



Be the **Right ONE**

Three years management plan from FY 2018 to FY 2020

May 2, 2018

Toyota Tsusho Corporation

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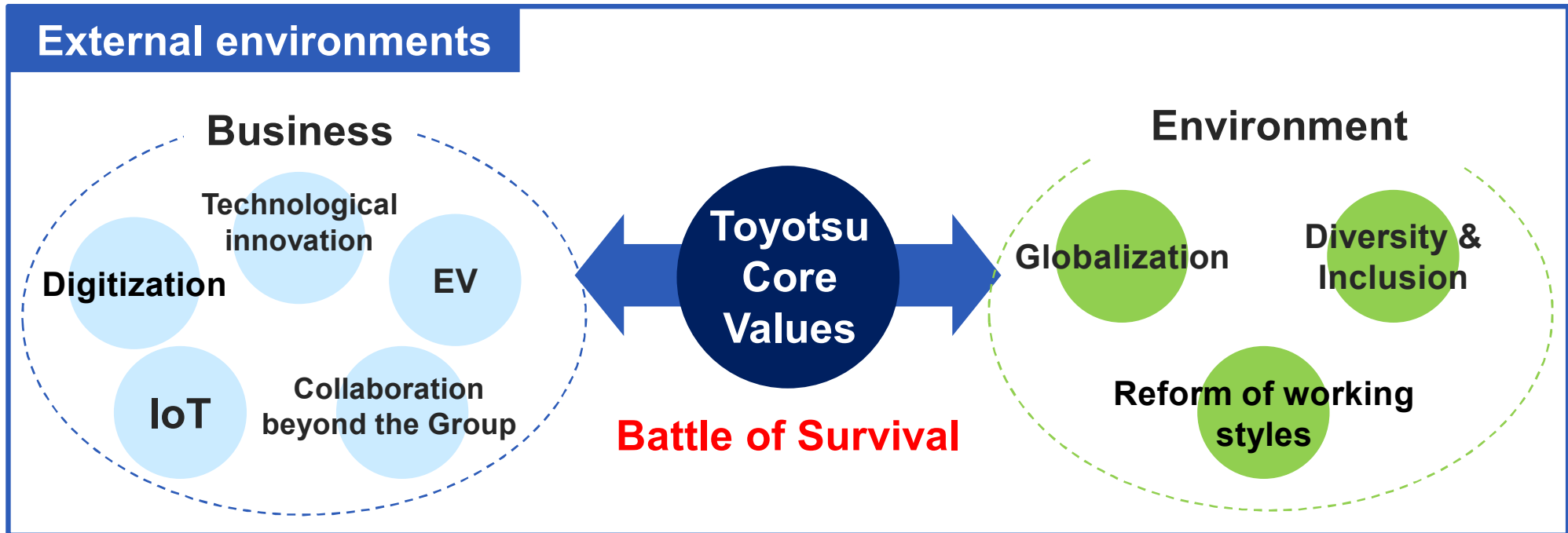
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1. Message from the Newly Appointed President & CEO

Message from the Newly Appointed President & CEO



- Internal environments**
- ✓ FY2015 liquidation of Asset completed. Achieved a V-shaped recovery
 - ✓ Achieved the highest profit for the second consecutive term

Recognizing changes as opportunities for further growth

Message from the Newly Appointed President & CEO

Things to be protected ~ Inherited Toyota Tsusho DNA ~

- Toyota Tsusho Group way
- Global Vision
(Be the Right ONE)
- Pioneer in the Toyota Group
- Good corporate culture



Our Next Challenges ~ see changes as opportunities and further growth ~

~ see changes as opportunities and further growth ~

Things to Accelerate

- Globalization & D&I
- Digital and technological innovation

Things to strengthen

- Human resource development
- Naturalization of ANZEN/KAIZEN
- Culture fostering a sound sense of crisis

Do not fear change. Enjoy it. Create it

Recognizing "change" as "chance" for further growth

① **Globalization of business**

② **Globalization of individual**

③ **Globalization of company organization & structure**

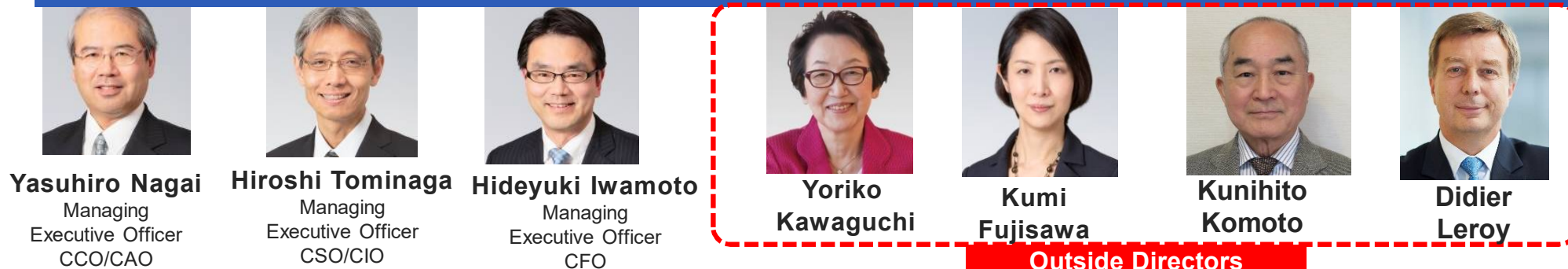
**Promotion of presence and breadth as a company
by promoting three globalization**

Member of the board

After June Ordinary General Meeting of Shareholders



Board of Directors



Outside Directors

	Background	Reason for Selection
Yoriko Kawaguchi	Ministry of the Environment and Foreign Affairs	Specialized insight regarding environmental issues and international political and economic trends
Kumi Fujisawa	Representative Director of Sophia Bank	Extensive experience and broad insight through corporate management / government offices
Kunihito Komoto Newly Appointed	Toyota Physical and Chemical Res. Inst Fellow	Advanced expertise in thermoelectric fields, academic research network
Didier Leroy Newly Appointed	Executive Vice President of Toyota motor Corp.	Rich global experience in the automotive industry

Diversifying the composition of the Board of Directors to enhance management transparency and function



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2. Three Years Management Plan



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2. (1) Review and Future Efforts

Review of Three Years Management Plan

Global Vision

Life & Community

Resources & Environment

Toyotsu Core Values

Mobility

Consumer electronics,
Chemical products,
Pharmaceuticals,
Foodstuffs, Insurance,
Textile product others

Renewable energy,
Metal resources & recycling
Electric power,
Grain others

Automotive sales·service,
Automotive production &
peripheral business,
Logistics & value chains,
Automobile accessories &
materials others

Priority Areas

<Released May 2017>

- ✓ Next Mobility
- ✓ Africa

※Started Three-year management plan by rolling from FY 2017 to reflect environmental changes

Next Mobility Strategy

- ✓ Changes in how autos are made
- ✓ Changes in how autos are used
- ✓ New entrants from other sectors

Auto industry is undergoing a once-in-a-century structural transformation in the wake of technological innovation

Completed
vehicles
makers

Primary
suppliers

Secondary
suppliers

...

- Established product divisions cross-divisional Next Mobility Development Dept.
- Established Next Technology Fund to swiftly respond to technological innovations

Africa Strategy

- ✓ Economic slowdown due to resource price declines
- ✓ High economic growth potential
- ✓ Purchasing power expected to increase

Aiming to accelerate and expand pan-African operations with CFAO as regional headquarters



- Established Africa Division, our first regional division, and streamlined reporting lines
- Expediting utilization of local human resources

Connected

D-wave alliance

Pursuing utilization of optimization technologies through quantum computing



Autonomous

Truck platooning tests

World's first truck platooning test-run on Shin-Tomei Expy



Shared

Investment in Grab

New ride hailing service alliance in Southeast Asia



Electric

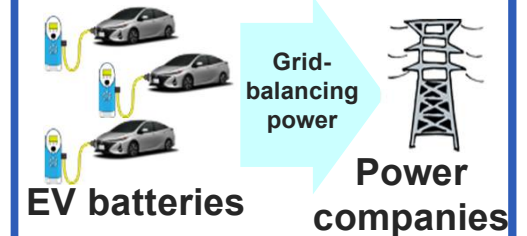
Investment in Orocobre

Aiming to increase Li production and gain Li resources



Investment in NUVVE

Aiming to build and widely deploy virtual power plants



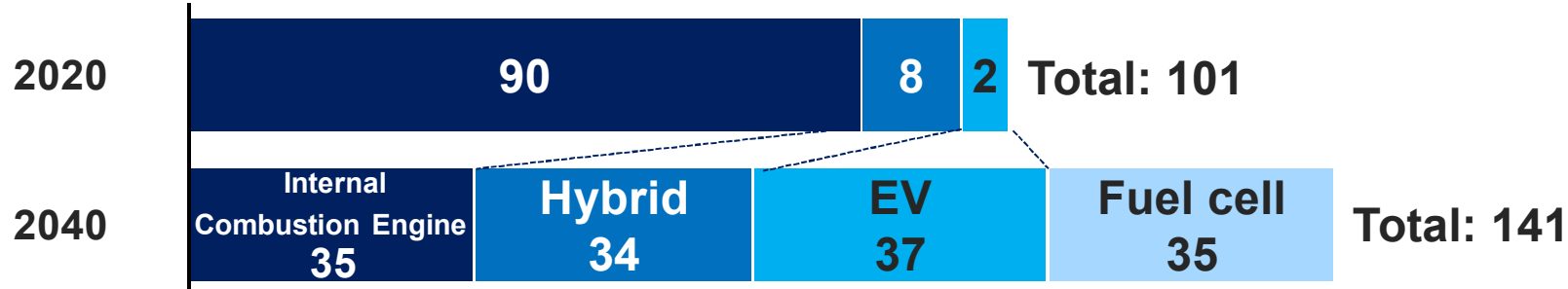
Strengthening our functions by branching into new technological fields through alliances

Next Mobility Strategy ~ Going Forward ~

【Forecasts of global market size by power train technology】

※Independently prepared by KPMG based on LMC Automotive global auto production forecasts

(units: millions of vehicles)



Mobility demand likely to diversify amid auto industry transformation phase

Realms of activity going forward

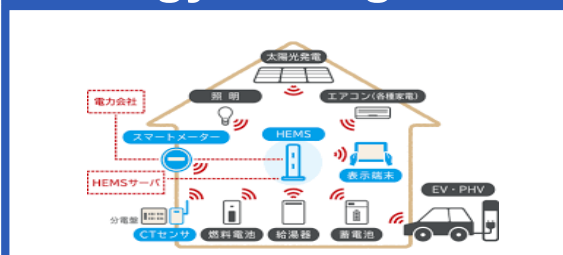
Replacement of materials

- Weight reduction
- New materials
- Battery materials
- Motors

Next-generation services

- Truck platooning
- Sharing
- DCM data utilization

Energy management



- Overseas infrastructure
- Battery-related
- Next-generation energy

We will create new technology-intensive markets, focusing on these 3 realms of activity

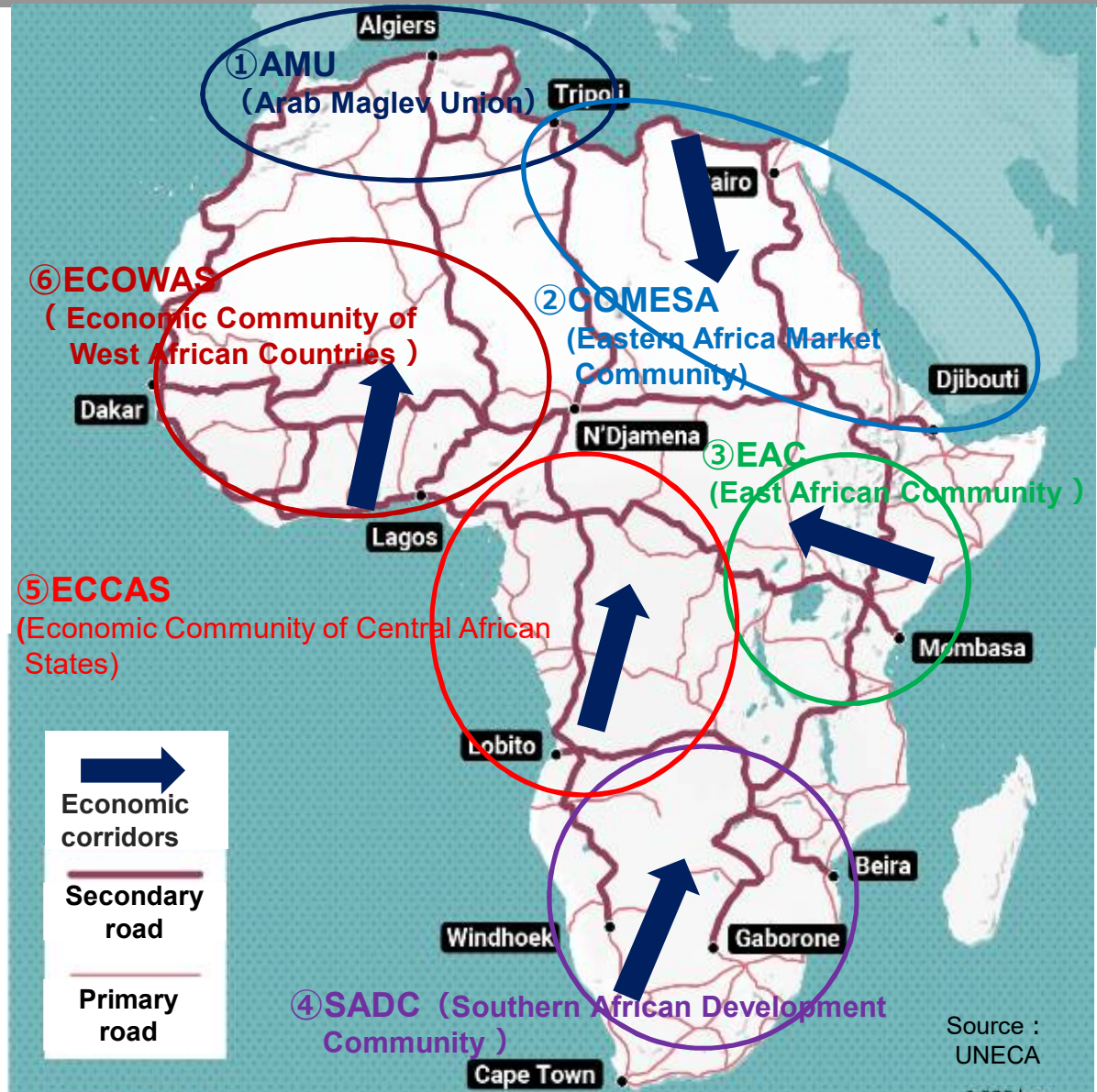
African growth strategy ~Potential of Africa~

Africa's next 10 years

Population	1.5 times
Distribution volume	4.0 times



- ✓ Accelerating infrastructure development
- ✓ Establishment of regional economic zones
- ✓ Development of economic corridors
- ✓ Stable of political situation



For Africa's high potential ,careful strategy building in response to regional characteristics is essential

African growth strategy ~Key Initiatives in FY2017~

M

- ✓ Expansion of Suzuki Development Countries (Ivory Coast, Ghana)
- ✓ Start of CKD business (Nigeria)
- ✓ Joint venture with Michelin (In Kenya and Uganda Planned to start Sales)



R & E

- ✓ Wind power generation (Egypt) (262MW)
- ✓ Monbasa Port Development Project crane supply (Kenya)



L & C

- ✓ To pharmaceutical manufacturing Sales Company Capital participation (Morocco)
- ✓ Telemedicine Service (Ghana, Nigeria)
- ✓ beverage manufacturing Sales (Ivory Coast)
- ✓ Carrefour Business No.3 store (Cameroon)



Steady expansion of business in the field of using Strengths of TTC and CFAO

African growth strategy ~Going forward~

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- ✓ Toyota and Suzuki Development Countries' s Further expansion
- ✓ Capital to Sales agents participation
- ✓ captive finance and lease, Used vehicles, value chains related to auto motive sales such as After-sales service



R & E

- ✓ Accelerating deployment of renewable energy
- ✓ Expansion of port and infrastructure business



L & C

- ✓ Expansion of the pharmaceutical value chain
- ✓ horizontal expansion of Existing Business (Drinks, Retail, etc.)
- ✓ In European consumer goods brands
- ✓ Expansion of local Production Sales



Aiming to grow beyond Africa's potential



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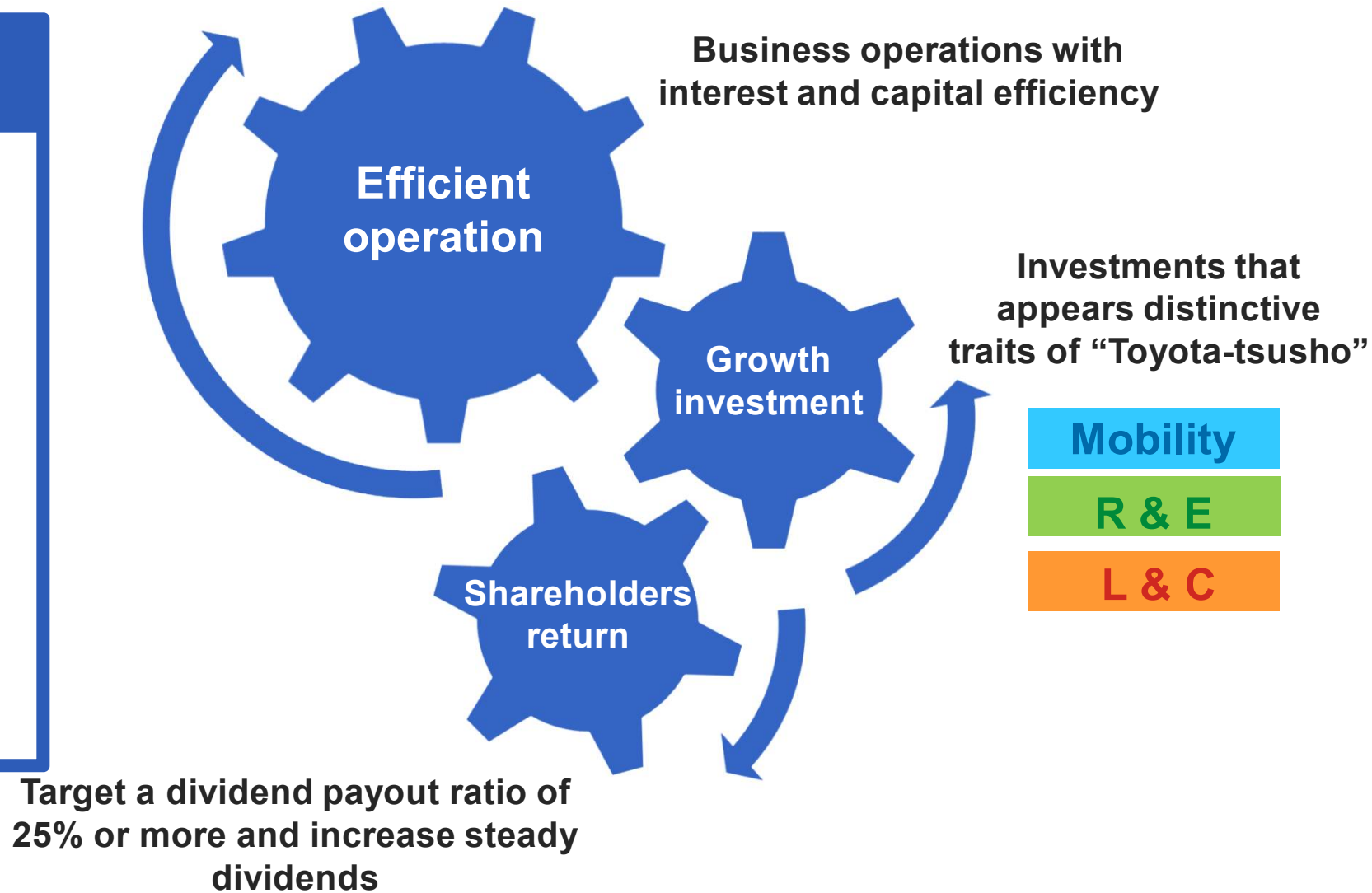
2. (2) Financial policy

Financial policy ~Further Enhancement of Corporate Value~

Financial index (Policy)

ROE
10~13%

Net DER
≤ 1.0 times



Investment in further growth and return to shareholders while maintaining profitability and financial position



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2. (3) Quantitative targets

Three Years Management Plan ~ Quantitative targets ~ (Billion yen)

		FY2016	FY2017	FY2018 Forecasts	FY2020 Targets
PL	Profit	107.9	130.2	140.0	160.0
BS	Total assets	4,212.0	4,310.0	4,400.0	4,900.0
CF	Free cash flow	+32.2	+122.6	–	–
Financial metrics	ROE	11%	12%	11%	10~13%
	Net D/E ratio	1.0	0.9	≤ 1.0	
	RA/RB	0.9	0.8	< 1.0	

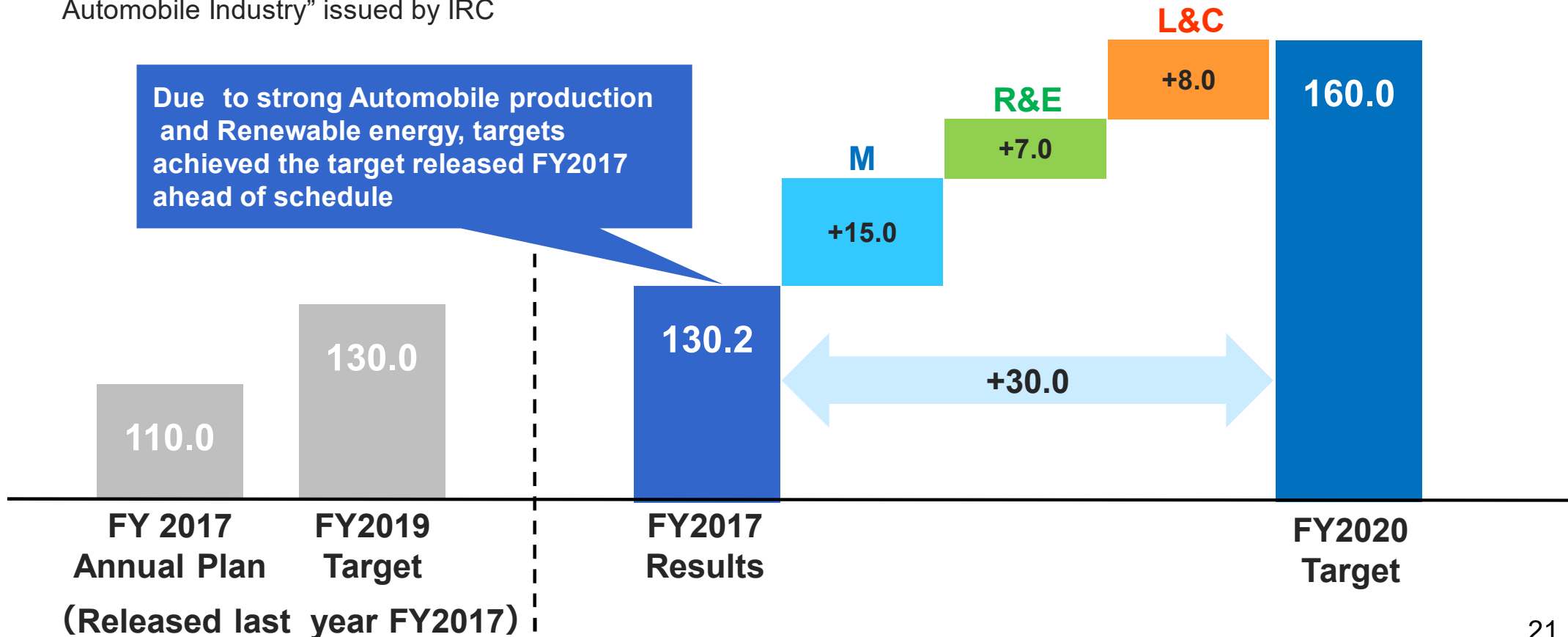
ROE 10~13%	Be cognizant of cost of capital and endeavor to efficiently deploy shareholders' equity
Net D/E ratio ≤ 1.0	Achieve positive free cash flow and restrain growth in interest-bearing debt (but net D/E ratio may temporarily rise above 1.0 when we undertake large investments)
RA/RB < 1.0	Maintain stable and sound financial condition by focusing on balance between equity and asset-specific risk exposures

3 Years Management - Stairs of Net Income -

(Billion yen)

<Premise condition>	FY2020 Target
YEN/USD	105
YEN/EUR	130
Oil Prices (USD/bbl)	55
Global Automobile production units(million units)*	102

* Source from "2017 Production and Sales of the World Automobile Industry" issued by IRC



Reasons for Changes and Amount of Investment in Three Domains

(Billion yen)

Target Period : FY2018~FY2020 for three years

Mobility

Amount of Investment	120.0
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Focus areas

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



Resources & Environment

Amount of Investment	140.0
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Focus areas

- Renewable energy
- Metal Resources (Lithium)
- Metal recycling



Life & Community

Amount of Investment	70.0
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Focus areas

- Consumer Electronics
- Pharmaceuticals & Medical supplies
- Foodstuffs





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3. Supplementary Material

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)

<FY2017> (Preliminary basis)

(Billion yen)

RA	RB
Approx.960.0	Approx.1,140.0
(reference) Last year: RA: approx. 930.0, RB: approx. 1,010.0	



RA : RB ratio \Rightarrow 0.8 : 1
(Reference) Last year 0.92: 1
RVA > 0

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