

TOYO TIRES

**Consolidated Business Performance for the Fiscal Year
Ending December 31, 2018(FY2018)**

15 February, 2019

Toyo Tire Corporation

Major Topics

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

Consolidated Business Outlook for the Fiscal Year Ending December 31, 2019 (FY2019)

The forward-looking statements contained in these business outlooks 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 Fiscal Year Ending December 31, 2018

TOYO TIRES

(Unit: millions of yen)	Full-Year Results for FY2018	Full-Year Results for FY2017	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2018 (9 Nov.2018)	Vs. The Expected Increase or Reduction
Net Sales	393,220	404,999	(11,779)	(2.9%)	390,000	+3,220
Operating Income Profit Ratio	42,390 10.8%	45,308 11.2%	(2,918)	(6.4%)	42,000 10.8%	+390
Ordinary Income	38,379	40,167	(1,787)	(4.5%)	38,700	(321)
Profit Attributable to Owners of Parent	10,553	15,476	(4,923)	(31.8%)	18,000	(7,447)

* Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Forex Rate	USD	110 Yen	112 Yen	(2 Yen)
	EUR	131 Yen	126 Yen	+5 Yen

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

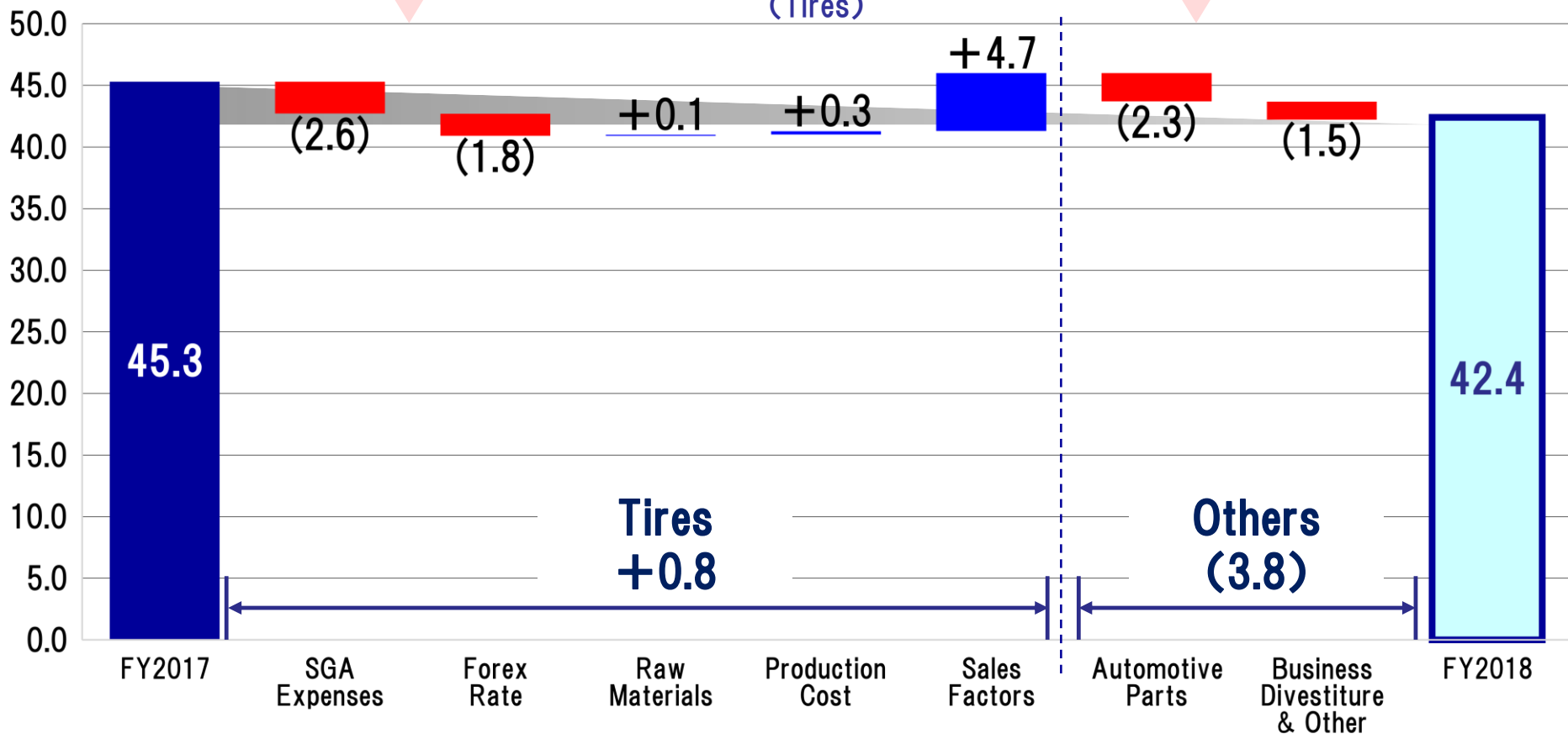
Results for the Fiscal Year Ending December 31, 2018

Factors Contributing to Changes in Operating Income



FY2017 Results	Changes			FY2018 Results
45.3	(2.9)			42.4
	(4.4)	+5.2	(3.8)	
	Decreasing factor (Tires) Increasing factor (Tires) Decreasing factor (Other)			

(billions of yen)



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

TOYO TIRES

(For Your Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	3Q (C)	4Q (D)	Total (A+B+C+D)	FY2015 Full Year Results	FY2016 Full Year Results	FY2017 Full Year Results
For 55 buildings	—	7,729	—	1,064	8,794	23,063	17,034	608
For 99 buildings	—	(908)	—	3,268	2,360	7,386	35,068	12,281
Charges	724	2,568	955	609	4,858	12,104	10,418	3,156
Compensation costs, etc.	634	94	528	258	1,516	4,119	4,260	2,590
Total	1,359	9,484	1,483	5,201	17,529	46,674	66,781	18,637

*55 buildings : disclosed on March 13, 2015, 99 buildings : disclosed on April 21, 2015

Breakdown of Calculation

1Q of FY2018(A)

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.).

2Q of FY2018(B)

The company posted an extraordinary loss of 6,820 million yen in cost of repairs and replacement of seismic isolation rubber products, 94 million yen in compensation, etc., and 2,568 million yen in miscellaneous charges (primarily premiums for insurance related to replacing seismic isolation products, in payroll for the seismic isolation rubber task force, in expenses related to equipment for the replacing seismic isolation rubber, etc.).

3Q of FY2018(C)

The company posted an extraordinary loss of 1,483 million yen as a result of posting 528 million yen in compensation, etc., and 955 million yen in miscellaneous charges (primarily, in payroll for the seismic isolation rubber task force, etc.).

4Q of FY2018(D)

The company posted an extraordinary loss of 4,333 million yen in cost of repairs and replacement of seismic isolation rubber products, 258 million yen in compensation, etc., and 609 million yen in miscellaneous charges (primarily, in payroll for the seismic isolation rubber task force, etc.).

From the FY2019 onward

As at the present time it is difficult to reasonably estimate the amount, 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 Fiscal Year Ending December 31, 2018

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Full-Year Results for FY2018	Full-Year Results for FY2017	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2018 (9 Nov.2018)	Vs. The Expected Increase or Reduction
Tires	341,694	327,097	+14,597	+4.5%	339,000	+2,694
Automotive Parts	51,466	53,150	(1,684)	(3.2%)	50,900	+566
Chemical Industrial Products	—	24,710	(24,710)	—	—	—
Other	133	203	(70)	(34.5%)	100	+33
Adjustments	(73)	(161)	+87	—	0	(73)
Total	393,220	404,999	(11,779)	(2.9%)	390,000	+3,220

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	Full-Year Results for FY2018	Full-Year Results for FY2017	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2018 (9 Nov.2018)	Vs. The Expected Increase or Reduction
Tires Profit Ratio	46,879 13.7%	46,047 14.1%	+832	+1.8%	45,500 13.4%	+1,379
Automotive Parts Profit Ratio	(4,537) (8.8%)	(2,240) (4.2%)	(2,297)	—	(3,600) (7.1%)	(937)
Chemical Industrial Products	—	1,389	(1,389)	—	—	—
Other	80	151	(71)	(47.0%)	100	(20)
Adjustments	(31)	(38)	+7	—	0	(31)
Total	42,390	45,308	(2,918)	(6.4%)	42,000	+390

* Segment profit adjustment amounts include intersegment eliminations

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

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Full-Year Results for FY2018	Full-Year Results for FY2017	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2018 (9 Nov.2018)	Vs. The Expected Increase or Reduction
Japan	121,843	146,562	(24,718)	(16.9%)	121,700	+143
North America	198,133	186,312	+11,821	+6.3%	195,500	+2,633
Other	73,242	72,125	+1,116	+1.5%	72,800	+442
Eliminations or Corporate	—	—	—	—	—	—
Total	393,220	404,999	(11,779)	(2.9%)	390,000	+3,220

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	Full-Year Results for FY2018	Full-Year Results for FY2017	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2018 (9 Nov.2018)	Vs. The Expected Increase or Reduction
Japan	29,284	31,920	(2,635)	(8.3%)	29,900	(616)
North America	8,385	8,652	(266)	(3.1%)	8,700	(315)
Other	4,013	4,888	(874)	(17.9%)	4,100	(87)
Eliminations or Corporate	706	(152)	+858	—	(700)	+1,406
Total	42,390	45,308	(2,918)	(6.4%)	42,000	+390

Outline of Consolidated Business Outlook for the Fiscal Year Ending December 31, 2019

(Unit: millions of yen)	Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %
Net Sales	400,000	393,220	+6,779	+1.7%
Operating Income Profit Ratio	40,000 10.0%	42,390 10.8%	(2,390)	(5.6%)
Ordinary Income	37,200	38,379	(1,179)	(3.1%)
Profit Attributable to Owners of Parent	23,900	10,553	+13,346	+126.5%

* Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Forex Rate	USD	110 Yen	110 Yen	0 Yen
	EUR	125 Yen	131 Yen	(6 Yen)

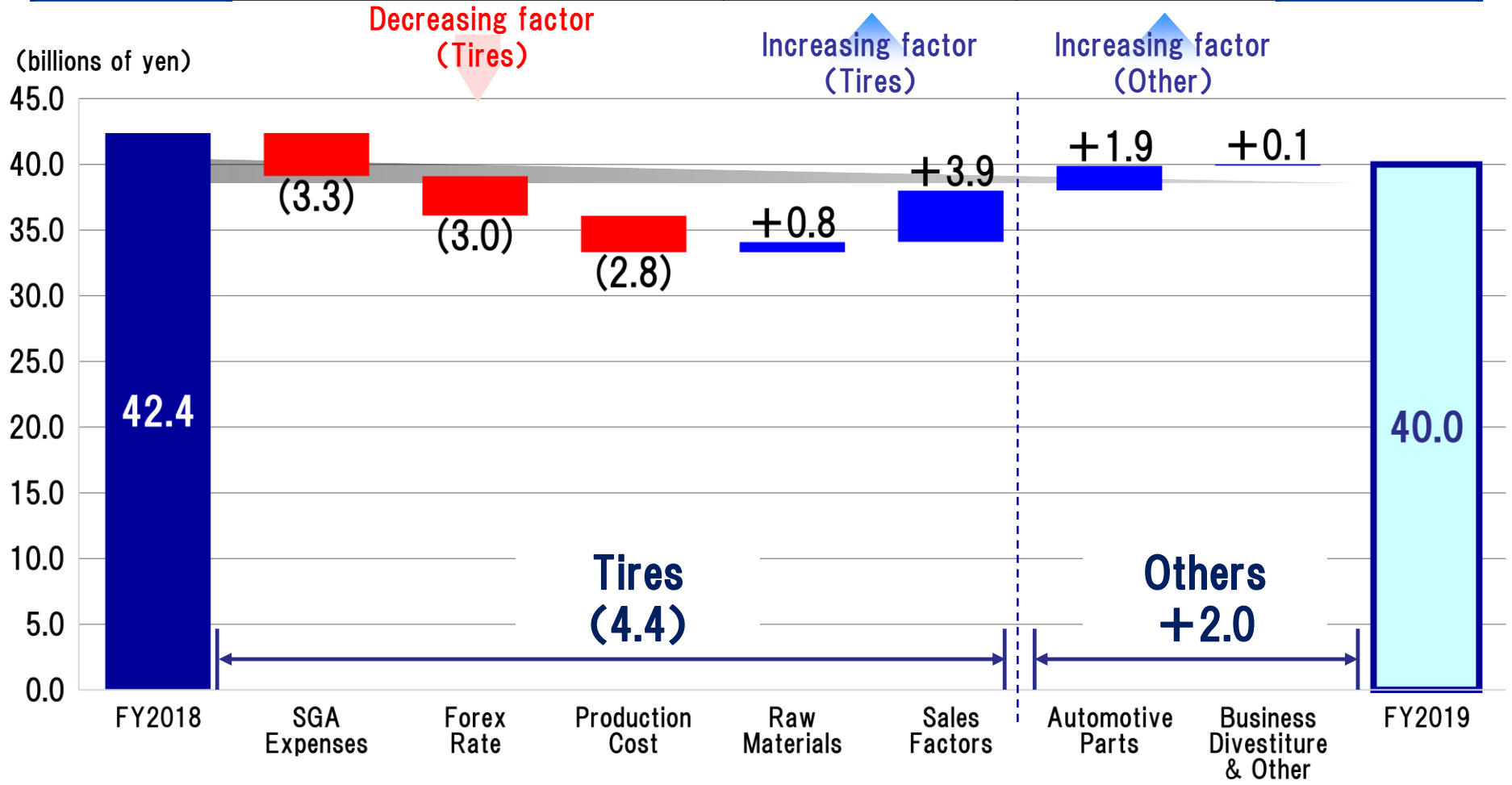
Forex Rate Sensibility 2019	
USD	0.50 Billion Yen/Year
EUR	0.10 Billion Yen/Year

Outlook for the Fiscal Year Ending December 31, 2019

Factors Contributing to Changes in Operating Income



FY2018 Results	Changes			FY2019 Outlook
42.4	(2.4)			40.0
	(9.1)	+4.7	+2.0	



Consolidated Business Outlook by Business Segment for the Fiscal Year Ending December 31, 2019

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %
Tires	353,000	341,694	+11,305	+3.3%
Automotive Parts	46,900	45,537	+1,362	+3.0%
Flexible Urethane Foams	—	5,928	(5,928)	—
Other	100	133	(33)	(24.8%)
Adjustments	0	(73)	+73	—
Total	400,000	393,220	+6,779	+1.7%

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	42,500 12.0%	46,879 13.7%	(4,379)	(9.3%)
Automotive Parts Profit Ratio	(2,500) (5.3%)	(4,371) (9.6%)	+1,872	—
Flexible Urethane Foams	—	(165)	+165	—
Other	0	80	(80)	—
Adjustments	0	(31)	+31	—
Total	40,000	42,390	(2,390)	(5.6%)

* Segment profit adjustment amounts include intersegment eliminations

Consolidated Business Outlook by Geographic Area Segment for the Fiscal Year Ending December 31, 2019

● Net Sales

(Unit: millions of yen)	Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %
Japan	118,900	121,843	(2,943)	(2.4%)
North America	208,200	198,133	+10,066	+5.1%
Other	72,900	73,242	(342)	(0.5%)
Eliminations or Corporate	—	—	—	—
Total	400,000	393,220	+6,779	+1.7%

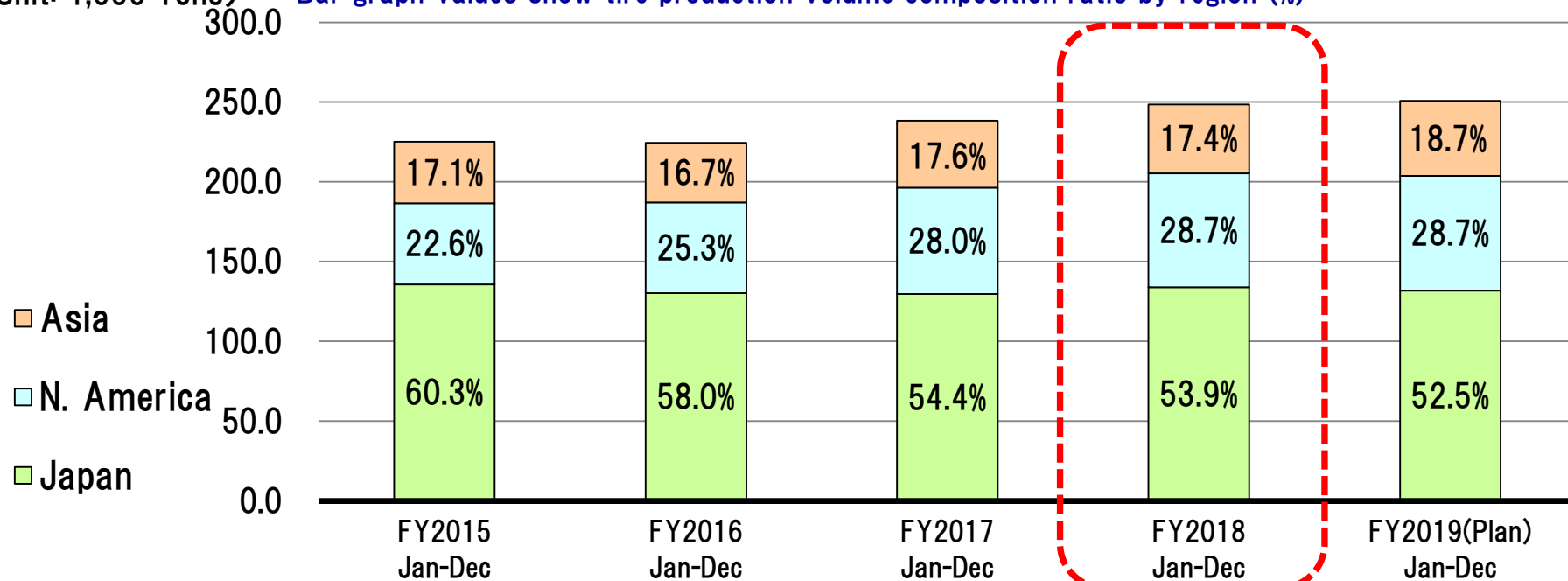
* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %
Japan	25,100	29,284	(4,184)	(14.3%)
North America	10,700	8,385	+2,315	+27.6%
Other	4,500	4,013	+486	+12.1%
Eliminations or Corporate	(300)	706	(1,006)	—
Total	40,000	42,390	(2,390)	(5.6%)

(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 (%)

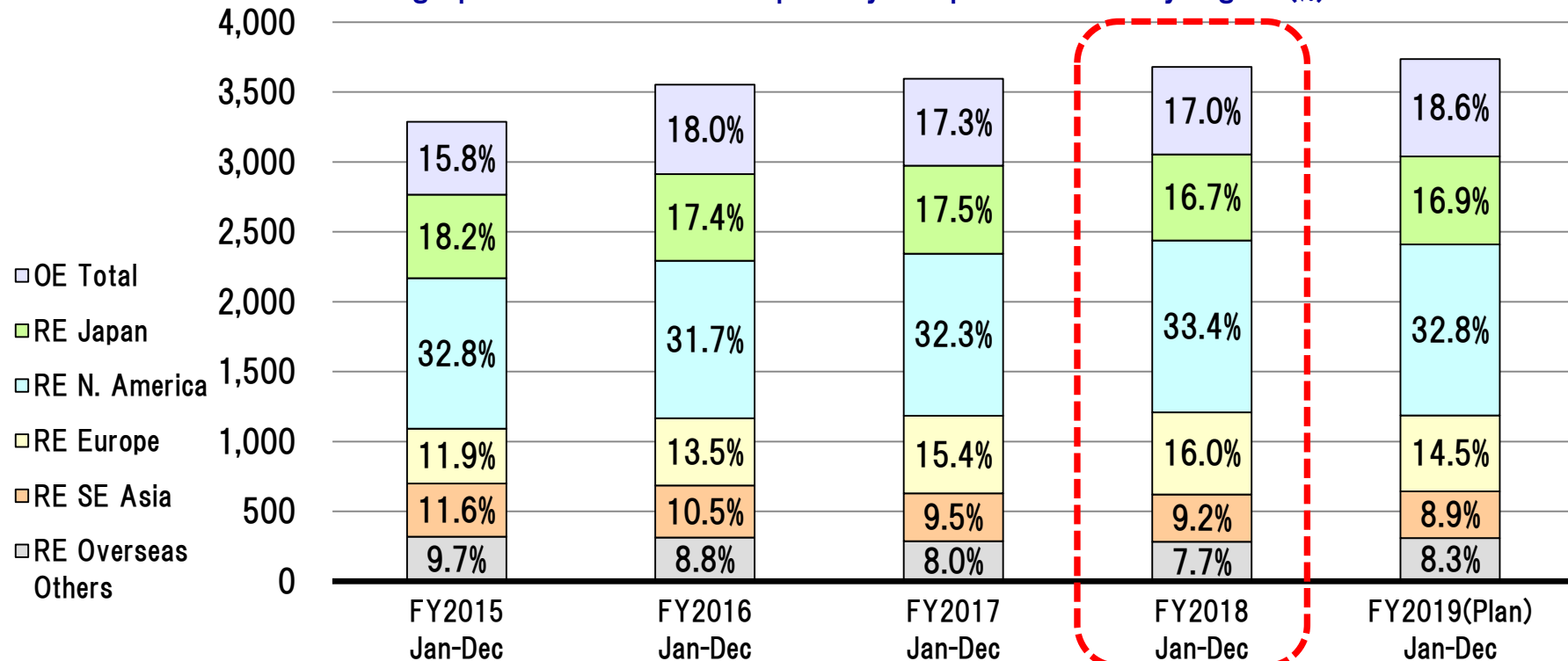


(Unit: 1,000 Tons)	FY2015	FY2016	FY2017	FY2018	FY2019 Plan (Full-year)
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Japan	135.7	130.2	129.7*	134.0	131.8
N. America	50.9	56.9	66.8	71.4	72.0
Asia	38.6	37.4	41.9	43.2	47.0
Total	225.2	224.5	238.4*	248.6	250.8

* There is a change from the numerical value that was described in the Consolidated Business Performance for the Fiscal Year Ending December 31, 2017 (FY2017) (announced on 15 February, 2018).

(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(%)	FY2015	FY2016	FY2017	FY2018	FY2019 Plan (Full-year)
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
RE Total	84.2%	82.0%	82.7%	83.0%	81.4%
Of which RE Overseas	66.0%	64.6%	65.2%	66.3%	64.5%
Of which RE Japan	18.2%	17.4%	17.5%	16.7%	16.9%
OE Total	15.8%	18.0%	17.3%	17.0%	18.6%

(For Your Reference)
 Year-on-Year Change in Tire Sales Quantity by Region

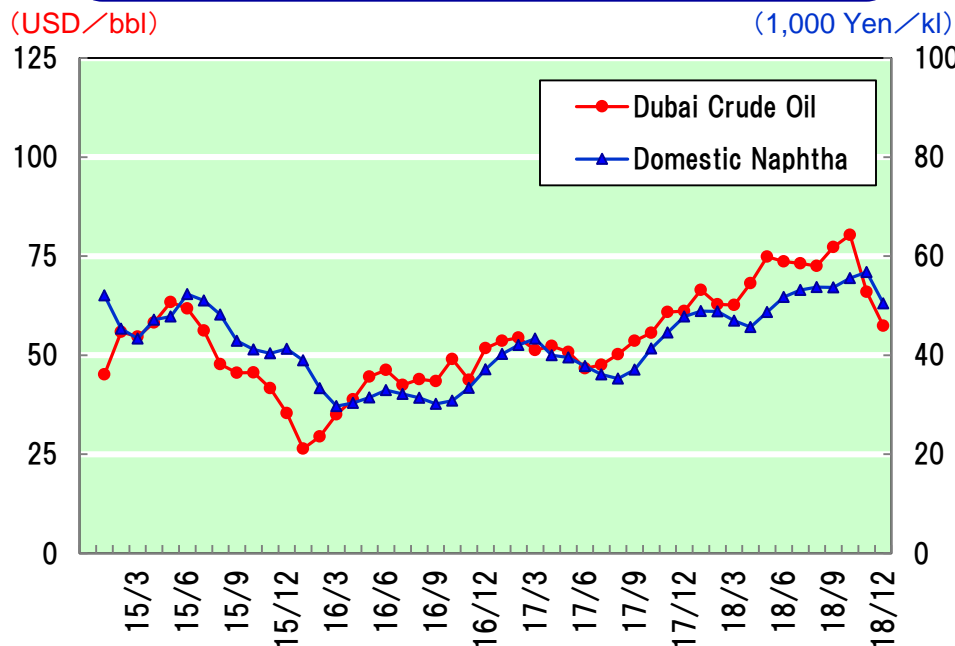
* Year-on-Year when the same period previous year = 100

(Unit:%)	FY2015	FY2016	FY2017	FY2018	FY2019 Plan (Full-year)
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
OE Total	115	123	97	100	111
RE Japan	95	103	102	98	102
RE Overseas	97	106	102	104	99
Of which N. America	102	105	103	106	100
Of which Europe	98	123	115	106	92
Of which SE Asia	101	98	92	99	98
Grand Total	99	108	101	102	102

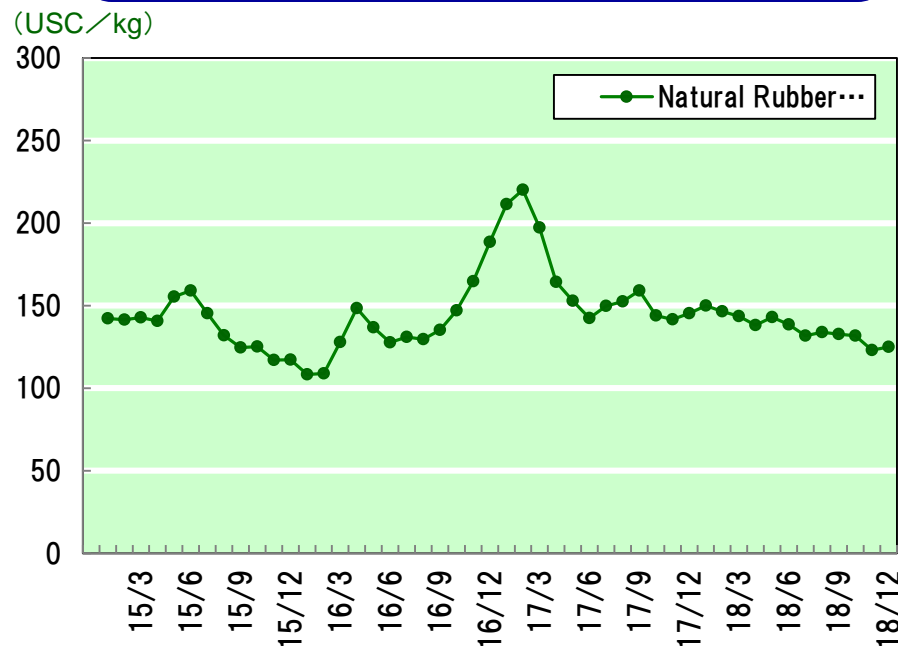
(For Your Reference)
Price Changes in Major Raw Materials

◆ 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)

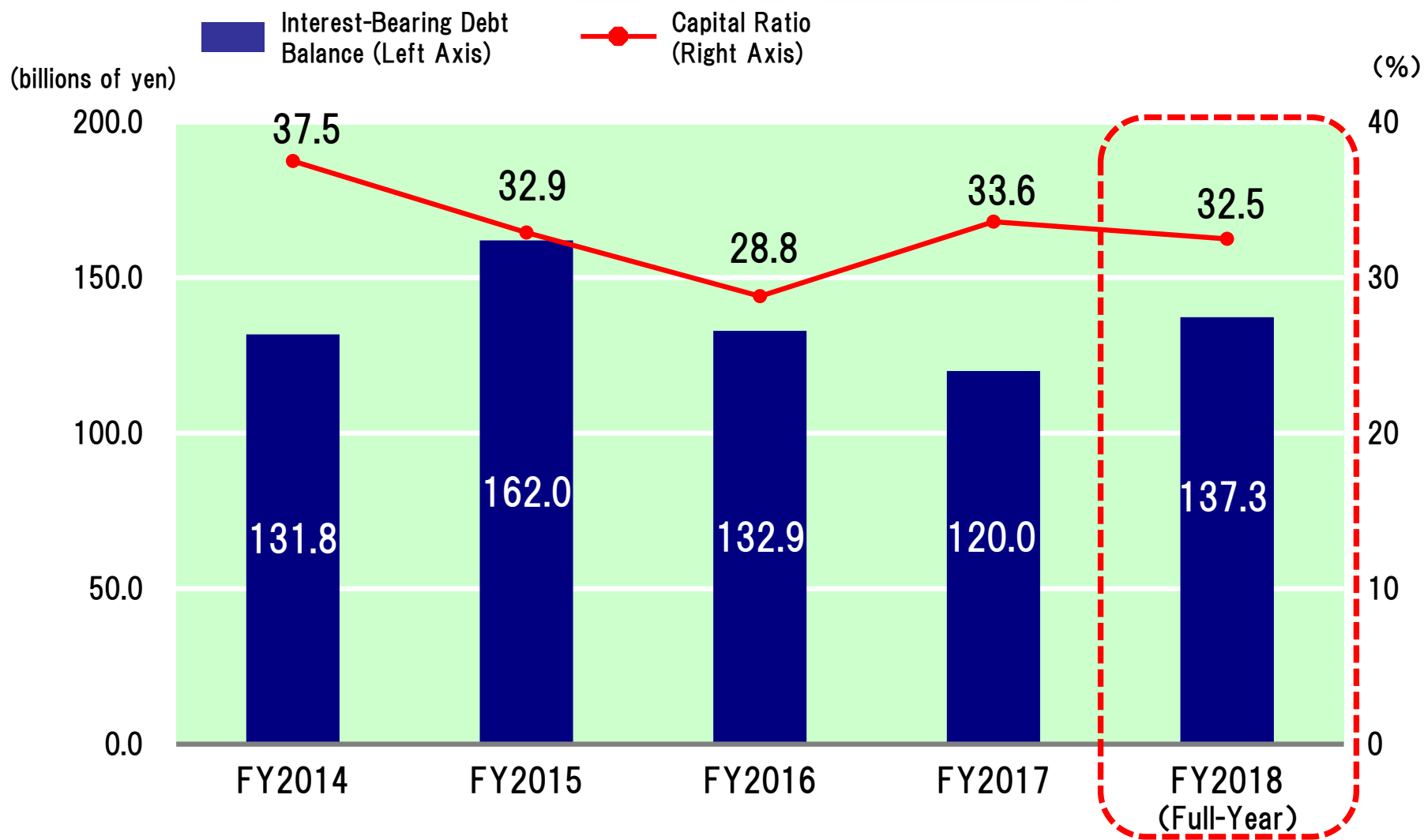
(Unit: billions of yen)

Raw Material	FY2015	FY2016	FY2017	FY2018	FY2019 Outlook
Natural Rubber	+7.5	+2.5	(7.5)	+3.8	+0.3
Petroleum Products	+9.9	+6.4	(7.7)	(2.9)	+0.9
Other Raw Materials	+0.4	+1.1	+1.3	(0.8)	(0.3)
Total	+17.8	+10.0	(13.9)	+0.1	+0.8

* Until FY2017, impact on all businesses is indicated. For FY2018 onward, impact on the Tire Business is indicated.

© Toyo Tires "Valuation difference of inventory assets" is included in and indicated as "Other Raw Materials" until FY2017. It is included and indicated in each raw material for FY2018 onward.

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



◆ Change in Capital Investment

FY2019 Plan

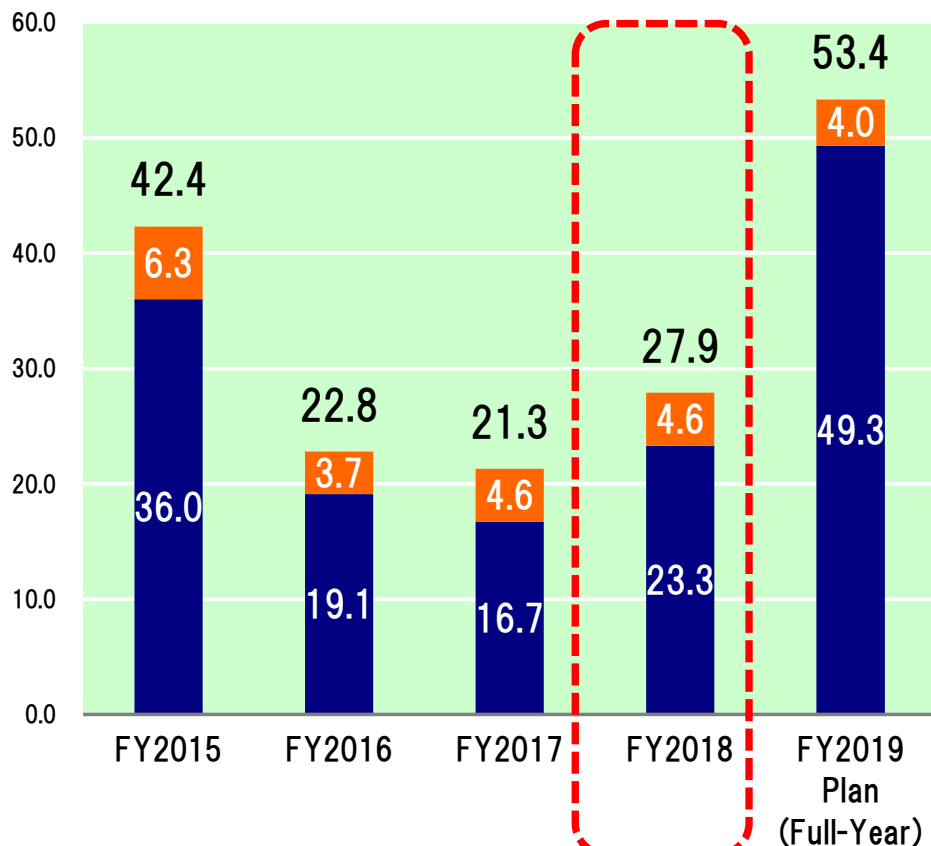
Capital Investment	:	53.4	Billion Yen
Tires	:	49.3	Billion Yen
Automotive Parts, Other	:	4.0	Billion Yen

◆ Change in Depreciation

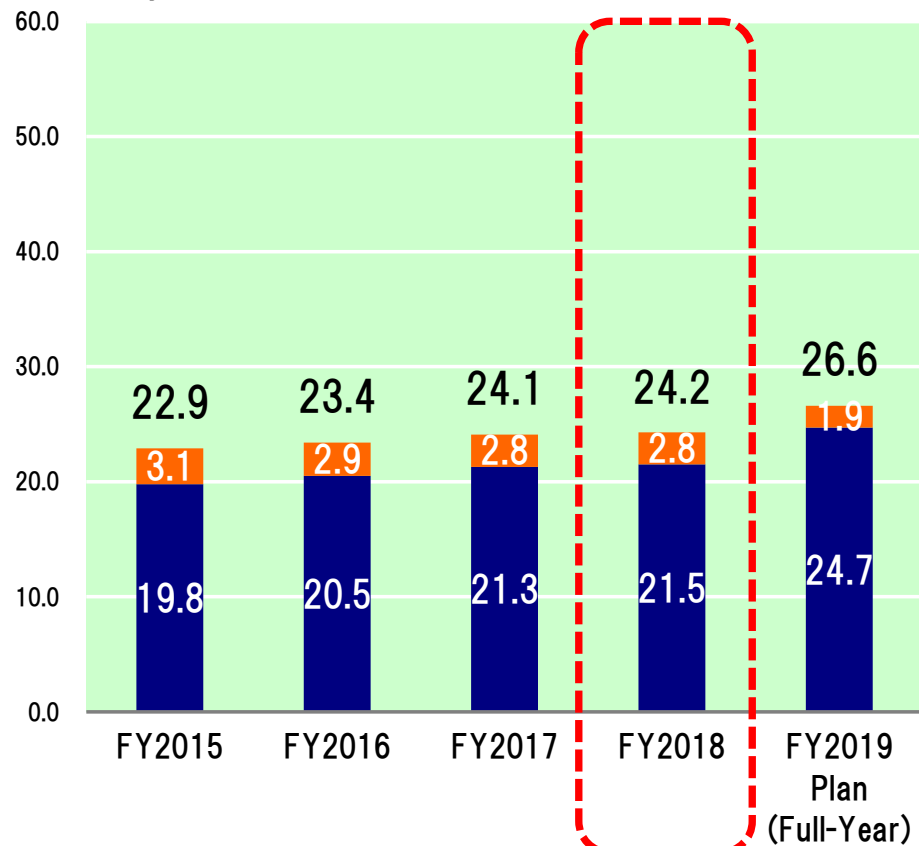
FY2019 Plan

Depreciation	:	26.6	Billion Yen
Tires	:	24.7	Billion Yen
Automotive Parts, Other	:	1.9	Billion Yen

(billions of yen)



(billions of yen)



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