

Summary Report of Consolidated Business Results for the of Fiscal Year 2014  
(January 1, 2014 – December 31, 2014)

OSAKA, JAPAN – February 12, 2015 - TOYO TIRE & RUBBER CO., LTD. (“the Company”; President: Takuji Yamamoto) announces its Consolidated Business Results for the Fiscal Year 2014 (January 1, 2014 through December 31, 2014) as follows:

(1) Business Results

●Net Sales	: 393,782 million yen (an increase of 23,563 million yen or 6.4% from the same period for FY2013)
●Operating Income	: 47,510 million yen (an increase of 10,269 million yen or 27.6% from the same period for FY2013)
●Ordinary Income	: 46,543 million yen ( an increase of 8,249 million yen or 21.5% from the same period for FY2013)
●Net Income	: 31,240 million yen ( an increase of 19,643 million yen or 169.4% from the same period for FY2013)

Results by Business Units were as follows:

1. Tire Business Unit

The tire business unit posted net sales of 312,208 million yen (an increase of 22,494 million yen or 7.8% from the same period for FY2013) and operating income of 45,318 million yen (an increase of 11,533 million yen or 34.1% from the same period for FY2013).

A Original Equipment Tires: for the Japanese Domestic Market

Despite sluggish sales of new cars following the consumption tax hike, as a result of healthy rush demand prior to the tax increase the number of automobiles produced in Japan maintained at the same level as the same period the previous year. However, due to a shift in production to vehicle types not equipped with Company tires, both unit sales and net sales declined compared to the same period the previous year.

B Replacement Tires: for the Japanese Domestic Market

As a result of adding new products and expanding the product lineup of the Tranpath minivan tire series released 20 years ago this year, unit sales exceeded those from the same period the previous year, but due to the impact of a decline in market prices and other factors, net sales remained at the same level compared to the same period last year.

C Replacement Tires: for Overseas Markets

In North America, with strong automobile sales in the U.S. boosted by the economic recovery, in the high-value-added SUV and light-truck tire category as a result of two new product releases and strong sales of the Company's flagship Open Country A/T II and Nitto-brand Terra Grappler products, both unit sales and net sales exceeded those of the same period last year. In Europe, unit sales and net sales exceeded those of the same period last year on strong sales of Proxes CF2 and fuel-efficient Nanoenergy 3 tires as well as a favorable market

in Russia, where the Company reinforced efforts to acquire new customers. In China, net sales eclipsed those from the same period a year ago, but due to a decline in market prices and other factors, net sales remained at the same level compared with the same period last year.

As a result, unit sales and net sales increased compared with the same period last year for the overseas markets as a whole.

## 2. DiverTech Business Units (Non-Tire Business Units)

The DiverTech units posted net sales of 81,508 million yen (an increase of 1,052 million yen or 1.3% from the same period for FY2013) and an operating income of 2,068 million yen (a decrease of 514 million yen or 19.9% from the same period for FY2013).

### A Transportation

Although the number of automobiles produced in Japan remained at the same level as a year ago, due to a shift in production to vehicle types not equipped with Company products, net sales of anti-vibration rubber and seat cushions for automobiles declined compared to last year. Net sales of air springs and anti-vibration rubber for railway cars increased compared with the same period last year as a result of receiving orders for the new railway car market overseas in addition to robust sales to the maintenance and repair market in Japan.

### B Thermal Insulation & Waterproof Materials

In the thermal insulation materials segment, net sales exceeded those of the same period last year on strong sales of rigid polyurethane products to insulation material manufacturers and materials to the agricultural sector. In the waterproofing materials segment, while there was rush demand in advance of the consumption tax hike, due in part to sluggish sales following the tax increase, net sales remained at the same level compared with the same period last year.

### C Industrial & Building Materials

In the industrial & building materials segment, sales of anti-vibration rubber for building construction were sluggish, but as a result of rush demand in advance of the consumption tax hike for hoses used in the building industry and road materials, net sales remained at the same level compared with the same period last year.

## 3. Outlook for the Forthcoming Term

For the outlook for the forthcoming term, a gentle recovery of the Japanese economy is anticipated from the effect of economic and financial policies. While the U.S. economy is also expected to recover thanks to an improved hiring environment, in Europe and developing nations the economic future remains uncertain.

Within this business environment, the Company will continue to promote its new three-year “2014 Mid-term Business Plan” growth strategy initiated in FY2014.

In the Tire Business segment, the Company will move ahead with expansion of supply

capacity for U.S. tire production subsidiary Toyo Tire North America Manufacturing Inc. while pushing to further expand the already robust sales of light truck and SUV tires. Furthermore, the Company will increase the supply capacity of its tire production base in Malaysia while expanding exports to countries participating in free trade agreements in the Southeast Asian region, where growth continues, in addition to further expanding sales in North America, Europe, Russia and other key markets.

In the DiverTech Business segment, the Company will concentrate management resources in the automobile parts, urethane and railway components sectors and will push further expand its global reach centered around development of high-value-added products utilizing the Company's proprietary technology and expansion of sales focused on the Asian and North American markets.

Outline of Consolidated Business Outlook for the Year Ended December 31, 2015 (FY2015) will be as follows,

Net Sales	:	425 Billion Yen
Operating Income	:	49 Billion Yen
Ordinary Income	:	45 Billion Yen
Net Income	:	28 Billion Yen

The Company expects an exchange rate of 1 US dollar = 117 yen and 1 euro = 130 yen during the FY 2015.

## (2) Qualitative data on consolidated financial position

Total assets as of the end of the consolidated accounting term were 481,966 million yen, an increase of 48,638 million yen compared to the previous consolidated year-end accounting term. This was owed primarily to a decrease in cash & deposits while there was an increase physical fixed asset and trade receivable and so on.

Liabilities were 297,327 million yen, an increase of 5,510 million yen compared to the previous consolidated year-end accounting term. This was attributed mainly to an increase of short-term loans payable and deferred tax liability and so on while there was a decrease in reserve allowances for antitrust litigation and current portion of bonds.

Interest-bearing debt was 131,780 million yen, an increase of 1,930 million yen compared to the previous consolidated year-end accounting term.

Net assets as of the end of the consolidated accounting term were 184,638 million yen, an increase of 43,128 million yen compared to the previous consolidated year-end accounting term. This was mainly due to increase in retained earnings, foreign currency translation adjustment and, valuation difference on available-for-sale securities.

As a result, the capital ratio increased 5.7% compared to the previous consolidated year-end accounting term, to 37.5%

### Consolidated Cash Flows (million yen)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of year
FY2014	37,789	(30,122)	(12,680)	32,395
FY2013	41,558	(22,504)	(5,095)	36,352

### (3) Basic Policy on Profit Allocation and Dividends for the Current and Forthcoming

The Company's basic policy on profit allocation is to return an appropriate dividend based on a stable earnings structure with a view toward the long term upon securing internal reserves in order to fortify the company's financial strength and growth. Based on the aforementioned basic policy and full-year results, the company plans to pay a dividend of 45 yen per share for the current term. For the forthcoming term, based on the business results forecast for the period ending December 2015, the Company expects to pay a dividend of total 45 yen per share (interim; 20 yen per share, year-end; 25 yen per share)

### Notable Litigation

On November 26, 2013 (U.S. time), the Company agreed with the U.S. Department of Justice to pay a \$120 million fine in connection with a breach of U.S. antitrust law pertaining to prices of anti-vibration rubber and joint boot components sold in the United States and elsewhere, and on February 6, 2014 (U.S. time), the Company received the court judgment and paid the required fine.

This matter was a class-action lawsuit in the U.S. and Canada brought against the Company and its subsidiaries, which as a result may have an impact on the Company's operating results. However, at this stage it is difficult to make a reasonable prediction of the result of such impact.

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of current fiscal year December 31, 2013	End of current fiscal year December 31, 2014
Assets		
Current Assets		
Cash and deposits	36,356	32,403
Notes and accounts receivable – trade	81,446	91,239
Merchandise and finished goods	42,441	49,362
Work in process	3,124	3,358
Raw materials and supplies	11,988	12,681
Deferred tax assets	7,015	7,503
Other	9,671	10,167
Allowance for doubtful accounts	(195)	(165)
Total current assets	191,848	206,550
Fixed Assets		
Property, plant and equipment		
Buildings and structures	99,031	101,674
Accumulated depreciation	(44,914)	(46,165)
Buildings and structures, net	54,117	55,509
Machinery, equipment and vehicles	253,271	280,907
Accumulated depreciation	(179,774)	(193,035)
Machinery, equipment and vehicles, net	73,496	87,871
Tools, furniture and fixtures	66,848	70,619
Accumulated depreciation	(58,794)	(61,754)
Tools, furniture and fixtures, net	8,054	8,864
Land	21,399	21,046
Lease assets	2,073	1,179
Accumulated depreciation	(1,444)	(775)
Lease assets, net	628	404
Construction in progress	10,900	22,047
Total property, plant and equipment	168,596	195,744
Intangible Assets		
Software	1,847	2,637
Goodwill	3,010	2,924
Other	3,863	3,891
Total intangible assets	8,720	9,453
Investments and other assets		
Investment securities	53,365	58,562
Long-term loans receivable	458	381
Deferred tax assets	3,162	3,161
Other	7,395	8,322
Allowance for doubtful accounts	(220)	(212)
Total investments and other assets	64,161	70,217
Total fixed assets	241,479	275,415
Total assets	433,327	481,966

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of current fiscal year December 31, 2013	End of current fiscal year December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable – trade	66,214	72,035
Short-term loans payable	26,416	39,884
Current portion of bonds	8,000	—
Income taxes payable	10,195	10,578
Accounts payable – other	17,350	20,675
Provision for directors' bonuses	59	79
Provision for sales returns	270	266
Provision for alleged U.S. anti-trust law violation	12,646	—
Other	20,305	23,339
Total current liabilities	161,459	166,861
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	74,804	71,527
Provision for retirement benefits	13,230	—
Provision for directors' retirement benefits	8	10
Provision for environmental measures	82	48
Net defined benefit liability	—	9,829
Deferred tax liabilities	20,782	27,686
Other	1,449	1,363
Total noncurrent liabilities	130,357	130,466
Total liabilities	291,817	297,327
Net assets		
Shareholders' equity		
Common stock	30,484	30,484
Capital surplus	28,507	28,507
Retained earnings	48,210	76,389
Treasury stock	(117)	(130)
Total shareholders' equity	107,085	135,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,230	25,372
Deferred gains or losses on hedges	(106)	(29)
Foreign currency translation adjustment	8,507	18,011
Remeasurements of defined benefit plans	—	1,971
Total accumulated other comprehensive income	30,631	45,326
Minority interests	3,793	4,062
Total net assets	141,510	184,638
Total liabilities and net assets	433,327	481,966

## Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Net sales	370,218	393,782
Cost of sales	254,408	260,870
Gross profit	115,810	132,911
Selling, general and administrative expenses		
Freightage and packing expenses	19,433	21,824
Advertising expenses	6,139	7,274
Salaries and allowances	23,621	24,890
Depreciation	3,543	3,873
Other	25,830	27,537
Total selling, general and administrative expenses	78,569	85,401
Operating income	37,240	47,510
Non-operating income		
Interest income	254	388
Dividends income	902	1,237
Foreign exchange gains	2,851	1,944
Equity in earnings of affiliates	277	345
Rent income	226	173
Other	1,271	1,044
Total non-operating income	5,782	5,132
Non-operating expenses		
Interest expenses	2,625	2,899
Loss from liquidation of receivables	123	138
Other	1,979	3,061
Total non-operating expenses	4,729	6,098
Ordinary income	38,293	46,543
Extraordinary income		
Gain on sales of noncurrent assets	930	4,663
Total extraordinary income	930	4,663
Extraordinary loss		
Loss on retirement of noncurrent assets	712	538
Loss on alleged U.S. anti-trust law violation	13,321	—
Total extraordinary loss	14,033	538
Income before income taxes	25,190	50,668
Income taxes - current	11,647	16,462
Income taxes - deferred	1,413	2,273
Total income taxes	13,061	18,736
Income before minority interests	12,128	31,932
Minority interests in income (loss)	532	692
Net income	11,596	31,240

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Income (loss) before minority interests	12, 128	31, 932
Other comprehensive income		
Valuation difference on available-for-sale securities	11, 210	3, 142
Deferred gains or losses on hedges	142	76
Foreign currency translation adjustment	12, 849	9, 343
Share of other comprehensive income of associates accounted for using equity method	317	182
Total other comprehensive income	24, 520	12, 745
Comprehensive income	36, 649	44, 677
(Comprehensive income attributable to)		
Owners of the parent	35, 665	43, 963
Minority interests	984	714



## Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to December 31, 2013)	FY2014 (From January 1, 2014 to December 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	25,190	50,668
Depreciation and amortization	19,511	21,858
Increase (decrease) in provision for retirement benefits	15	(13,231)
Increase (decrease) in net defined benefit liability	—	9,333
Interest and dividends income	(1,157)	(1,625)
Interest expenses	2,625	2,899
Foreign exchange losses (gains)	(1,075)	(65)
Equity in (earnings) losses of affiliates	(277)	(345)
Loss on retirement of noncurrent assets	712	538
Loss (gain) on sales of noncurrent assets	(930)	(4,663)
Decrease (increase) in notes and accounts receivable-trade	(1,569)	(5,087)
Decrease (increase) in inventories	(199)	(3,262)
Increase (decrease) in notes and accounts payable-trade	2,724	2,905
Other, net	1,627	8,097
Sub-total	47,198	68,018
Interest and dividends income received	1,299	1,599
Interest expenses paid	(2,681)	(3,193)
Payments of alleged U.S. anti-trust law violation	—	(12,272)
Income taxes paid	(4,258)	(16,362)
Net cash provided by (used in) operating activities	41,558	37,789
Cash flows from investing activities		
Additions to property, plant and equipment	(23,219)	(35,277)
Proceeds from sales of property, plant and equipment	1,745	6,379
Additions to intangible assets	(536)	(1,391)
Additions to investments in securities	(16)	(265)
Proceeds from sales and redemption of investment securities	51	3
Proceeds from sales of investments in subsidiaries	—	93
Payments for additions to investments in subsidiaries	(607)	—
Other, net	79	335
Net cash provided by (used in) investing activities	(22,504)	(30,122)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(8,511)	(2,535)
Payments for installment payables-property and equipment	—	(1,406)
Proceeds from long-term debt	16,951	15,356
Payments of long-term debt	(11,783)	(12,495)
Payments of redemption of bonds	—	(8,000)
Cash dividends paid	(1,775)	(3,044)
Dividends paid to minority shareholders	(23)	(244)
Proceeds from stock issuance to minority shareholders	395	—
Other, net	(348)	(309)
Net cash provided by (used in) financing activities	(5,095)	(12,680)
Effect of exchange rate change on cash and cash equivalents	2,669	1,057
Net Increase (decrease) in cash and cash equivalents	16,628	(3,956)
Cash and cash equivalents at beginning of the year	19,573	36,352
Increase in cash and cash equivalents from newly consolidated subsidiary	149	—
Cash and cash equivalents at end of the period	36,352	32,395