

TOYO TIRES

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

13 Nov, 2020

Toyo Tire Corporation

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ANNIVERSARY

Major Topics

1. Consolidated Business Results for the Third Quarter of the Fiscal Year Ending December 31, 2020 (FY2020)
2. Consolidated Business Outlook for the Fiscal Year Ending December 31, 2020 (FY2020)

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 Third Quarter of FY2020

TOYO TIRES

(Unit: millions of yen)	FY2020 3Q Results	FY2019 3Q Results	Year-on-Year Change	Year-on-Year Change %
Net Sales	246,823	277,646	(30,822)	(11.1%)
Operating Income Profit Ratio	22,046 8.9%	26,466 9.5%	(4,419)	(16.7%)
Ordinary Income	17,271	23,593	(6,321)	(26.8%)
Profit Attributable to Owners of Parent	9,991	14,232	(4,240)	(29.8%)

FY2020 2Q Results	Year-on-Year Change	FY2020 Jul-Sep Results	Year-on-Year Change
150,586	(27,971)	96,237	(2,850)
7,928 5.3%	(7,415)	14,117 14.7%	+2,995
4,379	(9,473)	12,892	+3,151
520	(7,001)	9,471	+2,760

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

Forex Rate	USD	108 Yen	109 Yen	(1 Yen)
	EUR	121 Yen	123 Yen	(2 Yen)

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

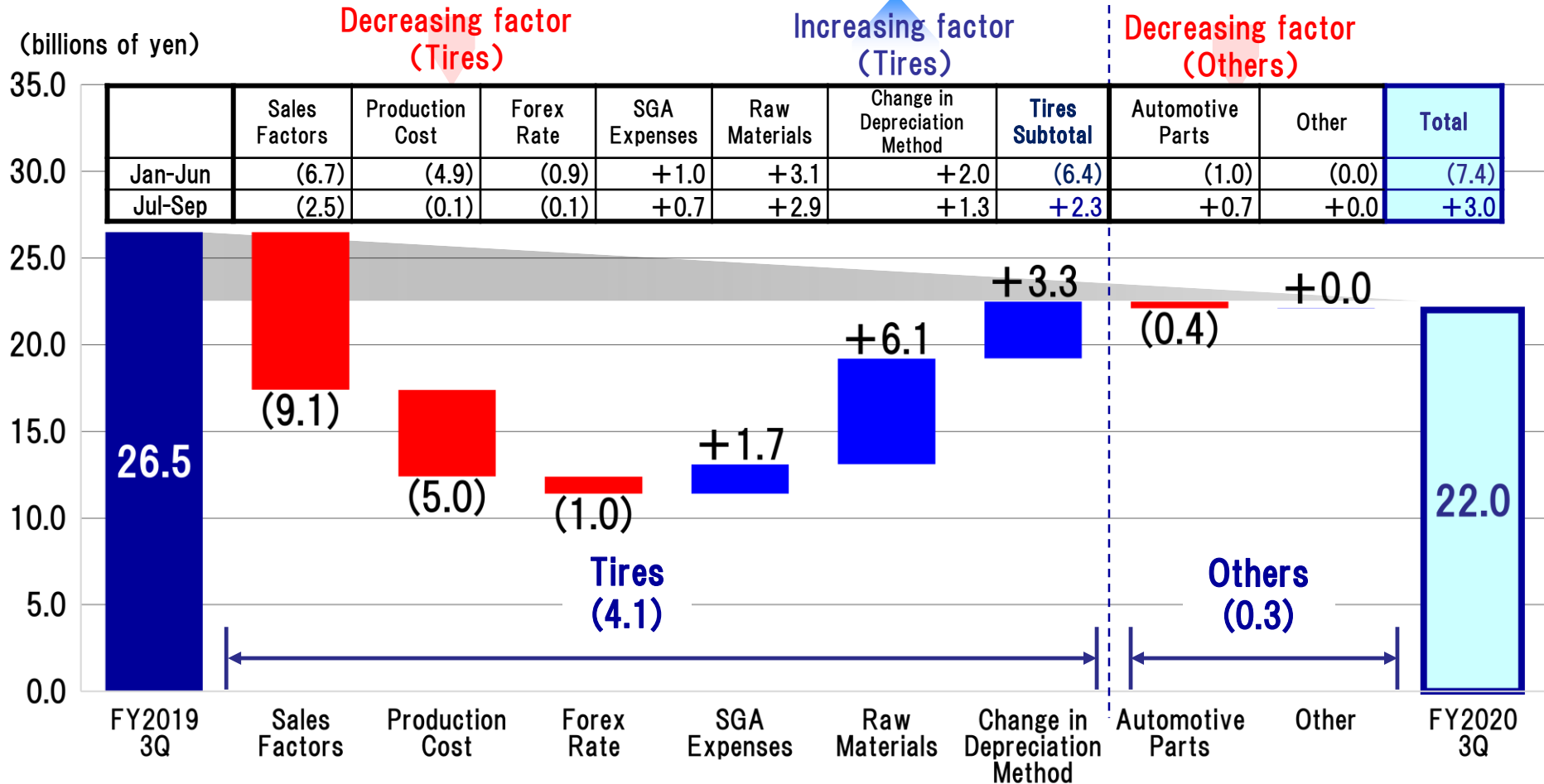
Impact of 1 yen fluctuation on operating income

Consolidated Business Results for Third Quarter of FY2020

Factors Contributing to Changes in Operating Income

TOYO TIRES

FY2019 3Q Results	Changes			FY2020 3Q Results
26.5	(4.4)			22.0
	(15.2)	+11.1	(0.3)	



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

TOYO TIRES

(For Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	3Q (C)	Total (A+B+C)
For 55 buildings	—	—	—	—
For 99 buildings	—	—	—	—
Charges	590	630	428	1,649
Compensation costs, etc.	466	64	66	597
Total	1,056	695	495	2,246

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

3Q of FY2020 (C)	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. 0.1 billion yen in compensation costs and approx. 0.4 billion yen in charges (primarily, in payroll for the seismic isolation rubber task force, etc.).
From 4Q 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 Third Quarter of FY2020

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● Net Sales

(Unit: millions of yen)	FY2020 3Q Results	FY2019 3Q Results	Year-on-Year Change	Year-on-Year Change %
Tires	220,690	243,846	(23,155)	(9.5%)
Automotive Parts	26,097	33,747	(7,650)	(22.7%)
Other	93	111	(18)	(16.2%)
Adjustments	(57)	(59)	+1	—
Total	246,823	277,646	(30,822)	(11.1%)

FY2020 2Q Results	Year-on-Year Change	FY2020 Jul-Sep Results	Year-on-Year Change
134,430	(21,204)	86,260	(1,952)
16,129	(6,758)	9,968	(891)
65	(10)	27	(8)
(39)	+1	(18)	—
150,586	(27,971)	96,237	(2,851)

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	FY2020 3Q Results	FY2019 3Q Results	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	24,026 10.9%	28,111 11.5%	(4,084)	(14.5%)
Automotive Parts Profit Ratio	(1,980) (7.6%)	(1,616) (4.8%)	(363)	—
Other	27	0	+27	—
Adjustments	(27)	(28)	0	—
Total	22,046	26,466	(4,419)	(16.7%)

FY2020 2Q Results	Year-on-Year Change	FY2020 Jul-Sep Results	Year-on-Year Change
9,733 7.2%	(6,381)	14,293 16.6%	+2,296
(1,805) (11.2%)	(1,049)	(175) (1.8%)	+685
20	+15	7	+13
(20)	0	(8)	+1
7,928	(7,415)	14,117	+2,996

* Segment profit adjustment amounts include intersegment eliminations

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

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● Net Sales

(Unit: millions of yen)	FY2020 3Q Results	FY2019 3Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	66,139	79,820	(13,680)	(17.1%)
North America	137,840	146,346	(8,506)	(5.8%)
Other	42,843	51,479	(8,636)	(16.8%)
Eliminations or Corporate	—	—	—	—
Total	246,823	277,646	(30,822)	(11.1%)

FY2020 2Q Results	Year-on-Year Change	FY2020 Jul-Sep Results	Year-on-Year Change
42,730	(9,127)	23,409	(4,552)
81,493	(11,416)	56,346	+2,910
26,362	(7,427)	16,480	(1,208)
—	—	—	—
150,586	(27,971)	96,237	(2,850)

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

● Operating Income

(Unit: millions of yen)	FY2020 3Q Results	FY2019 3Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	10,100	18,229	(8,128)	(44.6%)
North America	9,304	6,052	+3,251	+53.7%
Other	2,279	3,030	(750)	(24.8%)
Eliminations or Corporate	361	(845)	+1,207	—
Total	22,046	26,466	(4,419)	(16.7%)

FY2020 2Q Results	Year-on-Year Change	FY2020 Jul-Sep Results	Year-on-Year Change
2,449	(10,181)	7,651	+2,053
4,143	+1,274	5,160	+1,977
803	(1,512)	1,475	+761
532	+3,004	(170)	(1,796)
7,928	(7,415)	14,117	+2,995

Revised Outline of Consolidated Business Outlook for the Full FY2020

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %	Previous Full-Year Outlook for FY2020	Change versus Outlook for Term	Revised Outlook for FY2020 Oct-Dec	Year-on-Year Change
Net Sales	340,000	377,457	(37,457)	(9.9%)	330,000	+10,000	93,176	(6,634)
Operating Income Profit Ratio	34,000 10.0%	38,447 10.2%	(4,447)	(11.6%)	30,000 9.1%	+4,000	11,953 12.8%	(28)
Ordinary Income	29,200	36,645	(7,445)	(20.3%)	25,400	+3,800	11,928	(1,123)
Profit Attributable to Owners of Parent	17,800	24,482	(6,682)	(27.3%)	14,000	+3,800	7,808	(2,441)

Dividends per Share	45 Yen	45 Yen	0 Yen	—
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* Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Forex Rate	USD	107 Yen	109 Yen	(2 Yen)
	EUR	121 Yen	123 Yen	(2 Yen)

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

Impact of 1 yen fluctuation on operating income

Revised Outlook for the Full FY2020

Factors Contributing to Changes in Operating Income

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FY2019 Full-Year Results	Changes			FY2020 Full-Year Outlook
38.4	(4.4)			34.0
	(20.6)	+15.7	+0.4	

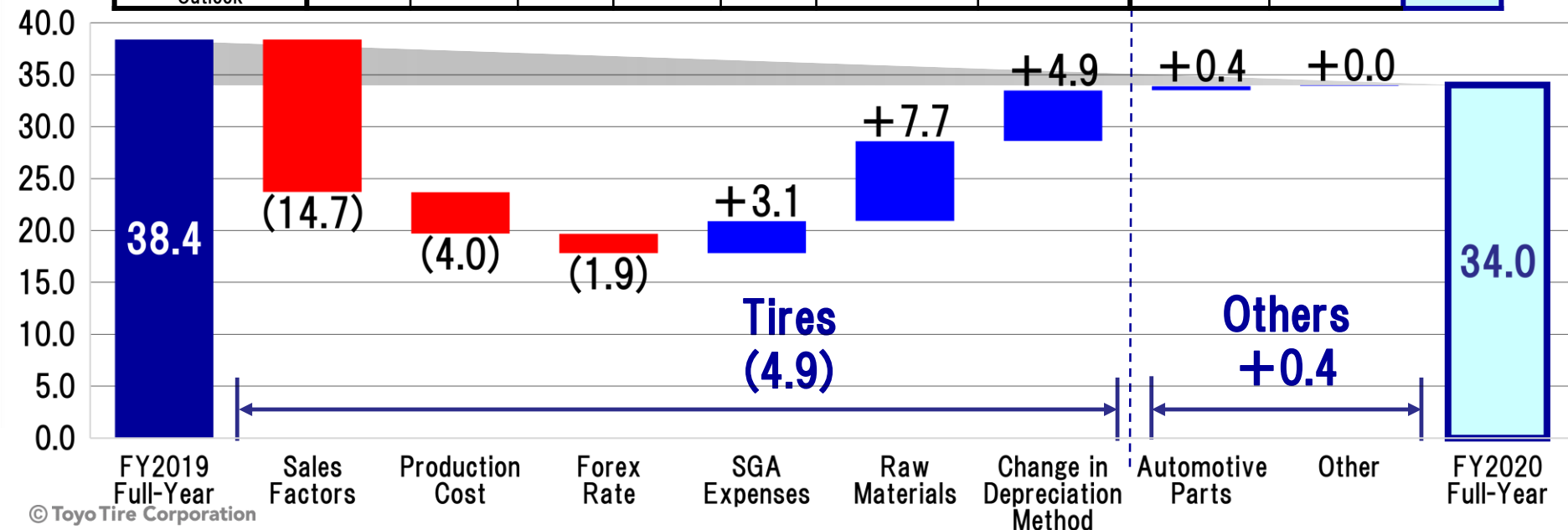
Decreasing factor
(Tires)

Increasing factor
(Tires)

Decreasing factor
(Others)

(billions of yen)

	Sales Factors	Production Cost	Forex Rate	SGA Expenses	Raw Materials	Change in Depreciation Method	Tires Subtotal	Automotive Parts	Other	Total
3Q Results	(9.1)	(5.0)	(1.0)	+1.7	+6.1	+3.3	(4.1)	(0.4)	+0.0	(4.4)
Outlook for Oct-Dec	(5.5)	+1.0	(0.9)	+1.5	+1.6	+1.6	(0.8)	+0.8	0.0	(0.0)
Previous Full-Year Outlook	(16.9)	(4.7)	(2.4)	+2.8	+8.1	+4.7	(8.4)	(0.1)	+0.0	(8.4)



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 %	Previous Full-Year Outlook for FY2020	Change versus Outlook for Term	Revised Outlook for FY2020 Oct-Dec	Year-on-Year Change
Tires	304,000	332,838	(28,838)	(8.7%)	295,000	+9,000	83,309	(5,683)
Automotive Parts	35,900	44,551	(8,651)	(19.4%)	34,900	+1,000	9,802	(1,002)
Other	100	146	(46)	—	100	0	6	(28)
Adjustments	0	(79)	+79	—	0	0	57	+78
Total	340,000	377,457	(37,457)	(9.9%)	330,000	+10,000	93,176	(6,634)

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	Revised Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %	Previous Full-Year Outlook for FY2020	Change versus Outlook for Term	Revised Outlook for FY2020 Oct-Dec	Year-on-Year Change
Tires Profit Ratio	36,500 12.0%	41,393 12.5%	(4,893)	(11.8%)	33,000 11.2%	+3,500	12,473 15.0%	(809)
Automotive Parts Profit Ratio	(2,500) (7.0%)	(2,919) (6.6%)	+419	—	(3,000) (8.6%)	+500	(519) (5.3%)	+784
Other	0	14	(14)	—	0	0	(27)	(42)
Adjustments	0	(39)	+39	—	0	0	27	+39
Total	34,000	38,447	(4,447)	(11.6%)	30,000	+4,000	11,953	(28)

* Segment profit adjustment amounts include intersegment eliminations

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 %	Previous Full-Year Outlook for FY2020	Change versus Outlook for Term	Revised Outlook for FY2020 Oct-Dec	Year-on-Year Change
Japan	100,300	113,473	(13,173)	(11.6%)	99,100	+1,200	34,161	+508
North America	184,400	197,698	(13,298)	(6.7%)	176,100	+8,300	46,560	(4,792)
Other	55,300	66,286	(10,986)	(16.6%)	54,800	+500	12,457	(2,350)
Eliminations or Corporate	—	—	—	—	—	—	—	—
Total	340,000	377,457	(37,457)	(9.9%)	330,000	+10,000	93,176	(6,634)

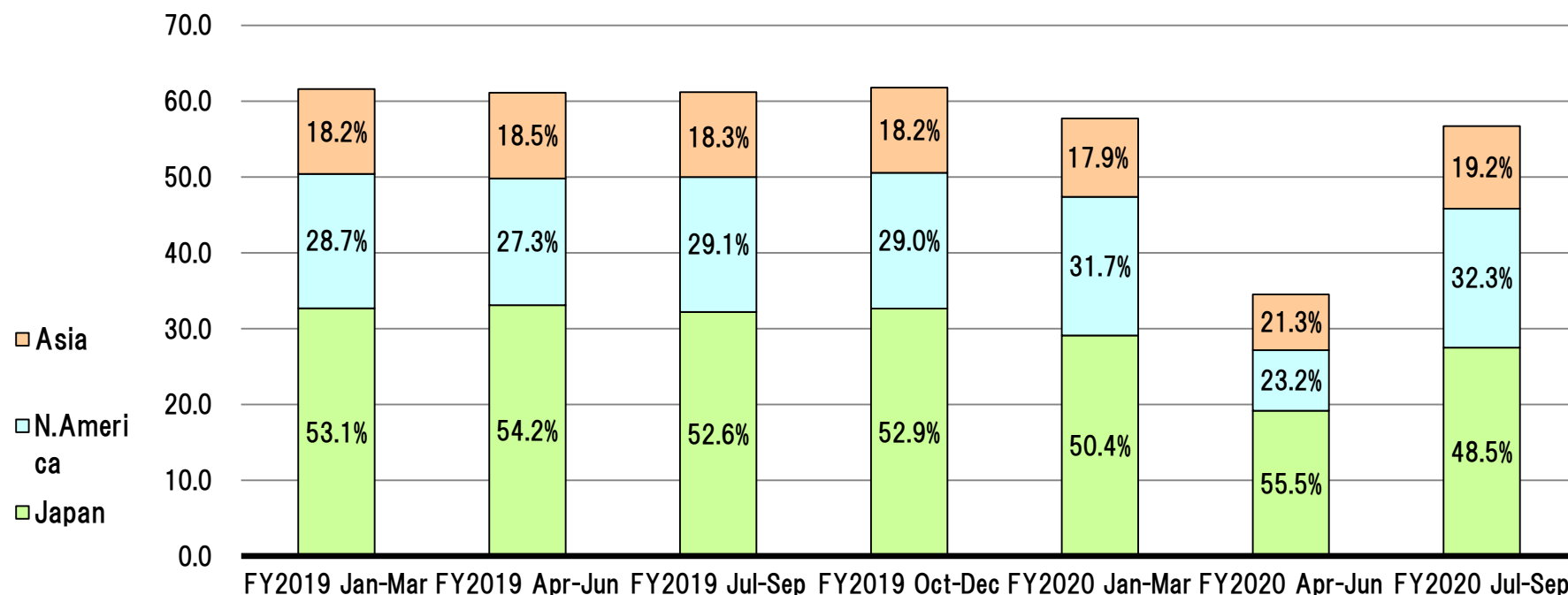
● Operating Income

* 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 %	Previous Full-Year Outlook for FY2020	Change versus Outlook for Term	Revised Outlook for FY2020 Oct-Dec	Year-on-Year Change
Japan	20,300	27,039	(6,739)	(24.9%)	20,500	(200)	10,200	+1,390
North America	11,500	8,378	+3,122	+37.3%	9,400	+2,100	2,196	(130)
Other	2,600	3,610	(1,010)	(28.0%)	1,900	+700	321	(259)
Eliminations or Corporate	(400)	(580)	+180	—	(1,800)	+1,400	(761)	(1,026)
Total	34,000	38,447	(4,447)	(11.6%)	30,000	+4,000	11,953	(28)

(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			2H	3Q
Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Jun-Sep Results
29.1	19.2	48.3	27.5	75.7
18.3	8.0	26.3	18.3	44.6
10.3	7.4	17.7	10.9	28.6
57.7	34.5	92.2	56.7	148.9

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

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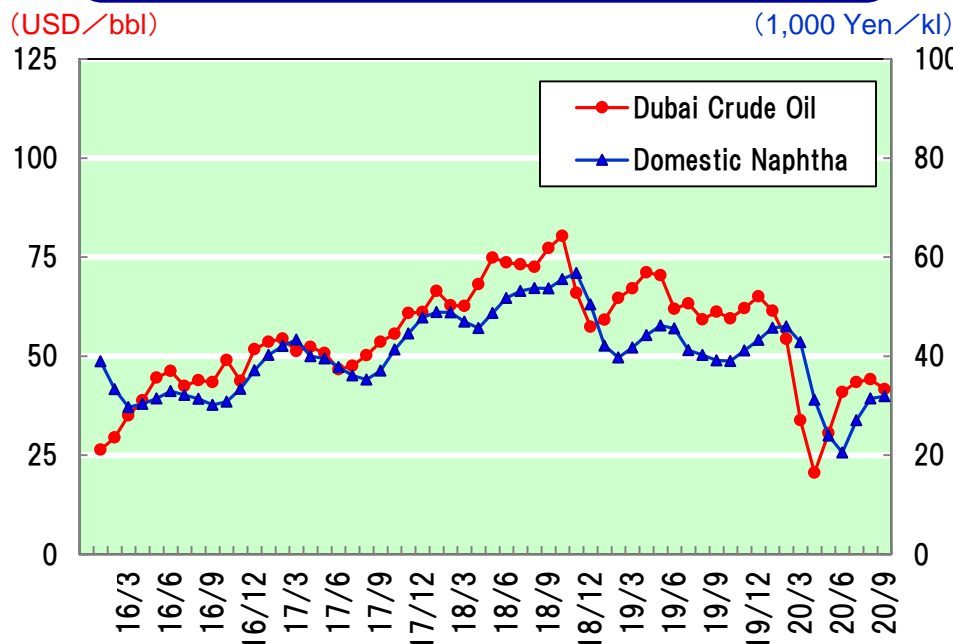
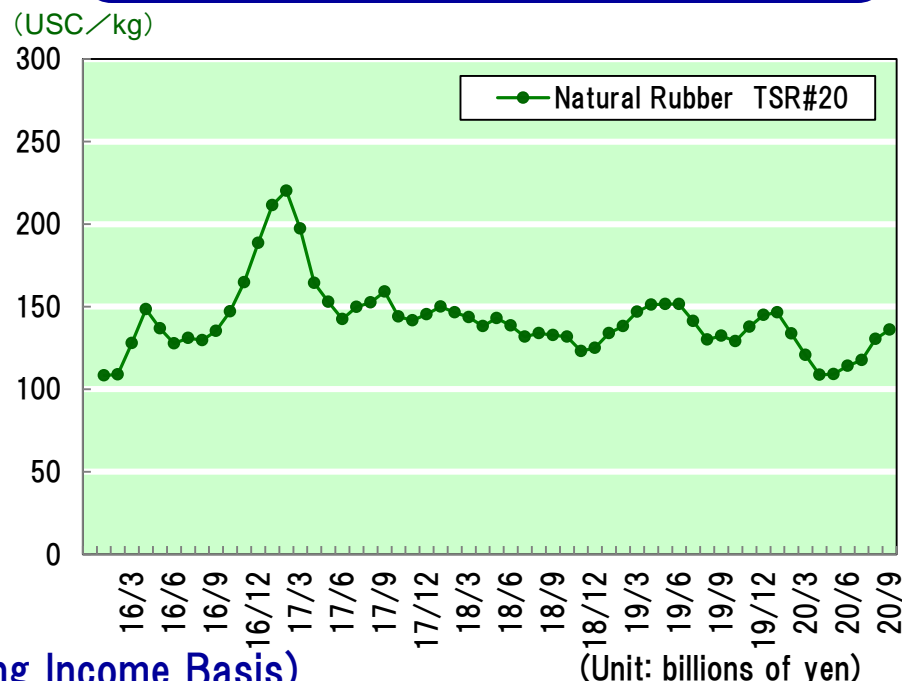
*** Year-on-Year when the same period of the previous year = 100**

(Unit: %)	FY2019						
	1H			2H			Full Year
	Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Oct-Dec Results	Jul-Dec Results	
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			2H	3Q
Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Jan-Sep Results
82	38	62	81	68
98	89	93	81	88
95	82	89	98	92
88	98	93	104	97
100	70	88	100	92
103	61	80	97	85
93	75	84	92	87

(For Reference) Price Changes in Major Raw Materials

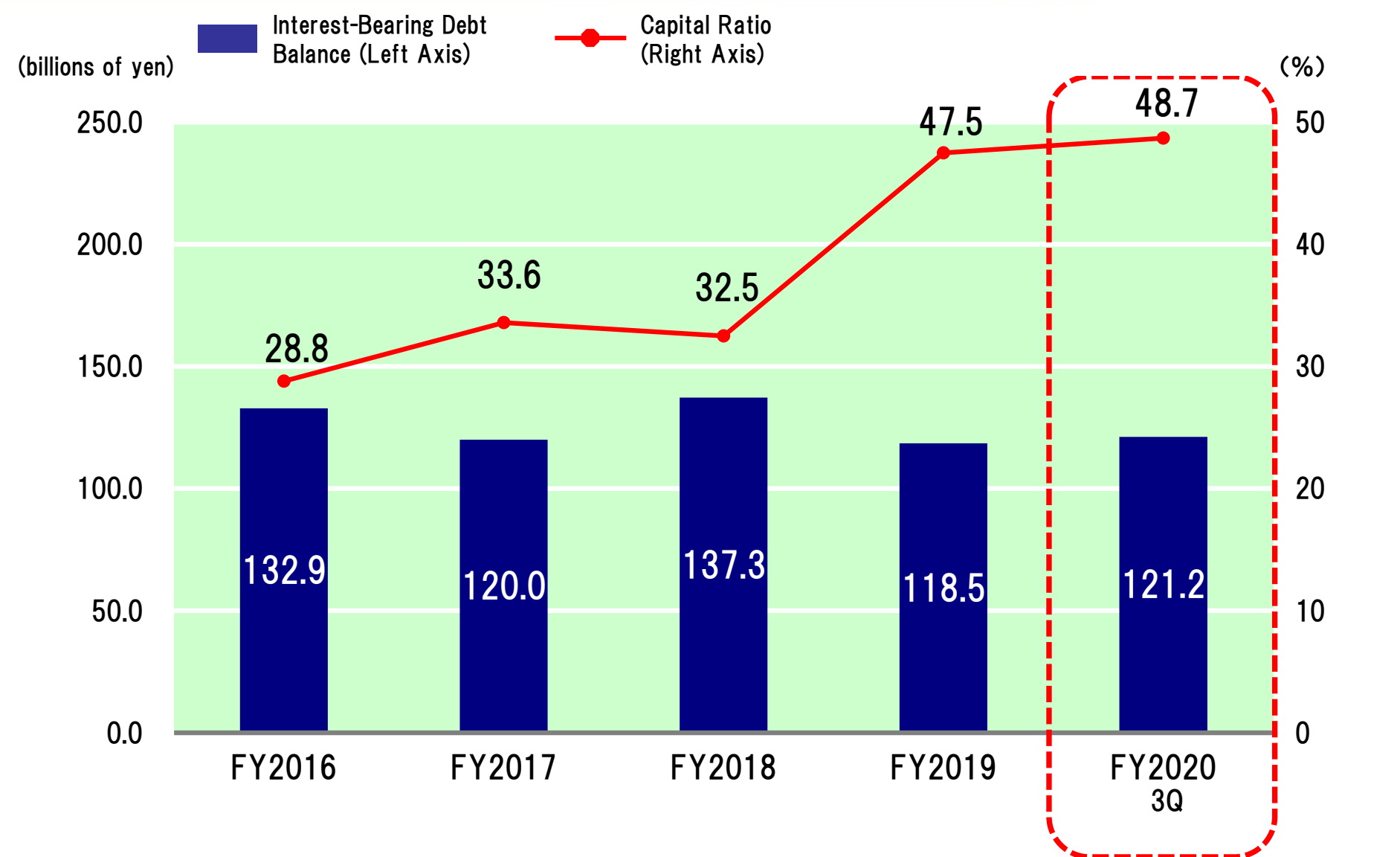
◆ Market Price Trends

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			2H	3Q
Jan-Mar Results	Apr-Jun Results	Jan-Jun Results	Jul-Sep Results	Jan-Sep Results
(0.0)	+0.0	+0.0	+0.3	+0.3
+1.3	+0.9	+2.2	+2.1	+4.3
+0.6	+0.4	+1.0	+0.5	+1.5
+1.8	+1.4	+3.1	+2.9	+6.1



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