

# Consolidated Business Performance for the First Quarter of the Fiscal Year Ending December 31, 2018

11 May, 2018

TOYO TIRE & RUBBER CO., Ltd.

## Major Topics

Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 31, 2018 (FY2018)

Consolidated Business Outlook for the Second Quarter of the Fiscal Year Ending December 31, 2018 (FY2018)

The forward-looking statements contained in these business forecasts and plans are based on information available at the current time and 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.

# Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 31, 2018

(Unit: millions of yen)	FY2018 1Q Results	FY2017 1Q Results	Year-on-Year Change	Year-on-Year Change %
Net Sales	<b>93,741</b>	<b>98,078</b>	<b>(4,337)</b>	<b>(4.4%)</b>
Operating Income Profit Ratio	<b>10,596</b> 11.3%	<b>12,105</b> 12.3%	<b>(1,509)</b>	<b>(12.5%)</b>
Ordinary Income	<b>8,521</b>	<b>10,046</b>	<b>(1,524)</b>	<b>(15.2%)</b>
Profit Attributable to Owners of Parent	<b>6,730</b>	<b>5,880</b>	<b>+849</b>	<b>+14.4%</b>

Forex Rate	USD	<b>109 Yen</b>	<b>114 Yen</b>	<b>(5 Yen)</b>
	EUR	<b>134 Yen</b>	<b>121 Yen</b>	<b>+13 Yen</b>

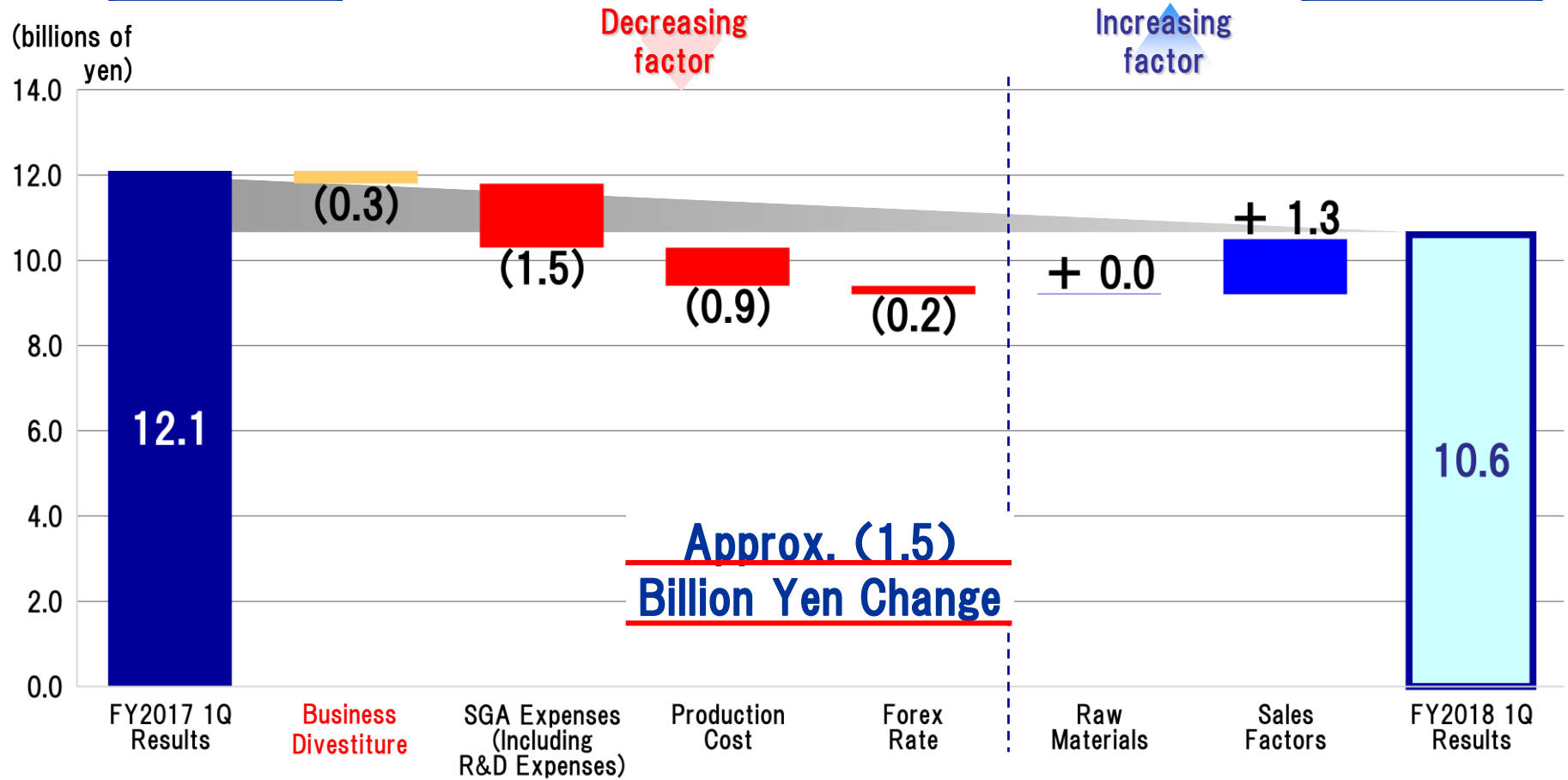
Forex Rate Sensibility 2018	
USD	0.50 Billion Yen/Year
EUR	0.10 Billion Yen/Year

# Results for the First Quarter of the Fiscal Year Ending December 31, 2018

## Factors Contributing to Changes in Operating Income



FY2017 1Q Results	Changes	FY2018 1Q Results
12.1	(1.5)	10.6
	(2.9)	+1.4



# Impact of Seismic Isolation Rubber Measures on Performance in the First Quarter of the Fiscal Year Ending December 31, 2018

(Unit: millions of yen)	1Q
For 55 buildings (disclosed on March 13, 2015)	—
For 99 buildings (disclosed on April 21, 2015)	—
Charges	724
Compensation costs, etc.	634
<b>Total</b>	<b>1,359</b>

(For Your Reference)

FY2015 Full Year Results	FY2016 Full Year Results	FY2017 Full Year Results
23,063	17,034	608
7,386	35,068	12,281
12,104	10,418	3,156
4,119	4,260	2,590
<b>46,674</b>	<b>66,781</b>	<b>18,637</b>

(Breakdown of Calculations)

**1Q of FY2018**

The company posted an extraordinary loss of 1,359 million yen as a result of posting 634 million yen in compensation, etc., and 724 million yen in miscellaneous charges (primarily, in payroll for the seismic isolation rubber task force, etc.).

**From the 2Q of  
FY2018 onward**

As it is difficult to reasonably estimate the amount at this point in time, in the event that costs arise in the future, an additional reserve for product warranties may be posted depending upon the progress of measures.

# Consolidated Business Results by Business Segment for the First Quarter of the Fiscal Year Ending December 31, 2018

## ● Net Sales

(Unit: millions of yen)	FY2018 1Q Results	FY2017 1Q Results	Year-on-Year Change	Year-on-Year Change %
Tires	80,776	78,825	+1,951	+2.5%
Automotive Parts	12,948	13,491	(543)	(4.0%)
Chemical Industrial Products	—	5,748	(5,748)	—
Other	36	59	(22)	(39.0%)
Adjustments	(20)	(45)	+24	—
<b>Total</b>	<b>93,741</b>	<b>98,078</b>	<b>(4,337)</b>	<b>(4.4%)</b>

※ Net sales include intersegment internal net sales or transfers

## ● Operating Income

(Unit: millions of yen)	FY2018 1Q Results	FY2017 1Q Results	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	11,494 14.2%	11,774 14.9%	(280)	(2.4%)
Automotive Parts Profit Ratio	(918) (7.1%)	3 0.0%	(922)	—
Chemical Industrial Products Profit Ratio	—	306 5.3%	(306)	—
Other	27	27	(0)	(0.4%)
Adjustments	(7)	(6)	(1)	—
<b>Total</b>	<b>10,596</b>	<b>12,105</b>	<b>(1,509)</b>	<b>(12.5%)</b>

※ Segment profit adjustment amounts include intersegment eliminations

# Consolidated Business Results by Geographic Area Segment for the First Quarter of the Fiscal Year Ending December 31, 2018

## ● Net Sales

(Unit: millions of yen)	FY2018 1Q Results	FY2017 1Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	27,780	32,645	(4,865)	(14.9%)
North America	45,129	45,225	(95)	(0.2%)
Other	20,830	20,207	+623	+3.1%
Eliminations or Corporate	—	—	—	—
<b>Total</b>	<b>93,741</b>	<b>98,078</b>	<b>(4,337)</b>	<b>(4.4%)</b>

※ Net sales do not include intersegment internal sales or transfers

## ● Operating Income

(Unit: millions of yen)	FY2018 1Q Results	FY2017 1Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	6,709	6,770	(61)	(0.9%)
North America	2,096	2,801	(704)	(25.2%)
Other	1,608	1,859	(250)	(13.5%)
Eliminations or Corporate	181	674	(492)	(73.1%)
<b>Total</b>	<b>10,596</b>	<b>12,105</b>	<b>(1,509)</b>	<b>(12.5%)</b>

# Consolidated Business Outlook for the Second Quarter of the Fiscal Year Ending December 31, 2018

\*There is no change from the earnings forecast announced on February 15, 2018.

(Unit: millions of yen)	Outlook for FY2018 2Q	Results for FY2017 2Q	Year-on-Year Change	Year-on-Year Change %
Net Sales	<b>189,000</b>	<b>192,041</b>	<b>(3,041)</b>	(1.6%)
Operating Income Profit Ratio	<b>20,600</b> 10.9%	<b>21,834</b> 11.4%	<b>(1,234)</b>	(5.7%)
Ordinary Income	<b>18,900</b>	<b>18,695</b>	<b>+205</b>	+1.1%
Profit Attributable to Owners of Parent	<b>12,400</b>	<b>11,076</b>	<b>+1,324</b>	+12.0%

Forex Rate	USD	<b>109 Yen</b>	<b>113 Yen</b>	<b>(4 Yen)</b>
	EUR	<b>132 Yen</b>	<b>121 Yen</b>	<b>+11 Yen</b>

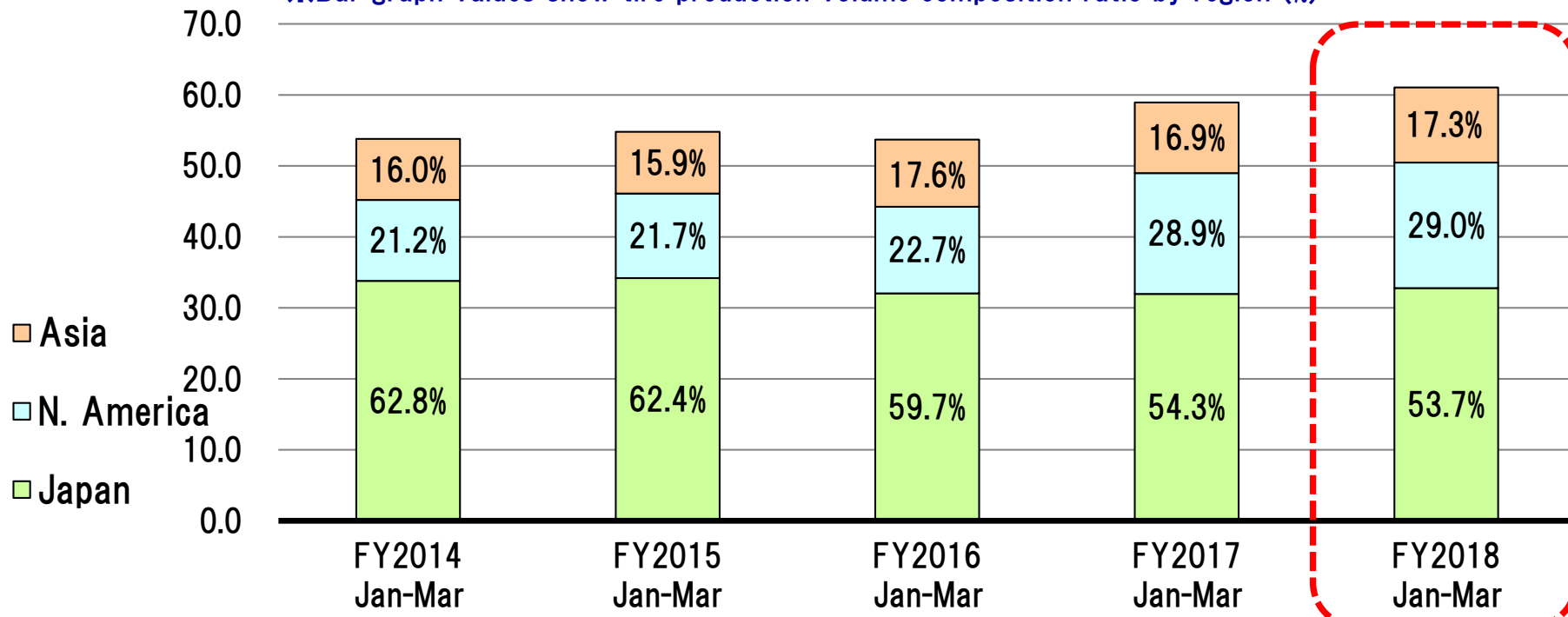
Forex Rate Sensibility 2018	
USD	0.50 Billion Yen/Year
EUR	0.10 Billion Yen/Year



# (For Your Reference) Changes in Tire Production (New Rubber Volume)

(Unit: 1,000 Tons)

※Bar graph values show tire production volume composition ratio by region (%)



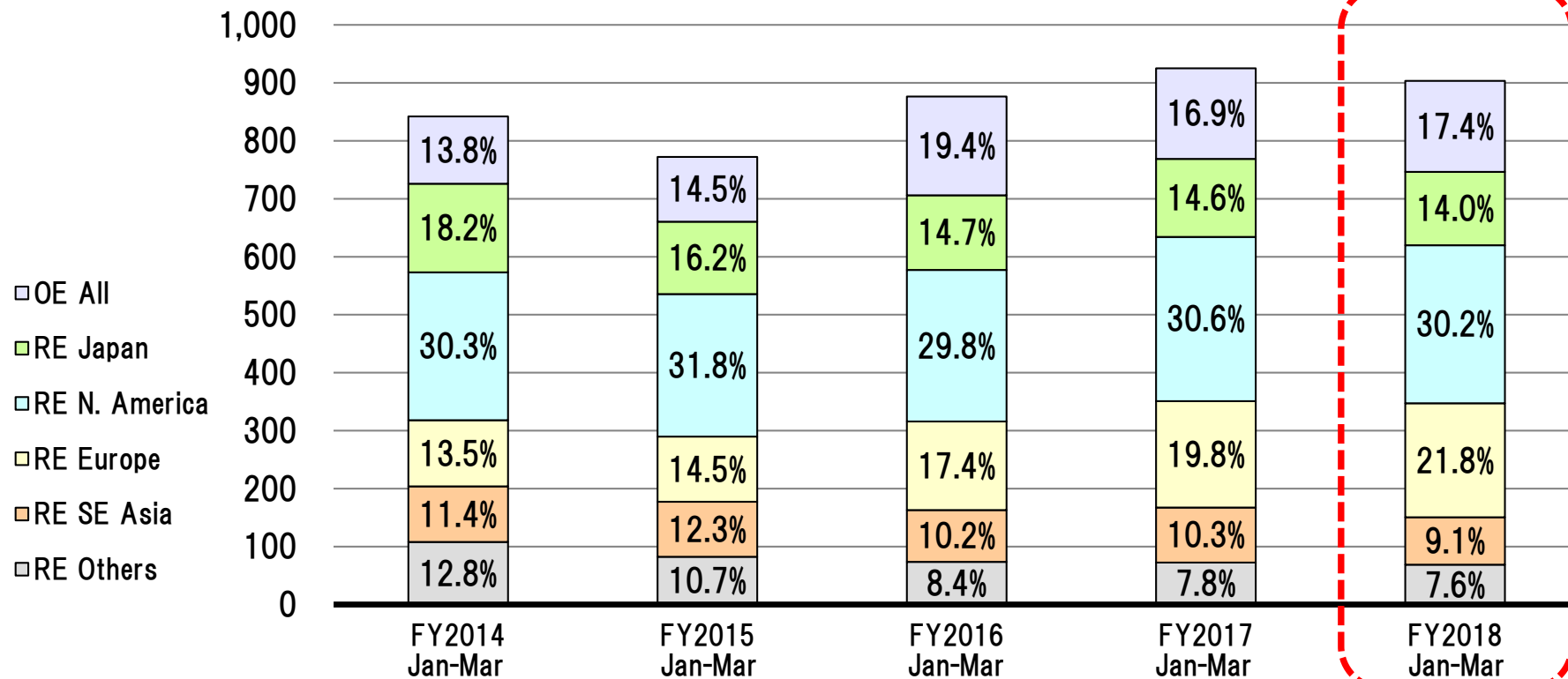
(Unit: 1,000 Tons)	FY2014	FY2015	FY2016	FY2017	FY2018
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
Japan	33.8	34.2	32.0	32.0*	32.8
N. America	11.4	11.9	12.2	17.0	17.7
Asia	8.6	8.7	9.5	9.9	10.6
Total	53.8	54.8	53.7	58.9*	61.1

\*There is change from the numerical value which described in the Consolidated Business Results for the First Quarter of the Fiscal Year Ending December 31, 2017 (announced on 12 May, 2017).

# (For Your Reference) Tire Sales Quantity Composition Ratio by Region

(Unit:10,000 Tires)

※Bar graph values show sales quantity composition ratio by region (%)



Sales Quantity Composition Ratio(%)	FY2014	FY2015	FY2016	FY2017
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
RE Total	86.2%	85.5%	80.6%	83.1%
Of which RE Overseas	68.0%	69.3%	65.9%	68.6%
Of which RE Japan	18.2%	16.2%	14.7%	14.6%
OE Total	13.8%	14.5%	19.4%	16.9%

FY2018
Jan-Mar
82.6%
68.6%
14.0%
17.4%

# (For Your Reference)

## Year-on-Year Change in Number of Tires Sold by Region

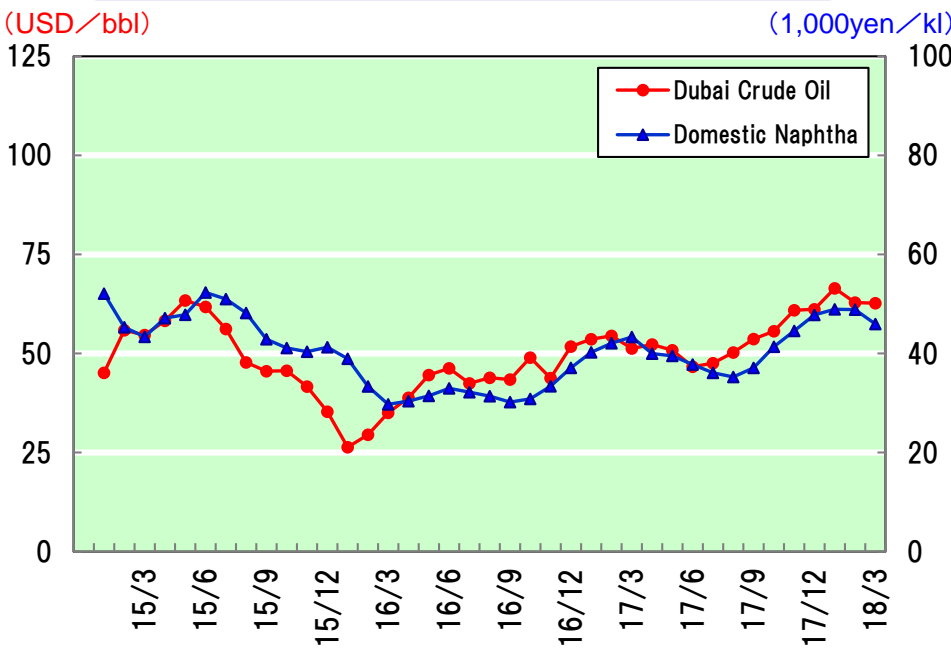
※ Year-on-Year, when the same period of the previous year = 100

(Unit: %)	FY2014	FY2015	FY2016	FY2017	FY2018
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
OE Total	87	96	153	92	100
RE Japan	124	82	103	105	94
RE Overseas Total	94	93	108	110	98
Of which N. America	103	96	106	108	96
Of which Europe	114	99	136	120	107
Of which SE Asia	115	99	94	106	86
Grand Total	103	92	114	105	98

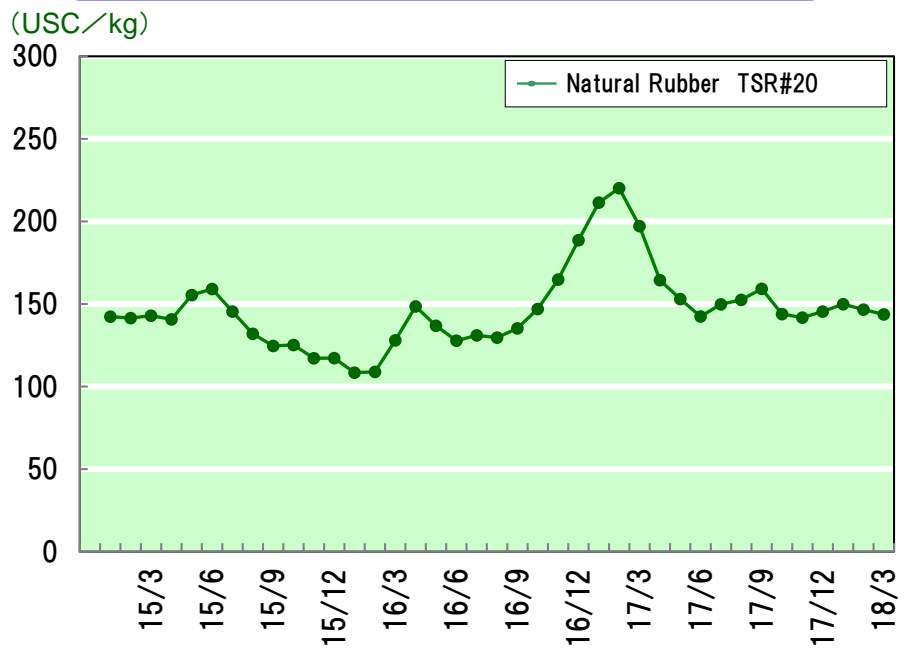
# (For Your Reference) Price Changes in Major Raw Materials

## ◆ Market Price Trends

Change in Dubai Crude Oil and Domestic Naphtha Prices



Change in Natural Rubber TSR #20 Prices (SICOM)



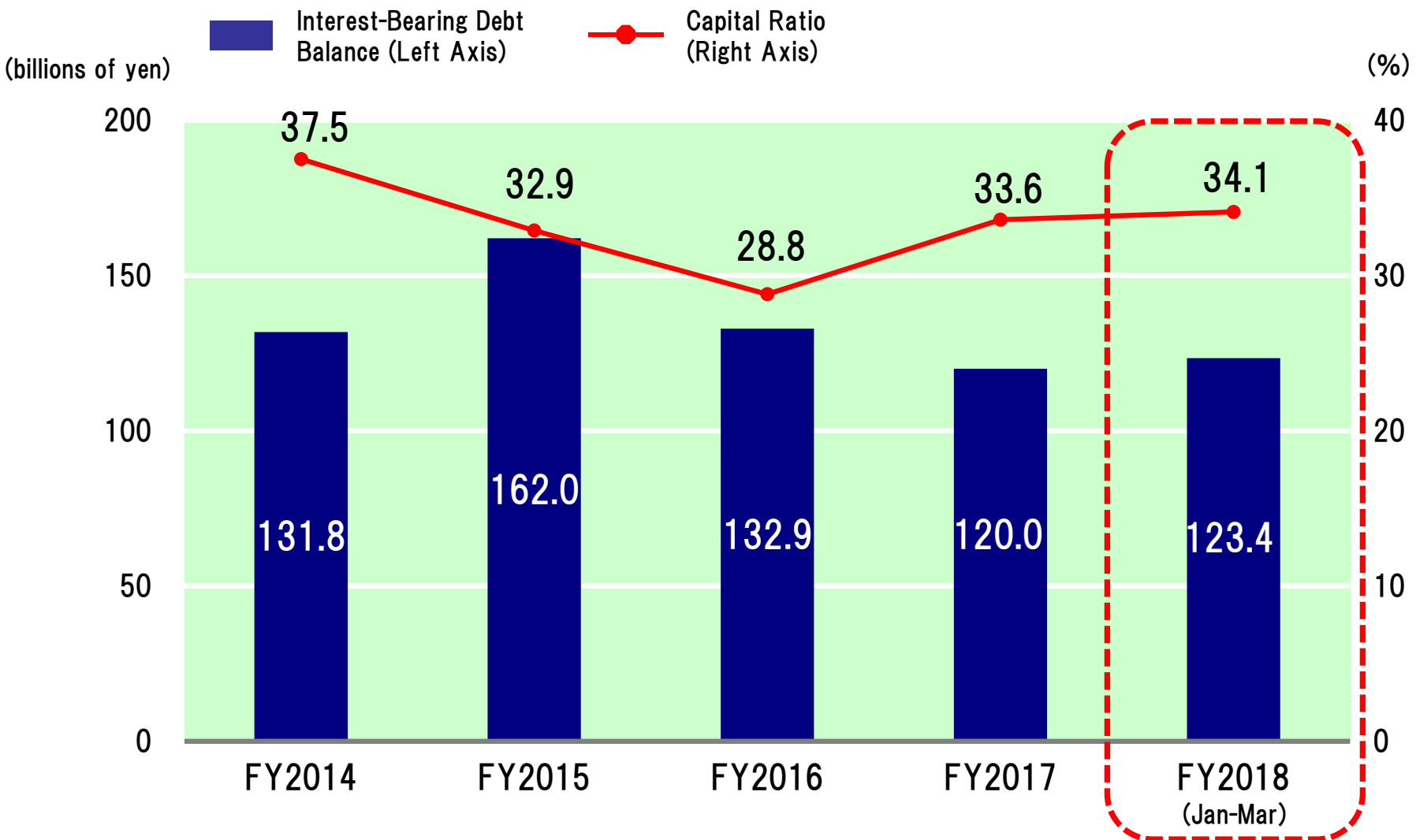
## ◆ Price Changes & Impact by Raw Material (Operating Income Basis)

Raw Material	FY2014	FY2015	FY2016	FY2017	FY2018 Jan-Mar
Natural Rubber	+6.9	+7.5	+2.5	(7.5)	+1.5
Petroleum Products	(0.9)	+9.9	+6.4	(7.7)	+0.0
Other Raw Materials*	(0.4)	+0.4	+1.1	+1.3	(1.4)
Goods Purchased	+0.7	0.0	0.0	0.0	0.0
<b>Total</b>	<b>+6.3</b>	<b>+17.8</b>	<b>+10.0</b>	<b>(13.9)</b>	<b>+0.0</b>

(Unit: billions of yen)

\* "Other Raw Materials" includes variance of the estimate of inventory assets

# (For Your Reference) Changes in Interest-Bearing Debt Balance and Capital Ratio



***TOYO TIRES***  
*driven to perform*