

TOYO TIRES

Consolidated Business Performance for the Second Quarter of the Fiscal Year Ending December 31, 2020

7 Aug, 2020

Toyo Tire Corporation

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ANNIVERSARY

Major Topics

Consolidated Business Results for the Second Quarter of the Fiscal Year Ending December 31, 2020 (FY2020)

Consolidated Business Outlook for the Fiscal Year Ending December 31, 2020 (FY2020)

Combatting the Novel Coronavirus Disease (COVID-19)

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 Second Quarter of FY2020

TOYO TIRES

(Unit: millions of yen)	FY2020 2Q Results	FY2019 2Q Results	Year-on-Year Change	Year-on-Year Change %
Net Sales	150,586	178,558	(27,971)	(15.7%)
Operating Income Profit Ratio	7,928 5.3%	15,344 8.6%	(7,415)	(48.3%)
Ordinary Income	4,379	13,852	(9,473)	(68.4%)
Profit Attributable to Owners of Parent	520	7,521	(7,001)	(93.1%)

Dividends per Share	20 Yen	20 Yen	0 Yen	—
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*Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Forex Rate	USD	109 Yen	110 Yen	(1 Yen)
	EUR	120 Yen	125 Yen	(5 Yen)

FY2020 Jan-Mar Results	Year-on-Year Change	FY2020 Apr-Jun Results	Year-on-Year Change
82,094	(8,049)	68,492	(19,922)
6,936 8.4%	(3,238)	992 1.4%	(4,177)
3,737	(5,669)	642	(3,803)
2,141	(3,494)	(1,621)	(3,506)

Forex Rate Sensibility 2020	
USD	0.55 Billion Yen/Year
EUR	0.10 Billion Yen/Year

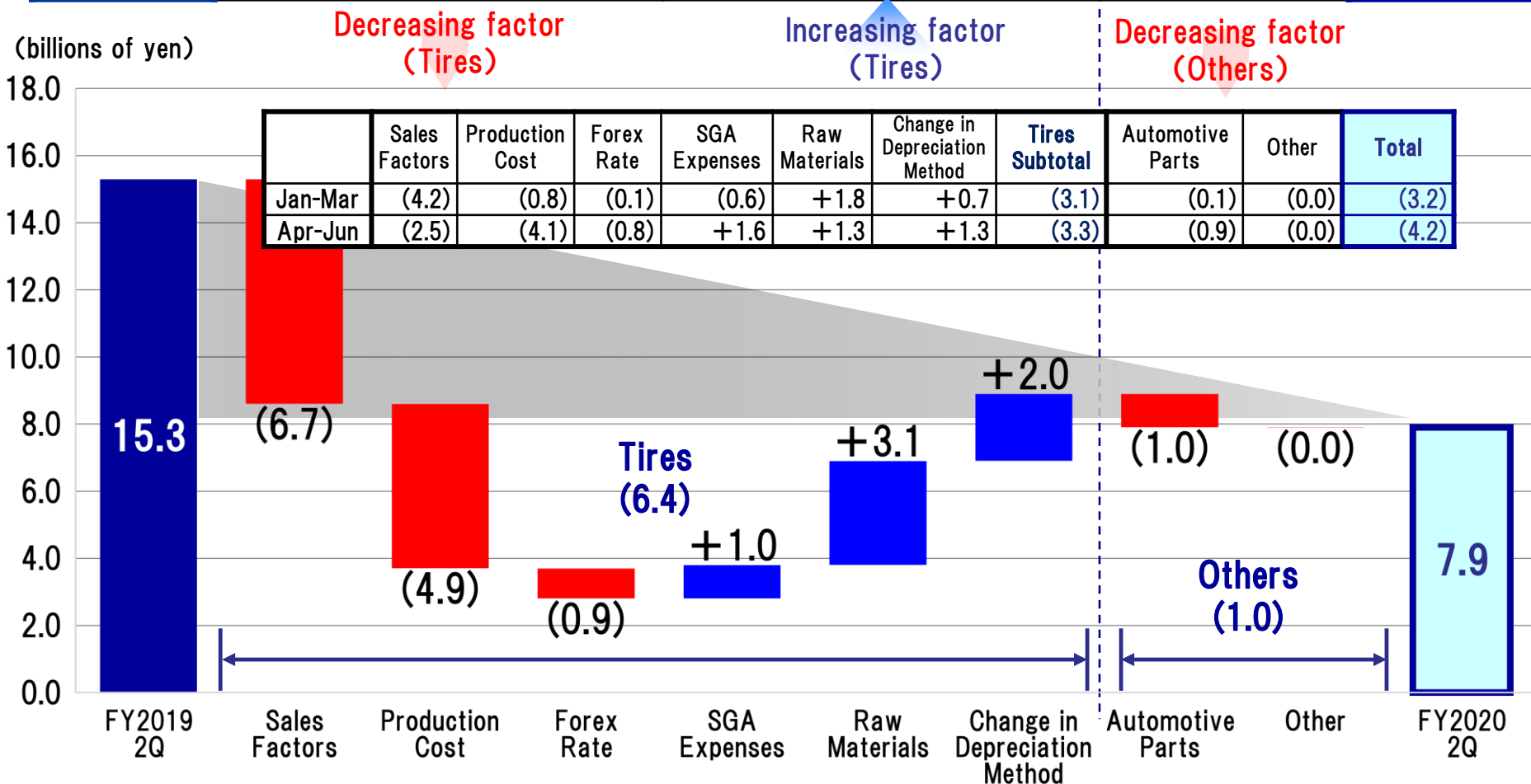
Impact of 1 yen fluctuation on operating income

Consolidated Business Results for the Second Quarter of FY2020

Factors Contributing to Changes in Operating Income

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FY2019 2Q Results	Changes			FY2020 2Q Results
15.3	(7.4)			7.9
	(12.5)	+6.1	(1.0)	



Impact of Seismic Isolation Rubber Measures on Performance in the Second Quarter of FY2020

TOYO TIRES

(For Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	Total (A+B)
For 55 buildings	—	—	—
For 99 buildings	—	—	—
Charges	590	630	1,220
Compensation costs, etc.	466	64	530
Total	1,056	695	1,751

FY2015 Full-Year Results	FY2016 Full-Year Results	FY2017 Full-Year Results	FY2018 Full-Year Results	FY2019 Full-Year Results
23,063	17,034	608	8,794	—
7,386	35,068	12,281	2,360	—
12,104	10,418	3,156	4,858	3,365
4,119	4,260	2,590	1,516	645
46,674	66,781	18,637	17,529	4,010

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

Breakdown of Calculation

1Q of FY2020 (A)	The company did not post seismic isolation product costs or renovation/construction costs for changes to the 55 buildings and 99 buildings. The company posted approx. 500 million yen in compensation costs and approx. 600 million yen in charges (primarily, in payroll for the seismic isolation rubber task force, etc.).
2Q of FY2020 (B)	The company did not post seismic isolation product costs or renovation/construction costs for changes to the 55 buildings and 99 buildings. The company posted approx. 100 million yen in compensation costs and approx. 600 million yen in charges (primarily, in payroll for the seismic isolation rubber task force, etc.).
From 3Q of FY2020 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 Second Quarter of FY2020

TOYO TIRES

● Net Sales

(Unit: millions of yen)	FY2020 2Q Results	FY2019 2Q Results	Year-on-Year Change	Year-on-Year Change %
Tires	134,430	155,634	(21,204)	(13.6%)
Automotive Parts	16,130	22,888	(6,758)	(29.5%)
Other	65	75	(10)	(13.3%)
Adjustments	(39)	(40)	+1	—
Total	150,586	178,558	(27,971)	(15.7%)

FY2020 Jan-Mar Results	Year-on-Year Change	FY2020 Apr-Jun Results	Year-on-Year Change
72,297	(6,461)	62,133	(14,742)
9,782	(1,586)	6,347	(5,172)
35	(2)	29	(8)
(21)	+2	(18)	—
82,094	(8,049)	68,492	(19,922)

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	FY2020 2Q Results	FY2019 2Q Results	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	9,733 7.2%	16,114 10.4%	(6,381)	(39.6%)
Automotive Parts Profit Ratio	(1,805) (11.2%)	(756) (3.3%)	(1,049)	—
Other	20	5	+15	400.0%
Adjustments	(20)	(19)	0	—
Total	7,928	15,344	(7,415)	(48.3%)

FY2020 Jan-Mar Results	Year-on-Year Change	FY2020 Apr-Jun Results	Year-on-Year Change
7,399 10.2%	(3,143)	2,333 3.8%	(3,238)
(474) (4.8%)	(92)	(1,330) (20.1%)	(957)
22	(3)	(1)	+19
(11)	0	(9)	(2)
6,936	(3,238)	992	(4,177)

* Segment profit adjustment amounts include intersegment eliminations

Consolidated Business Results by Geographic Area Segment for the Second Quarter of FY2020

TOYO TIRES

● Net Sales

(Unit: millions of yen)	FY2020 2Q Results	FY2019 2Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	42,730	51,857	(9,127)	(17.6%)
North America	81,493	92,910	(11,416)	(12.3%)
Other	26,362	33,790	(7,427)	(22.0%)
Eliminations or Corporate	—	—	—	—
Total	150,586	178,558	(27,971)	(15.7%)

FY2020 Jan-Mar Results	Year-on-Year Change	FY2020 Apr-Jun Results	Year-on-Year Change
23,908	(1,875)	18,822	(7,251)
41,685	(4,392)	39,807	(7,024)
16,500	(1,781)	9,862	(5,646)
—	—	—	—
82,094	(8,049)	68,492	(19,922)

* Net sales do not include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	FY2020 2Q Results	FY2019 2Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	2,449	12,630	(10,181)	(80.6%)
North America	4,143	2,869	+1,274	+44.4%
Other	803	2,316	(1,512)	(65.3%)
Eliminations or Corporate	532	(2,471)	+3,004	—
Total	7,928	15,344	(7,415)	(48.3%)

FY2020 Jan-Mar Results	Year-on-Year Change	FY2020 Apr-Jun Results	Year-on-Year Change
5,871	(1,243)	(3,421)	(8,937)
1,500	(985)	2,643	+2,259
803	(674)	0	(837)
(1,238)	(334)	1,770	+3,338
6,936	(3,238)	992	(4,177)

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Net Sales	330,000	377,457	(47,457)	(12.6%)
Operating Income Profit Ratio	30,000 9.1%	38,447 10.2%	(8,447)	(22.0%)
Ordinary Income	25,400	36,645	(11,245)	(30.7%)
Profit Attributable to Owners of Parent	14,000	24,482	(10,482)	(42.8%)
Dividends per Share	45 Yen	45 Yen	0 Yen	—

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

Forex Rate	USD	107 Yen	109 Yen	(2 Yen)
	EUR	120 Yen	123 Yen	(3 Yen)

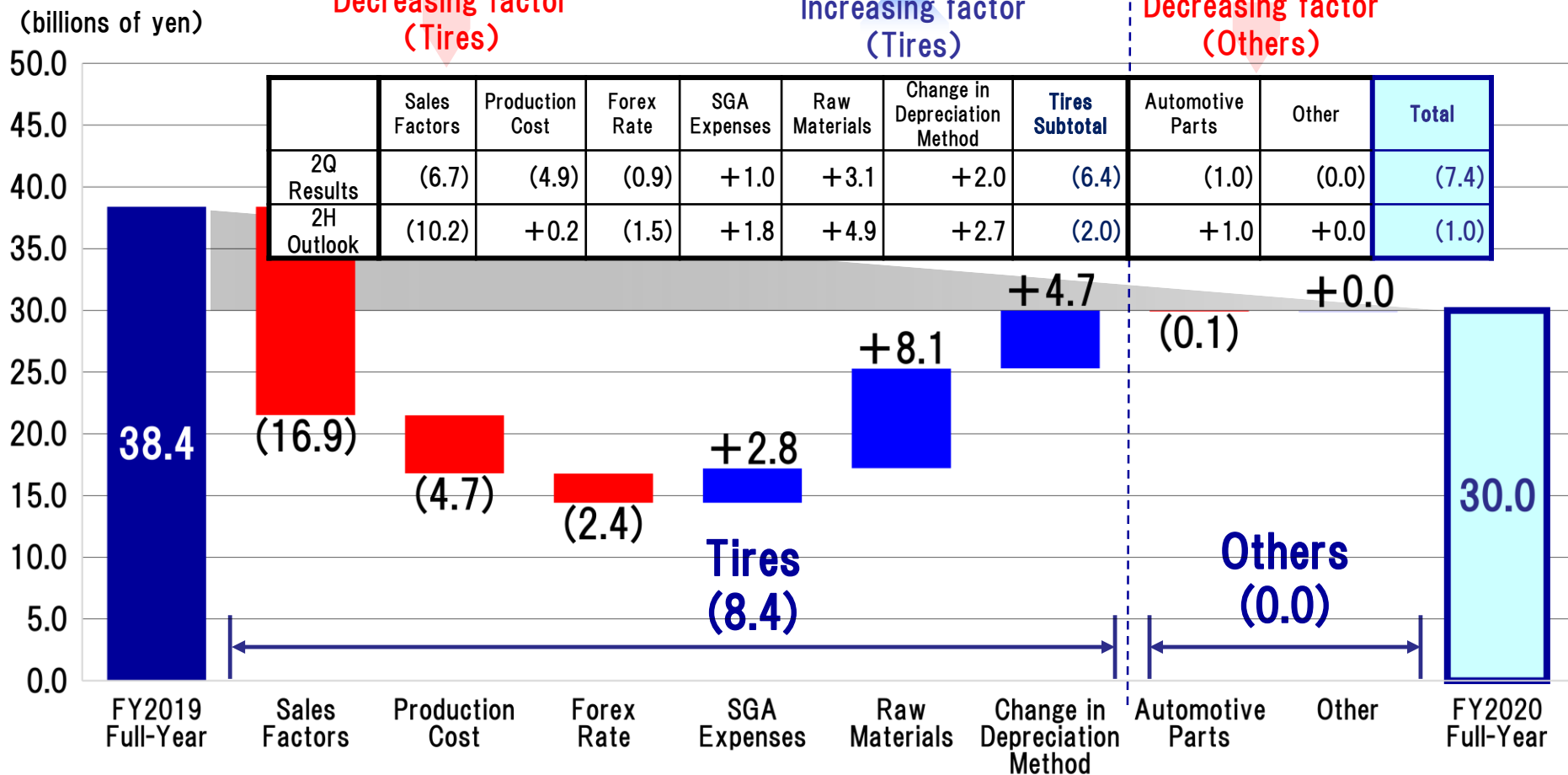
FY2020 2Q Results	Year-on-Year Change	Revised Outlook for FY2020 2H	Year-on-Year Change
150,586	(27,971)	179,413	(19,485)
7,928 5.3%	(7,415)	22,071 12.3%	(1,032)
4,379	(9,473)	21,020	(1,772)
520	(7,001)	13,479	(3,481)

Forex Rate Sensibility 2020	
USD	0.55 Billion Yen/Year
EUR	0.10 Billion Yen/Year

Impact of 1 yen fluctuation on operating income

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FY2019 Full-Year Results	Changes			FY2020 Full-Year Outlook
38.4	(8.4)			30.0
	(24.0)	+15.6	(0.0)	



Revised Consolidated Business Outlook by Business Segment for the Full FY2020

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Tires	295,000	332,838	(37,838)	(11.4%)
Automotive Parts	34,900	44,551	(9,651)	(21.7%)
Other	100	146	(46)	—
Adjustments	0	(79)	+79	—
Total	330,000	377,457	(47,457)	(12.6%)

FY2020 2Q Results	Year-on-Year Change	Revised Outlook for FY2020 2H	Year-on-Year Change
134,430	(21,204)	160,569	(16,634)
16,130	(6,758)	18,770	(2,893)
65	(10)	35	(36)
(39)	+1	39	+78
150,586	(27,971)	179,413	(19,485)

● Operating Income

* Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	33,000 11.2%	41,393 12.4%	(8,393)	(20.3%)
Automotive Parts Profit Ratio	(3,000) (8.6%)	(2,919) (6.6%)	(80)	—
Other	0	14	(14)	—
Adjustments	0	(39)	+39	—
Total	30,000	38,447	(8,447)	(22.0%)

FY2020 2Q Results	Year-on-Year Change	Revised Outlook for FY2020 2H	Year-on-Year Change
9,733 7.2%	(6,381)	23,266 13.9%	(2,012)
(1,805) (11.2%)	(1,049)	(1,194) (6.4%)	+969
20	+15	(20)	(29)
(20)	0	20	+39
7,928	(7,415)	22,071	(1,032)

Revised Consolidated Business Outlook by Geographic Area Segment for the Full FY2020

● Net Sales

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Japan	99,100	113,473	(14,373)	(12.7%)
North America	176,100	197,698	(21,598)	(10.9%)
Other	54,800	66,286	(11,486)	(17.3%)
Eliminations or Corporate	—	—	—	—
Total	330,000	377,457	(47,457)	(12.6%)

FY2020 2Q Results	Year-on-Year Change	Revised Outlook for FY2020 2H	Year-on-Year Change
42,730	(9,127)	56,369	(5,246)
81,493	(11,416)	94,606	(10,182)
26,362	(7,427)	28,437	(4,059)
—	—	—	—
150,586	(27,971)	179,413	(19,486)

● Operating Income

* Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Japan	20,500	27,039	(6,539)	(24.2%)
North America	9,400	8,378	+1,022	+12.2%
Other	1,900	3,610	(1,710)	(47.4%)
Eliminations or Corporate	(1,800)	(580)	(1,220)	—
Total	30,000	38,447	(8,447)	(22.0%)

FY2020 2Q Results	Year-on-Year Change	Revised Outlook for FY2020 2H	Year-on-Year Change
2,449	(10,181)	18,051	+3,642
4,143	+1,274	5,257	(252)
803	(1,512)	1,096	(197)
532	+3,004	(2,332)	(4,223)
7,928	(7,415)	22,071	(1,032)

Changes in our key markets

- After hitting bottom in April, tire demand in the replacement market has begun to recover in some regions, including North America. As auto manufacturers have resumed production, the size of the demand decline for tires for new vehicles has been shrinking.
- In anticipation of life “with corona,” various structural changes are taking place here and there: resumption of economic activities while the end of COVID-19 is still not in sight; “work from home” and new work styles emerging; commuters’ shift from public transportation to private cars.
- Souring U.S.-China relationship has increased likelihood of anti-dumping duties being imposed.

Preparations to outperform the market in the demand recovery phase

- All tire and auto components production bases across the world back to normal operation.
- Building a supply structure with an appropriate level of inventory in mind to ensure timely supply that matches demand and capture sales opportunities without fail.
- Steadily expanding sales of new products launched on key markets and boosting their demand, in addition to returning to the previous sales volumes in each market.



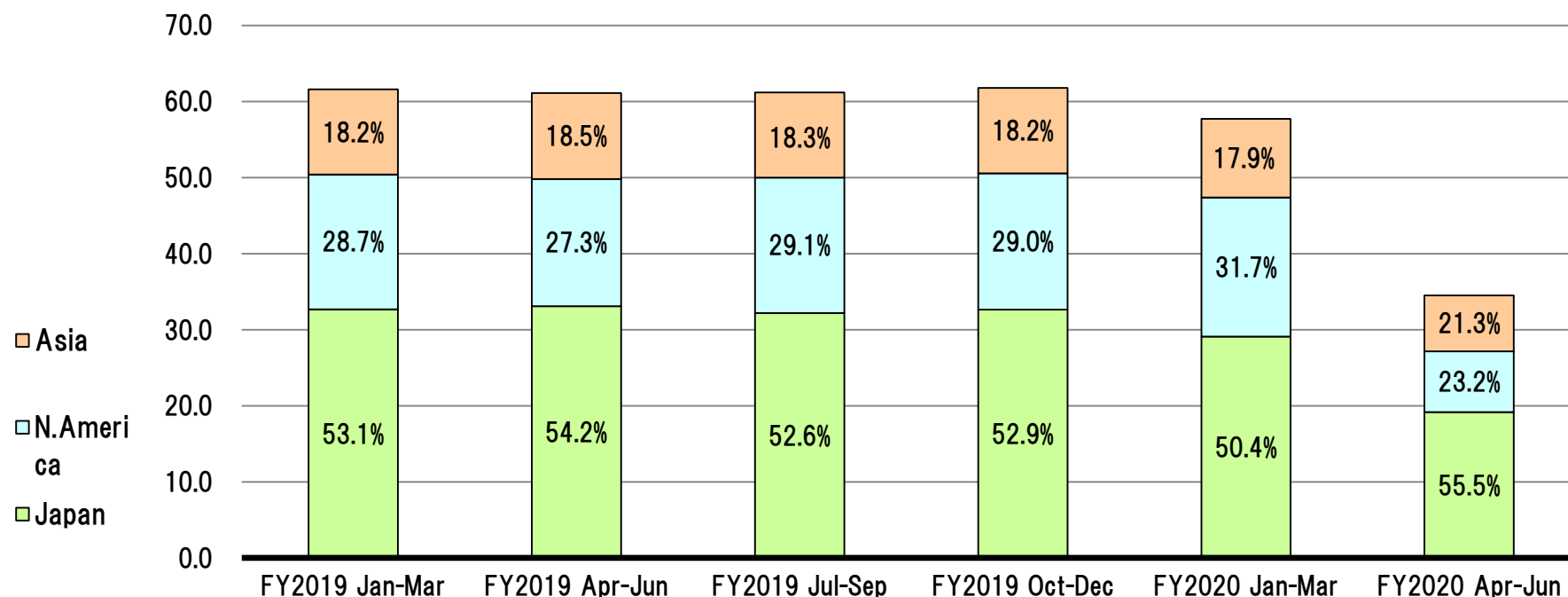
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Efforts to ensure business continuity

- Steadily implementing earnings structure reforms (re-examining capex plans, cost reduction and rationalization)
- Pursuing financial activities with a conservative scenario in mind to secure necessary funds for equipment, etc.

(For 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)	FY2019						
	1H			2H			Full Year
	Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Oct-Dec Results	Jul-Dec Results	
Japan	32.7	33.1	65.7	32.2	32.7	64.9	130.6
N. America	17.7	16.7	34.4	17.8	17.9	35.7	70.1
Asia	11.2	11.3	22.5	11.2	11.2	22.3	44.9
Total	61.6	61.1	122.7	61.2	61.7	122.9	245.6

FY2020		
1H		
Jan-Mar Results	Apr-Jun Results	Jan-Jun Results
29.1	19.2	48.3
18.3	8.0	26.3
10.3	7.4	17.7
57.7	34.5	92.2

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

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

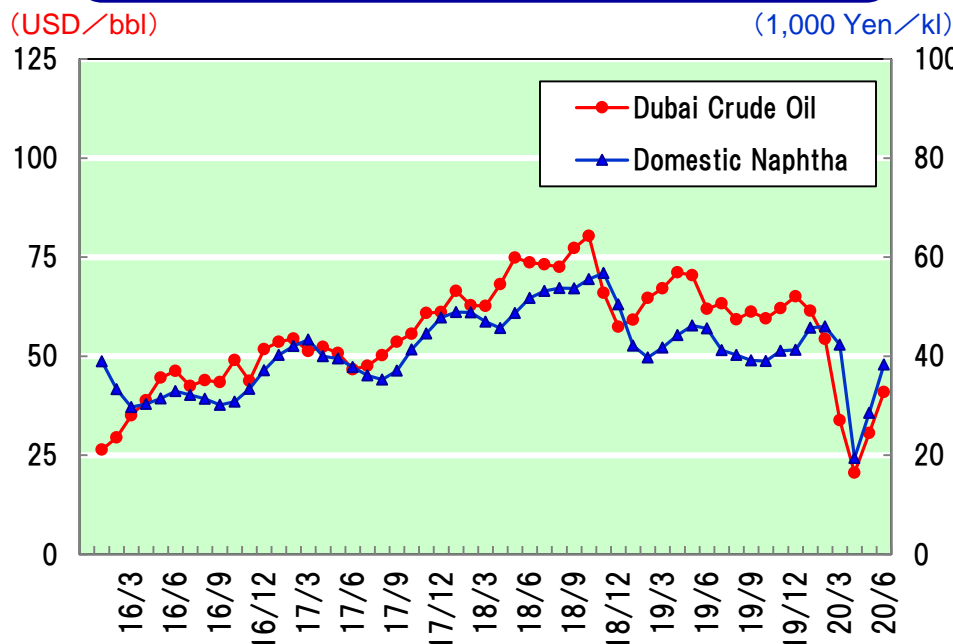
(Unit: %)	FY2019						
	1H			2H			Full Year
	Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Oct-Dec Results	Jul-Dec Results	Jan-Dec Results
OE Total	112	100	106	107	83	94	100
RE Japan	105	112	109	126	87	103	105
RE Overseas	95	93	94	103	98	101	97
Of which N. America	100	91	95	105	98	102	99
Of which Europe	92	84	89	105	91	99	93
Of which SE Asia	89	105	97	89	105	96	97
Total	100	97	98	107	93	100	99

FY2020		
1H		
Jan-Mar Results	Apr-Jun Results	Jan-Jun Results
82	38	62
98	89	93
95	82	89
88	98	93
100	70	88
103	61	80
93	75	84

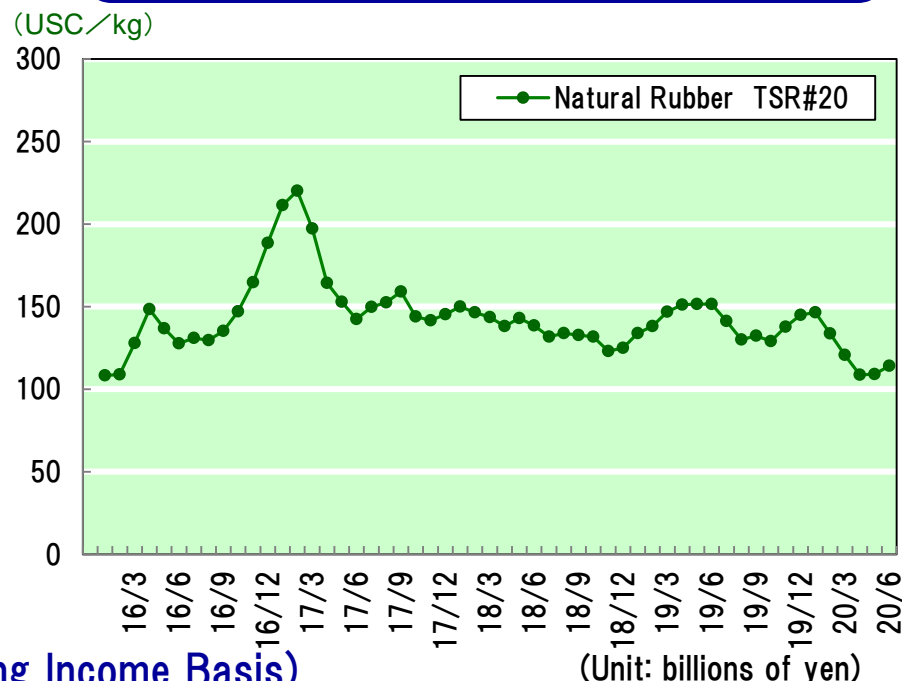
(For Reference) Price Changes in Major Raw Materials

◆ Market Price Trends

Change in Dubai Crude Oil and Domestic Naphtha Prices



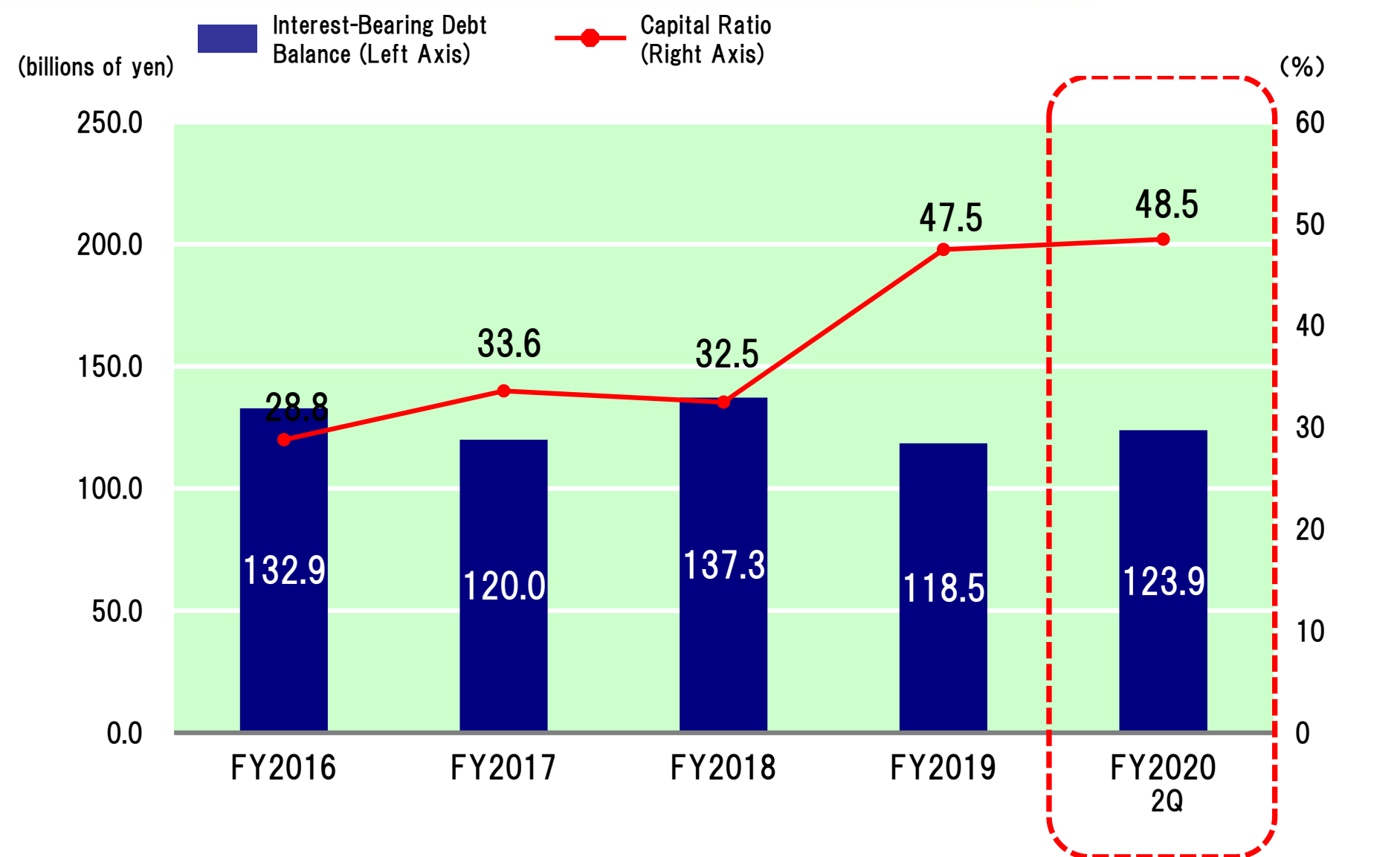
Change in Natural Rubber TSR #20 Prices (SICOM)



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

Raw Material	FY2019						
	1H			2H			Full Year
	Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Oct-Dec Results	Jul-Dec Results	
Natural Rubber	+0.4	+0.1	+0.5	(0.1)	(0.1)	(0.2)	+0.3
Petroleum Products	(0.9)	0.0	(0.9)	+0.8	+2.2	+3.0	+2.1
Other Raw Materials	(0.1)	+0.3	+0.2	+0.2	+0.6	+0.8	+1.0
Total	(0.6)	+0.4	(0.2)	+0.9	+2.7	+3.6	+3.4

FY2020		
1H		
Jan-Mar Results	Apr-Jun Results	Jan-Jun Results
(0.0)	+0.0	+0.0
+1.3	+0.9	+2.2
+0.6	+0.4	+1.0
+1.8	+1.4	+3.1



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