

# Business Performance for the First Half of the Fiscal Year ending March 31, 2012

Nov. 8, 2011

TOYO TIRE & RUBBER CO., LTD.

## Major Topics

1. Consolidated Business Results for the First Half of the fiscal Year Ended March 31, 2012 (FY2011)
2. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2012 (FY2011)
3. Supplemental Information on Business Results and Forecasts

The forward-looking statement contained in these business forecasts and plans are based on information available at the current time and may contain potential risks and uncertainties.

Therefore, please keep in mind that actual results may, due to a variety of factors, differ from those expressed in the forward-looking statements.

## ◆ Business Environment

- \* The appreciation of the yen (1 US dollar at 80 Yen) that surpasses the currency exchange rate in the previous term (1 US dollar at 90 Yen).
- \* Law material price, such as natural rubber, remains high level (TSR-20: 462 cents/ kg), and the drastic price increasing of crude oil (109 dollar/ bbl).
- \* Number of cars manufactured has decreased in Japan due to the earthquake.
- \* The economic prospects is uncertain in North America and the European debt crisis.
- \* The impact for Toyo Tires supply chain management due to the earthquake.

## ◆ Measures

- \* Complete restored from the earthquake in our factories.
- \* Expanding sales of high-valued added products
- \* Promote manufacturing cost efficiency, such as in cutting SG&A (selling, general and administrative) expenses, and the price of raw materials.
- \* Working towards a speedy business expansion into the growth markets (Continued to building the best position for global supply chain management)

## ◆ Highlight of Business Result

- \* Net Sales increase 3.1% compare with previous first half in the FY2010.
- \* Operating profit increase 38.9% from previous same period in FY2010 (Operating profit on sales to be 3.8%, 1 point up.)






# 1. Consolidated Business Results for the First Half of FY2011 (2)

## Consolidated Business Results for the First Half of FY2011 (Year-on-Year)




(Unit : Millions of Yen)		The First Half (Apr.1-Sep.30)			Compared with Previous Forecast Released 2011/8/3		
		FY2011	(Yr.-on-Yr.)	FY2010	FY2011	percent complete against forecast	8/3 Forecast
Net Sales		147,849	103.1%	143,431	147,849	97.9%	151,000
Operating Income		5,678	138.9%	4,087	5,678	149.4%	3,800
Ordinary Income		3,443	158.1%	2,178	3,443	118.7%	2,900
Net Income		1,269	131.3%	966	1,269	90.7%	1,400
Exchange Rate	US\$	80Yen	(10Yen)	90Yen	80Yen	(1Yen)	81Yen
	Euro€	115Yen	+1Yen	114Yen	115Yen	(2Yen)	117Yen

■ Topics of each business unit & sales movements (compare with previous first half)

【 Tire Business 】

Markets		Topics	Sales Trend
Japan	O.E.	Decline vehicle production volume due to the earthquake.	
	RE.	Last-minutes demand by before price increasing for Truck Bus Tire	
Overseas	N. America	Increasing the number of high-value added tires sold and price increases.	
	Europe	The reduction in the number of tire supply due to the earthquake.	
	Asia	Silverstone boosted net Sales	

【 DiverTech Business 】

Transportation machinery sector	Unit Sales down due to the automobile manufactures cutting back on production because of the earthquake.	
Thermal insulation sector	Sales of rigid polyurethane for temporary housing and refrigerators has drastically increased due to the earthquake.	
Waterproofing materials sector	The market shrinking due to the impact of the earthquake.	

# 1. Consolidated Business Results for the First Half of FY2011 (4)

## Result by Business Segment (The First Half)

Net Sales including Intersegment

(Unit : Millions of Yen)	The First Half Net Sales		
	FY2011	(Yr.-on-Yr.)	FY2010
Tire Business	111,642	107.3%	104,084
DiverTech Business	36,195	92.2%	39,262
Others	141	52.0%	271
Elimination & Corporate	(130)	—	(186)
<b>Total</b>	<b>147,849</b>	<b>103.1%</b>	<b>143,431</b>

The First Half Operating Income		
FY2011	(Yr.-on-Yr.)	FY2010
4,806	191.7%	2,506
579	37.8%	1,531
62	66.7%	93
229	—	(44)
<b>5,678</b>	<b>138.9%</b>	<b>4,087</b>

## Result by Geographic Segment (The First Half)

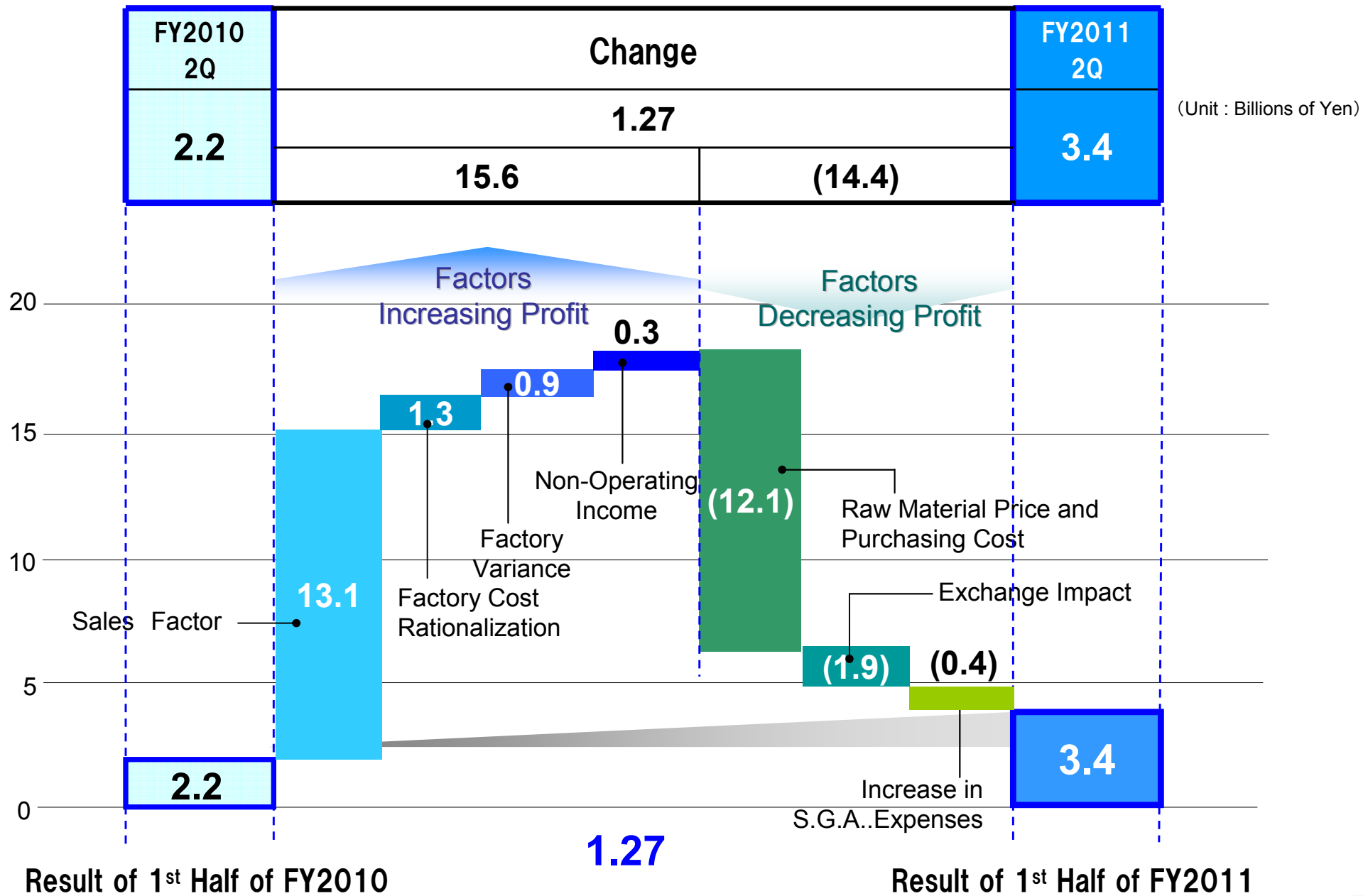
Net Sales does not include Intersegment

(Unit : Millions of Yen)	The First Half (Apr.1-Sep.30)		
	FY2011	(Yr.-on-Yr.)	FY2010
Japan	70,008	(5,792)	75,800
North America	52,824	6,370	46,454
Others	25,017	3,841	21,176
Elimination & Corporate	—	—	—
<b>Total</b>	<b>147,849</b>	<b>4,418</b>	<b>143,431</b>

The First Half (Apr.1-Sep.30)		
FY2011	(Yr.-on-Yr.)	FY2010
2,808	1,388	1,420
2,681	890	1,791
1,180	307	873
(991)	(992)	1
<b>5,678</b>	<b>1,591</b>	<b>4,087</b>

\* Elimination & Corporate includes elimination of intersegment, corporate expenses which are attributable principally to headquarters are not allocated to segment.

## Factors Contributing to the Change in Ordinary Income (Year-on-Year)



■ Revision to the full-year Consolidated Business Forecast for FY2010

【 Negative Factors 】

- \* Increasingly intense competition in N. American markets.
- \* Raw materials prices remaining high level and the appreciating Japanese Yen

【 Positive Factors 】

- \* The better than forecasted improvement of profit-and-loss in the first half.
- \* Continued further cost efficiency including raw materials and cutting SG&A

(Unit : Millions of Yen)

Revision to the full-year Business Forecast of FY2011

	(Revised) Forecast (A)	(10 May. 2011) Forecast (B)	The Difference (A)–(B)
Net Sales	319,000	322,000	(3,000)
Operating Income	9,100	7,700	1,400
Ordinary Income	5,800	5,000	800
Net Income	2,100	2,000	100



■ Consolidated Business Forecast

(Unit : Millions of Yen)		Forecast for FY2011			Previous Forecasts Released 2011/5/10
		FY2011	(Yr.-on-Yr.)	FY2010	
Net Sales		<b>319,000</b>	<b>108.5%</b>	294,092	322,000
Operating Income		<b>9,100</b>	<b>74.7%</b>	12,182	7,700
Ordinary Income		<b>5,800</b>	<b>63.1%</b>	9,193	5,000
Net Income		<b>2,100</b>	<b>403.1%</b>	521	2,000
Exchange Rate	US\$	<b>79Yen</b>	—	86Yen	83Yen
	Euro€	<b>110Yen</b>	—	113Yen	117Yen

## 2. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2012 (FY2011) (3)

### Forecast by Business Segment

Net Sales including Intersegment

(Unit : Millions of Yen)	Net Sales			Operating Income		
	FY2011	(Yr.-on-Yr.)	FY2010	FY2011	(Yr.-on-Yr.)	FY2010
Tire Business	240,500	111.0%	216,597	6,400	72.2%	8,863
DiverTech Business	78,500	101.3%	77,462	2,400	75.0%	3,198
Others	—	—	425	300	202.7%	148
Elimination & Corporate	—	—	(392)	—	—	(27)
<b>Total</b>	<b>319,000</b>	<b>108.5%</b>	<b>294,092</b>	<b>9,100</b>	<b>74.7%</b>	<b>12,182</b>

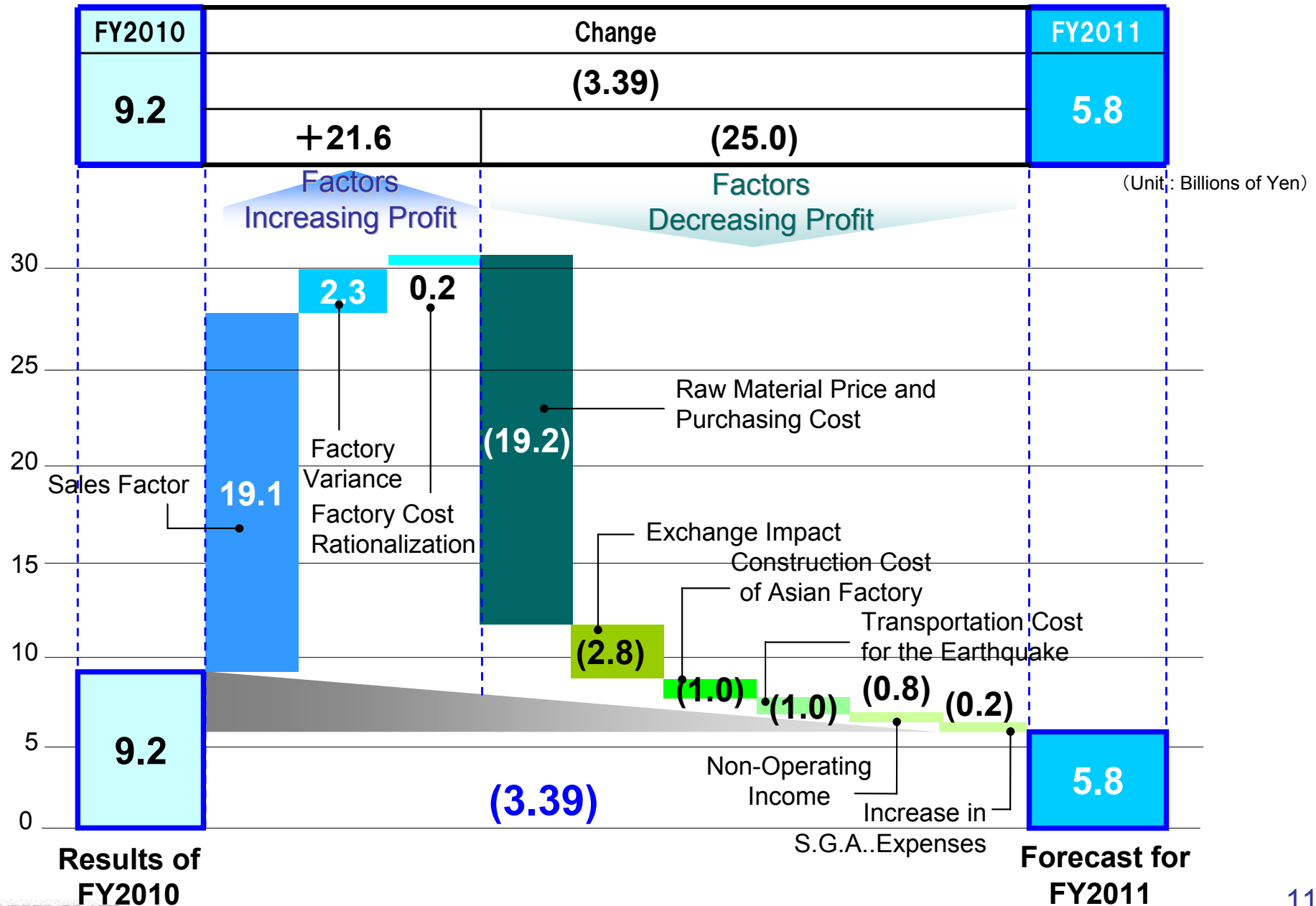
### Forecast by Geographic Segment

Net Sales does not include Intersegment

(Unit : Millions of Yen)	Net Sales			Operating Income		
	FY2011	(Yr.-on-Yr.)	FY2010	FY2011	(Yr.-on-Yr.)	FY2010
Japan	156,500	(607)	157,107	4,800	(862)	5,662
North America	106,000	10,693	95,307	4,000	(315)	4,315
Others	56,500	14,822	41,678	1,300	(589)	1,889
Elimination & Corporate	—	—	—	(1,000)	(1,316)	316
<b>Total</b>	<b>319,000</b>	<b>24,908</b>	<b>294,092</b>	<b>9,100</b>	<b>(3,082)</b>	<b>12,182</b>

\* Elimination & Corporate includes elimination of intersegment, corporate expenses which are attributable principally to headquarters are not allocated to segment.

**Factors Contributing to the Change in Ordinary Income (Year-on-Year)**



## 4. Supplemental Information on Business Results and Forecasts (1)

### ■ Tires : Sales Volumes by Region (Year-on-Year)

(%)

Region	FY2007	FY2008	FY2009	FY2010	FY2011 1st Half
Japan	99	86	114	97	81
Overseas Total	115	100	96	100	112
North America	114	90	95	101	110
Europe	110	102	87	106	83
Total	108	94	103	99	100

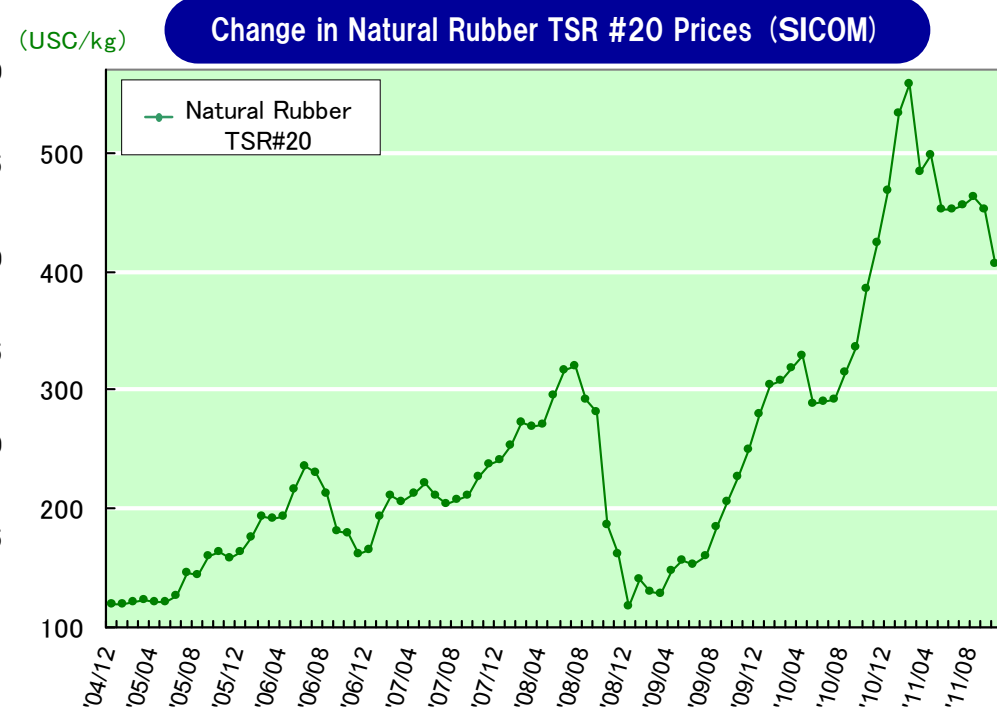
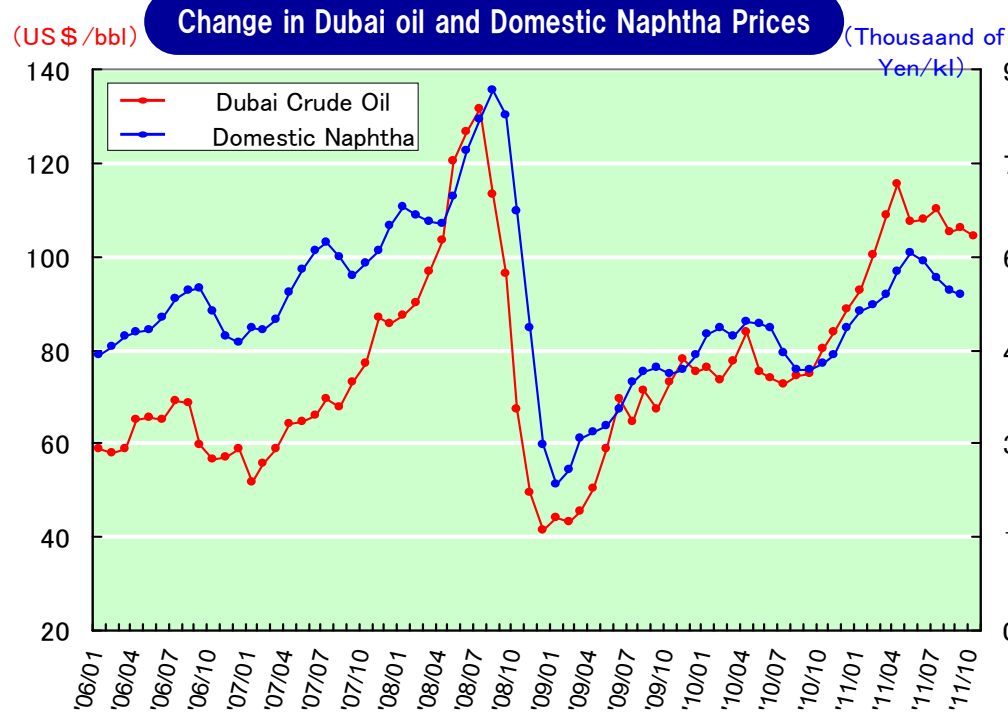
### ■ Change in Tire Production (New Rubber Volumes)

(Unit: 1,000Ton)

Region	FY2007	FY2008	FY2009	FY2010	FY2011 1st Half
Japan	156.0	135.9	133.1	147.4	73.0
Overseas	40.0	39.4	34.7	32.7	27.8
Total	196.0	175.3	167.8	180.1	100.8

# 4. Supplemental Information on Business Results and Forecasts (2)

## Change in Primary Material Prices



## Price Rise and Impact by Primary Raw Material (Ordinary Income Basis)

Raw Material	FY2007	FY2008	FY2009	FY2010	FY2011 1st Half
Natural Rubber	(15)	(62)	+52	(101)	(70)
Product of petroleum (naphtha)	(38)	(77)	+106	(32)	(38)
Other Raw Materials	(1)	(30)	+1	+33	(7)
Goods Purchased	(7)	(18)	+6	(0)	(6)
<b>Total</b>	<b>(61)</b>	<b>(187)</b>	<b>+165</b>	<b>(100)</b>	<b>(121)</b>

## 4. Supplemental Information on Business Results and Forecasts (3)

■ The announcement of Price increase in the markets.

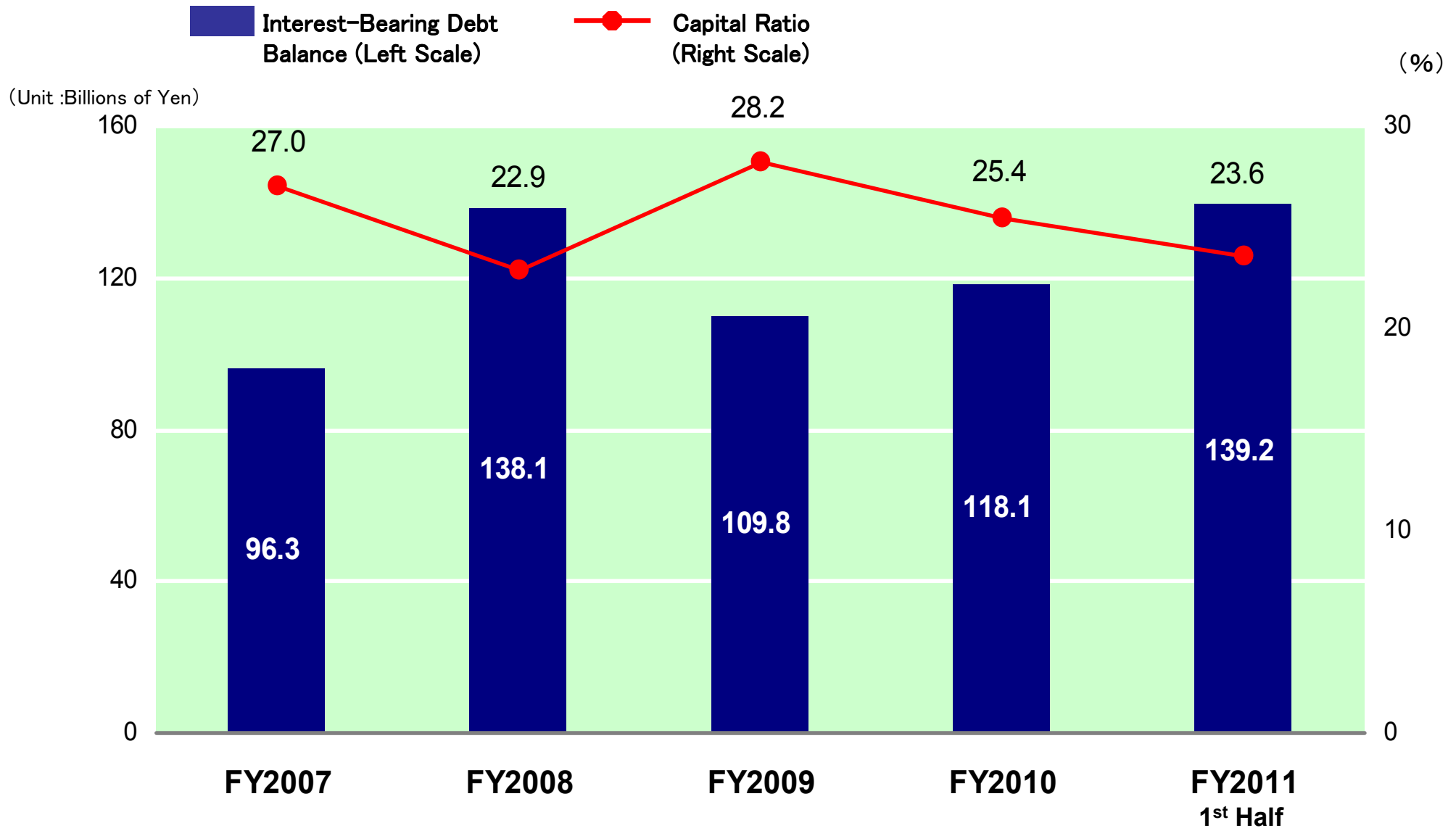
Area	Effective	Increasing %	Price Increase Tire Categories
North America	1 Jan. 2010	Up to 6%	All Consumer and Commercial Tires
	1 Feb. 2010	Up to 7%	Commercial Truck Tires
	1 Jun. 2010	Up to 8%	Passenger Car, Light Truck, Truck Bus and OTR Tires
	1 Nov. 2010	Up to 6%	Passenger Car, Light Truck, Truck Bus and OTR Tires
	1 Mar. 2011	Ave. 8%	All Consumer and Commercial Tires
	1 May. 2011	Max 15%	Commercial Truck Tires
	5 Jul. 2011	Ave. 9%	Commercial Truck Tires
Canada	1 Jul. 2011	5%	Commercial Truck Tires
	1 Oct. 2011	Max 10%	Commercial Truck Tires
	1 Dec. 2011	Max 5%	Passenger Car, Light Truck
Europe	1 May 2010	Ave. 5%	All product Categories
Japan	1 Mar. 2011	Ave. 7%	Truck Bus, Some Light Truck and OTR and Industrial Truck Tires
	1 Apr. 2011	Ave. 7%	Passenger Car Some Light Truck * Tires *(Except for some size of light truck tires which has been increased on 1 Mar. 2011 )
	1 Oct. 2011	Ave. 10%	Industrial Tire, Truck Bus Tire, Light Truck Some Tires
		Ave. 5%	Retread Tire

### ○ Other Markets

We have applied price increase of the tire on markets by markets due to price hike of raw materials

# 4. Supplemental Information on Business Results and Forecasts (4)

## Change in Interest-Bearing Debt Balance and Capital Ratio



## ☆ The Delivery Service for E-mail

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Financial Statement Reporting,  
Announcement of Revised Performance  
Forecasts, etc.
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Environmental · Quality · Management  
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#### PRESS RELEASE

- May 10, 2010 [▶ Nitto Tire USA to start advertising at the Angels Stadium of Anaheim.](#)
- May 7, 2010 [▶ TOYO TIRE Obtains Local Government Authorization to Manufacture Tires in China \(PDF/88KB\)](#)
- Apr 30, 2010 [▶ TOYO TIRES Supporting a Team in "24h. Nürburgring Race"](#)

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