

FY 2021 Third-Quarter

Financial Results Briefing Material

November 12, 2021

The Yokohama Rubber Co., Ltd.

Medium-term Management Plan Yokohama Transformation 2023 (YX2023)

Progress Report



高付加価値品比率最大化



OE on Premium Cars

“ADVAN Sport V105” selected for use on Volkswagen concept SUV



ADVAN Sport V105

Strengthen WINTER tire R&D

- “iceGUARD 7”, YOKOHAMA’s best-ever studless tire for icy roads, received a 2021 Good Design Award.
- Launched sales of “TAXI TOURING A/S”, an all-season tire for Toyota Motor’s JPN TAXI



iceGUARD 7



TAXI TOURING A/S

Motorsports activities



ADVAN-equipped car; finished 3rd place in the GT500 class in Round 3 of SUPER GT Series



ADVAN-equipped car; finished 2nd place in the GT500 class in Round 7 of SUPER GT Series



ADVAN equipped car; YOKOHAMA tire equipped cars dominated GT300 class in Round 3 of SUPER GT Series as the top 6 finishers

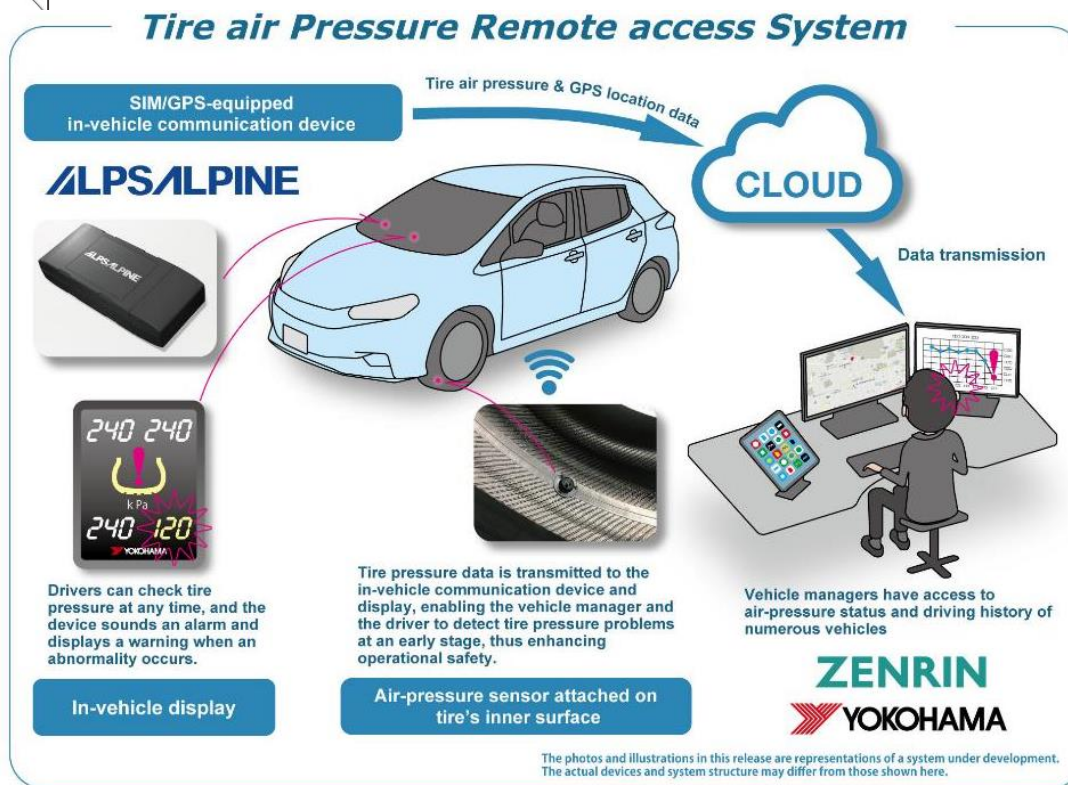
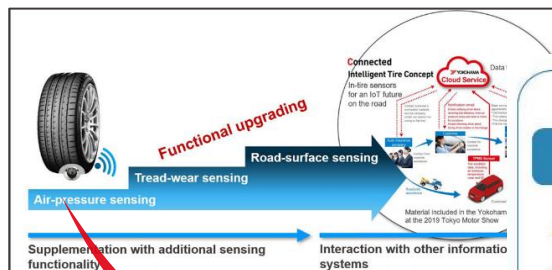


GEOLANDAR-equipped car; finished 1st in the Trick Truck class of North America’s ultimate off-road racing series

市場変化の取り込み	
コスト	商品 ラインアップ
サービス	
DX	

DX: Digital transformation

Began practical testing of tire sensor attached to tire's inner surface with cooperation from Zenrin



Strengthen/expand by allocating resources to core product areas

Hose & couplings
Growth driver

Industrial products
Stable earnings

Business restructuring

Hamatite
Focus on core areas

Aerospace products
Structural reforms

Industrial products

- Launched sales a new conveyor belt “the flame-retardant Hamaheat Super 100”, which combines high-heat resistance and flame-resistance properties.
- Indonesian marine products manufacturing and sales subsidiary received the API Spec Q1 certification from the American Petroleum Institute



New conveyor belt which combines high-heat resistance and flame-resistance properties (image)



Marine hose (marine equipment products)

Hamatite

Completed transfer of Hamatite business to Sika AG

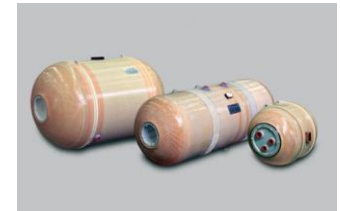
Business transfer date: November 1, 2021

Expected profit from transfer: about 5 billion* yen

*The actual amount is currently under examination and is therefore subject to change

Aerospace products

Renewed contract for supply of Potable Water Tanks with Boeing



Potable Water Tanks

Environment

- Established "Procurement Policy for Sustainable Natural Rubber"
- Yokohama Tire Retread's Hokkaido Plant received the Ministry of the Environment's "2021 Minister of the Environment Award for Contributing to the Formation of a Recycling-Oriented Society"



Cover of revised "Procurement Policy for Sustainable Natural Rubber" pamphlet



"903ZW" retread tire for trucks and buses

Social

YOKOHAMA Magokoro Fund supported for the August 2021 heavy rain disaster in Japan



YOKOHAMA[®]
Magokoro Fund

Governance

Decided to shift listing to Tokyo Stock Exchange's new Prime Market segment



Results for FY 2021 Third-Quarter

■ Scope of consolidation

**Consolidated subsidiaries 110 companies
(3 less than at the end of previous fiscal year)**

(Breakdown of change)

+3 companies

Japan: +1 company

MB domestic company engaged in repair and maintenance of construction and hydraulic machinery

Europe: +1 company

Tire indirectly owned sales subsidiary

Asia: +1 company

Tire mold production and sales company

-6 companies

Japan: -4 companies

Tire indirectly owned sales subsidiaries

Europe: -2 companies

Tire indirectly owned sales subsidiaries

Profit and Loss (1-3Q)



Exchange Rates	US\$ 109 yen	108 yen (previous year)	+1 yen	
	EUR 130 yen	121 yen (previous year)	+9 yen	
	RUB 1.5 yen	1.5 yen (previous year)	-0.1 yen	
TSR20*	166 cents	124 cents (previous year)	+42 cents	*SICOM TSR20 1M
WTI	65 dollars	39 dollars (previous year)	+26 dollars	

		(billion yen)					
		2021 Jan.-Sep.	2020 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Continued operations	Sales revenue	460.5	376.5	+84.0	+22.3%	+9.1	+74.9
	Business profit*1 (Business profit margin)	37.1 (8.1%)	8.9 (2.4%)	+28.2 (+5.7%)	+316.5%	+3.0	+25.2
	Operating profit (Operating profit margin)	59.3 (12.9%)	8.5 (2.2%)	+50.9 (+10.7%)	+600.9%	+3.0	+47.9
	Profit	43.1	4.2	+38.9	+917.5%		
Discontinued operations	Profit *2	0.3	0.1	+0.3	+281.0%		
	Profit *3	43.5	4.3	+39.1	+904.2%		

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses)

*2 Transfer of Hamatite business

*3 Interim profit attributable to owners of parent

Business Segment (1-3Q)



(billion yen)

		2021 Jan.-Sep.	2020 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	317.4	266.3	+51.1	+19.2%	+7.2	+43.9
	MB	59.7	57.3	+2.4	+4.2%	+1.1	+1.4
	ATG	76.7	47.4	+29.3	+61.9%	+0.9	+28.5
	Other	6.7	5.6	+1.1	+20.3%	+0.0	+1.1
	Total	460.5	376.5	+84.0	+22.3%	+9.1	+74.9
Business profit	Tires	22.1	0.5	+21.6	–	+2.7	+18.9
	MB	2.6	2.1	+0.5	+24.3%	+0.1	+0.4
	ATG	11.2	6.2	+5.0	+79.6%	+0.1	+4.8
	Other	1.1	-0.0	+1.2	–	+0.0	+1.2
	Intersegment eliminations	0.0	0.1	-0.1	–	–	-0.1
	Total	37.1	8.9	+28.2	+316.5%	+3.0	+25.2

Factor Analysis of Business Profit

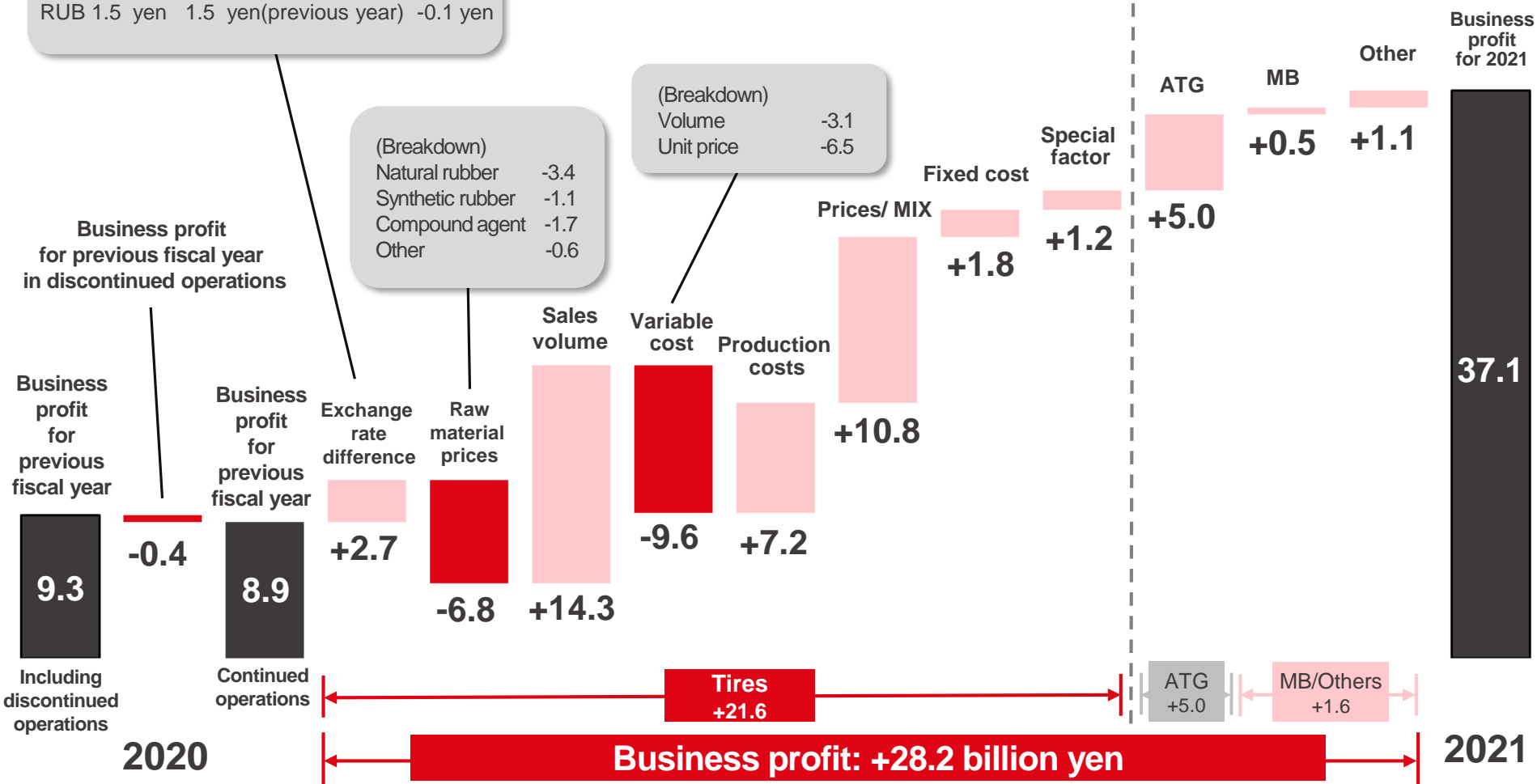


2021 1-3Q

US\$ 109 yen 108 yen(previous year) +1 yen
 EUR 130 yen 121 yen(previous year) +9 yen
 RUB 1.5 yen 1.5 yen(previous year) -0.1 yen

(billion yen)

Factors that boosted business profit
 Factors that reduced business profit



Profit and Loss (Quarterly)



Exchange Rates

US\$ 108 yen	108 yen (previous year)	-0 yen
EUR 130 yen	119 yen (previous year)	+11 yen
RUB 1.5 yen	1.6 yen (previous year)	-0.1 yen

US\$ 110 yen	106 yen (previous year)	+4 yen
EUR 130 yen	124 yen (previous year)	+6 yen
RUB 1.5 yen	1.4 yen (previous year)	+0.1 yen

TSR20*

166 cents	122 cents (previous year)	+44 cents
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166 cents	128 cents (previous year)	+38 cents
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WTI

62 dollars	37 dollars (previous year)	+25 dollars
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71 dollars	41 dollars (previous year)	+29 dollars
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*SICOM TSR20 1M

					(billion yen)		
		2021 Jan.-Jun.	2020 Jan.-Jun.	Change	2021 Jul.-Sep.	2020 Jul.-Sep.	Change
Continued operations	Sales revenue	303.9	238.0	+65.9	156.6	138.4	+18.2
	Business profit*1 (Business profit margin)	26.3 (8.7%)	2.0 (0.9%)	+24.3 (+7.8%)	10.8 (6.9%)	6.9 (5.0%)	+3.9 (+1.9%)
	Operating profit (Operating profit margin)	48.6 (16.0%)	3.0 (1.3%)	+45.6 (+14.7%)	10.7 (6.8%)	5.4 (3.9%)	+5.2 (+2.9%)
	Profit	36.6	1.3	+35.3	6.6	3.0	+3.6
Discontinued operations	Profit *2	0.4	-0.0	+0.4	-0.0	0.1	-0.1
	Profit *3	36.9	1.3	+35.7	6.5	3.1	+3.5

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses)

*3 Interim profit attributable to owners of parent

*2 Transfer of Hamatite business

Business Segment (3Q)



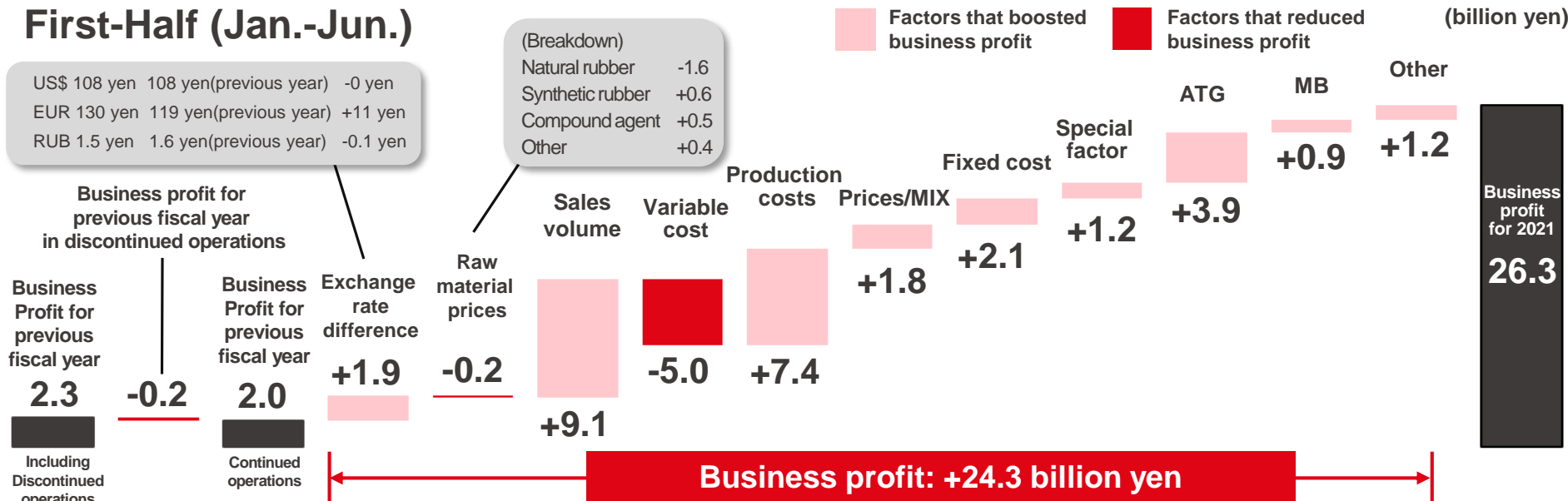
(billion yen)

		2021 Jul.-Sep.	2020 Jul.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	106.3	99.7	+6.7	+6.7%	+3.5	+3.1
	MB	19.5	18.8	+0.6	+3.4%	+0.5	+0.1
	ATG	28.5	17.3	+11.2	+64.5%	+1.0	+10.1
	Other	2.3	2.6	-0.3	-12.3%	+0.0	-0.3
	Total	156.6	138.4	+18.2	+13.1%	+5.1	+13.1
Business profit	Tires	5.9	2.5	+3.3	+131.8%	+0.8	+2.5
	MB	0.5	1.0	-0.4	-44.4%	+0.0	-0.5
	ATG	4.1	3.0	+1.1	+36.2%	+0.1	+0.9
	Other	0.4	0.3	+0.0	+6.4%	+0.0	+0.0
	Intersegment eliminations	-0.1	0.0	-0.1	-	-	-0.1
	Total	10.8	6.9	+3.9	+57.2%	+1.0	+2.9

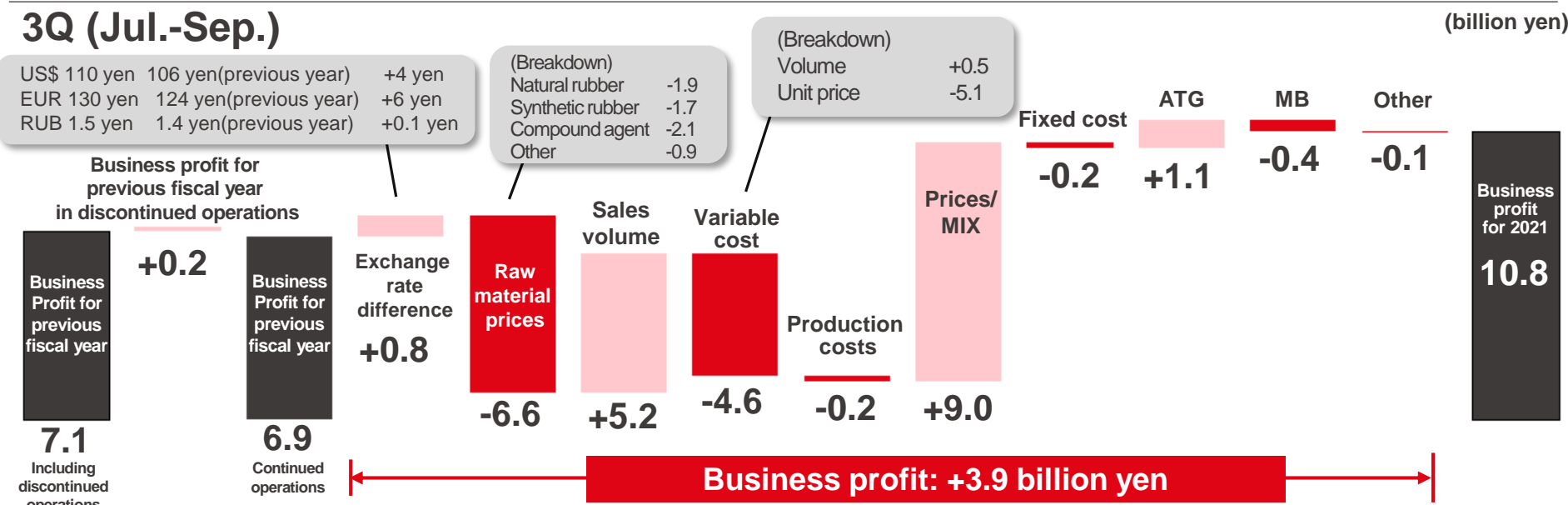
Factor Analysis of Business Profit



First-Half (Jan.-Jun.)



3Q (Jul.-Sep.)



Financial Position (Comparison with the end of the previous year)

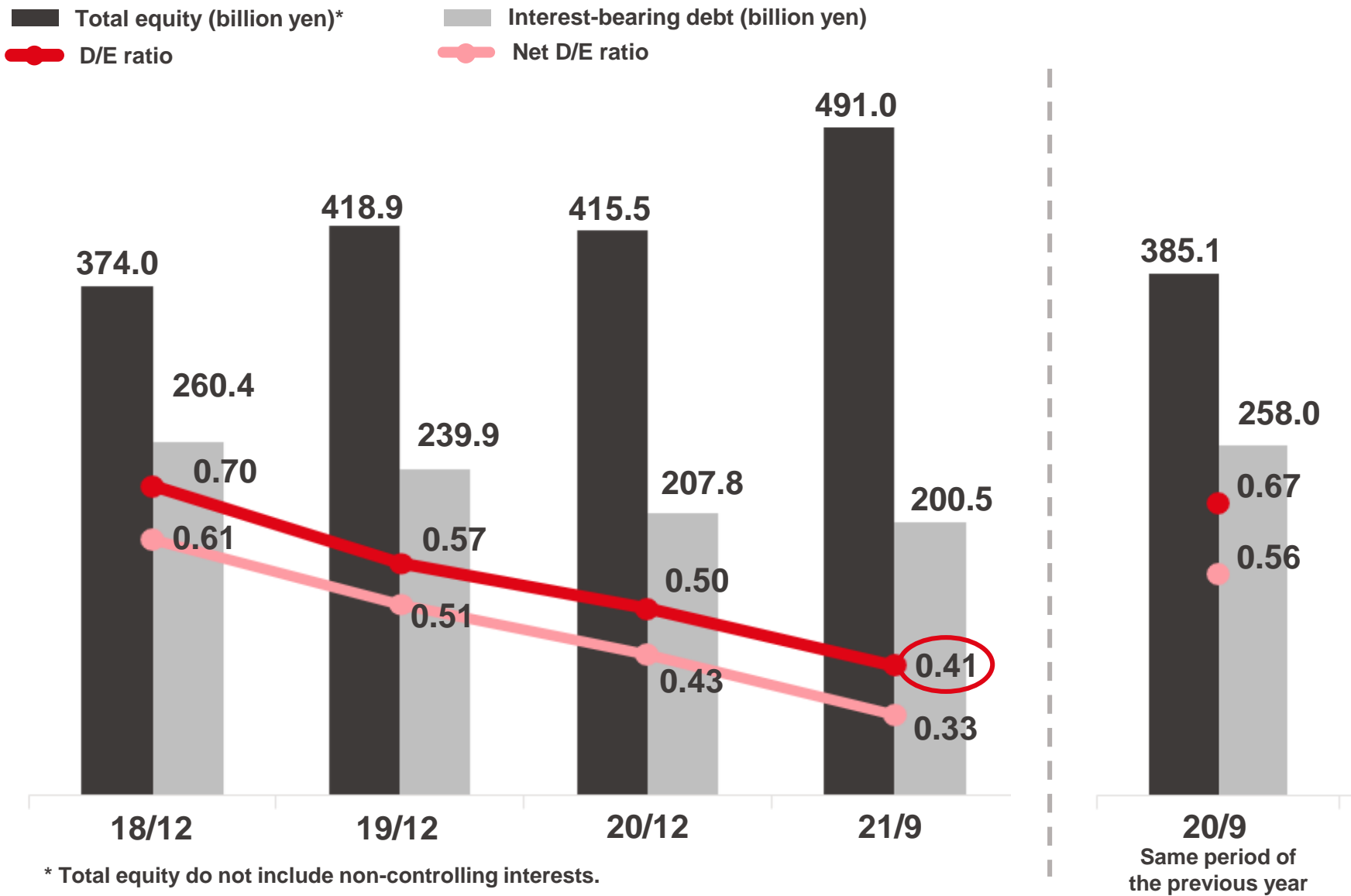


	Sep. 30, 2021	Dec. 31, 2020	(billion yen) Change	[for reference] Sep. 30, 2020
Current assets	364.4	309.3	+55.2	314.1
Assets held for sale	6.7	–	+6.7	–
Non-current assets	587.6	551.1	+36.4	543.5
Total assets	952.0	860.4	+91.6	857.6
Liabilities	454.2	437.5	+16.7	465.2
Liabilities held for sale*1	2.2	–	+2.2	–
Equity	497.7	422.9	+74.9	392.4
Total liabilities and equity	952.0	860.4	+91.6	857.6
Interest-bearing debt *2	200.5	207.8	-7.3	258.0
Ratio of equity attributable to owners of parent	51.6%	48.3%	+3.3%	44.9%
D/E ratio	0.41	0.50	-0.09	0.67

*1 Liabilities directly associated with assets held for sale

*2 Interest-bearing debt does not include lease liabilities

Changes in Interest-bearing Debt, Total equity, D/E Ratio, and Net D/E Ratio



State of Cash Flows



(billion yen)

	2021 Jan.-Sep.	2020 Jan.-Sep.	Change
CF from operating activities	38.6	39.9	-1.3
CF from investing activities	-4.9	-25.0	+20.1
Free CF	33.7	14.9	+18.8
CF from financing activities	-28.1	2.5	-30.5
Closing balance of cash and cash equivalents	38.6	44.2	-5.6

Earnings Forecast for FY 2021

Profit and Loss Projections (Full Year)

(Changed from the previous forecast)



Forecasts after October 2021

Exchange Rates	US\$ 113 yen
	EUR 132 yen
	RUB 1.6 yen

TSR20* 169 cents *SICOM TSR20 1M

WTI 79 dollars

(billion yen)

		2021 full year (forecast)	2020 full year (result)	Change	Change (%)	2021 full year (previous forecast)	Change for previous forecast
Continued operations	Sales revenue	655.0	551.1	+103.9	+18.9%	655.0	–
	Business profit* ¹ (Business profit margin)	52.5 (8.0%)	35.9 (6.5%)	+16.6 (+1.5%)	+46.3%	51.5 (7.9%)	+1.0 (+0.1%)
	Operating profit (Operating profit margin)	74.5 (11.4%)	36.0 (6.5%)	+38.5 (+4.9%)	+107.0%	73.5 (11.2%)	+1.0 (+0.2%)
	Profit	52.8	25.9	+26.9	+103.5%	52.1	+0.7
Discontinued operations	Profit* ²	5.2	0.4	+4.8	–	5.4	-0.2
	Profit* ³	58.0	26.3	+31.7	+120.4%	57.5	+0.5

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses) *3 Profit attributable to owners of parent

*2 Transfer of Hamatite business

Forecast for Business Segment (Full Year)



(billion yen)

		2021 forecast	2020 result	Change	2021 previous forecast	Change for previous forecast
Sales revenue	Tires	460.0	399.2	+60.8	465.0	-5.0
	MB	84.0	79.0	+5.0	84.0	-
	ATG	103.0	65.1	+37.9	98.0	+5.0
	Other	8.0	7.7	+0.3	8.0	-
	Total	655.0	551.1	+103.9	655.0	-
Business profit	Tires	33.0	24.0	+9.0	32.5	+0.5
	MB	4.5	2.9	+1.6	5.0	-0.5
	ATG	14.0	8.8	+5.2	13.0	+1.0
	Other	1.0	0.1	+0.9	1.0	-
	Intersegment eliminations	-	0.1	-0.1	-	-
	Total	52.5	35.9	+16.6	51.5	+1.0

Factor Analysis of Business Profit (Full Year)

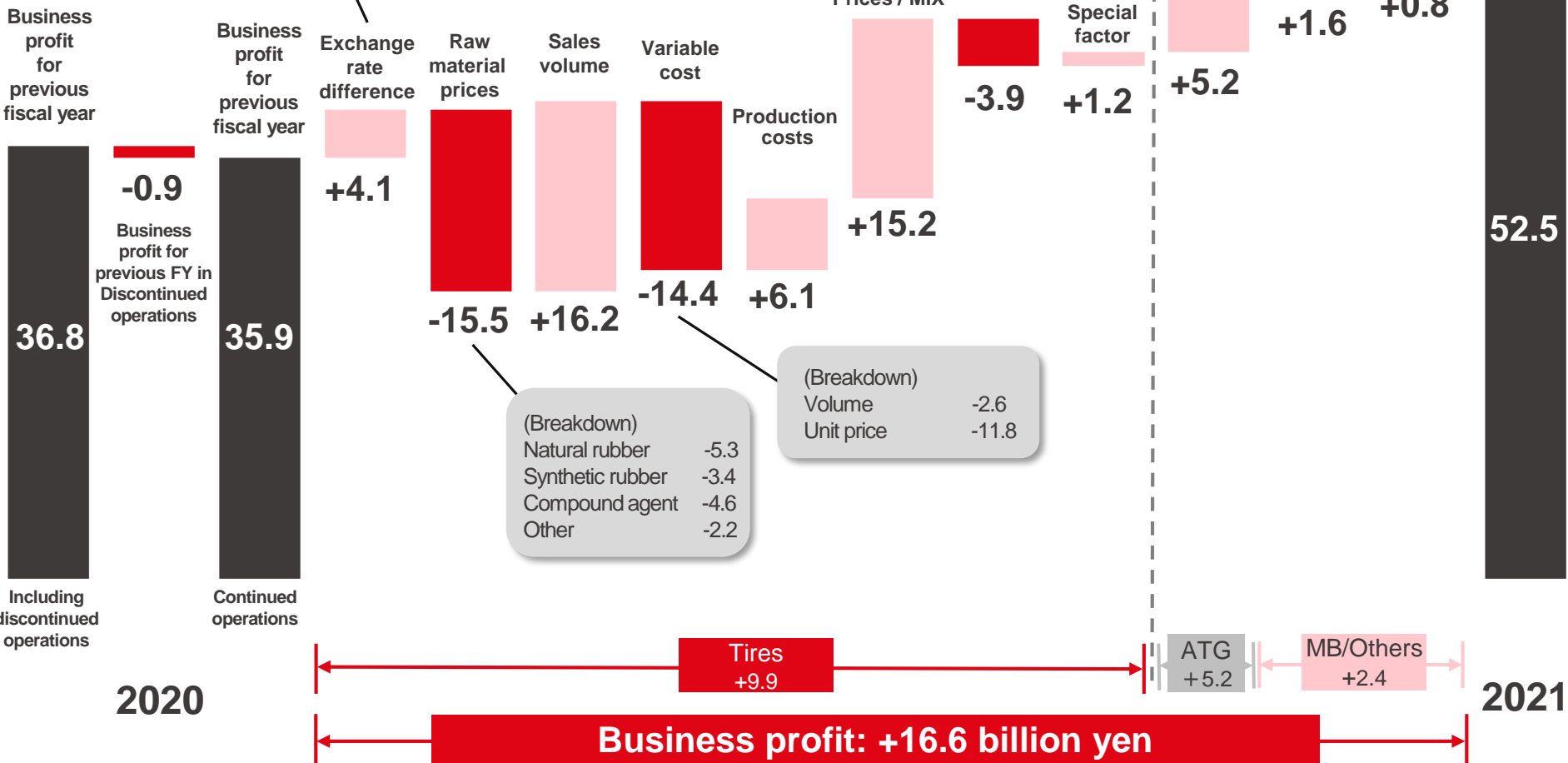


2021 Full-Year forecast

(billion yen)

■ Factors that boosted business profit
 ■ Factors that reduced business profit

US\$ 110 yen 107 yen(previous year) +3 yen
 EUR 130 yen 122 yen(previous year) +9 yen
 RUB 1.5 yen 1.5 yen(previous year) +0.0 yen



Cautionary Notes Regarding Forecasts

Forecasts and outlooks included in this material are based on the judgment of the Company's management using currently available information.

Actual results and earnings may differ from the forecasts and outlooks included in the material due to various risks and uncertainties.



YOKOHAMA Transformation 2023

(Reference) Tire Unit Sales Growth



Tire Business		2020	
		3Q	Annual
Japan	OE	96%	85%
	REP	78%	93%
Overseas	OE	125%	107%
	REP	100%	91%

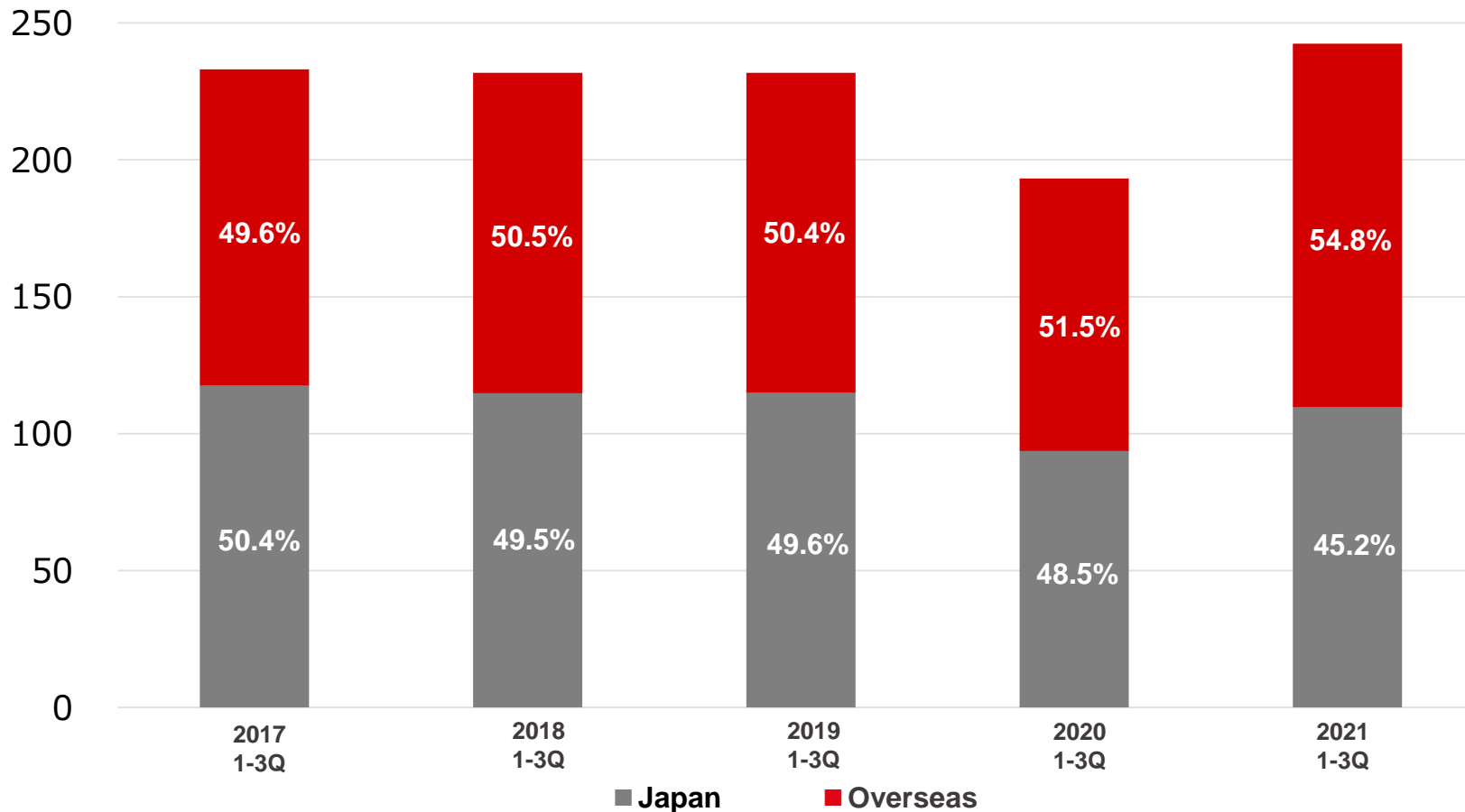
2021		
3Q	3Q (relative to 2019)	1-3Q
70%	67%	100%
100%	77%	105%
79%	99%	110%
105%	105%	126%

	2020		2021					Regional sales composition	
	3Q	Annual	3Q (relative to 2020)	3Q (relative to 2019)	1-3Q (relative to 2020)	2H forecast (relative to 2020)	Annual forecast (relative to 2020)	2020 Annual	2021 3Q
Japan	84%	90%	87%	74%	103%	97%	99%	41%	33%
No. America	103%	90%	100%	103%	118%	108%	118%	19%	23%
China	116%	104%	79%	92%	116%	78%	103%	17%	16%
Europe	101%	87%	101%	102%	120%	108%	119%	6%	8%
Russia	132%	96%	100%	133%	114%	94%	107%	4%	4%
Asia	98%	92%	115%	116%	140%	109%	128%	9%	11%
Others	62%	76%	131%	81%	129%	120%	124%	4%	5%
Total	95%	92%	94%	90%	114%	95%	108%	-	-

(Reference) Tire Rubber Production Volumes in 1-3Q



(Unit: thousand tons)



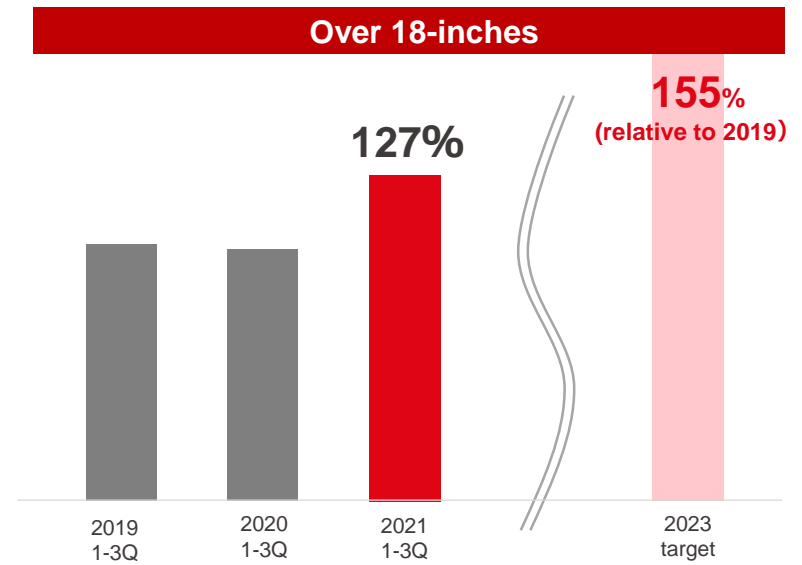
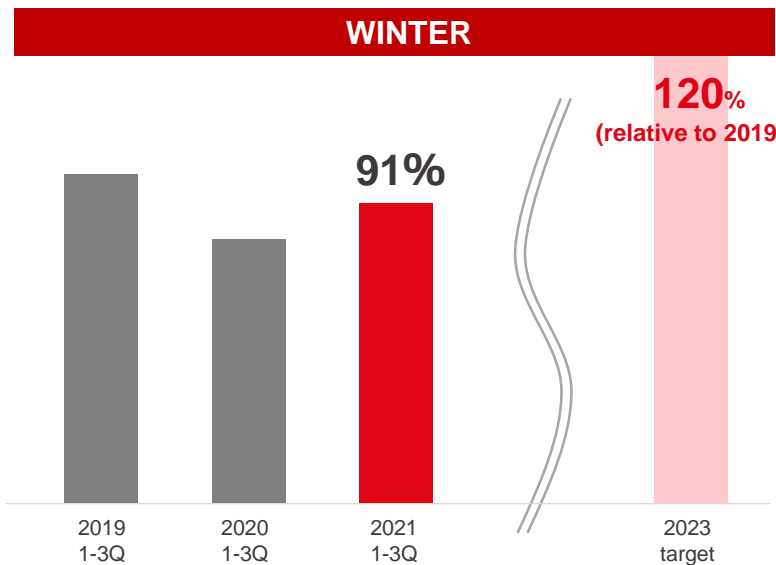
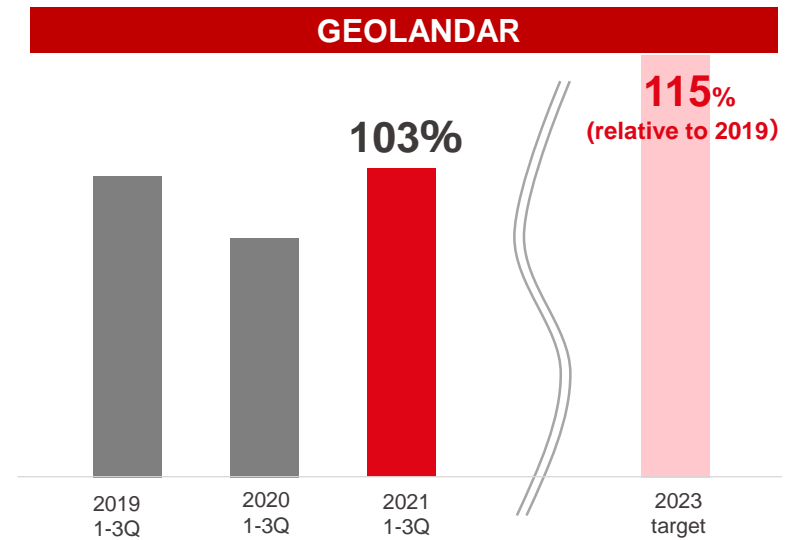
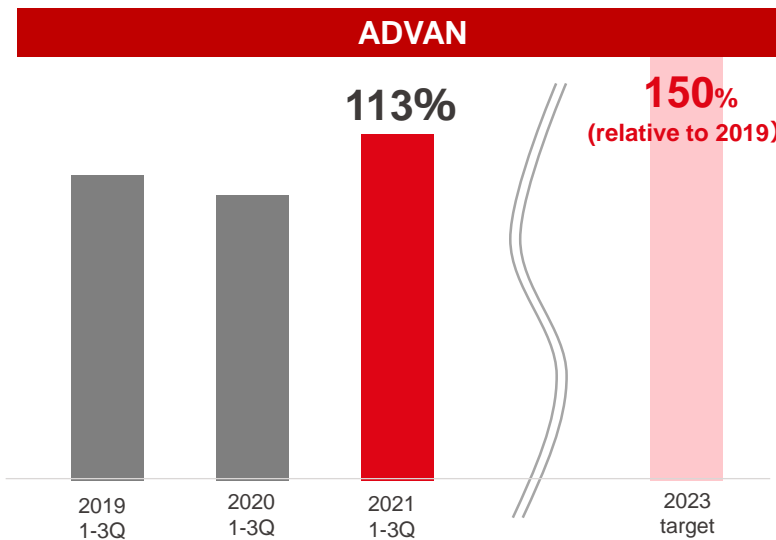
(unit: thousand tons)	2017 1-3Q	2018 1-3Q	2019 1-3Q	2020 1-3Q	2021 1-3Q
Japan	118	115	115	94	110
Overseas	116	117	117	100	133
Total	233	232	232	193	242

*Excluding ATG, Aichi Tire

(Reference) Cumulative unit sales of consumer tire products



*Sales growth rates are relative to 2019 3Q cumulative sales



P/L retroactive values of Hamatite business



<retroactive values> *Post-reclassification values are included in this table

(billion yen)

	2021 Jan.-Sep.				2021 1H				2021 Jul.-Sep.				
	Incl. Hamatite	Hamatite	Post- reclass	YoY chg post- reclass	Incl. Hamatite	Hamatite	Post- reclass	YoY chg post- reclass	Incl. Hamatite	Hamatite	Post- reclass	YoY chg post- reclass	
Continued operations	Sales revenue	475.0	14.5	460.5	+84.0	313.8	9.9	303.9	+65.9	161.2	4.6	156.6	+18.2
	Business profit* ¹ (Business profit margin)	37.8 (8.0%)	0.7 (4.9%)	37.1 (8.1%)	+28.2 (+5.7%)	27.0 (8.6%)	0.7 (6.6%)	26.3 (8.7%)	+24.3 (+7.8%)	10.8 (6.7%)	0.0 (1.1%)	10.8 (6.9%)	+3.9 (+1.9%)
	Operating profit (Operating profit margin)	59.7 (12.6%)	0.4 (2.8%)	59.3 (12.9%)	+50.9 (+10.7%)	49.1 (15.6%)	0.5 (4.6%)	48.6 (16.0%)	+45.6 (+14.7%)	10.6 (6.6%)	-0.0 (-1.1%)	10.7 (6.8%)	+5.2 (+2.9%)
	Profit	43.5	0.3	43.1	+38.9	36.9	0.4	36.6	+35.3	6.5	-0.0	6.6	+3.6
Discontinued operations	Profit* ²	-	0.3	0.3	+0.3	-	0.4	0.4	+0.4	-	-0.0	-0.0	-0.1
	Profit* ³	43.5		43.5	+39.1	36.9		36.9	+35.7	6.5		6.5	+3.5

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses)

*2 Transfer of Hamatite business

*3 Interim profit attributable to owners of parent