



Be the **Right ONE**

Achieving our Mid-term Business Plan for FY2020

November 1, 2018

 **TOYOTA TSUSHO CORPORATION**

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Next Mobility Strategy

【 Business Environment 】

Once in a century transformational period



【 Main companies 】

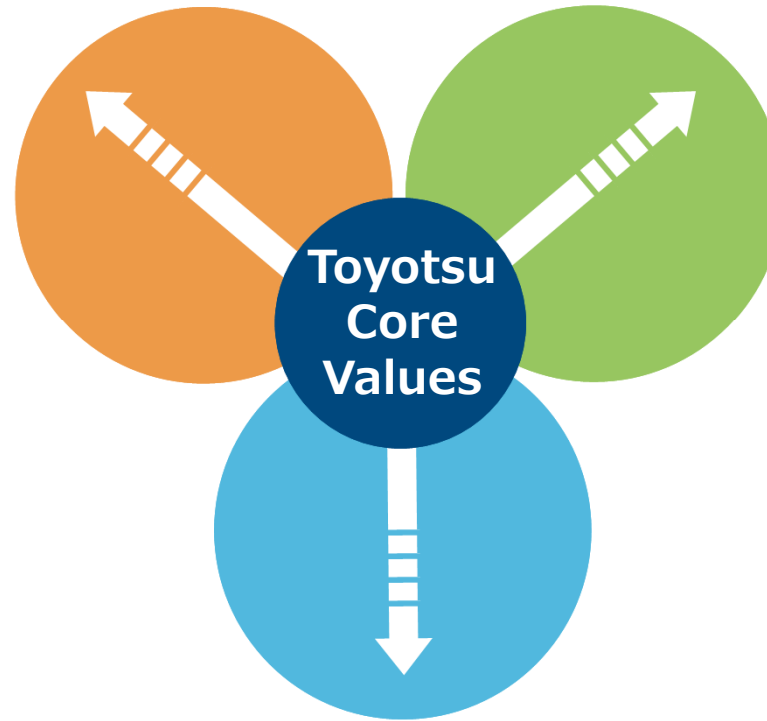
NEXTY, TTC



NEXTY Electronics

Life & Community

Resources & Environment



Mobility

African growth strategy

【 Business Environment 】

The last frontier of the planet



【 Main companies 】

CFAO, TTC



Aiming to be No. 1 in fields where we can capitalize on our strengths



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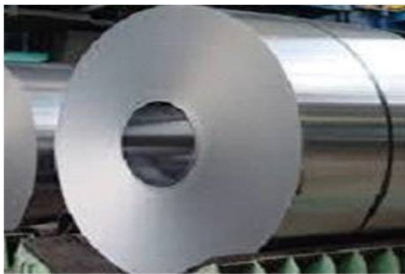
1. Next Mobility Strategy

★ : Covered in subsequent slides

Replacement of materials

[Aluminum processing to begin] ★

Development of lighter-weight automotive materials in preparation for wider adoption of electric vehicle technologies



[Lithium resource development] ★

Preparation for future Li-ion battery demand growth



Next-generation services

[Expansion of NEXTY operations] ★

Highest Sales in the world in automotive electronics market



[Truck platooning]

Proof-of-concept testing of autonomous truck platooning systems underway

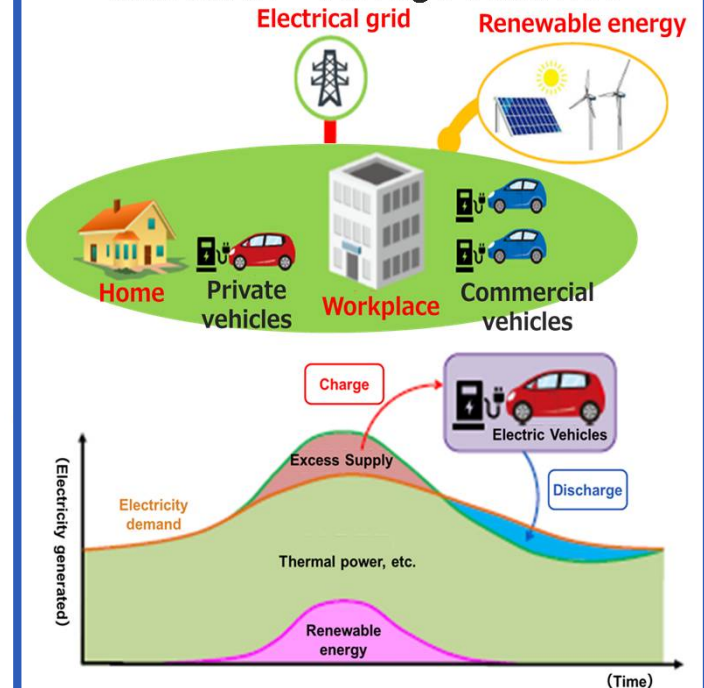


Energy management

[V2G virtual power plants] ★

Launched electric vehicle battery charging/discharging demonstration project

Finding solutions to renewable energy generation issues using automotive storage batteries



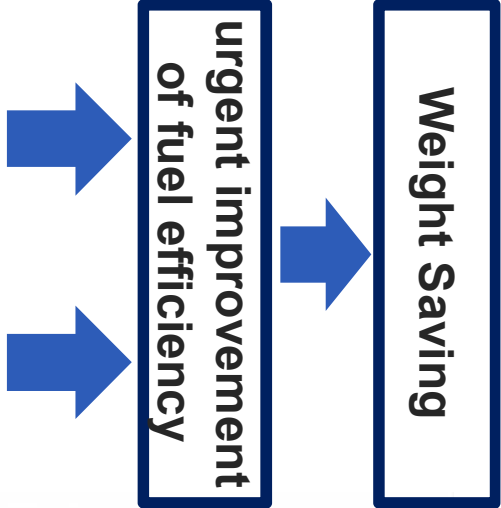
Weight Saving Efforts (Aluminum)

Replacement of materials

Inevitability of weight reduction

- ✓ Protection of the global environment
 - Reduce greenhouse gas emissions (CO₂)
 - Exhaust gas regulation (SO_x, NO_x, PM)
- ✓ Improvement of vehicle performance
 - Enhancement of safety standards (collision safety)
 - Improvement of steering stability (Improved comfort)

Increasing component mass due to installation of safety equipment and electronic devices



Features of aluminum processing

<Advantages>

- ① Improved vehicle handling due to weight reduction (1/3 the weight of steel)
- ② Greater shape design freedom and variation
- ③ Formable into complex shapes
- ④ Highly recyclable, more eco-friendly

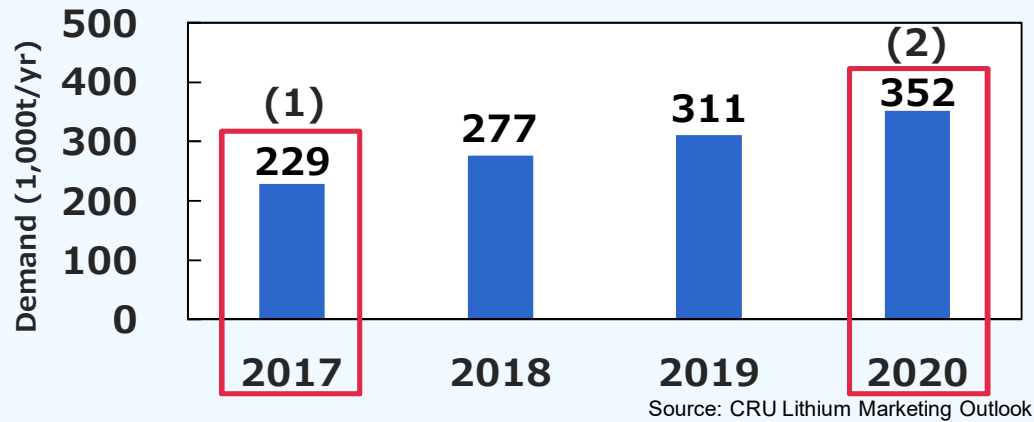
<Hurdles>

- ① Advanced processing technologies required
 - Aluminum easily buckles and fractures during press processing
 - Aluminum tends to thermally deform during machining and adhere to tools



We will expand in North America, starting in Kentucky, as well as in Asia and elsewhere

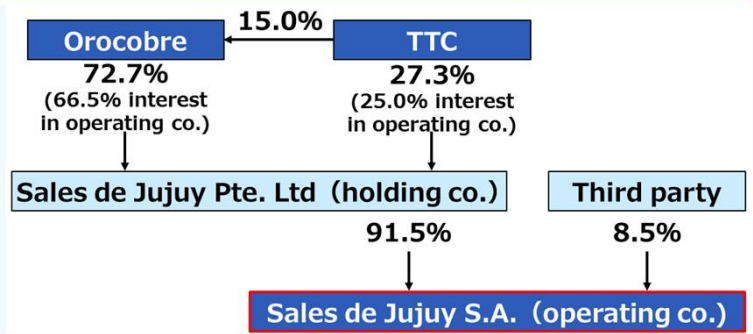
Forecast global lithium carbonate demand



- (1) FY2017
TTC secured approx. 8% of global demand volume
(TTC production: 17,500t/yr)
- (2) FY2020
TTC plans to secure approx. 12% of global demand volume
(TTC's production: 42,500t/yr)

Lithium business's status

Ownership



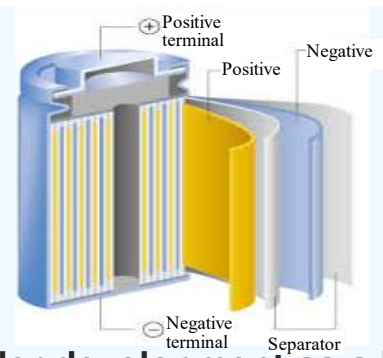
TTC Group owns 35% of lithium operation co.'s shares, 100% of sales rights

Expansion of production capacity



Aiming to increase production to 25,000t/yr by FY2020

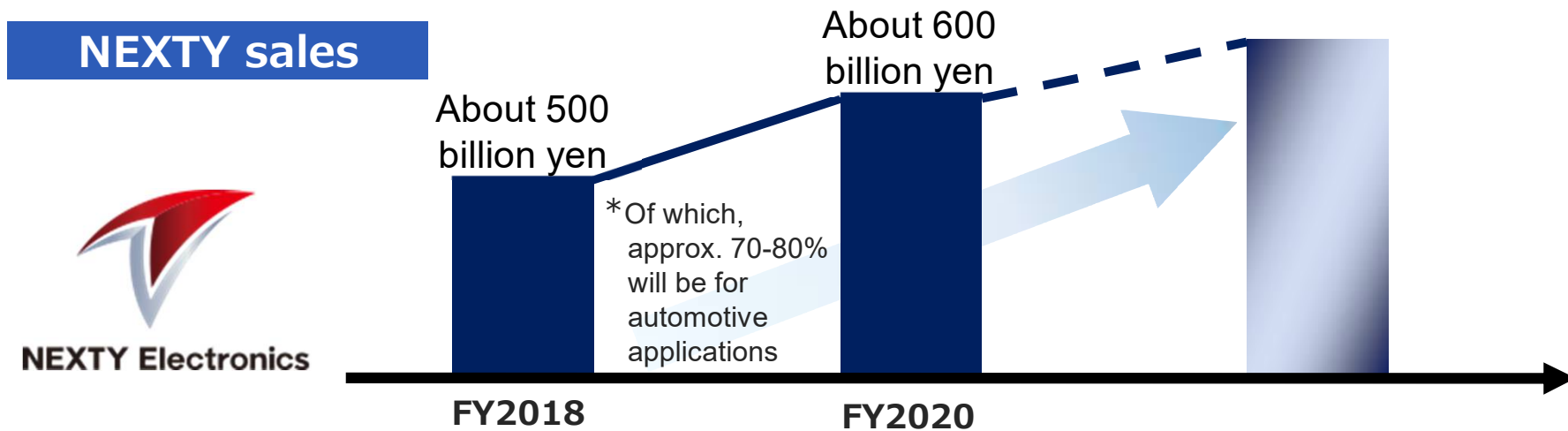
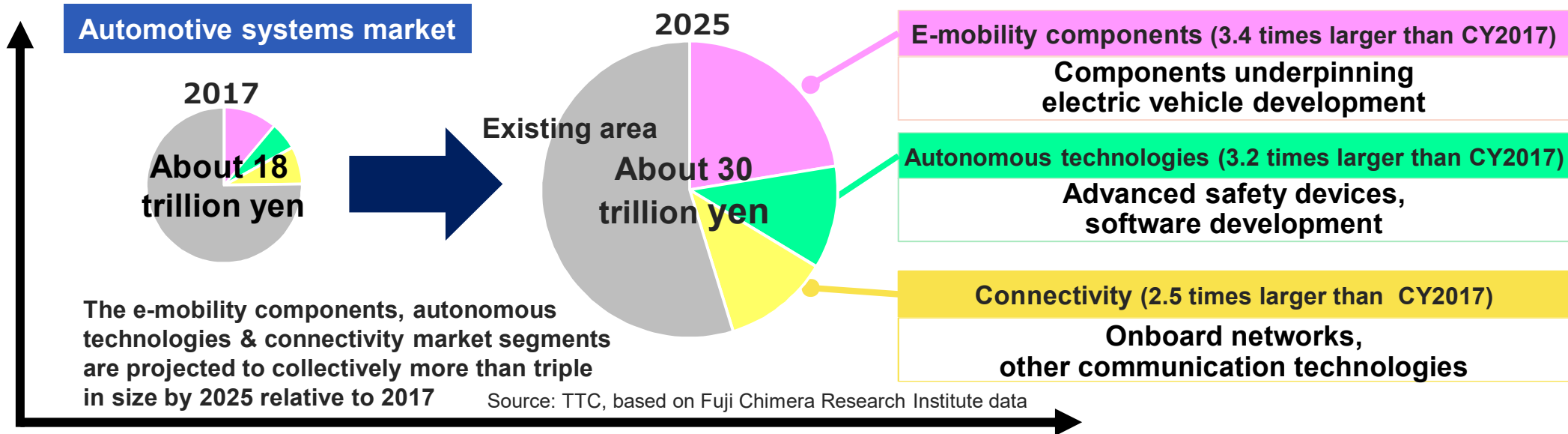
Lithium hydroxide



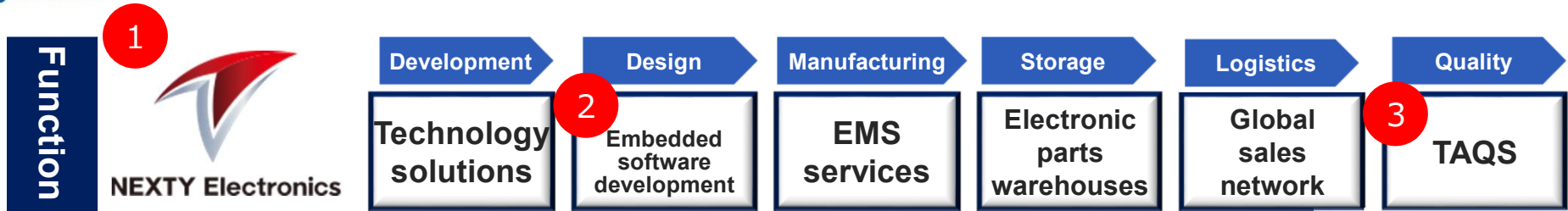
Under development as a high-nickel battery material for future large-capacity automotive batteries

Pursuing further high added value in the lithium business

Next-Generation Service (Electronics Field)




We will work steadfastly to capture business opportunities by leveraging our expertise in automotive electronics markets with promising growth prospects



1

✓ **About 250 diverse supplier network**

Business relationships with world-class suppliers to offer advanced solutions to automotive and electronic component makers



2

✓ **Automotive-specific embedded software development capabilities**

Current software development workforce of 1,700 (offshore: 800; partner companies: 900), to be expanded to 2,500



Proprietary technologies: Core partner companies (8 in Japan and overseas)
 Mass-production technologies: Offshore plants (Bangkok, Dalian)
 Industry trends: JASPAR standardization organization

3

✓ **Reliable support to ensure quality for customers**

Providing value-added inspection services based on a longstanding track record and accumulated knowhow

✳ Sphere of activity not limited to trading company functions

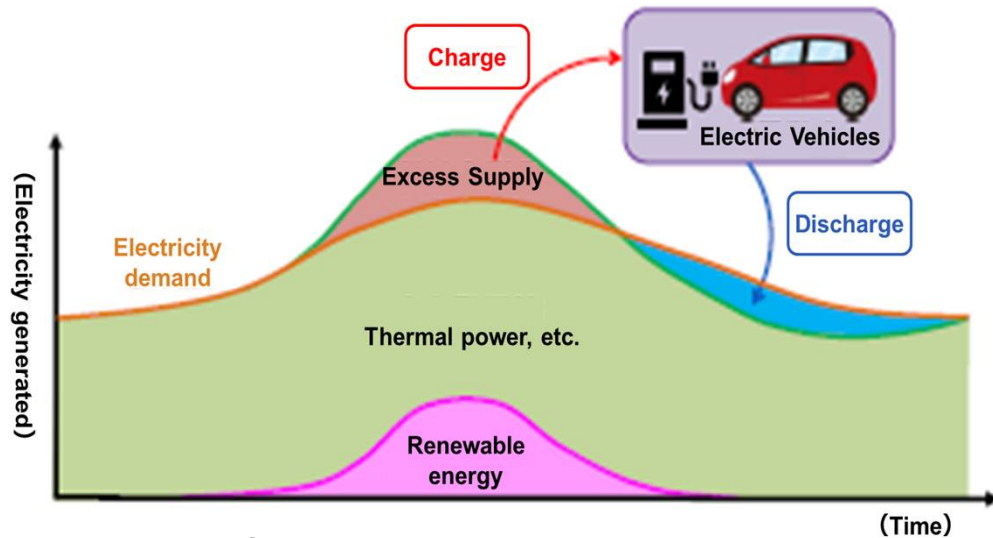



Diverse quality inspection functions

Leveraging diverse business functions and relationships with suppliers to serve the automotive electronics field

Addressing renewable energy issues with electric vehicle batteries

[Charging/discharging demonstration project using automotive batteries]



Periods of excess power supply will arise as renewable energy grows in prevalence

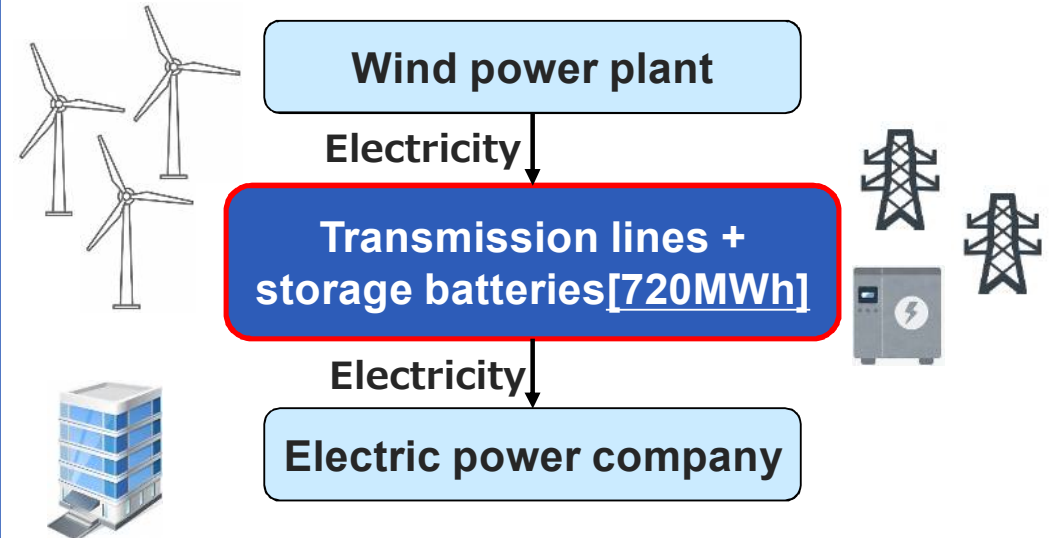
Electric vehicle batteries used to temporarily shift supply capacity

<Future plans>

Report on test results slated for February 2019

Utilizing storage batteries in renewable energy generation

[Deploying grid demonstration project in the North-Hokkaido Area]



Generate power from wind power plant

Supply power to electric power companies, using storage batteries to stabilize supply

<Future plans>

Operations slated to commence in FY2023

Contributing to realization of a low-carbon society and stable power supplies



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2. African growth strategy

Africa Business Operation Transfer from TOYOTA

Toyota Motor plans to begin transferring operations in Africa to TTC from January 2019

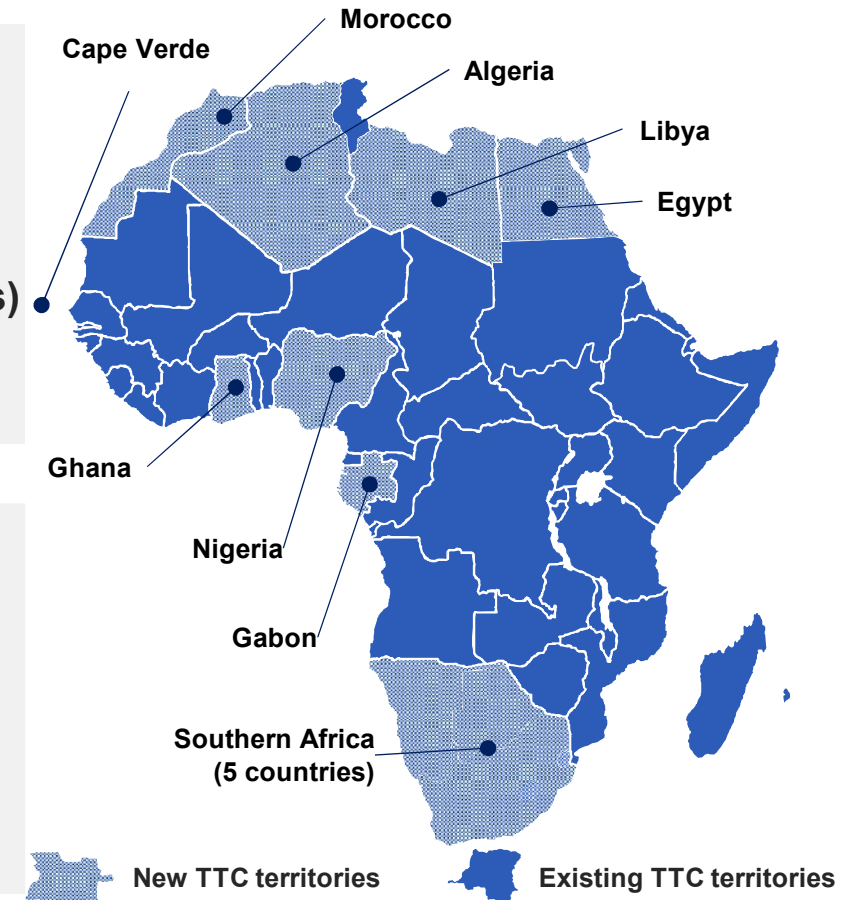
※Excludes local operations of Toyota South Africa Motors (Pty) Ltd.

<Overview of transfer>

- ✓ Operations outside of existing TTC sales territories to be transferred to TTC
- ✓ Countries where TTC sells Toyota vehicles
 - Currently: 41 countries
(21 with TTC-owned dealerships, 20 with affiliated dealerships)
 - Post-transfer: 54 countries (all countries in Africa)

<Operations to be transferred>

- ✓ All sales and marketing operations
 - Product planning, alliances
 - Revenue management
 - Pan-African supply-demand management
 - Pan-African after-sales (servicing, parts) etc.



We will achieve dramatic growth in African Toyota sales by capitalizing on our front-line strengths (home & away) in Africa and implementing policies and measures with an entrepreneurial spirit



Africa Business Operation Transfer from TOYOTA

– Sales Impact –

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FY2017 Actual Breakdown units: thousand units

• North Africa (7 countries)

New car Market	TOYOTA sales	Share(%)
513	23	4 %



• Sub-Saharan Africa (42 countries)

New car Market	TOYOTA sales	Share(%)
152	34	22 %



• Southern Africa (5 countries)

New car Market	TOYOTA sales	Share(%)
558	125	22 %



UN, Others (direct sales)

TOYOTA sales
9

< Total for Africa >

New car Market	TOYOTA sales	Share(%)
1,223	191	16 %



Impact on TTC Group's auto sales and future challenge

• Unit sales impact

(based on actual FY2017 sales)

(Current)

(Post-transfer)

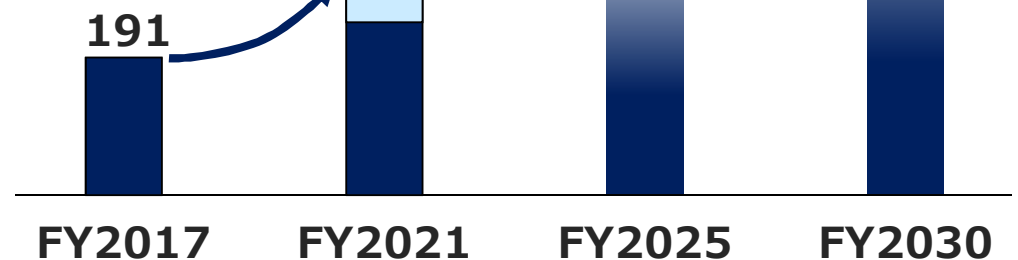


• TOYOTA vehicle sales challenge

(Units : thousand units)

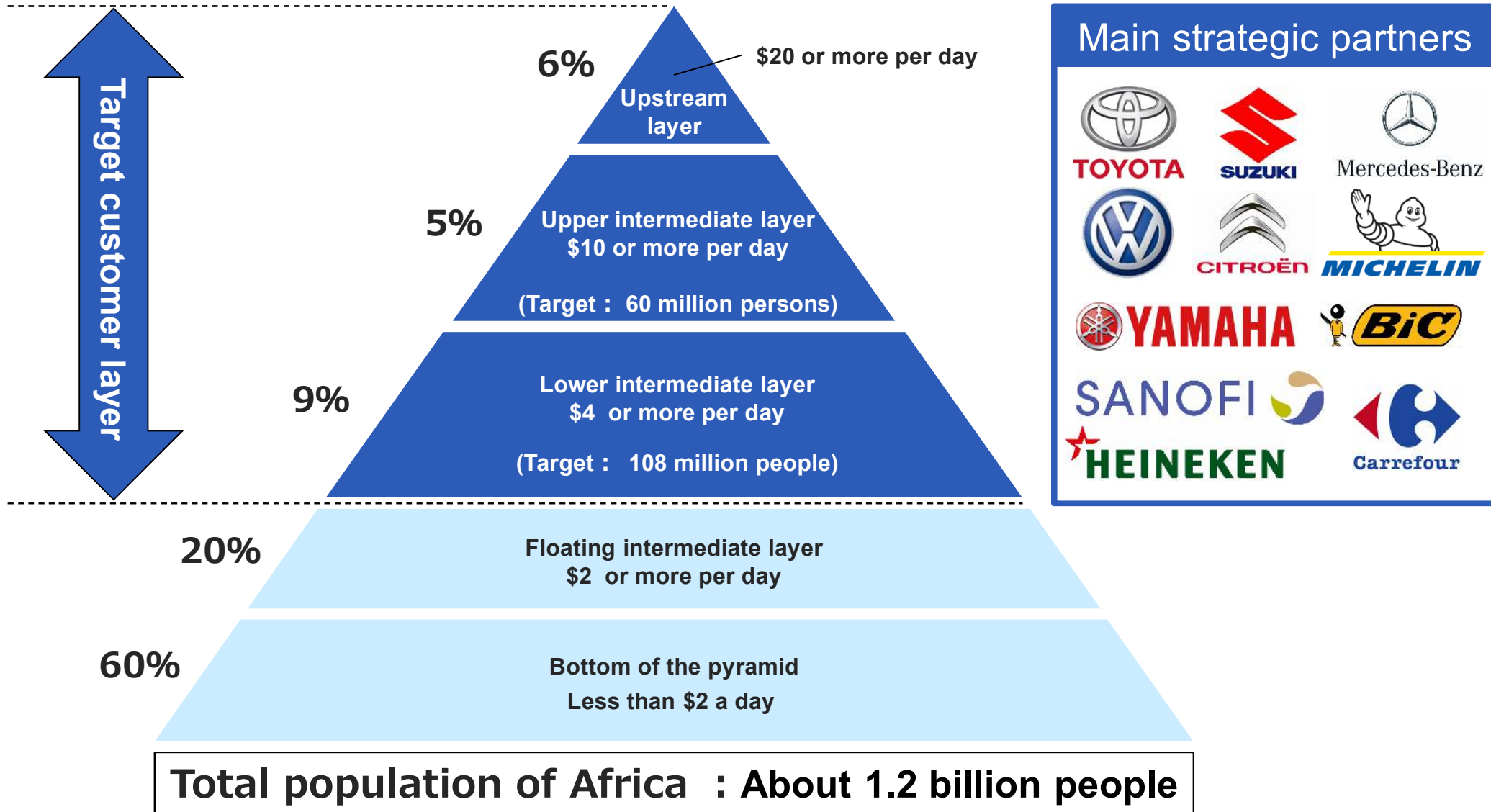
■ Natural growth

□ Ambitious growth target



We will establish a pan-African TOYOTA related business network and our TOYOTA vehicle sales volume will increase over 5 times

Growth Potential from Capturing Demand from Middle-income Earners

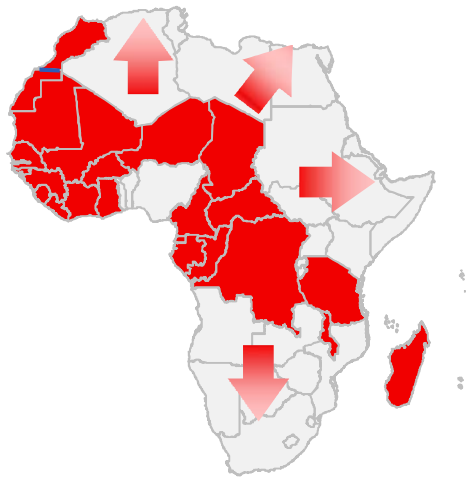


Source: TTC based on BearingPoint based on African Development data (2015)

We will focus on B2C businesses targeting upper and middle classes

Suzuki Business

- Capture entry-level car buyers
- Geographic expansion of Suzuki sales (vehicle, parts)



Used vehicles Business

- Expand used-vehicle business initiatives
- Aim for new-to-used vehicle sales ratio of 1:1



ONCE A TOYOTA, ALWAYS A TOYOTA

Toyotsu auto mart kenya
your trusted partner in pre owned vehicle

Auto parts Business

- Strengthen sales of genuine TOYOTA parts
- Strengthen sales of IAM parts*

*IAM parts: Independent Aftermarket parts



Appealing to target income demographics with multiple B2C businesses

Business Development Other than Automobiles (Pharmaceuticals, Renewable Energy, Infrastructure)

Pharmaceutical business

Pharmaceutical production (Morocco, Algeria)



- Operating in 22 countries, mainly in West Africa (■ : countries where pharmaceutical business operates)
- Plans to expand into new sectors, including medical centers, retailing and health insurance

Renewable Energy /Infrastructure Business

Wind power generation (Egypt)



Geothermal power generation (Kenya)



Port development (Kenya)



- Partnering with Eurus Energy and major French electric power company in East Africa
- Redevelopment at the largest commercial port in East Africa

Promoting East-West exchange

Aiming to expand East African pharmaceutical business, utilizing TTC's network

Aiming to westwardly deploy renewable energy generation and infrastructure development expertise amassed in East Africa

Promoting East-West exchange in pursuit of pan-African business expansion

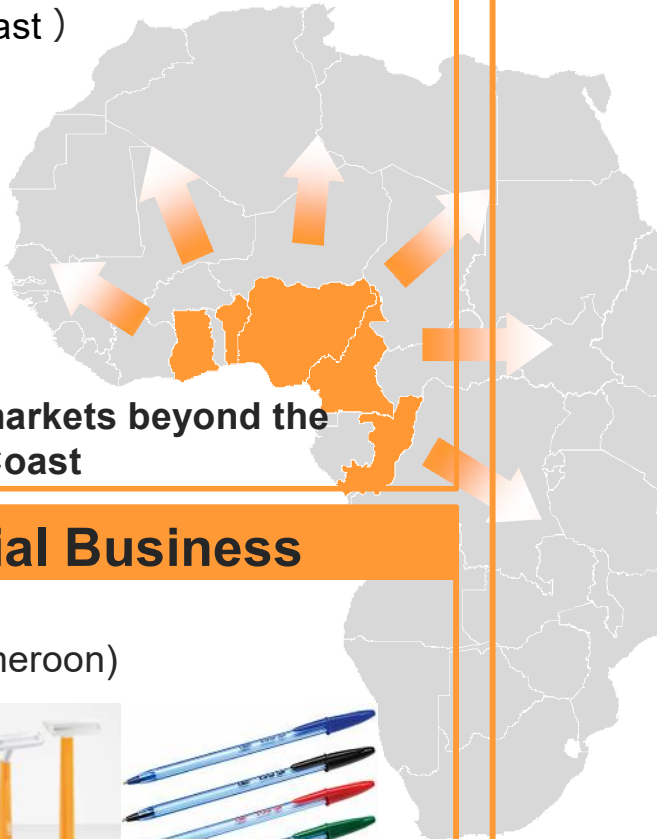
Business Development Other than Automobiles (Consumer materials, Retail)

Beverage Business

Beer production (Congo, Ivory Coast)



- Planning to expand into new markets beyond the Republic of Congo and Ivory Coast



Consumer material Business

Production of consumer materials
(Nigeria, Ivory Coast, Ghana, Cameroon)



- Aiming to expand business by ramping up multipurpose factories

Retail Business

Shopping center / Supermarket Business
(Ivory Coast, Cameroon)



- Aiming to be a top-three retailer in Ivory Coast and Cameroon

**Aiming to further expand operations in Sub-Saharan Africa,
a region where CFAO excels**

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