

# **FY2024 Third-Quarter Financial Results**

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## **Briefing Material**

November 14, 2024

The Yokohama Rubber Co., Ltd.

## Sales & Profits Up

Achieved record sales revenue and business profit in FY24 3Q

Tire Business: Strong sales, especially in Europe and Asia;  
OHT Business: OE sales down but REP sales increased YoY

### Sales trends in each business

\* OE (original equipment for new vehicles)  
REP (replacement market)  
OHT (off-highway tires)

#### ■ Tire Business (passenger cars, trucks & buses, etc.)

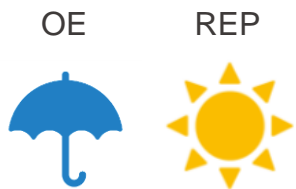


Tire sales volume YoY growth rate: Global sales (YoY) 107% (OE 112%, REP 106%)

OE: Increased sales for new cars in Japan; expanded sales for new models by Chinese makers

REP: Strong sales in Europe & Asia; Steady sales to major customers in North America despite weak overall demand

#### ■ OHT Business (YOHT & Y-TWS)



Tire sales volume YoY growth rates: Global sales (YoY) 94% (OE 72%, REP 110%)

Agricultural machinery tires (AG): Increased REP sales YoY despite difficult market environment. OE sales declined YoY more than expected.

Tires for non-agricultural machinery (non-AG): Strong sales for industrial machinery. Strong REP sales for construction machinery, offsetting weak OE demand.

#### ■ MB Business



Hose & Couplings: Sales revenue down YoY on weak demand for automotive

Industrial Products: Sales revenue up YoY on strong sales of marine products and aerospace products.

## 3Q (Jul.-Sep.) Result

(Billion yen)	2024 3Q Result	YoY Change	YoY Change (%)	2024 1-3Q
Sales revenue	257.6	+8.3	+3.3%	782.9
Business profit	28.8	+5.2	+22.1%	83.4
Business profit margin	11.2%	+1.7%		10.7%
Operating profit	29.5	+5.3	+22.1%	85.8
Profit attributable to owners of parent	14.3	-2.6	-15.6%	60.8

## Annual plan

(Billion yen)	2024 Plan
Sales revenue	1105.0
Business profit	128.5
Business profit margin	11.6%
Operating profit	116.0
Profit attributable to owners of parent	78.5

### □ 3Q (Jul.-Sep.) Business profit & profit margin

- Business profit: Up YoY on increased sales volume and full contribution from TWS
- Business profit margin: Record high on higher sales volumes, price increases & MIX improvement, and positive forex impact

### □ YX2026 Strategy Progress

- ✓ **Strategic investments**
  - New plants in Mexico & China, Goodyear OTR business acquisition proceeding smoothly
- ✓ **Sale of cross-shareholdings**
  - Approx. 70 billion yen to date in 2024 (as of Nov. 14)
- ✓ **Stronger IR activities**
  - Small meetings with CEO, conference participation, overseas road shows
- ✓ **Share buybacks**
  - Support growth strategy & improve capital efficiency
- ✓ **Announced closure of Israel plant**
  - As competitiveness of the plant has been lost, sustained profitability in the future is not expected

### □ FY2024 Plan

- No changes to targets in annual plan

## Repurchase of Company Shares

### Background & Purpose

- We forecast strong results will lift our equity ratio to above the targeted 50% level in FY24
- Weak share price provides an opportunity to raise capital efficiency through optimal balance sheet management
- We will continue to implement our growth strategy and raise capital efficiency

### Share repurchase details

- (1) No. of shares to be repurchased: 1,314,700 (maximum)
- (2) Percent of outstanding shares: 0.78% (excluding treasury stock)
- (3) Total cost: ¥5.0 billion (upper limit)
- (4) Repurchase period: November 15-20, 2024
- (5) Repurchase method: TSE Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

## Closure of YOHT plant in Israel

### Background

- Israel plant has lost competitiveness due to changes in the competitive environment of the OHT market, and there is no prospect of securing sustained profitability in the future
- Increased geopolitical risks surrounding Israel in recent years have increased business uncertainty

### Plan for OHT

- Optimization of the manufacturing footprint in the world will be considered on a constant basis to ensure sustainable growth in a changing competitive environment

### Impact on earnings & finances

- One-time costs in 2024-25: approximately USD 30-40M  
(under examination)
- Other impacts under examination

## E: Environment

### Started full operation of solar power generation facility at Thai natural rubber processing plant (July 2024)

- 13% reduction in CO<sub>2</sub> emissions
- Contributes to achievement of Scope 2 target



Solar panels at Thai plant

### Held natural rubber “Suppliers’ Day”

- First on-site event in 6 years since 2018
- Shared information on activities to procure sustainable natural rubber
- Participants included natural rubber producers & trading companies > 61 individuals from 30 companies from 8 countries
- Strengthening partnerships with suppliers



Awards given to Outstanding Suppliers

### International joint research project aimed at solving environmental problems through effective use of natural rubber seeds, an untapped resource

- Aiming to contribute to solving such environmental problems as global warming and economic disparity suffered by agricultural workers by creating new biomass businesses through development of a sustainable and effective technology for using Para rubber tree seeds, an unutilized carbon-neutral resource

### Third-party evaluation of our sustainability efforts

Inclusion in ESG stock indexes

 <b>FTSE4Good</b> 20 consecutive years	 <b>FTSE Blossom Japan</b> 8 consecutive years	 <b>FTSE Blossom Japan Sector Relative Index</b> 3 consecutive years
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# Results for FY2024 Third-Quarter

# Profit and Loss (1-3Q)



Exchange Rates	US\$ 151 yen	138 yen (previous year)	+13 yen	
	EUR 165 yen	150 yen (previous year)	+15 yen	
TSR20*	161 cents	134 cents (previous year)	+27 cents	*SICOM TSR20 1M
WTI	78 dollars	77 dollars (previous year)	+0 dollars	

					(billion yen)	
	2024 Jan.-Sep.	2023 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	782.9	692.5	+90.4	+13.1%	+41.1	+49.3
Business profit*1 (Business profit margin)	83.4 (10.7%)	49.2 (7.1%)	+34.2 (+3.6%)	+69.6%	+9.4	+24.8
Operating profit (Operating profit margin)	85.8 (11.0%)	52.4 (7.6%)	+33.4 (+3.4%)	+63.8%	+9.3	+24.1
Profit*2	60.8	44.6	+16.3	+36.5%		

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

\*2 Profit attributable to owners of parent

# Business Segment (1-3Q)



(billion yen)

		2024 Jan.-Sep.	2023 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires total	701.2	612.9	+88.3	+14.4%	+38.2	+50.1
	(Tires)	(479.5)	(447.0)	(+32.4)	(+7.3%)	(+24.1)	(+8.3)
	(YOHT)	(106.7)	(98.6)	(+8.1)	(+8.2%)	(+9.9)	(-1.8)
	(Y-TWS)	(115.1)	(67.3)	(+47.8)	(+71.0%)	(+4.2)	(+43.6)
	MB	74.8	72.9	+1.9	+2.6%	+2.9	-1.0
	Other	6.8	6.6	+0.2	+3.0%	—	+0.2
	<b>Total</b>	<b>782.9</b>	<b>692.5</b>	<b>+90.4</b>	<b>+13.1%</b>	<b>+41.1</b>	<b>+49.3</b>
Business profit	Tires total	78.8	44.8	+34.0	+76.1%	+8.6	+25.4
	(Tires)	(58.8)	(33.8)	(+25.0)	(+73.8%)	(+7.0)	(+17.9)
	(YOHT)	(12.7)	(12.0)	(+0.7)	(+5.7%)	(+1.2)	(-0.6)
	(Y-TWS)	(7.3)	(-1.1)	(+8.4)	—	(+0.3)	(+8.1)
	MB	5.1	4.4	+0.8	+17.5%	+0.8	-0
	Other	-0.5	0	-0.6	—	—	-0.6
	Intersegment eliminations	0	0	-0	-80.0%	—	-0
	<b>Total</b>	<b>83.4</b>	<b>49.2</b>	<b>+34.2</b>	<b>+69.6%</b>	<b>+9.4</b>	<b>+24.8</b>



# OHT (YOHT·Y-TWS) Results



## OHT 1-3Q

(Billion yen)

	2024 Jan.-Sep.	2023 Jan.-Sep.*	Change	Change (%)
Sales revenue	221.8	165.9	+55.9	+33.7%
Business profit (before amortization) (Business profit margin)	26.3 (11.9%)	24.5 (14.8%)	+1.7 (-2.9%)	+7.1%
One-time costs	—	-9.1	+9.1	
Amortization	-6.3	-4.6	-1.8	
Business profit (after amortization) (Business profit margin)	20.0 (9.0%)	10.9 (6.6%)	+9.1 (+2.4%)	+83.3%

\*Includes Y-TWS results for May-Sep. 2023 only

### Outlook

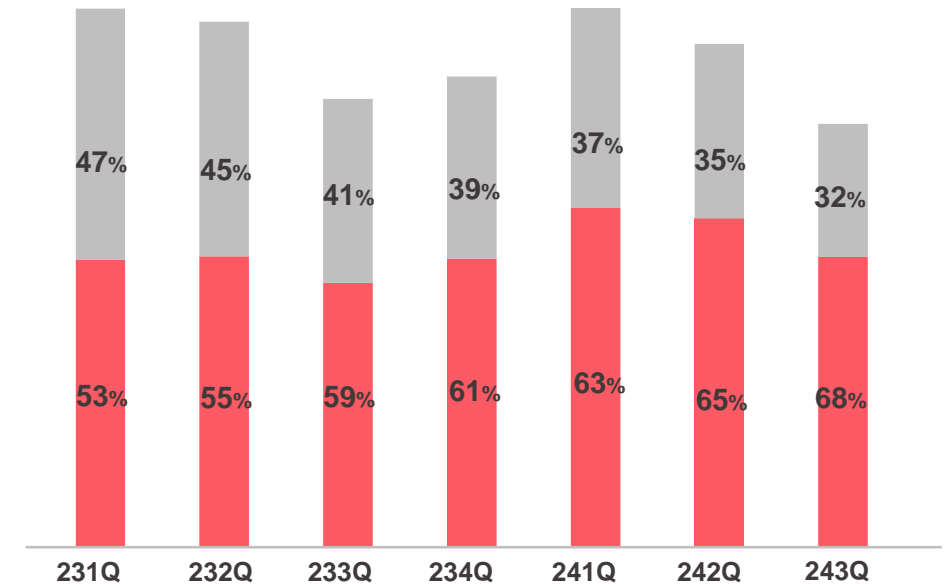
- Demand for OE tires on agricultural machinery likely to remain weak
  - Expect YOHT REP sales to be main driver of OHT sales
  - Decision to close YOHT's plant in Israel (Dec. 2024)
- Aim to increase profit over the longer term by optimizing the manufacturing footprint

## OHT tire sales volume Year-on-Year growth rate

	Total	OE	REP
Americas	90%	68%	107%
EMEA	99%	79%	116%
APAC	114%	89%	127%
<b>Total</b>	<b>97%</b>	<b>76%</b>	<b>114%</b>

## OHT OE/REP sales composition (volume basis)

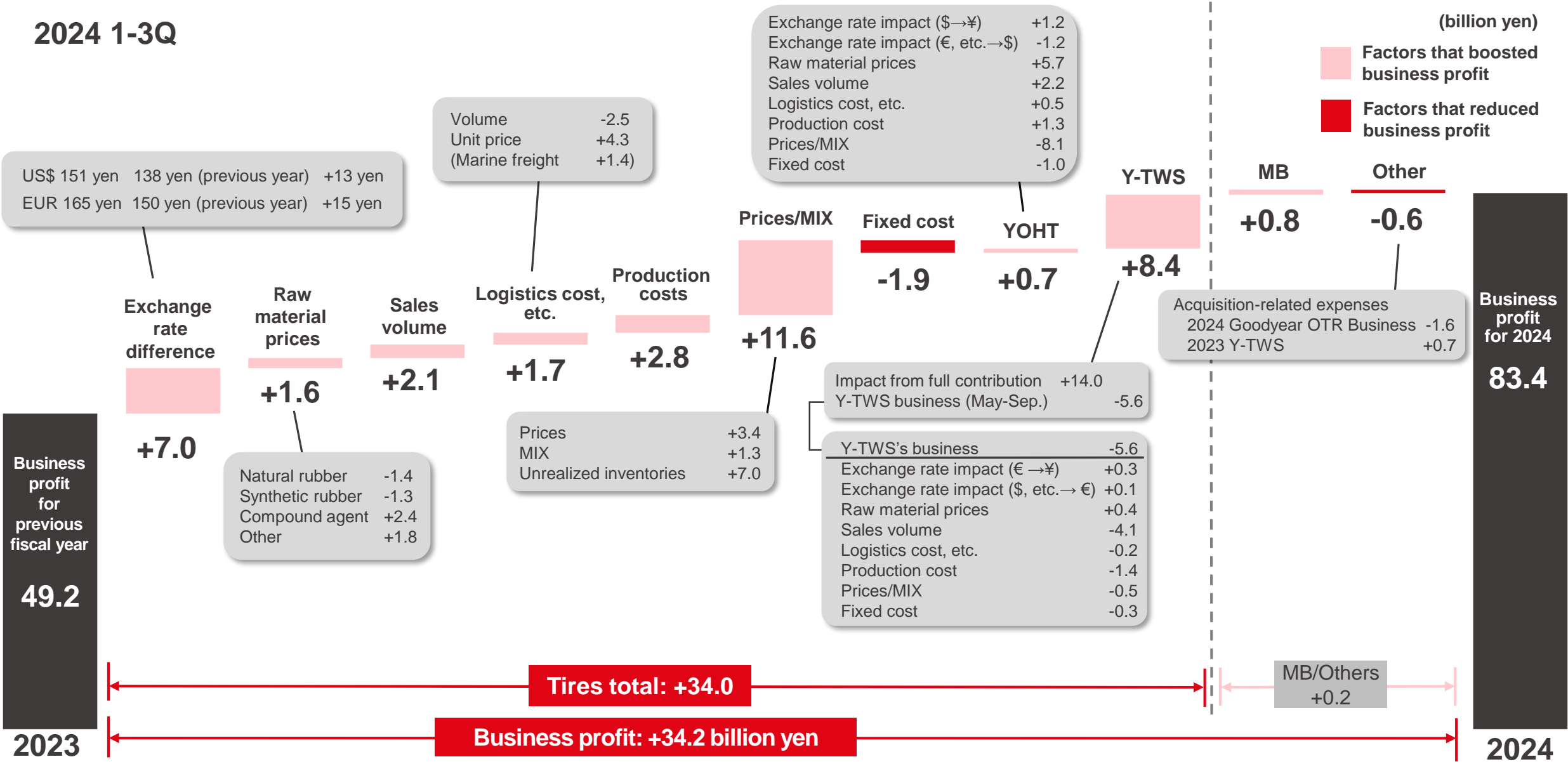
■ OE ■ REP



# Factor Analysis of Business Profit



2024 1-3Q



# Profit and Loss (3Q)



Exchange Rates	US\$ 150 yen	145 yen (previous year)	+5 yen	
	EUR 164 yen	157 yen (previous year)	+7 yen	
TSR20*	170 cents	131 cents (previous year)	+38 cents	*SICOM TSR20 1M
WTI	75 dollars	82 dollars (previous year)	-7 dollars	

	(billion yen)					
	2024 Jul.-Sep.	2023 Jul.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	257.6	249.3	+8.3	+3.3%	+7.3	+1.0
Business profit*1 (Business profit margin)	28.8 (11.2%)	23.6 (9.5%)	+5.2 (+1.7%)	+22.1%	+1.2	+4.0
Operating profit (Operating profit margin)	29.5 (11.5%)	24.2 (9.7%)	+5.3 (+1.8%)	+22.1%	+1.2	+4.1
Profit*2	14.3	16.9	-2.6	-15.6%		

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

\*2 Profit attributable to owners of parent

# Business Segment (3Q)



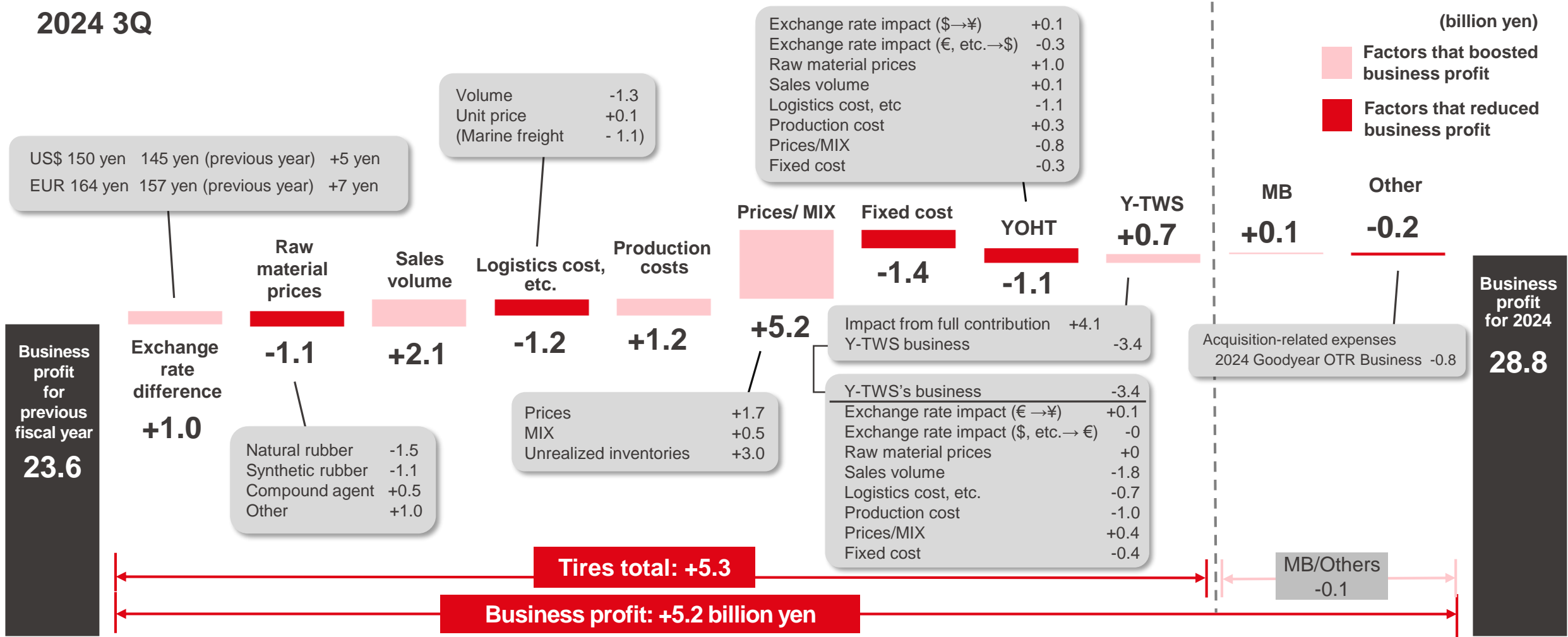
(billion yen)

		2024 Jul.-Sep.	2023 Jul.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires total	231.7	223.5	+8.2	+3.7%	+7.0	+1.2
	(Tires)	(167.4)	(155.2)	(+12.2)	(+7.9%)	(+4.5)	(+7.8)
	(YOHT)	(31.6)	(31.5)	(+0.1)	(+0.3%)	(+1.1)	(-1.0)
	(Y-TWS)	(32.7)	(36.8)	(-4.1)	(-11.2%)	(+1.4)	(-5.5)
	MB	23.3	23.9	-0.6	-2.5%	+0.3	-0.9
	Other	2.7	2.0	+0.7	+34.4%	-	+0.7
	<b>Total</b>	<b>257.6</b>	<b>249.3</b>	<b>+8.3</b>	<b>+3.3%</b>	<b>+7.3</b>	<b>+1.0</b>
Business profit	Tires total	27.1	21.8	+5.3	+24.5%	+1.1	+4.2
	(Tires)	(24.0)	(18.3)	(+5.7)	(+31.3%)	(+1.0)	(+4.8)
	(YOHT)	(2.5)	(3.6)	(-1.1)	(-29.8%)	(+0.1)	(-1.1)
	(Y-TWS)	(0.6)	(-0.1)	(+0.7)	-	(+0.1)	(+0.6)
	MB	1.8	1.6	+0.1	+6.6%	+0.1	+0
	Other	-0	0.2	-0.2	-	-	-0.2
	Intersegment eliminations	0	0	-0	-46.8%	-	-0
	<b>Total</b>	<b>28.8</b>	<b>23.6</b>	<b>+5.2</b>	<b>+22.1%</b>	<b>+1.2</b>	<b>+4.0</b>

# Factor Analysis of Business Profit (3Q)



2024 3Q



2023

2024

	Exchange rate difference	Raw material prices	Sales volume	Logistics cost, etc.	Production costs	Prices/MIX	Fixed cost	YOHT	Y-TWS	MB	Other	Total
2024 2Q	+3.5	+0.7	+3.7	-0.7	+1.2	+6.5	-1.1	+0.2	+3.9	-0.1	-0.7	+17.2
2024 1Q	+2.5	+2.0	-3.6	+3.6	+0.4	-0.1	+0.6	+1.5	+3.8	+0.7	+0.3	+11.8

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



(billion yen)

	Sep. 30, 2024	Dec. 31, 2023	Change
<b>Current assets</b>	<b>670.6</b>	<b>618.1</b>	<b>+52.5</b>
Cash and cash equivalents	107.5	97.6	+9.8
Trade and other receivables	247.2	243.4	+3.8
Inventories	281.3	249.7	+31.6
Other assets	34.5	27.4	+7.2
<b>Non-current assets</b>	<b>949.2</b>	<b>982.4</b>	<b>-33.2</b>
<b>Total assets</b>	<b>1619.7</b>	<b>1600.5</b>	<b>+19.3</b>
<b>Liabilities</b>	<b>804.6</b>	<b>851.7</b>	<b>-47.1</b>
<b>Equity</b>	<b>815.1</b>	<b>748.8</b>	<b>+66.3</b>
<b>Total liabilities and equity</b>	<b>1619.7</b>	<b>1600.5</b>	<b>+19.3</b>
<b>Interest-bearing debt*<sup>1</sup></b>	<b>457.4</b>	<b>469.4</b>	<b>-12.0</b>
<b>Ratio of equity attributable to owners of parent (%)</b>	<b>49.8%</b>	<b>46.2%</b>	<b>+3.6%</b>
<b>D/E ratio</b>	<b>0.57</b>	<b>0.63</b>	<b>-0.07</b>
<b>Net D/E ratio</b>	<b>0.43</b>	<b>0.50</b>	<b>-0.07</b>

\*1: Interest-bearing debt does not include lease liabilities

# State of Cash Flows



(billion yen)

	2024 Jan.-Sep.	2023 Jan.-Sep.	Change
CF from operating activities (Excluding tax impact of gains from the sale of cross-shareholdings, etc.*)	30.6 (52.4)	100.3	-69.7
CF from investing activities	13.1	-336.2	+349.3
Free CF	43.7	-235.9	+279.6
CF from financing activities	-33.0	266.3	-299.3
Closing balance of cash and cash equivalents	107.5	111.4	+3.9

\*Excluding tax impact of gains from the sale of cross-shareholdings, etc. refers to the increase taxes paid on the gains on sale of cross-shareholdings, etc.

# Earnings Forecast for FY2024



# Profit and Loss Projections No changes from the previous forecast



## Forecasts after October 2024

Exchange Rates	US\$ 148 yen	145 yen (previous forecast)	+3 yen	
	EUR 161 yen	155 yen (previous forecast)	+6 yen	
TSR20*	191 cents	147 cents (previous forecast)	+44 cents	*SICOM TSR20 1M
WTI	72 dollars	79 dollars (previous forecast)	-7 dollars	

	(billion yen)					
	2024 forecast	2023 result	Change	Change (%)	2024 Previous forecast	Change from Previous forecast
Sales revenue	1105.0	985.3	+119.7	+12.1%	1105.0	—
Business profit* <sup>1</sup> (Business profit margin)	128.5 (11.6%)	99.1 (10.1%)	+29.4 (+1.5%)	+29.6%	128.5 (11.6%)	— —
Operating profit (Operating profit margin)	116.0 (10.5%)	100.4 (10.2%)	+15.6 (+0.3%)	+15.6%	116.0 (10.5%)	— —
Profit* <sup>2</sup>	78.5	67.2	+11.3	+16.8%	78.5	—
ROE (%)	10.0%	9.9%	+0.1%		10.0%	—

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

\*2 Profit attributable to owners of parent

# Business Segment (Full-Year Forecast)

Segment forecasts are different from previous FY24 forecast but “Totals” are unchanged



(billion yen)

		2024 forecast	2023 Result	Change	Change (%)	2024 previous forecast	Change from previous forecast
Sales revenue	Tires total	991.0	874.9	+116.1	+13.3%	989.0	+2.0
	(Tires)	(696.0)	(639.0)	(+57.0)	(+8.9%)	(685.0)	(+11.0)
	(YOHT)	(146.0)	(132.1)	(+13.9)	(+10.5%)	(154.0)	(-8.0)
	(Y-TWS)	(149.0)	(103.7)	(+45.3)	(+43.6%)	(150.0)	(-1.0)
	MB	105.0	101.9	+3.1	+3.1%	107.0	-2.0
	Other	9.0	8.6	+0.4	+4.8%	9.0	-
	<b>Total</b>	<b>1105.0</b>	<b>985.3</b>	<b>+119.7</b>	<b>+12.1%</b>	<b>1105.0</b>	<b>-</b>
Business profit	Tires total	122.3	92.0	+30.3	+32.9%	122.7	-0.4
	(Tires)	(93.9)	(72.6)	(+21.3)	(+29.3%)	(88.3)	(+5.6)
	(YOHT)	(18.2)	(17.6)	(+0.6)	(+3.6%)	(19.5)	(-1.3)
	(Y-TWS)	(10.2)	(1.8)	(+8.4)	(+454.2%)	(14.9)	(-4.7)
	MB	8.0	7.2	+0.8	+11.8%	7.7	+0.3
	Other	-1.8	-0.1	-1.7	-	-1.9	+0.1
	Intersegment eliminations	-	0	-0	-	-	-
	<b>Total</b>	<b>128.5</b>	<b>99.1</b>	<b>+29.4</b>	<b>+29.6%</b>	<b>128.5</b>	<b>-</b>

# Factor Analysis of Business Profit (Full Year)



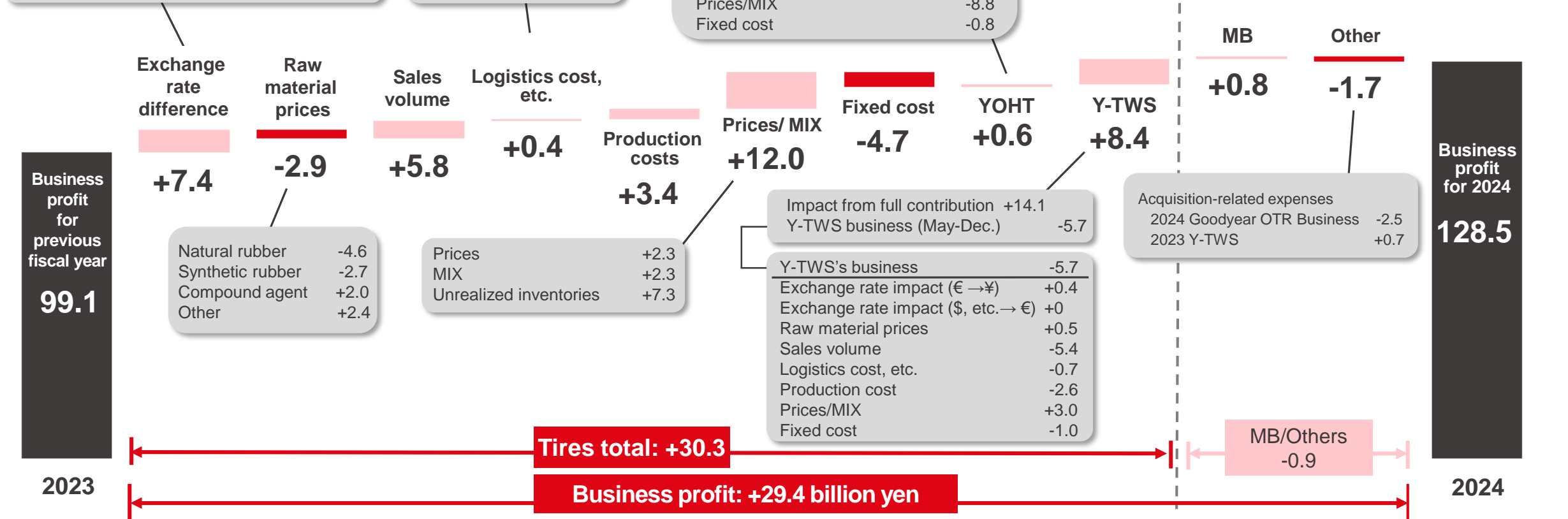
## 2024 (full-year forecast)

US\$ 151 yen 141 yen (previous year) +10 yen  
 EUR 164 yen 152 yen (previous year) +12 yen

Volume -3.2  
 Unit price +3.6  
 (Marine freight +1.6)

Exchange rate impact (\$→¥) +1.2  
 Exchange rate impact (€, etc.→\$) -1.4  
 Raw material prices +5.0  
 Sales volume +3.7  
 Logistics cost, etc. -0.5  
 Production cost +2.3  
 Prices/MIX -8.8  
 Fixed cost -0.8

(billion yen)  
 Factors that boosted business profit  
 Factors that reduced business profit



Exchange rate difference	Raw material prices	Sales volume	Logistics cost, etc.	Production costs	Prices/ MIX	Fixed cost	YOHT	Y-TWS	MB	Other	Business profit for 2024
+7.4	-2.9	+5.8	+0.4	+3.4	+12.0	-4.7	+0.6	+8.4	+0.8	-1.7	128.5

Natural rubber -4.6  
 Synthetic rubber -2.7  
 Compound agent +2.0  
 Other +2.4

Prices +2.3  
 MIX +2.3  
 Unrealized inventories +7.3

Impact from full contribution +14.1  
 Y-TWS business (May-Dec.) -5.7

Y-TWS's business -5.7  
 Exchange rate impact (€ →¥) +0.4  
 Exchange rate impact (\$, etc.→ €) +0  
 Raw material prices +0.5  
 Sales volume -5.4  
 Logistics cost, etc. -0.7  
 Production cost -2.6  
 Prices/MIX +3.0  
 Fixed cost -1.0

Acquisition-related expenses  
 2024 Goodyear OTR Business -2.5  
 2023 Y-TWS +0.7

	Exchange rate difference	Raw material prices	Sales volume	Logistics cost, etc.	Production costs	Prices/ MIX	Fixed cost	YOHT	Y-TWS	MB	Other	Total
Previous forecast	+5.2	-2.6	+4.2	-0.7	+2.6	+10.7	-3.7	+1.9	+13.1	+0.5	-1.8	+29.4
Change	+2.2	-0.3	+1.6	+1.1	+0.9	+1.2	-1.0	-1.3	-4.7	+0.3	+0.1	-

## 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.

# (Reference) Tire Unit Sales YoY Growth



## ■ Tires (passenger cars, trucks & buses, etc.) Year-on-year unit sales growth by region

	2024 3Q result (Jul.-Sep.)		
	Total	OE	REP
Japan	109%	122%	101%
North America	97%	78%	102%
Europe	126%	78%	127%
China	104%	118%	92%
Asia	115%	104%	120%
India	106%	84%	107%
Others	111%	-	111%
Total	107%	112%	106%

2024 1-3Q result (Jan.-Sep.)		
Total	OE	REP
103%	111%	99%
99%	105%	98%
119%	127%	119%
99%	99%	99%
117%	97%	129%
107%	60%	110%
96%	-	96%
103%	105%	103%

2024 Plan		
Total	OE	REP
105%	112%	102%
100%	104%	99%
120%	103%	121%
101%	97%	105%
114%	92%	127%
108%	64%	110%
91%	-	91%
104%	104%	104%

Regional sales composition		
2024 3Q	2024 1-3Q	2024 Plan
35%	36%	39%
19%	19%	18%
9%	8%	7%
15%	14%	14%
9%	9%	9%
5%	5%	4%
9%	8%	7%
100%	100%	100%

\*Year-on-year excluding unit sales of tire wholesaling subsidiary Friend Tire Company, which was sold in April 2023

## ■ Year-on-Year growth rate of OHT tire sales volume

	2024 3Q result (Jul.-Sep.)		
	Total	OE	REP
Americas	88%	66%	104%
EMEA	95%	75%	110%
APAC	120%	96%	130%
Total	94%	72%	110%

2024 1-3Q result (Jan.-Sep.)		
Total	OE	REP
90%	68%	107%
99%	79%	116%
114%	89%	127%
97%	76%	114%

2024 Plan		
Total	OE	REP
95%	68%	114%
98%	78%	115%
120%	97%	132%
99%	76%	116%

\*Americas: North, South and Central America EMEA: Europe, Middle East, Africa APAC: Asia-Pacific region

## ■ AG tire replacement demand YoY

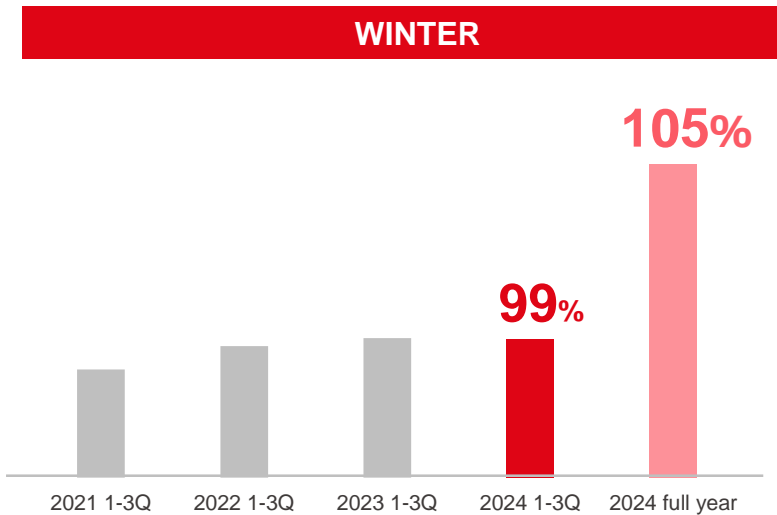
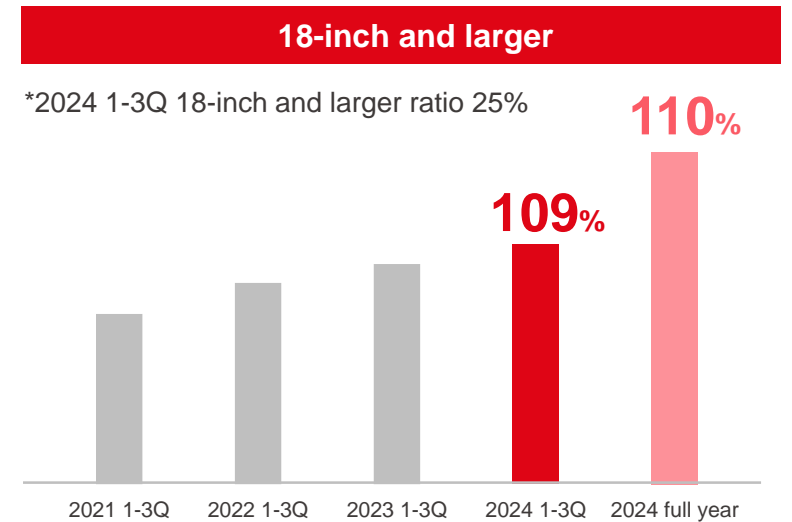
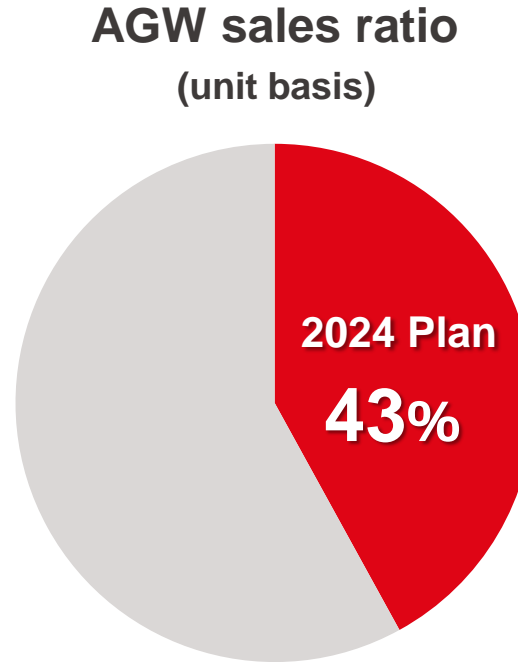
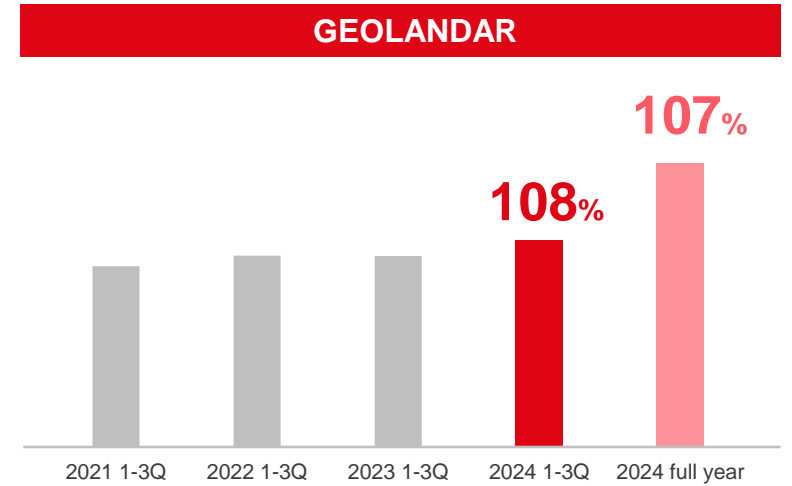
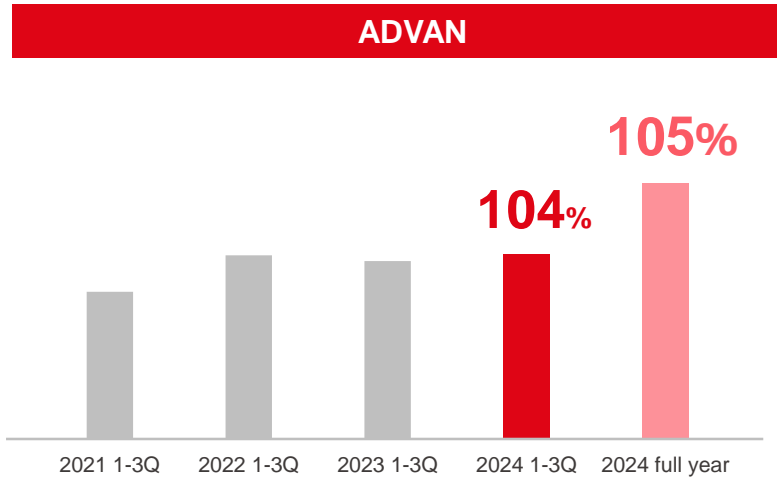
	2024 1-3Q
North America	~100%
Europe	~105%

\*Our Estimate

# (Reference) Cumulative Unit Sales of Consumer Tire Products



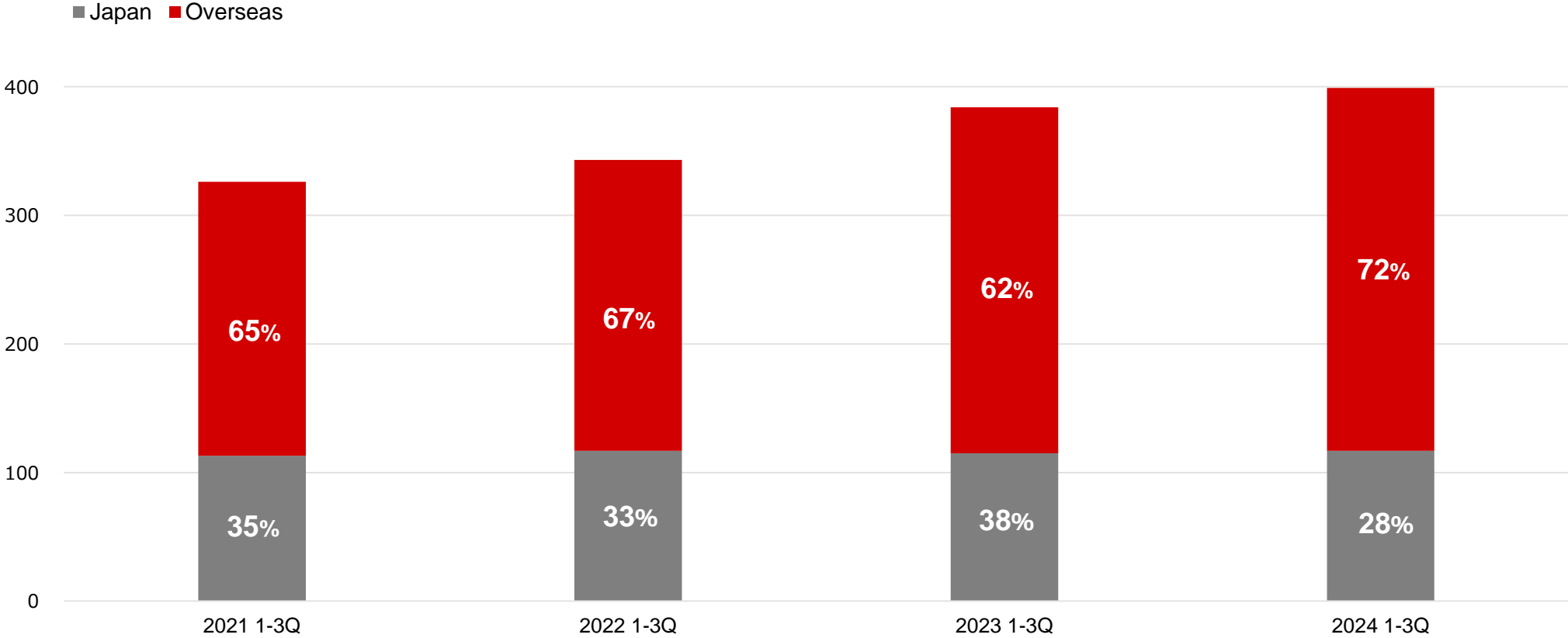
Unit sales growth rate vs 2023



# (Reference) Tire Rubber Production Volumes



Yokohama Rubber Group tire rubber production volumes



(Unit: thousand tons)

	2021 1-3Q	2022 1-3Q	2023 1-3Q	2024 1-3Q
Japan	113	117	115	117
Overseas	213	226	269	282
Total	326	344	383	399

\*Y-TWS consolidated from 2023 2Q

