



# **FY2022 Mid-Term Business Plan and Status of Related Initiatives**

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**November 2, 2020  
Toyota Tsusho Corporation**

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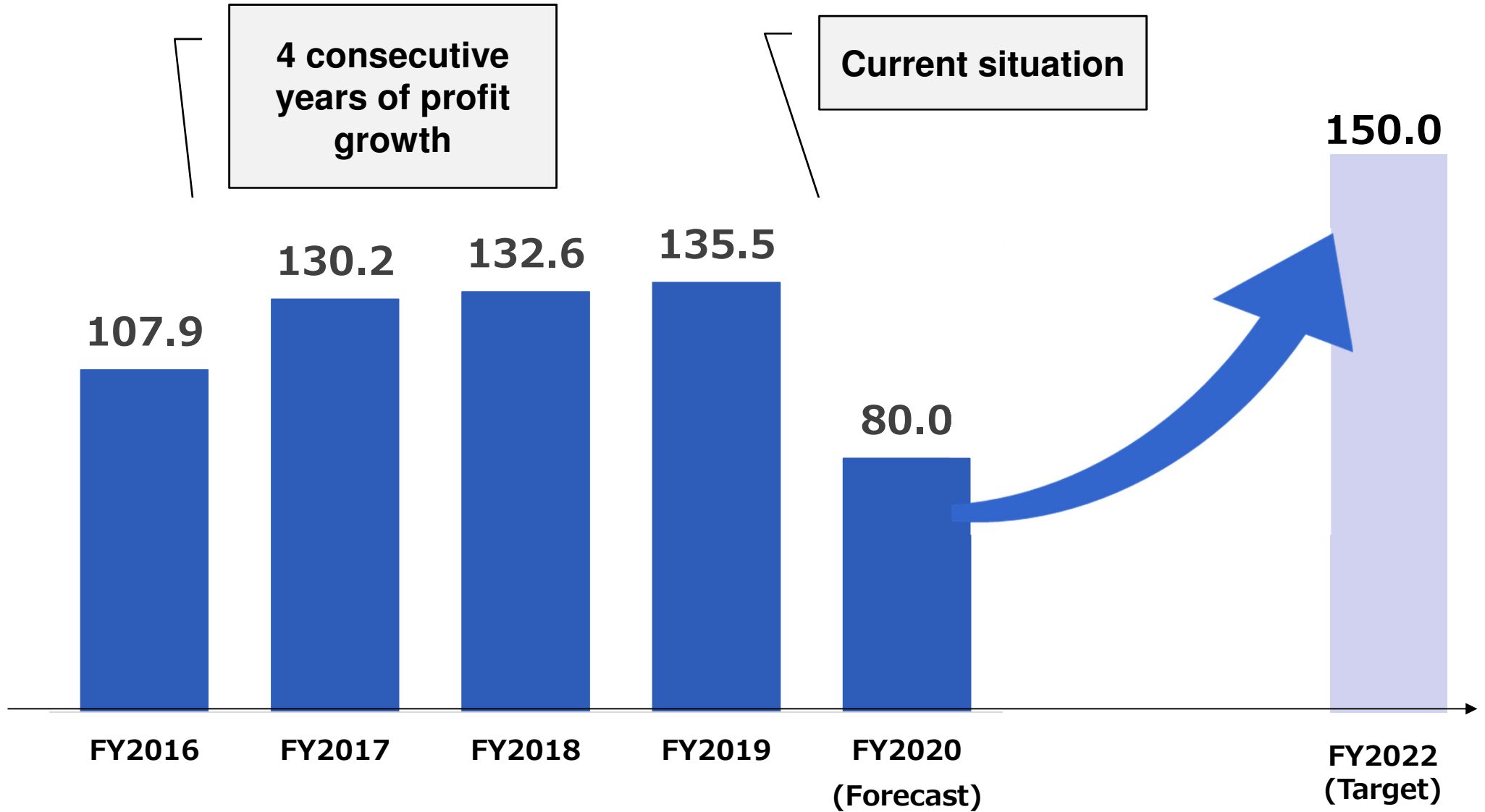


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# 1. COVID-19 Impacts & the Mid-Term Business Plan

# Profit Trends, Mid-Term Business Plan

(Unit: Billion yen)



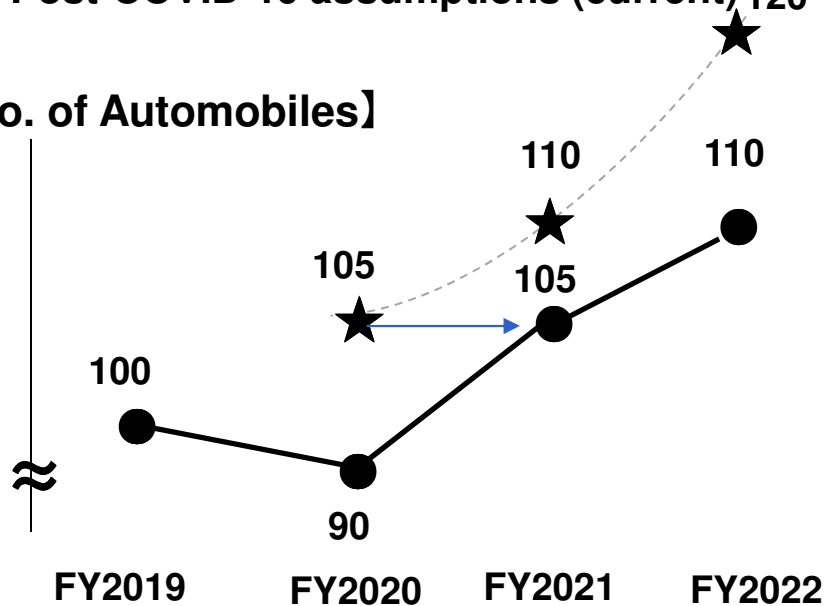
# Business Plan Assumptions

## No. of Automobiles Manufactured (rough image)

【No. of automobiles manufactured (FY2019 = 100)】

- ★ Pre-COVID-19 assumptions
- Post-COVID-19 assumptions (current)

【No. of Automobiles】



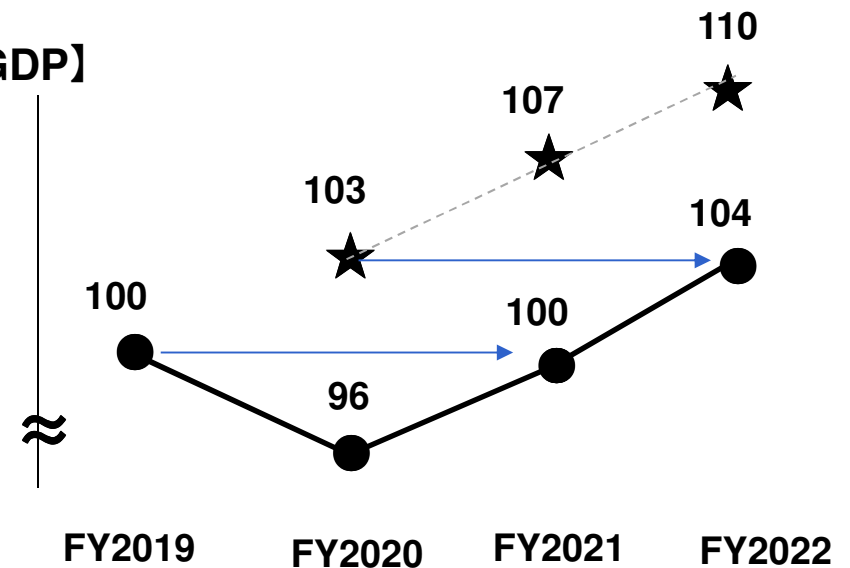
\* When FY2019 figure = 100

## GDP Growth Rate Outlook

【GDP growth rate (FY2019 = 100)】

- ★ Pre-COVID-19 forecast
- Post-COVID-19 forecast (current)

【GDP】



\* When FY2019 figure = 100

【Source】IMF

**Assumptions for recovery from COVID-19 impacts were studied for each division and for each region**

# Earnings Recovery Scenario by Region (Gross Profit)

<When Gross Profit for FY2019 = 100>

	FY2020*					FY2022
	1Q	2Q	3Q	4Q	Full Year	
Japan	80%	85% ↗	90% →	100% ↘	90% →	100%
North America	50%	90% ↗	95% ↗	100% →	80% ↗	110%
Europe	60%	90% ↗	95% ↗	100% →	85% ↗	110%
East Asia	90%	100% →	100% →	100% →	100% →	140%
Asia /Oceania	60%	60% ↗	75% →	90% ↘	70% ↘	105%
Emerging regions	40%	60% ↗	75% ↗	90% ↘	70% ↘	100%
Africa	60%	65% ↗	80% ↗	90% →	75% ↗	105%
Total					85% →	105%

\*Top rows are forecasts at time of 1Q announcement. Bottom rows are recovery scenarios used in formulating Mid-Term Business Plan.

# Message from President & CEO on COVID-19 Pandemic

**1. Continue business only after thoroughly ensuring the health and safety of employees and their families**

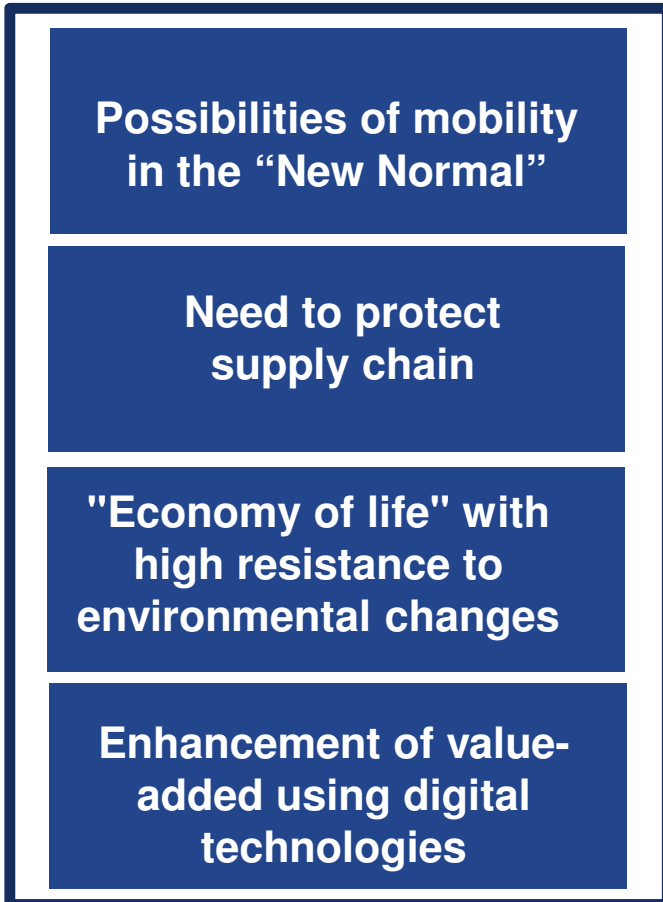
**2. Importance of “lean” management that is free of waste**

**3. Continuing to undertake new challenges. Investing with ambition, while ensuring we follow a careful selection process**

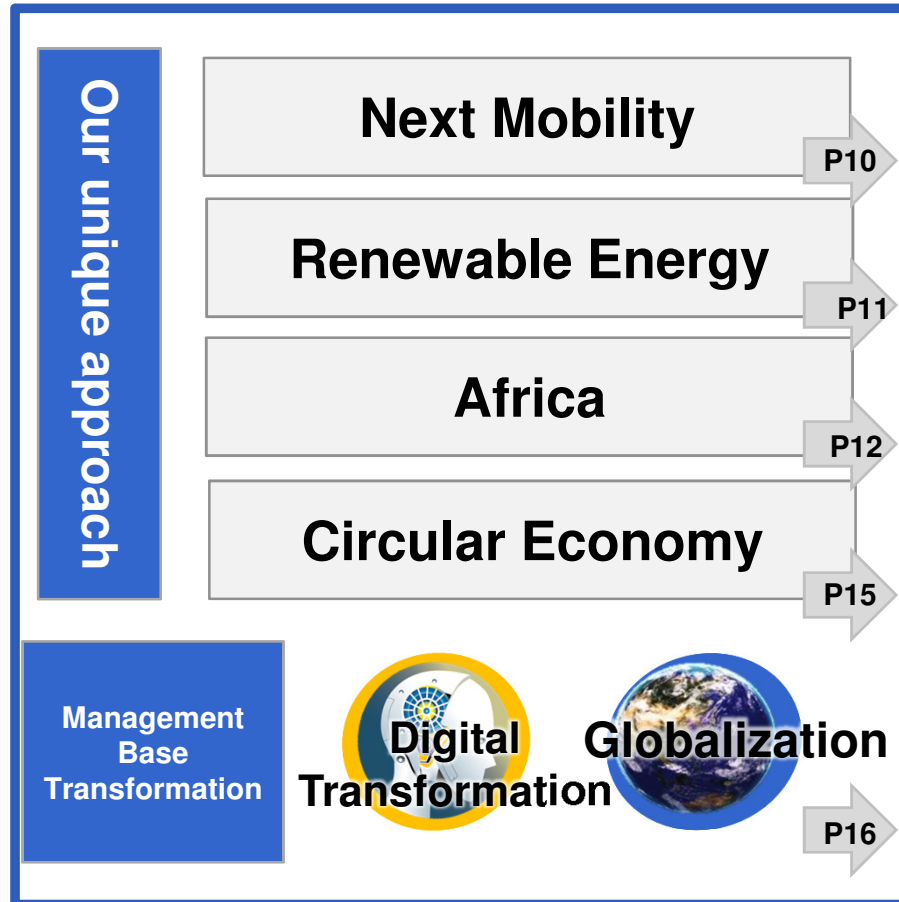
**Bolster resilience from COVID-19 pandemic**

# Our Growth Strategy

## Things learned from COVID-19



## Growth strategies in 4 priority areas



**Boldly implement reforms to strengthen profit-earning capacity, eyeing enhanced resilience to changes in external environment**





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## 2. Status of Initiatives in Priority Areas

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# CSR Materiality for the Toyota Tsusho Group (Material Issues)

**CSR Materiality for the Toyota Tsusho Group**

## Next Mobility Strategy

contribute to the creation of a safe and comfortable mobility society



Contribute to the transition to a low-carbon society

## Renewable Energy Strategy



Contribute to the development of a recycling-based society

## Circular Economy Strategy



Grow with developing countries

## African Growth Strategy



● 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

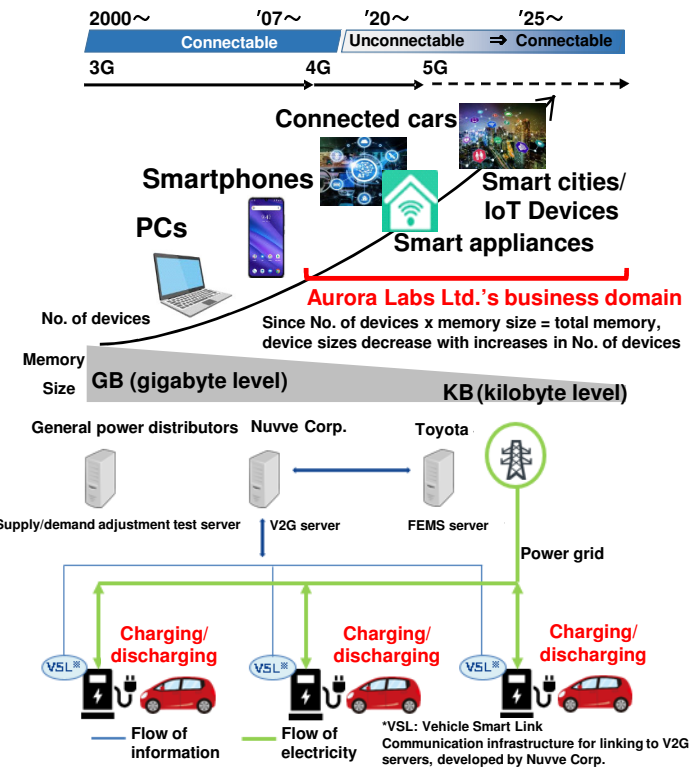
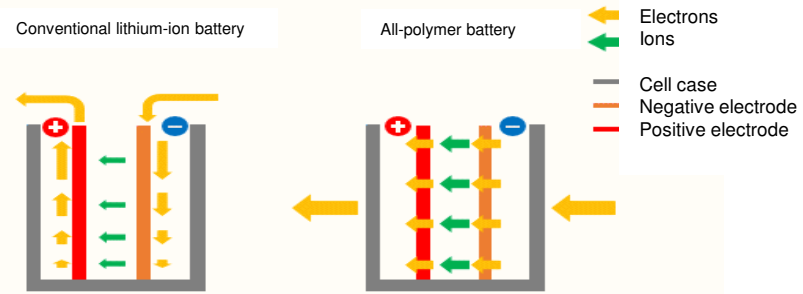


Respect human rights, and actively develop people who will contribute to society by nurturing them and giving them opportunities to apply their skills



<p><b>Next-Gen Cars</b></p>	<p><b>Weight reduction/ Electrification</b></p>	<p><b>High expectations for future use of all-polymer batteries in cars</b>  (Investment in APB Corporation)</p>
<p><b>Next-Gen Services</b></p>	<p><b>Mobility services</b></p>	<p><b>Promote analysis and management of automotive software, and OTA systems</b>  (Investment in Aurora Labs Ltd.)</p>
<p><b>Energy Management</b></p>	<p><b>Efficient electricity supply and demand</b></p>	<p><b>Accelerate the creation of a system that allows low-cost participation in supply-demand balancing market</b>  (Nuvve Corporation)</p>

### Comparison of battery structures



**Working to accelerate CASE-related efforts**

# Renewable Energy



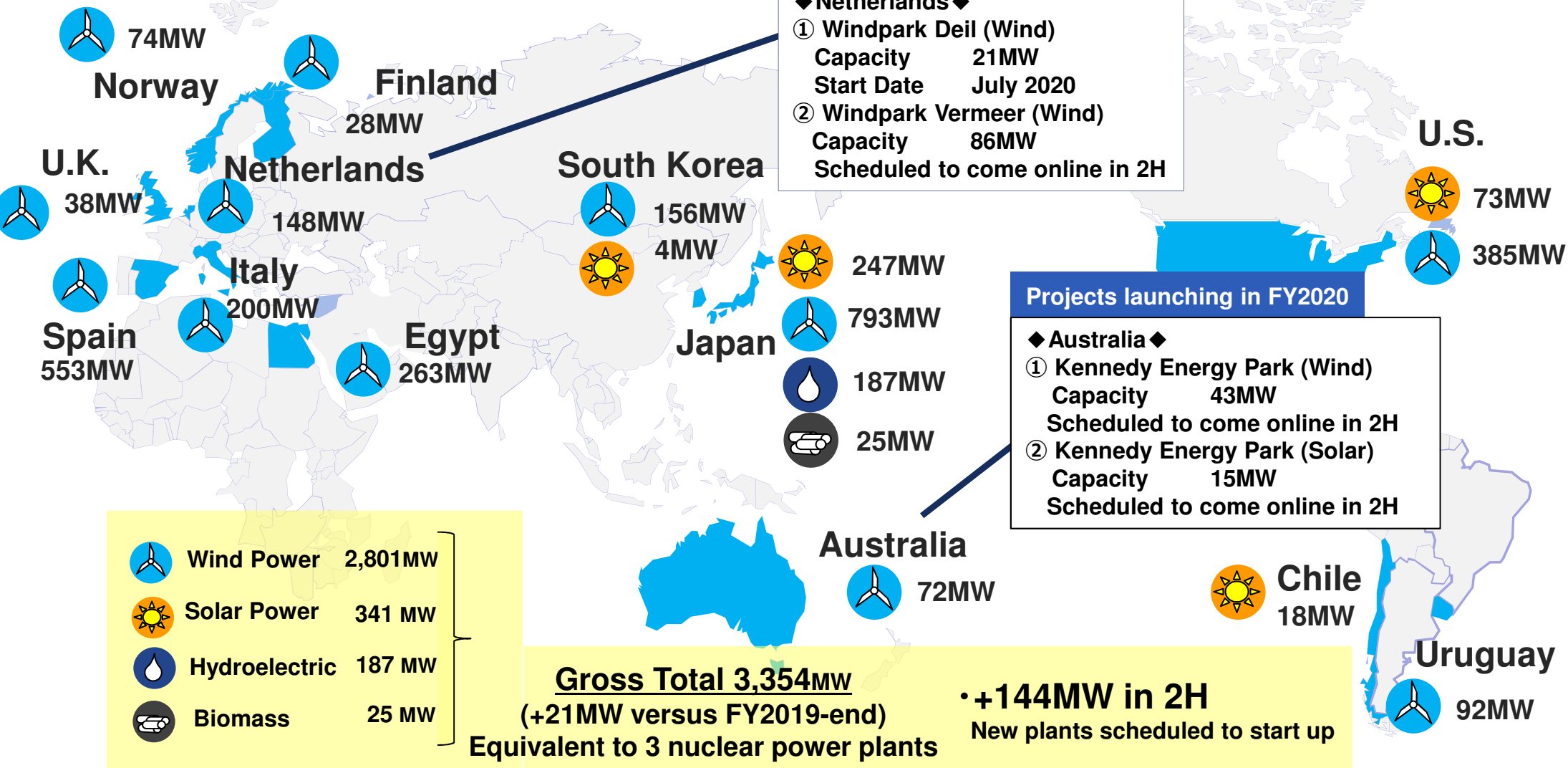
<Power Generation as of Sep. 30, 2020>

## Projects launching in FY2020

- ◆ Netherlands ◆
- ① Windpark Deil (Wind)  
Capacity 21MW  
Start Date July 2020
  - ② Windpark Vermeer (Wind)  
Capacity 86MW  
Scheduled to come online in 2H

## Projects launching in FY2020

- ◆ Australia ◆
- ① Kennedy Energy Park (Wind)  
Capacity 43MW  
Scheduled to come online in 2H
  - ② Kennedy Energy Park (Solar)  
Capacity 15MW  
Scheduled to come online in 2H



	Wind Power	2,801MW
	Solar Power	341 MW
	Hydroelectric	187 MW
	Biomass	25 MW

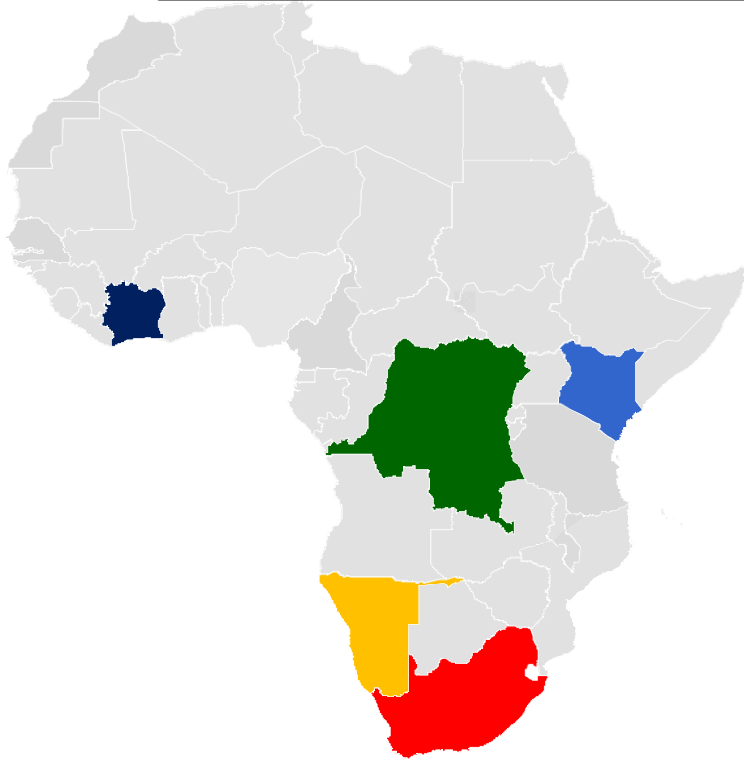
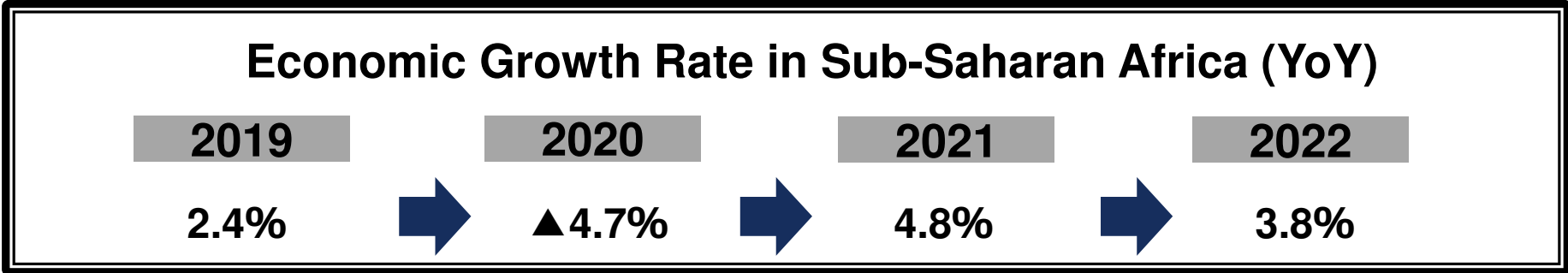
**Gross Total 3,354MW**  
 (+21MW versus FY2019-end)  
 Equivalent to 3 nuclear power plants

**+144MW in 2H**  
 New plants scheduled to start up

**Expand renewable energy business globally in a well-balanced manner**



## Current impact of COVID-19



<Main countries where impact on our earnings will be significant>

	GDP (%)			
	2019	2020	2021	2022
Ivory Coast	6.5	1.8	6.2	6.5
Dem. Rep. of Congo	(0.6)	(7.0)	(0.8)	1.9
Kenya	5.4	1.0	4.7	6.0
Angola	(0.9)	(4.0)	3.2	3.0
South Africa	0.2	(8.0)	3.0	1.5

[Source] IMF (World Economic Outlook Database)

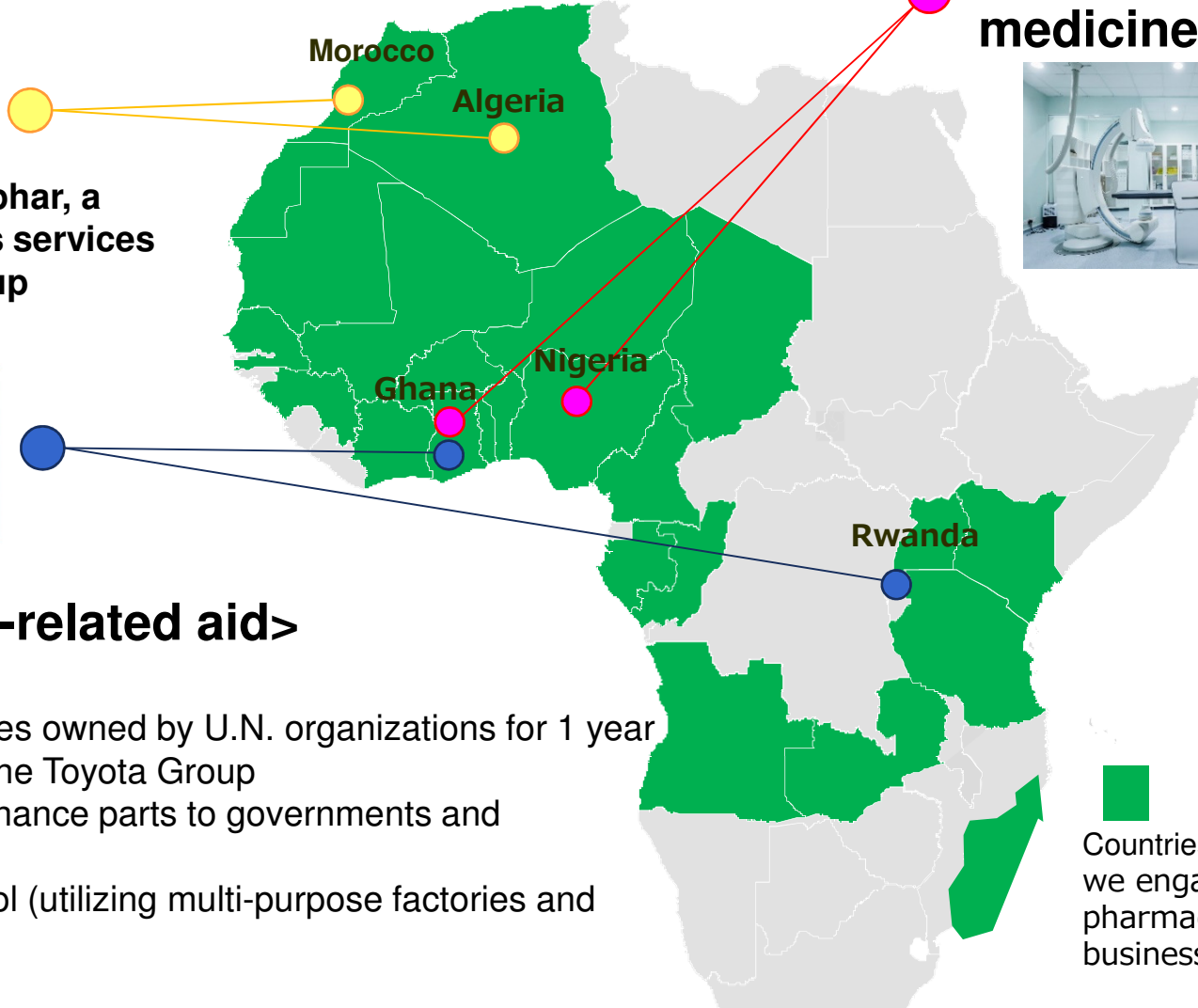


## Potential in the Pharmaceuticals Field



### Pharmaceuticals manufacturing

Capital participation in Maphar, a Moroccan pharmaceuticals services provider of the Sanofi Group



### Remote medicine



### Delivery of pharmaceuticals by drone



### <Group COVID-19 pandemic-related aid>

Based on cooperation with Toyota:

- Free maintenance parts for Toyota vehicles owned by U.N. organizations for 1 year
- Providing face shields manufactured by the Toyota Group
- Providing free vehicle leases and maintenance parts to governments and municipalities
- Producing and providing sanitizing alcohol (utilizing multi-purpose factories and breweries)

 Countries in which we engage in pharmaceuticals business

Contribute to solving societal issues through “Economy of Life” business



## Potential in the Mobility Field

### Full-fledged launch of Toyota & Suzuki Business operations

**Launched Toyota brand compact car Toyota Starlet in African market, with OEM supply from Suzuki (manufactured in India)**

**Timing: Mid-September 2020**  
**Countries: 47 African countries**  
**(starting in South Africa)**



**Planning to coordinate with Suzuki on expanding the lineup of compact cars of a wide range of body types, from SUVs to sedans**

**Contribute to the development of a “mobility society” and play a role in the recovery of economic activity in Africa**



## Plastic Recycling Business

### <Waste PET Plastic Bottles>

**Toyotsu PET Recycling Systems Co., Ltd.**

Scheduled to start operation in April 2022  
<Annual processing capacity: 50,000 tons>

#### PET flake production



#### Make pellets



Raw materials

PET Bottles  
Pellets

### <Waste Plastic>

**Planic Co., Ltd.**

Scheduled to start operation in January 2021  
<Annual processing capacity: 40,000 tons>



#### Grind



#### Sort

#### Compound

Raw materials

Flakes

Recycled plastic

**Contribute to the formation of a circular economy as a trading company with connections to the manufacturing industry**

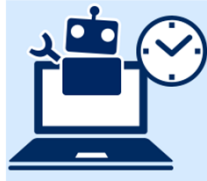




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### 3. Digital Transformation Initiatives & Globalization

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## DX1.0

Efficiency / Automation  
(Productivity enhancement / Digital Shift)

Thorough reorganization and automation/  
labor-saving for internal operations  
( Improving the efficiency of work, manufacturing, and trade operations )



## DX1.5

Added value/ Creation of new value  
(Increase earnings)

Joint process digitalization with existing customers  
**(Increase SCM/CRM added value)**

Transform business models of existing businesses  
**(Horizontal deployment/ new customers)**

**Strong**

**New**



## DX2.0

Tackling new areas  
(Innovation)

Create new businesses and innovations that surprise and excite customers  
**(Discontinuous new business)**

**Fun**

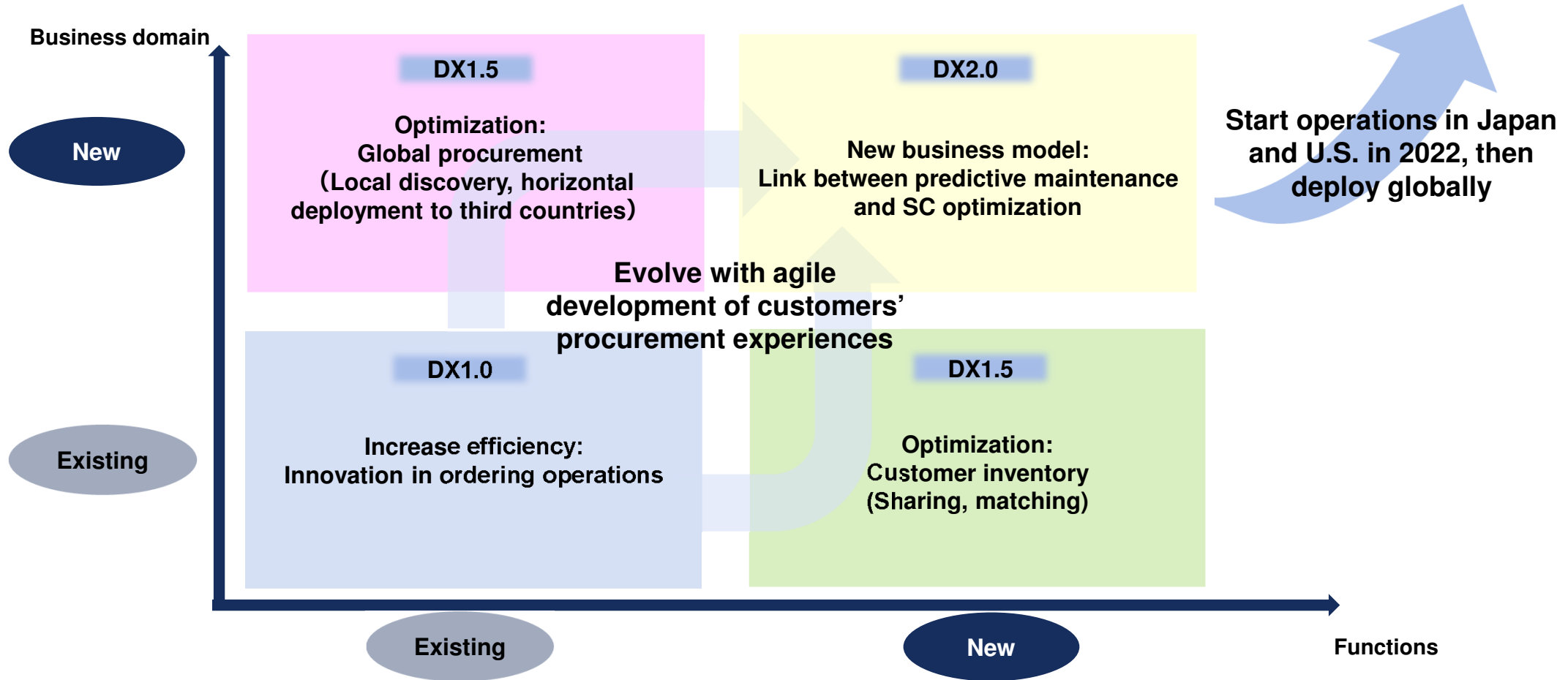
SCM = Supply Chain Management  
CRM = Customer Relationship Management

**By facing our customers more, increase productivity, create new resources and increase new business**

**DX1.0** **DX1.5** **DX2.0**

**[Aim]** Ordering/inventory management innovation, enhancement of customer experiences

- **DX1.0 - 1.5:** Thoroughly increase efficiency of ordering operations, global procurement and inventory management
- **DX2.0:** Create new customer experiences together with customers (one-stop procurement/replacement parts proposals/predictive maintenance, etc.)

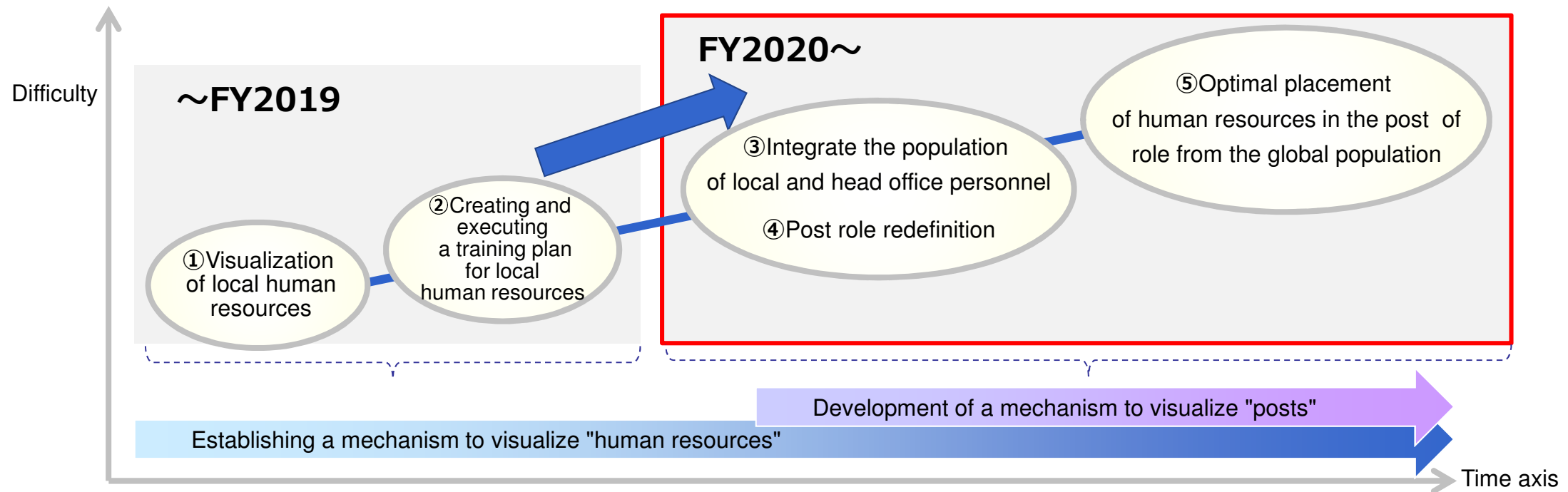


## Promotion and acceleration points in the corona wreck

- Acceleration of training local human resources (Creating a system that allows business to run only locally)
- Review and redefine the role of expatriates

## Details of efforts

- Global leader talent management (excavation, training, placement)
- Building a global personnel platform (system / policy)
- Promotion of globalization of the head office (cultivation of culture)



**Redefining the role of posts based on business strategy and growth strategy, Achieves global optimal placement regardless of nationality or attribute**



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## 4. Financial Policy/FY2022 Quantitative Targets

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## Cash flows over past three years (FY2017-19)

<u>Operating CF</u>	<u>Investing CF</u>	<u>Dividends</u>	<u>FCF after dividends</u>
+ 693.7	-403.9	-103.1	+ 186.7

## Mid-Term Business Plan (FY2020-22)

<u>Operating CF</u>	<u>Investing CF</u>	<u>Dividends</u>	<u>FCF after dividends</u>
+ 600.0~	-350.0~	-115.0~	Continuation of profitability

## Financial soundness

- Net D/E ratio:  $\leq 1.0$
- Risk assets/Risk buffer :  $< 1.0$

## Investment policies

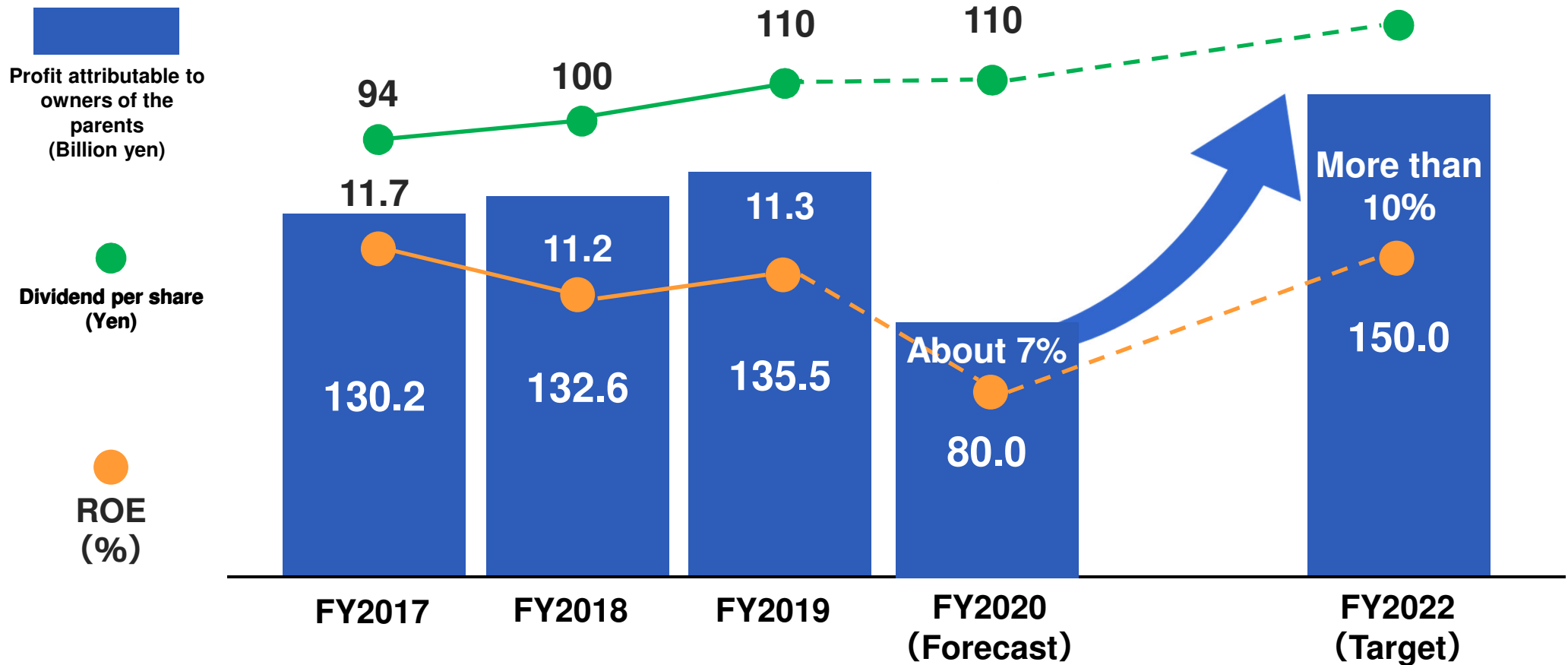
- Keep investment within bounds of operating CF

## 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, Cash dividends for the year per share, ROE



**Expecting continued profit growth and dividend increases.  
Also managing businesses with focus on capital efficiency**

**Target Period : FY2020~FY2022 for three year (350.0 ~)**

## Mobility

Amount of Investment	<b>170.0~</b>
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**Focus Areas**

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



## Resources & Environment

Amount of Investment	<b>130.0~</b>
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**Focus Areas**

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




## Life & Community

Amount of Investment	<b>50.0~</b>
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**Focus Areas**

- Pharmaceuticals
- Residences
- Retail







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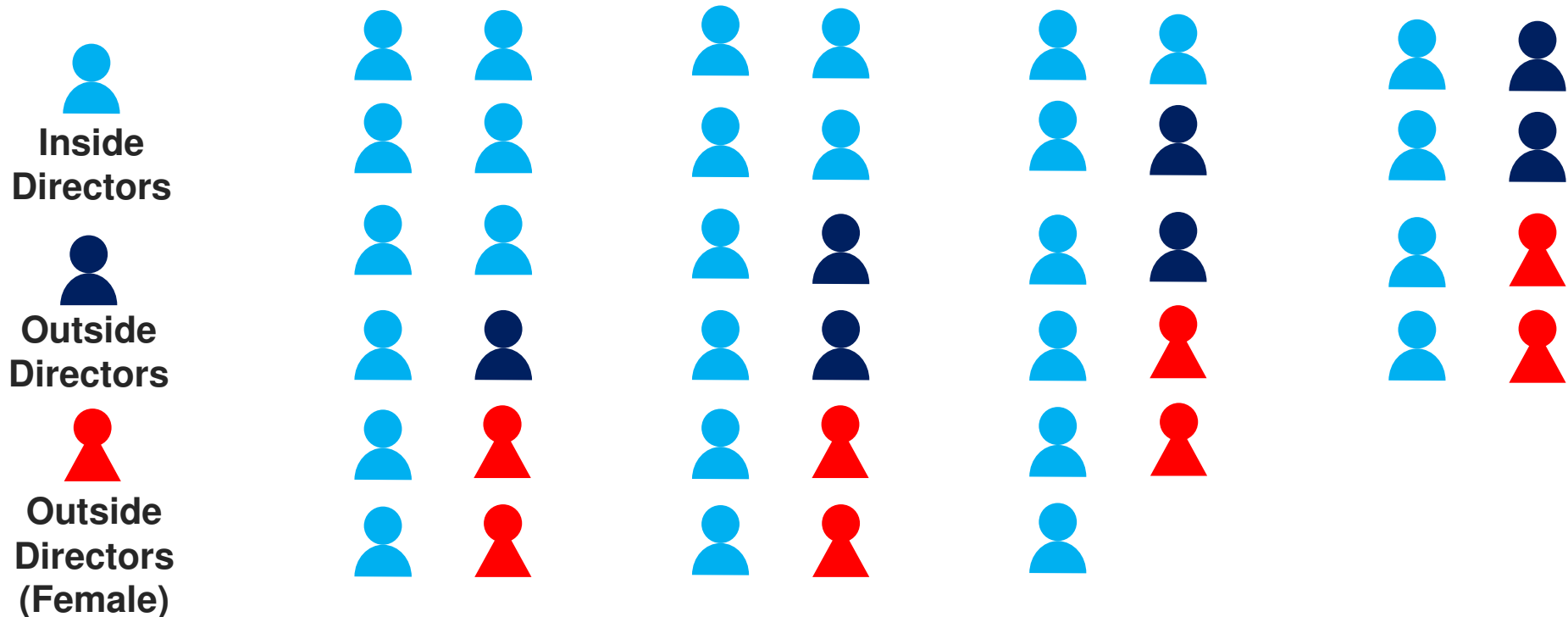
## 5. New Management System

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# Changes in the structure of the board of directors



	FY2017	FY2018	FY2019	June 2020~
Number of Directors	12	12	11	8
Ratio of Outside Directors (%)	25.0	33.3	36.4	50.0
Female ratio(%)	16.7	16.7	18.2	25.0





## New Initiatives in FY2020

### <Separation of management and execution>

- Chairman to become Chairman of the Board as a non-executive director without representation rights

### <Appointments/Compensation>

- Chairs of the Executive Compensation Committee and Executive Appointment Committee changed to non-executive Chairman of the Board
- Introduced restricted stock compensation program

## 4 Inside Directors



**Jun Karube**  
Chairman



**Ichiro Kashitani**  
President & CEO



**Hideki Yanase**  
Vice President



**Takahiro Kondo**  
Vice President

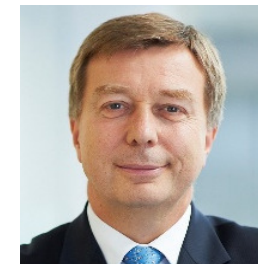
## 4 Outside Directors



**Kumi Fujisawa**



**Kunihiro Koumoto**



**Didier Leroy**



**Yukari Inoue**

Through streamlining, created a management system that facilitates swift action

## Inquiries:

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