New Global Vision and Long-Term Business Plan

May 6, 2016
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Review of the Past Five Years
VISION 2015 and GLOBAL 2020 VISION

VISION 2015 — Lead the Next —
Complement the automotive business with second and third core earnings drivers
Achieve a 50:50 balance between automotive and non-automotive businesses

GLOBAL 2020 VISION
Establish businesses in three domains and generate synergies among them to achieve a business portfolio with a balanced 1:1:1 ratio among the three domains

Ratio of Automotive and Non-Automotive
March 31, 2006: Approx. 80:20
March 31, 2016: Approx. 60:40 (excluding non-recurring factors)

Move forward to our new Global Vision

TRY
Mobility
2005
2015
2020
Life & Community
Earth & Resources

2005
Non-automotive
Automotive
2015
Non-automotive
Automotive
2020

TOYOTA TSUSHO CORPORATION
Mobility
A business domain contributing to the evolution of next-generation automobiles

Successes after Five Years
- Expand and deepen our automotive value chain
- Develop sales networks and production bases in emerging countries

Life & Community
A business domain contributing to better lifestyles

- Establish a presence as a general electronics trading company
- Develop retail businesses in Africa

Earth & Resources
A business domain contributing solutions to global issues

- Expand the wind and solar power generation businesses in Japan and overseas
- Develop infrastructure to popularize next-generation automobiles

Invested in trading company CFAO, which is strong in Africa
Major Investments to Achieve TRY1

- **Made Eurus Energy a Subsidiary**
  - Contribute to a green society with renewable energy

- **Investment in Elematec**
  - Move upstream in the electronics business

- **Tomen Electronics Tender Offer**
  - Maximize Group synergy

- **Investment in CFAO**
  - Central to our strategy in Africa

- **Investment in NovaAgri**
  - Enhance our grain value chain

Timeline:
- Aug. 2011: Investment in Elematec
- Jan. 2012: Investment in CFAO
- Aug. 2012: Made Eurus Energy a Subsidiary
- Aug. 2014: Tomen Electronics Tender Offer
- May 2015: Investment in NovaAgri
## Operating Income

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-automotive</td>
<td>80%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>20%</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>85.2</td>
<td>140.2</td>
<td><strong>Up 65%</strong></td>
</tr>
</tbody>
</table>

## Financial Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2010</th>
<th>FY2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>2,436.2</td>
<td>3,952.1</td>
<td>1,515.9</td>
</tr>
<tr>
<td>Capital employed</td>
<td>1,248.9</td>
<td>2,158.5</td>
<td>909.6</td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>581.3</td>
<td>1,102.7</td>
<td>521.4</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>642.9</td>
<td>777.4</td>
<td>134.5</td>
</tr>
</tbody>
</table>

| Net DER (times)                   | 1.0     | 1.2     | 0.2     |

**Total assets** 62% increase

**Shareholders’ equity** 21% increase

Our task: Improve capital efficiency and financial strength
## Policies to Improve Investment

(Billion yen)

**Approx. JPY 1 trillion in investment over 5 years**

<table>
<thead>
<tr>
<th>Major Investments</th>
<th>Approx. Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFAO</td>
<td>240</td>
</tr>
<tr>
<td>Automotive</td>
<td>250</td>
</tr>
<tr>
<td>Metals</td>
<td>30</td>
</tr>
<tr>
<td>Machinery, Energy &amp; Project</td>
<td>210</td>
</tr>
<tr>
<td>Chemicals &amp; Electronics</td>
<td>70</td>
</tr>
<tr>
<td>Food &amp; Consumer Services</td>
<td>50</td>
</tr>
<tr>
<td>Other</td>
<td>150</td>
</tr>
</tbody>
</table>

**Issues Identified**

- Environment analysis & business evaluation
- Select partners & allocate responsibilities
- Expertise, experience & management capabilities
- Respond to changes in customer needs & the market environment

**Countermeasures**

- We will build a new future and focus on businesses that only we could make
- Make the most of our characteristic strengths and insight
- Each employee must think like a manager in executing initiatives

'TOYOTA TSUSHO CORPORATION'
New Global Vision
For the next 10 years, the Toyota Tsusho Group will evoke our ideal as

Be the Right ONE

The Right ONE for you
The best assurance of safety, quality, and reliability — based on your needs (Genba)

The Right ONE for us
Maximization of individual capabilities, global networks and diversity to create synergistic strengths

The Right ONE for future
Unique insights and capabilities to explore new possibilities for future and sustainable society
Global Vision — Toyotsu Core Values

To realize the vision, we will materialize Toyotsu Group Way as Toyotsu Core Values for basic approaches in the next 10 years.

- **Genba-focus**
  Ability to deliver added value where it is needed

- **Collective force**
  Empowered people, comprehensive strength

- **Innovator spirit**
  Ability to actualize our unique capabilities

- **On site, hands on, in touch**

- **Teamwork**

- **Passion for business**

We will focus on Toyotsu Core Values and further enhance these elements while displaying and utilizing them.
Global Vision
— Toyotsu Core Values to Realize Growth

**Organic growth**
- Expansion of our current business with our own internally generated resources.

**Challenge Areas**
- Business expansion in new areas where we can utilize our expertise in region and/or business domain from our Toyotsu Core Values such as *Genba-focus*
- New business development with a focus on innovative technologies, services and products utilizing *Collective force* and *Innovator spirit*
New Global Vision: Core Concepts

The Toyota Tsusho Group’s 50,000 employees worldwide will share the ideal image through Global Diversity & Inclusion

The Vision of growth in three domains will not change

We will compete and succeed by evolving the way we exhibit and employ the Toyotsu Core Values

Our long-term plan has specific strategies and quantitative benchmarks for each domain
Long-Term Business Plan for FY2020
Achieving Our Long-Term Business Plan

**Management Strategy**

Strengthen our earnings foundation and take on challenges in our three domains
- Get back to fundamentals and rely on the Toyotsu Core Values to achieve growth
- Reallocate limited managerial resources

**Investment Policy**

Increase returns on investment by rigorously employing quantitative benchmarks
- Selective investment within operating cash flow
- Focus on project proposals that allow us to assert our characteristic strengths

**Financial Policy**

Strengthen cash flow management
- Reduce interest-bearing debt
- Increase shareholder returns (dividends) in stages
<table>
<thead>
<tr>
<th></th>
<th>FY2014 Results</th>
<th>FY2015 Results</th>
<th>FY2016 Plan</th>
<th>FY2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>8,663.4</td>
<td>8,170.2</td>
<td>7,300.0</td>
<td>9,400.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>169.4</td>
<td>140.2</td>
<td>144.0</td>
<td>220.0</td>
</tr>
<tr>
<td>Net income</td>
<td>67.5</td>
<td>-43.7</td>
<td>70.0</td>
<td>120.0</td>
</tr>
<tr>
<td><strong>BS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>4,533.6</td>
<td>3,952.1</td>
<td>4,375.0</td>
<td>5,400.0</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>844.4</td>
<td>777.4</td>
<td>825.6</td>
<td>1,150.0</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,304.4</td>
<td>1,055.7</td>
<td>1,199.0</td>
<td>1,450.0</td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>1,233.5</td>
<td>1,102.7</td>
<td>1,050.0</td>
<td>1,200.0</td>
</tr>
<tr>
<td>RA:RB</td>
<td>1:1</td>
<td>1.1:1</td>
<td>—</td>
<td>1.0 times or below</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>6.4</td>
<td>—</td>
<td>6.9</td>
<td>10-13</td>
</tr>
<tr>
<td>Net DER (times)</td>
<td>1.1</td>
<td>1.2</td>
<td>1.1</td>
<td>1.5 or below</td>
</tr>
</tbody>
</table>

Review existing assets and business with poor capital efficiency to maintain sound, stable finances

Use investment benchmarks based on capital costs as a means to increase ROE

Ensure positive free cash flow and restrain growth in interest-bearing debt
FY2020: Multistage Net Income Targets

(Billion yen)

FY2016 Plan

70.0

Amortization of goodwill completed (Eurus, Elematec, etc.)

+5.0

Amortization of goodwill suspended (CFAO, NovaAgri, etc.)

+15.0

Existing business growth
Monetize prior investments

+20.0

Returns on new investments

+10.0

(Earnings income before amortization of goodwill)

120.0

FY2020 Target

Earnings by Business Domain

Mobility  +14.0
  *Refer to page 18

Resource & Environment  +9.0
  *Refer to page 19

Life & Community  +7.0
  *Refer to page 20
Our Capabilities in the Mobility Domain

Existing Strengths

Development
Business proposals and development of new materials and cutting-edge technologies

Procurement
Optimal procurement

Manufacturing
Logistics
Automobile assembly
Toyota manufacturing methods

Sales
Wholesale
Retail
Sales finance
After-market parts

Services
Used vehicles
After-sales service
Filling stations

Recycling
Scrap metal, waste and ELV business

Taking on New Capabilities

Changes in Materials
Comprehensively employ new automotive materials

Changes in Manufacturing
Electrification, modularization and telematics

Changes in Sales
Additional B to C initiatives in emerging countries

Changes in the Environment
Help develop and popularize next-generation automobiles

Earn customer trust by continuing to propose highly valuable business, deepening value chains, and ensuring stable supply
Ideal Image – Mobility

Toyotsu Core Values

**Metals**
- Establish more efficient, lower-cost models for emerging countries
- Use new materials and new technologies

**Automotive**
- Distributor and dealer businesses that are less affected by oil price movements
- Strengthen sales in emerging countries by adding B to C to B to B
- Make automotive-related businesses profitable and more sophisticated

**Global Parts & Logistics**
- Establish logistics strategy and construct systems in each region
- Use modularization and assembly

FY2020 +14.0 billion yen
Toyotsu Core Values

Ideal Image – Resources & Environment

- Expand renewable energy in Japan and abroad
  Develop differentiated businesses with diverse energy resources

- Stable electric power business with limited risk

- Metal recycling business (End Life Vehicle)

- Include NovaAgri in structuring a grain value chain among three countries

- Automotive recycling business

- Operate a stable silo business in Japan

FY2020
+9.0 billion yen

Operate a stable silo business in Japan
**Ideal Image – Life & Community**

**FY2020**

+7.0 billion yen

-Generate synergy with CFAO

-Expand electronics group synergy
  - Vehicle sales
  - New smartphone technology

-Use assembly parts, electronic components and IoT/ITS to popularize next-generation automobiles

-Hospital business
  - Nursing care business

-Pharmaceutical, beverage and retail businesses

-Medical business

-Toyotsu Core Values
Growth Strategy for High-Potential Africa

Generate synergy with CFAO from a long-term perspective
Goal: JPY 10.0 billion growth in earnings
*Refer to pages 18-20

Reference: Africa's Population (Billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Middle Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.03</td>
<td>.99</td>
</tr>
<tr>
<td>2020</td>
<td>1.23</td>
<td>.41</td>
</tr>
<tr>
<td>2030</td>
<td>1.46</td>
<td>.52</td>
</tr>
<tr>
<td>2040</td>
<td>1.70</td>
<td>.64</td>
</tr>
<tr>
<td>2050</td>
<td>1.92</td>
<td>.77</td>
</tr>
<tr>
<td>2060</td>
<td>2.59</td>
<td>.109</td>
</tr>
</tbody>
</table>

Source: ADB

Increase automobile distributors and sales volume
Deploy Toyota Tsusho's strengths in CFAO businesses and French-speaking Africa
Expand in all regions of Africa

Improve and raise efficiency of logistics
Share Kenya model horizontally
Develop pre-owned, sales finance, and general-purpose parts businesses

Enter retail businesses
Strengthen FMCG production

Goal: JPY 10.0 billion growth in earnings
*Refer to pages 18-20

Target the middle class in rapidly growing Africa and complement B to B with B to C

Alliances with outstanding French companies
Earth & Resources domain
We will generate stable, sustained shareholder returns with a target consolidated payout ratio of 25% calculated using net income before amortization of goodwill.
Aiming to be a Value-Generating Corporation

We aim to be a value-generating corporation that contributes to the creation of a prosperous society. As a good corporate citizen, we will respect people, and create an active workplace worth working in.

Promote Global Diversity & Inclusion

Create an environment of respect for and acceptance of respective differences in which all employees can work energetically

- Participation of overseas staff in new Global Vision
- Initiate Work Style Review PJ to balance work and life

Strengthen Corporate Governance

Even more rigorous management, transparency, and thorough compliance

- Review and verify the investment process
  - Strengthen support and constraints
- Review past projects and share in-house
  - Help the next generation learn
- Newly establish the Executive Appointment Meeting and Executive Compensation Meeting
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