



August 9, 2024

Company name: The Yokohama Rubber Co., Ltd.  
Representative: Masataka Yamaishi, Chairman & CEO, Chairman of the Board  
(Securities code: 5101 TSE Prime Market)  
Inquiries: Yuichi Nishikawa, General Manager of IR Dept.  
(Telephone: +81-463-63-0427)

**Notice of upward revision to financial targets in “Yokohama Transformation 2026,”  
the medium-term management plan for fiscal years 2024 to 2026**

The Yokohama Rubber Co., Ltd. (hereafter, Yokohama Rubber, or the Company) reports that it has upwardly revised the financial targets in Yokohama Transformation 2026 (YX2026), the Company’s medium-term management plan announced on February 16, 2024.

1. Reasons for the revisions

Under the medium-term management plan YX2026 launched at the start of fiscal 2024, Yokohama Rubber is advancing the “exploitation” of the strengths of its existing businesses and the “exploration” of new value as it aims to complete the transformation begun under its previous medium-term plan while being mindful to not leave any negative legacies for the next generation. Under this guiding philosophy, Yokohama Rubber will resolutely implement the growth strategies established for each of its businesses as it aims to achieve “Hockey Stick Growth” during YX2026 to fiscal 2027.

YX2026’s initial financial targets for the fiscal 2026 included sales revenue of ¥1,150 billion, business profit of ¥130 billion, and a business profit margin of 11%. However, considering recent business results, the realization of “Technological and Production Transformation” that will be promoted during YX2026, and the expected contribution to earnings from the acquisition of Goodyear’s OTR business that was announced in the “Notice regarding the acquisition of The Goodyear Tire & Rubber Company’s mining & construction machinery tire business” submitted on July 22, 2024, Yokohama Rubber has upwardly revised these YX2026 financial targets, raising sales revenue to ¥1,250 billion, an increase of ¥100 billion, and business profit to ¥150 billion, an increase of ¥20 billion. The business profit margin target has been increased to 12%.

2. Revised financial targets for fiscal 2026

|                        | Previous targets  | Revised targets   |
|------------------------|---|---|
| Sales revenue          | ¥1,150 billion  | ¥1,250 billion  |
| Business profit        | ¥130 billion  | ¥150 billion  |
| Business profit margin | 11%   | 12%   |
| Equity ratio           | 50% target  | 50% target  |
| ROE                    | Above 10%   | Above 10%   |
| Operating cash flow    | ¥385 billion (3yr cumulative)                                     | ¥410 billion (3yr cumulative)                                     |
| Capital investment     | Within scope of depreciation<br>(excluding strategic investments) | Within scope of depreciation<br>(excluding strategic investments) |

# **FY2024 First-Half Results Briefing**

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**August 9, 2024**

**The Yokohama Rubber Co., Ltd.**

## **1. FY2024 1H Results & Revision to Full-Year Plan**

Masataka Yamaishi, Chairman & CEO, Chairman of the Board

## **2. Explanation of FY2024 1H Results**

Masahiro Yuki, Member of the Board and Officer, in charge of Corporate Finance & Accounting Dept. and IR Dept.

## **3. Medium-term Management Plan YX2026 Progress**

Masataka Yamaishi, Chairman & CEO, Chairman of the Board

## **4. Technology & Production Transformation Commitment**

Shinji Seimiya, President & COO

## **5. Upward Revision to YX2026 Targets**

Masataka Yamaishi, Chairman & CEO, Chairman of the Board

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# 1-1) FY2024 1H Results & Revision to Full-Year Plan



## FY2024 1H Results

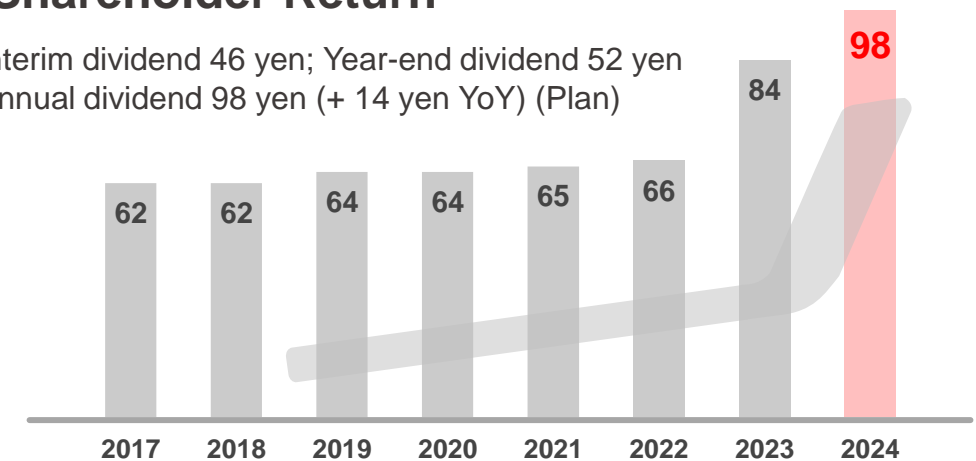
| (billion yen)          | 2024 1H result | Difference from initial plan | Difference from initial plan (%) | Difference from previous year | YoY change (%) |
|------------------------|----------------|------------------------------|----------------------------------|-------------------------------|----------------|
| Sales revenue          | 525.3          | +25.3                        | +5.1%                            | +82.1                         | +18.5%         |
| Business profit        | 54.6           | +12.6                        | +29.9%                           | +29.0                         | +113.4%        |
| Business profit margin | 10.4%          | +2.0%                        | -                                | +4.6%                         | -              |
| Operating profit       | 56.3           | +13.3                        | +30.8%                           | +28.1                         | +99.6%         |
| Net profit             | 46.6           | +21.1                        | +82.7%                           | +18.9                         | +68.3%         |

## Revision to Full-Year Plan

| (billion yen)          | 2024 plan (revised) | Previous targets |
|------------------------|---------------------|------------------|
| Sales revenue          | 1,105.0             | 1,060.0          |
| Business profit        | 128.5               | 115.0            |
| Business profit margin | 11.6%               | 10.8%            |

## Shareholder Return

Interim dividend 46 yen; Year-end dividend 52 yen  
Annual dividend 98 yen (+ 14 yen YoY) (Plan)



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## YOKOHAMA Transformation 2026

Completing Transformation under  
Exploitation × Exploration Strategy

\* Leave no negative legacies for next generation



# 3-2) YX2026 Business Strategy



Increase corporate value through a growth strategy

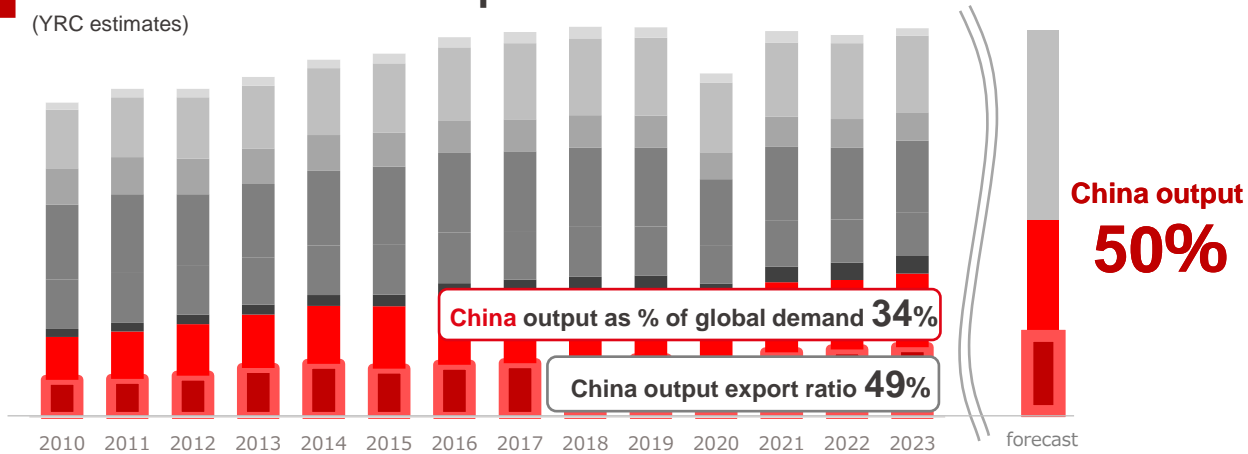


# 3-3) YX2026 Consumer Tire Growth Strategy Progress

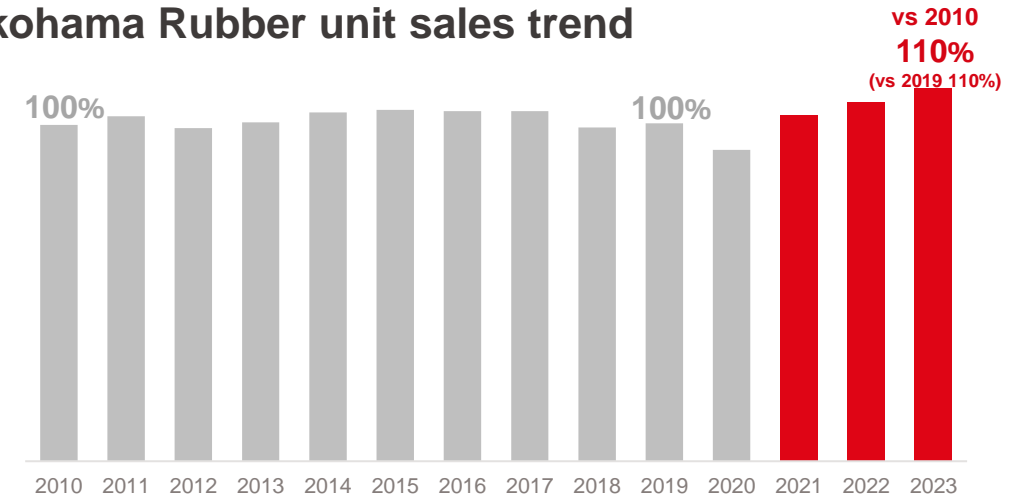


## Global consumer tire production trend

(YRC estimates)

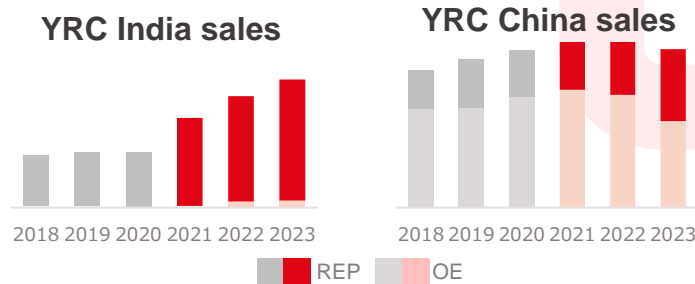


## Yokohama Rubber unit sales trend



## Drastic reduction of product costs

(Exploration)



## “1-year plant” challenge

New plant in Mexico

New Hangzhou plant in China (no investment burden)



\*YOKOHAMA brand: 99%

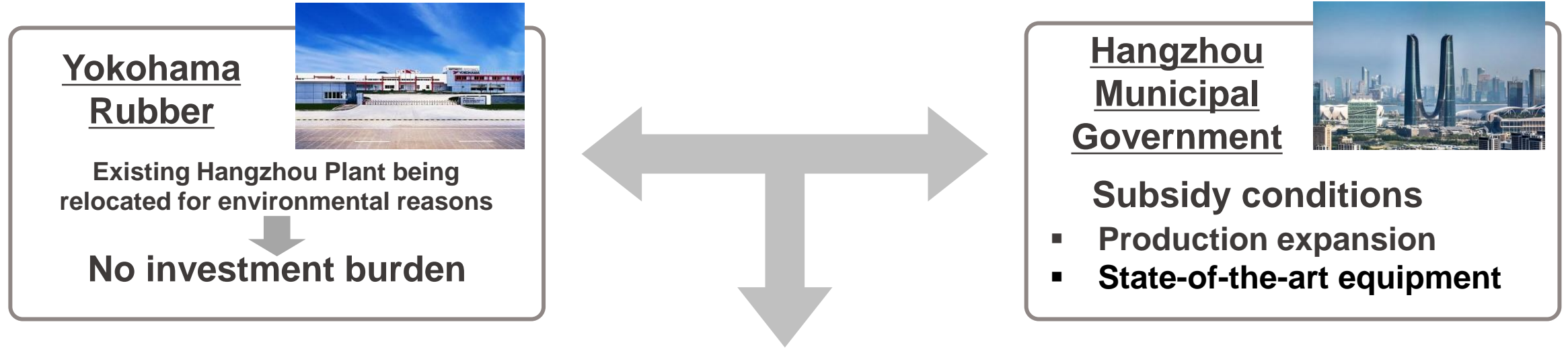
**AGW**  
(Exploitation)

**Brand MIX**

**Size MIX**

**Sales company-distributor policy**

# 3-4) YX2026 Consumer Tire Growth Strategy Progress : China“1-year plant”



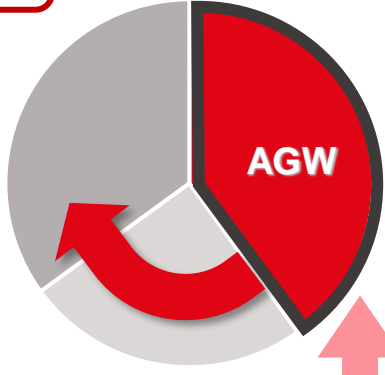
**6mn tires + new capacity for 3 mn tires = 9mn tires**



**New investment covers new capacity of 3mn tires**

**Partner**

**Subsidies**



Standard tires | Low-cost production

**“1-year plant” challenge**

**Large cost reduction**

AGW | Profit margin UP

# 3-5) YX2026 Consumer Tire Growth Strategy Progress : 1H Activities



## OE on premium cars



Crown CROSSOVER RS  
"LANDSCAPE"



LEXUS 2024 GX 550

## New GEOLANDAR launched in North America

**GEOLANDAR  
A/T4**

June 2024 launch



## Motorsports activities



One-two finish in GT300 class at SUPER GT Round 2

## Consumer tire unit sales in 2024 1H (YoY)

Europe

**115%**  
131% in 2Q

China

**96%**  
95% in 2Q

Japan

**100%**  
113% in 2Q

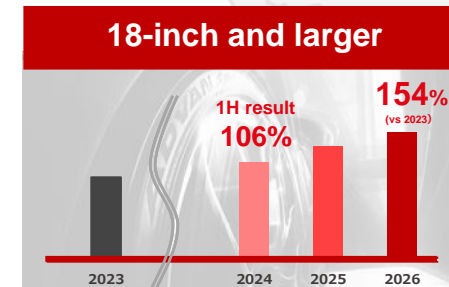
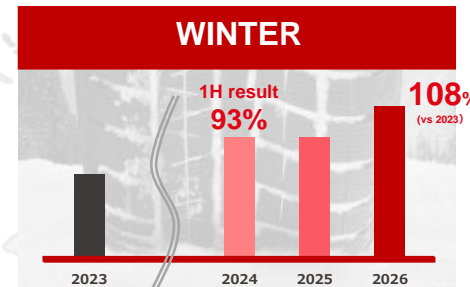
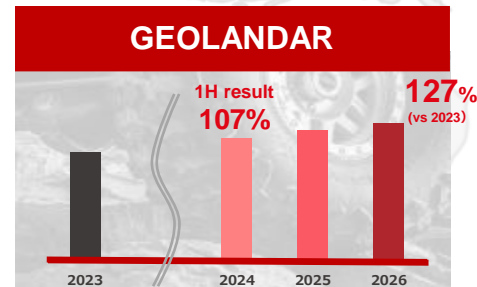
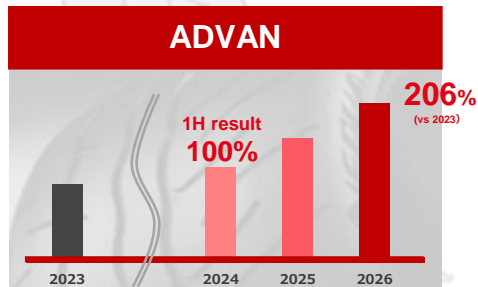
Asia/India

**115%**  
123% in 2Q

No. America

**100%**  
97% in 2Q  
\*ex Friend Tire

## High value-added tire sales 1H results & FY2026 targets (vs 2023 results)



# 3-6) YX2026 Commercial Tire Growth Strategy Progress



\*Yokohama estimate

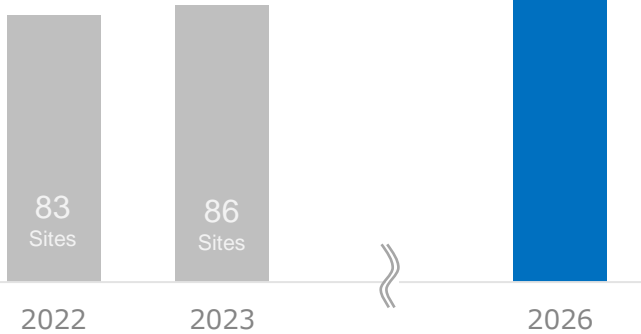


## Strengthen services

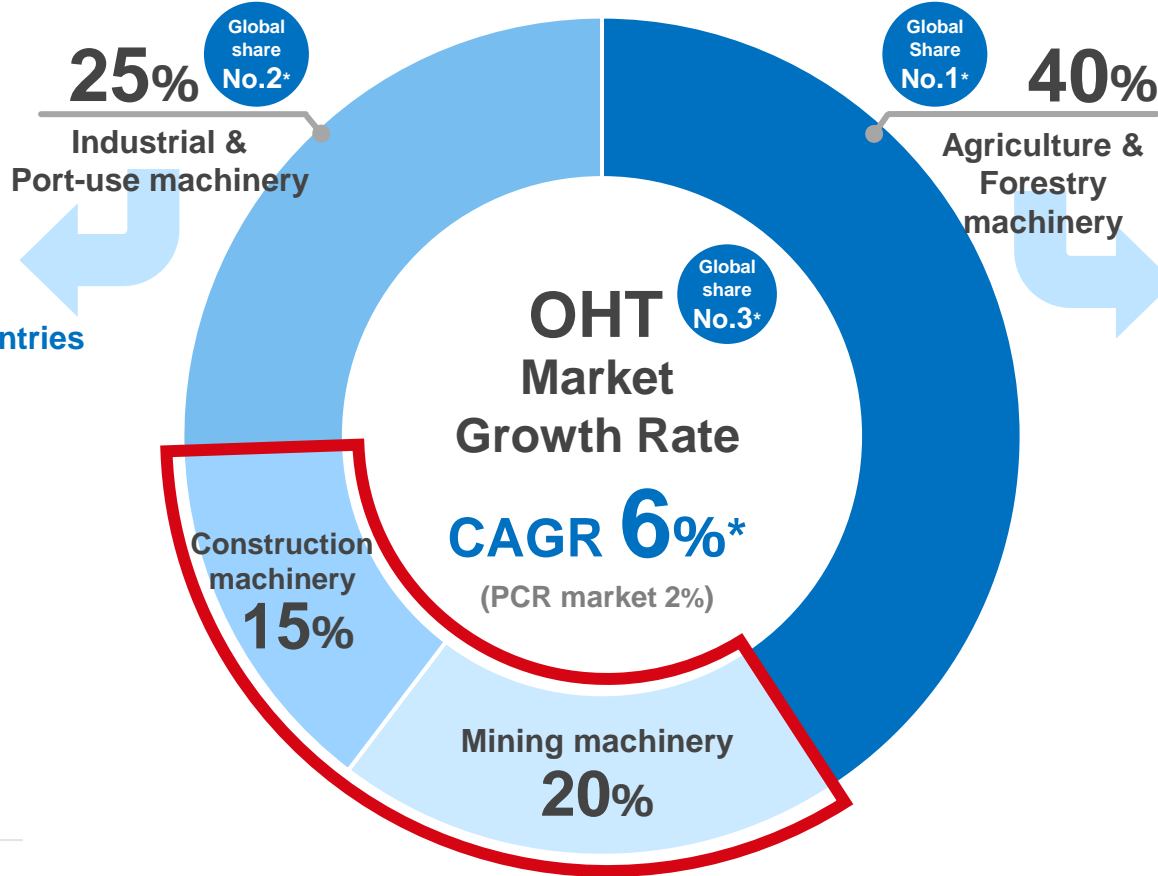
27 Countries

21 countries

104 Sites



## Market Size ≈ 4 trillion JPY\*



## Multi-brand strategy

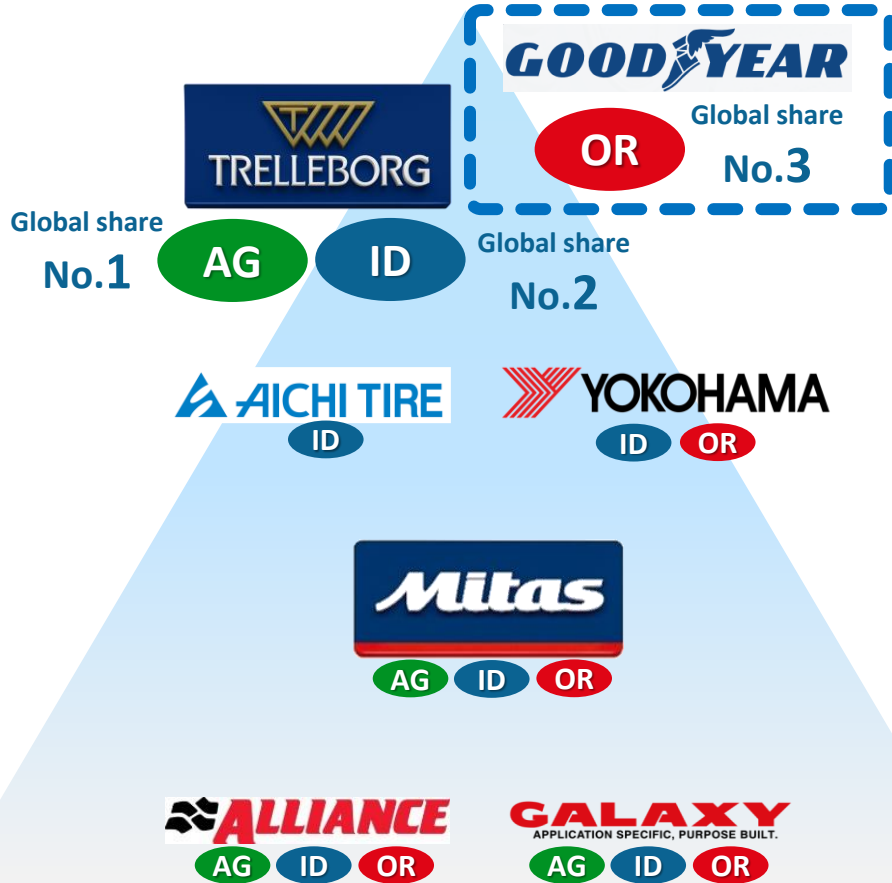


Each has Production/Technology/Sales

+  
“Programmatic M&A”  
GOOD YEAR

(Pie graph: global demand composition ratios of off-highway tires)

# 3-7) YX2026 Commercial Tire Growth Strategy Progress : Brand & Product Portfolio



|                                      | Agriculture | Forestry | Lawn Garden & Turf | Material Handling | Construction | Earthmover & Mining | Truck (OR) |
|--------------------------------------|-------------|----------|--------------------|-------------------|--------------|---------------------|------------|
| YOKOHAMA<br>AICHI TIRE<br>TRELLEBORG | ✓           | ✓        | ✓                  | ✓                 | ✗            | ✗                   | ✗          |
| Mitas                                | ✓           | ✓        | ✓                  | ✓                 | ✗            | ✗                   | ✗          |
| ALLIANCE GALAXY                      | ✓           | ✓        | ✓                  | ✓                 | ✗            | ✗                   | ✗          |




After acquisition of Goodyear OTR Business



|                                      | Agriculture | Forestry | Lawn Garden & Turf | Material Handling | Construction | Earthmover & Mining | Truck (OR) |
|--------------------------------------|-------------|----------|--------------------|-------------------|--------------|---------------------|------------|
| YOKOHAMA<br>AICHI TIRE<br>TRELLEBORG | ✓           | ✓        | ✓                  | ✓                 | ✓            | ✓                   | ✓          |
| Mitas                                | ✓           | ✓        | ✓                  | ✓                 | ✗            | ✗                   | ✗          |
| ALLIANCE GALAXY                      | ✓           | ✓        | ✓                  | ✓                 | ✗            | ✗                   | ✗          |

# 3-8) YX2026 Commercial Tire Growth Strategy Progress : Production Transfer

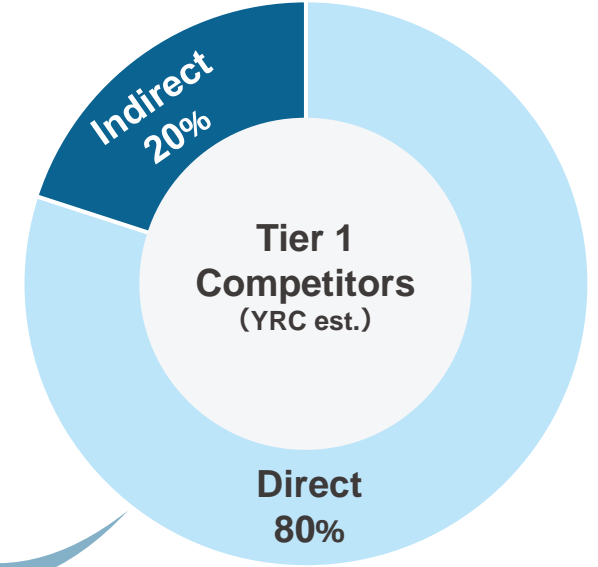
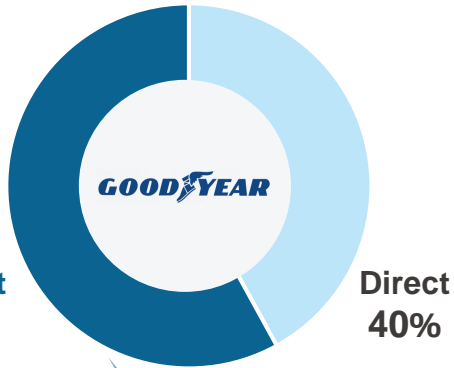
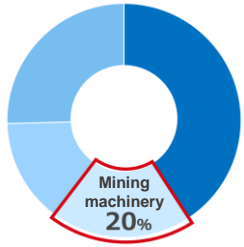


|   |        | Before-Acquisition                                     |                                 |     |                                       |                                       |     | Post-Acquisition                                |                              |     |  |
|---|--------|--|---------------------------------|-----|---------------------------------------|---------------------------------------|-----|---|------------------------------|-----|--|
|   |        | YOKOHAMA   |                                 |     | GOOD YEAR                             |                                       |     | GOOD YEAR + YOKOHAMA                            |                              |     |  |
|   |        | Radial OTR Star Rating                                 |                                 |     | Radial OTR Star Rating                |                                       |     | Radial OTR Star Rating                          |                              |     |  |
|   |        | ★  | ★★                              | ★★★ | ★                                     | ★★                                    | ★★★ | ★   | ★★                           | ★★★ |  |
|  | ~25"   | ✓  | ✓                               | ✗   | △                                     | △                                     | △   | ✓   | ✓                            | ✓   |  |
|   |        |  |                                 |     | (US/EU Production: High Cost)         |                                       |     | (Transfer to Yokohama plants: Cost improvement) |                              |     |  |
|  | 29~45" | ✓  | ✓                               | ✗   | △                                     | △                                     | △   | ✓   | ✓                            | ✓   |  |
|   |        |  |                                 |     | (US/EU Production: High Cost)         |                                       |     | (Transfer to Yokohama plants: Cost improvement) |                              |     |  |
|  | 49"    | △  | △                               | ✗   | ✓                                     | ✓                                     | ✓   | ✓   | ✓                            | ✓   |  |
|   |        |  | (Production Capacity Shortfall) |     |                                       | (Japan Production: Highly Profitable) |     |   | (Production Output Increase) |     |  |
|   | 57"    | △  | △                               | ✗   | ✓                                     | ✓                                     | ✓   | ✓   | ✓                            | ✓   |  |
|   |        | (Off-take & Tariff Issues)                             |                                 |     | (Japan Production: Highly Profitable) |                                       |     | (Production Output Increase)                    |                              |     |  |
| 63"   | ✗      | ✗  | ✗                               | △   | △                                     | △                                     | ✓   | ✓   | ✓                            |     |  |
|   |        | (Lack of Development Technology & Production Capacity) |                                 |     | (US Production: High Cost)            |                                       |     | (Transfer to Tatsuno Plant (Japan))             |                              |     |  |

# 3-9) YX2026 Commercial Tire OTR Differentiation Strategy

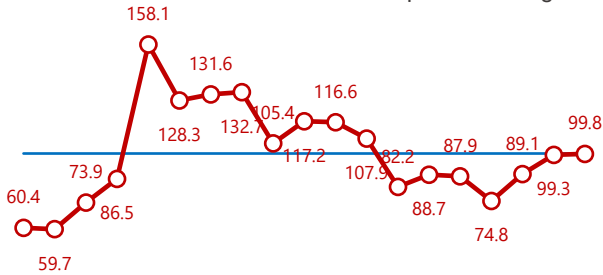


**Different strategies, in the same Tier 1**

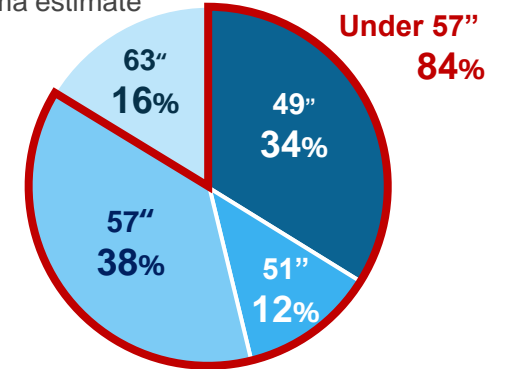


◆ US OTR demand

\*2001-2019  
Indexed to period average = 100



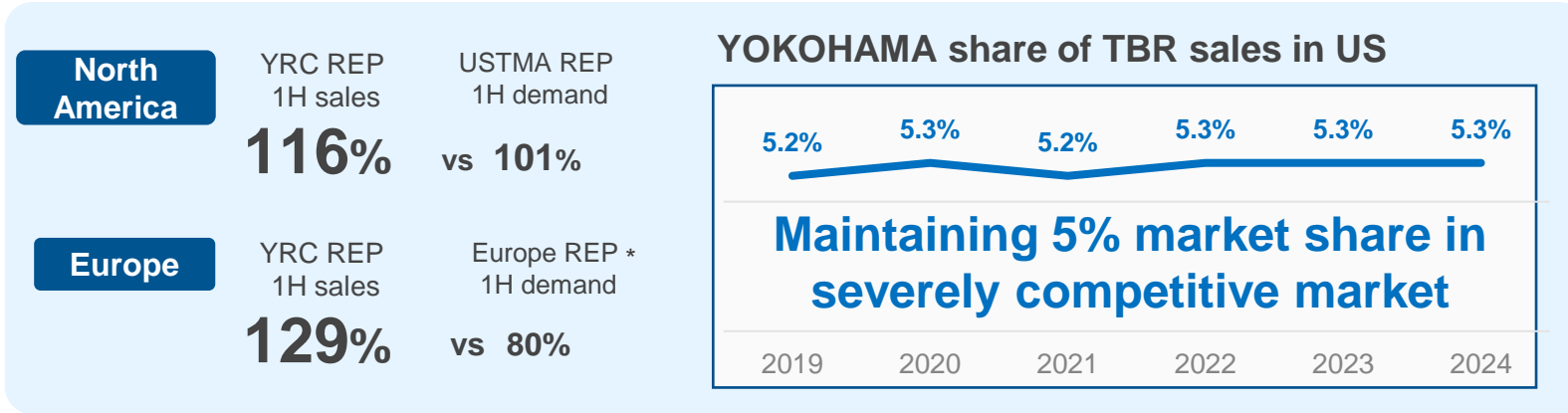
◆ US over 49" | Demand Composition by Size  
\*Yokohama estimate



2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019



## TBR Business

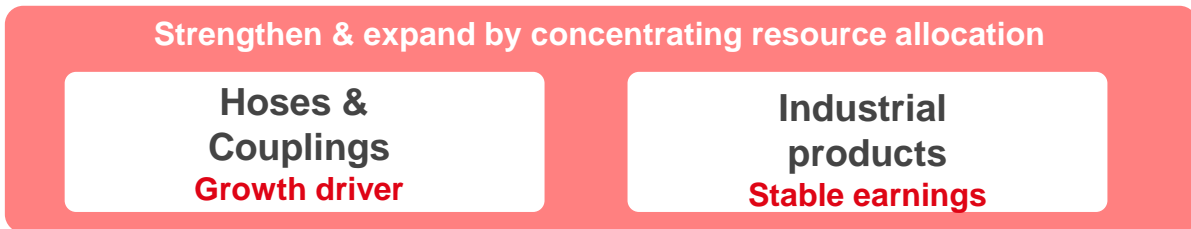


◆ Mie Plant – investment to expand production of small truck tires (17.5”) completed. Full production from May 2024



\*YRC estimates

## MB Business



◆ Hydraulic hoses  
Value chain restructuring

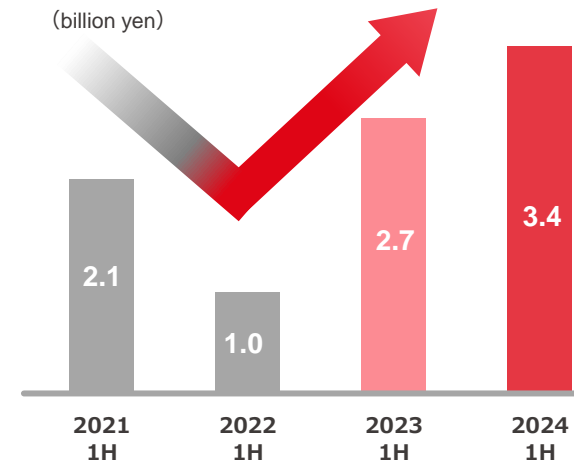
◆ Conveyor belts  
Top share in Japan

◆ Automotive hoses  
Restructure production

◆ Marine hoses / fenders  
Establish high-profit structure



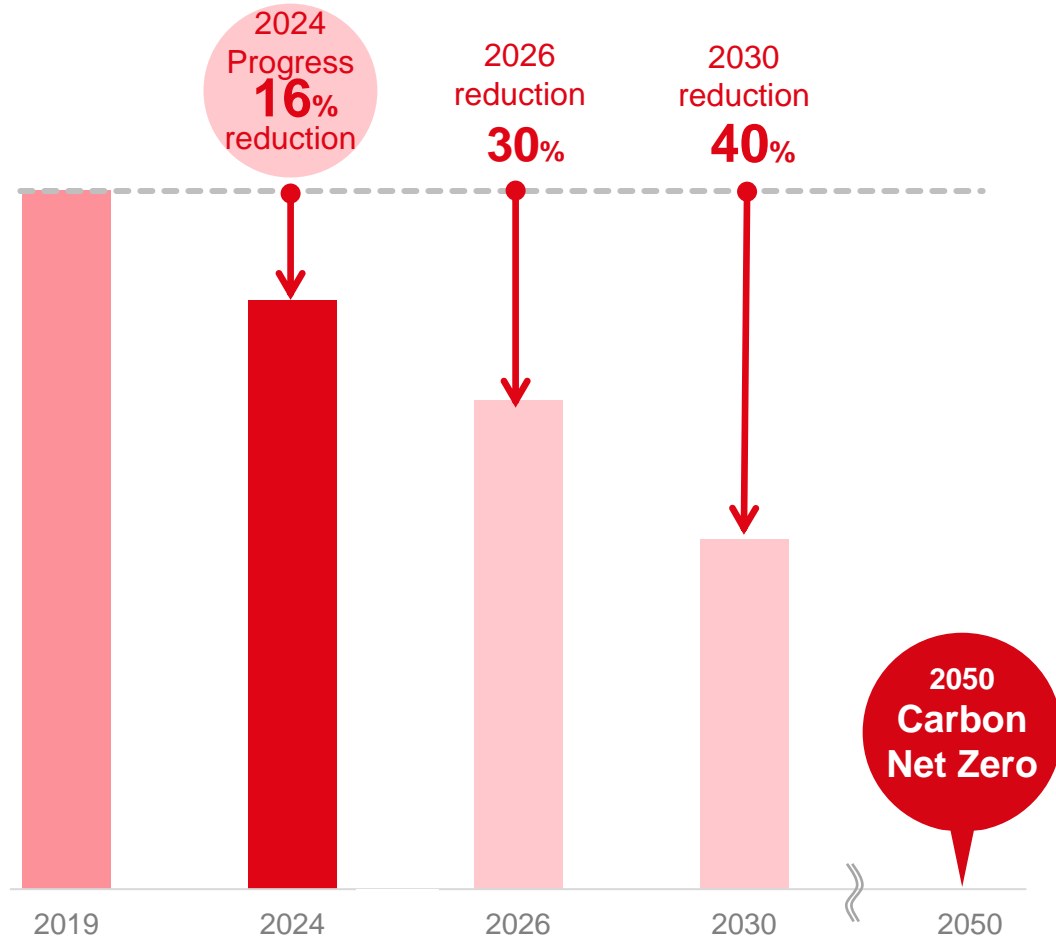
MB segment business profit



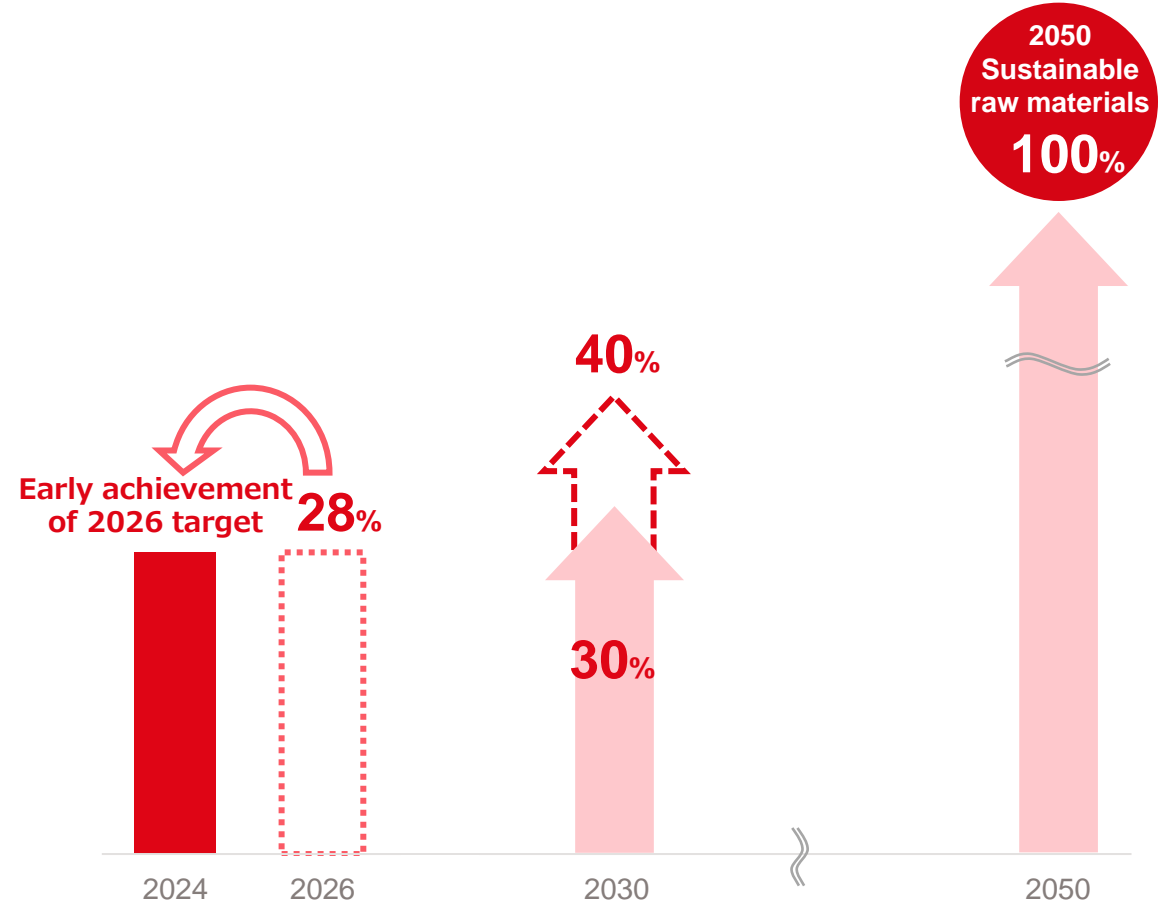
# 3-11) YX2026 Sustainability Measures



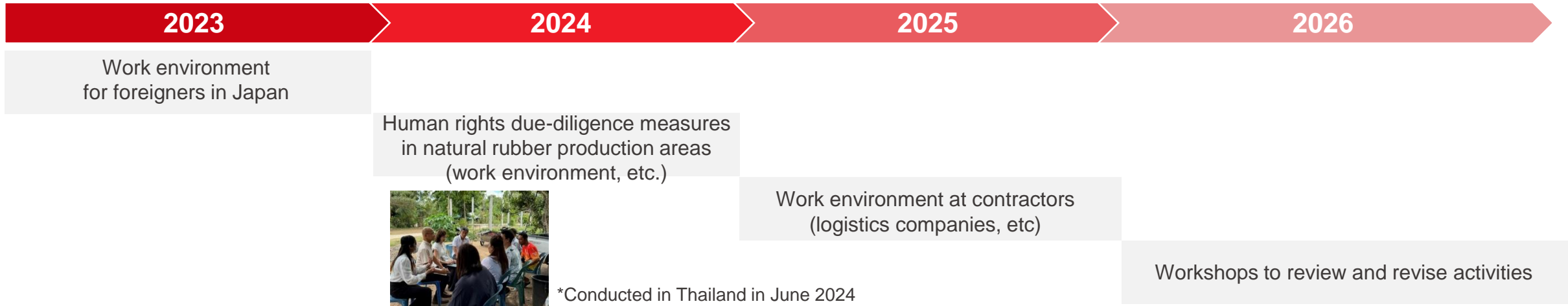
## Reducing greenhouse gas emissions



## Increasing use of sustainable materials



## Timeline for human rights due-diligence initiatives



\*Conducted in Thailand in June 2024

## “Sustainable Procurement” evaluation & verification

Ministry of the Environment project using advanced technology for evaluating and verifying sustainable procurement of natural capital from the ASEAN region



Use of remote-sensing technology to analyze information acquired by sensors mounted on satellites

### Project implementation structure

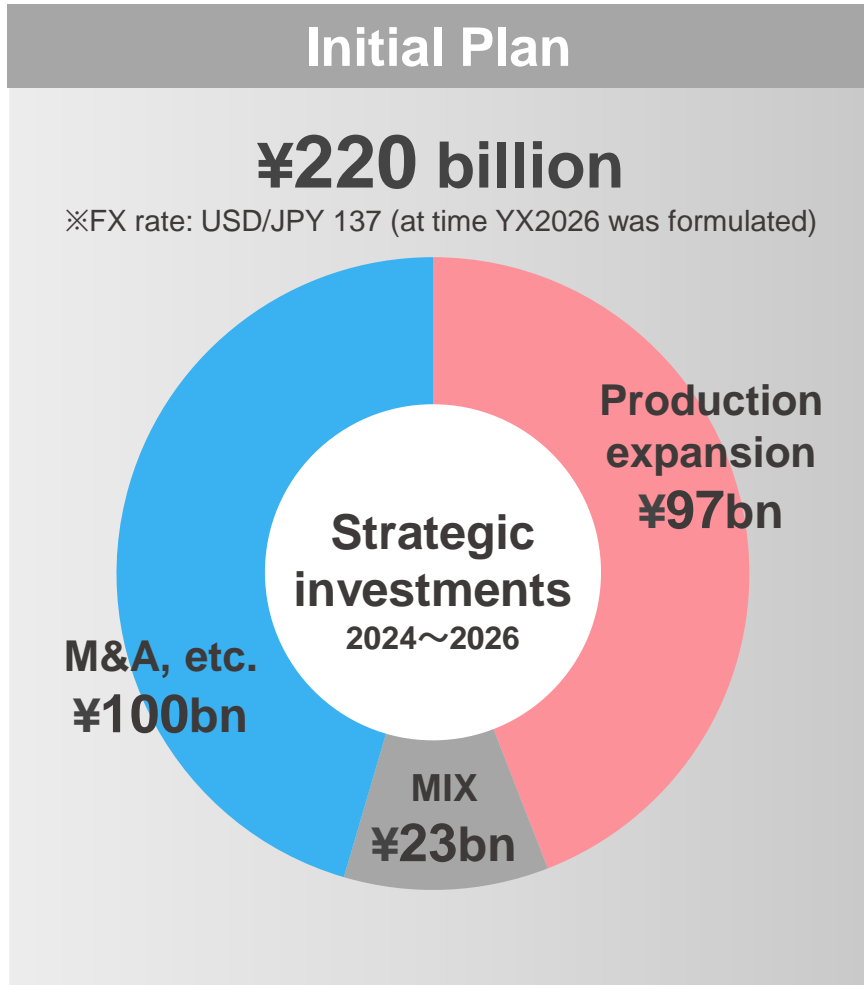
Mizuho Research & Technologies, Ltd. (Main R&D organization)  
 Kokusai Kogyo Co., Ltd. (collaborative R&D organization)

【Collaborating organizations】  
 Yokohama Rubber Co., Ltd.  
 UCC Ueshima Coffee Co., Ltd.  
 Mizuho Bank, Ltd.  
 Biome Inc., and others

## Third-party evaluations

ISS ESG Ratings  
 (Institutional Shareholder Services Inc.)  
 Received first Prime rating in the ESG Corporate Ratings





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Shinji Seimiya, President & COO

## **5. Upward Revision to YX2026 Targets**

Masataka Yamaishi, Chairman & CEO, Chairman of the Board

## Consumer Tires “Technical/Production” Transformation

### “Low cost, speedy development of quality products”

#### ◆ Speed up tire development

Use AI·simulation technologies  
Respond to emerging car makers,  
maximize new product introductions

Speedy

#### ◆ “1-year plant” challenge

Early start-up → Early ROI  
Stop “Not Invented Here syndrome”,  
maximize acquisition synergies

#### ◆ Next-generation premium cars

### Strengthen development of OE tires

Meet needs of premium electrified vehicles  
with lightweight, wear-resistant tires

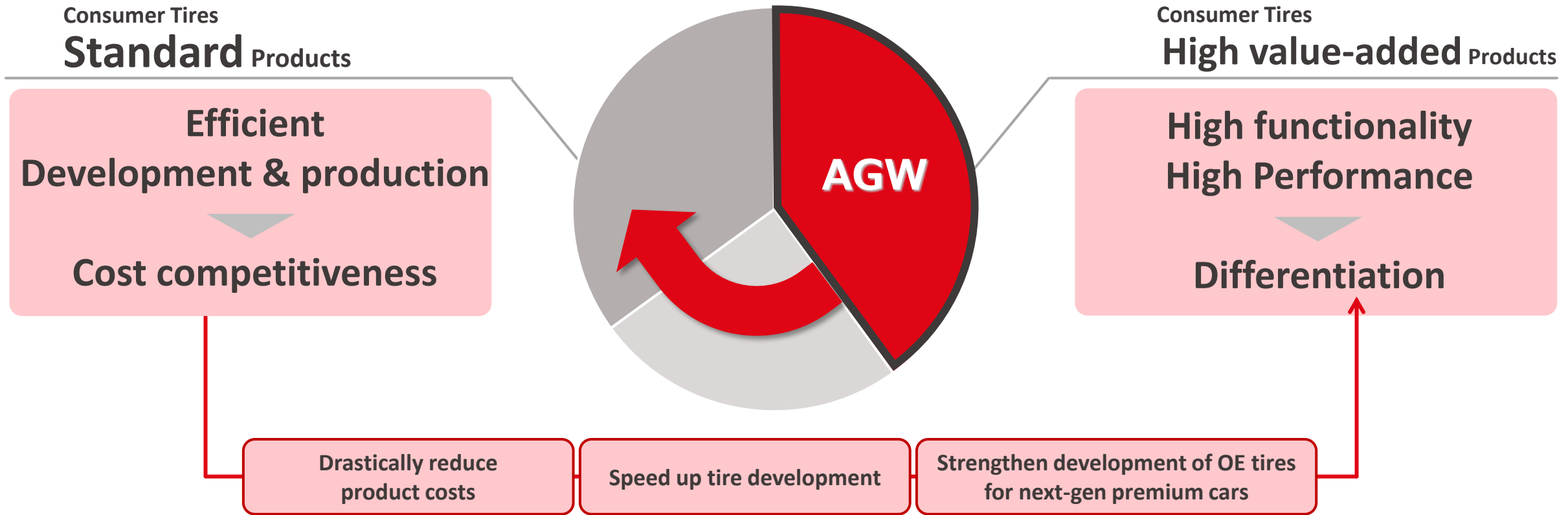
Quality  
products



Low  
cost

#### ◆ Drastic reduction of product costs

Apply ATG’s high-efficiency model  
Economies of scale realized by recent acquisitions  
will reduce raw material procurement costs



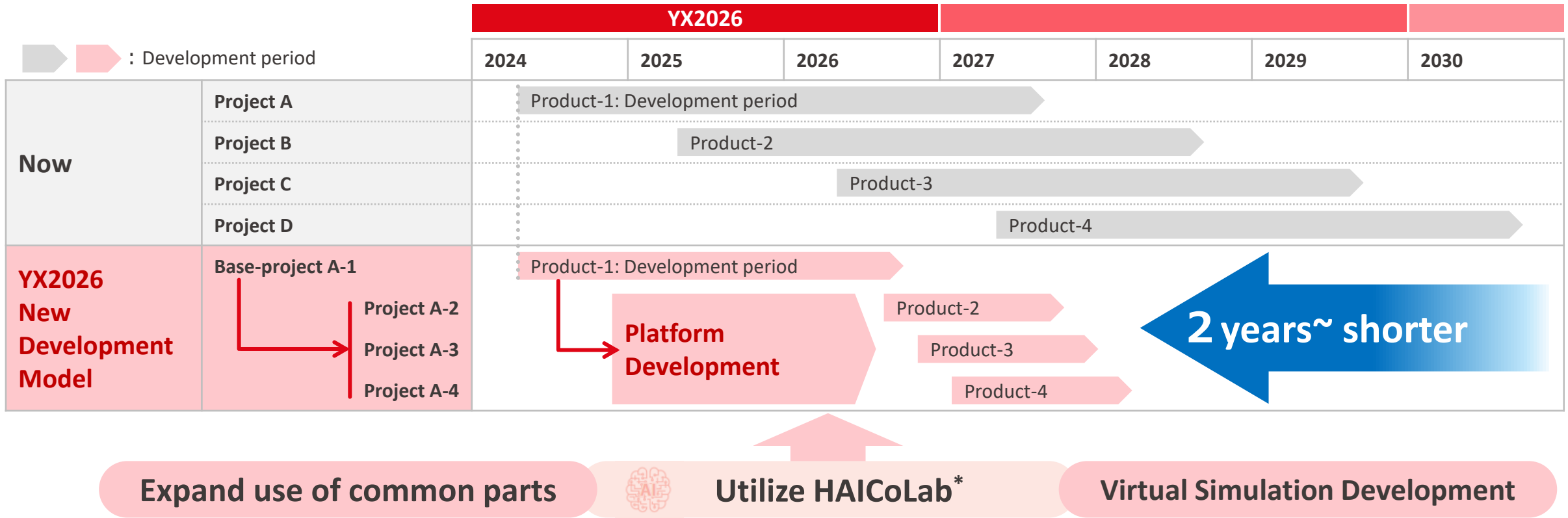
Reallocation of available resources (People / Materials / Money / Time) → Technology/Production innovation

**Maximize corporate value by improving competitiveness**

# 4-3) YX2026 Technology/Production Strategies: Speed up tire development



## Reduction of New product development time



**Early new product launches in line with market trends  
Contribute to profitability by optimizing product life cycles**

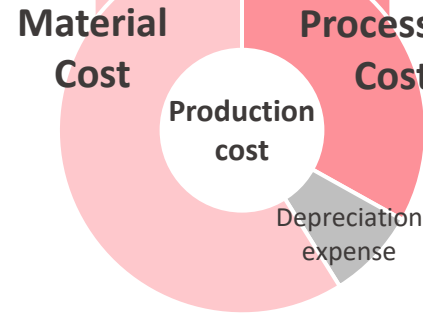
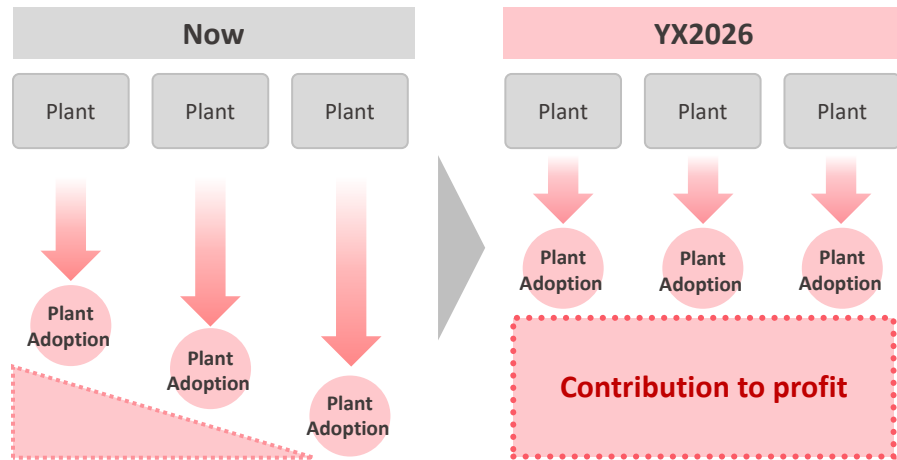


# 4-4) YX2026 Technology/Production Strategies: Drastic reduction of product costs



## Reduction of Material Costs

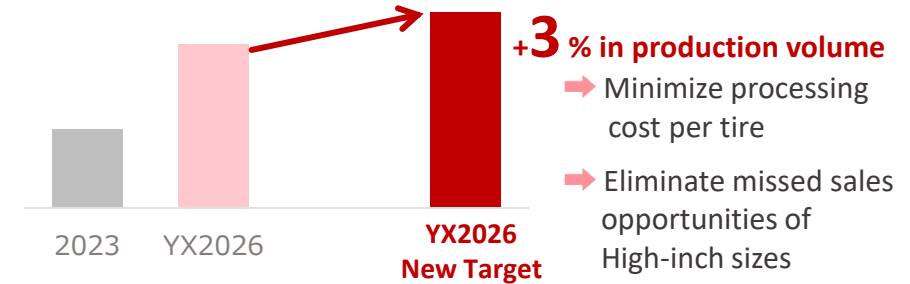
- ◆ Active adoption of new suppliers
- ◆ Expand adoption of versatile materials
- ◆ Speed up the adoption process from evaluation of new materials



## Reduction of Processing Costs

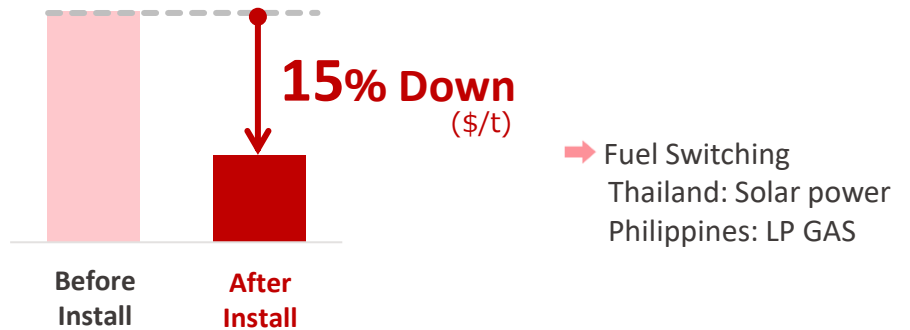
- ◆ Maximize production capacity and operation rate of high-inch production machinery

(Philippines / Thailand)



- ◆ Energy Cost Reduction

(Philippines / Thailand)



Reduction of Material Costs   Reduction of Processing Costs

**Drastic reduction of product costs**

**¥6.5 billion**

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## FY2026 Revised Financial Targets

|                        |  |
|------------------------|--|
| Sales revenue          | <b>¥1,250 billion</b>  |
| Business profit        | <b>¥150 billion</b>  |
| Business profit margin | <b>12%</b>   |
| Equity ratio           | <b>50% target</b>  |
| ROE                    | <b>Above 10%</b>   |
| Operating CF           | <b>¥410 billion</b><br>(3yr cumulative)                                  |
| Capital investment     | <b>Within scope of depreciation</b><br>(excluding strategic investments) |

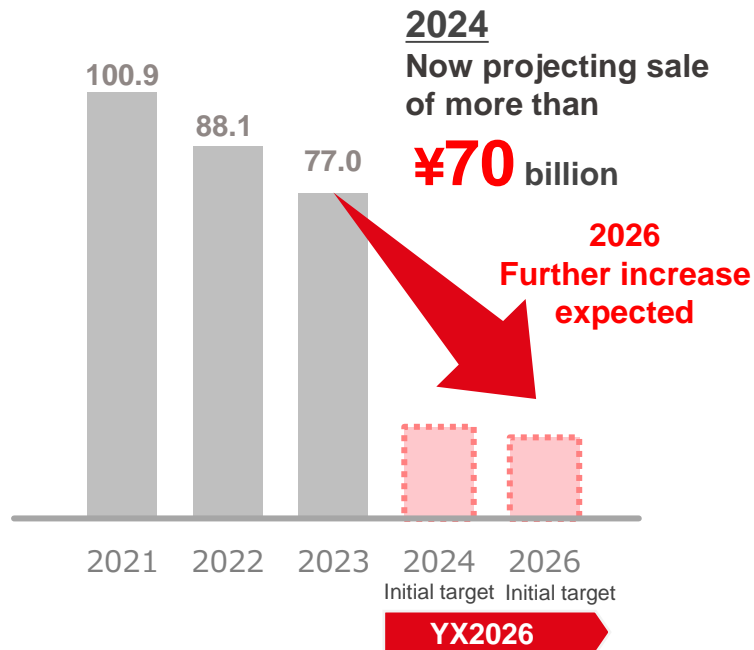
# 5-2) YX2026 Revised Capital allocation

## Increase PBR

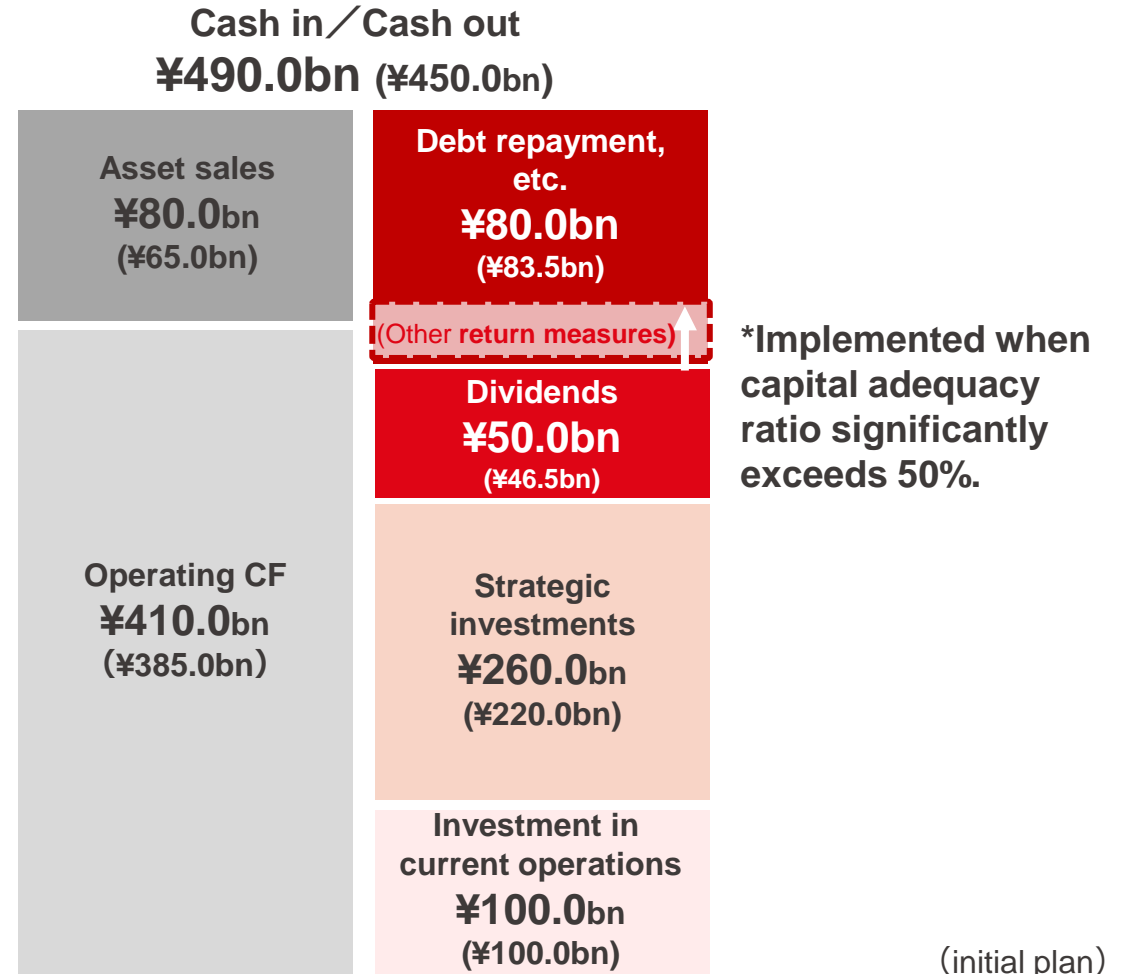
### Cross-shareholdings being sold off

Initially targeted sale of about ¥60 billion

Outstanding cross-shareholdings  
(market price/billion yen)



### Revised Capital allocation



# 5-2) YX2026 Realization of “Hockey Stick Growth”



Culmination of the past 100 years

Complete transformation from past

GD100

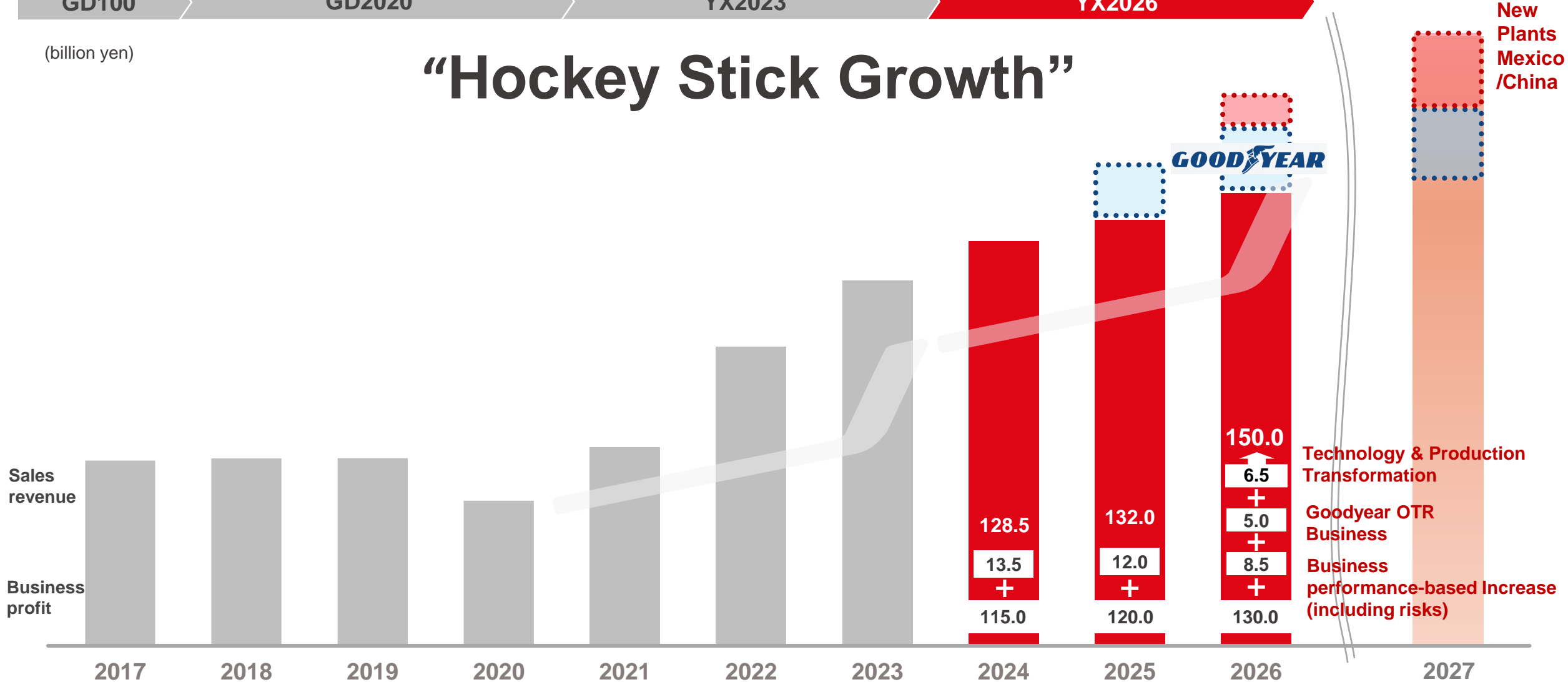
GD2020

YX2023

YX2026

(billion yen)

## “Hockey Stick Growth”



New Plants Mexico/China

Technology & Production Transformation

Goodyear OTR Business

Business performance-based Increase (including risks)



**YOKOHAMA**  
**Transformation 2026**