



Be the **Right ONE**

---

# Achieving our Mid-term Business Plan FY2019

November 6, 2017

# Contents

---

- |                                      |            |
|--------------------------------------|------------|
| <b>1. Next Mobility Strategy</b>     | <b>P.3</b> |
| <b>2. Africa Division's Strategy</b> | <b>P.9</b> |



Be the **Right ONE**

---

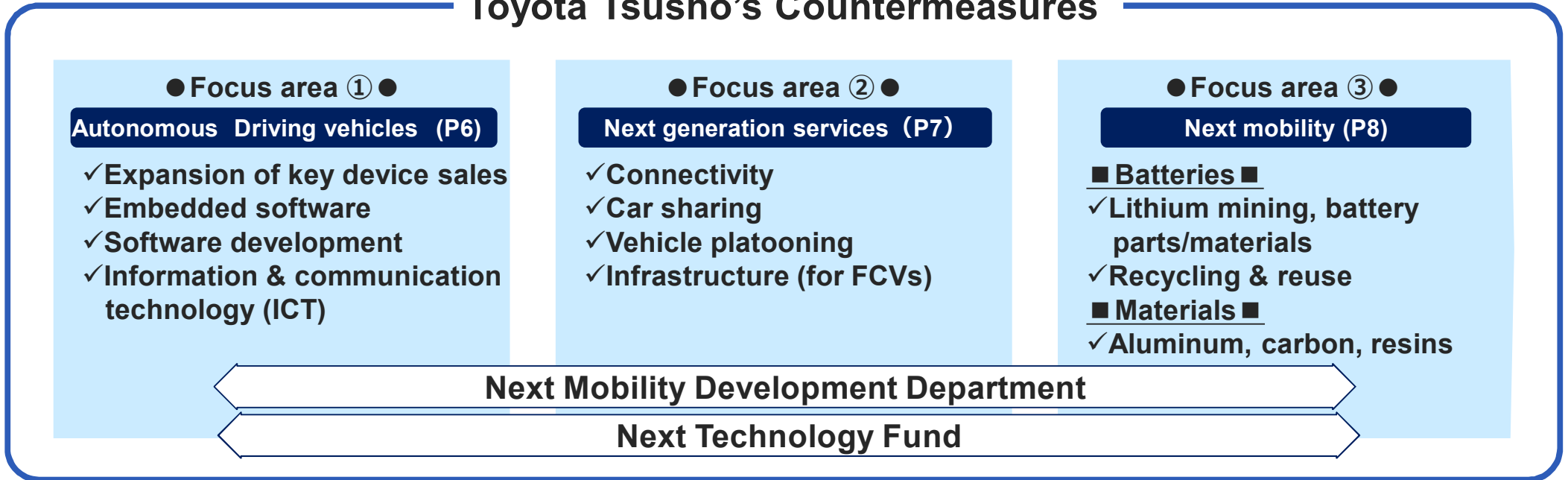
# 1. Next Mobility Strategy

# Initiatives in Response to Changes in Auto Industry

## Recent trends in auto industry



## Toyota Tsusho's Countermeasures



**Harnessing our collective expertise, we welcome change as new business opportunities**

# How Changes in Auto Industry will Affect TTC over Next 10 Years

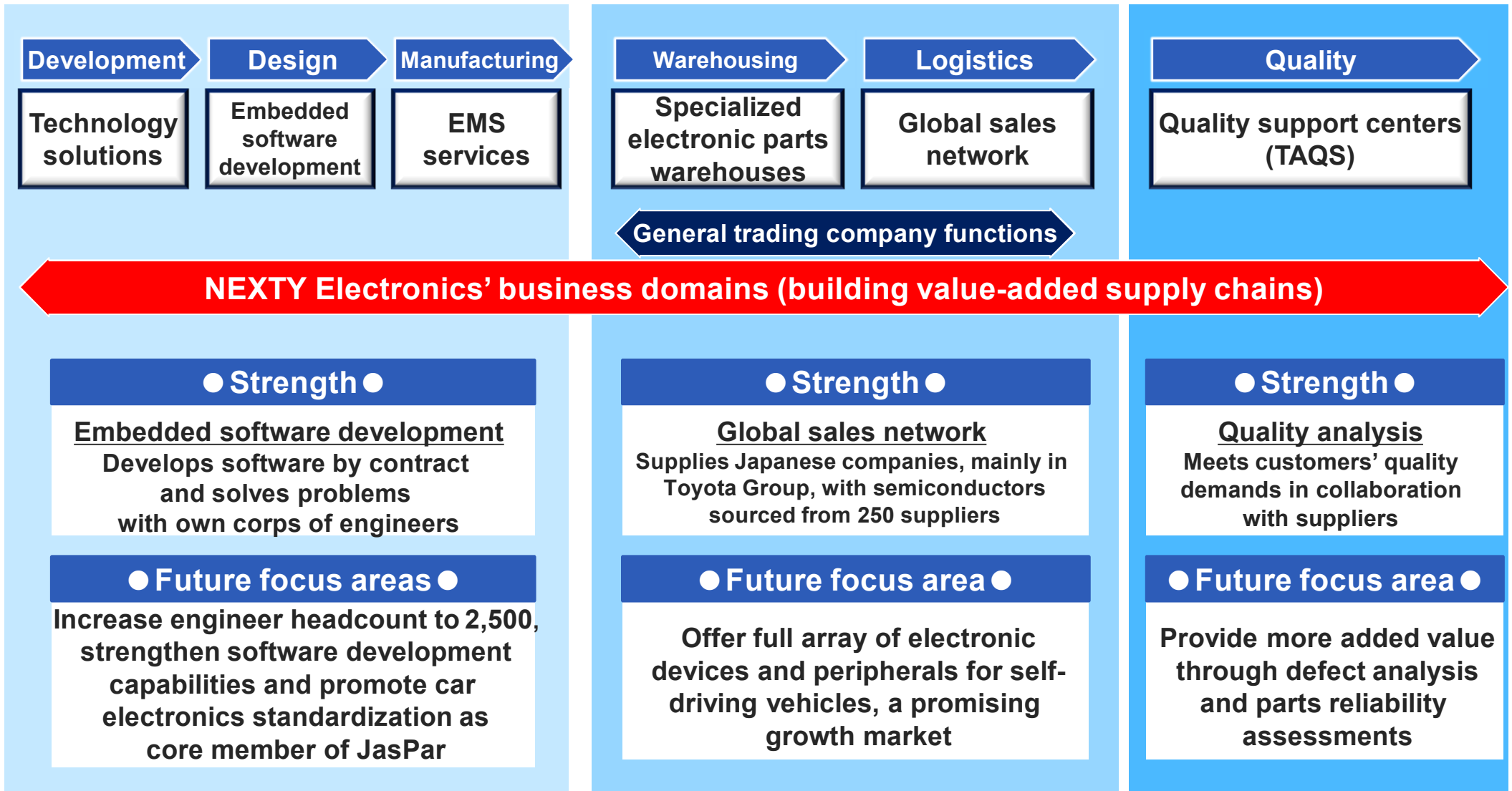
Division	Negative ~Downside Risks~	Positive ~Business Opportunities~
Metals	<ul style="list-style-type: none"> <li>✓ Reduction of use in steel sheets due to lighter-weight vehicles</li> <li>✓ Reduction of demand of molten metals due to shift to electric vehicle</li> </ul>	<ul style="list-style-type: none"> <li>✓ Growth in Li battery demand, recycling</li> <li>✓ Aluminum processing</li> </ul>
Global Parts & Logistics	<ul style="list-style-type: none"> <li>✓ Reduction in number of car parts due to shift to electric vehicle</li> </ul>	<ul style="list-style-type: none"> <li>✓ Growth in cargo volumes due to growth in conventional car demand in emerging markets</li> </ul>
Automotive	<ul style="list-style-type: none"> <li>✓ Car ownership → sharing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Auto sales growth driven by growth in conventional car demand in emerging markets</li> </ul>
Machinery, Energy & Project	<ul style="list-style-type: none"> <li>✓ Reduction on investment in conventional car production capacity in developed countries</li> </ul>	<ul style="list-style-type: none"> <li>✓ Electric vehicle production capacity growth</li> <li>✓ Increased investment in production capacity in emerging markets</li> <li>✓ Growth in new energy management business opportunities</li> </ul>
Chemical & Electronics		<ul style="list-style-type: none"> <li>✓ Growth in cars' electronic component content</li> <li>✓ ICT business/next-generation services</li> <li>✓ Growth in demand for batteries and electronic, resin &amp; compound materials amid trend toward lighter-weight vehicles</li> </ul>

Competition from other sectors & new entrants

Flexible auto maker alliances

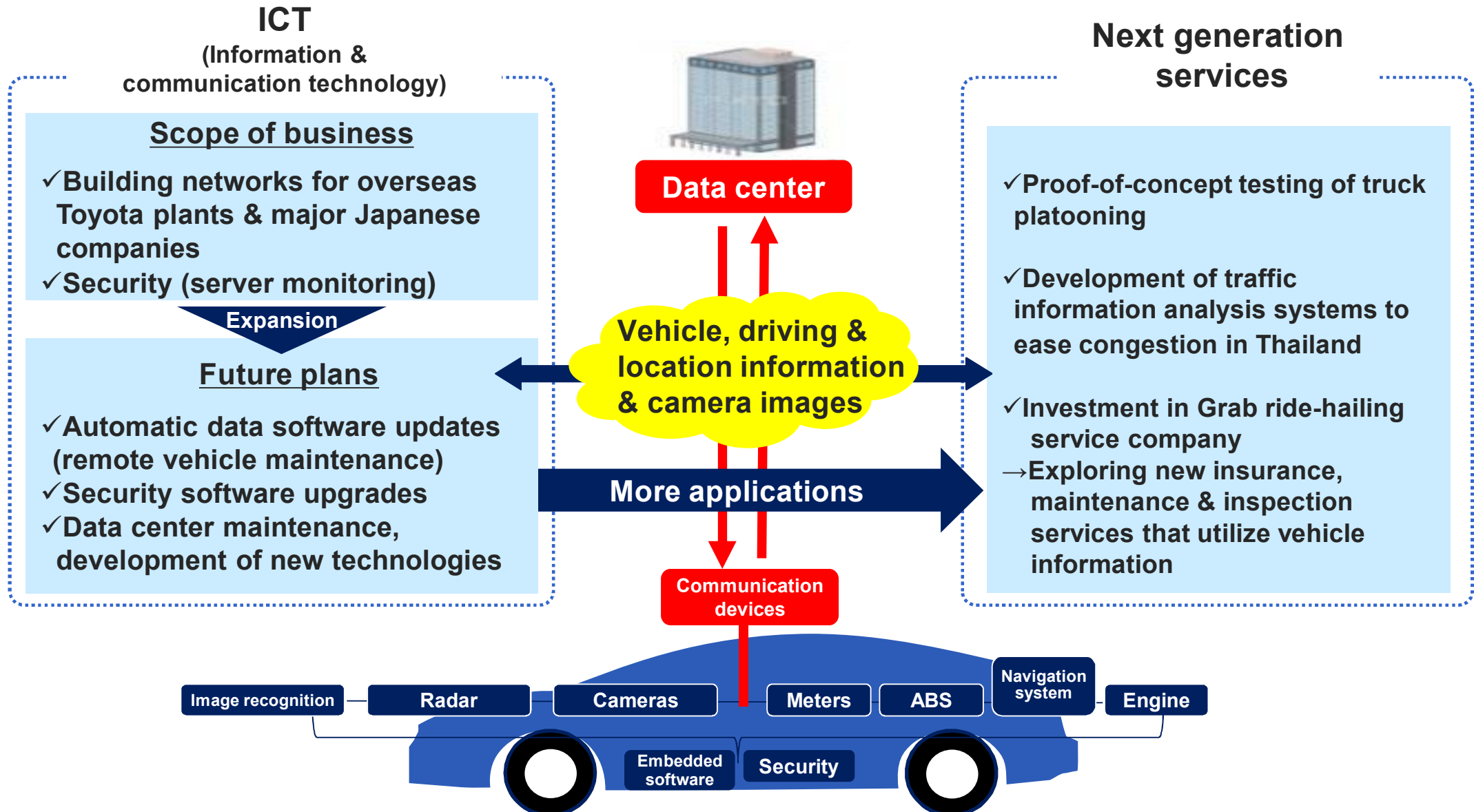
**We aim to capture enough business opportunities to outweigh downside risks**

# Focus Area ① Autonomous Driving Vehicles: Capitalizing on Automotive Strengths



We aim to expand electronic device business by refining its strengths and adding more value

# Focus Area ② Next-Generation Services: Leveraging ICT



**We will expand ICT business and challenge next-generation service businesses**

# Focus Area ③ Next Mobility: Batteries & Materials

## Batteries

### Main battery businesses at present

Lithium mining

Nickel battery material sales & logistics

Li battery recycling & reuse

**We aim to leverage our expertise to help further develop an electric vehicle society.**

### Future plans

Stably supply battery resources

Optimize raw material sourcing arrangements

Establish closed-loop battery recycling scheme

#### ● Specific initiatives ●

- ① Reuse Li batteries and secure resource supplies through battery recycling
- ② Explore entry into all production processes from materials to battery packs
- ③ Develop next-gen batteries, offer materials & parts for them
- ④ Utilize energy management and storage cells

## Materials

### Aluminum

- ✓ Using new aluminum materials as steel substitute
- ✓ Improving aluminum processing & bonding technologies
- ✓ Launched aluminum processing operations in North America



### Carbon & resins

- ✓ Testing molding processes & recycling

carbon fiber



(photo courtesy of Toray Industries)

**We are targeting electric vehicle market as a business opportunity, led by our Next Mobility Development Department**





Be the **Right ONE**

---

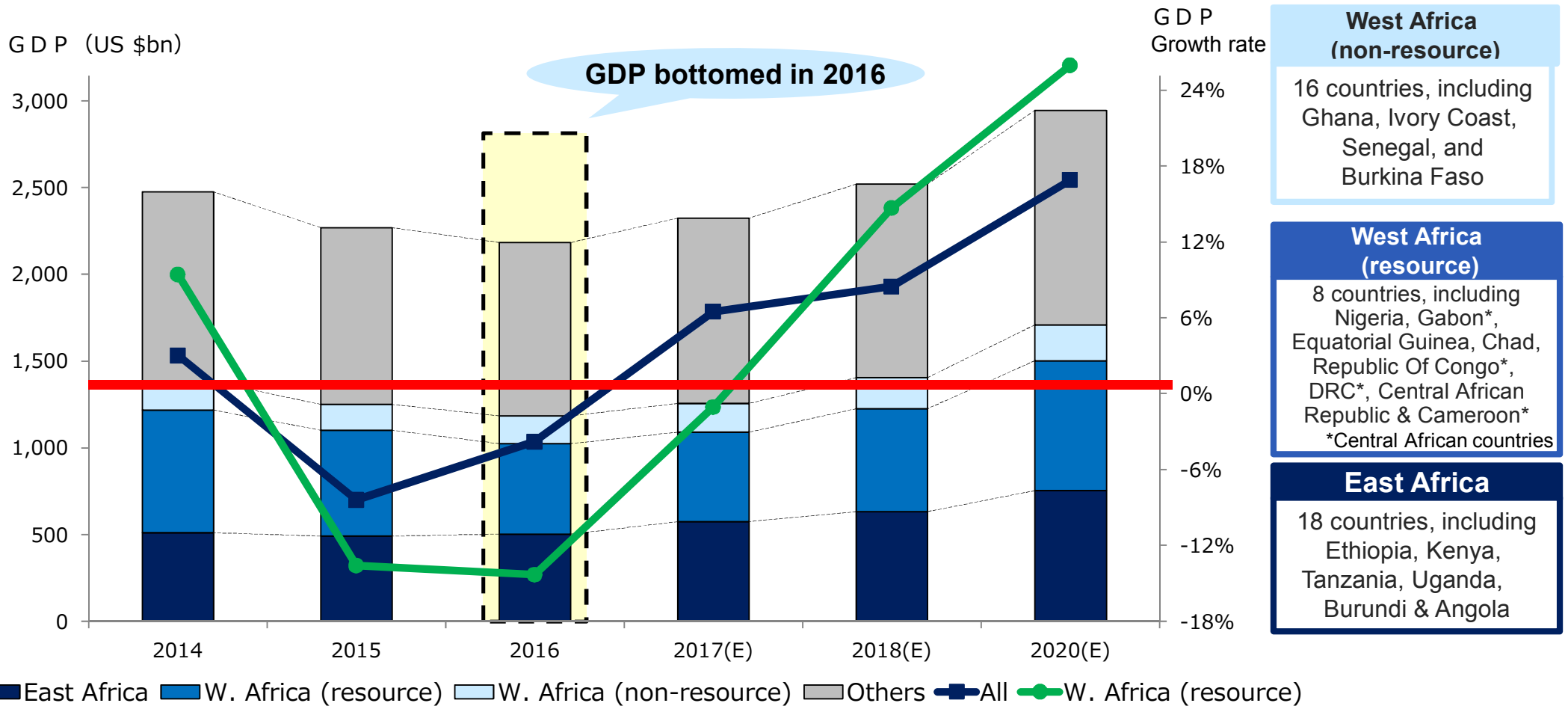
## 2. Africa Division's Strategy

# Current African Economic Environment

Source: TTC, based on IMF data

## African economic growth rates by region

Africa's aggregate GDP bottomed in 2016 and is projected to gradually recover. However, growth rates vary by region. Central African resource-producing economies in particular are projected to remain sluggish again in 2017.



East and West Africa, where TTC Group has a strong presence, are in mild economic recovery

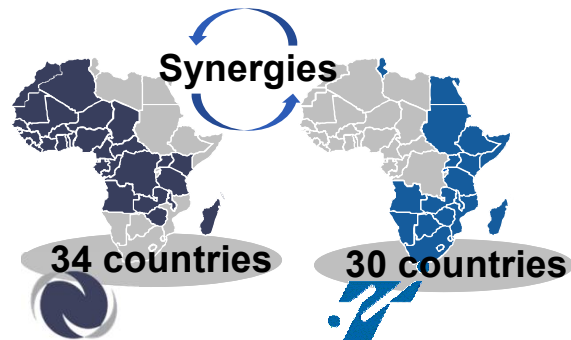
# Background & Aim of Africa Division's Establishment

## Previous 4 years

### Internally

Successful acquisitions and alliances

⇒ 2 organizations, 2 strategies



### Externally

Falling resource prices, diversification of needs

B-to-C shift

Intensification of competition with European and Chinese rivals

**Shift to higher gear required to achieve sustainable growth**

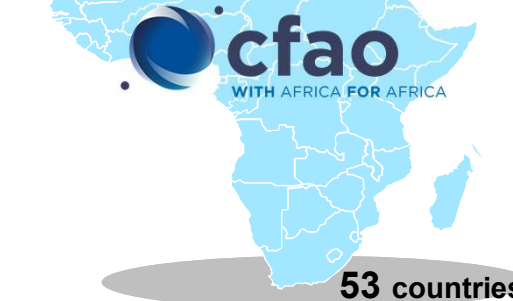
## New organization (April 2017~)

### Internally

TTC Group's African operations consolidated

⇒ 1 organization, 1 strategy

Pursuing aim of "One Africa"



### Externally

Fully utilizing CFAO's functions & resources

⇒ Abundant human resources, localized operations, speedy management

Strategies are formulated and executed locally

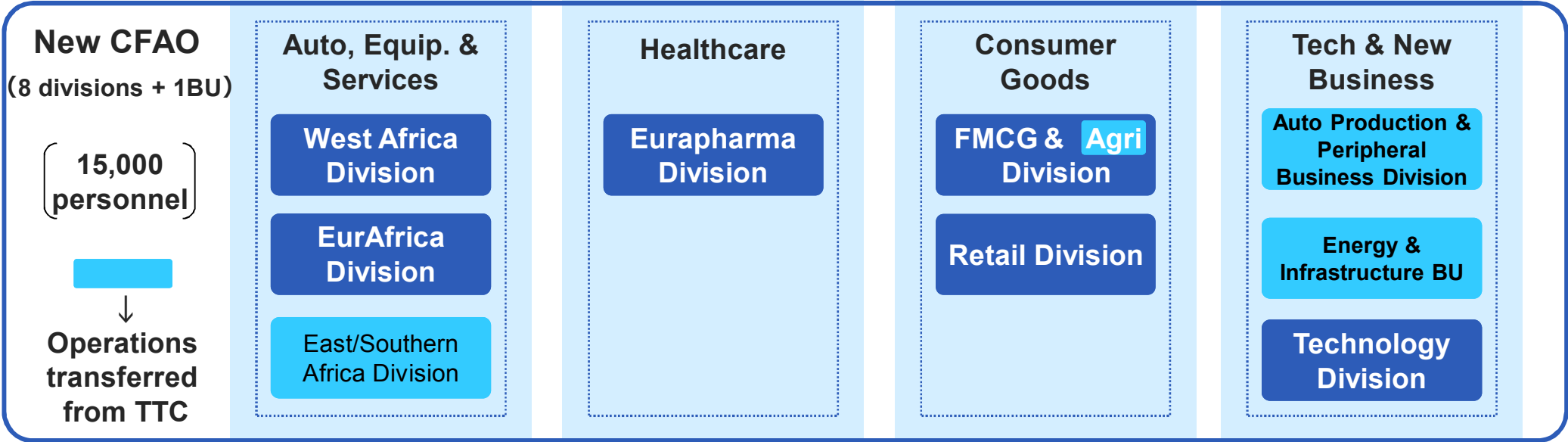
Expanding and accelerating operations across Africa

**By consolidating African operations, we will achieve further growth through pan-African management integration**

# Africa Division Organizational Chart (effective April 2017)

## Africa Division

	<b>Chief Division Officer</b> Takashi Hattori		<b>Executive Deputy Chief Division Officer and CFAO President</b> Richard Bielle
---	--	---	---



We aim to accelerate and expand operations throughout Africa with CFAO as our regional headquarters

# Automotive Business Expansion (Past & Future)

## Progress in Africa over past 4 years

- ✓ Commenced motorcycle production and sales (Yamaha)
- ✓ Expanded Toyota vehicle sales from 38 to 41 countries, increased market share (in West & East/Southern Africa)
- ✓ Expanded B-to-C sales of Suzuki vehicles from 19 to 22 countries
- ✓ Commenced sales of two new vehicle brands: VW (in 6 countries) and Hino (in 7 countries)
- ✓ Launched value-chain businesses (pre-owned vehicles, logistics, auto finance, etc.) and strengthened after-sales service

**Serving all demographics from entry-level to affluent**

## New initiatives under new organization

**1**

**Strengthening pan-African Toyota sales operations**

- Direct sales to offshore B-to-B customers (governments, UN, NGOs, etc.)
- Improved efficiency through centralized purchasing & unified inventory management
- Integration of value-chain businesses (auto finance, pre-owned vehicles, parts, etc.)

**2**

**Improving TTC & CFAO's local operating efficiency in East & Southern Africa**

- Consolidation of vehicle storage facilities & other operations in countries where CFAO and TTC had both been operating
- Improved working capital efficiency through use of cash management system

**3**

**Horizontal expansion of auto production (CKD/SKD) and peripheral operations cultivated in Toyota business**

- Horizontal sharing of know-how in production & peripheral businesses

**Integrated pan-African management that synergistically combines CFAO and TTC's respective strengths**



Be the **Right ONE**

# Non-Automotive Business Expansion (Past & Future)

## Progress in Africa over Past 4 Years

Healthcare	 • Drug manufacturing business in Morocco	Beverages	 • Horizontal expansion of beer production & sales business
	 • Direct sales to international institutions • Telemedicine service business		FMCG & Agri
Retail	 • Opened 2 <sup>nd</sup> shopping mall • E-commerce business	Energy & Infrastructure	
			 • Construction of geothermal power plant • Port crane construction • Renovation of substations

## New directions under new organization

- 1** Eastern/southern expansion of operations in which CFAO is strong in West/North Africa (L&C business)

  - Expansion of pharmaceutical business's sales network and value chain
- 2** Western/northern expansion of operations in which TTC is strong in East/Southern Africa (R&E business)

  - Expansion of renewable energy business (North/West Africa)
- 3** Partnering with European companies that are strong in Africa to meet local needs

  - Partnering with leading companies à la existing partners Heineken and Carrefour to identify unmet needs

**Integration of CFAO and TTC's African operations is accelerating and expanding development of new businesses throughout Africa**