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# Outline of Consolidated Results for the First Half of FY2016 (Year ending March 31, 2017)

November 4, 2016



TOYOTA TSUSHO CORPORATION

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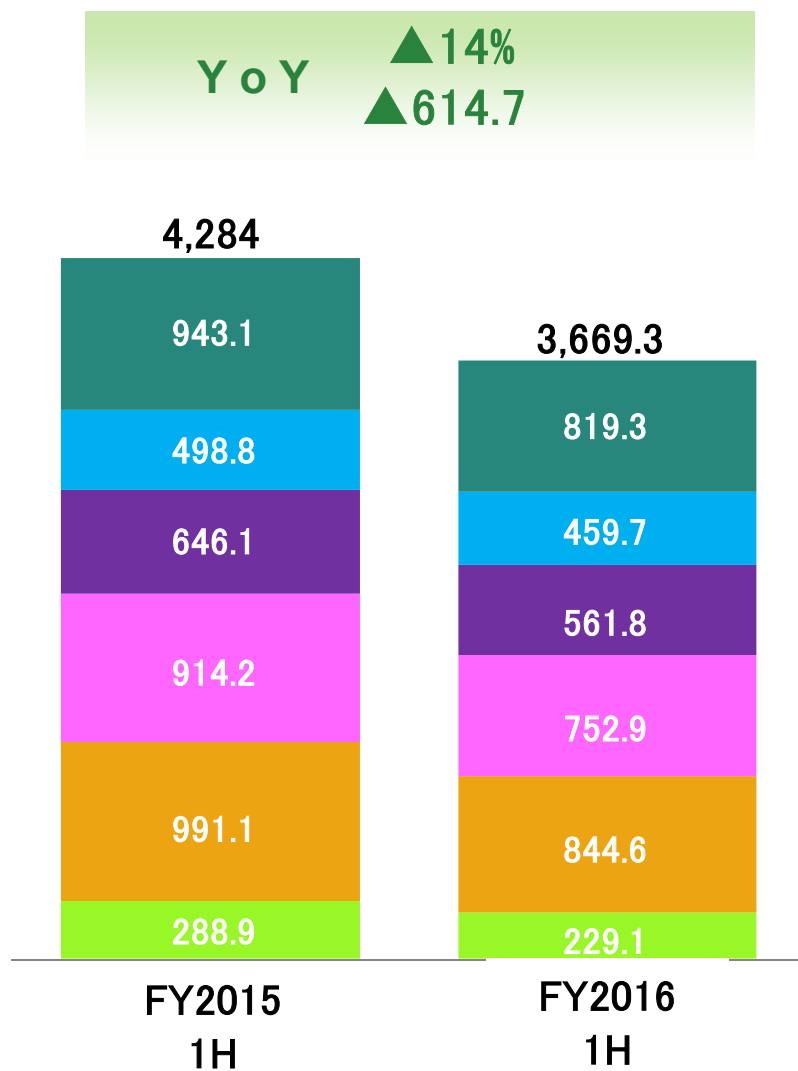
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# 1. Outline of Consolidated Results for the First Half of FY2016

# Outline of Consolidated Results for the First Half of FY2016 (Net Sales)

(Billion yen)



## <Reasons for Y o Y Change in Net Sales>

Segments	Change	Main factors behind year -on-year change
Metals	▲123.8	Lower sales due to lower market price
Global Parts & Logistics	▲39.1	Lower sales due to forex effect despite higher sales due to increase in automotive components handled overseas
Automotive	▲84.3	Lower sales due to decrease in export by Toyota Tsusho Corporation as well as decrease in trading volume handled by overseas auto dealership
Machinery, Energy & Project	▲161.3	Lower sales due to lower market value of petroleum and decrease in trading volume of automobile related facilities
Chemicals & Electronics	▲146.5	Lower sales due to decrease in trading volume of electronics-related products
Food & Consumer Services ※	▲59.8	Lower sales due to decrease in trading volume of grain handled overseas

- Metals
- Global Parts & Logistics
- Automotive
- Machinery, Energy & Project
- Chemicals & Electronics
- Food & Consumer Services

※ Effective April 1, 2016, the Food & Agribusiness Division and the Consumer Products & Services Division have been integrated in the Food & Consumer Services Division. In line with this, net sales and operating income for the six months ended Sep. 30, 2015 have been recast to reflect this change.

# Outline of Consolidated Results for the First Half of FY2016 (Operating Income)

(Billion yen)



## <Reasons for Y o Y Change in Operating Income>

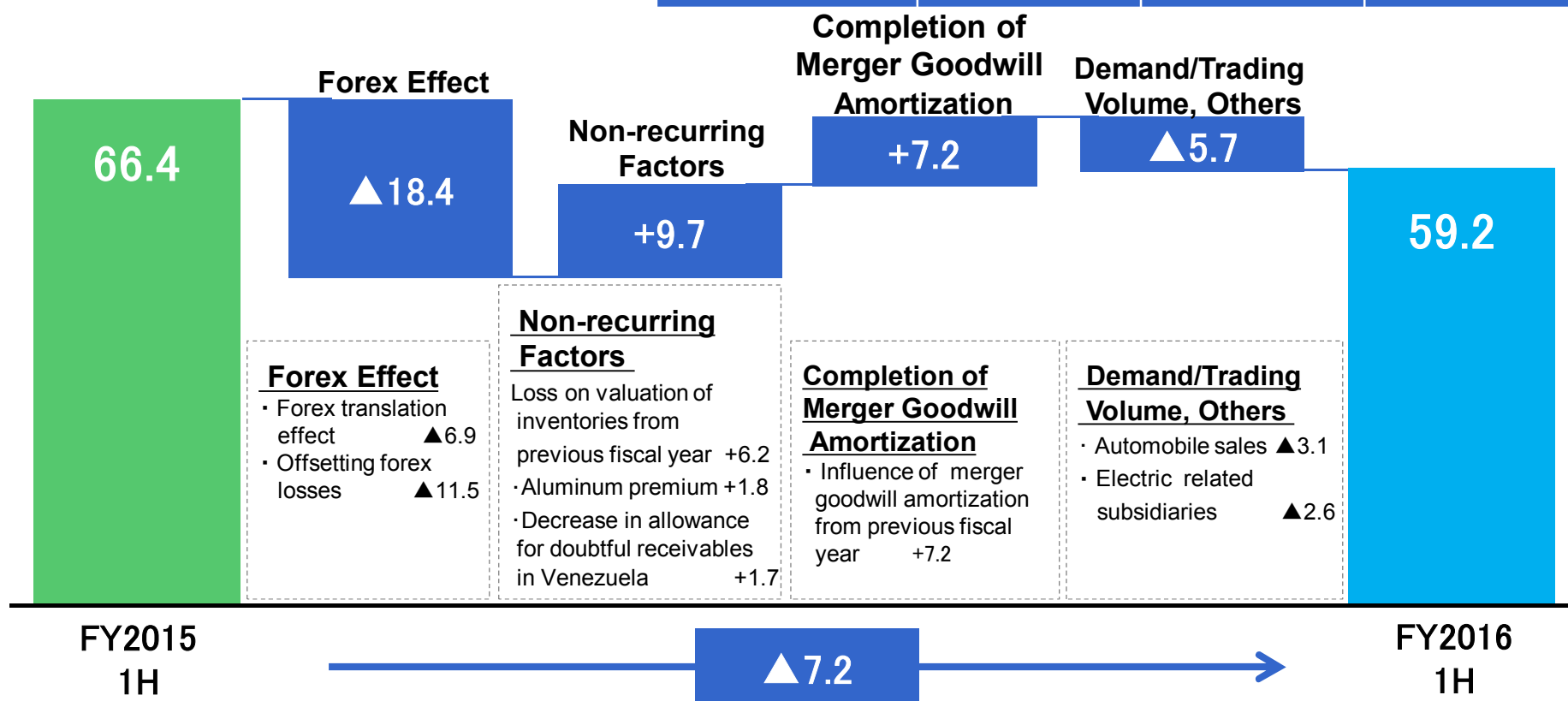
Segments	Change	Main factors behind year-on-year change
Metals	▲5.5	Effect of lower market value and offsetting foreign exchange gains/losses included in non-operating category
Global Parts & Logistics	▲3.5	Offsetting foreign exchange gains/losses included in non-operating category
Automotive	▲3.7	Lower operating income to decrease in export by Toyota Tsusho Corporation as well as decrease in trading volume handled by overseas auto dealership
Machinery, Energy & Project	▲2.3	Lower sales due to lower market value of petroleum products and decrease in trading volume of automobile related facilities
Chemicals & Electronics	5.4	Increased due to effect of loss on valuation of inventories in previous year
Food & consumer Services	0.3	Increased due to decrease in amortization of Tomen Corporation merger goodwill

- Metals
- Global Parts & Logistics
- Automotive
- Machinery, Energy & Project
- Chemicals & Electronics
- Food & Consumer Services

# Reasons for Changes in First Half of FY2016 (Operating Income)

(Billion yen)

Reference: Toyota Automobile Production			
Units: thousands	FY2015 1H	FY2016 1H	Change
Japan	1,561	1,584	23
Overseas	2,872	2,917	45
<b>Total</b>	<b>4,433</b>	<b>4,501</b>	<b>68</b>



## Outline of Consolidated Results for FY2016 of 1H (Ordinary Income and Net Income Attributable to Owners of the Parent )

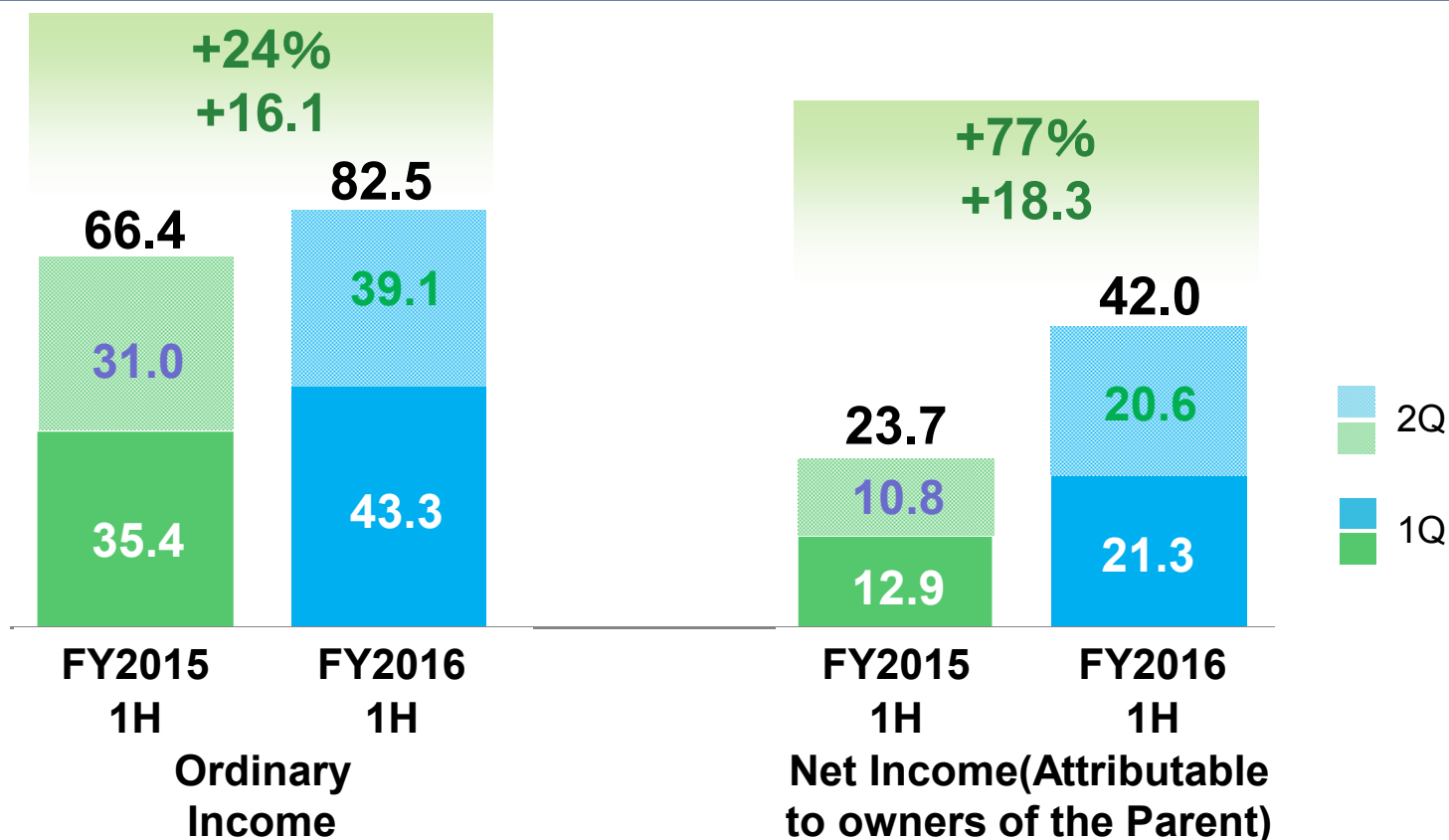
(Billion yen)

### 【Ordinary Income】 +16.1

Ordinary Income increased due to higher Share of profit of entitles accounted for using equity method mainly in Metals division.

### 【Net Income (Attributable to owners of the parent)】 +18.3

Net income increased due to loss of cancellation of contract, decrease in loss on valuation of investment securities and investments in capital in which recorded in first half of FY2015.



## Balance Sheets

(Billion yen)

Mar. 31, 2016		Sep. 30, 2016	
<b>Current Assets</b> 2,425.8	<b>Current Liabilities</b> 1,737.1	<b>Current Assets</b> 2,259.1	<b>Current Liabilities</b> 1,562.1
	<b>Long-term Liabilities</b> 1,159.1		<b>Long-term Liabilities</b> 1,148.9
<b>Fixed Assets</b> 1,526.2	<b>Net Assets</b> 1,055.7	<b>Fixed Assets</b> 1,413.2	<b>Net Assets</b> 961.2

	Mar. 31, 2016	Sep. 30, 2016	Change
<b>Total Assets</b>	3,952.1	3,672.3	▲279.8
<b>Net Worth</b>	888.6	812.9	▲75.7
<b>Net Worth Ratio (%)</b>	22	22	▲0
<b>Net Interest-bearing Debt</b>	1,102.7	1,006.1	▲96.6
<b>Net DER (times)</b>	1.24	1.24	▲0
<b>Current Ratio (%)</b>	140	145	5



# Cash Flows

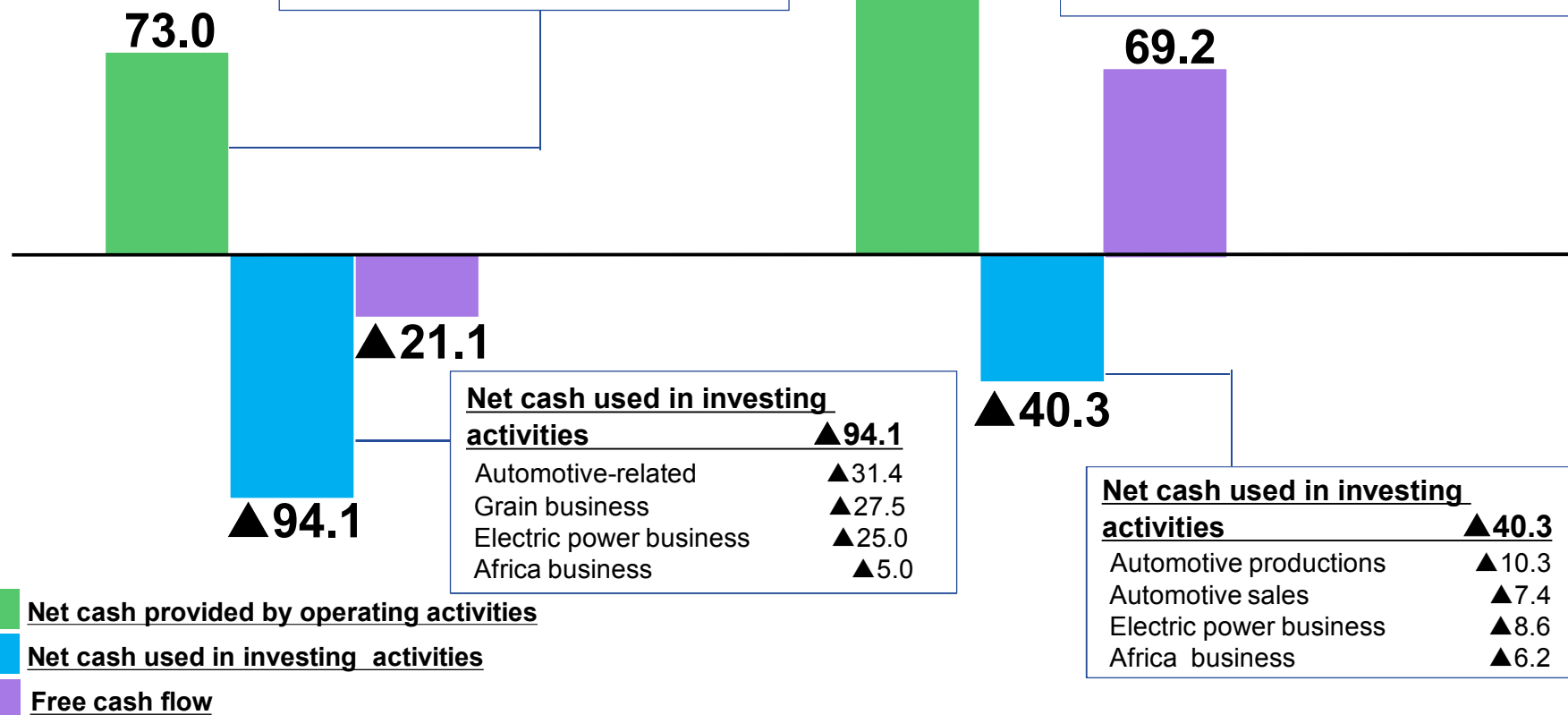
(Billion yen)

**FY2015 1H**

**FY2016 1H**

<u>Net cash provided by operating activities</u>	
IBIT+DA	51.3
Amortization expense	56.0
Working capital	▲3.8
<b>Total</b>	<b>73.0</b>

<u>Net cash provided by operating activities</u>	
IBIT+DA	78.7
Amortization expense	47.6
Working capital	36.9
<b>Total</b>	<b>109.5</b>





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## **2. Revision of Full-Year Consolidated Forecast for FY2016**

## Assumptions of Revised Full-Year Consolidated Forecast for FY2016

Benchmark		FY2015 Actual	FY2016	
			originally planned	1H of the modification
Exchange rate	YEN / USD	120	105	100
	YEN / EUR	133	120	110
Toyota Motor's Automotive production Units: Thousands units		8,930	9,000	(Full year of the revised forecast) 9,180

## FY2016 Revised Full-Year Forecast and Dividends

(Billion yen)

	FY2016 Original Initial Forecast	FY2016 Revised Forecast	Revision	FY2016 1H Results	Progress Rate from Revised Forecast (%)
<b>Net sales</b>	<b>7,300.0</b>	<b>7,300.0</b>	<b>0.0</b>	<b>3,669.3</b>	<b>50%</b>
<b>Operating income</b>	<b>144.0</b>	<b>130.0</b>	<b>-14.0</b>	<b>59.2</b>	<b>46%</b>
<b>Ordinary income</b>	<b>150.0</b>	<b>150.0</b>	<b>0.0</b>	<b>82.5</b>	<b>55%</b>
<b>Net income (Attributable to owners of the parent)</b>	<b>70.0</b>	<b>70.0</b>	<b>0.0</b>	<b>42.0</b>	<b>60%</b>
<b>Cash dividends per share (yen)</b>	<b>62</b>	<b>62</b>	<b>0.0</b>		

- Revised operating income downward due to the impact of yen appreciation and economic downturn in emerging countries. However the original forecast for net income is unchanged because of improvement in non-operating income.
- Original Initial forecast for cash dividends per share is unchanged.

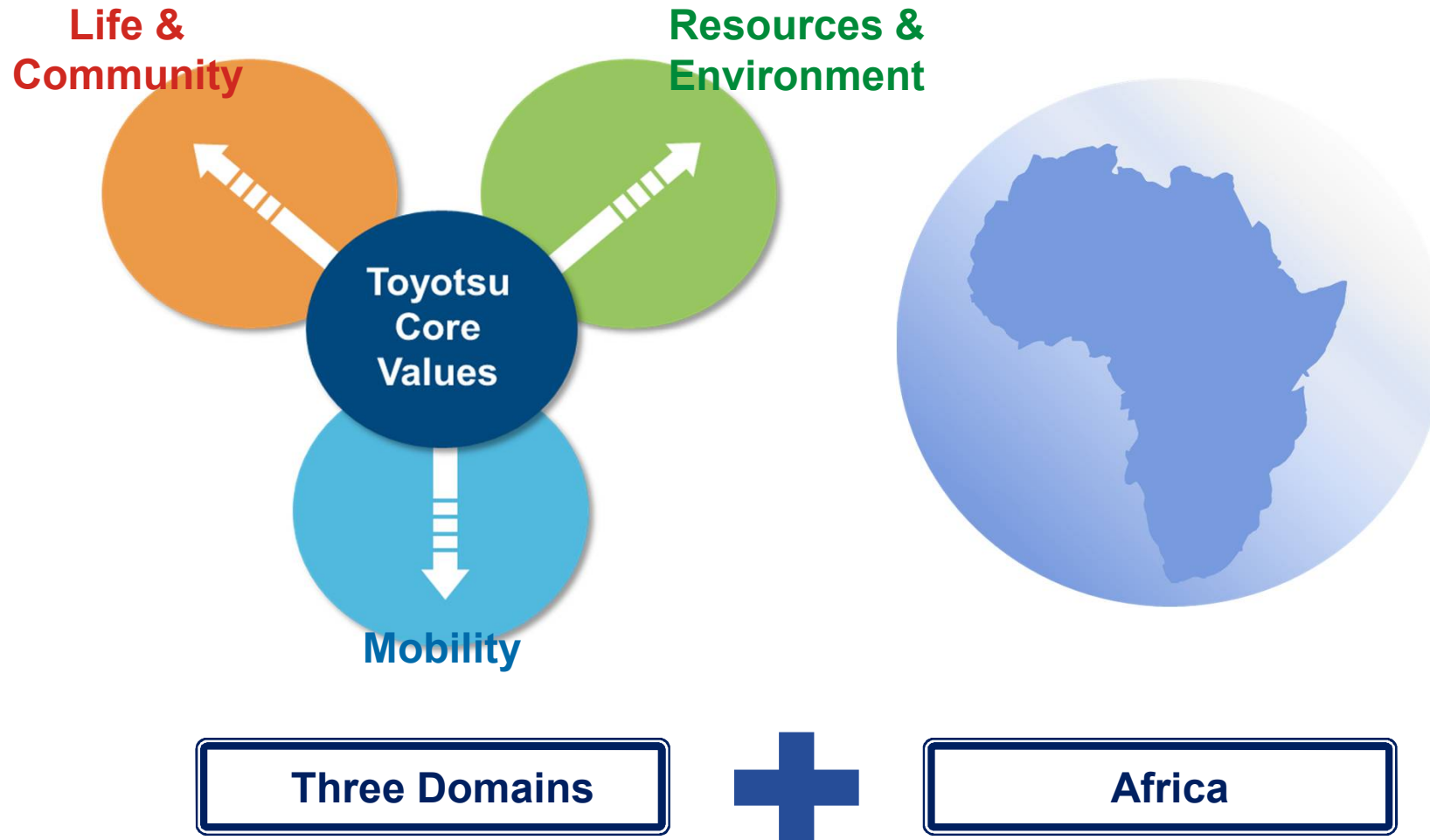


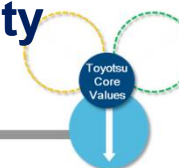
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## 3. Achieving Our Long-Term Business Plan

# Achieving Our Long-Term Business Plan: Core Domains and Africa Strategy





## Automotive Sales Forecast (Million units)

Region	2016	2027	Change
North America	21.25	22.18	4%
Europe	16.46	17.50	6%
China	25.20	32.78	30%
Asia & Oceania	4.46	5.48	23%
India	3.60	5.26	46%
Africa	1.39	1.83	32%
South America	4.42	5.85	32%
<b>Global</b>	<b>90.53</b>	<b>106.98</b>	<b>18%</b>

## Automotive Production

- Exhaust regulations
- Fuel economy regulations
- Weight reduction
- New autonomous driving technologies

- Increased demand for conventional cars
- Enhanced automotive lineup

## Automotive Sales

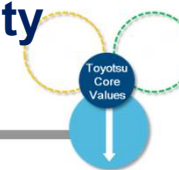
- Various Changes in car ownership styles. (car sharing, etc.)  
⇒ Difficulty increase in car ownership

- Increased desire to purchase automotive due to growing middle class

Developed Countries

Emerging Countries

Source: FOURIN, "Automotive Industry Yearbook 2016"



## Toyota Core Values

Operates automotive production business with 69 bases in 17 countries.

### Increase in production of conventional cars

- New Suzuki plant in Gujarat (250 thousand units)
- New Toyota Mexico plant (190 thousand units)

Improved functions and proposal capabilities

### Establish low-cost operations

Expand other auto makes

**Technology is advancing rapidly in the automotive industry.**

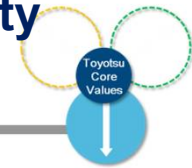
#### Response to Environment

- Develop and consistently supply lithium
- Produce hydrogen and develop infrastructure
- Develop new materials: carbon fiber recycling

#### Autonomous Driving, Computerization & Electronics

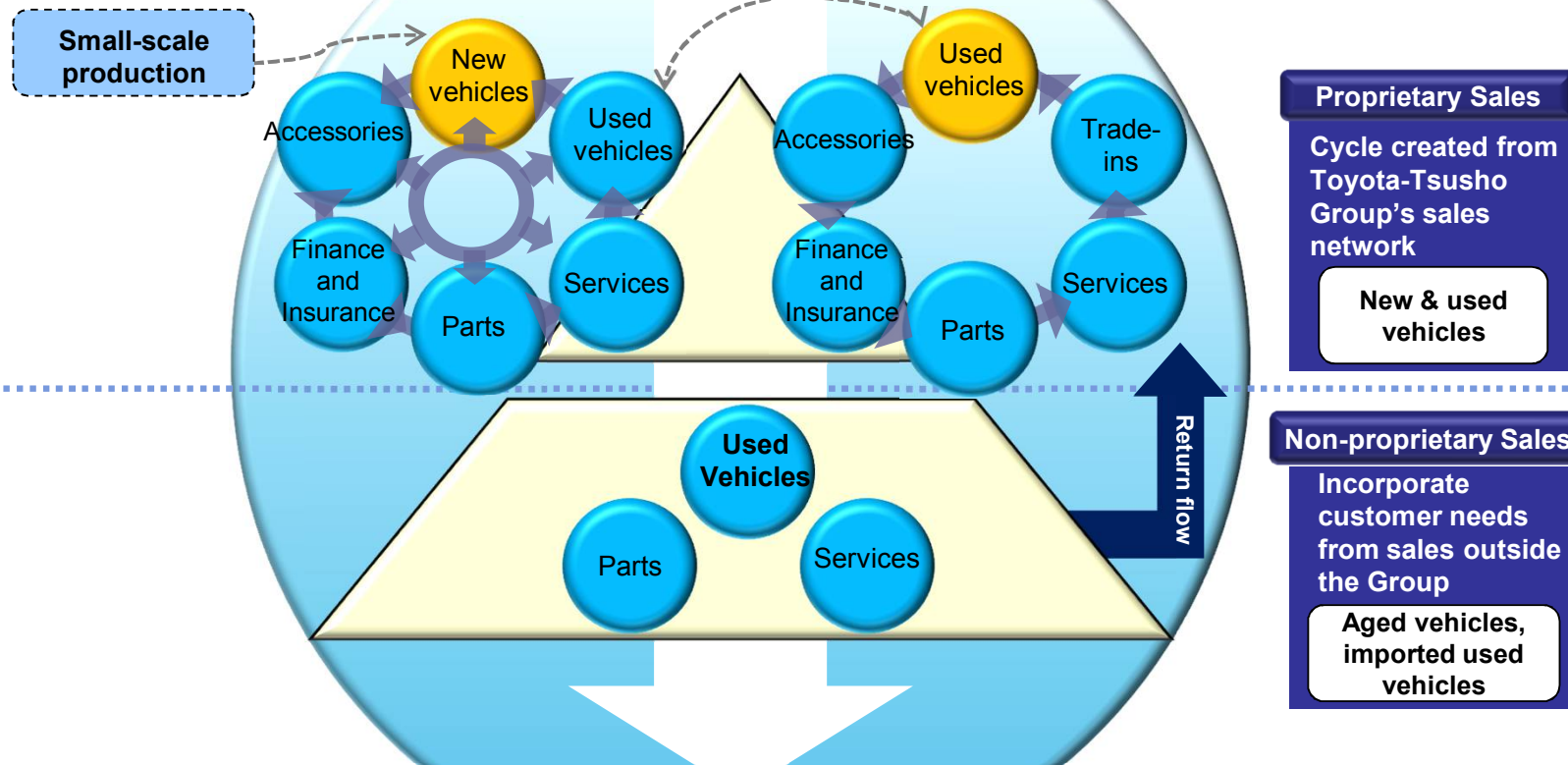
- More powerful automotive electronics
- Established NEXTY Electronics Corp.
- Developed vehicle software with Denso Corp.
- Operating data analysis (vehicle platoon verification)





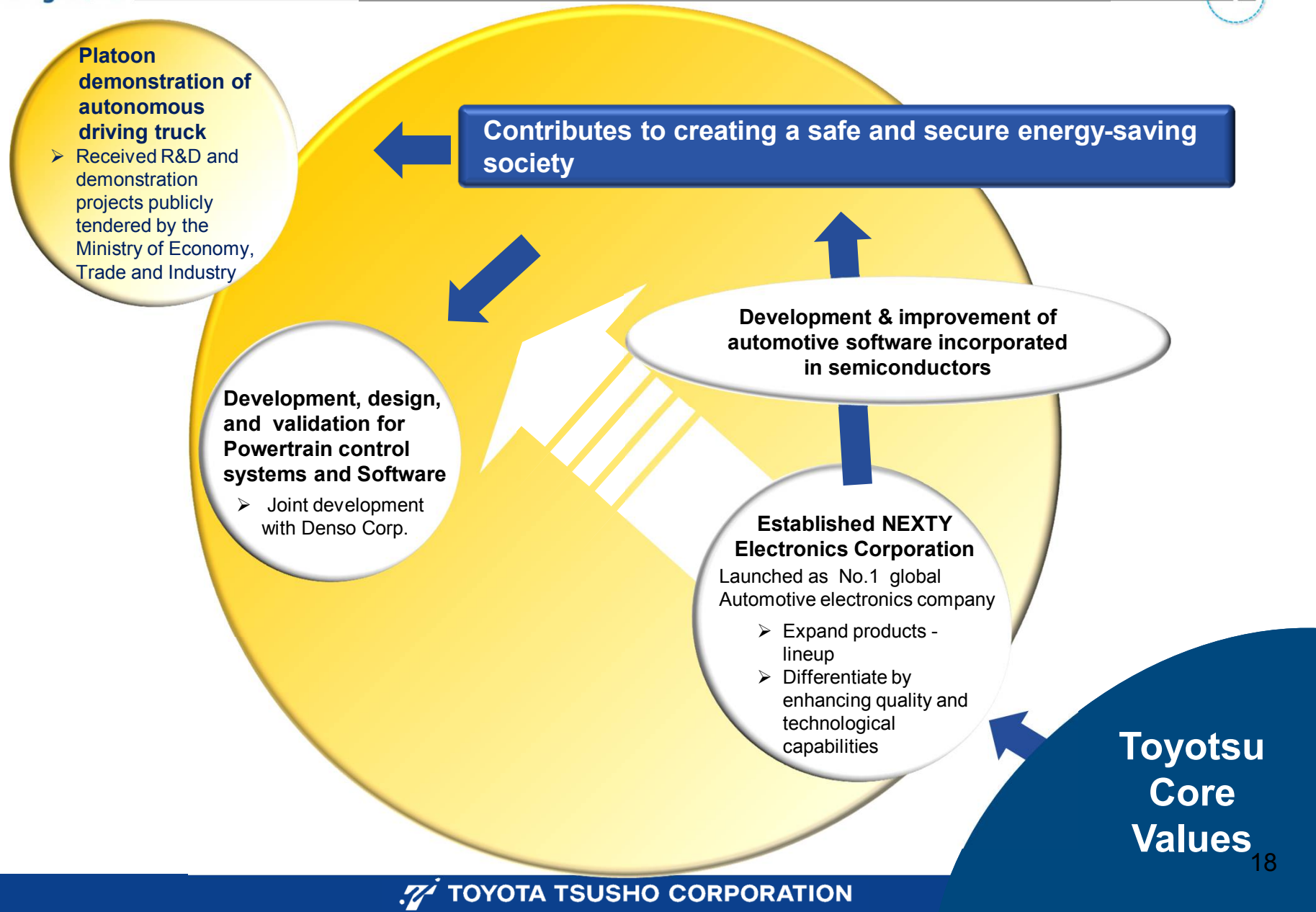
## Toyotsu Core Values

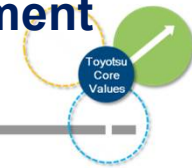
Operations in 84 countries (distributors in 68 countries, dealers in 22 countries)



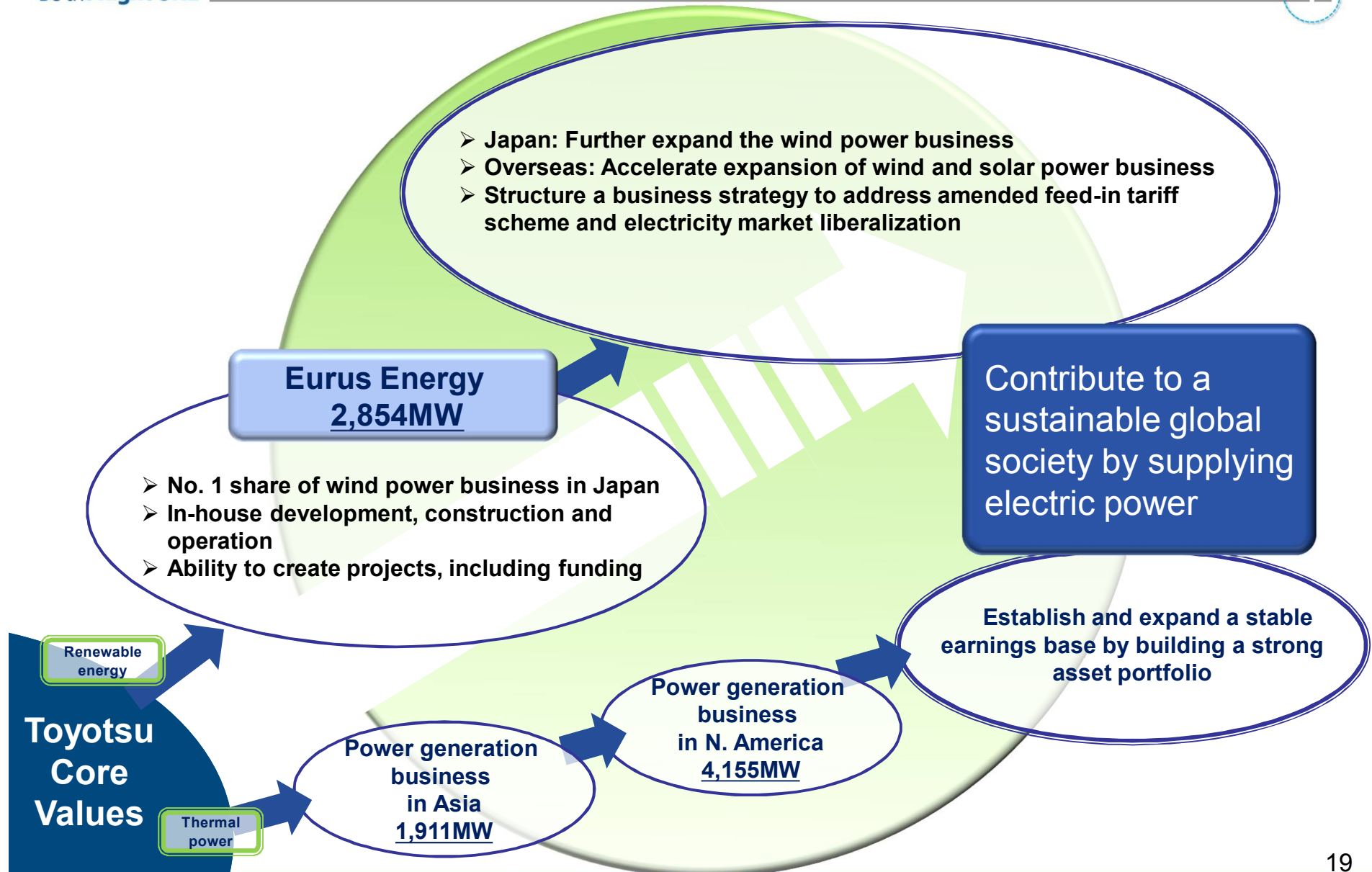
Develop the distributor and dealership businesses, concentrate on next-generation vehicles and create related service businesses

# Strategy in Electronics Business

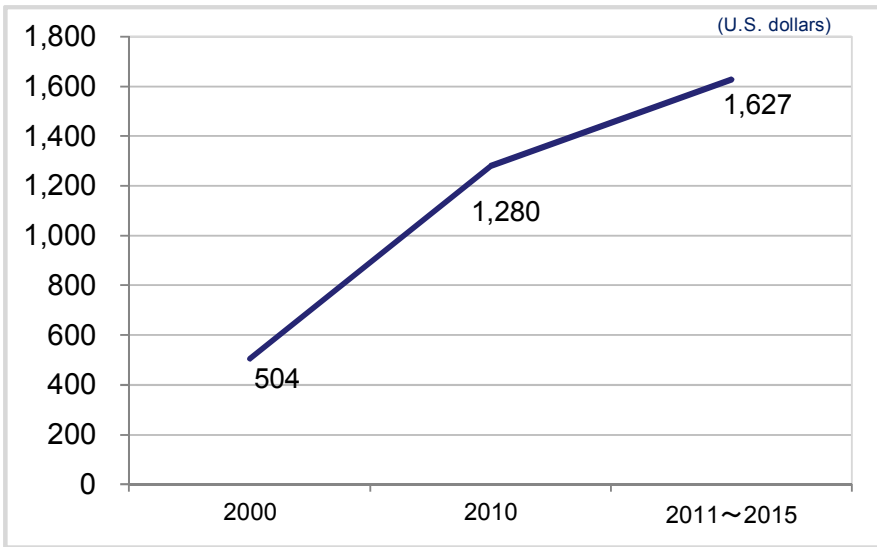




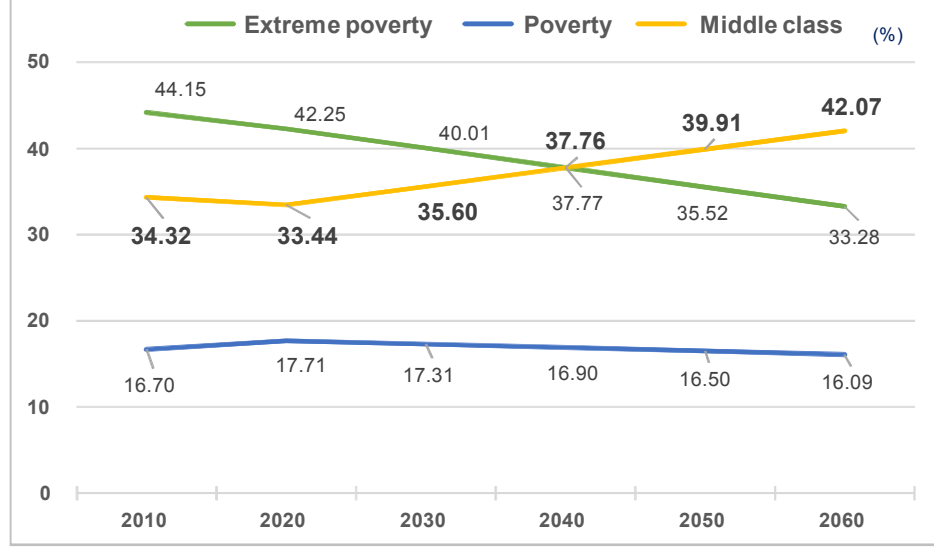
# Expansion in Electric Power Business



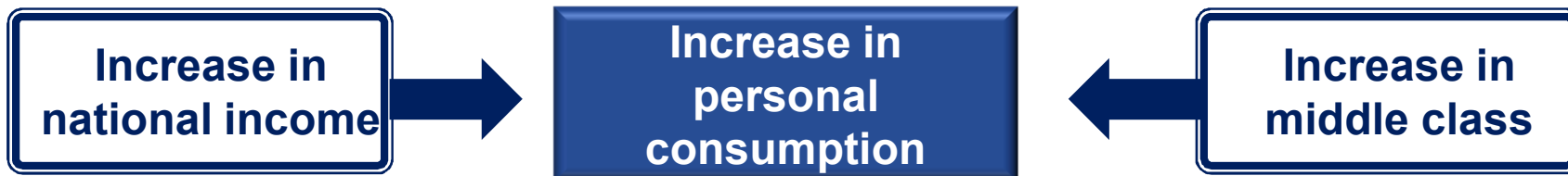
## Per Capita Gross National Income in Africa



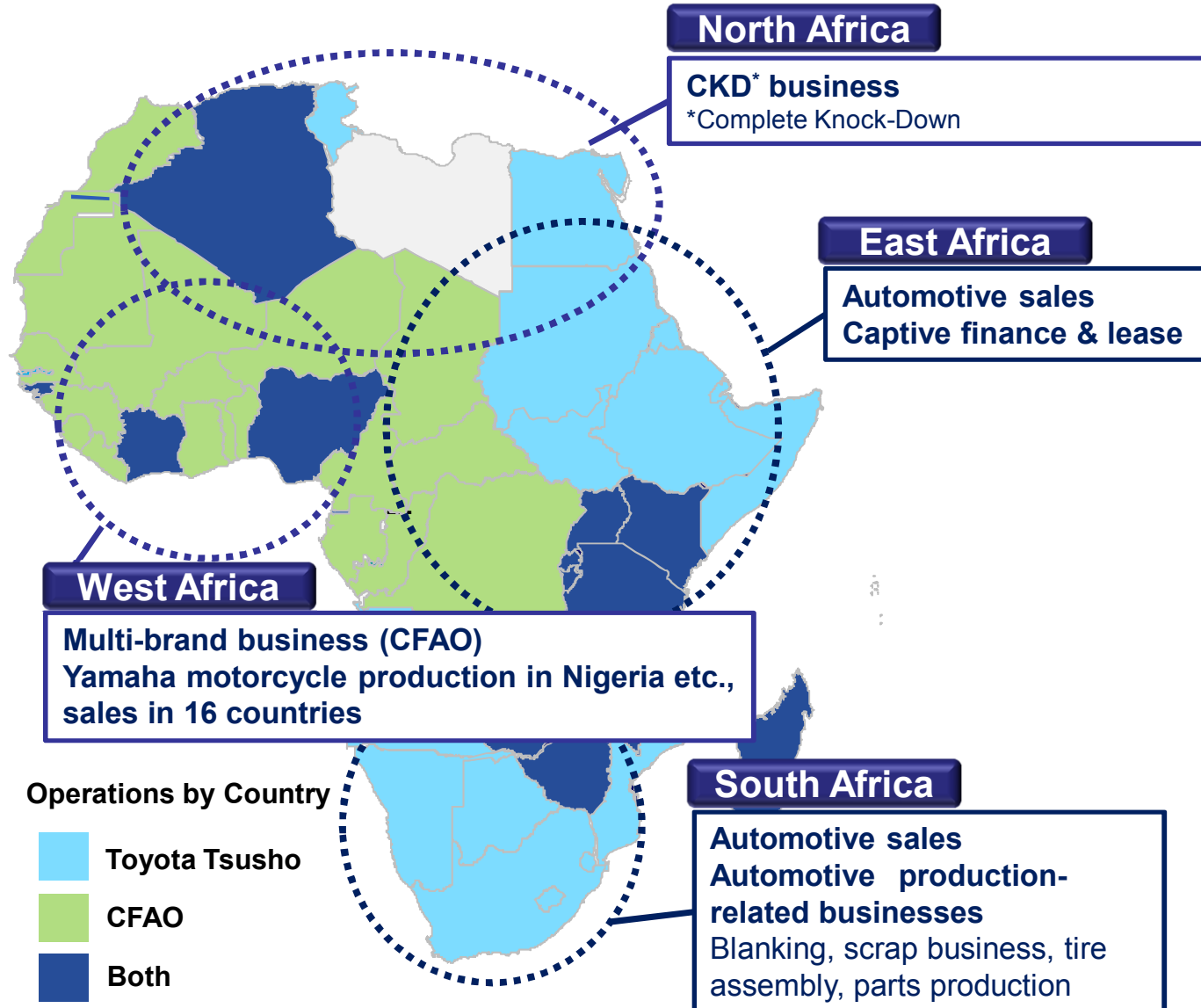
## Trend in Africa's Emerging Middle Class



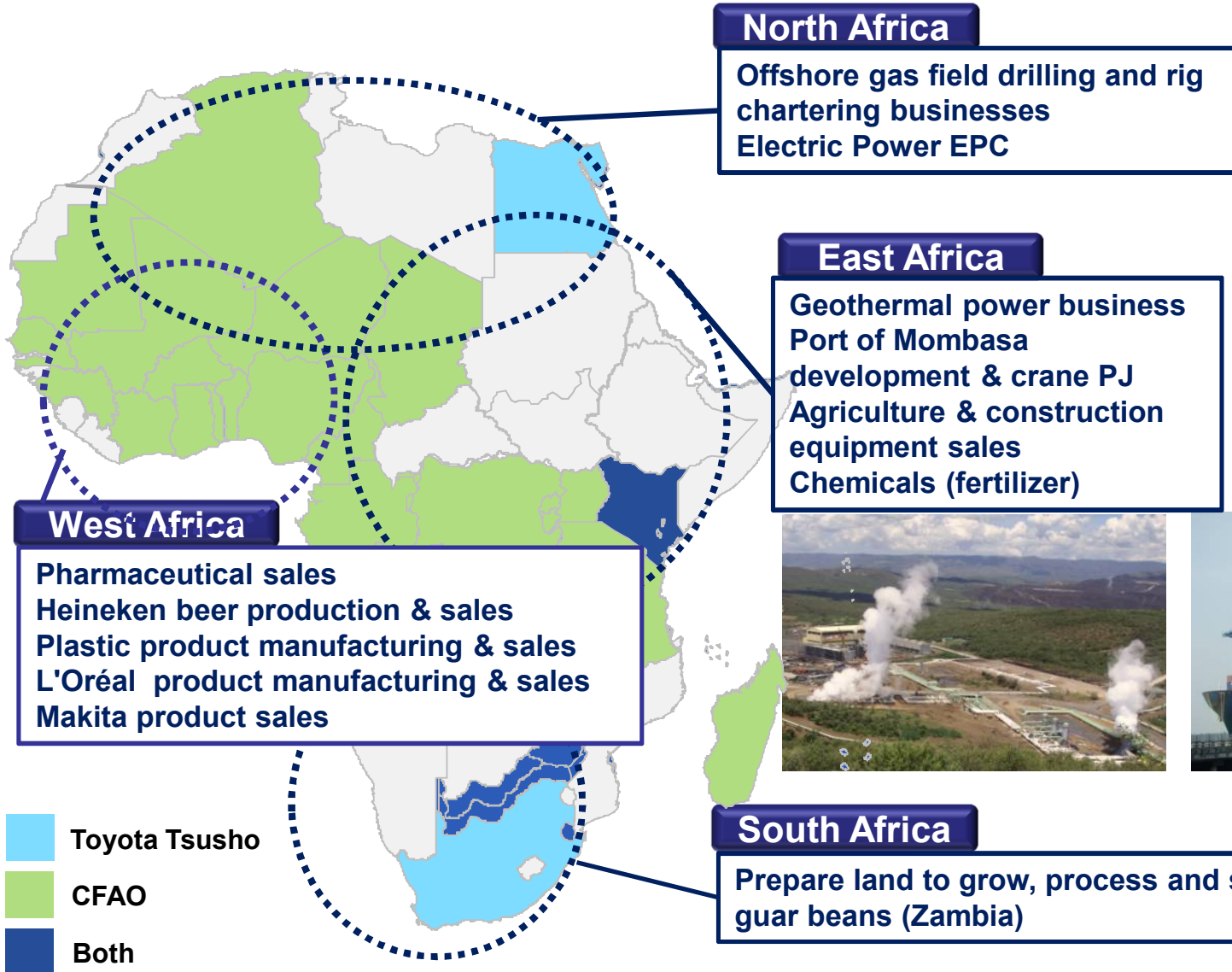
Spending: Middle class – Over USD 4 ; Poverty – USD 1.25-2.0  
 Extreme poverty – Under USD 1.25

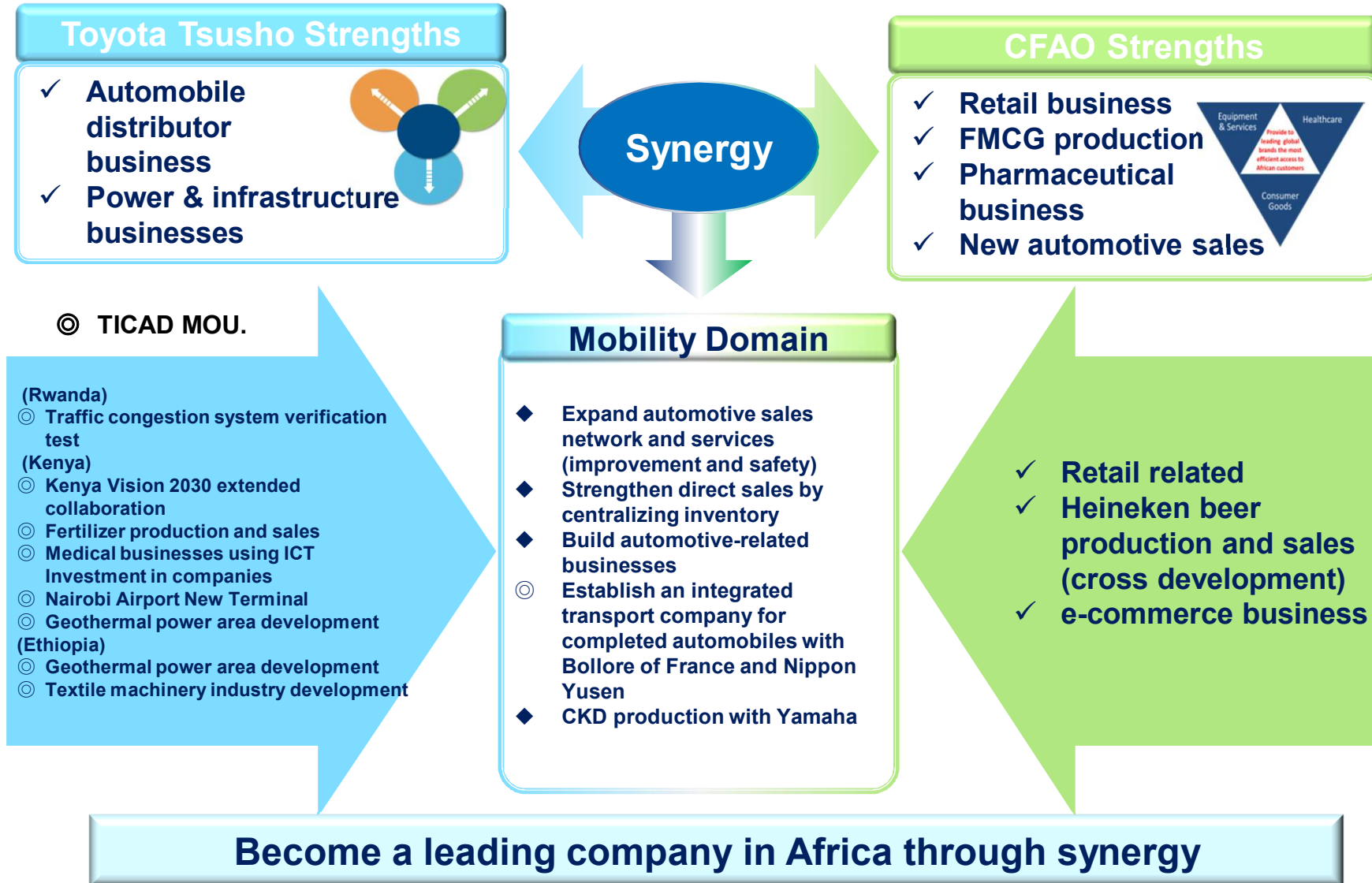


Sources: World Bank, "Annual Report 2016" and African Development Bank Group, "Africa in 50 Years Time 2011"



# Existing Businesses in Africa (Non-Automotive)





## The First Half of FY2016 in Retrospect

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### Management Strategy

**Strengthen our earnings foundation and take on challenges in three domains**

- **Automotive electronics and power generation businesses**  
Expanded in markets where we can leverage our strengths
- **Created new businesses in Africa**

### Investment Policy

**Increase returns on investment by rigorously employing quantitative benchmarks**

- **Selectivity driven by rigorous internal investment criteria**
- **Promoted scrap and build in existing projects**

### Financial Policy

**Strengthen cash flow management**

- **Reduced working capital employed (improved operating cash flow)**
- **Kept investment within the cash flow of each operating division**





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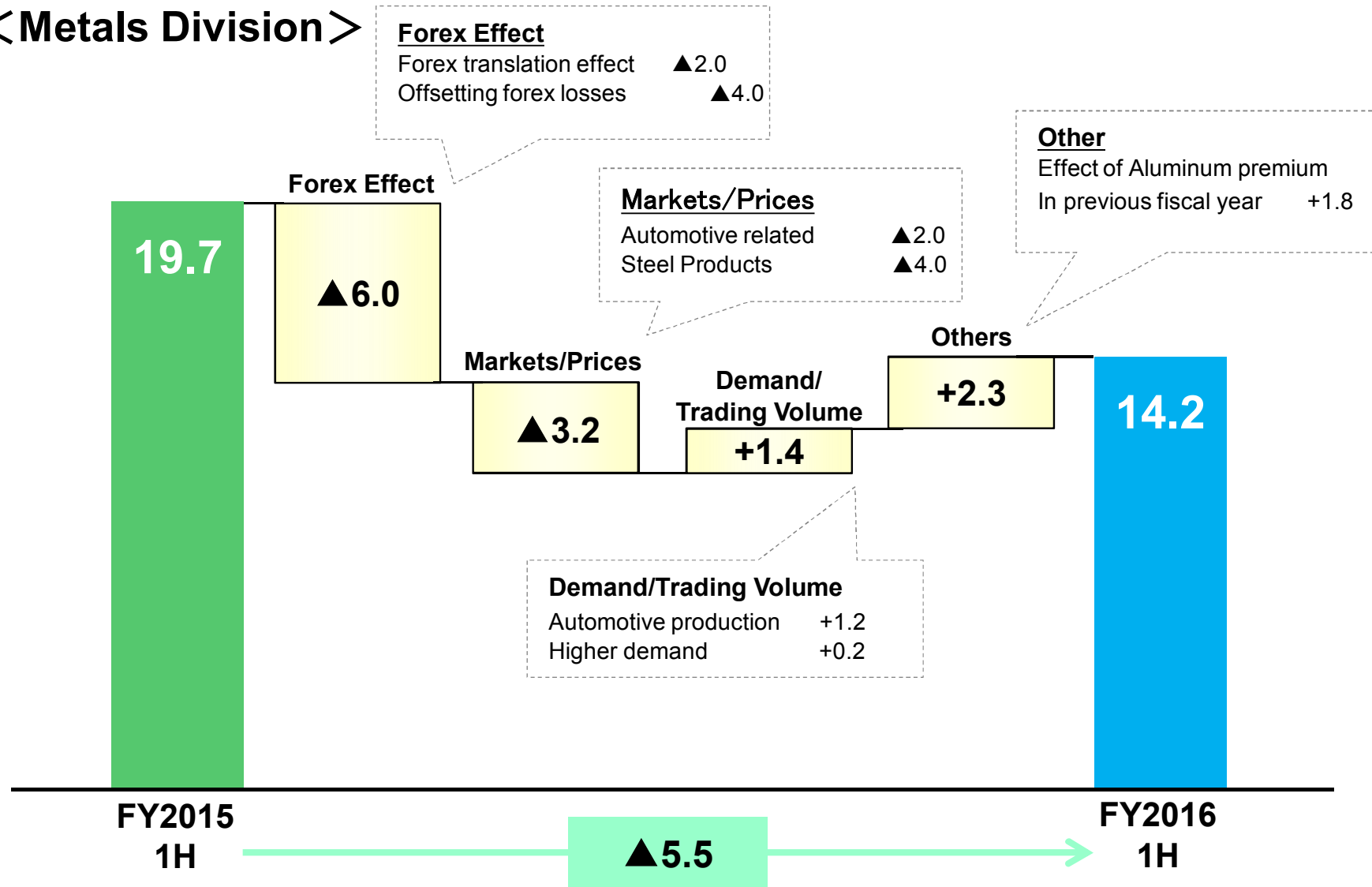
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## 4. Supplementary Materials on Financial Results

# Results and Reasons of Changes for the First Half of FY2016 (Operating Income)

(Billion yen)

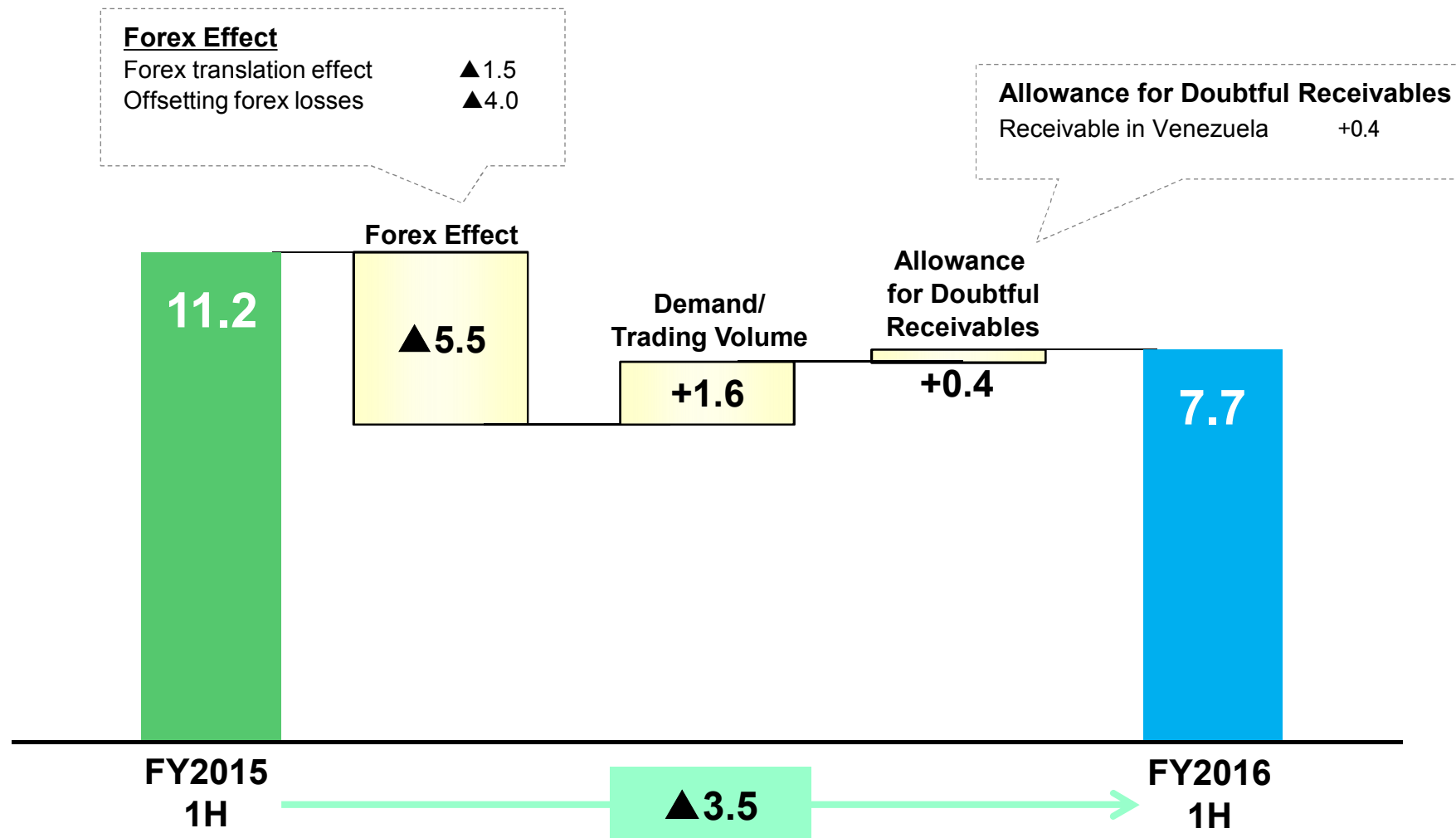
## <Metals Division>



# Results and Reasons of Changes for the First Half of FY2016 (Operating Income)

(Billion yen)

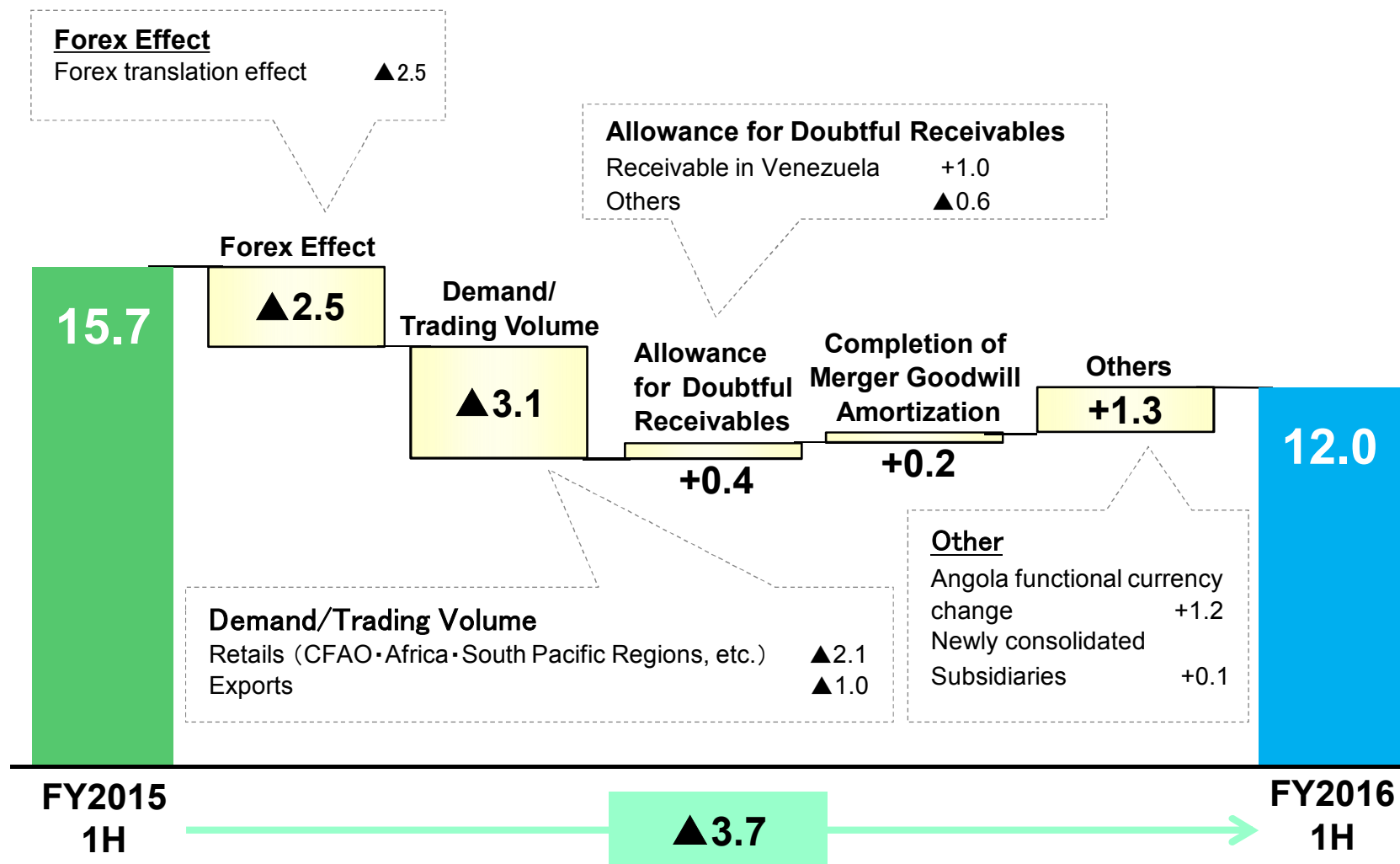
## <Global Parts & Logistics Division>



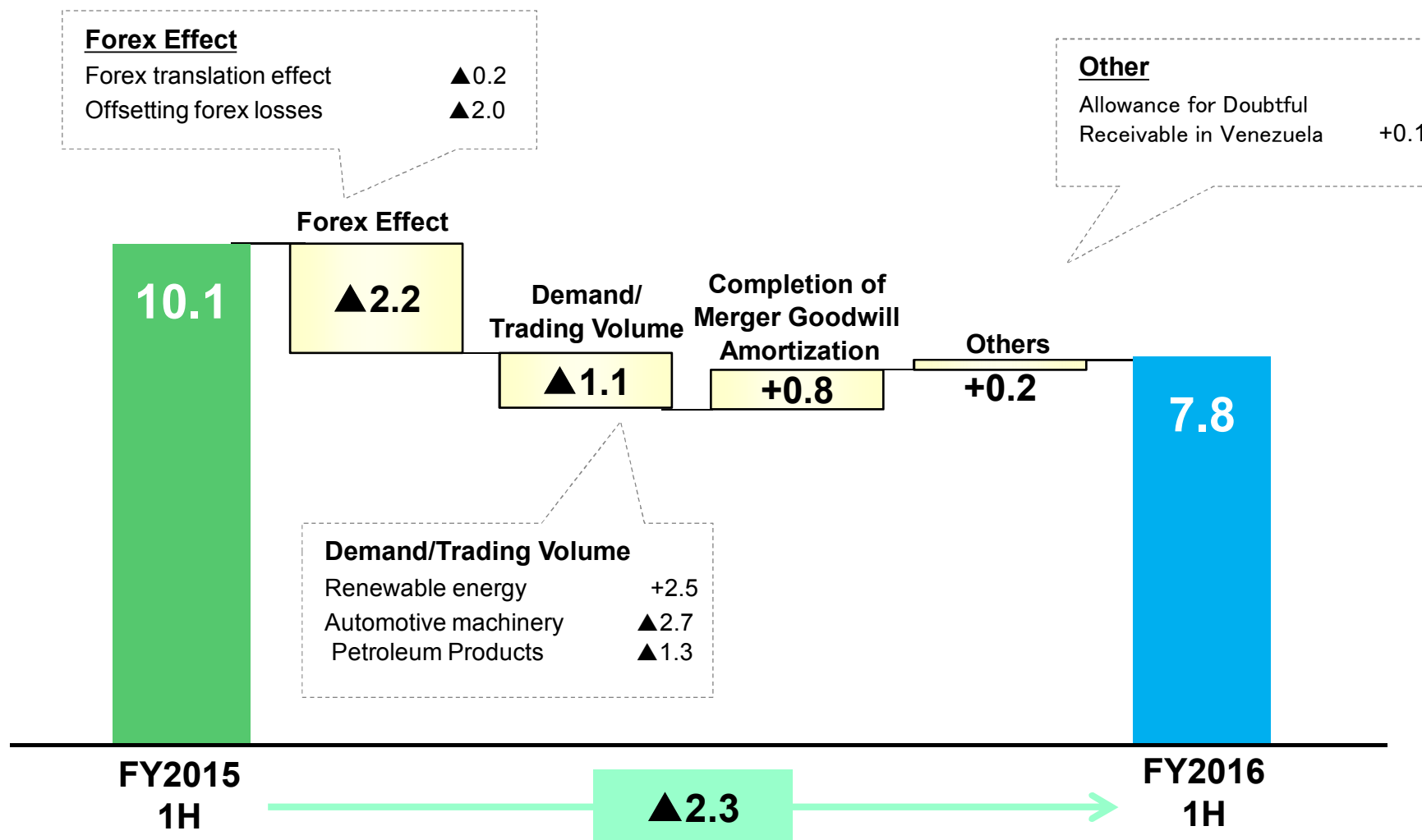
# Results and Reasons of Changes for the First Half of FY2016 (Operating Income)

(Billion yen)

## <Automotive Division>



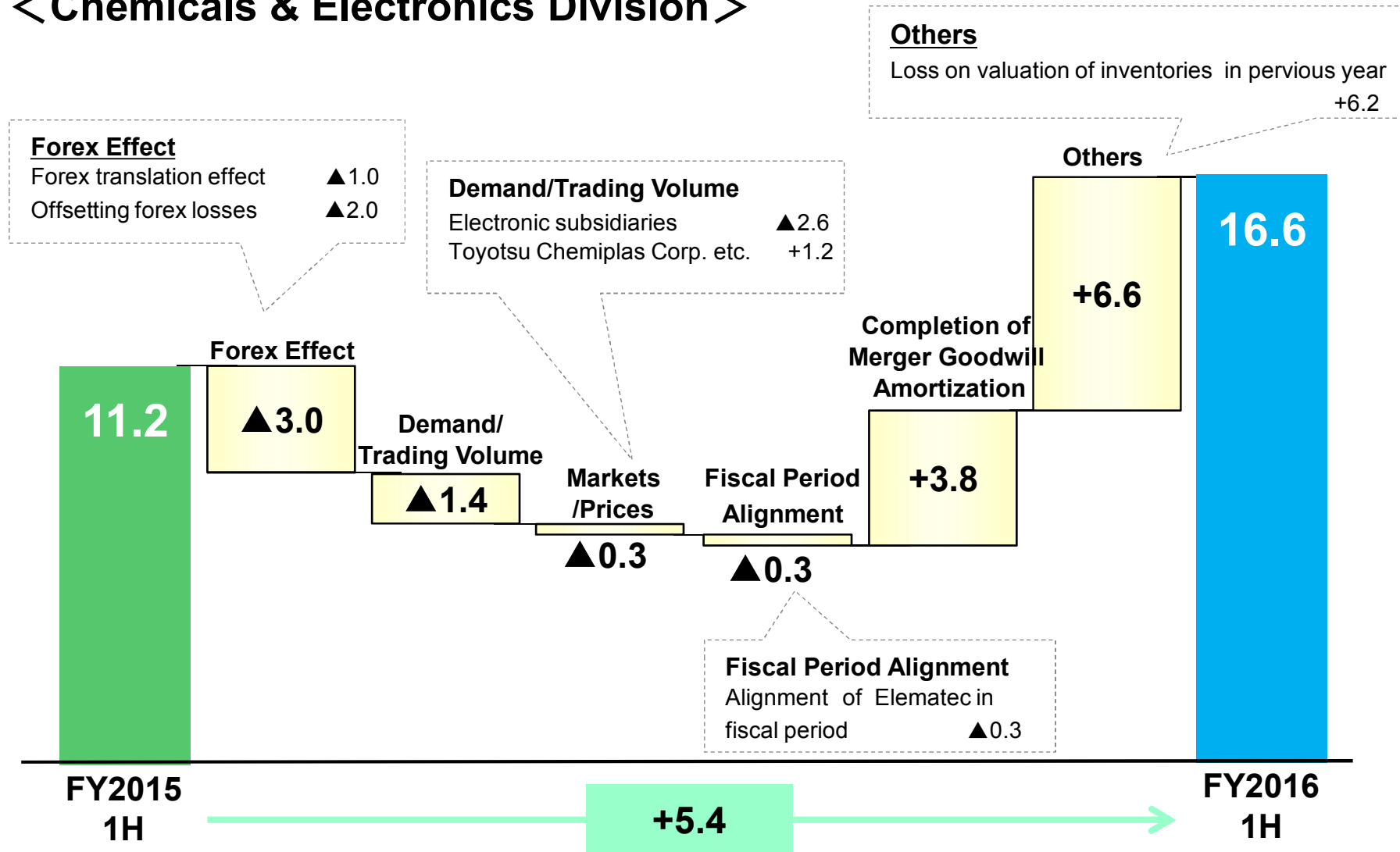
## <Machinery, Energy & Project Division>



# Results and Reasons of Changes for the First Half of FY2016 (Operating Income)

(Billion yen)

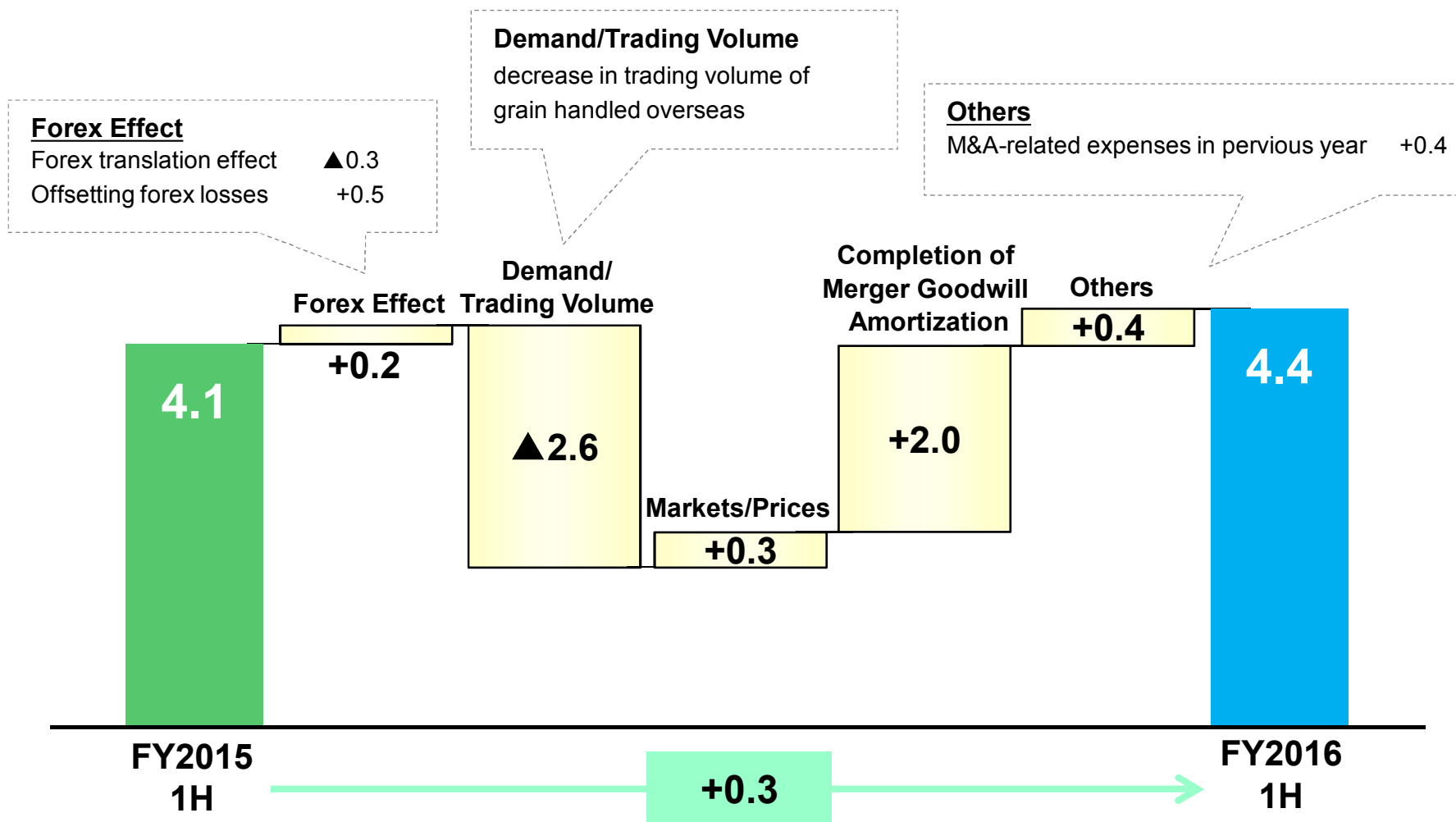
## <Chemicals & Electronics Division>



# Results and Reasons of Changes for the First Half of FY2016 (Operating Income)

(Billion yen)

## < Food & Consumer Services Division >



## CFAO Financial Results (Net Income)

(Million euros)

Business Category		FY 2015			FY 2016			1 Half Change
		1 Q	2 Q	1 Half	1 Q	2 Q	1 Half	
Equipment & services	Automotive, Equipment & Services			846.4			837.4	▲9.0
	Technologies			32.9			39.0	6.1
	Sub-total	437.0	442.4	879.4	417.3	459.0	876.3	▲3.1
Healthcare	Healthcare	323.4	305.0	628.5	321.0	316.7	637.7	9.2
Consumer Goods	Beverages			110.2			104.1	▲6.1
	Food, Hygiene & Convenience			58.1			38.7	▲19.4
	Retail			0.0			17.2	17.2
	Sub-total	84.6	83.8	168.3	83.6	76.6	160.2	▲8.1
<b>Total</b>		<b>845.0</b>	<b>831.2</b>	<b>1,676.2</b>	<b>822.0</b>	<b>852.2</b>	<b>1,674.2</b>	<b>▲2.0</b>



## CFAO Results (Operating Income & Net Income)

(Million euros)

Business	2015 1H	2016 1H	YoY	Reasons for YoY Change
Equipment & services	60.4	55.6	-4.8	Maghreb <ul style="list-style-type: none"> <li>• Market contraction &amp; import regulations (Algeria)</li> <li>• Terminate of Isuzu distribution</li> <li>• Reduced product competitiveness of GM cars</li> </ul>
				West Africa <ul style="list-style-type: none"> <li>• Mixed results – strong countries / weak countries (mainly resource producing countries)</li> <li>• Reduced profitability due to continuous strong yen</li> </ul>
				East Africa <ul style="list-style-type: none"> <li>• Weaker economies</li> <li>• VW sales trended downward</li> </ul>
				Over-seas <ul style="list-style-type: none"> <li>• Strength in Vietnam</li> </ul>
Healthcare	48.7	49.5	+0.8	
Consumer goods	26.4	8.2	-18.2	<ul style="list-style-type: none"> <li>• Beer business (intensified competition in Congo, increase in new plant construction costs in Ivory Coast)</li> <li>• Retail business (new store opening costs)</li> </ul>
Holding	-15.7	-13.3	+2.4	
Operating income	119.9	100.0	-19.9	
Net income	43.1	36.9	-6.2	

# Progress of Investment Plan

(Billion yen)

Investment through the First Half of FY2016	
Main Projects	Amount
<b>Mobility</b> <ul style="list-style-type: none"> <li>Develop dealer network (CFAO, etc.)</li> <li>Production-related facilities in North America</li> </ul>	1Q ▲12.9
	2Q ▲11.8
<b>▲24.7</b>	
<b>Resources &amp; Environment</b> <ul style="list-style-type: none"> <li>Solar and wind power business(Eurus)</li> </ul>	1Q ▲5.1
	2Q ▲10.4
<b>▲15.5</b>	
<b>Life &amp; Community</b> <ul style="list-style-type: none"> <li>Pharmaceutical retail business (CFAO)</li> </ul>	1Q ▲4.3
	2Q ▲4.9
<b>▲9.2</b>	
<b>▲49.4</b>	
Cash generated by asset sales, etc.	9.0
Cash used for investment	▲40.4

# Revision of forecast for the Fiscal Year Ending March 2017 (Operating Income)

(Billion yen)



## <Main reasons for downward revision in operating income >

Segments	Change	Main factors
Metal	▲6.5	Forex effect / Lower market value of the Nonferrous metals business
Global Parts & Logistics	▲2.5	Forex effect
Automotive	▲5.0	Market down turn emerging nations
Machinery, Energy & Project	▲4.0	decrease in trading volume of automotive machinery
Chemicals & Electronics	0	As Original plan
Food & Consumer Services	▲1.0	Due to down turn of beverage business

- Metal
- Global Parts & Logistics
- Automotive
- Machinery, Energy & Project
- Chemicals & Electronics
- Food & Consumer

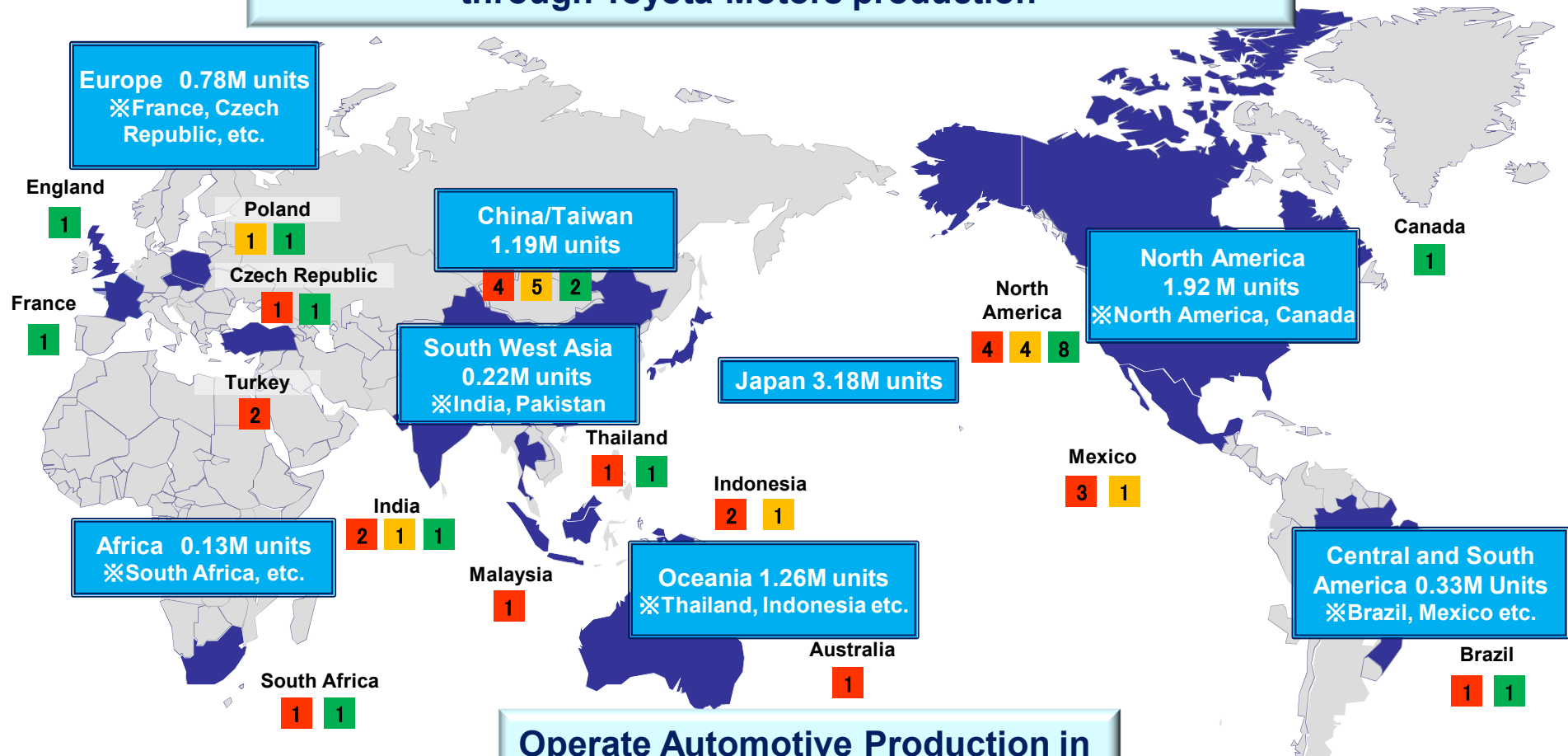


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## 4. Another Supplementary Materials

Expand High efficiency operation world wide,  
through Toyota Motors production



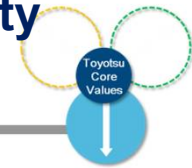
Operate Automotive Production in  
17 countries 69 sites

- Blanking and coiling centers :29
- Molten aluminum facilities :17
- Green metal sites :23

※Transaction with total of 173 countries others than above.

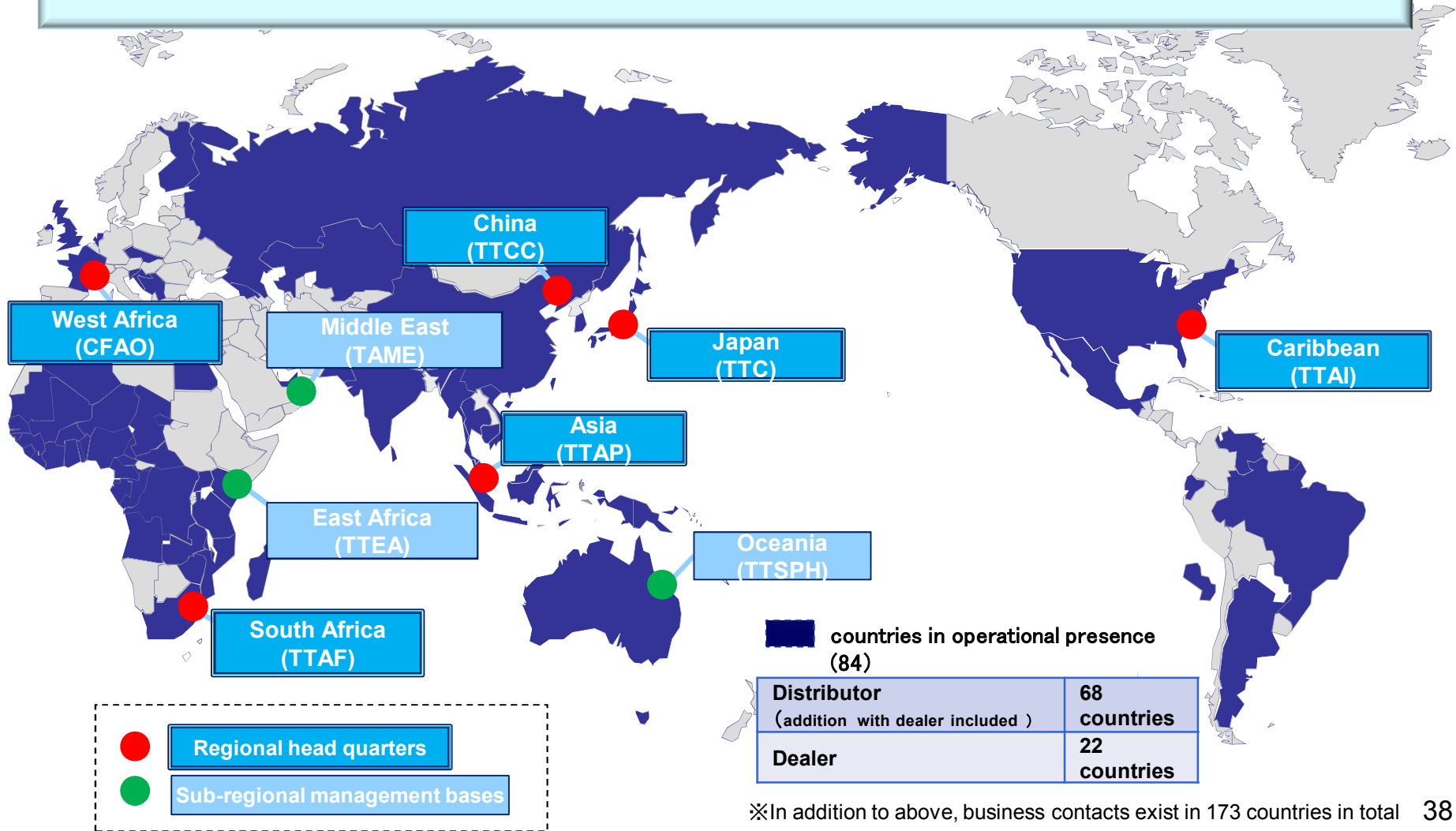
※0.2M units are production planned at new Toyota Mexico factory from year 2019

※Number inside □ are actual results of Toyota production in year 2015



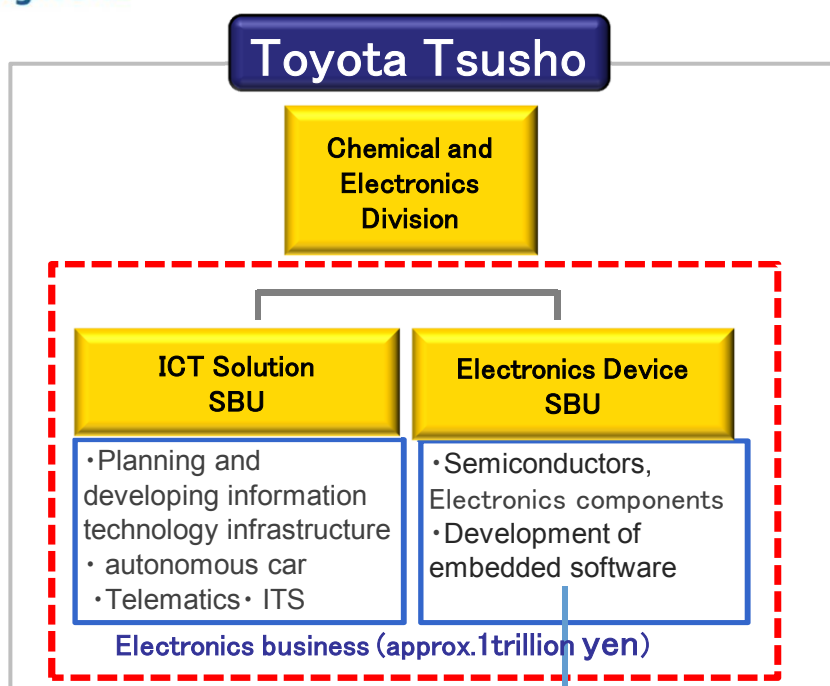
TTC business operations ~Automotive sales related~

Established regional headquarters worldwide to expand new markets and sales network

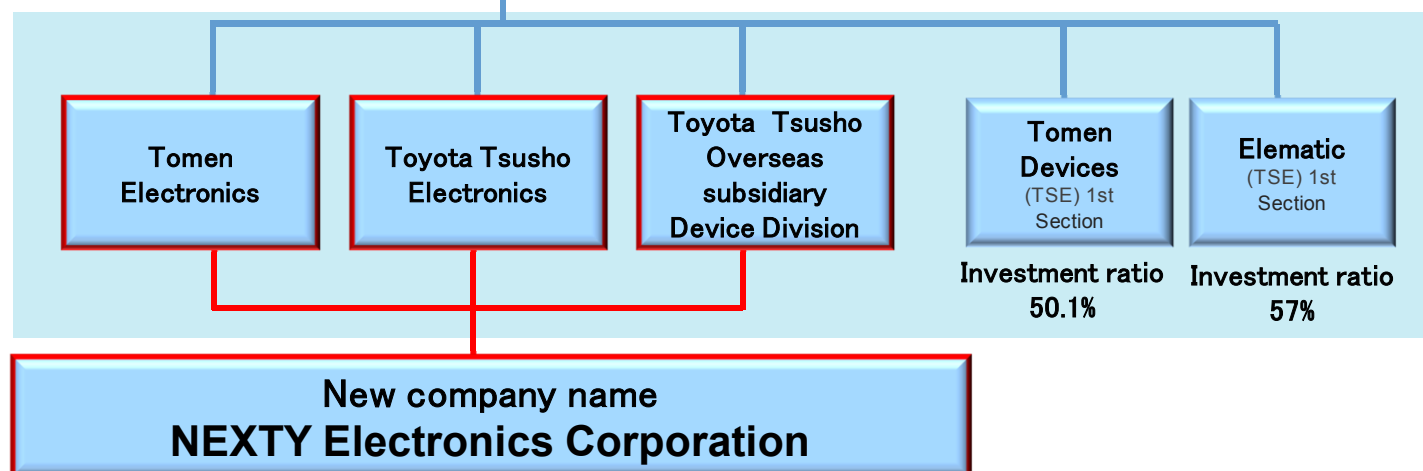




## About NEXTY Electronics Corporation



Corporate name	NEXTY Electronics Corporation
Establishment	April 1, 2017
Paid in Capital	5.611 billion yen
Head Offices	Tokyo and Nagoya, Japan
Representative Director	Representative Director and Chairman Takashi Ishibashi Representative Director and President Atsushi Aoki
Services and Products	<ul style="list-style-type: none"> <li>• Semiconductors, Sales of electronics products</li> <li>• Development of embedded software</li> <li>• Development of own products etc.</li> </ul>
Revenue	approx. 460.0 billion yen
Number of employees	Consolidated: approx. 2,000
Offices	Domestic 11 sites, Overseas 34 sites





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# Electric Power Business

## North America / Asia electric power

Project	Country	Year of Operation	Capacity(MW)	Investment Ratio(%)	Fuel
Oyster Creek	U.S.A	1994	440	50.0	Natural Gas
Goreway	CANADA	2009	875	50.0	Natural Gas
Shore	U.S.A	2016	720	31.25	Natural Gas
St. Charles (under construction)	U.S.A	2017 (Plans)	720	25.0	Natural Gas
Salem Harbor (under construction)	U.S.A	2017 (Plans)	700	12.5	Natural Gas
St. Joseph (under construction)	U.S.A	2018 (Plans)	700	20.0	Natural Gas
<b>Total in North America</b>			<b>4,155</b>		
Philippine (Western Midanao, Southern Philippines, Sarangani)	-	Existing	260	—	Heavy oil / coal
Pakistan (Kohinoor, Gul Ahmed)	-	Existing	251	—	Heavy oil
Thailand (Ratchaburi)	-	Existing	1,400	—	Natural Gas
<b>Total in Asia</b>			<b>1,911</b>		

## Eurus Energy

		Japan	Asia / Oceania	U.S.A.	Europe	Total
In Operation	Wind Power	648	228	666	864	2,406
	Solar Power	237	4	45	-	286
Under Construction	Wind Power	124	-	-	-	124
	Solar Power	10	-	28	-	38
<b>Total</b>		<b>1,019</b>	<b>232</b>	<b>739</b>	<b>864</b>	<b>2,854</b>





## Inquiries:

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