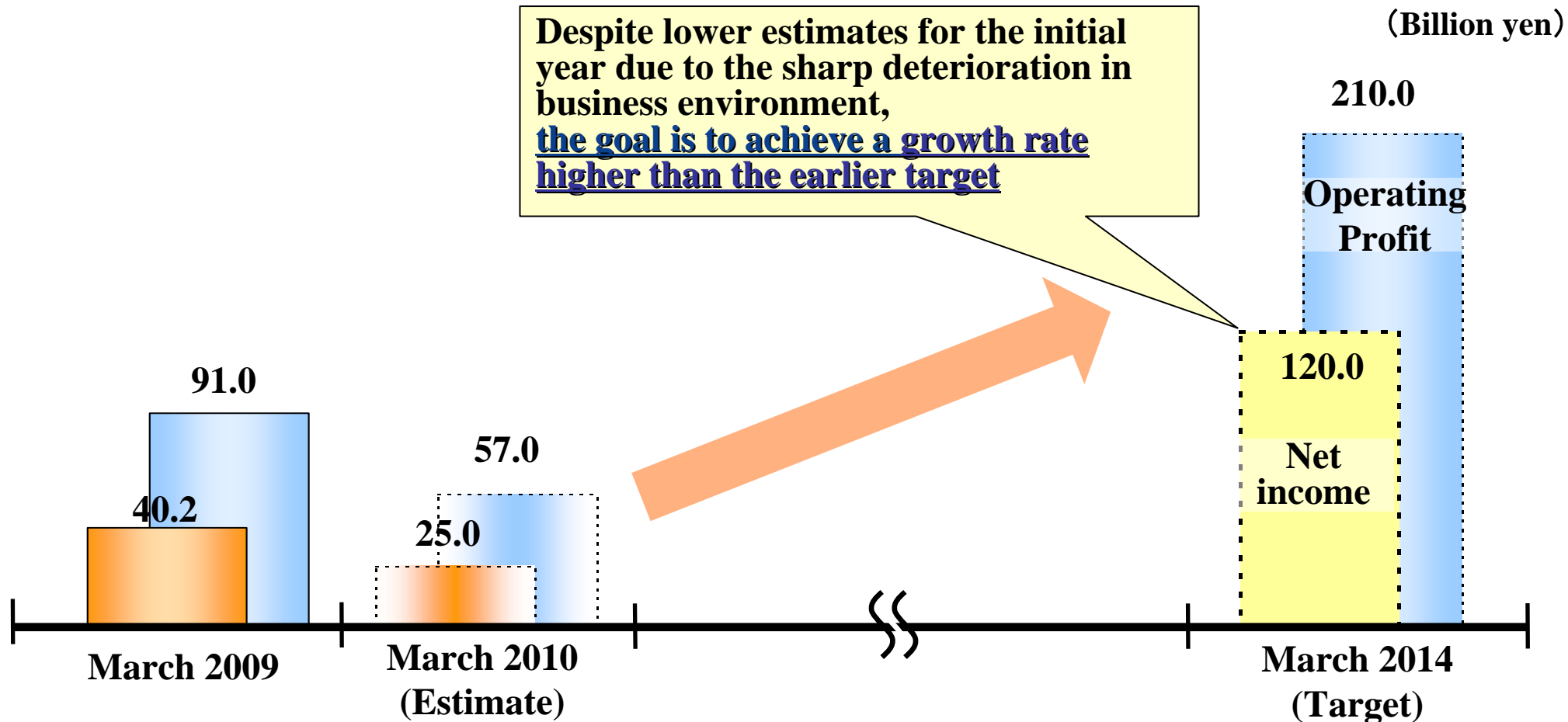
Positive and Negative Factors in Operating Profit Forecast for Fiscal Year 2010

- Car production (our assumed figures: Toyota production only)



Numeric Targets of Long-Term Business Plan [I]

- Profit Targets -



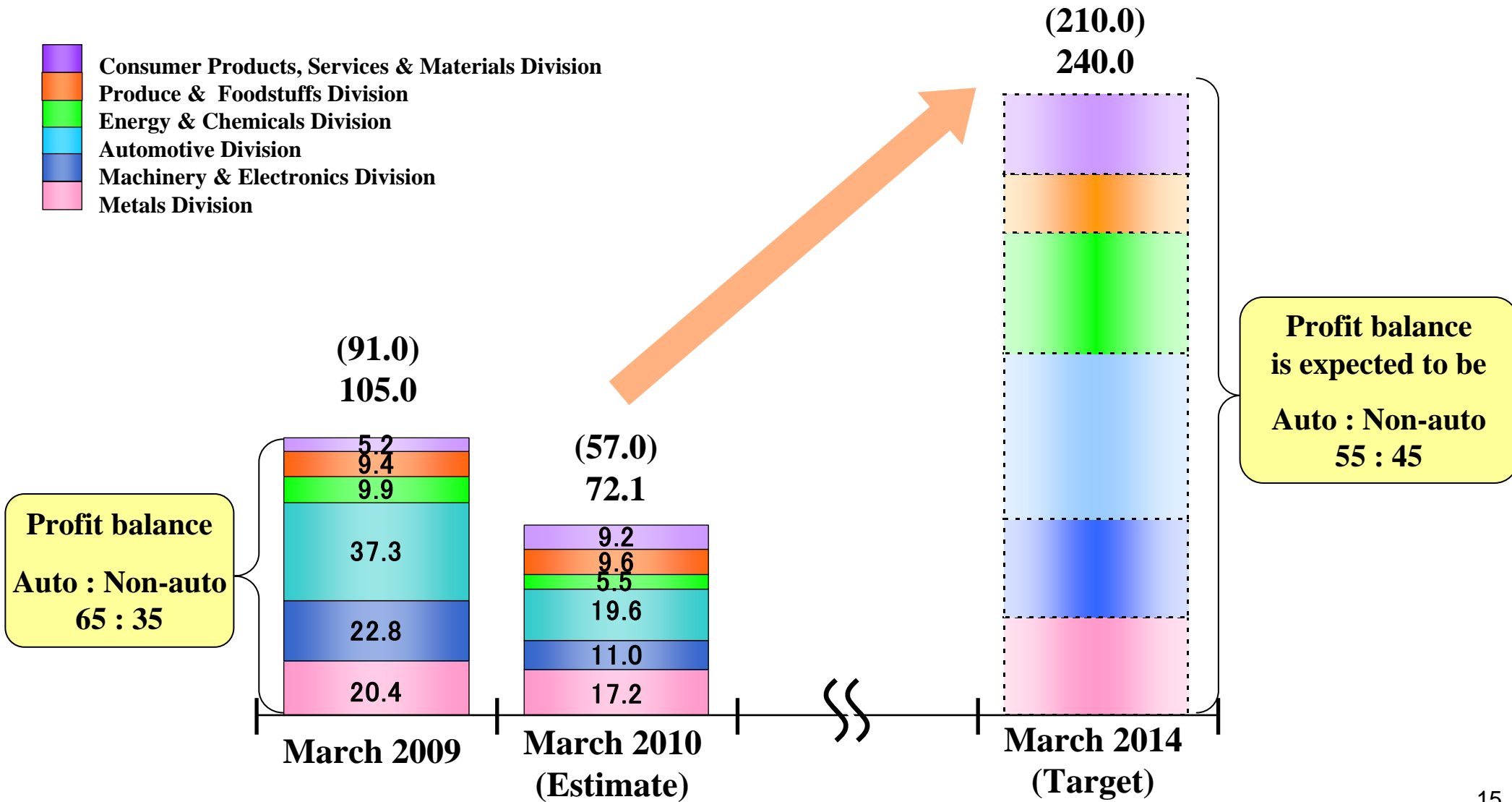
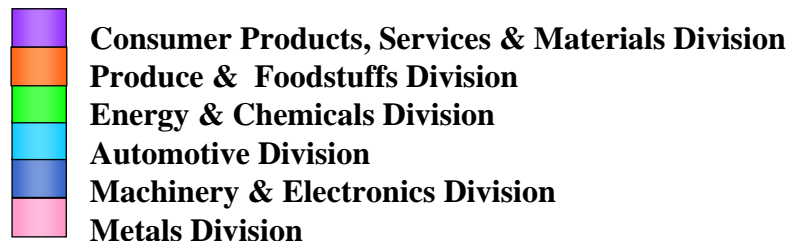
	March 2009	March 2010 (Estimate)	March 2014 (Target)
Net sales	6,286.9	5,000.0	10,900.0
Gross profit	326.6	290.0	630.0

Numeric Targets of Long-Term Business Plan [II]

- 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.

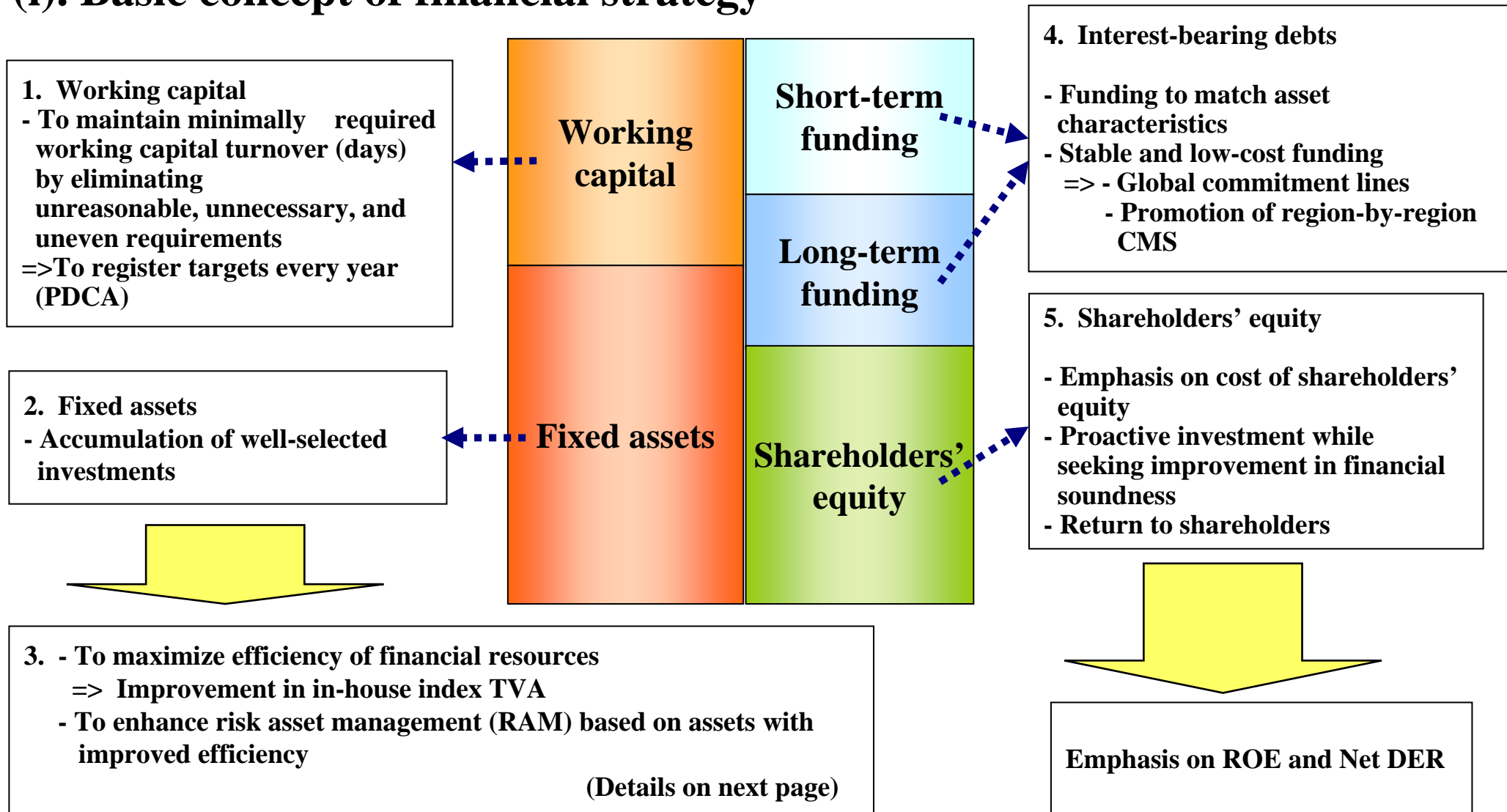
(Billion yen)



Numeric Targets of Long-Term Business Plan [III]

- Financial Strategy and Dividend Policy (i) -

(i). Basic concept of financial strategy



(ii). Risk asset management

<As of end of Dec. 2008>

Risk assets (RA)
Approx. ¥410 billion

Risk buffer (RB)
(Mostly net worth)
Approx. ¥450 billion

Ratio of RA to RB (RA/RB): 0.91

Risk return ratio (RR ratio)

(After-tax ordinary income/risk assets): 13%

◆ Introduction of RAM measures

1) Measures for individual risks already in place

- Credit risks (application for transactions)
- Commodity risks (application for 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 for corporate and divisional basis
- Establishment and monitoring of RA/RR plans in long-term and 2-year business plans

◆ Basic policy on risk asset management (RAM)

- 1) Total risks within sustainable amount
($RA \leq RB$)
- 2) Sufficient earnings for risks
(Target risk return ratio 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-auto areas

Ensure Scrap and Build applying internal rule to follow up investment projects in order to allocate limited management resources

Numeric Targets of Long-Term Business Plan [III] - Financial Strategy and Dividend Policy (iii) -

(iii). Numerical fiscal targets and dividend policy

<Numerical fiscal targets>

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

Equity	<p>Net income to be over equity cost</p> <p>→ Continued emphasis on ROE, which is considered to be an index highly correlated with equity cost</p>
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Debt	<p>Maintenance of low debt level that allows rating to remain at “A” even after a large-scale M&A</p> <p>→ Continued emphasis on Net DER as an index to measure financial soundness</p>
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Target: **Consolidated ROE of 15%**

Target: **Net DER** (except goodwill) **of 1.0 time**

<Dividend policy>

Dividends to be linked to consolidated earnings, with **consolidated payout ratio to 20%**



	Mar. 2008	Mar. 2009	Mar. 2010 (Estimate)
Full year	¥ 30	¥ 26	¥ 16
Consolidated payout ratio	15.6%	22.7%	22.4%



Strategy by Business Segment and Major Investment Plans

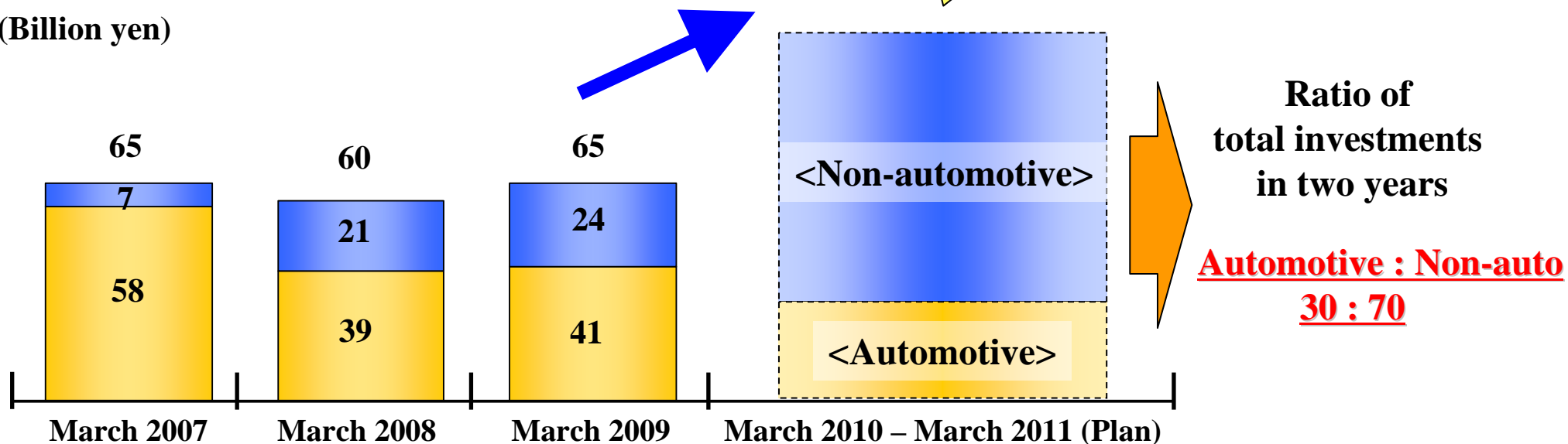
Investments in the Past and Expected Future Investments

◆ Investments in the past and current investment plans

In addition to Cross Functional Team in Corporate Div., which supports analysis and evaluation of investment plans, the time it takes to implement investment plans will be shortened through initiatives such as establishment of a dedicated department for new business plans at each division.

While ca. ¥200 billion worth of investment is planned for two years, an overall check of the portfolio will be implemented and ca. ¥10 billion worth of investment plans would be scrapped.

(Billion yen)



Long-Term Policy for Metals Division

Expedite strengthening of existing businesses and transformation of earnings structure

Challenge new markets and new products

- Metal resources (rare earth, etc)
- Magnetic steel sheet business

Respond to environmental and innovative changes in technology/ materials

- Respond to HV/EV technologies
- Develop full-line recycling operations
⇒ From waste metal to industrial waste
- Expand overseas operations of scrap car recycling

Strengthen existing businesses and improve earnings

- Steel sheet processing business
- Molten metal business
- Waste metal recycling

Expand new functions and processing operations

- Bright bars/wiredrawing business
- Tap into specialty steel manufacturing business

Long-term policy (offences and defenses)

[Offense]

- ◆ Steel Sheets SBU
 - Create and expand next-generation core business
- ◆ Steel Bars SBU
 - Establish processing operations and new businesses
- ◆ Non-ferrous Metals SBU
 - Expand resource-related value chain
- ◆ Materials SBU
 - Dive into full-line recycling operations

- Reinforce safety activities
- Domestic human resources development

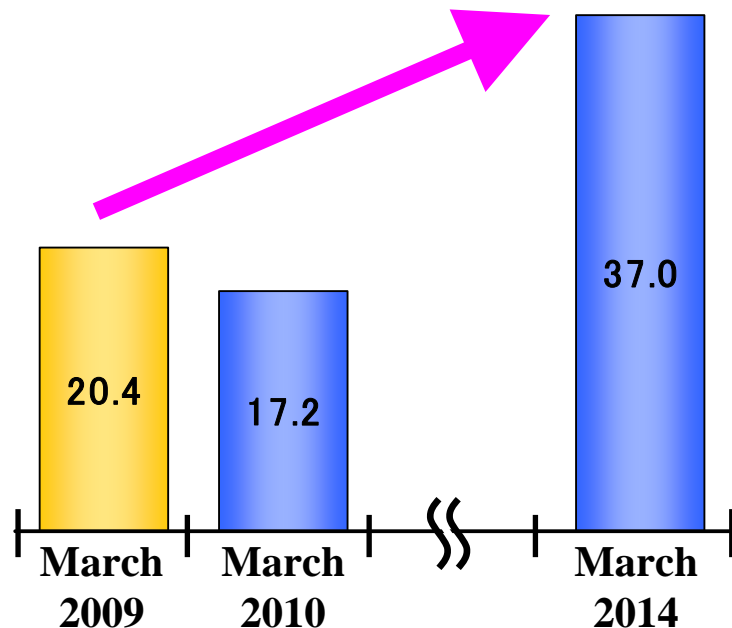
[Defense]

- ◆ Improve efficiency of management through appropriate allocation of human resources, facilities and working capital

Long-Term Targets and Major Investment Plans of Metals Division

◆ Operating profit target

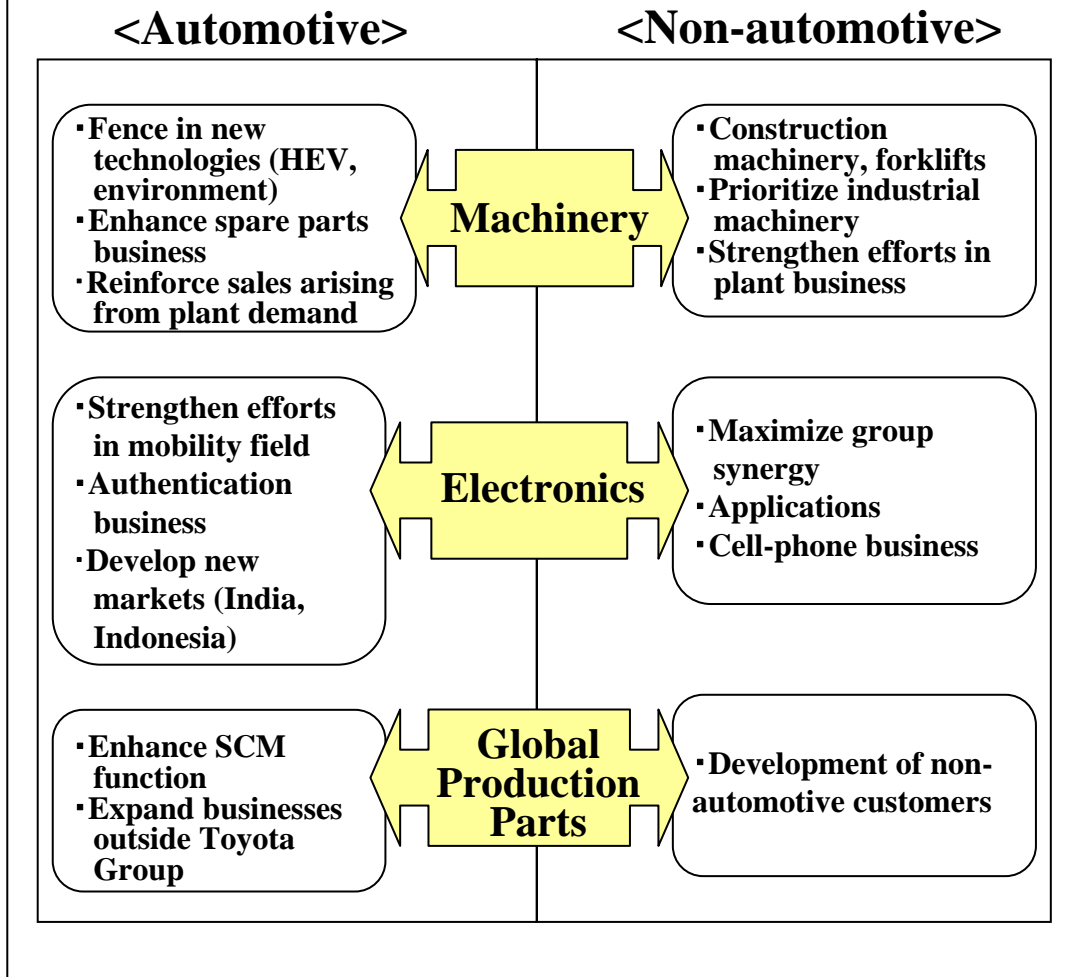
(before amortization of goodwill)
(Billion yen)



◆ Major investment projects for fiscal years to March 2010 and March 2011

SBU	Details	Amount (ca.)
Steel Sheets	<ul style="list-style-type: none"> Expand earnings primarily with processing operation Broaden the range of businesses with magnetic steel sheets, etc. 	(Total) ¥35.5 billion
Steel Bars	<ul style="list-style-type: none"> Expand overseas steel pipe business through alliances and investments Expand areas of processing business (wiredrawing, bright bars, etc.) 	
Non-ferrous Metals	<ul style="list-style-type: none"> Secure rare earth materials and establish value chain Enter into HEV-related business 	
Materials	<ul style="list-style-type: none"> Accelerate development of full-line recycling operations 	

Offensive measures in both automotive and non-automotive fields



Long-term policy (offense and defense)

[Offense]

◆ Machinery SBU

- Strengthen efforts for new technologies related to HEV, environment, and energy
- Development of overseas downstream business of construction machinery and forklift

◆ Electronics SBU

- Expansion of cell-phone sales business (TD Mobile)

◆ Global Production Parts SBU

- Development of non-automotive businesses (two-wheelers, aircraft parts, etc.)

[Defense]

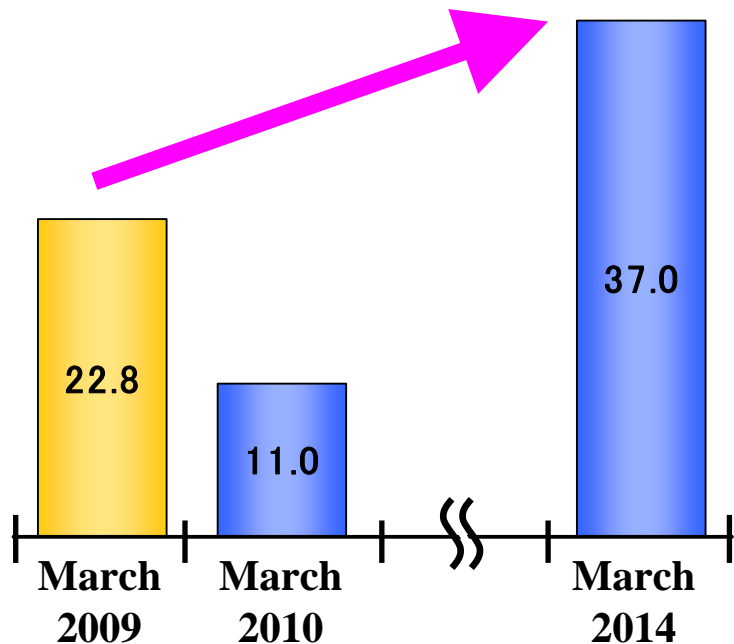
- ◆ Review of SCM function and inventory reduction

- ◆ Human resource development (parent and group companies)

Long-Term Targets and Major Investment Plans of Machinery & Electronics Division

◆ Operating profit target

(before amortization of goodwill)
(Billion yen)

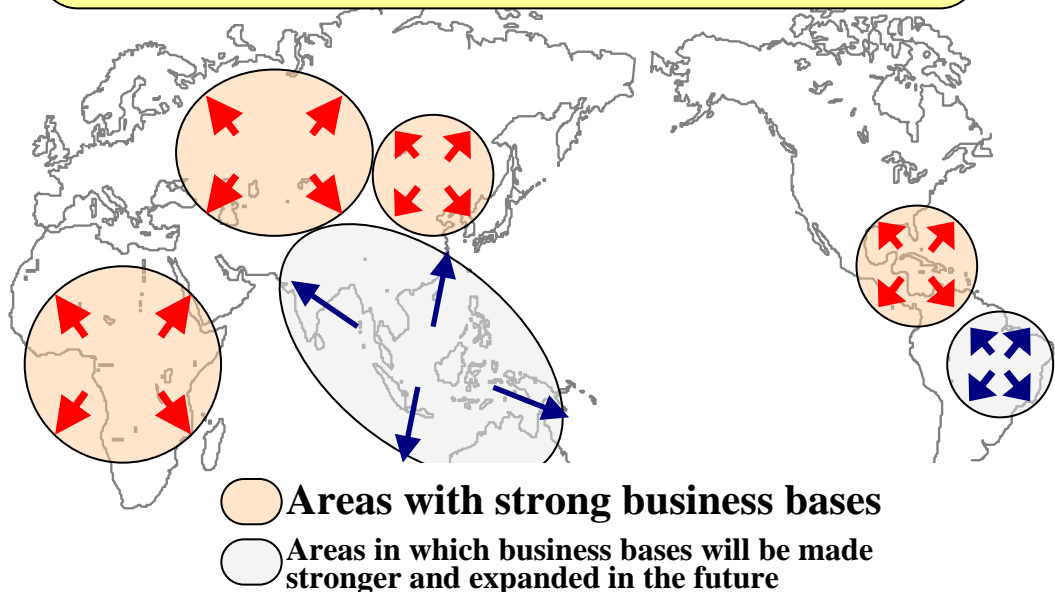


◆ Major investment projects for fiscal years to March 2010 and March 2011

SBU	Details	Amount (ca.)
Machinery	<ul style="list-style-type: none"> Investment in strategic partners, participation in their management Development of construction machinery and forklift business 	(Total) ¥ 6.0 billion
Electronics	<ul style="list-style-type: none"> Start of data center operation New establishment of overseas subsidiaries 	
Global Production Parts	<ul style="list-style-type: none"> Investment in system establishment 	

Long-Term Policy for Automotive Division

Policy for strategic focus areas and resource distribution



Among markets expected to post high rates of growth in the medium-to-long term,

- Those where we have strong business bases
⇒ Large quantity of management resources to be allocated to accelerate expansion of network
- Those where we aim to strengthen and expand business base
⇒ Cautiously and steadily expand sales network

Long-term policy (offense and defense)

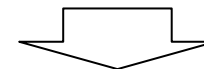
[Offense]

- ◆ Expansion of retail/distribution business (Americas, Oceania, Asia and Middle East, African SBU)
- ◆ Expansion of retail sales network (China, European SBU)

[Defense]

- ◆ Enhance and ensure management quality of existing business units

⇒ appropriate, established, and clear flow of money, goods, and information

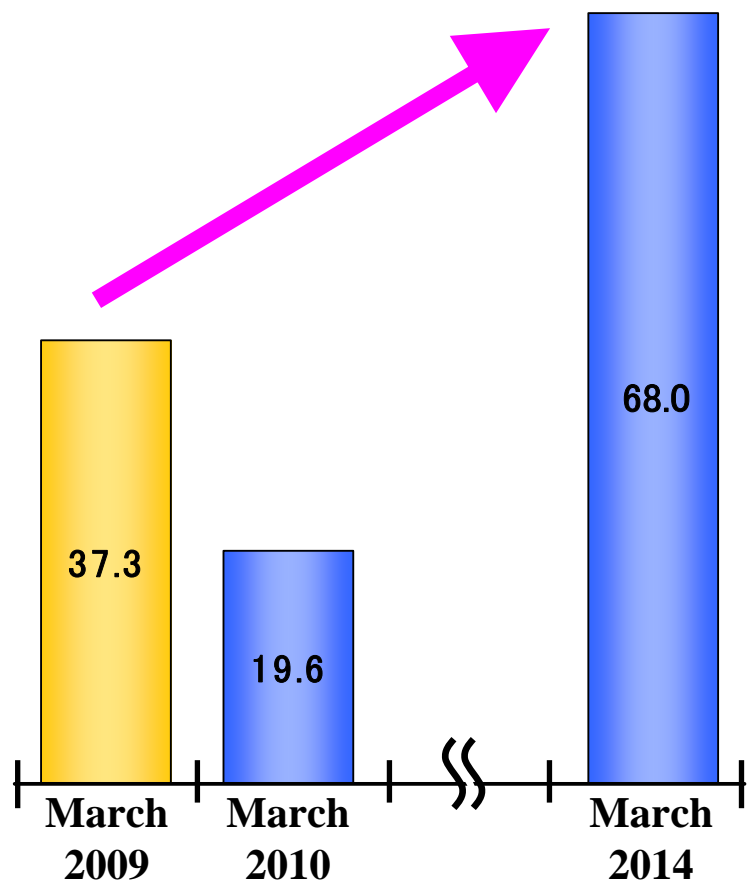


Established a dedicated division and started to work on enhancement and review of the business to reflect current environment

Long-Term Targets and Major Investment Plans of Automotive Division

◆ Operating profit target

(before amortization of goodwill)
(Billion yen)



◆ Major investment projects for fiscal years to March 2010 and March 2011

SBU	Details	Amount (ca.)
Americas	<ul style="list-style-type: none"> Acceleration of retail networks in countries with rich natural resources 	
Europe		
China	<ul style="list-style-type: none"> Enhancement of retail-related peripheral businesses including operation of used-car sales company 	
Asia, Oceania and Middle East		
Africa	<ul style="list-style-type: none"> Expansion of retail sales network through a large number of outlets Reinforcement of existing bases 	
Promotion Businesses	<ul style="list-style-type: none"> Expansion of distribution businesses for Hino, Subaru, and Daihatsu Reinforcement of sales/inventory process management system 	

Aims to expand 3 business areas

Environment

- Biochemical, plastic
- Lithium battery-related
- New energy, electricity-related (solar, wind)
- Water-related

Resources

- Inorganic resource development
- Petroleum, gas, coal chain
- Middle Eastern petrochemical business
- Resource/energy infrastructure

Current businesses

- For automobile/home electronics applications
- Consumer chemical products, inorganic resources
- Energy trading, plant PJ

Enhanced functions

- Resins/chemical products business
⇒ synergy effects from integration of three subsidiaries
- Overseas expansion of the compound business

Long-term policy (offense and defense)

[Offense]

- ◆ Accelerate innovations including M&A and early implementation of new projects
- ◆ Broadening of existing businesses by reinforcing them

[Defense]

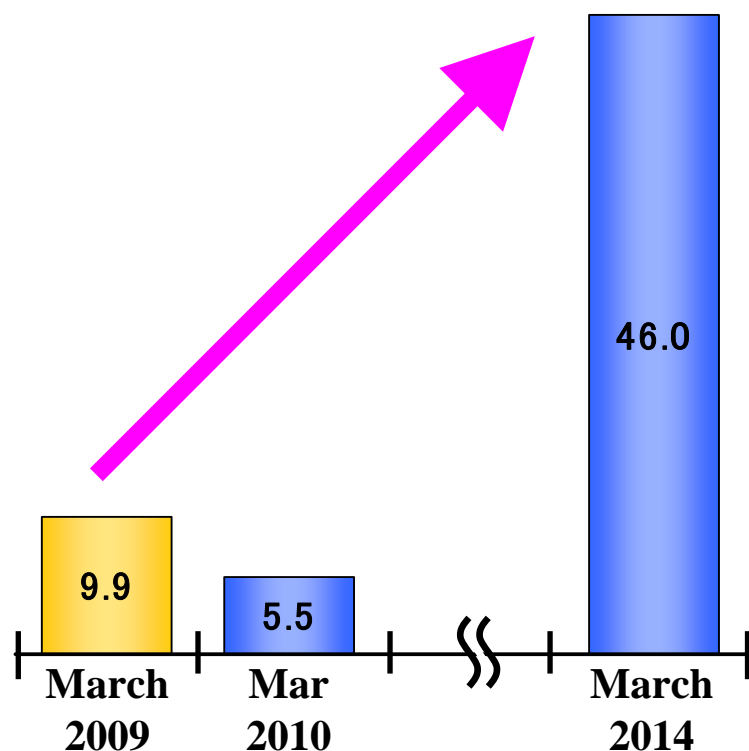
- ◆ Review of business portfolio
- ◆ Enhancement of management administration structure
(safety, credit, compliance)

Long-Term Targets and Major Investment Plans of Energy & Chemicals Division

◆ Operating profit target

(before amortization of goodwill)

(Billion yen)

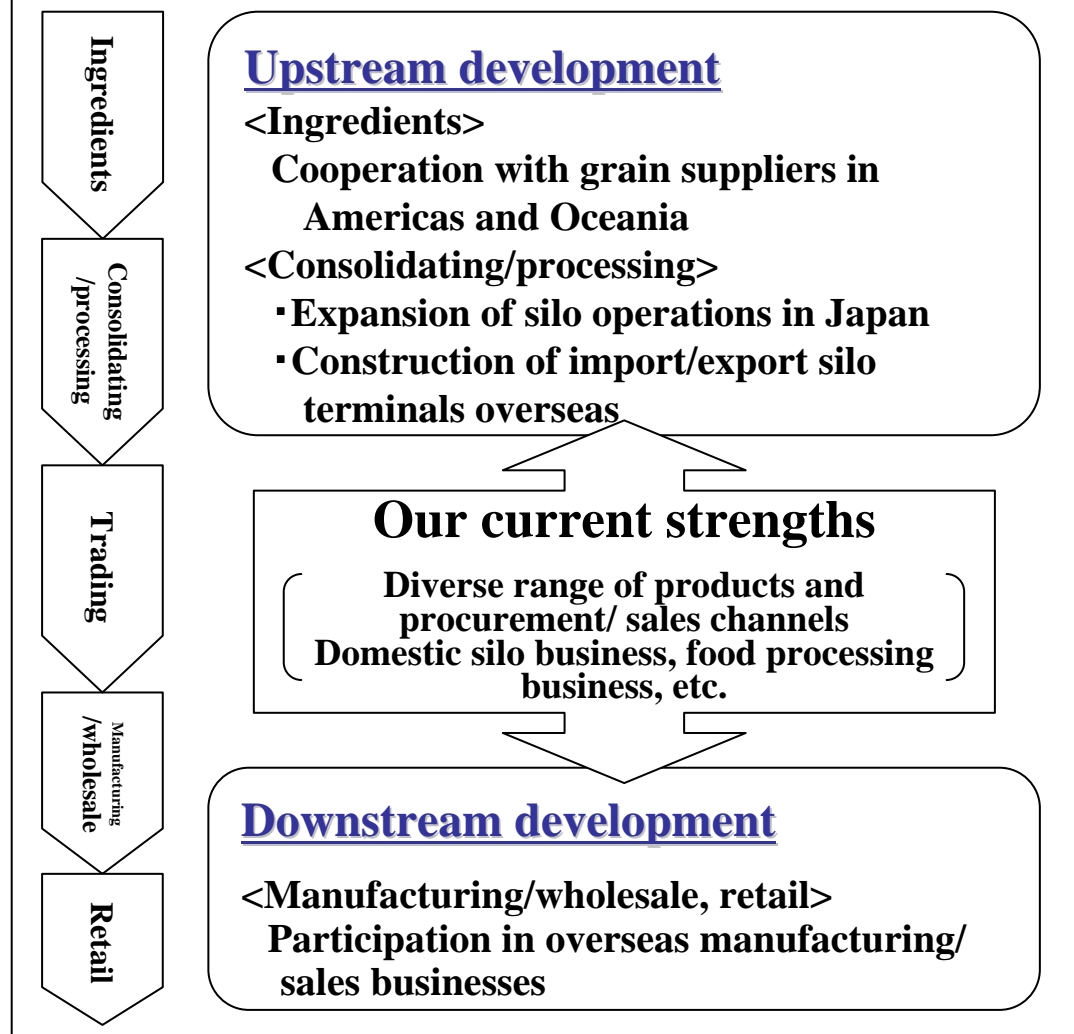


◆ Major investment projects for fiscal years to March 2010 and March 2011

SBU	Details	Amount (ca.)
Resource, Energy and Plants	<ul style="list-style-type: none"> Acquisition of energy resource rights (Gas, coal) Expansion of electricity business (Existing & renewable energy) 	(Total) ¥ 73.5 billion
Chemicals	<ul style="list-style-type: none"> Mid-stream petrochemical business in Asia and Middle East Coating material business Development of inorganic resources 	
Synthetic Resins and Functional Materials	<ul style="list-style-type: none"> Manufacturing of lithium battery parts (Japan, China) Global deployment of compound and recycling business (Europe, India, Thailand, Japan) 	

Long-Term Policy for Produce & Foodstuffs Division

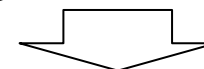
Division-wide efforts to expand supply chain



Long-term policy (offense and defense)

[Offense]

- ◆ Accelerate business investments jointly with strategic partners to build global supply chain
⇒ Establish a dedicated division and allocate personnel for promoting business investments



Japan-centered → Overseas-centered
Trading-centered → Business-centered

[Defense]

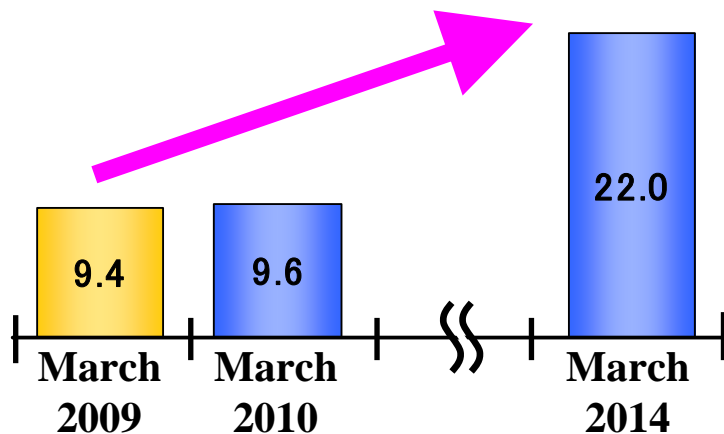
- ◆ Build a strict control structure centering on a dedicated organization to ensure food safety

Long-Term Targets and Major Investment Plans of Produce & Foodstuffs Division

◆ Operating profit target

(before amortization of goodwill)

(Billion yen)



◆ Major investment projects for fiscal years to March 2010 and March 2011

SBU	Details	Amount (ca.)
Grains	<ul style="list-style-type: none"> ▪ Development of overseas markets with focus on Asia ▪ Cooperation with grain suppliers in Americas and Australia, etc. ▪ Expansion of silo operations in Japan 	(Total) ¥ 33.0 billion
Foodstuff	<ul style="list-style-type: none"> ▪ Development of overseas markets with focus on Asia (manufacturing, processing and sales businesses) ▪ Expansion of domestic agricultural business 	

Long-Term Policy for Consumer Products, Services & Materials Division

Use maximum knowledge and go on the offensive

Establish value chain covering upstream to downstream

Lifestyle

Insurance

Textile Products

Development

Estate

Living Materials

Automotive Parts
and Materials

Strengthen planning, development
and marketing capabilities

Harvest
age
(Senior)
market

Global
market

Retail
market

Long-term policy (offense and defense)

[Offense]

- ◆ Lifestyle SBU
 - Establishment of value chain for senior citizen-related business
- ◆ Insurance SBU: Global expansion
- ◆ Textile Products SBU: Expansion of retail business
- ◆ Estate Development SBU
 - Focusing on high value-added properties
- ◆ Living Materials SBU:
 - Reorganization of interior industry, business expansion
 - Development of environment-friendly products
- ◆ Automotive Parts and Materials SBU
 - Strengthen sales activities for automobile parts, materials and supplies

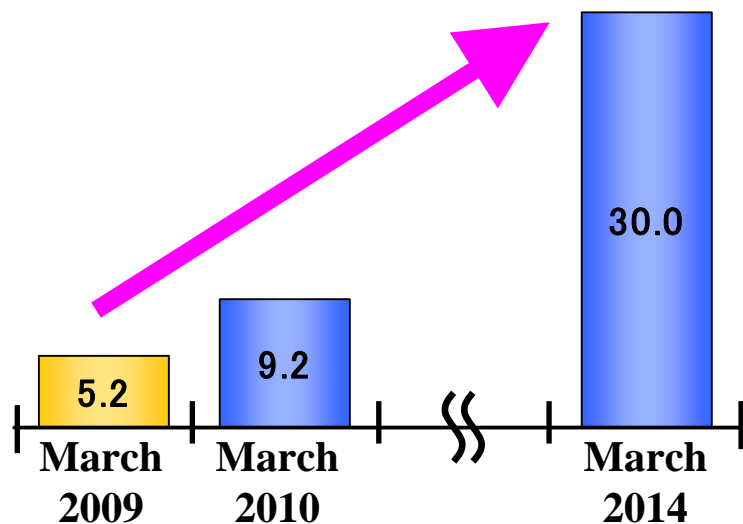
[Defense]

- ◆ Ensuring basic requirements (safety, improvement, risk control)
- ◆ Cost reduction, bold selection and concentration of certain businesses

Long-Term Targets and Major Investment Plans of Consumer Products, Services & Materials Division

◆ Operating profit target

(before amortization of goodwill)
(Billion yen)



◆ Major investment projects for fiscal years to March 2010 and March 2011

SBU	Details	Amount (ca.)
Lifestyle	▪ Expansion in the business areas of mail order, nursing care, and health services business	
Insurance	▪ Broker business in North America, Asia, etc.	
Textile Products	▪ Establishment of overseas retail outlet networks ▪ Development of global textile distribution and systems	
Estate Development	▪ Development of medical/welfare condominiums, harvest towns, and commercial facilities	
Living materials	▪ Reorganization of interior industry, etc.	
Automotive Parts and Materials	▪ Expansion of fabric business	
(Total)		