KINTO One

Launch Toolkit and Guidelines



KINTO

Agenda.



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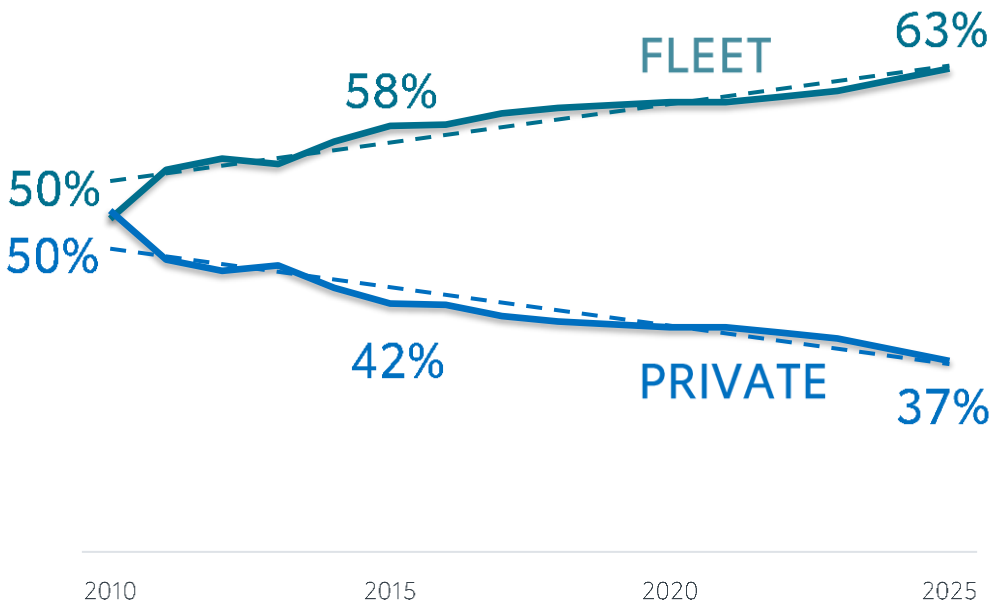
01 KINTO One Start

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2018 Analysis

Our traditional business is shrinking

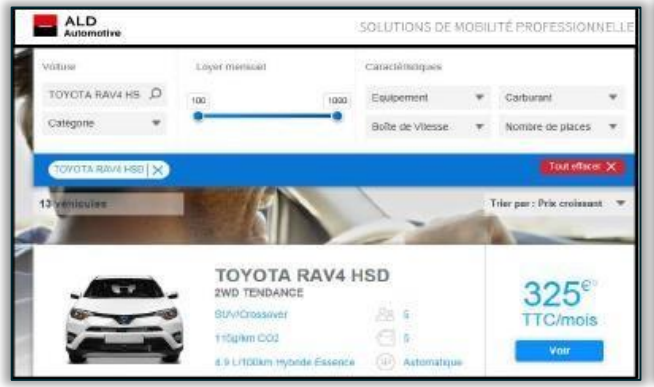
EU – Car market mix evolution

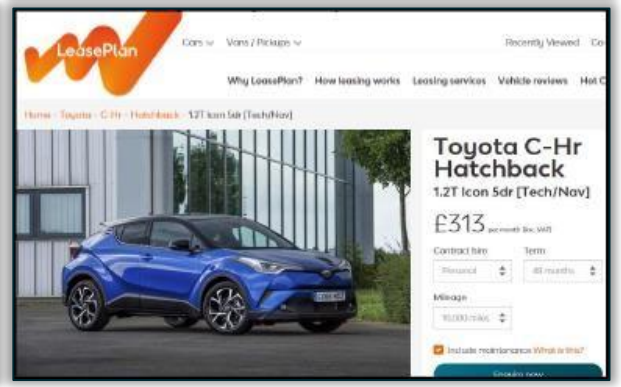


Attacked by Leasing companies

- Loss of Value Chain
- Customer data
- Renewal







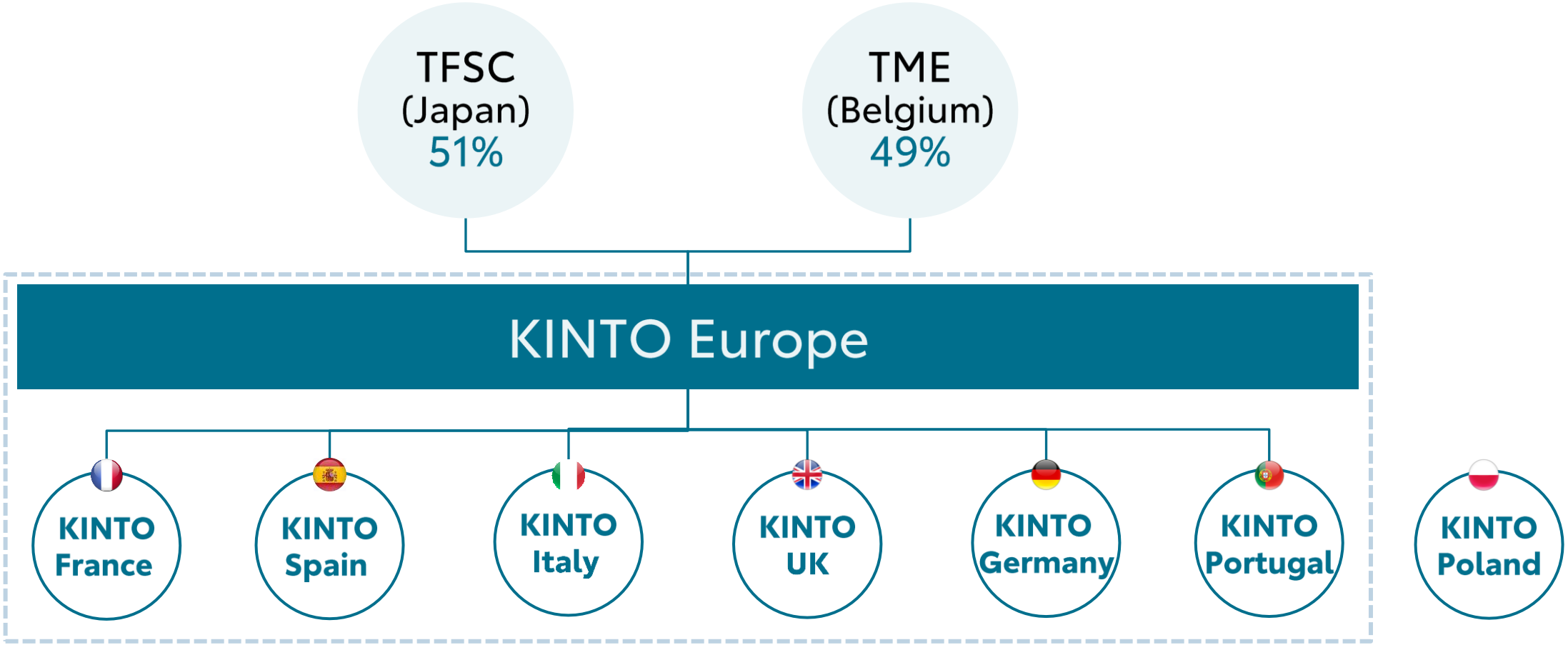
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KINTO corporate structure

JV between Toyota Financial Services and Toyota Motor Europe



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Implementation timeline



Organic

Spain
France
Italy
Germany

M&A

Portugal
UK

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Path to be ready for a mobility company

	Basic	Mature	Mobility Co
TELEMATICS MOBILITY	• SMR reminder • Anticipate contract drift • Responsible driving • Anti-theft	Telematics + mobility • Subscription • Corp car sharing • Ride sharing	Data based business Mobility provider
VEHICLE SERVICES	• SMR • Insurance • Tyres • + limited services	All car related services + limited new services (cleaning/ refurbishment/ fuelling/ charging)	Fleet advisor Fleet operator
FINANCIAL SERVICES	• 36 and 48 months OPL • New car • Toyota/Lexus • Dealer based business • Private/SME	• Flexible products 6m-7y • New/Used car • Multi-brand • Dealer/Direct/Online • Private/SME/Corporate	Full flexibility 1min-7y Multi channel All customers

MATURITY DEVELOPMENT

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02

KINTO One today

KINTO One today

- 7 organic markets
- 2 acquisitions
- Fleet > 167,000 cars
- Profitable



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Service penetration

	Maintenance	Insurance	Tyres	Buyback
Spain	99%	100%	80%	89%
France	89%	90%**	16%	90%
Italy	100%	100%	40%	98%
Germany	84%*	7%	2%	8%*
UK	46%	0%	46%	100%
Portugal	100%	73%	81%	100%

**From 1.1.23 – mandatory KINTO buyback + maintenance*

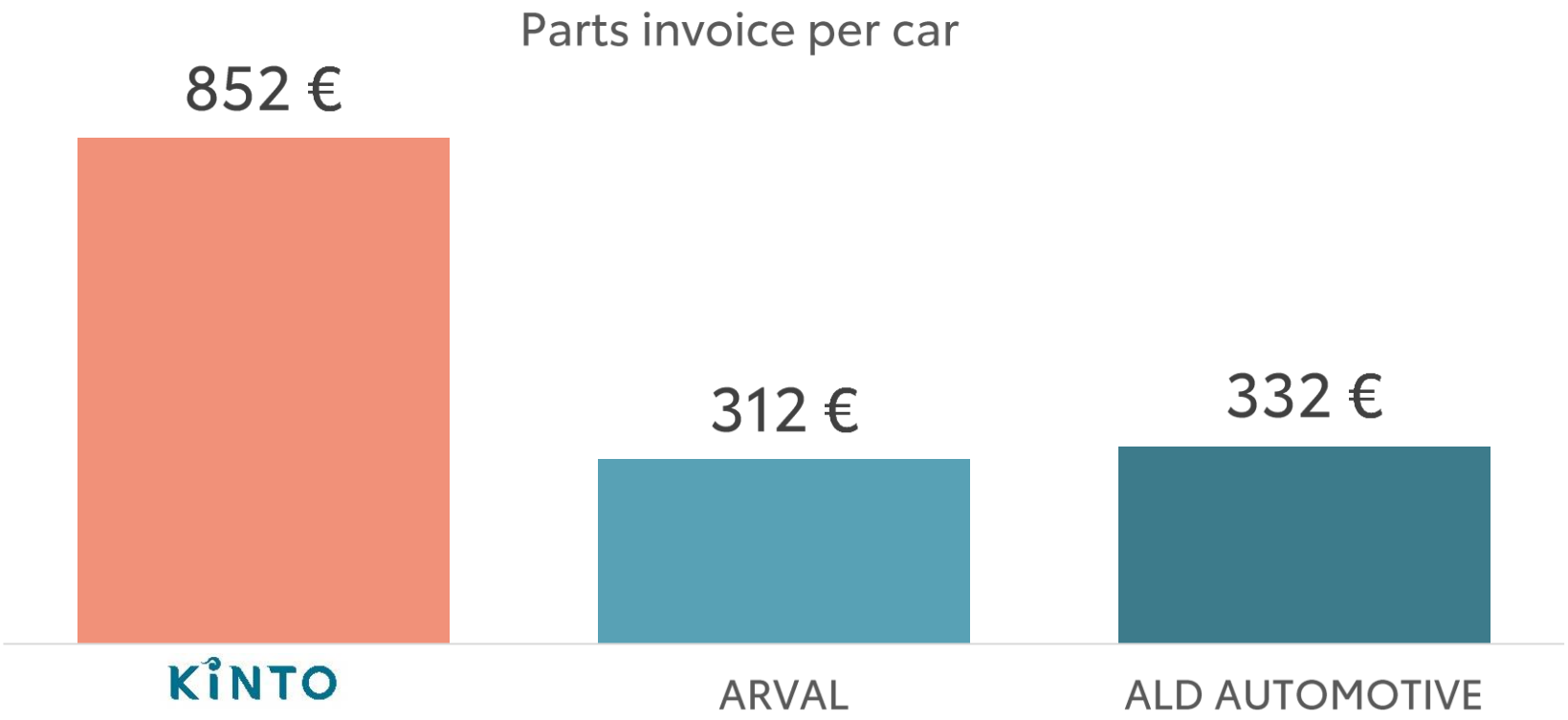
*** GAP insurance*

KINTO profit comes for the high penetration of services

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Example from Spain after 18 months



KINTO generates value chain profit including retailers

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But “What else”?

What is the next step for KINTO One ?

We want KINTO One to compete with major OPL companies

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How can we compete with OPL companies ?

1. By the coverage
2. Multibrand
3. Standardize product and services

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01 KINTO One Legacy in Europe



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What is KINTO One?

Full Service Leasing (FSL) product
One monthly fee = vehicle + relevant services included

Benefits for customer

- Peace of mind (no hidden cost, no worry about depreciation…)
- Reduced administrative burden
- Fiscal / Financial benefits

Benefits for Toyota

- Meet customer needs
- VLV /Asset control
- Shift to service- based business model

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Definition: KINTO One

Overview	FSL, Usership product
Customers	All types of customers
Services	**Maintenance** + standard or optional services according to customer requirements*
RV Risk	KINTO/TFS
Standard term	36 / 48 months*
Monthly payment	Fixed

*Based on market

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Product Services

Services*	KINTO One Standard
Full maintenance	Mandatory
Fire & Theft	Included
3rd Party Liability	Included
Kasko – Full Cover Insurance	Included
GAP insurance	Included
Roadside assistance	Included
Road Tax	Included
Tyres	Included
Fine Management	Included
Fuel card	Optional
Replacement vehicle	Optional
Pre-lease vehicle	Optional
Toll Management	Optional
Telematics	Optional

*Availability depending on:
- Market regulation
- Market standards

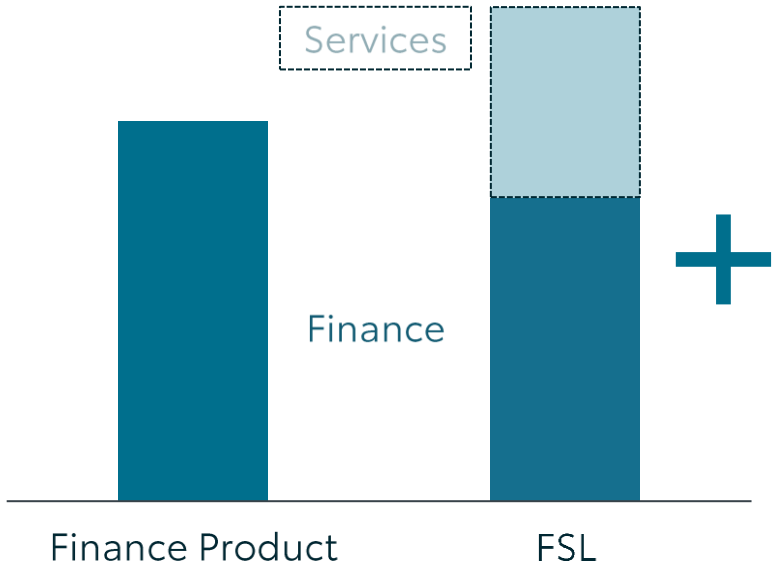
List is not exhaustive

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KINTO One – Benefits for Toyota

FSL profit opportunity



Additional profit opportunities through:

- Contract modifications and extensions
- VLV opportunity

- Increased profit opportunity through additional services
- Variable profit structure by market, depending on service offering & penetration

Benefits for NMSC and dealer

- Sale of car to new type of customer
- After Sales entirely managed in Toyota Network
- Renewal with a new car at contract end
- Used car to be used for new life cycle or to be resold

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01 KINTO One Legacy in Europe

02 What is KINTO One



04 Business Plan

05 Product definition

07 How to get started

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On the business evolution journey … what to know?

Provide KINTO One incl. Maintenance; Services outsourced

Basic



Fully managed KINTO One; Insourcing **strategic services**

Developed



Fully managed **MB** operation; **KAM** capability

Advanced



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Service insourcing

		Risk insourcing	Process insourcing
Vehicle services	Maintenance	Basic	Developed
	Ext. maintenance		
	Tyres		
	Replacement vehicle	Basic/ Developed	Developed/ Advanced
	Pre lease vehicle		
	Kasko	Developed/Advanced	
	Theft and fire		
	3rd Party liability	Out of scope	
Admin	Tax	• Limited profit opportunity • Activity may be required based on market regulation/standard • In source/outsource decision to be taken on case by case basis	
	Toll		
	Registration		
	Fines		
	Fuel card		

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Service insourcing

		Risk insourcing	Process insourcing
Vehicle services	Maintenance	KINTO builds service budget and makes profit or loss based on actual expenditure	KINTO has in-house capability to process intervention requests from network
	Ext. maintenance		
	Tyres		
	Replacement vehicle		KINTO has in-house capability to process requests from customers, also with own fleet
	Pre lease vehicle		
	Kasko		KINTO has own in-house claims management
	Theft and fire		
	3rd party liability	TIS preferred partner	
Admin	Tax	Payment and management of activities on behalf of customers	
	Toll		
	Registration		
	Fines		
	Fuel card		

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01 KINTO One Legacy in Europe

02 What is KINTO One

03 Business Evolution & Q&A



05 Product definition

06 Organization & System & Process

07 How to get started

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Business planning

Goals

- Scope business opportunity
- Understand resource requirements
- Obtain approval for business start

Analysis

1 – Market analysis
- Market sizing
- Key competitors
- Competitor product (services + benchmark)

2 – Internal analysis
- Volume plan
- Revenue assumptions
- Readiness assessment

Planning

3 – Product proposition
- Product structure
- How to deliver services
- Positioning vs. competitors

4 – Resource planning
- Organisation growth
- Cost assumption
- Resource planning
- System req. /decision

Approval & Governance

Product strategy = KINTO-E authority

Product approval = market specifics (TME, TFS, KINTO-E)

Expectation from BP:
- 3rd year break even
- 5th year profit contribution

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Requirements KINTO-E

- Business plan required for product approval
  - Standardized template available on the KINTO Hub
- Positive business case

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01 KINTO One Legacy in Europe

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04 Business Plan



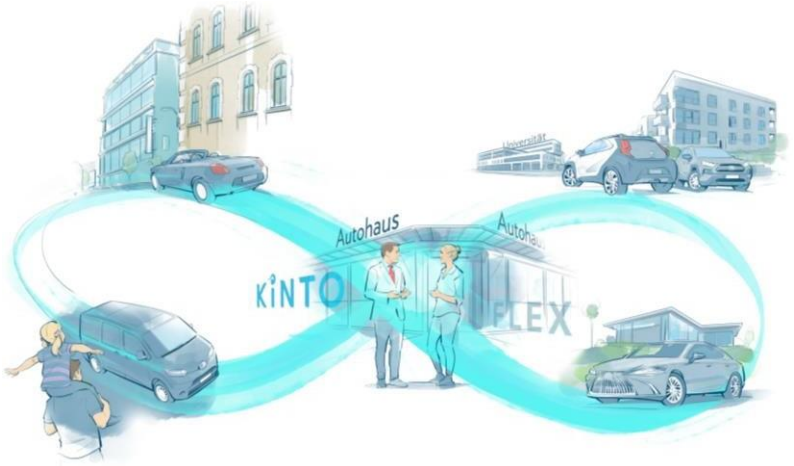
06 Organization & System & Process

07 How to get started

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Define your KINTO One services…

- Fuel and charging cards
- Admin: Toll, radio fee, parking
- Road tax management
- Service, maintenance, wear & tear
- Courtesy car

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Product Services

Services*	KINTO One Standard
Full maintenance	Mandatory
Fire & Theft	Included
3rd Party Liability	Included
Kasko – Full Cover Insurance	Included
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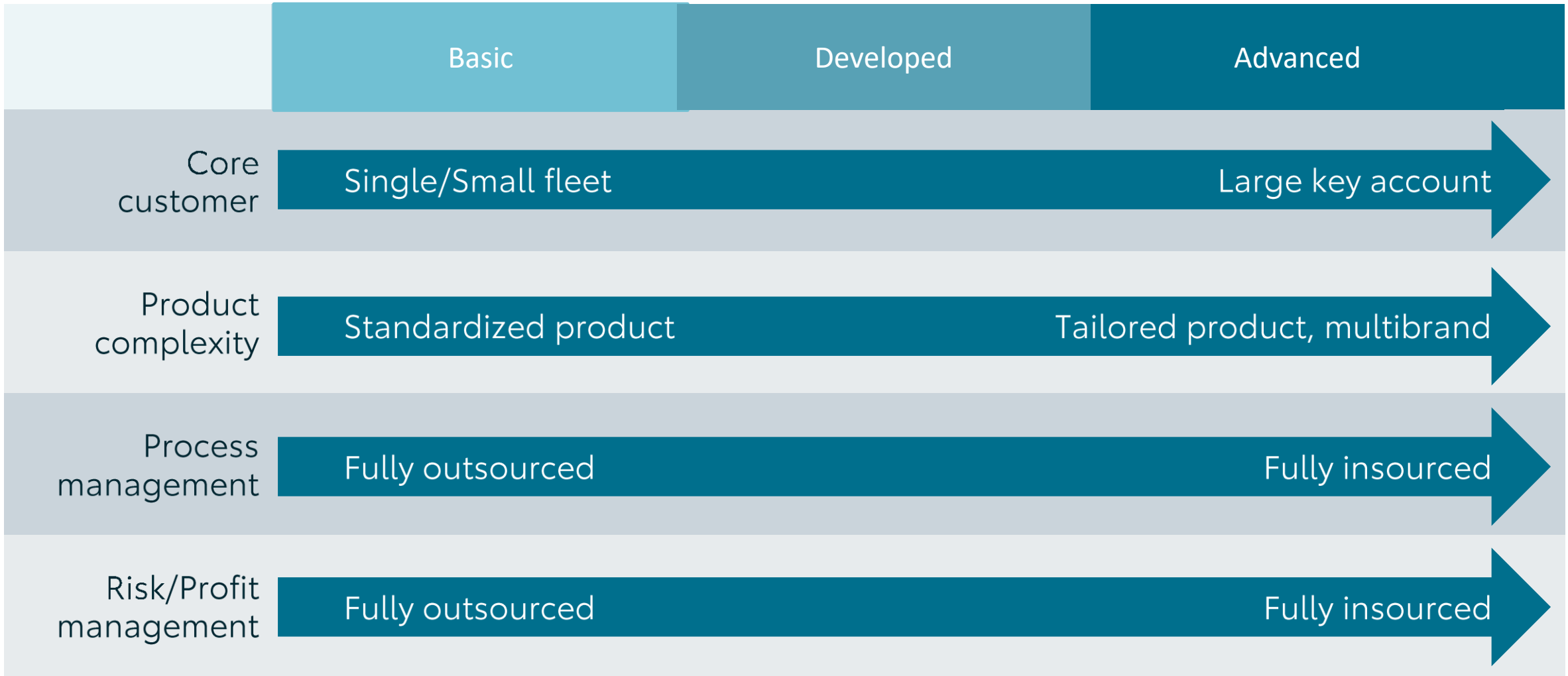
*Availability depending on:
- Market regulation
- Market standards

List is not exhaustive

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Business evolution matrix



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Requirements KINTO-E

- No competing products on the market
  - Clear product definition towards customers and dealers
- Usership product
- Evolution strategy clear + governance agreed
- Product qustainnaire

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01 KINTO One Legacy in Europe

02 What is KINTO One

03 Business Evolution & Q&A

04 Business Plan

05 Product definition

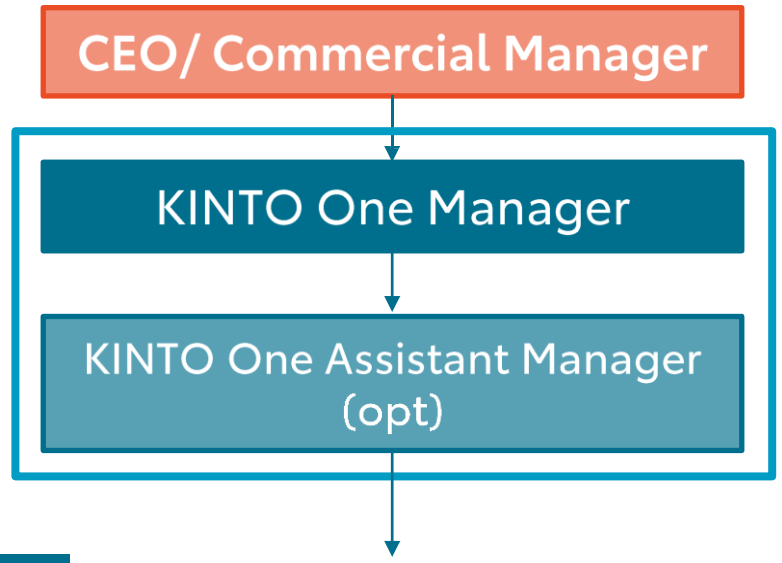


07 How to get started

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MVP organisation (1-3 FTE, 1k-3k UIO)



Contracts (UIO) per FTE = 500

Core activities

- Product structure set up
- Pricing and incentive scheme
- Supplier selection and management
- Campaign management
- Sales reporting
- Training
- Remarketing

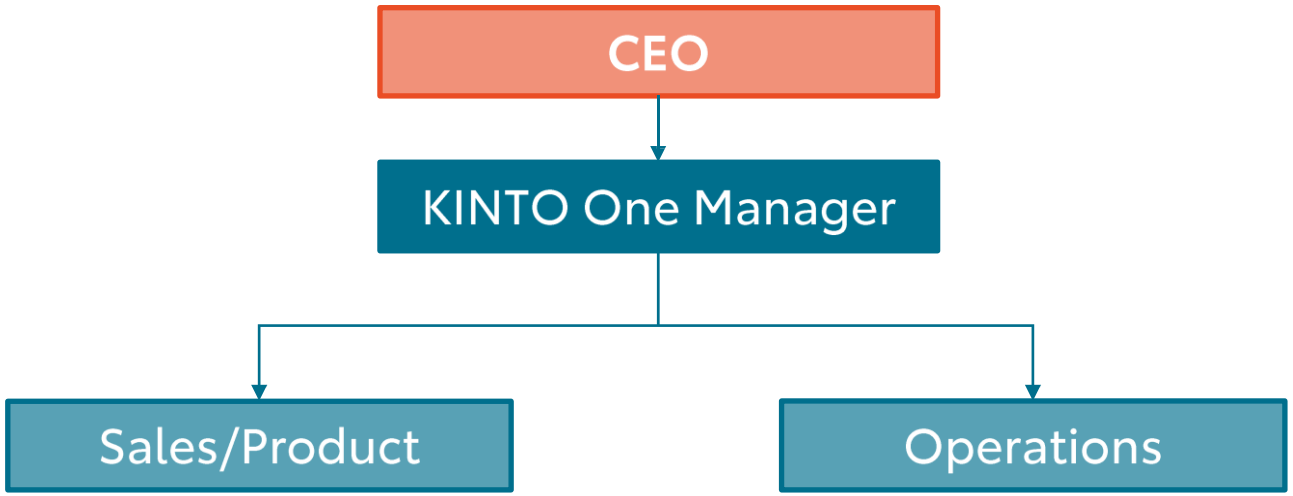
Required services (Shared if TFS present)	**Outsourced services**
• Sales • Marketing • HR • Credit • A&F • Risk • IT • Audit	• SMR approval • Claims management • Courtesy car • Customer support • Admin management (Fines, toll, tax) • Legal

Services	100% bought on the market Requirement: managed through network
Revenue Streams	Interest rate Remarketing P/L

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Basic organisation (3-15 FTE, 2k-10k UIO)



- Product structure set up
- Pricing and incentive scheme
- Campaign management
- Sales reporting
- Dealer support and training

- Process design
- Supplier selection and management
- Service costing
- Remarketing
- After Sales operations

Some operations can be clustered centrally

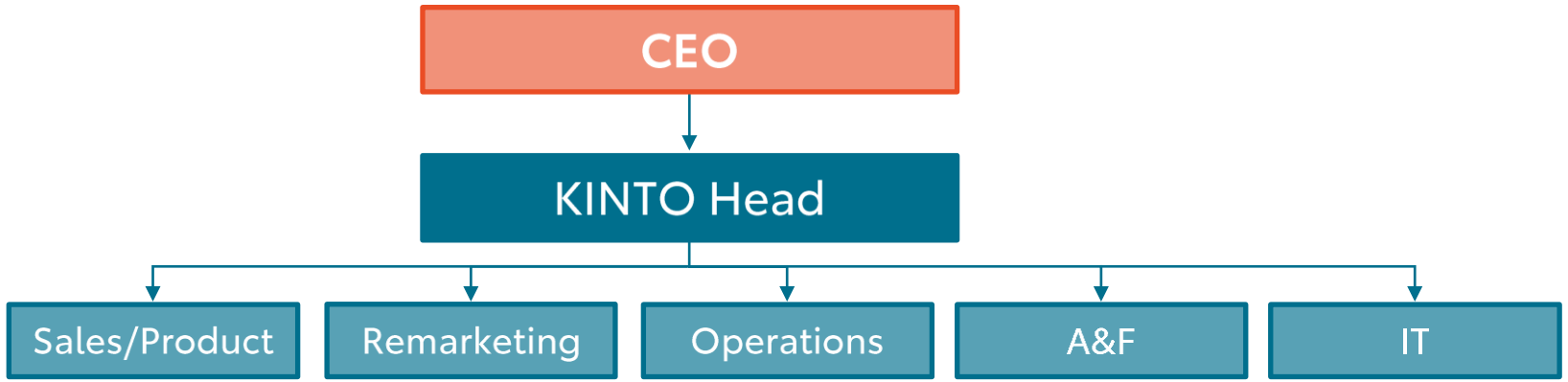
Required services (Shared if TFS present)	**Outsourced services**
• Marketing • HR • Credit • A&F • Risk • IT • Audit • Legal	• SMR approval • Claims management • Courtesy car • Customer support • Admin management (Fines, toll, tax)

Services	SMR and Tyre risk, process outsourced but defined with KINTO
Revenue Streams	Interest rate SMR and tyre P/L Remarketing P/L

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Developed organisation (15+ FTE, 10k+ UIO)



- **Sales/Product**
  - Network steering
  - Dealer support and training
  - Direct sales
  - Broker management
  - Sales reporting
  - Product structure and pricing
  - Communication
  - Lead management
- **Remarketing**
  - Strategy
  - Sales channel management
  - Supplier management
  - Pricing
- **Operations**
  - Data management
  - Service costing
  - Credit management
  - Contract management
  - After sales approval process
  - Supplier management
  - Insurance management
  - Admin
  - Customer support (2nd line support)
- **A&F**
  - Controlling
  - Approval of pricing structure
  - Reporting
  - Risk management
- **IT**
  - Projects
  - Support
  - Security

Some operations can be clustered centrally

Required services (Shared if TFS present)	**Outsourced services**
• HR • Audit • Legal	• Claims management • Courtesy car • Customer support (1st line support)

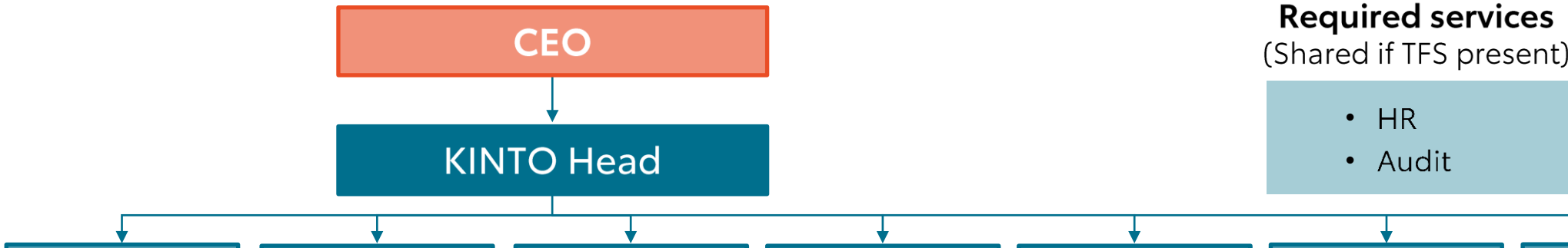
Services	SMR and tyre risk, process insourced
Revenue Streams	Interest rate SMR ,Tyre P/L and repl. veh* 2nd lifecycle (used car FSL) Self insurance Kasko* Contract modifications Fees Remarketing P/L

*tbc based on business case

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Advanced organisation (35+ FTE, 20k+ UIO)



- **Sales/Marketing**
  - Network steering
  - Dealer support and training
  - **KA structure**
  - Broker management
  - Sales reporting
  - Product structure and pricing
  - Communication
  - Lead management
- **Remarketing**
  - Strategy
  - Sales channel management
  - Supplier management
  - Pricing
- **Service mgmt**
  - Service costing
  - After sales approval process
  - Supplier management
  - Insurance management
  - **Claims management**
  - **Courtesy car and mid term rent management**
  - **Customer support**
- **Admin**
  - Data management
  - Credit management
  - **Contract management**
  - Admin (Toll, fine, tax management)
- **Procurement**
  - **Multi brand vehicle purchasing**
  - **Discount management (vehicle, parts, services)**
  - **Rebates**
- **A&F**
  - Controlling
  - Approval of pricing structure
  - Reporting
  - Risk
  - **Legal**
- **IT**
  - Projects
  - Support
  - Security

Required services
(Shared if TFS present)

- HR
- Audit

Outsourced services

- Customer support (1st line support)

Services	Risk on all services incl. Insurance, process insourced
Revenue Streams	Interest rate **Services P/L** Contract modifications Used car FSL **Rebates** Fees Remarketing P/L

Some operations can be clustered centrally

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System implementation

Choice of system based on product development target and business case

MVP/Basic	Basic / Developed	Developed / Advanced
Existing available system Use brand and current system to start KINTO One KINTO EU requirements need to be met Transition to EU system for further development	Alternative system (System choice still under investigation*)	Sofico Miles Preferred EU solution for FSL business

*will be in line with TFS system offering

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System costs to consider (sample calculations available)

Implementation

- Sofico consulting
- Internal project resources/Backfill
- External project resources
- Project hosting

Ongoing

- License fee based on new contract volume
- Maintenance fee percentage for license fee
- Production hosting fee
- Competency centre fee
- Specific maintenance - 10% of country specific development (web, interfaces, docs)
- Professional services – Sofico charges for changes/config, web, interfaces, documents not done by competency center
- Yearly development/project budgets

*Costs are TBD based on scope. Savings can be made through grouping countries together

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Typical timeline for preparation phase

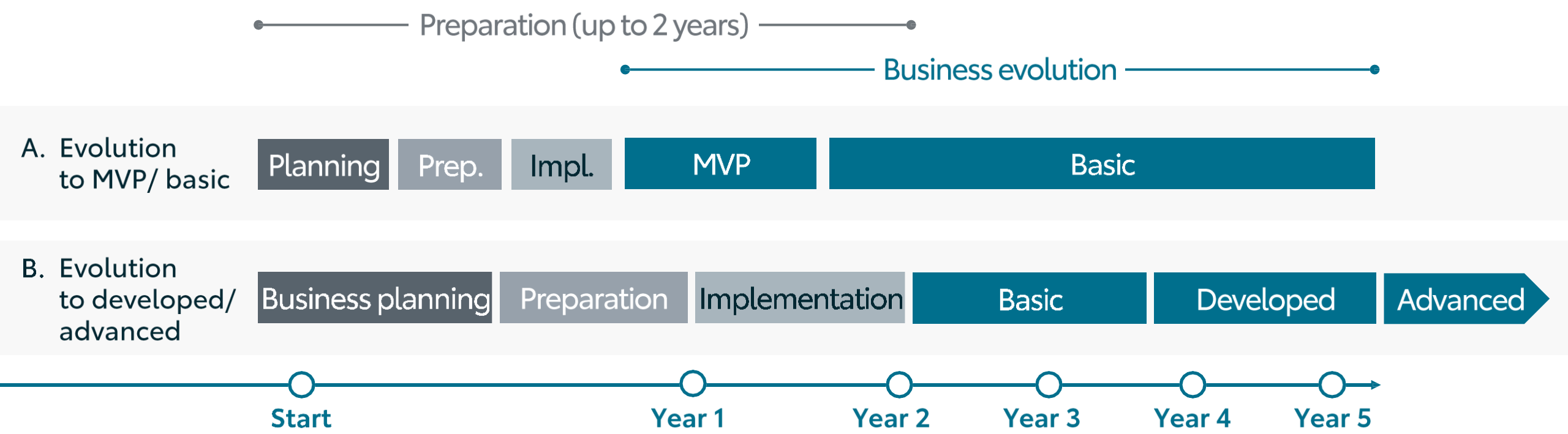
3-4 months	4-5 months	2-3 months	9-12 months
Business planning	Preparation and team set up	Organisation & processes	System implementation
• Scope business growth • Resource planning • Approval • Competitiveness analysis	• Hire key resources • Early involvement of key dealers • Legal entity creation (if needed)	• Product definition • Process definition • Shared services set up • Supplier sourcing • System business preparation	• Refer to system section in the toolkit

Doing it right, takes a lot of effort, cost and time

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Evolution timeline



- Timings indicative, individual country by country discussion applies
- MVP/basic organisation can guarantee quicker start up, but future evolution could be limited by IT system selected

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03 Requirements from KINTO-E

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What are the next steps before I start?

Align between SFC, KINTO and NMSC (create ONE Toyota fleet team).
Then talk to your country manager and align your ideas and timelines, then ...

Analyse your market and look for volume & profit opportunity

▼

Understand customer requirements

▼

Develop product strategy

▼

Get idea of organisation type and system requirements

▼

Be clear on the regulation/legal aspects

▼

Develop your MTBP Evolution plan for KINTO and share it

Standard requirements:

1) Signed trademark licence agreement
2) Business case
3) Product Questionnaire

Please speak with:

1. Your country manager
2. Bernhard Cziesla for next steps
3. Then ... KINTO specialist (brand, product, system, businessplan)

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Conclusion: KINTO Essential requirements

1.	Brand license agreement signed
2.	Usership product
3.	No competing products within one market
4.	Evolution strategy clear + governance agreed
5.	Positive business case

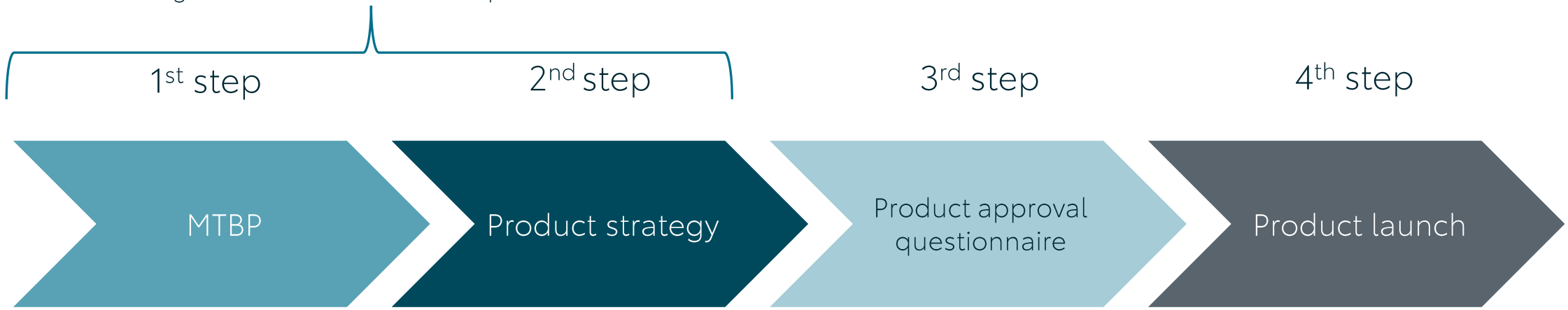
=> MVP (Minimum viable product) arrangement possible for a limited period

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KINTO Product Governance Process

Ideal situation: product strategy approved at MTBP including standard business case template



KEU + TFS Top management approval

KEU approval:
Product division

Approval:
TFS + KEU product committee

On-going governance:
TFS country managers + KEU product owners

No product launch without KINTO-E approval

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