

Consolidated Business Performance for the Second Quarter of the Fiscal Year Ending December 31, 2017

10 August, 2017

TOYO TIRE & RUBBER CO., Ltd.

Major Topics

Consolidated Business Results for the Second Quarter of the Fiscal Year Ending December 31, 2017 (FY2017)

Consolidated Business Outlook for the Fiscal Year Ending December 31, 2017 (FY2017)

The forward-looking statements contained in these business forecasts and plans are based on information available at the current time and may 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 Second Quarter of the Fiscal Year Ending December 31, 2017

(Unit: millions of yen)	FY2017 2Q Results	FY2016 2Q Results	Year-on-Year Change	Year-on-Year Change %	Fiscal Year 2017 Second Quarter Initial Forecast	Change versus Initial Forecast for Term
Net Sales	192,041	186,439	+5,601	+3.0%	186,000	+6,041
Operating Income Operating Profit	21,834 11.4%	26,218 14.1%	(4,384) (2.7%)	(16.7%)	19,000 10.2%	+2,834 +1.2%
Ordinary Income	18,695	20,925	(2,230)	(10.7%)	16,000	+2,695
Profit Attributable to Owners of Parent	11,076	2,151	+8,924	+414.7%	9,000	+2,076

Forex Rate	US\$	113 Yen	115 Yen	(2 Yen)
	€	121 Yen	127 Yen	(6 Yen)

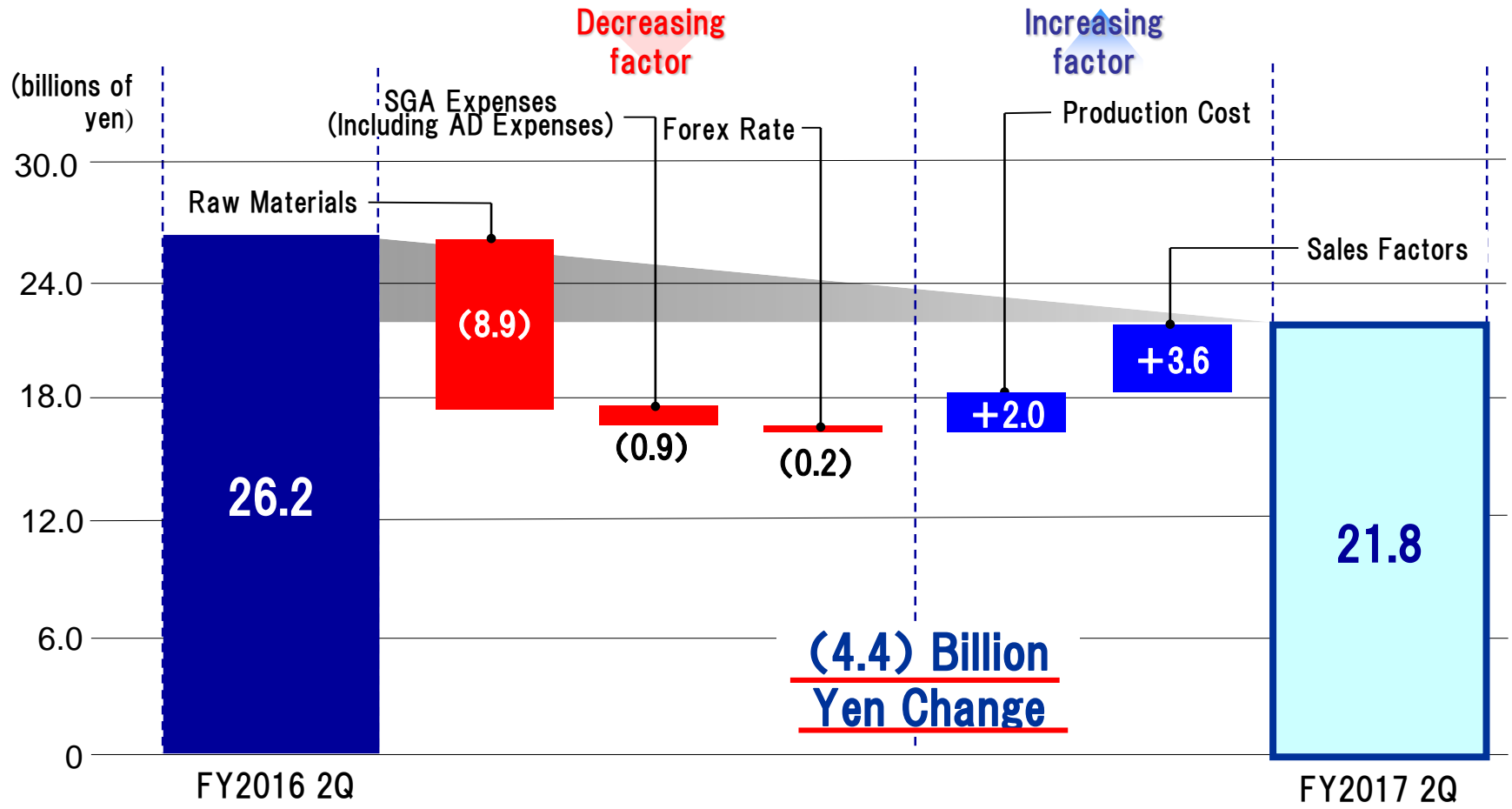
Forex Rate Sensibility 2017	
US\$	0.45 Billion Yen/Year
€	0.08 Billion Yen/Year

Results for the Second Quarter of the Fiscal Year Ending December 31, 2017

Factors Contributing to Changes in Operating Income



● Operating Income (billions of yen)	FY2016 2Q Results	Changes		FY2017 2Q Results
	26.2	(4.4)		21.8
		(10.0)	+5.6	



Impact of Seismic Isolation Rubber Measures on Performance in the Second Quarter of the Fiscal Year Ending December 31, 2017

(For Your Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	Total (A+B)
For 55 buildings (disclosed on March 13, 2015)	—	—	—
For 99 buildings (disclosed on April 21, 2015)	—	—	—
Charges	473	521	995
Compensation costs, etc.	444	415	860
Total	918	937	1,855

FY2016 Full year results	FY2015 Full year results
17,034	23,063
35,068	7,386
10,418	12,104
4,260	4,119
66,781	46,674

(Breakdown of Calculation)

1Q of FY2017
(A)

The company posted an extraordinary loss of 918 million yen as a result of posting 444 million yen for compensation, etc. and 473 million yen for miscellaneous expenses (mainly in payroll for the seismic isolation rubber task force).

2Q of FY2017
(B)

The company posted an extraordinary loss of 937 million yen as a result of posting 415 million yen for compensation, etc. and 521 million yen for miscellaneous expenses (mainly in payroll for the seismic isolation rubber task force).

From the 3Q of
FY2017 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 from the third quarter onward.

Consolidated Business Results by Business Segment for the Second Quarter of the Fiscal Year Ending December 31, 2017

● Net Sales

(Unit: millions of yen)	FY2017 2Q Results	FY2016 2Q Results	Year-on-Year Change	Year-on-Year Change %
Tire	154,066	148,679	+5,386	+3.6%
DiverTec	37,951	37,727	+224	+0.6%
Others	109	115	(6)	(5.2%)
Adjustments	(85)	(82)	(3)	—
Total	192,041	186,439	+5,601	+3.0%

● Operating Income

※ Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	FY2017 2Q Results	FY2016 2Q Results	Year-on-Year Change	Year-on-Year Change %
Tire Operating Profit	21,461 13.9%	24,352 16.4%	(2,890) (2.4%)	(11.9%)
DiverTec Operating Profit	325 0.9%	1,431 3.8%	(1,105) (2.9%)	(77.2%)
Others	62	59	+3	+5.1%
Adjustments	(16)	375	(391)	—
Total	21,834	26,218	(4,384)	(16.7%)

Consolidated Business Results by Geographic Area Segment for the Second Quarter of the Fiscal Year Ending December 31, 2017

● Net Sales

(Unit: millions of yen)	FY2017 2Q Results	FY2016 2Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	66,297	67,612	(1,314)	(1.9%)
North America	89,383	86,182	+3,200	+3.7%
Others	36,360	32,644	+3,716	+11.4%
Eliminations or Corporate	—	—	—	—
Total	192,041	186,439	+5,601	+3.0%

● Operating Income

※ Net sales do not include intersegment internal sales or transfers

(Unit: millions of yen)	FY2017 2Q Results	FY2016 2Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	12,704	16,450	(3,746)	(22.8%)
North America	5,700	4,645	+1,055	+22.7%
Others	3,017	3,036	(18)	(0.6%)
Eliminations or Corporate	412	2,086	(1,673)	(80.2%)
Total	21,834	26,218	(4,384)	(16.7%)

Revised Outline of Consolidated Business Outlook for the Full Fiscal Year Ending December 31, 2017

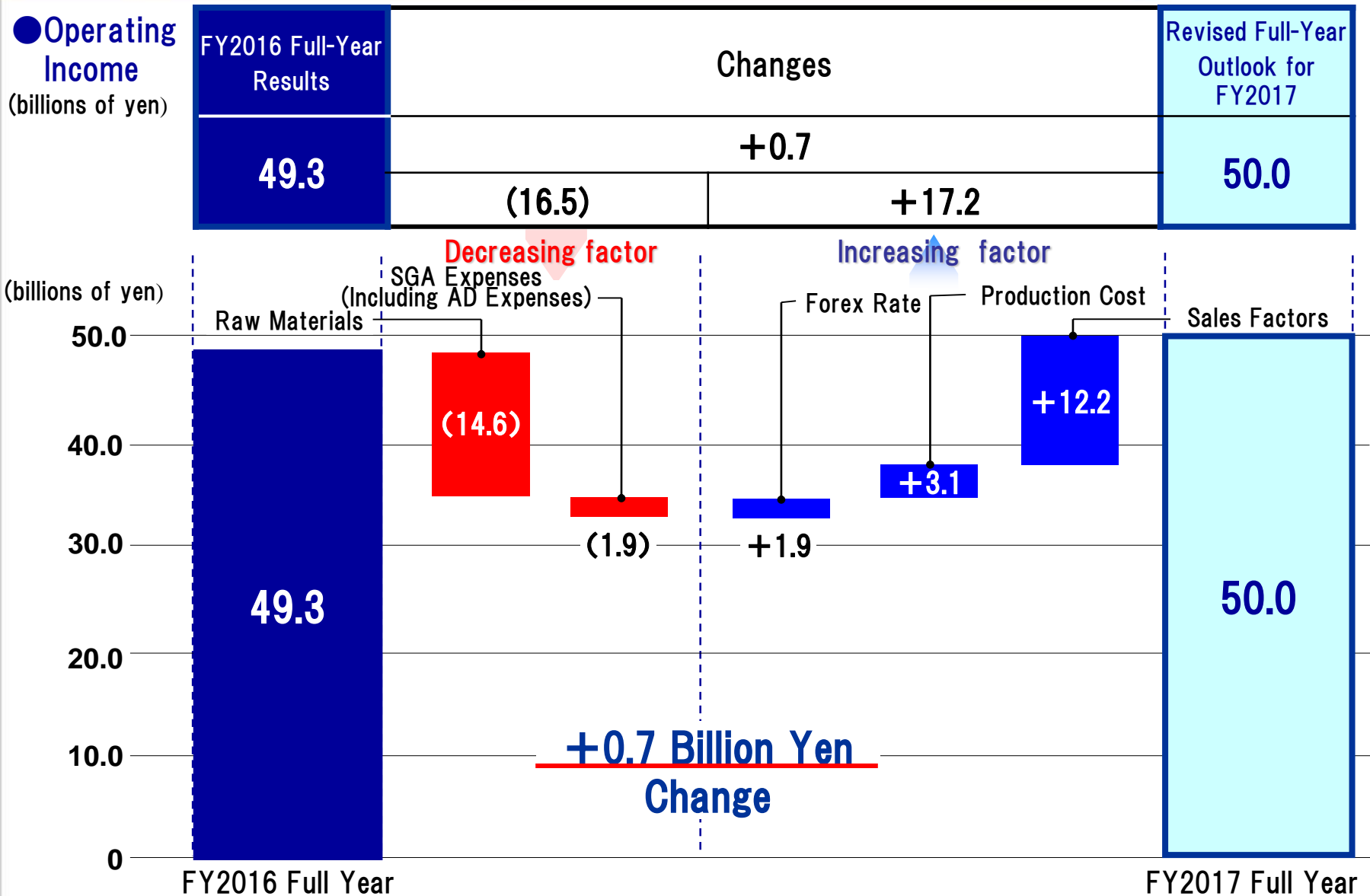
(Unit: millions of yen)	Revised Full-Year Outlook for FY2017	Full-Year Results for FY2016	Year-on-Year Change	Year-on-Year Change %	Fiscal Year 2017 Full Year Initial Forecast	Change versus Initial Forecast for Term
Net Sales	400,000	381,635	+18,365	+4.8%	395,000	+5,000
Operating Income Operating Profit	50,000 12.5%	49,315 12.9%	+685 (0.4%)	+1.4%	47,000 11.9%	+3,000 +0.6%
Ordinary Income	42,700	44,102	(1,402)	(3.2%)	41,500	+1,200
Profit Attributable to Owners of Parent	26,900	(12,260)	+39,160	—	25,000	+1,900

Forex Rate	US\$	112 Yen	110 Yen	+2 Yen
	€	124 Yen	121 Yen	+3 Yen

Forex Rate Sensibility 2017	
US\$	0.45 Billion Yen/Year
€	0.08 Billion Yen/Year

Revised Outlook for the Full Fiscal Year Ending December 31, 2017

Factors Contributing to Changes in Operating Income



Revised Consolidated Business Outlook by Business Segment for the Full Fiscal Year Ending December 31, 2017

● Net Sales

(Unit: millions of yen)	Revised Full-Year Outlook for FY2017	Full-Year Results for FY2016	Year-on-Year Change	Year-on-Year Change %	Fiscal Year 2017 Full Year Initial Forecast	Change versus Initial Forecast for Term
Tire	324,000	303,878	+20,121	+6.6%	319,000	+5,000
DiverTec	75,900	77,503	(1,603)	(2.1%)	75,800	+100
Others	100	425	(325)	(76.5%)	200	(100)
Adjustments	0	(171)	+171	—	0	—
Total	400,000	381,635	+18,365	+4.8%	395,000	+5,000

● Operating Income

※ Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	Revised Full-Year Outlook for FY2017	Full-Year Results for FY2016	Year-on-Year Change	Year-on-Year Change %	Fiscal Year 2017 Full Year Initial Forecast	Change versus Initial Forecast for Term
Tire Operating Profit	49,500 15.3%	45,405 14.9%	+4,095 +0.3%	+9.0%	45,100 14.1%	+4,400
DiverTec Operating Profit	400 0.5%	3,779 4.9%	(3,379) (4.3%)	(89.4%)	1,800 2.4%	(1,400)
Others	100	180	(80)	(44.4%)	100	0
Adjustments	0	(49)	+49	—	0	—
Total	50,000	49,315	+685	+1.4%	47,000	+3,000

※ Segment profit adjustment amounts include intersegment eliminations

Revised Consolidated Business Outlook by Geographic Area Segment for the Full Fiscal Year Ending December 31, 2017

● Net Sales

(Unit: millions of yen)	Revised Full-Year Outlook for FY2017	Full-Year Results for FY2016	Year-on-Year Change	Year-on-Year Change %	Fiscal Year 2017 Full Year Initial Forecast	Change versus Initial Forecast for Term
Japan	148,600	146,895	+1,705	+1.2%	150,900	(2,300)
North America	181,800	171,216	+10,584	+6.2%	177,200	+4,600
Others	69,600	63,524	+6,076	+9.6%	66,900	+2,700
Eliminations or Corporate	—	—	—	—	—	—
Total	400,000	381,635	+18,365	+4.8%	395,000	+5,000

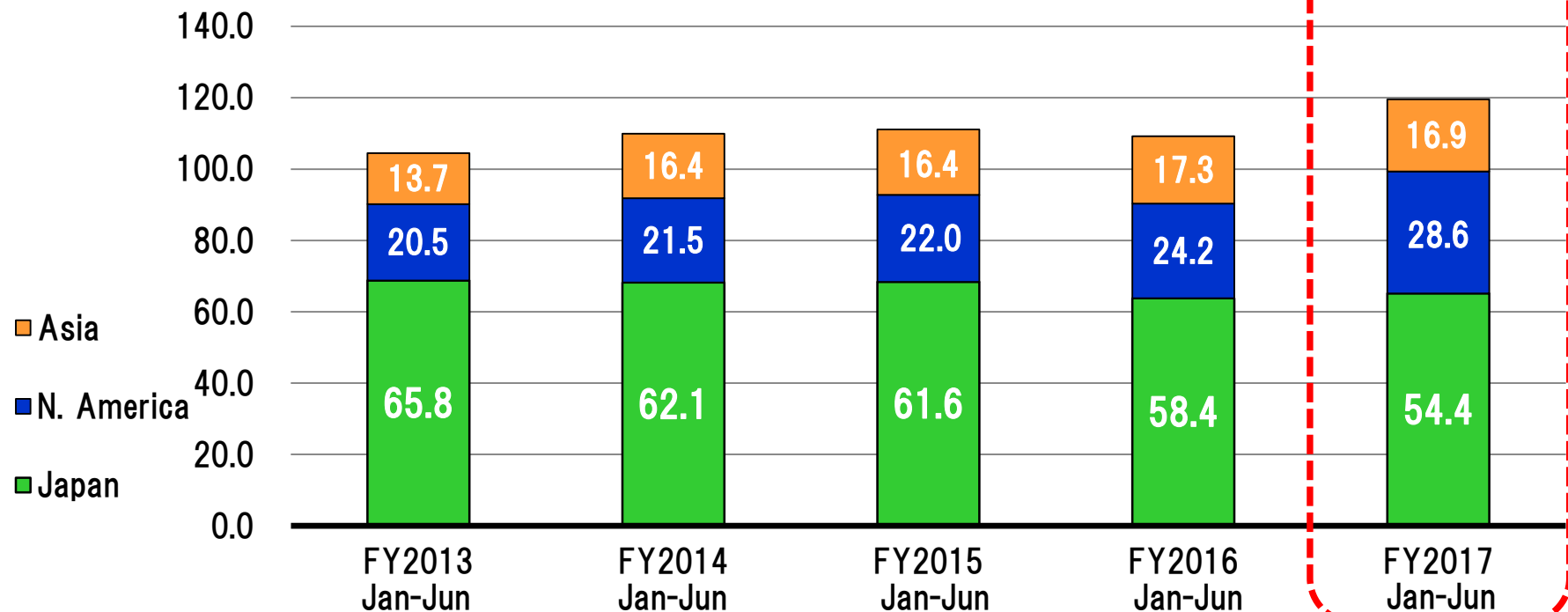
※ Net sales do not include intersegment internal sales or transfers

● Operating Income

(Unit: millions of yen)	Revised Full-Year Outlook for FY2017	Full-Year Results for FY2016	Year-on-Year Change	Year-on-Year Change %	Fiscal Year 2017 Full Year Initial Forecast	Change versus Initial Forecast for Term
Japan	32,500	33,270	(770)	(2.3%)	30,100	+2,400
North America	13,200	7,728	+5,472	+70.8%	12,100	+1,100
Others	4,700	5,875	(1,175)	(20.0%)	3,400	+1,300
Eliminations or Corporate	(400)	2,440	(2,840)	—	1,400	(1,800)
Total	50,000	49,315	+685	+1.4%	47,000	+3,000

(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)	FY2013	FY2014	FY2015	FY2016
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
Japan	68.8	68.2	68.4	63.8
N. America	21.4	23.6	24.4	26.5
Asia	14.3	18.1	18.3	18.9
Total	104.5	109.9	111.1	109.2

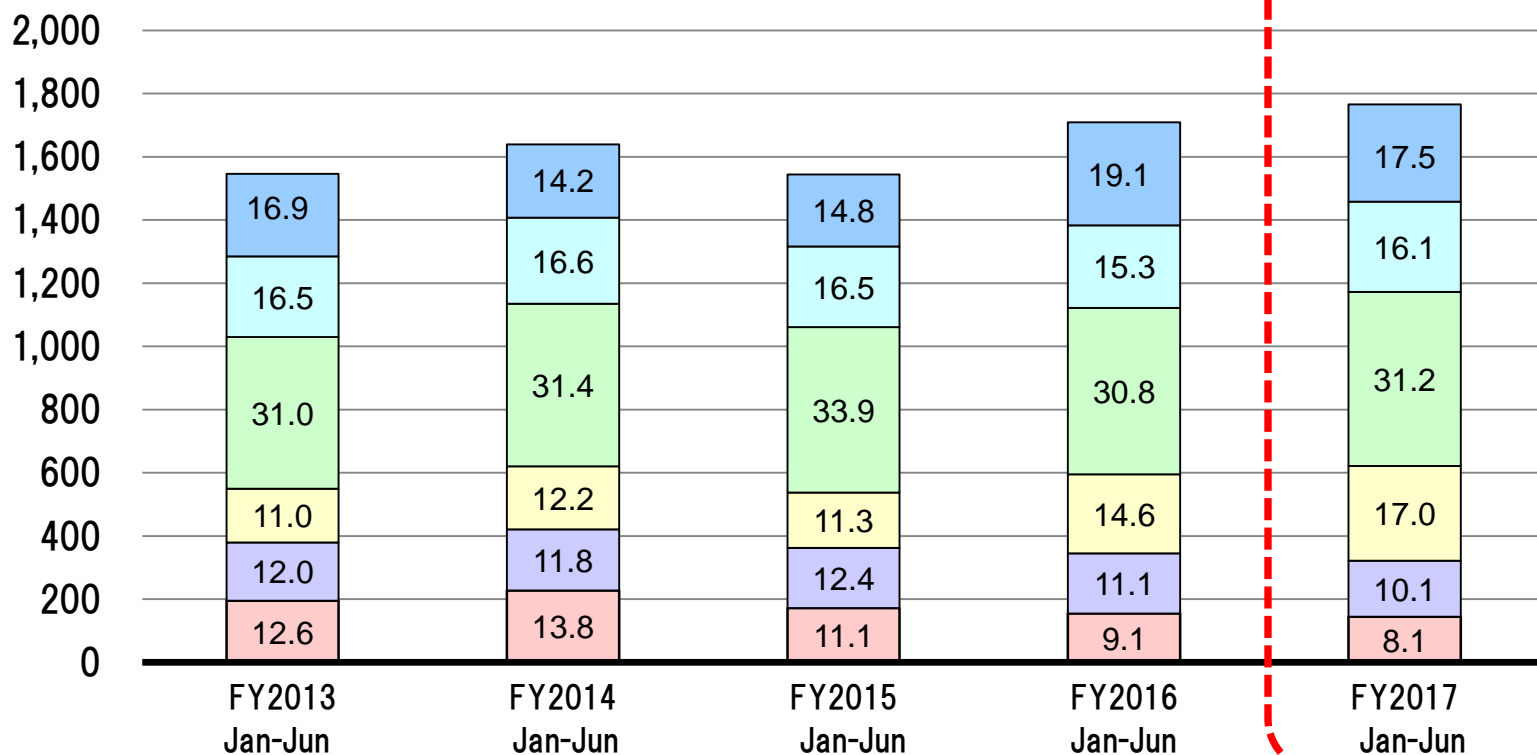
FY2017
Jan-Jun
65.1
34.2
20.3
119.6

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

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

Unit:
10,000 Tires

- OE All
- RE Japan
- RE N. America
- RE Europe
- RE SE Asia
- RE Others



Sales Quantity Composition Ratio(%)	FY2013	FY2014	FY2015	FY2016
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
OE Total	16.9%	14.2%	14.8%	19.1%
RE Japan	16.5%	16.6%	16.5%	15.3%
RE Overseas	66.6%	69.2%	68.7%	65.6%
RE Total	83.1%	85.8%	85.2%	80.9%

FY2017
Jan-Jun
17.5%
16.1%
66.4%
82.5%

(For Your Reference) Year-on-Year Change in Number of Tires Sold by Region

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

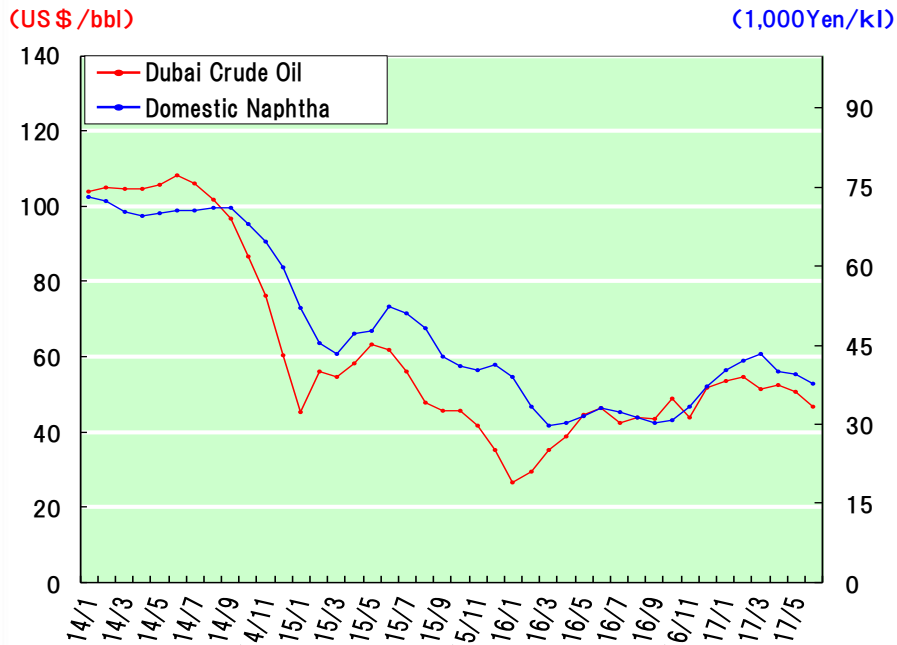
(Unit: %)	FY2013	FY2014	FY2015	FY2016
	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun
OE Total	98	88	99	143
RE Japan	113	107	94	103
RE Overseas Total	107	110	94	106
Of which N. America	113	107	102	100
Of which Europe	101	117	88	143
Of which SE Asia	115	104	99	100
Grand Total	106	106	94	111

FY2017
Jan-Jun
95
109
105
105
120
93
103

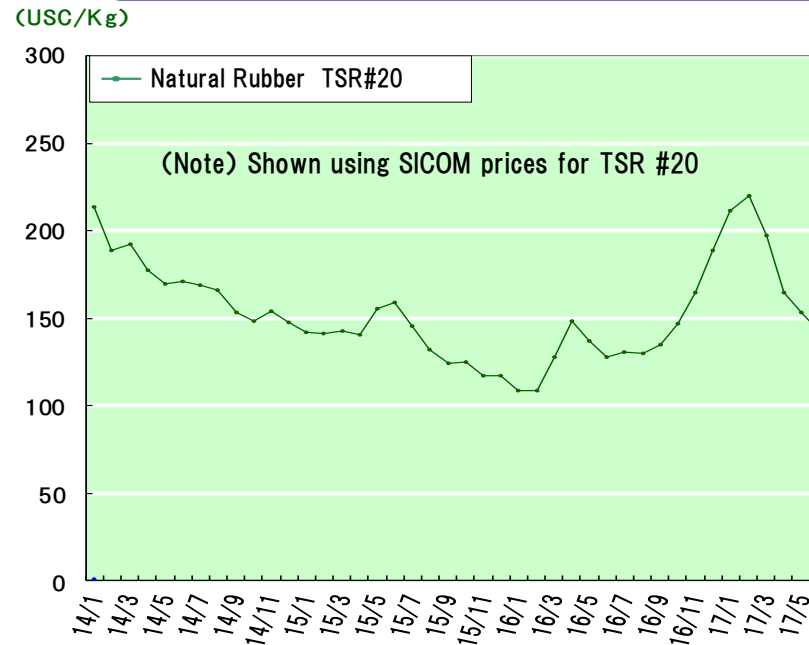
(For Your Reference) Changes in Primary Material Prices

◆ Market Price Trends

Change in Dubai Oil and Domestic Naphtha Prices



Change in Natural Rubber TSR #20 Prices (SICOM)



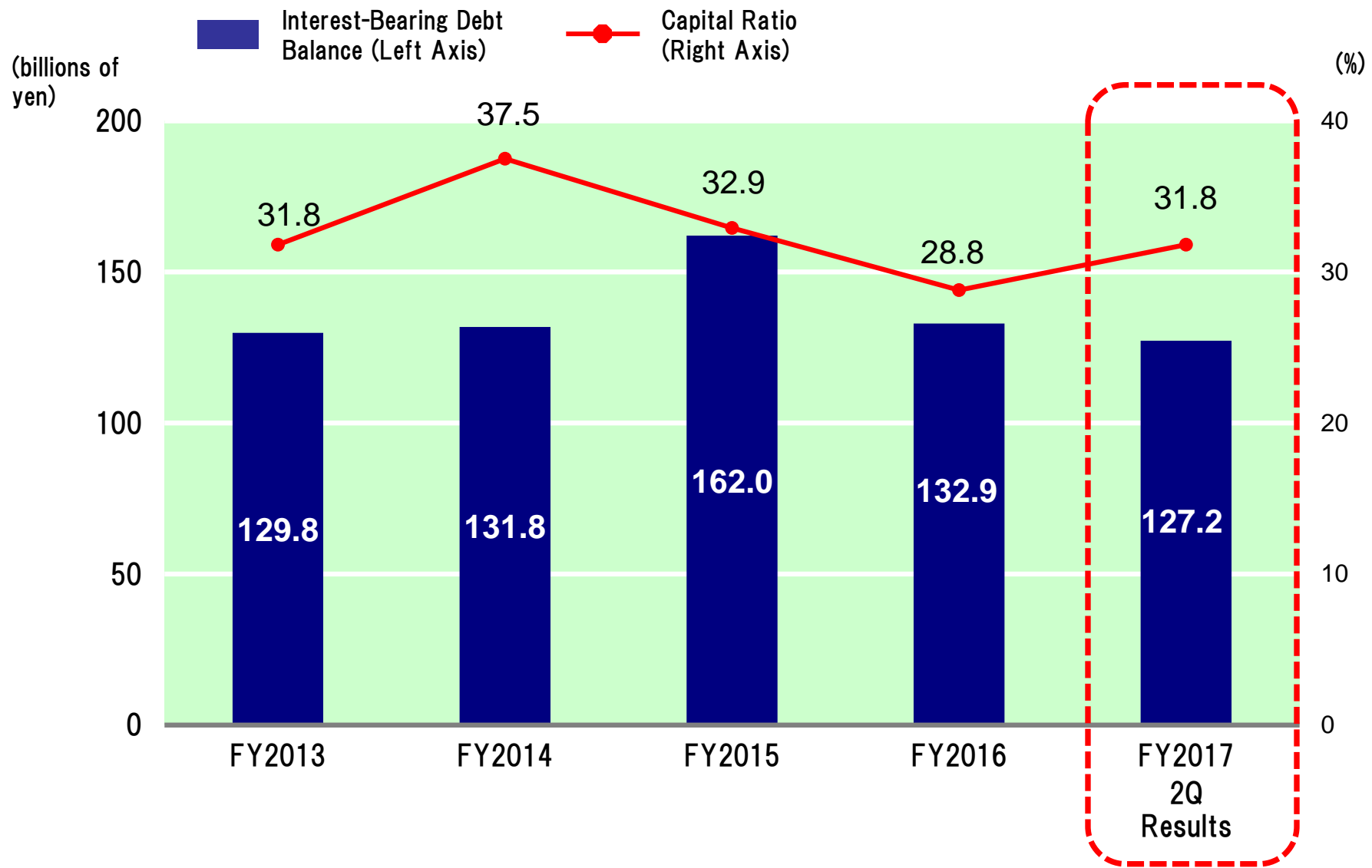
◆ Price Changes & Impact by Primary Raw Material (Ordinary Income Basis)

Raw Material	FY2013	FY2014	FY2015	FY2016
Natural Rubber	+7.0	+6.9	+7.5	+2.5
Petroleum Products (naphtha)	+1.8	(0.9)	+9.9	+6.4
Other Raw Materials*	+3.2	(0.4)	+0.4	+1.1
Goods Purchased	(0.0)	+0.7	0.0	0.0
Total	+12.0	+6.3	+17.8	+10.0

(Unit: billions of yen)

FY2017 Jan-Jun
(6.0)
(5.2)
+2.2
0.0
(8.9)

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



TOYO TIRES
driven to perform