



Be the **Right ONE**

Three Years Management Plan (FY2019 to FY2021)

May 8, 2019

Toyota Tsusho Corporation

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Be the **Right ONE**

1. Priority Areas

- (1) African Growth Strategy
- (2) Next Mobility Strategy
- (3) Renewable Energy Strategy

(1) African Growth Strategy

~Strengthening TOYOTA Business through Six Pillars~

Strengthen TOYOTA business in Africa based on six pillars

①

Strengthen Product Lineup

②

Build KD (Knock-Down) Business

③

Optimize Supply Network

④

Strengthen Total Fleet Management (B2B)

⑤

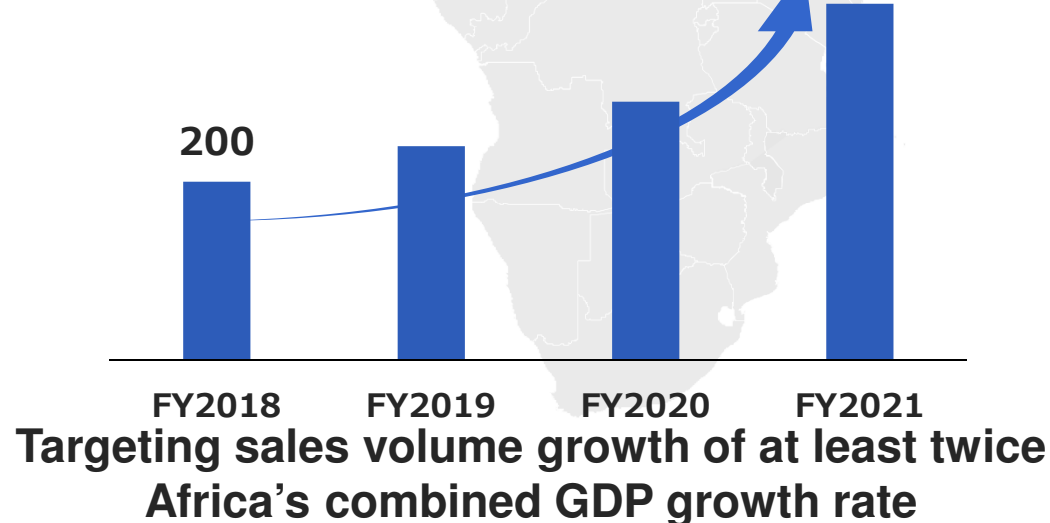
Strengthen TOYOTA Operations (B2C)

⑥

Expand Value Chain

Image of targets of handling units

(Unit : thousand units)

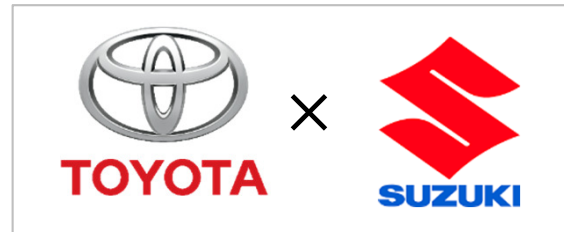


(1) African Growth Strategy ~Six Pillars~

① Strengthen Product Lineup

Vastly strengthen compact car lineup,
capitalizing on alliances with TOYOTA and SUZUKI

- SUZUKI models supplied in India on OEM basis
 - Baleno
 - Vitara Brezza
 - Ciaz
 - Ertiga



Strengthen Pickup/SUV

- Hilux, Land Cruiser, etc.

Introduce special-edition models for Africa

- Strengthen model life management



TOYOTA Hilux GR-S limited-edition model

(1) African Growth Strategy ~Six Pillars~

② Build KD (Knock-Down) Business

Expand small-scale assembly operations across Africa
Flexibly determine assembly format, scale of production, and investment criteria
in market size and government support in each country



Assembly plant in Kenya

(1) African Growth Strategy ~Six Pillars~

③ Optimize Supply Network

Increase vehicle supply efficiency

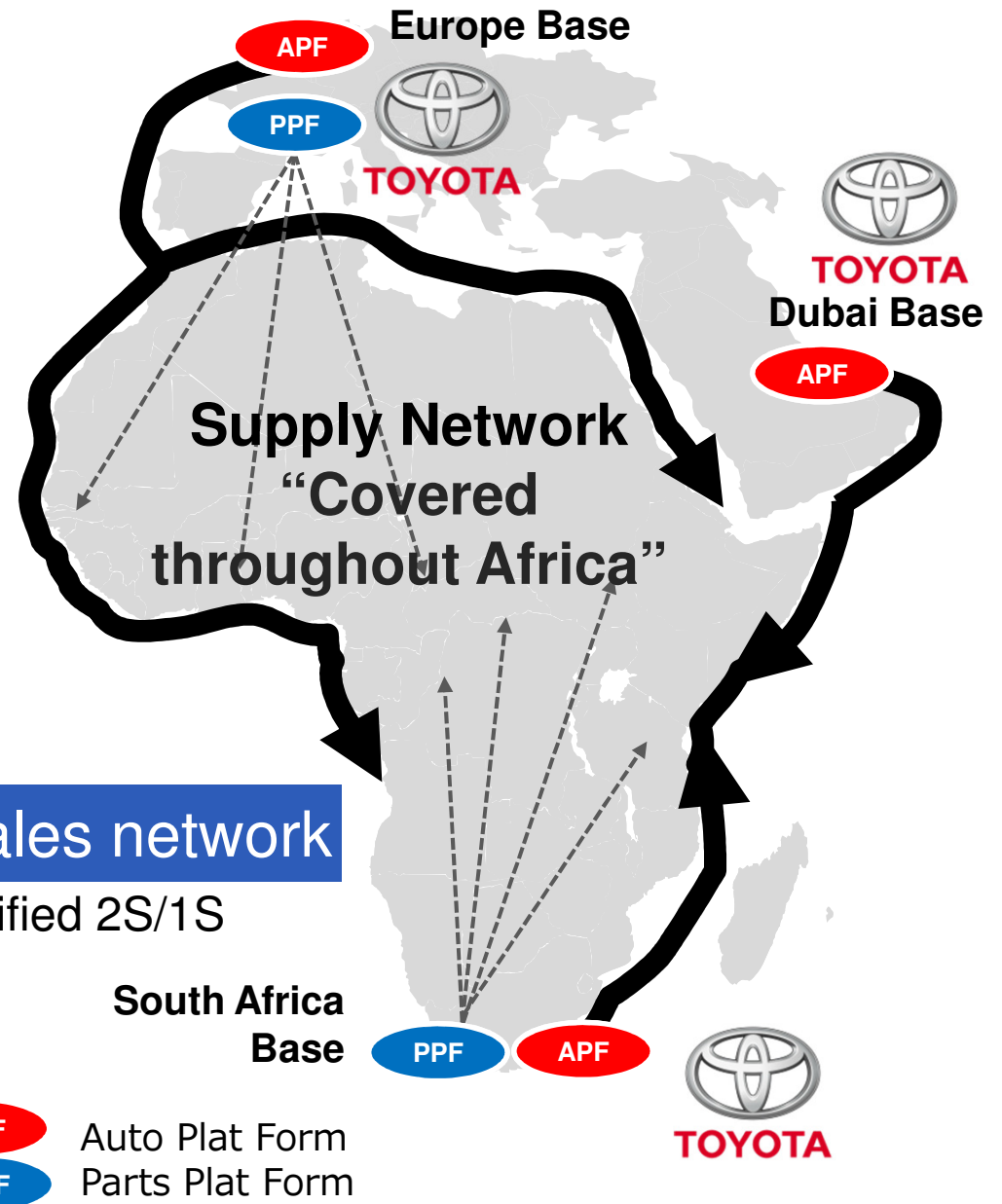
- Concentrate inventories in three locations (Europe, Dubai, South Africa)
- Shorten delivery times, strengthen body mounting and conversion

Increase parts/components supply efficiency

- Concentrate inventories in two locations (Europe, South Africa)
- Conduct activities to increase supply efficiency and shorten delivery times

Expand and increase efficiency of sales network

- Increase 3S new-vehicle dealerships and certified 2S/1S dealerships
- ✳3S: Sales, Service, Spare parts management



(1) African Growth Strategy ~Six Pillars~

④ Strengthen Total Fleet Management (B2B)

Roll out detailed services for fleet customers based on customer to maximize retention and capture new fleets



TOYOTA fleet event (South Africa)



Customized pickup for fleet customers

CONTRAT D'ENTRETIEN FLOTTE

VOUS GÉREZ UNE FLOTTE DE VÉHICULES TOYOTA ?

OPTEZ POUR UN ENTRETIEN "CONSTRUCTEUR" OU "FULL MAINTENANCE"

LES + TOYOTA

- **ECONOMIQUE** → votre budget entretien / réparation est maîtrisé
- **EFFICACE** → un interlocuteur unique et un traitement prioritaire
- **FLEXIBLE** → des solutions sur-mesure adaptées à vos besoins

NOUVEAU Gestion en ligne des RDV Atelier 24h/24h www.toyota-cl.com

ESTIMATION GRATUITE ET PERSONNALISÉE

RENSEIGNEMENT AU 21 34 23 00

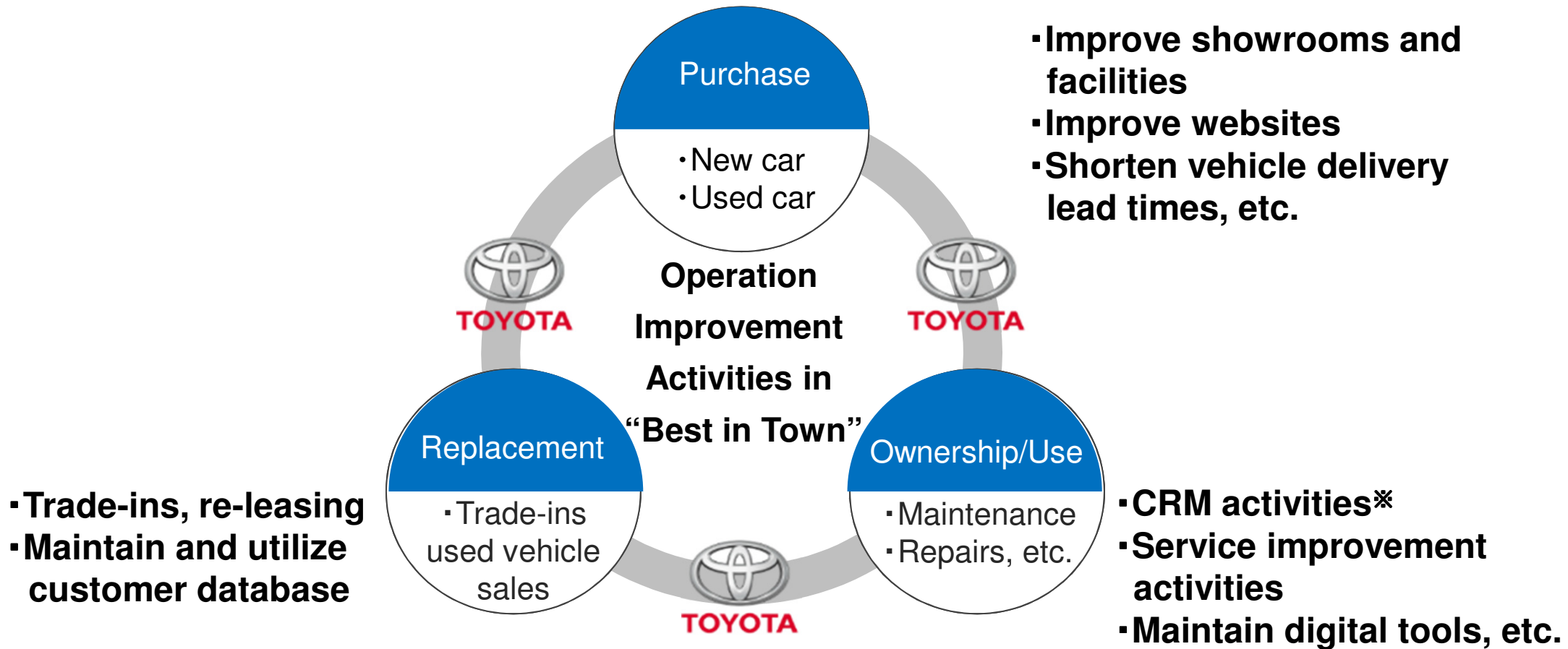
RÉVISEZ VOTRE IDÉE DU SERVICE

Maintenance package for fleet customers

(1) African Growth Strategy ~Six Pillars~

⑤ Strengthen TOYOTA Operations (B2C)

Provide suitable quality service to customers at every stage of vehicle ownership cycle



* CRM activities : Customer Relationship Management activities



(1) African Growth Strategy ~Six Pillars~

⑥ Expand Value Chain

Conduct branding activities to capture future new vehicle buyers through value chain expansion



AUTOMARK dealership
(Certified Toyota used vehicle sales)



General-purpose parts/consumables stocked
(Mainly manufactured by TOYOTA Group)



AutoFast service station
(Automotive maintenance JV with TOTAL)



Leasing business with LOXEA

TICAD7 (The Seventh Tokyo International Conference on African Development)

< Summary of discussion (Plan) >

- **Economic transformation and improvements in business environment and institution through private investment and innovation**
- **Promotion of resilient and sustainable society for human security**
- **Peace and stability (support for Africa's own proactive efforts)**

Our position and role

- **Chair of Committee on Sub-Saharan Africa at Japan Federation of Economic Organizations**
- **Chairman of Africa-Japan Relations Committee at Japan Association of Corporate Executives**

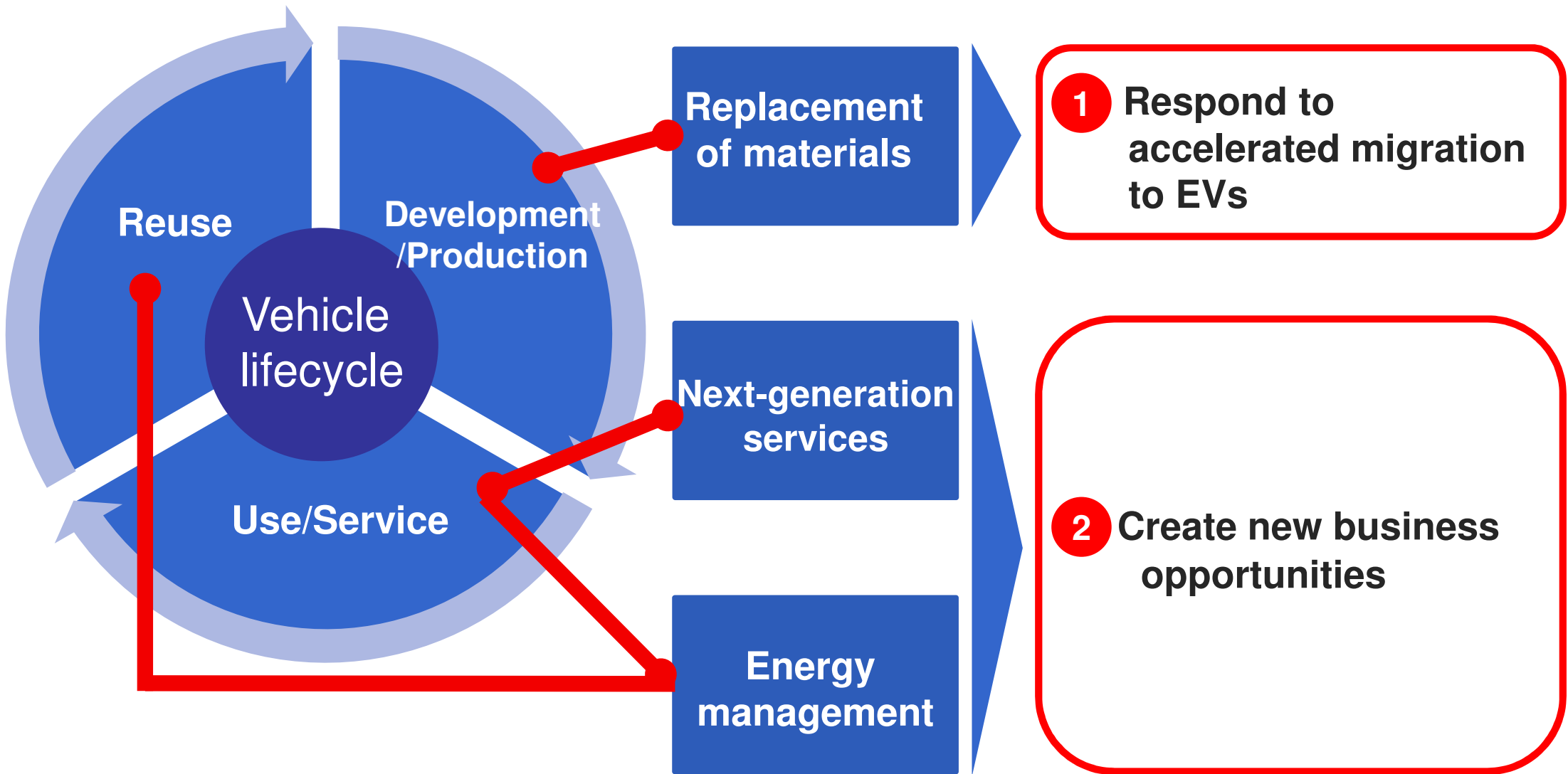
With Africa, For Africa



With Spirits of “With Africa, For Africa”, continue active involvement in TICAD7

(2) Next Mobility Strategy

~Action Plan~



Build new business models that enable sustained growth in next-generation mobility domain

(2) Next Mobility Strategy

① Respond to Accelerated Migration to EVs ~Replacement of Materials~

Replacement
of materials

➤ **Growing demand for electric vehicles**

In-house production of new technologies

**Chinese
Auto
Market**

- **World's biggest market**
CY2019 demand: 28 million vehicles (flat YoY)
- **Favorable prospects of major growth in new energy vehicles (PHV, EV, FCV) sales**
CY2018 : 1.25 million → CY2019 : 1.60 million vehicles

Source: MarkLines

In-house production of new technologies
e.g.) motor processing technologies



Make die/molds in-house and manufacture motor cores



Use motor cores in various models of motor

Step up initiatives in China, an advanced country in terms of electro-mobility, in addition to Japan



(2) Next Mobility Strategy

② Create New Business Opportunities

~Next-Generation Services & Energy Management~

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Next-generation services

- Expand mobility services domain



Build out infrastructure that will form foundation of future mobility services
e.g.) wireless delivery of software updates

Over The Air

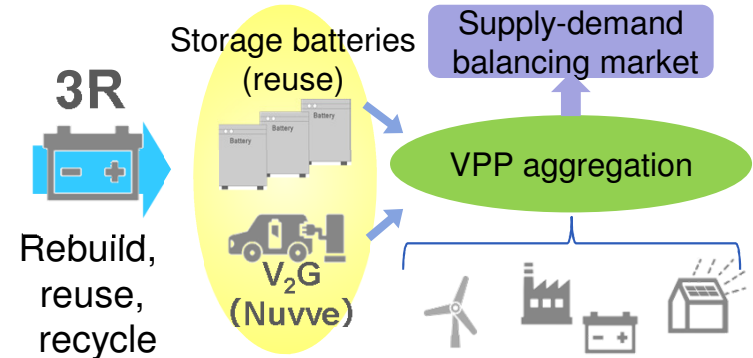


Energy management

- Need for used-battery reuse in conjunction with growth in new energy vehicles
- Growth in demand for clean energy



Combine 3Rs (Rebuild, Reuse, Recycle) of batteries with renewable energy



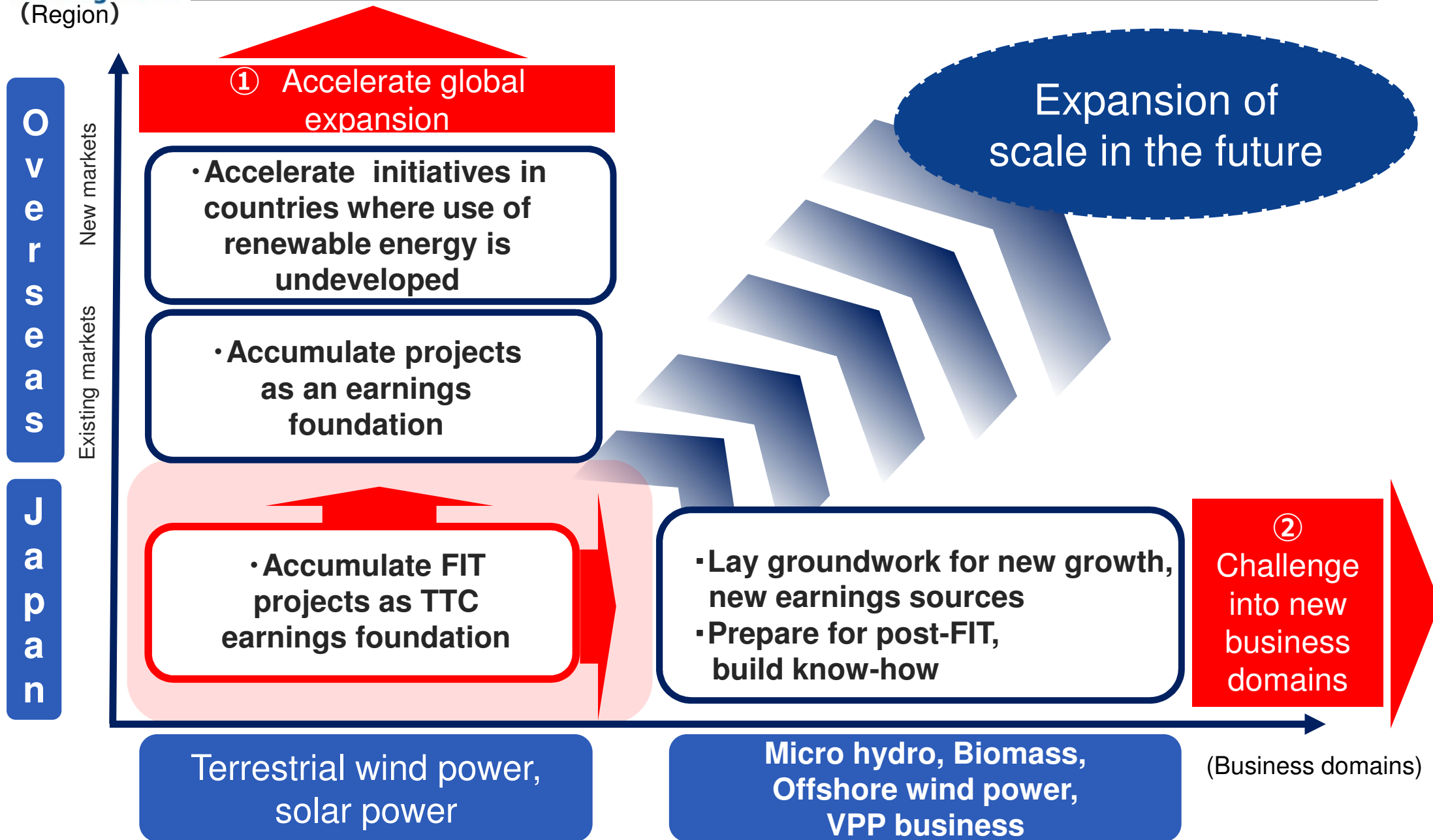
Leverage strengths to create new markets instead of only accessing markets with promising growth prospects



(3) Renewable Energy Strategy

Accelerate Global Expansion, Challenge into New Business Domains

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(Region)

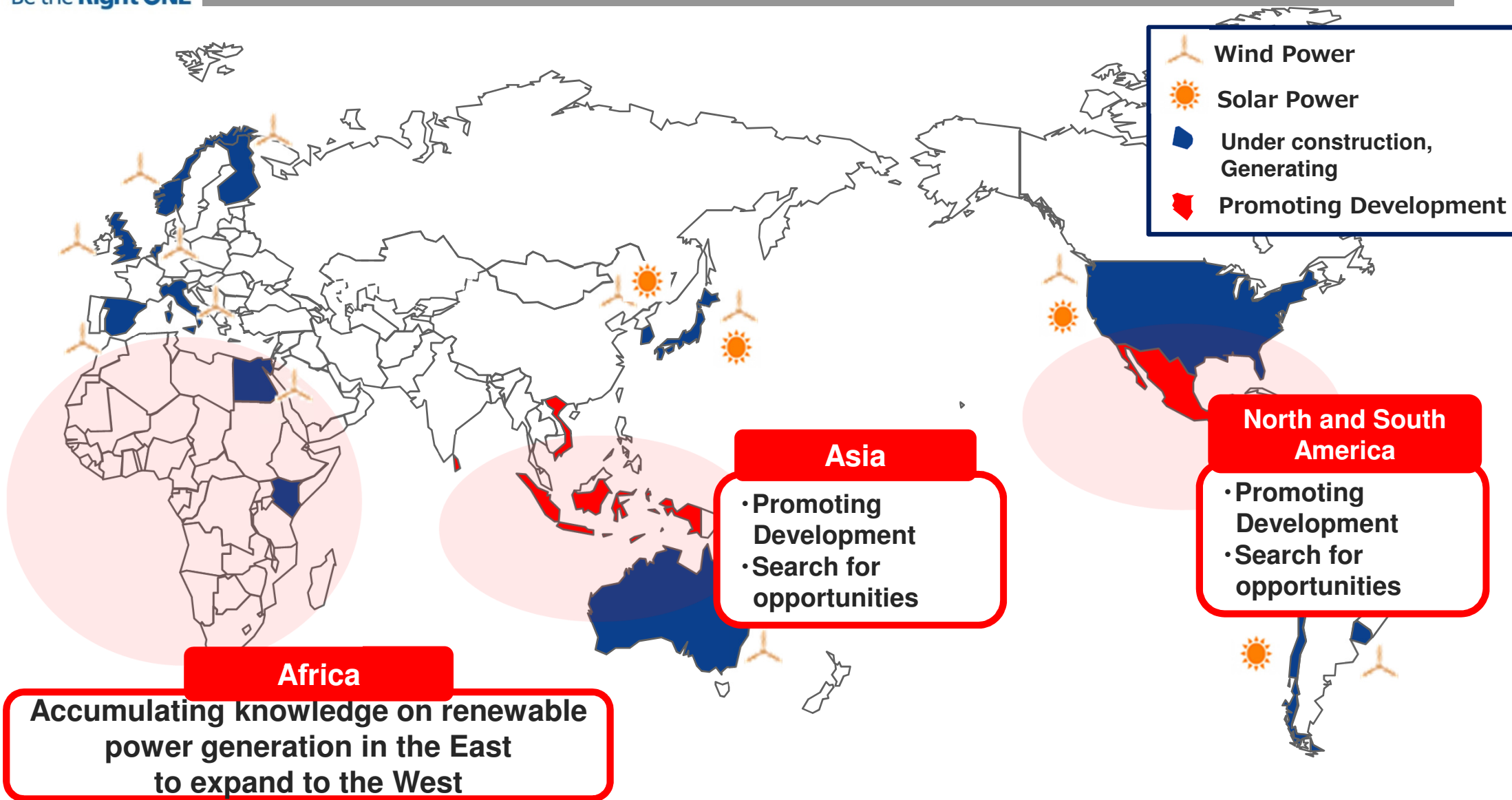




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(3) Renewable Energy Strategy

① Accelerate Global Expansion

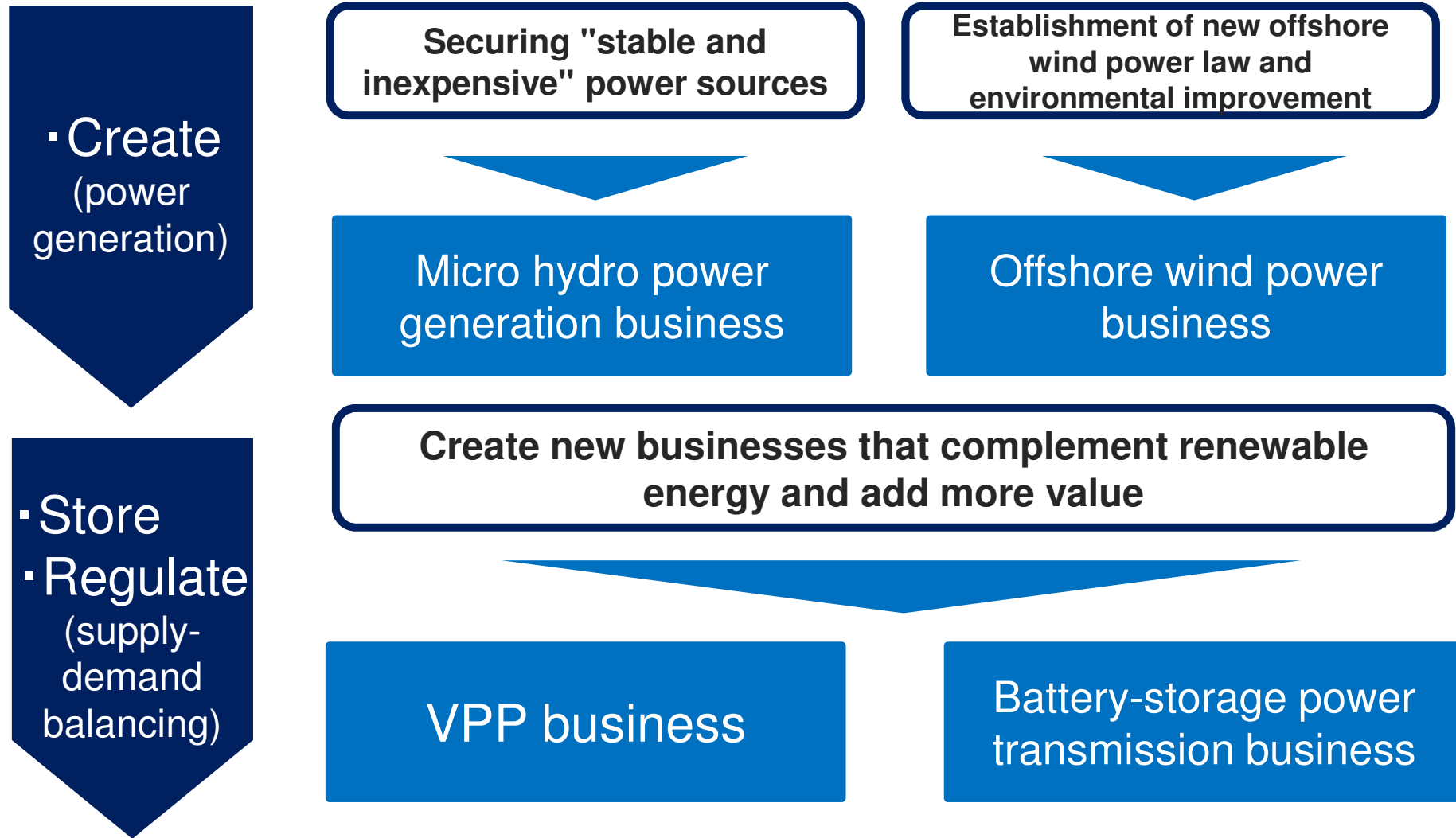


As of the end of March ,2019

Expanding stable renewable energy in Africa and other new regions

(3) Renewable Energy Strategy

② Challenge into New Business Domains



Creating new businesses in "Store" and "Regulate" not just in "create"



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2. Globalization and Digitalization

<Globalization> Promoting the Three Globalization

Businesses

- Incorporate region-based market needs in business creation
- Especially strengthen activities in Africa, China, and India



People, Capability

Promotion of global Diversity & Inclusion and cultivation of human resources

- ✓ Foster a cultural climate that respects diverse values
- ✓ Cultivate and appoint human resources who can put their skills to use globally

Organizations, Systems

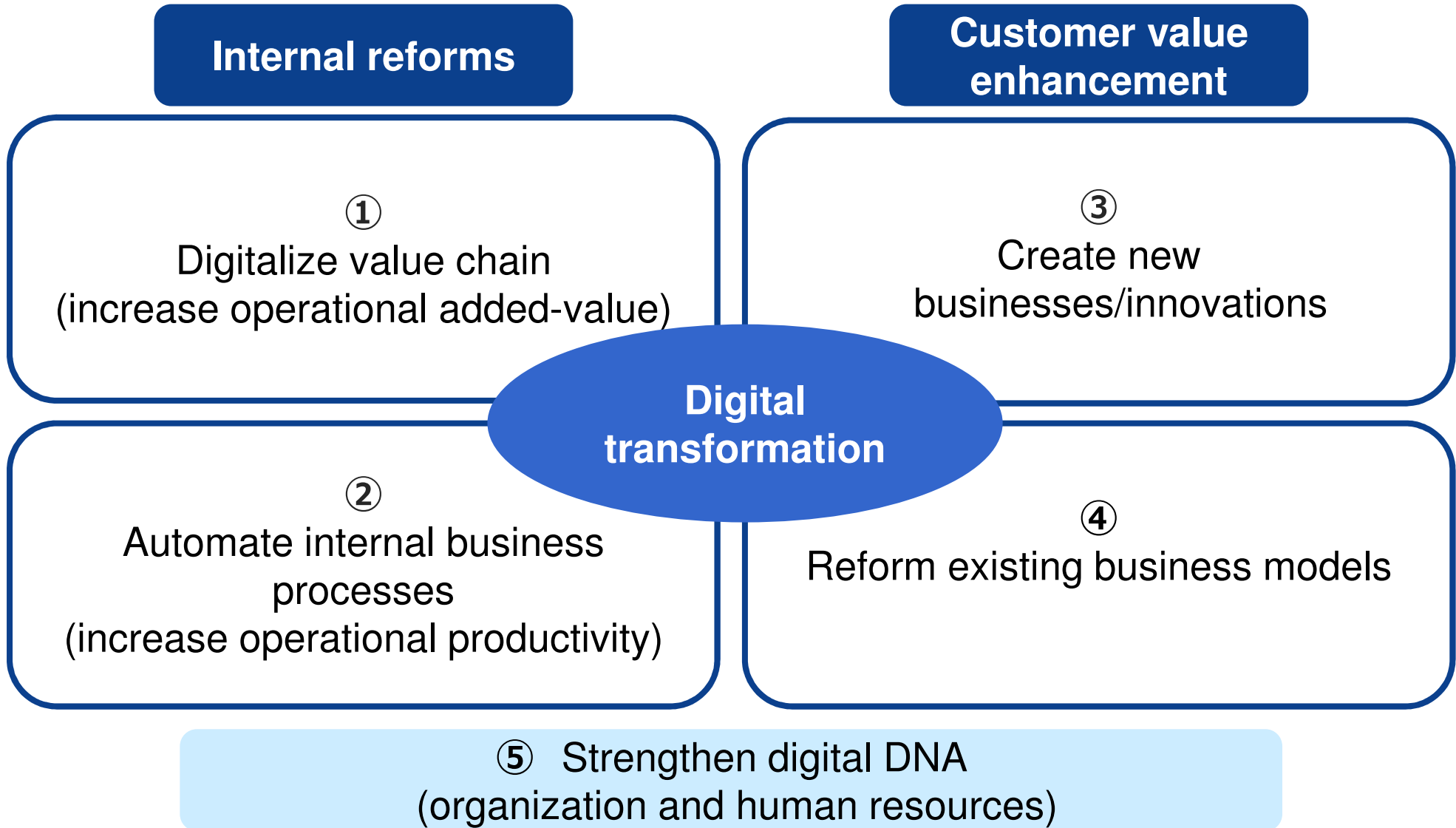
Promotion of delegation of authority

- ✓ Establish bases of governance within subsidiaries and establish autonomy and self-reliance → Accelerate delegation of authority

Aiming to create "Business" in overseas regions through "Human Resource Development" and "Creation of Framework"

<Digitalization>

Creating Framework for Digital Transformation



Planning to invest approx. 20 billion yen in digital transformation over next three years

Positioning Digitalization and Globalization in Our Management Strategy



Company Vision 「Be the Right ONE」

What it means to “Be the Right ONE”:

Becoming a company in which each person in his or her own job, while cherishing one’s own values, aims to be “(I am) the one and only (who can do it)”, and then organically gathering all of such to become “(we are) the one and only (who can do it)”

Priority Areas

African Growth Strategy

Next Mobility Strategy

Renewable Energy Strategy

Key Issues for Resolving Social Issues

CSR Materiality

Four Measures for Supporting a Distinctively Toyotsu Group Surge

Nurture further growth in established lines of business

Nurture regional business proposals hatched locally

Promote global Diversity & Inclusion

Respond to technological progress

Toyotsu Group Way

On site, hands on, in touch

A passion for business

Team power

Accelerate Measures



Globalization



Digitalization

Accelerate “measures” by promoting “Globalization” and “Digitalization” while valuing “Toyotsu Group Way”

CSR Materiality for the Toyota Tsusho Group (Material Issues) & Our Related Business

Strive for the elimination of traffic casualties and contribute to the creation of a safe and comfortable mobility society



Truck platooning demonstration project



Airbag Cushion Manufacturing

Contribute to the transition to a low-carbon society by reducing automotive, manufacturing, and energy plant construction CO₂ emissions through the use of clean energy and innovative technologies



Wing Power project



Lithium Resources Mining Project



Contribute to the development of a recycling-based society by transforming waste into resources for manufacturing



End-of-life vehicle business



Molten production business

CSR Materiality for the Toyota Tsusho Group



Port Cargo Handling Cranes



Technopark Business



Grow with developing countries, including those in Africa, and endeavor to solve social issues through business operations



Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills

● TOP-priority Issues for both Solving Social problem and achieving Corporate Growth

● Top-priority Issues that Will Become Foundations for company Growth



Begin everything we do with ensuring safety and compliance, and continue to be an organization trusted by society

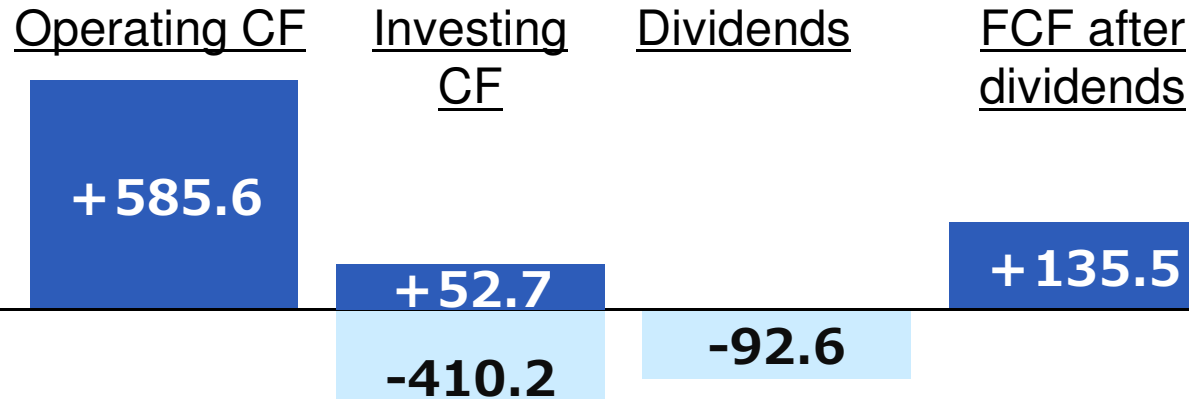
Solving social issues and connect them to our business



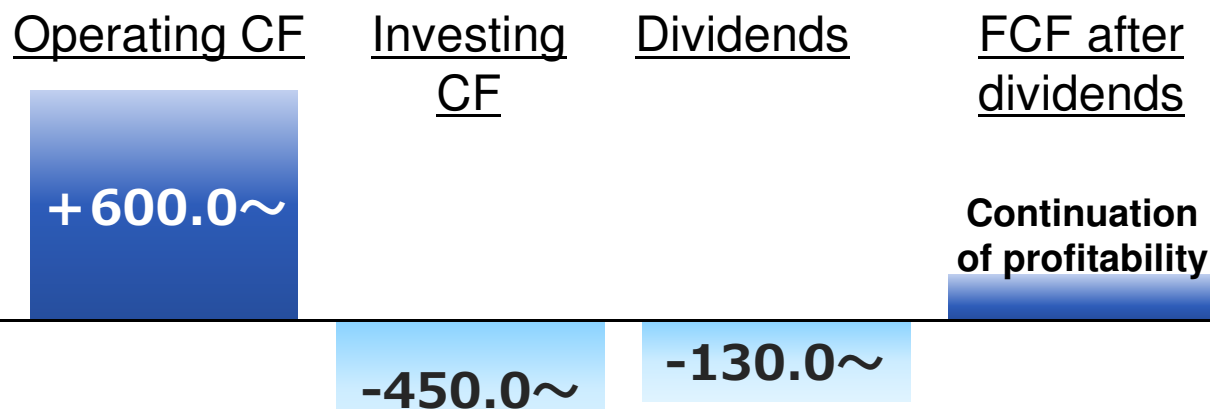
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3. Financial Policies & Quantitative Targets of FY2021

Cash flows over past three years (FY2016-18)



Mid-Term Business Plan (FY2019-21)



Financial soundness

- Net D/E ratio: ≤ 1.0
- Risk assets/Risk buffer: < 1.0

Investment policies

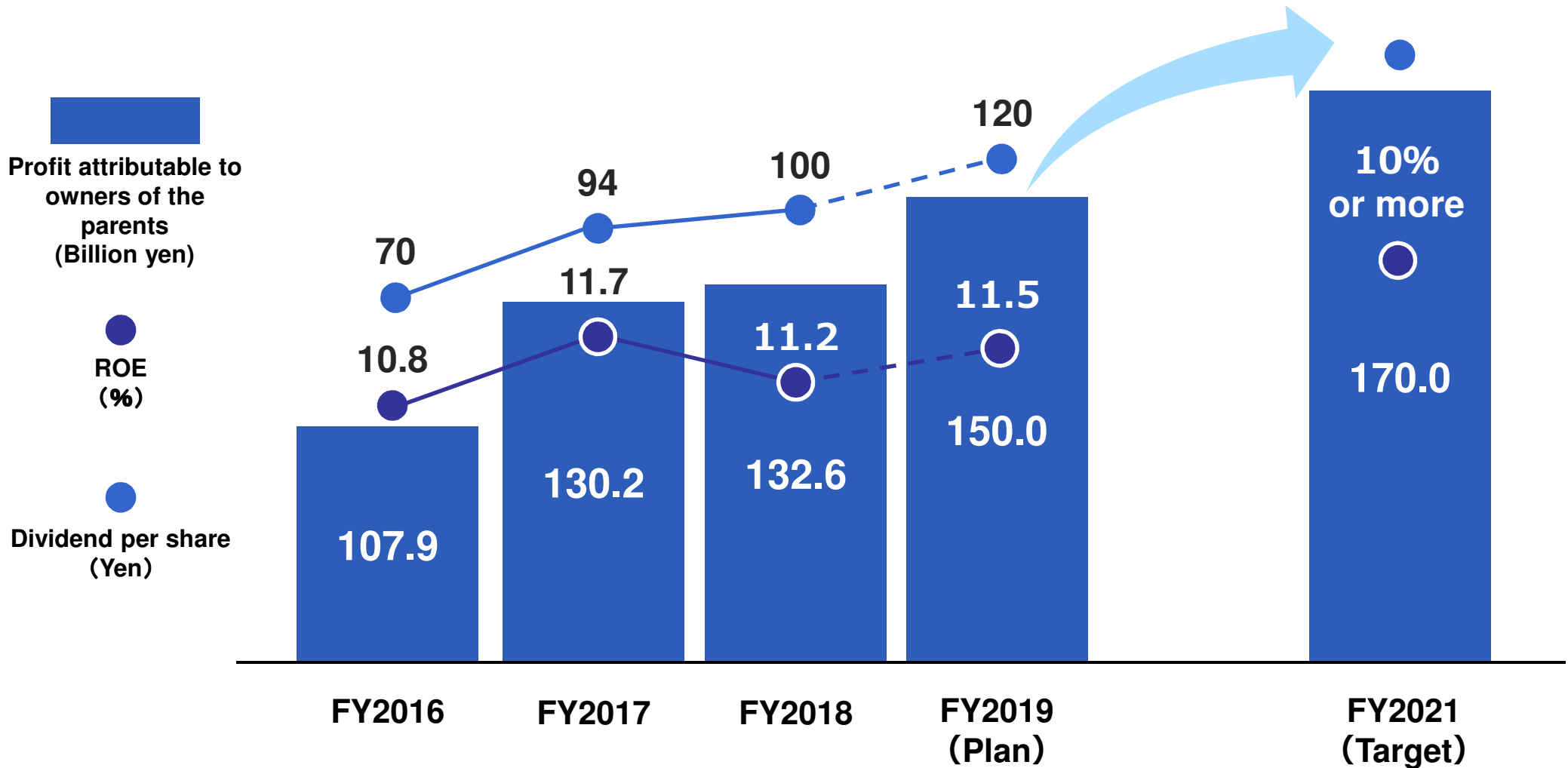
- Keep investment within bounds of operating CF

Dividend Policy

- Dividend payout ratio of 25% or more as a basic policy
- We will endeavor to maintain a stable dividend

Establish stable financial foundation and maintain appropriate balance between growth investments and shareholder returns

Profit Forecast, ROE, Cash dividends for the year per share



Along with the expected continued earnings growth and dividend increase, bear in mind the business operations with an awareness of capital efficiency

Target Period : FY2019~FY2021 for three years

Mobility

Amount of Investment

170~

Focus Areas

- Automotive Sales & Services
- Automotive Production & relative business to correspond to Next Mobility



Resources & Environment

Amount of Investment

210~

Focus Areas

- Renewable energy
- Metal recycling
- End-of-life vehicle business



Life & Community

Amount of Investment

70~

Focus Areas

- Pharmaceuticals & Medical supplies
- Residences
- Overseas infrastructure





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4. Supplementary Material

Member of the board

After June, 2019 Ordinary General Meeting of Shareholders

7 Inside Directors



Jun Karube
Chairman



Ichiro Kashitani
President & CEO



Minoru Murata
Vice President
CTO



Hideki Yanase
Vice President



Yasuhiro Nagai
CCO/CAO



Hiroshi Tominaga
CSO/CIO
Assistant to CTO



Hideyuki Iwamoto
CFO

4 Outside Directors



Yoriko Kawaguchi



Kumi Fujisawa



Kunihiro Koumoto



Didier Leroy

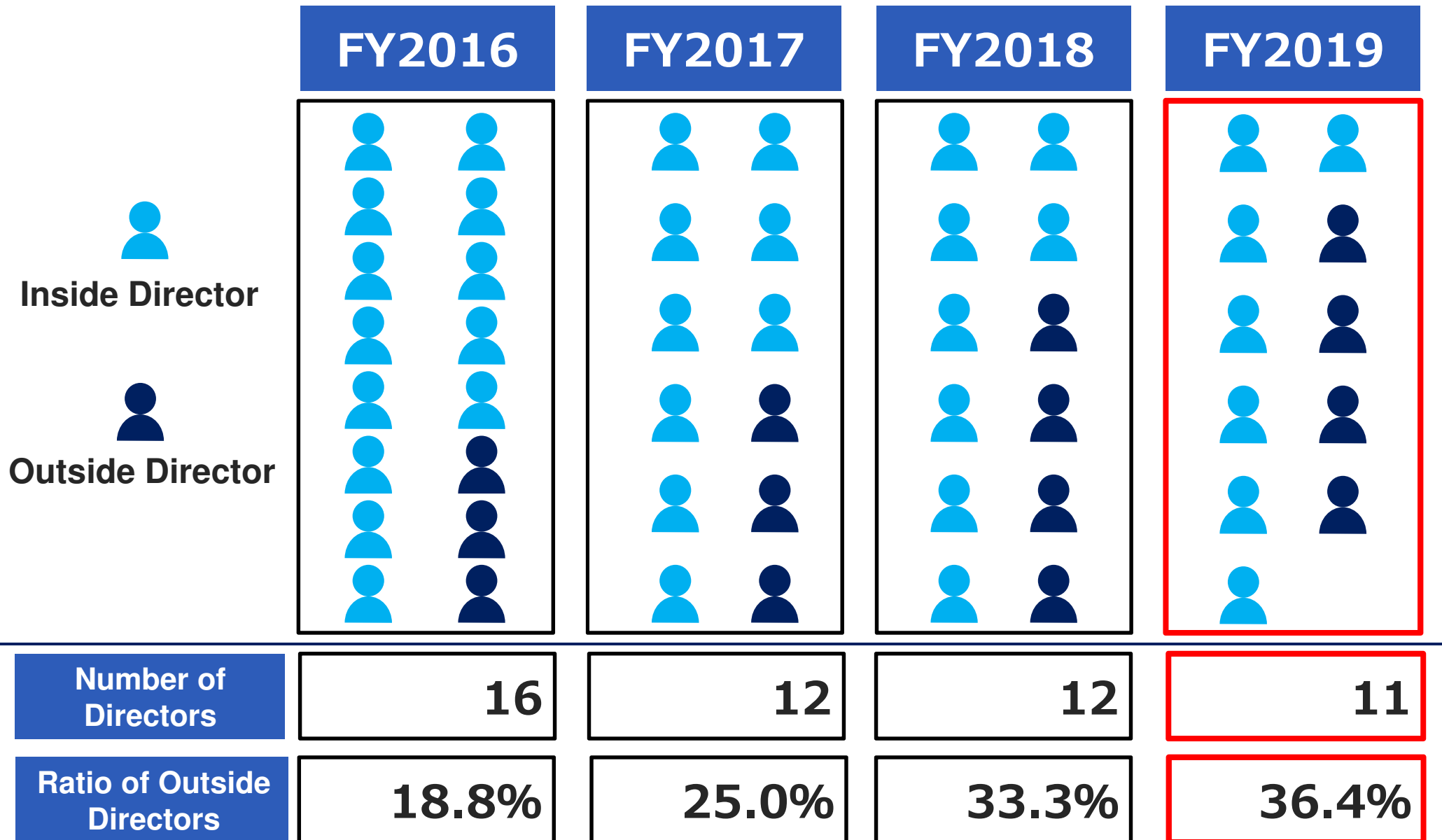
Directors : **11**

Ratio of Outside Directors : **36.4%**

Companywide Management Structure

- I. Streamline the management structure
- II. Improve the quality of decision-making relating to management
- III. Appoint young human resources as Top Management Members
- IV. Respond to globalization

Change of Member of The Board



Basic Risk Management Policy

◆ Basic risk management policy

- 1) Keep total risk within risk-bearing capacity $\text{Risk Assets (RA)} \leq \text{Risk Buffer (RB}^{*1})$
- 2) Earn returns commensurate with risk $\text{RVA}^{*2} > 0$ (after-tax ordinary income - $\text{RA} \times 10\%$)

*1 :RB = Shareholders' equity + Other components of capital + Reserve for doubtful accounts Me (flow) - goodwill

*2 :RVA (Risk Adjusted Value Added)

<FY2018> (Preliminary basis)

(Unit: Billion yen)

RA	RB
Approx. 910.0	Approx. 1,160.0
(Reference) Last year: RA: approx. 960.0, RB: approx. 1,140.0	



RA : RB ratio \Rightarrow 0.8 : 1
 (Reference) Last year \Rightarrow 0.8 : 1
RVA > 0

Investor Relations Group

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