



Be the **Right ONE**

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# Achieving our Mid-term Business Plan for FY2020

November 1, 2018



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# Mid-Term Business Plan ~ Priority Areas ~

## Next Mobility Strategy

### 【 Business Environment 】

Once in a century transformational period



### 【 Main companies 】

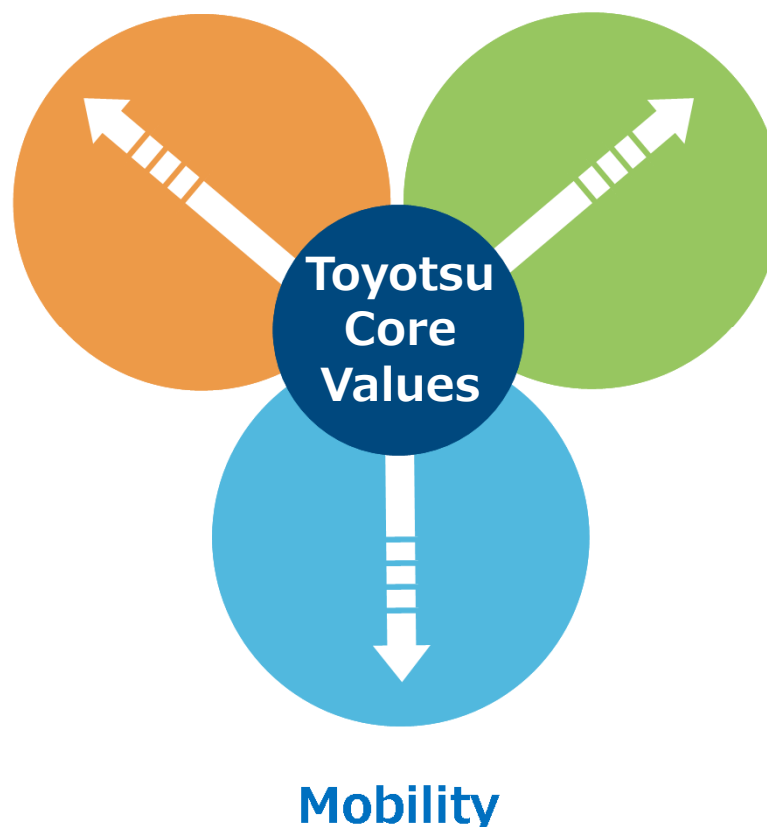
NEXTY, TTC



NEXTY Electronics

Life & Community

Resources & Environment



## African growth strategy

### 【 Business Environment 】

The last frontier of the planet



### 【 Main companies 】

CFAO, TTC



**Aiming to be No. 1 in fields where we can capitalize on our strengths**



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# 1. Next Mobility Strategy

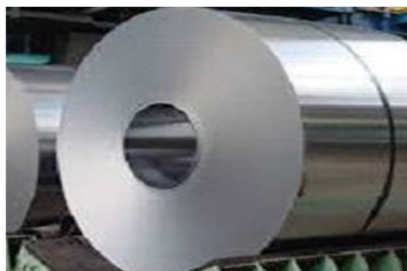
# Next Mobility Strategy ~ Major Initiative in this Term~

★: Covered in subsequent slides

## Replacement of materials

### 【Aluminum processing to begin】★

Development of lighter-weight automotive materials in preparation for wider adoption of electric vehicle technologies



### 【Lithium resource development】★

Preparation for future Li-ion battery demand growth



## Next-generation services

### 【Expansion of NEXTY operations】★

Highest Sales in the world in automotive electronics market



NEXTY Electronics

### 【Truck platooning】

Proof-of-concept testing of autonomous truck platooning systems underway

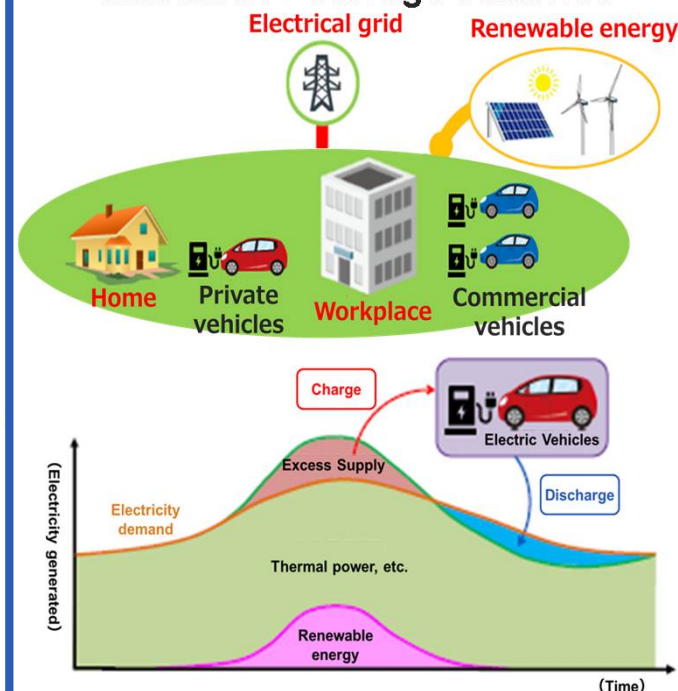


## Energy management

### 【V2G virtual power plants】★

Launched electric vehicle battery charging/discharging demonstration project

Finding solutions to renewable energy generation issues using automotive storage batteries



# Weight Saving Efforts (Aluminum)

Replacement  
of materials

## Inevitability of weight reduction

- ✓ Protection of the global environment
  - Reduce greenhouse gas emissions (CO<sub>2</sub>)
  - Exhaust gas regulation (SO<sub>x</sub>, NO<sub>x</sub>, PM)
- ✓ Improvement of vehicle performance
  - Enhancement of safety standards (collision safety)
  - Improvement of steering stability (Improved comfort)

Increasing component mass due to installation of safety equipment and electronic devices

urgent improvement  
of fuel efficiency

Weight Saving

## Features of aluminum processing

### <Advantages>

- ① Improved vehicle handling due to weight reduction (1/3 the weight of steel)
- ② Greater shape design freedom and variation
- ③ Formable into complex shapes
- ④ Highly recyclable, more eco-friendly

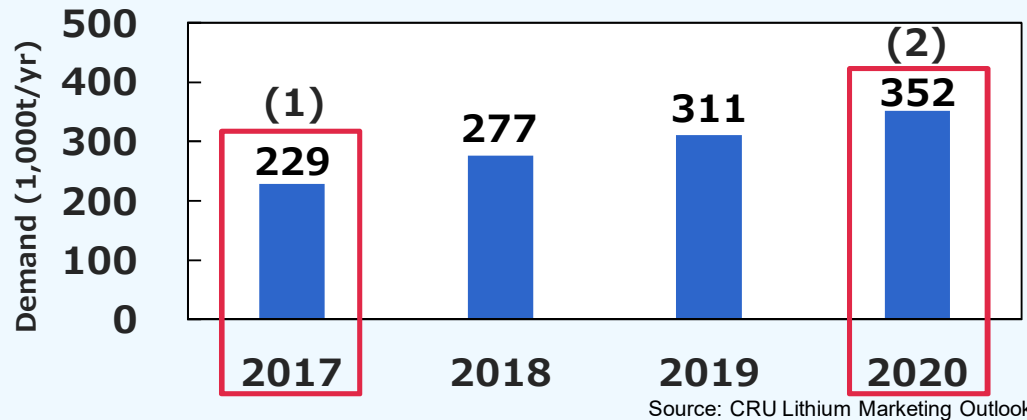
### <Hurdles>

- ① Advanced processing technologies required
  - Aluminum easily buckles and fractures during press processing
  - Aluminum tends to thermally deform during machining and adhere to tools



**We will expand in North America, starting in Kentucky, as well as in Asia and elsewhere**

### Forecast global lithium carbonate demand



#### (1) FY2017

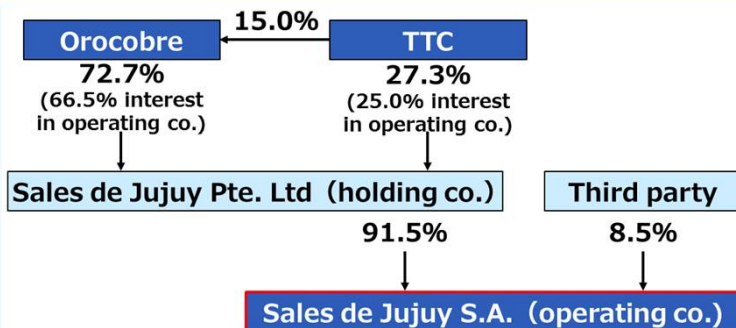
TTC secured approx. 8% of global demand volume  
(TTC production: 17,500t/yr)

#### (2) FY2020

TTC plans to secure approx. 12% of global demand volume  
(TTC's production: 42,500t/yr)

### Lithium business's status

#### Ownership



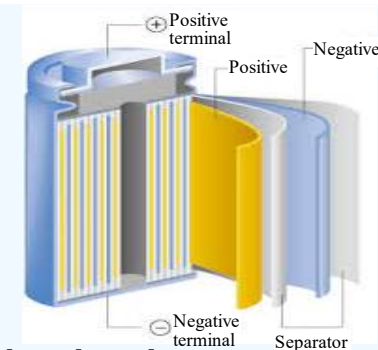
TTC Group owns 35% of lithium operation co.'s shares, 100% of sales rights

#### Expansion of production capacity



Aiming to increase production to 25,000t/yr by FY2020

#### Lithium hydroxide



Under development as a high-nickel battery material for future large-capacity automotive batteries

**Pursuing further high added value in the lithium business**



## At the Olaroz Salt lake in the northwestern Argentina





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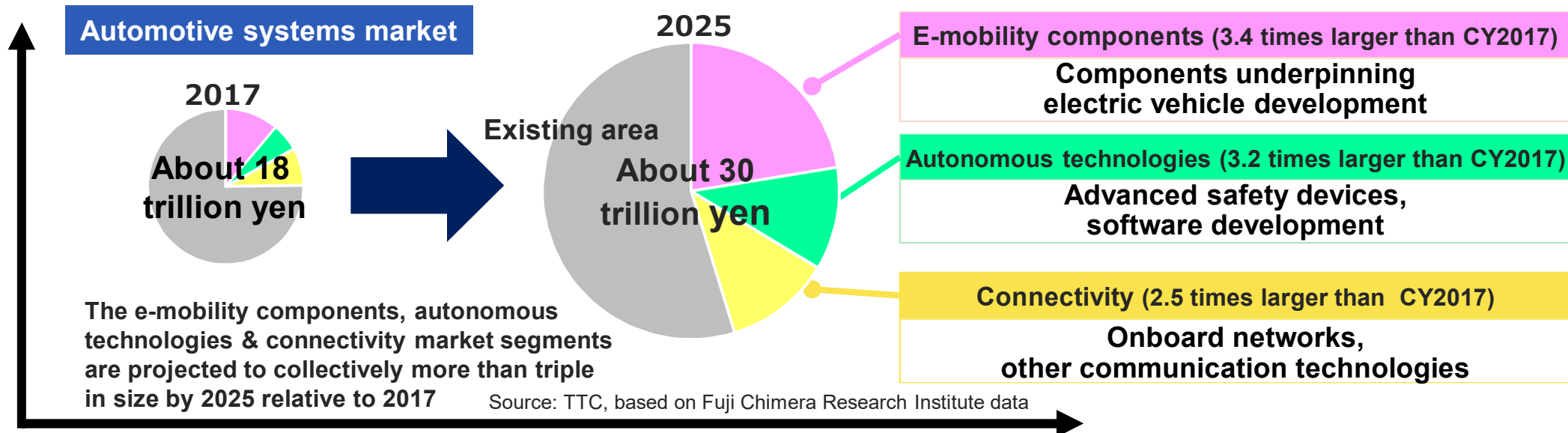


## At the Olaroz Salt lake in the northwestern Argentina

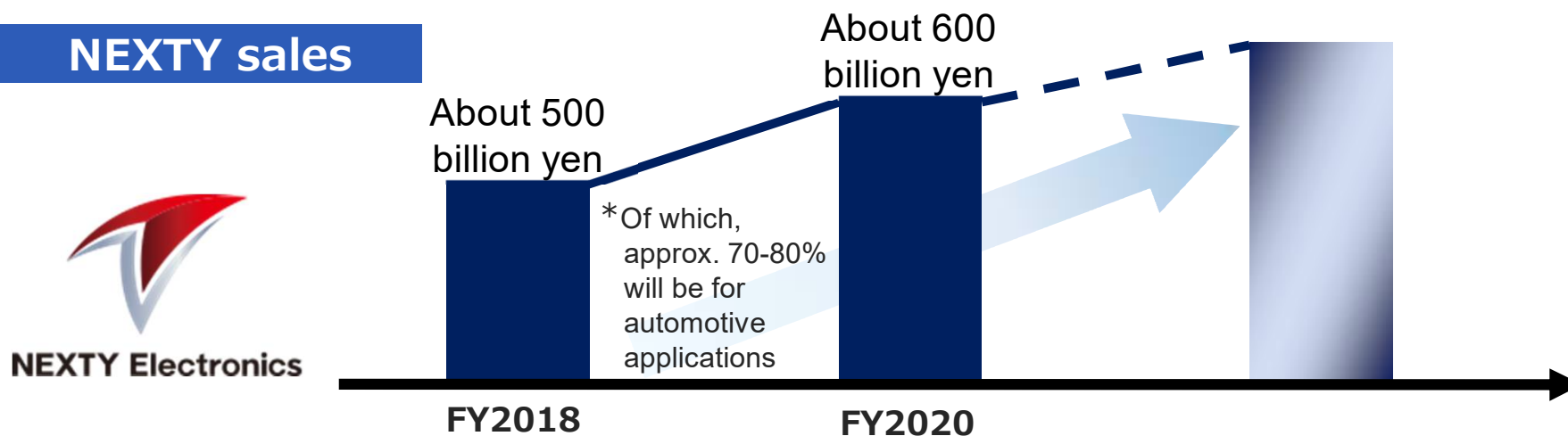




# Next-Generation Service (Electronics Field)



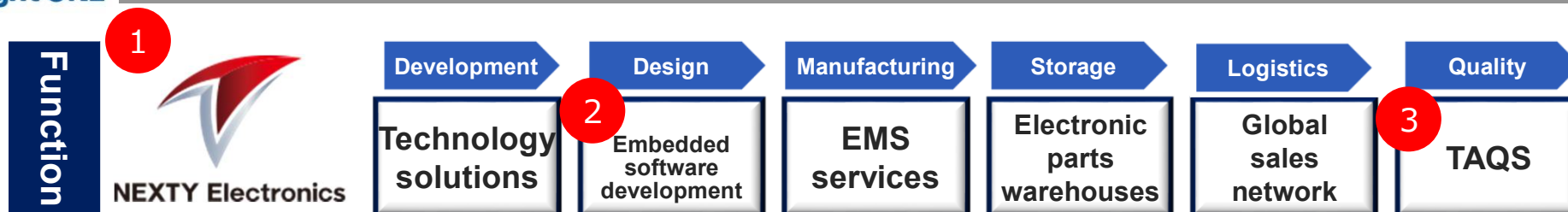
## NEXTY sales



**We will work steadfastly to capture business opportunities by leveraging our expertise in automotive electronics markets with promising growth prospects**

# Next-generation Service (Electronics Field)

**Next-generation  
Service**



## ✓ About 250 diverse supplier network

Business relationships with world-class suppliers to offer advanced solutions to automotive and electronic component makers



## ✓ Automotive-specific embedded software development capabilities

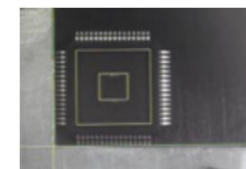
Current software development workforce of 1,700 (offshore: 800; partner companies: 900), to be expanded to 2,500

Proprietary technologies: Core partner companies (8 in Japan and overseas)  
Mass-production technologies: Offshore plants (Bangkok, Dalian)  
Industry trends: JASPAR standardization organization

## ✓ Reliable support to ensure quality for customers



Providing value-added inspection services based on a longstanding track record and accumulated knowhow  
※Sphere of activity not limited to trading company functions

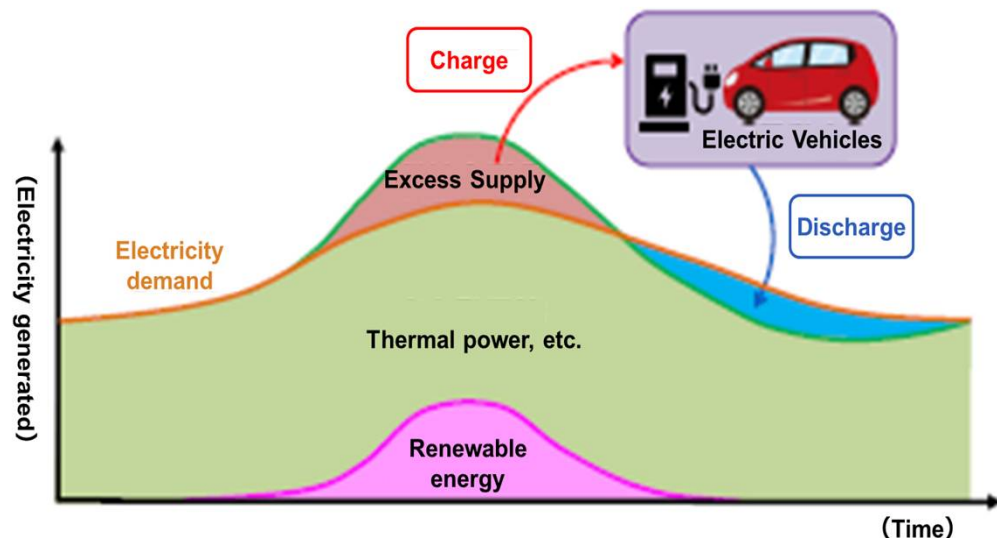


Diverse quality inspection functions

**Leveraging diverse business functions and relationships with suppliers to serve the automotive electronics field**

## Addressing renewable energy issues with electric vehicle batteries

[Charging/discharging demonstration project using automotive batteries]



Periods of excess power supply will arise as renewable energy grows in prevalence

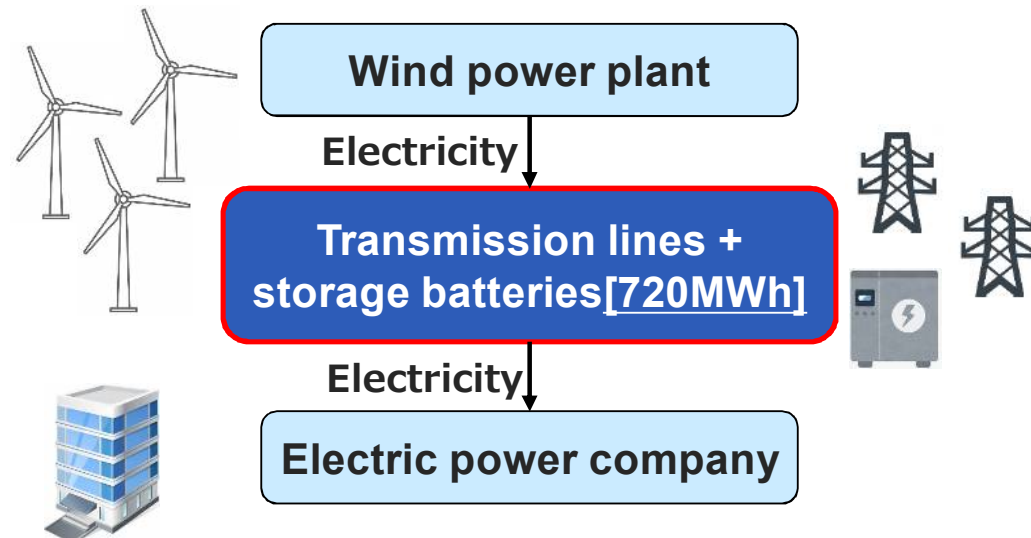
Electric vehicle batteries used to temporally shift supply capacity

<Future plans>

Report on test results slated for February 2019

## Utilizing storage batteries in renewable energy generation

[Deploying grid demonstration project in the North-Hokkaido Area]



Generate power from wind power plant

Supply power to electric power companies, using storage batteries to stabilize supply

<Future plans>

Operations slated to commence in FY2023

Contributing to realization of a low-carbon society and stable power supplies



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## 2. African growth strategy



# Africa Business Operation Transfer from TOYOTA

**Toyota Motor plans to begin transferring operations in Africa to TTC from January 2019**

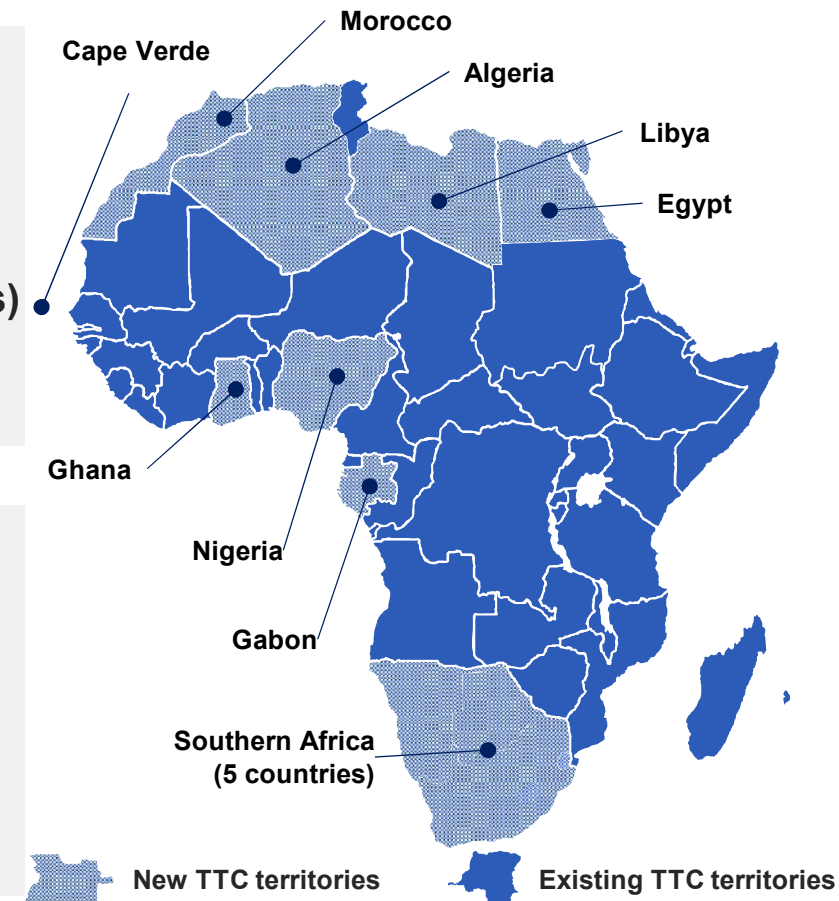
※Excludes local operations of Toyota South Africa Motors (Pty) Ltd.

## <Overview of transfer>

- ✓ Operations outside of existing TTC sales territories to be transferred to TTC
- ✓ Countries where TTC sells Toyota vehicles
  - Currently: 41 countries  
(21 with TTC-owned dealerships, 20 with affiliated dealerships)
  - Post-transfer: 54 countries (all countries in Africa)

## <Operations to be transferred>

- ✓ All sales and marketing operations
  - Product planning, alliances
  - Revenue management
  - Pan-African supply-demand management
  - Pan-African after-sales (servicing, parts) etc.



**We will achieve dramatic growth in African Toyota sales by capitalizing on our front-line strengths (home & away) in Africa and implementing policies and measures with an entrepreneurial spirit**





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# Africa Business Operation Transfer from TOYOTA

## – Sales Impact –

### FY2017 Actual Breakdown units: thousand units

#### • North Africa (7 countries)

New car Market	TOYOTA sales	Share(%)
513	23	4 %



#### • Sub-Saharan Africa (42 countries)

New car Market	TOYOTA sales	Share(%)
152	34	22 %



#### • Southern Africa (5 countries)

New car Market	TOYOTA sales	Share(%)
558	125	22 %



UN, Others  
(direct sales)

TOYOTA sales
9

#### < Total for Africa >

New car Market	TOYOTA sales	Share(%)
1,223	191	16 %



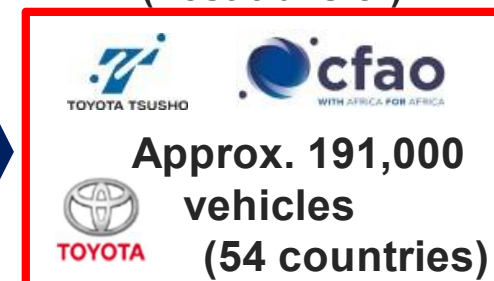
### Impact on TTC Group's auto sales and future challenge

#### • Unit sales impact

(based on actual FY2017 sales)

(Current)

(Post-transfer)

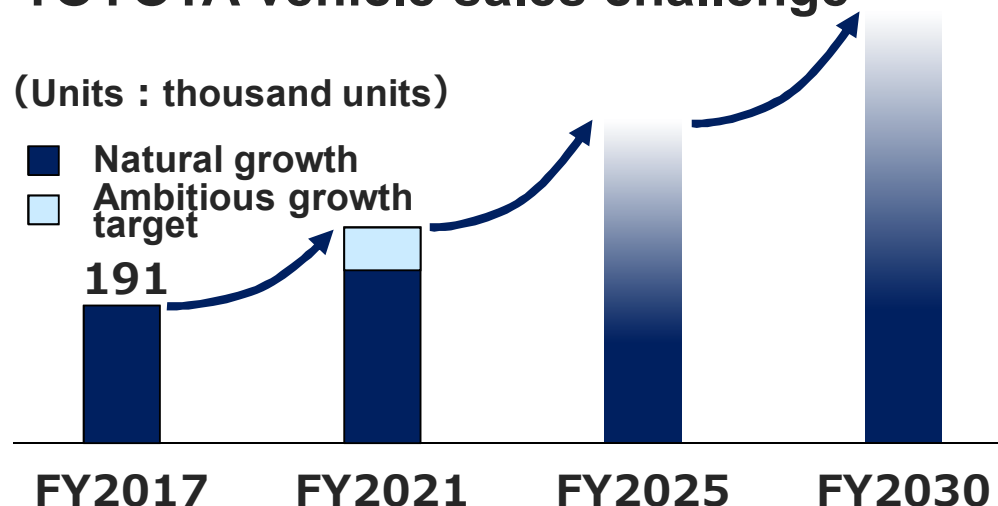


#### • TOYOTA vehicle sales challenge

(Units : thousand units)

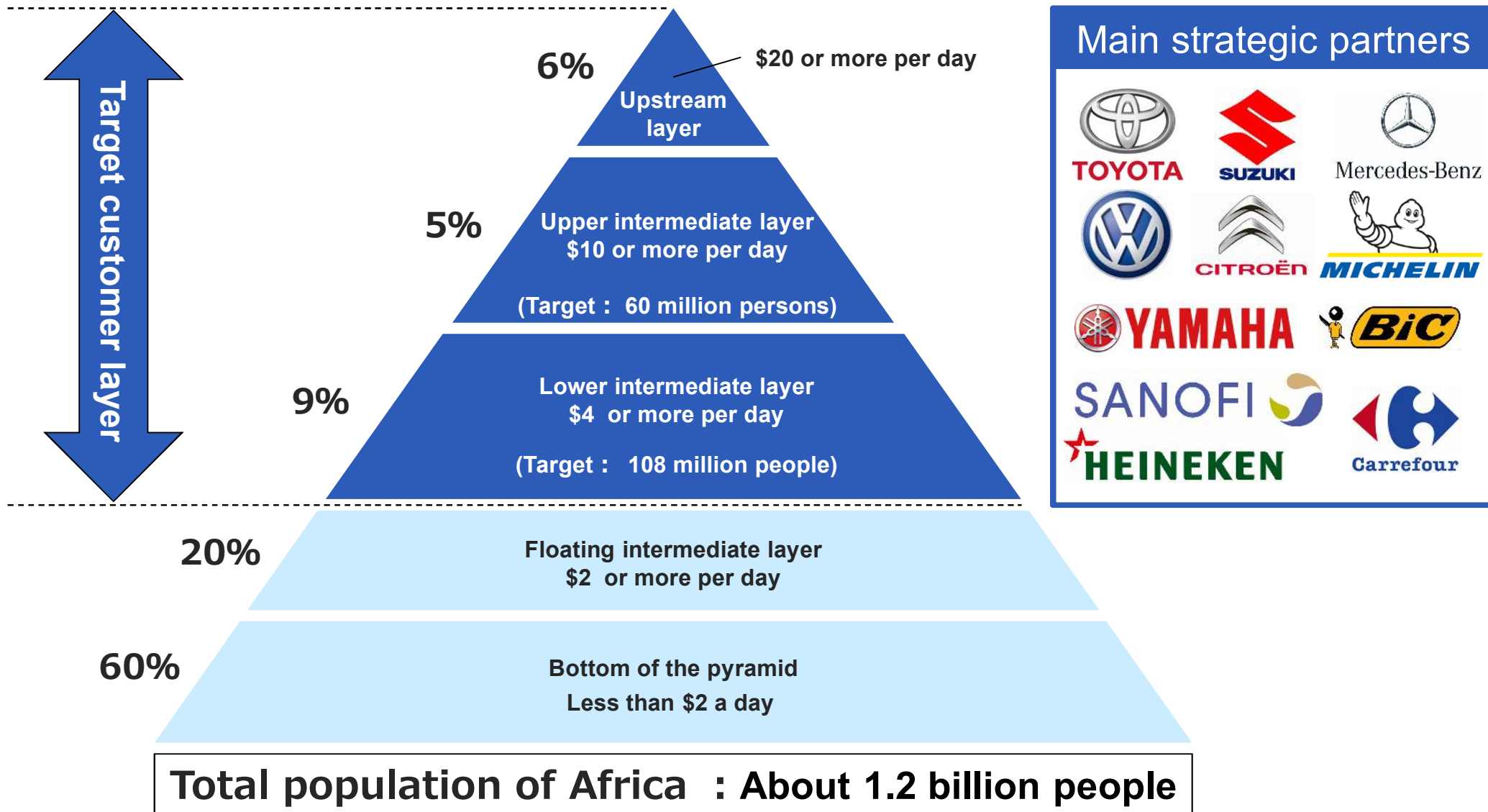
■ Natural growth

□ Ambitious growth target



**We will establish a pan-African TOYOTA related business network and our TOYOTA vehicle sales volume will increase over 5 times**

# Growth Potential from Capturing Demand from Middle-income Earners



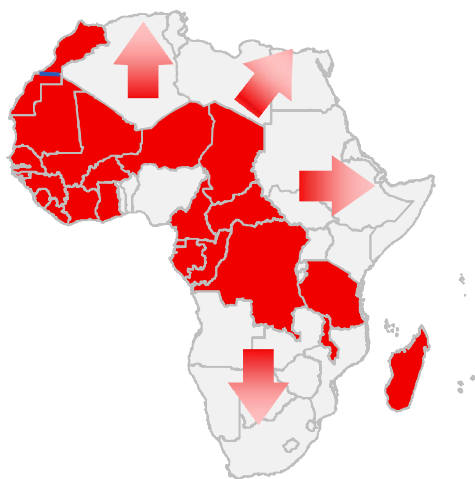
Source: TTC based on BearingPoint based on African Development data (2015)

**We will focus on B2C businesses targeting upper and middle classes**

# Business Development of Automobile Business

## Suzuki Business

- Capture entry-level car buyers
- Geographic expansion of Suzuki sales (vehicle, parts)



## Used vehicles Business

- Expand used-vehicle business initiatives
- Aim for new-to-used vehicle sales ratio of 1:1



ONCE A TOYOTA, ALWAYS A TOYOTA

**T**oyotsu auto mart kenya  
your trusted partner in pre owned vehicle

## Auto parts Business

- Strengthen sales of genuine TOYOTA parts
- Strengthen sales of IAM parts\*

\*IAM parts: Independent Aftermarket parts



**Appealing to target income demographics with multiple B2C businesses**

# Business Development Other than Automobiles (Pharmaceuticals, Renewable Energy, Infrastructure)

## Pharmaceutical business

Pharmaceutical production (Morocco, Algeria)



- Operating in 22 countries, mainly in West Africa ( ■ : countries where pharmaceutical business operates)
- Plans to expand into new sectors, including medical centers, retailing and health insurance

## Renewable Energy /Infrastructure Business

Wind power generation (Egypt)



Geothermal power generation (Kenya)



Port development (Kenya)



- Partnering with Eurus Energy and major French electric power company in East Africa
- Redevelopment at the largest commercial port in East Africa

## Promoting East-West exchange

Aiming to expand East African pharmaceutical business, utilizing TTC's network

Aiming to westwardly deploy renewable energy generation and infrastructure development expertise amassed in East Africa

**Promoting East-West exchange in pursuit of pan-African business expansion**

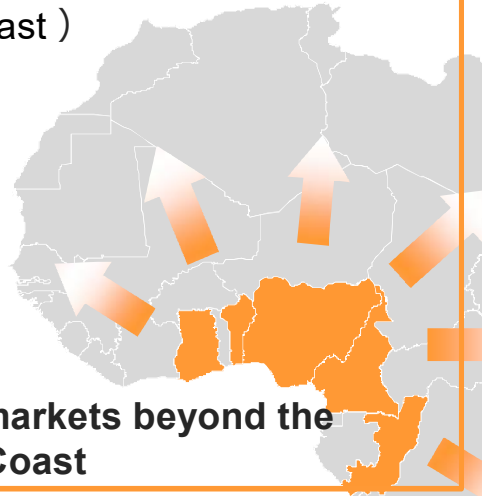


# Business Development Other than Automobiles (Consumer materials, Retail)

## Beverage Business

Beer production (Congo, Ivory Coast )

 **HEINEKEN**



- Planning to expand into new markets beyond the Republic of Congo and Ivory Coast

## Consumer material Business

Production of consumer materials  
(Nigeria, Ivory Coast, Ghana, Cameroon)



- Aiming to expand business by ramping up multipurpose factories

## Retail Business

Shopping center / Supermarket Business  
(Ivory Coast, Cameroon)



- Aiming to be a top-three retailer in Ivory Coast and Cameroon

**Aiming to further expand operations in Sub-Saharan Africa,  
a region where CFAO excels**



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