



# Three Years Management Plan (FY2021 to FY2023)

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**May 6, 2021**  
**Toyota Tsusho Corporation**

- 1. Review of previous three years management Plan  
(FY2018 through FY2020) P.2**
- 2. New three years management Plan (FY2021 through FY2023) P.6**
- 3. Efforts to “Contribute to Transition to a Decarbonized Society” P.26**
- 4. New Management Structure & Financial Policy P.32**
- 5. Reference Materials P.38**



# 1. Review of previous three years management Plan (FY2018 through FY2020)

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# Review of previous three years management Plan (FY2018 through FY2020)

(Unit : billion yen)

	[Released May 2018] FY 2020 Targets	Results	
※ Profit attributable to owners of the parents	160.0	134.6	Not Achieved
ROE	10-13%	10.1%	Achieved
Net DER	Within 1.0 times	0.68 times	Achieved
RA/RB	Less than 1.0	0.7	Achieved
Shareholder return	<ul style="list-style-type: none"> <li>• Payout ratio 25% or more</li> <li>• Steady increase in actual dividend</li> </ul>	Maintain a payout ratio of 25% or more FY2018 : ¥100 (26.5%) FY2019 : ¥110 (28.6%) FY2020 : ¥112 (29.3%)	Achieved
Pre-condition	<ul style="list-style-type: none"> <li>• Foreign exchange rate</li> <li>• Oil price</li> </ul>	¥105/USD・¥130/EUR USD55/bbl.	¥106/USD・¥124/EUR USD44/bbl. (Annual average)

※"Profit attributable to owners of the parents" is presented as "Profit" in the following

# Review of previous three years management Plan (FY2018 through FY2020)

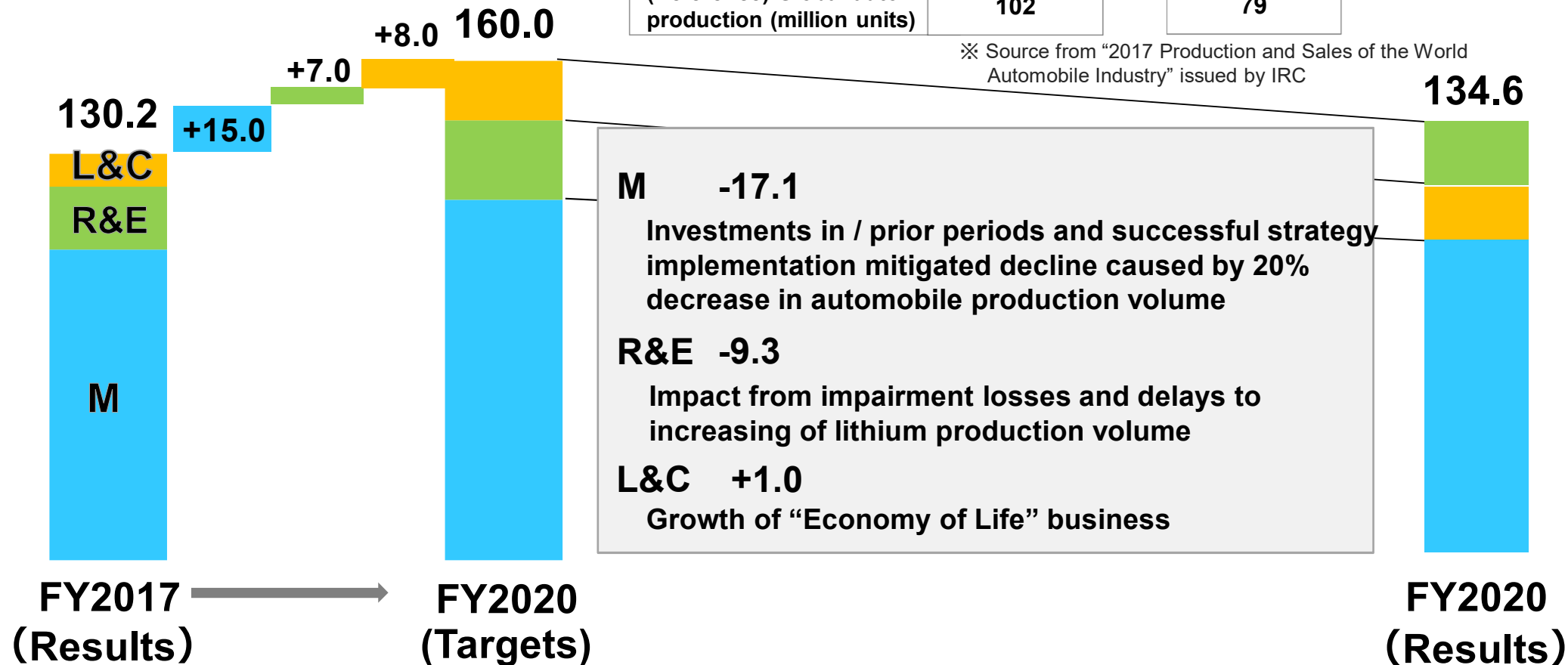
## Profit

FY2020 targets  
announced May 2018

(Unit: Billion yen)

	Assumptions	Actual
USD/JPY	105	106
EUR/JPY	130	124
Oil price (USD/bbl)	55	44
(Reference) Global auto production (million units)	102	79

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



Note: M=Mobility R&E=Resource & Environment L&C=Life & Community

# Review of previous three years management Plan (FY2018 through FY2020)

(Unit: Billion yen)

## Investment

	Initial target FY2018-FY2020	Result FY2018-FY2020	Overview
<b>investment</b>	<b>330.0</b>	<b>495.4</b>	<ul style="list-style-type: none"> <li>■ FY2018~FY2019 Operating CF 723.5</li> </ul>
<b>M</b>	<b>120.0</b>	<b>196.1</b>	<ul style="list-style-type: none"> <li>■ Auto dealership business in South Africa(CFAO)</li> <li>■ Automobile related equipment in North American</li> </ul>
<b>R&amp;E</b>	<b>140.0</b>	<b>220.7</b>	<ul style="list-style-type: none"> <li>■ Wind power business(Eurus)</li> </ul>
<b>L&amp;C</b>	<b>70.0</b>	<b>78.6</b>	<ul style="list-style-type: none"> <li>■ Retail business (CFAO)</li> <li>■ Electronics business</li> </ul>
<b>After dividend FCF</b>		<b>+201.3</b>	
<b>NET Debt Fluctuation</b>		<b>(124.3)</b>	<ul style="list-style-type: none"> <li>■ ¥1,006.9→¥882.6(excluded lease liability)</li> </ul>

**Engaged in investment beyond targets while firmly maintaining robust financial position**



Be the **Right ONE**

## 2. New three years management Plan (FY2021 through FY2023)

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## Basic management policies under COVID-19

**Sustain business operations while protecting health and safety of employees and their families**

**Ensure supply chain continuity**

**Pursue lean management**

**Continue to take on new challenges**



**Strategy direction unchanged,  
confirmed points noted concerning strategy execution**

# Toward Achieving Mid-Term Business Plan Goals

Lean management  
amid the  
“new normal”

P9

DX  
Transformation



Be the **Right ONE**

We aim to be a irreplaceable,  
one-and-only presence  
for our business partners  
and stakeholders

Globalization

Accelerate  
materiality initiatives

P10

Next Mobility  
Strategy

Renewable Energy  
Strategy

Circular Economy  
Strategy

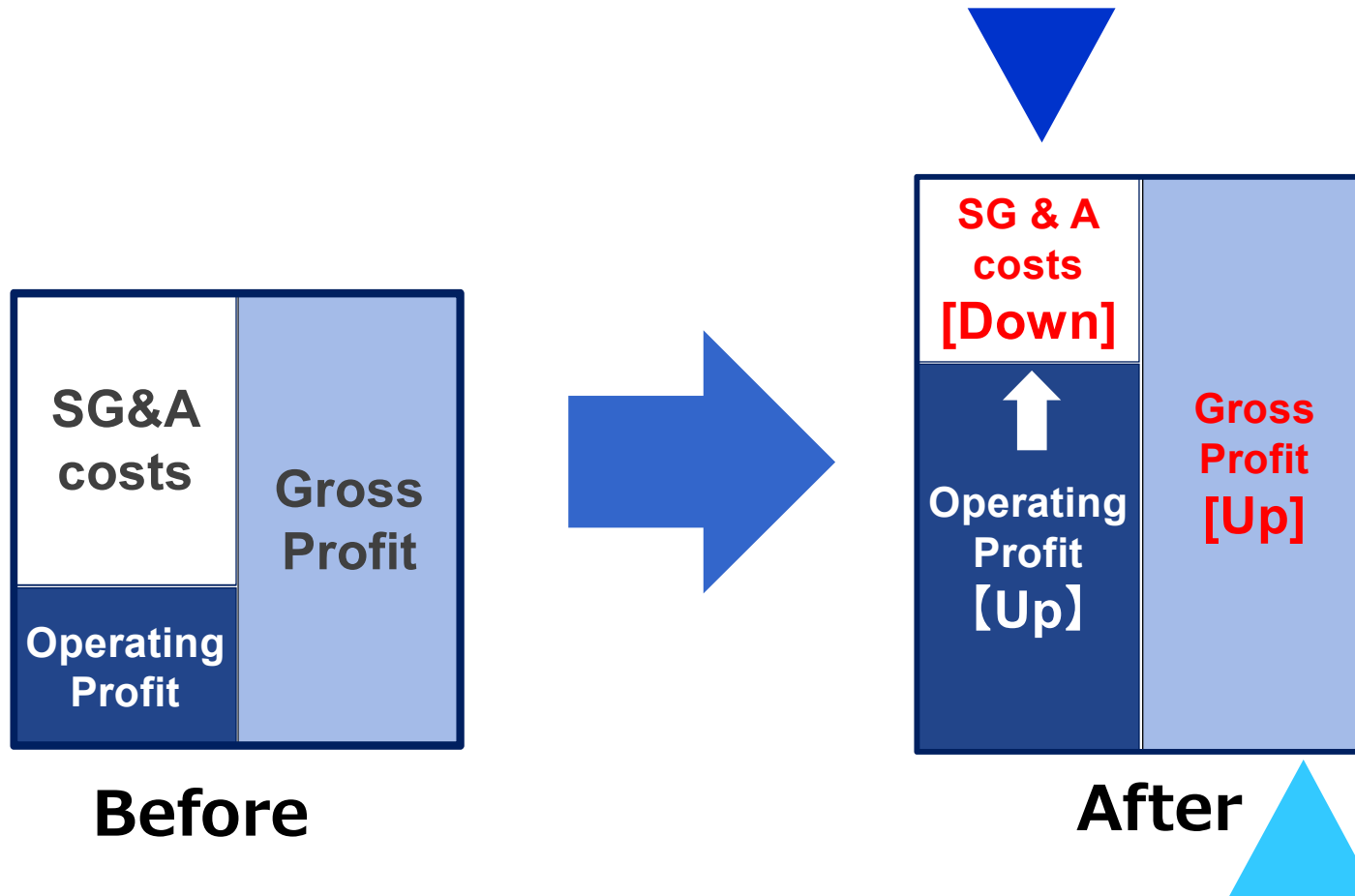
African Growth  
Strategy

Shift to  
strong  
Individual and  
strong  
organization

Sustained growth during and after COVID-19

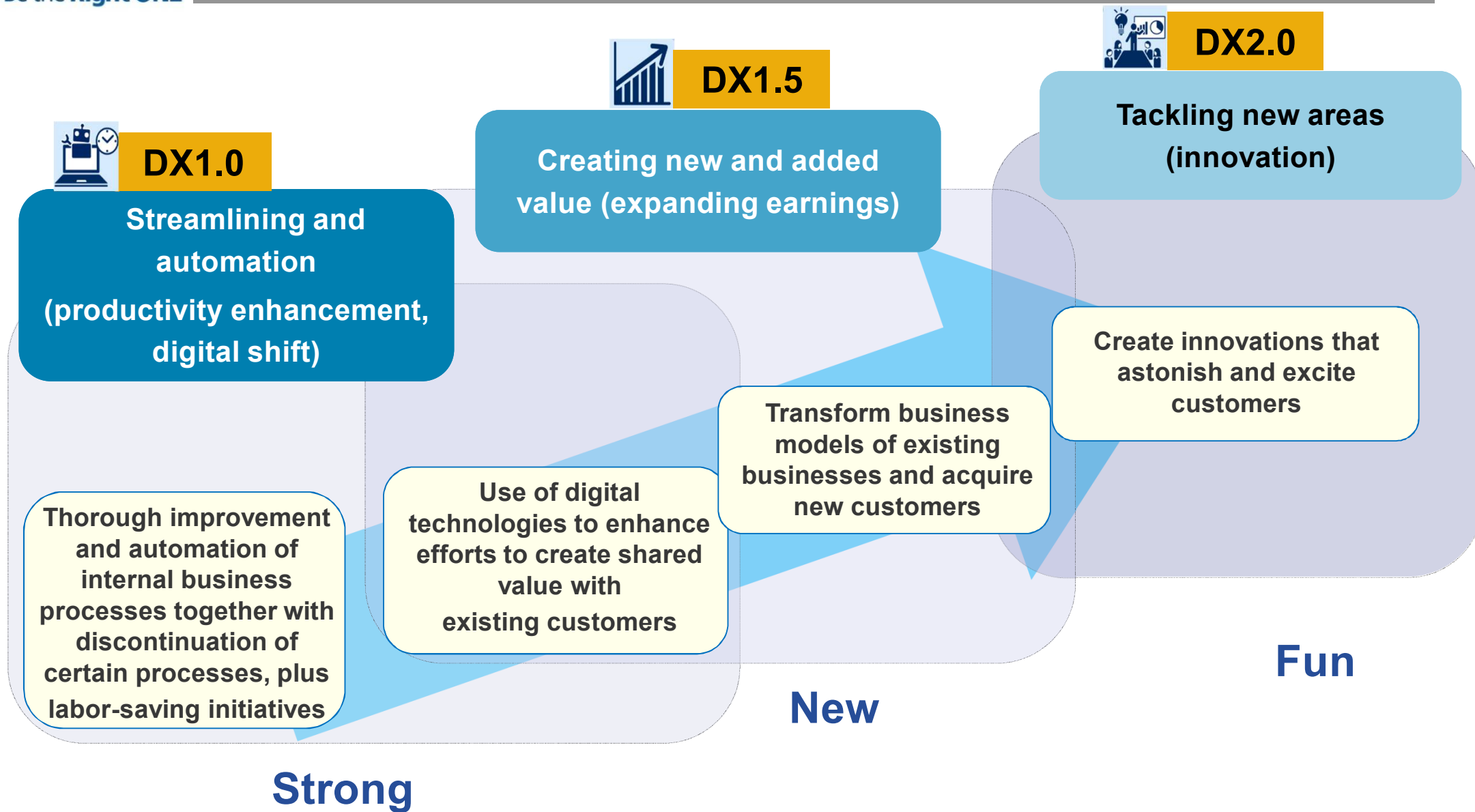
# Lean Management Amid the “New Normal”

Review expenses to eliminate all waste  
Digital transformation to maximize productivity



Transform business models of existing operations  
Digital transformation to enhance value added by all operations

# Toyota Tsusho's Digital Transformation (DX) Policy



**Pursue further digital transformation**

# Three years management Plan ~ Qualitative aspect~



Be the **Right ONE**

An irreplaceable,  
one-and-only presence  
for our partners and  
stakeholders

Efforts to “Contribute to  
Transition to a decarbonized Society”

## Priority Areas

Next Mobility  
Strategy

Renewable Energy  
Strategy

African  
Growth Strategy

Circular Economy  
Strategy

### Four Measures for Supporting a Distinctively Toyotsu Group Surge

Growing existing  
business

Generating  
local business

Promote global  
Diversity &  
Inclusion

Responding to  
technological  
evolutions

### Toyota Tsusho Group Way

On site, hands on,  
in touch

A passion for  
business

Team power

Accelerate  
implementation of  
initiatives



**Globalization**



**Digitalization**

Approach to  
implementing  
initiatives

**6 Key  
Sustainability  
Issues  
(Materiality)**



# Three years management Plan ~ Quantitative aspect~

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<Pre-condition>

Production Volume : appr.10million units GDP : 4.4%

FX. RATE : ¥100/USD ¥120/EUR

Oil price : USD45/bbl.

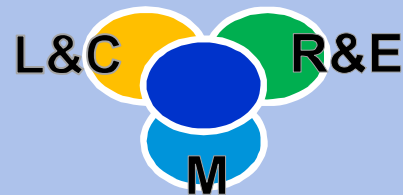
(Unit: Billion yen)

+15.0

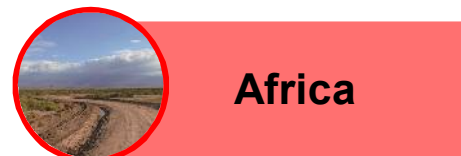
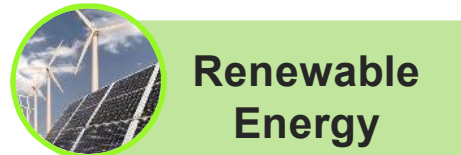
**Priority Areas**  
Investment Amount 250.0~

+30.0

**Organic Business**  
Investment Amount 150.0~



Please see P13 for details



Please see P14~25 for details

**180.0**  
(Target)

134.6  
(Result)

FY2020

FY2023

**The four priority areas will be drivers of growth**

# Organic Business Growth

(Unit: Billion yen)

Investment amount: Over ¥150.0

Profit : +¥30.0

**Bolstering of the unique strengths Toyota Tsusho has cultivated +¥150.0**

R&D, production preparation

Adjustments

Logistics, assembly process

Sales & Service



Practice lean management, etc.

+ ¥10.0

**Tackling new challenges in “Economy of Life” business +¥50.0**



(Medical business)



(Grain business)



(Iodine business)



(Logistics business)



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# Priority Areas



**① Next Mobility**



② Renewable Energy



③ Africa



④ Circular Economy

Contribute to creation a safe and comfortable Mobility Society

Investment : Over ¥20.0

Profit : +¥6.0



## Increased handling of lithium

Production plan

13ktons

Increase 2.5x

33ktons

2020

2023

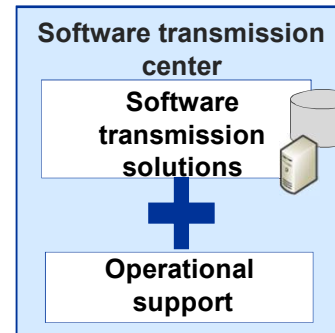
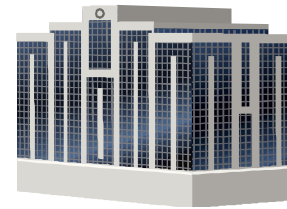
Salar de Olaroz, Argentina



## “CASE” challenge

OTA(Over the Air) business

Wireless delivery of in-car software, map data, etc.

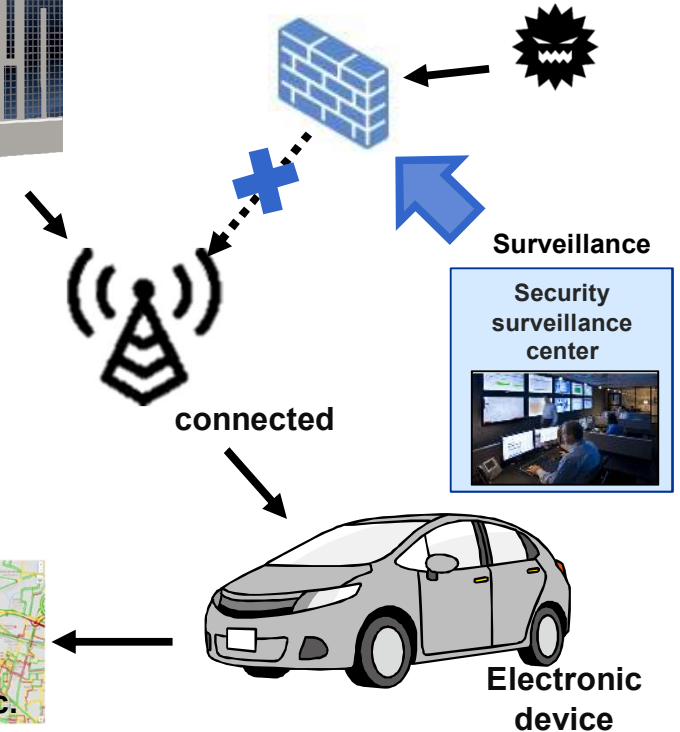


Data center



In-car security business

Promote commercialization of security solutions needed for cars and develop related services





Be the **Right ONE**

# Priority Areas



① Next Mobility



② Renewable Energy



③ Africa



④ Circular Economy

## ② Renewable Energy Strategy

Contribute to the transition to a decarbonized society

Impact of upfront investment



Investment Amount ¥140.0~

Profit -¥2.0

### Business development in Northern Hokkaido

#### ◆Transmission business

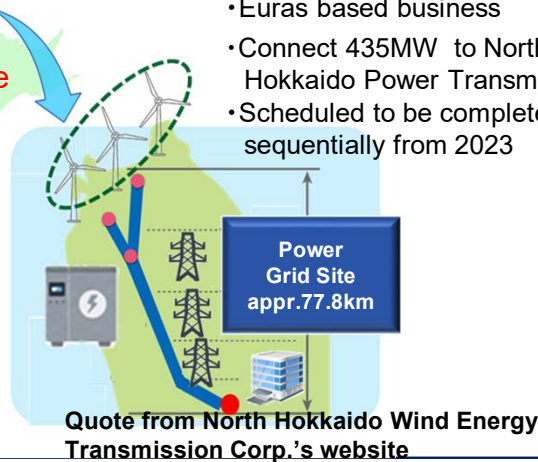
- Business by joint venture※ including Eurus
- Annex **the largest storage battery in the world**
- Scheduled to be completed in 2023

※North Hokkaido Wind Energy Transmission Corp

- Wind power area
- Transmission line route
- Substation, Switchyard

#### ◆Power generation business

- Euras based business
- Connect 435MW to North Hokkaido Power Transmission
- Scheduled to be completed sequentially from 2023



### Ngoi Phat Hydropower Plant

~First overseas hydropower generation business for the company ~



Utilizing the know-how of Tokyo Electric Generation Co., Ltd.



Power generation capacity **84MW**

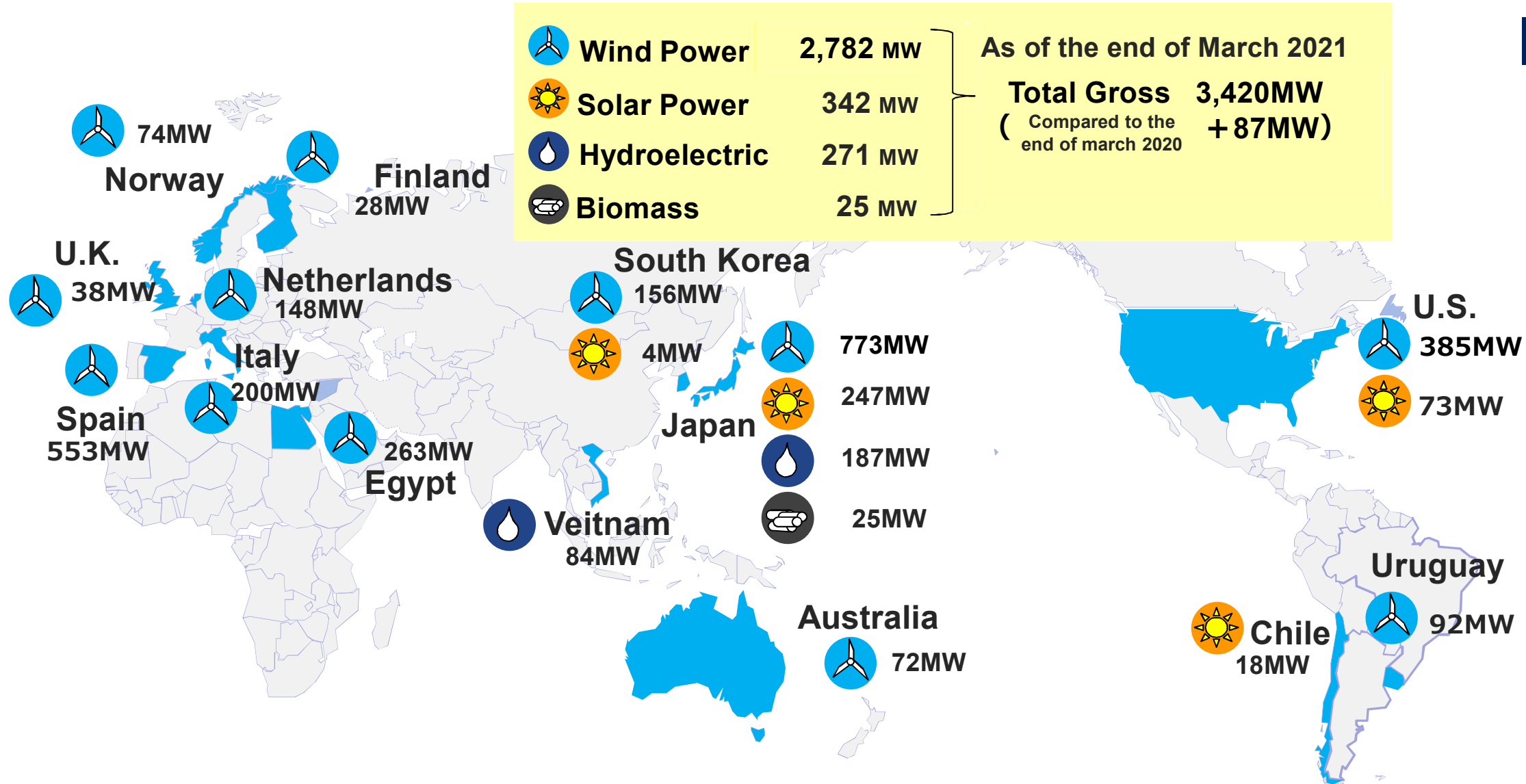
### Formed consortium for joint development of offshore wind power generation business off the coast of Akita Prefecture



#### <Consortium composition officials>

Eurus Energy Holdings Corporation, Japan Wind Development Co., Ltd., ORSTE CO.(Denmark)

## ② Renewable Energy Strategy (Global Expansion Status)



Target total output of 4,900MW in FY2023, also seeking further expansion with offshore wind power



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# Priority Areas



① **Next Mobility**



② **Renewable Energy**



③ **Africa**



④ **Circular Economy**



# ③ African Growth Strategy ~WITH AFRICA FOR AFRICA~ (Unit: Billion yen)

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**Solving social issues in developing countries**

**Investment Amount    ¥80.0~**

**Profit    + ¥9.0**



## Mobility

**Strengthen Product Lineup**

**Build KD (Knock-Down) Business**

**Optimize Supply Network**

**Strengthen Total Fleet Management (B2B)**

**Strengthen TOYOTA Operations (B2C)**

**Expand Value Chain**

**NEW**

**Connected**



**TOYOTA connected**

**Data Server (South Africa)**

**NEW**

**Maas**  **mobility54**  
Toyota Tsusho Group



**NEW**

**HR support & Development**



# ③ African Growth Strategy ~WITH AFRICA FOR AFRICA~

## Mobility

### Build KD(Knock-Down) Business

<Country of Development of KD Business>



### Strengthen Product Lineup

<Country of Development of Suzuki vehicles>

47 African countries



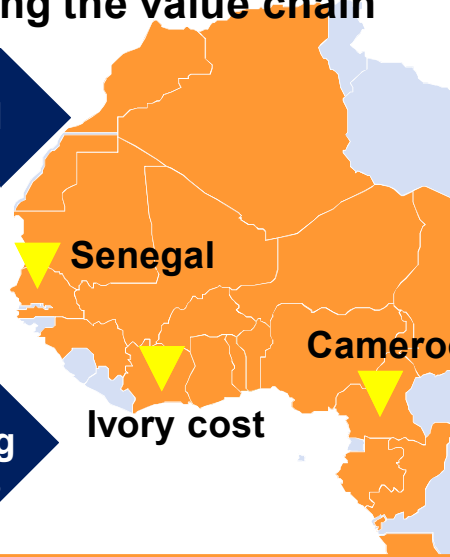
## Other than Mobility Business Area

### Healthcare

Strengthening and expanding the value chain



Regional development



### Infrastructure



Wind-power generation in Egypt



TOYOTA TSUSHO



Eurus Energy

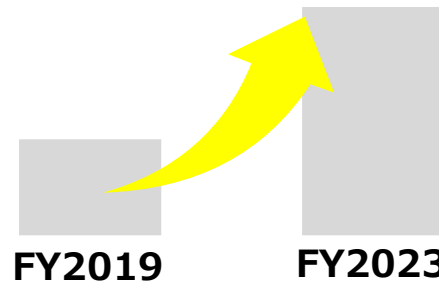


### Retail



Approx. 2.5 times

Number of stores



Mini-grid Business in Kenya

# ③ African Growth Strategy ~WITH AFRICA FOR AFRICA~

Other than Mobility Local production/ local production for local consumption



**Morocco**  
(Pharmaceutical manufacturing)

**Algeria**  
(Pharmaceutical manufacturing)

**Ghana**  
(Consumer goods manufacturing)

**Nigeria**  
(Consumer goods manufacturing / motorcycle manufacturing)

**Ivory Coast**  
(Consumer goods manufacturing)

**Cameroon**  
(Consumer goods manufacturing)

**Republic of Congo**  
(Consumer goods manufacturing)



※Consumer Goods・・・Ballpoint pens, razors, plastic cases, food packaging materials, cosmetic bottles, etc.



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# Priority Areas

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① Next Mobility



② Renewable Energy



③ Africa



④ **Circular Economy**

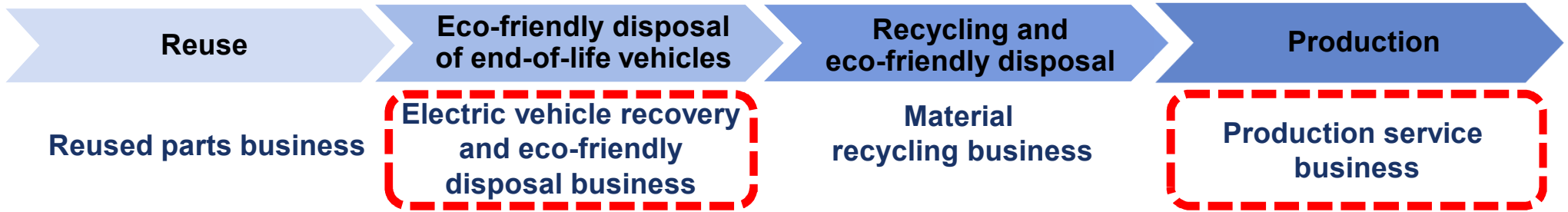
# Circular Economy Strategy

Contribute to circular economy business

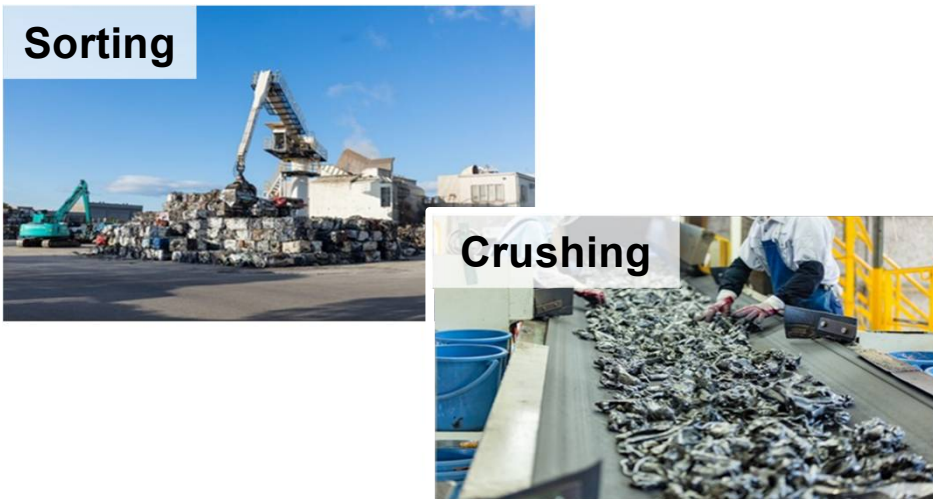


Investment: Over ¥10 billion

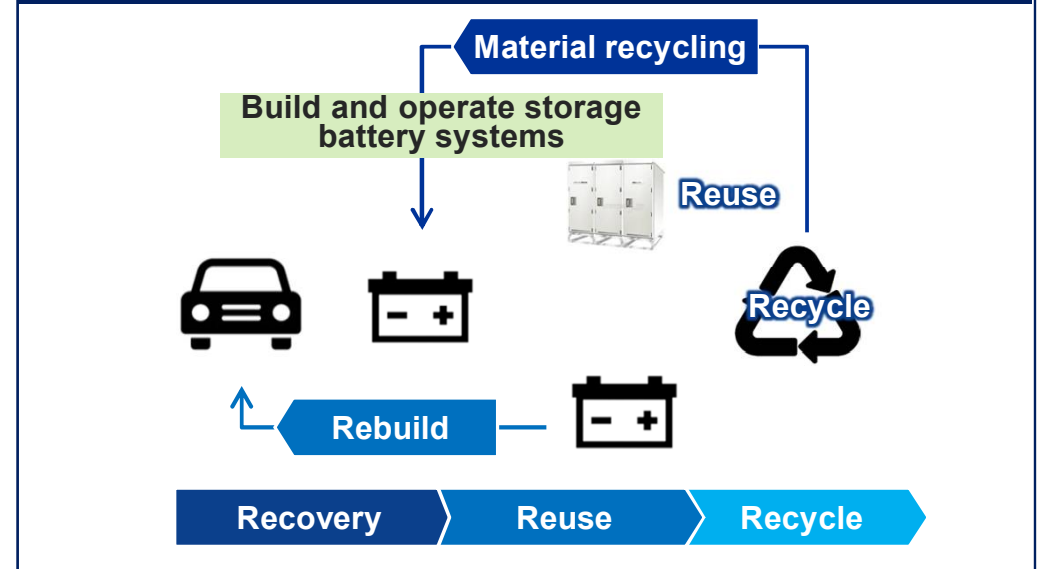
Profit: +¥2 billion



## Domestic electric vehicle shredding/overseas electric vehicle dismantling business



## Battery 3Rs business





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### **3. Efforts to “Contribute to Transition to a decarbonized Society”**

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# The Toyota Tsusho Group's Key Sustainability Issues (Materiality)

Be the **Right ONE**

contribute to the creation of a safe and comfortable mobility society

## Next Mobility Strategy



Contribute to the transition to a low-carbon society

## Renewable Energy Strategy



Contribute to the development of a recycling-based society

## Circular Economy Strategy



## CSR Materiality for the Toyota Tsusho Group



Grow with developing countries

## African Growth Strategy



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

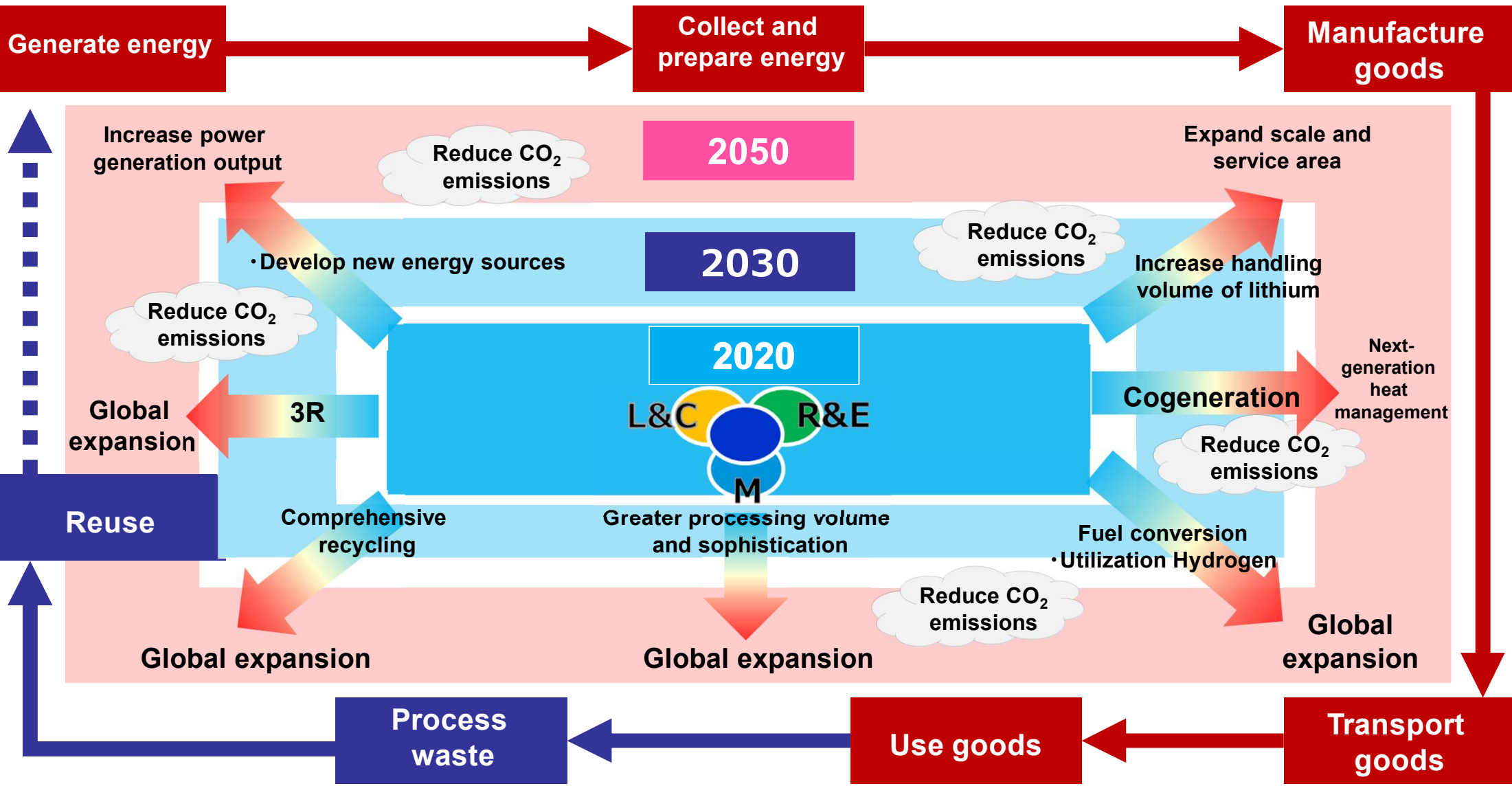
### Accelerate materiality initiatives



# Efforts to “Contribute to Transition to a decarbonized society”

Be the **Right ONE**

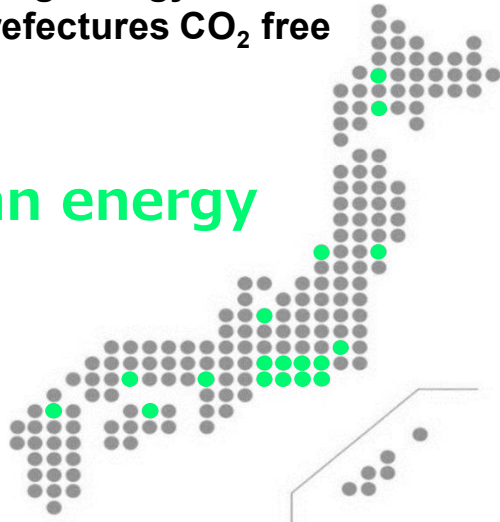
Establish taskforce for promoting carbon neutrality



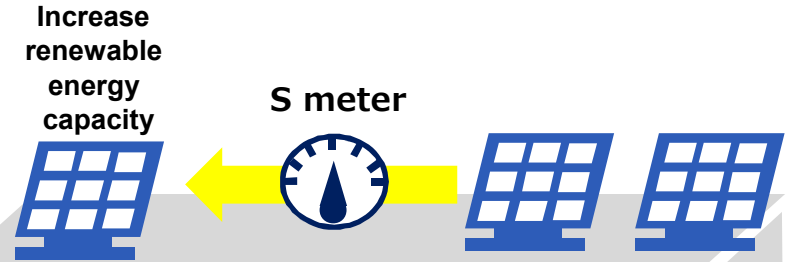
# Example of carbon neutrality initiative

- ① Effectively 100% carbon neutral since January 2019 by making energy consumed at 18 business sites in 11 prefectures CO<sub>2</sub> free

Clean energy



- ② Renewable energy management verification test using own building (Toyota Branch)



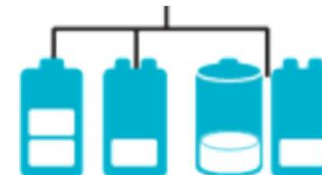
EMS

- ✓ Solar panel power generation volume forecasts
- ✓ Branch electric power demand forecast
- ✓ SoC control of ESSs

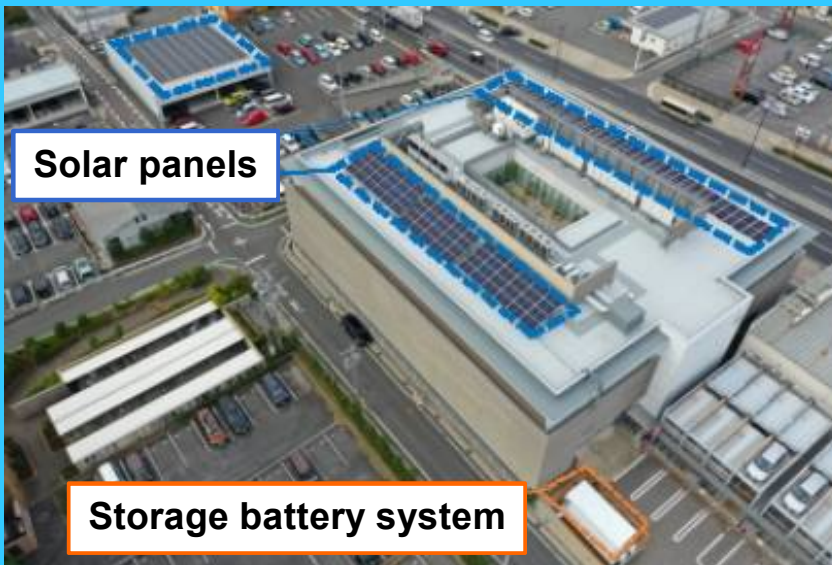
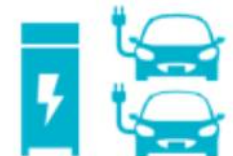
➔ Save energy and increase renewable energy usage

ESS

Control of various types of used batteries



V2G



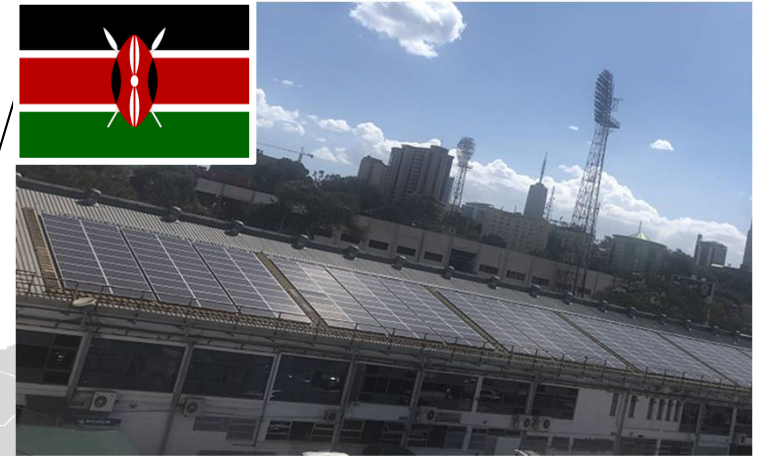
# Example of carbon neutrality initiative

## ③ Installed solar panels in the owned facility in Africa

Automotive Agency in Cameroon



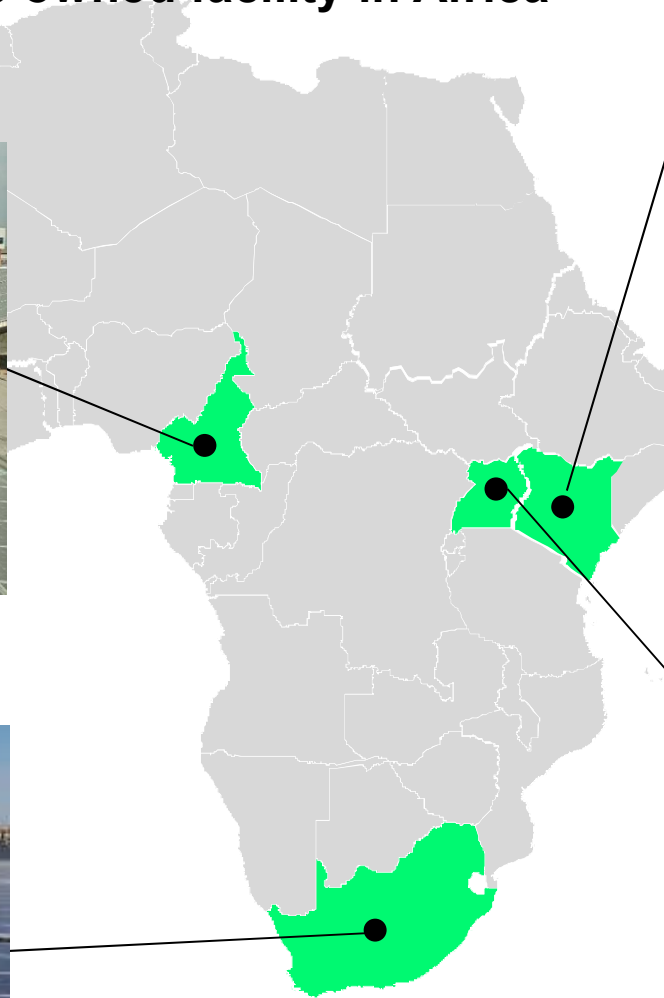
Automotive Agency in Kenya



Automotive Agency in South Africa



Automotive Agency in Uganda



# Example of carbon neutrality initiative

- ④ Launched verification study of local hydrogen production/consumption model to support transition to hydrogen fuel cell-powered port vehicles in North America

Study period: Sep. 2020 through Mar. 2022



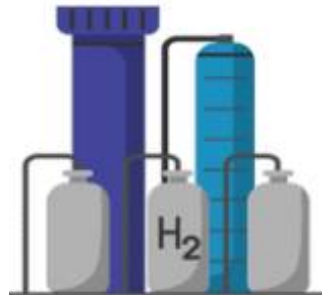
Investigate feasibility in California L.A.

Hydrogen Manufacture · Transport · Storage

Utilization of hydrogen



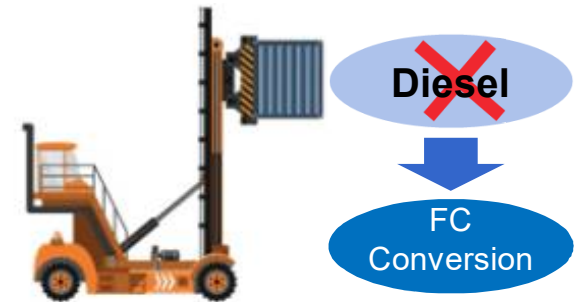
Biogas manufacture



Hydrogen manufacture (gas reformulation system)



Mobile hydrogen refueling truck



Large port vehicles (top-handlers)  
\*Use of hydrogen fuel cells to power port vehicles



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## 4. New Management Structure & Financial Policy

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# The Toyota Tsusho Group's Key Sustainability Issues (Materiality)

Be the **Right ONE**

contribute to the creation of a safe and comfortable mobility society

## Next Mobility Strategy



Contribute to the transition to a low-carbon society

## Renewable Energy Strategy



Contribute to the development of a recycling-based society

## Circular Economy Strategy



## CSR Materiality for the Toyota Tsusho Group



Grow with developing countries

## African Growth Strategy



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



Begin everything we do with ensuring safety and compliance, and continue to be an organization trusted by society

# New management structure

( Scheduled after the General Meeting of Shareholders in June)

## 5 Inside Directors



**Jun Karube**  
Chairman



**Ichiro Kashitani**  
President & CEO



**Takahiro Kondo**  
Vice President



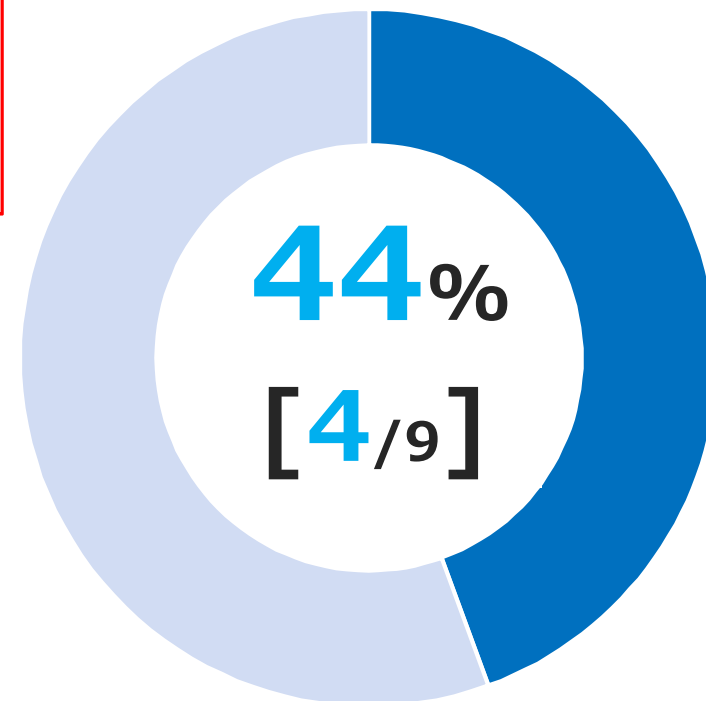
**Hiroshi Tominaga**  
CSO/Regional CEO



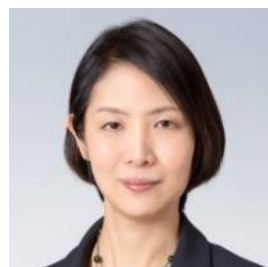
**Hideyuki Iwamoto**  
CFO

**New Assignment**

## Ratio of Outside Directors



## 4 Outside Directors



**Kumi Fujisawa**



**Kunihito Koumoto**



**Didier Leroy**



**Yukari Inoue**

**Increase diversity and further strengthen business execution functions**



# Financial Polices ~Propulsion of Cash Flow Management~

(Unit: Billion yen)

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## Cash flows over past three years (FY2018-20)

<u>Operating CF</u>	<u>Investing CF</u>	<u>Dividends</u>	<u>FCF after dividends</u>
+ 723.5	-413.5	-108.7	+ 201.3

## Mid-Term Business Plan (FY2021-23)

<u>Operating CF</u>	<u>Investing CF</u>	<u>Dividends</u>	<u>FCF after dividends</u>
+ 600.0	-400.0	-130.0	Continuation of profitability

## Financial soundness

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

## Investment policies

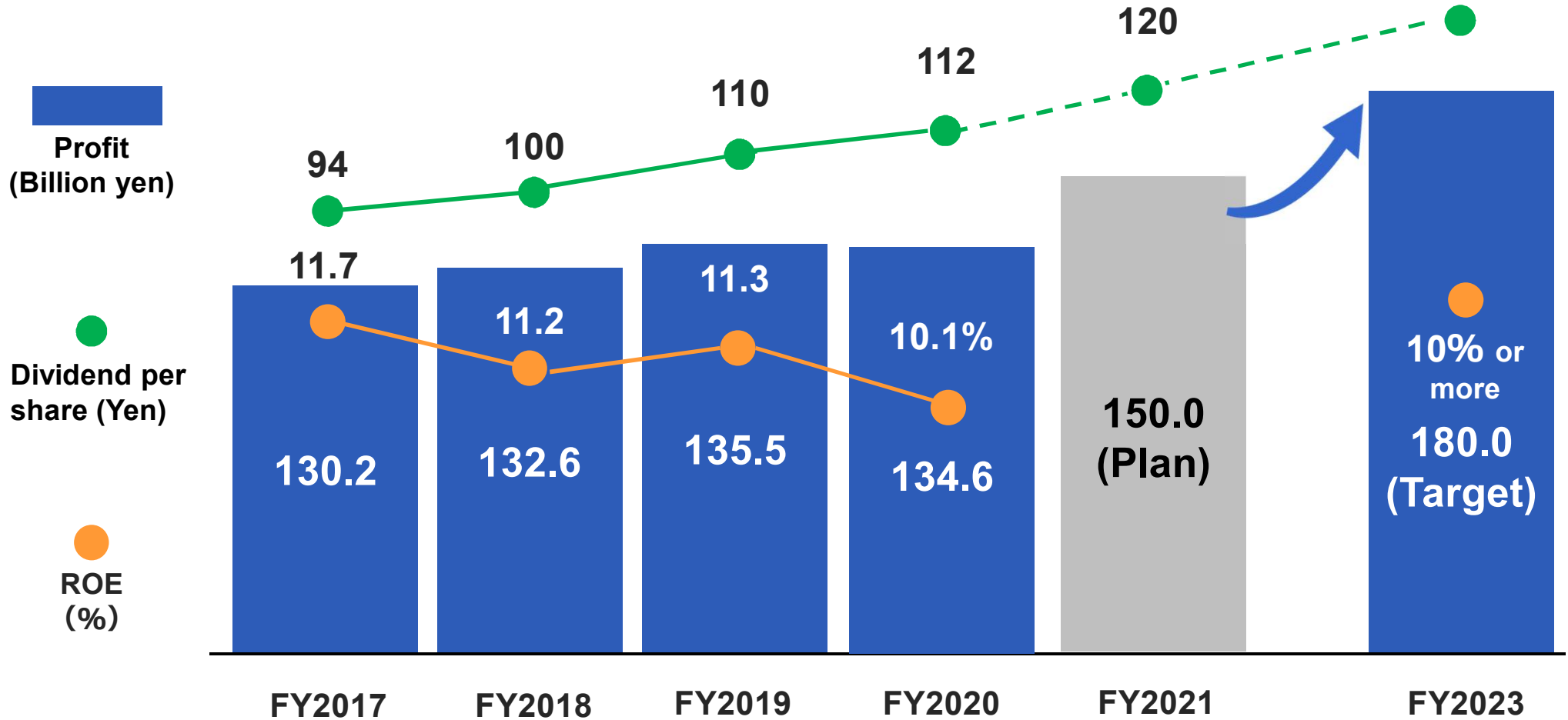
- Keep investment within bounds of operating CF

## Dividend Policy

- Dividend payout ratio of 25% or more as a basic policy
- We will endeavor to maintain a stable dividend

Ensure stable financial base while investing in growth and providing appropriate shareholder returns

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



Seek sustained profit and dividend growth while managing business with asset efficiency in mind



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 **TOYOTA TSUSHO CORPORATION**



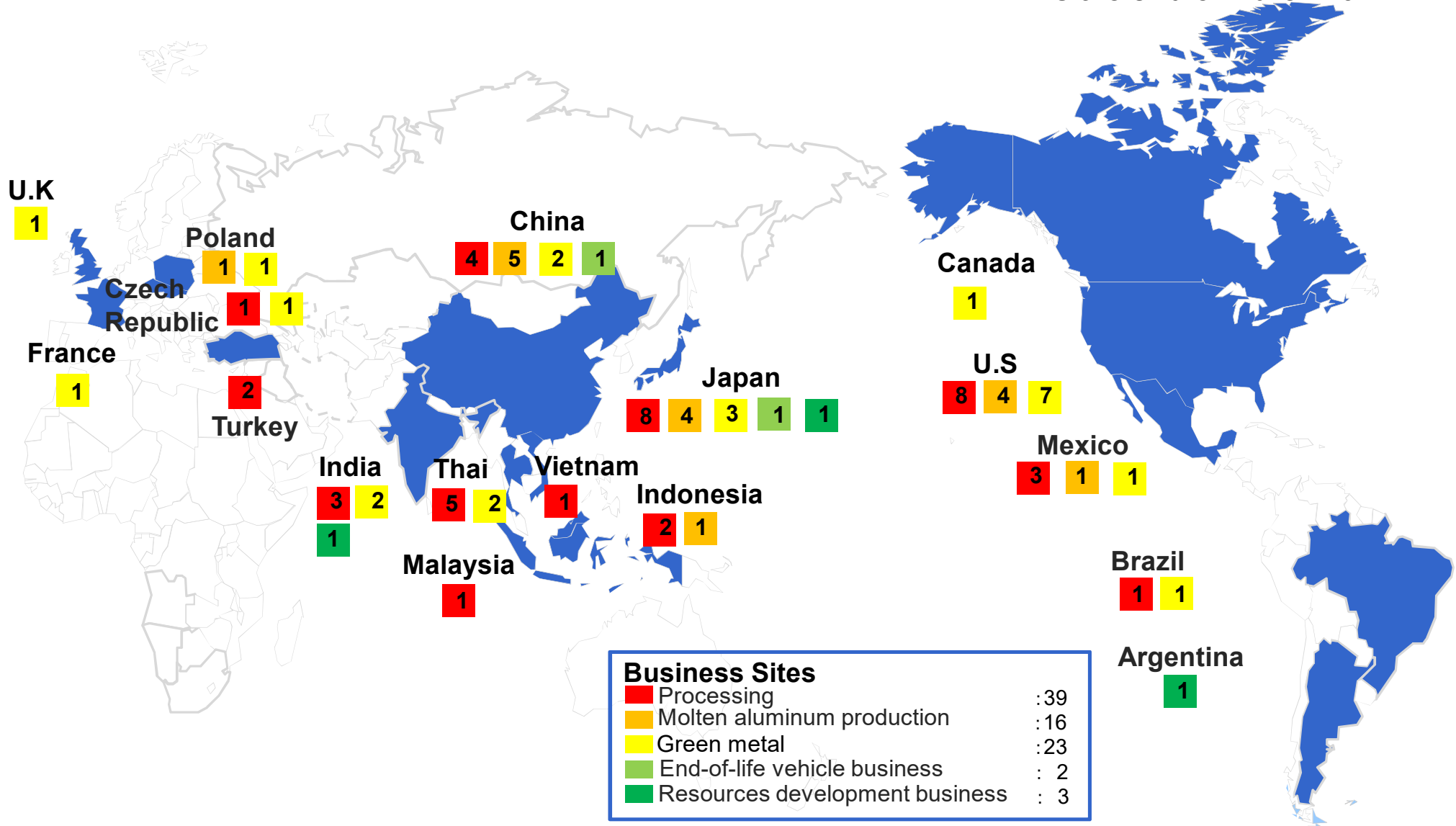
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## 5. Reference Materials

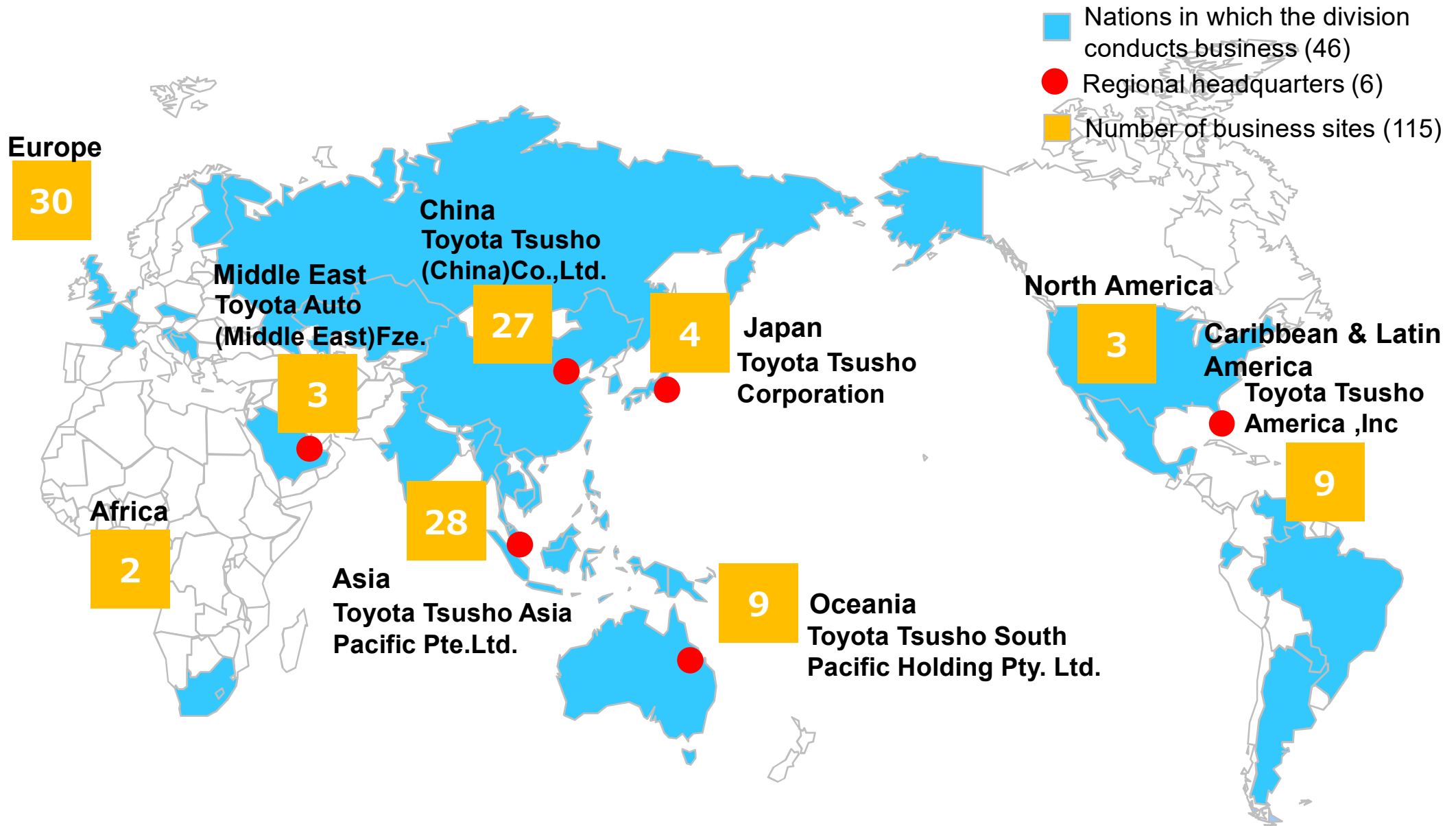
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# Metals Division's Business Portfolio

<As the end of March 2021>



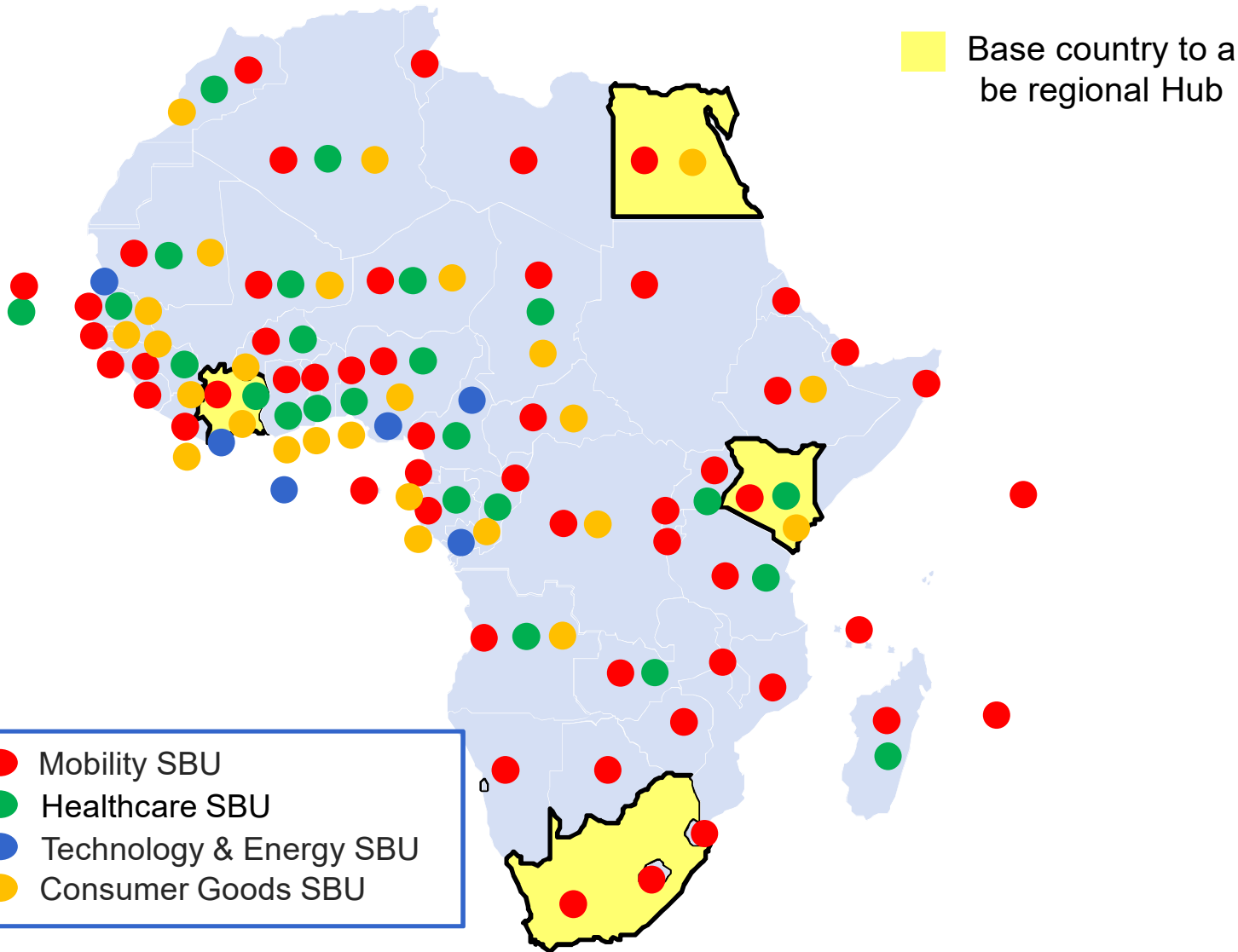
# Development status of automobile business



# Development of American Business

## WITH AFRICA FOR AFRICA

<As the end of March 2021>



## Investor Relations Group

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