

Consolidated Business Performance for the First Quarter of the year Ending December 31, 2015

12 May, 2015

TOYO TIRE & RUBBER CO., Ltd.

Major Topics

Consolidated Business Results for the First Quarter of the Year Ending December 31, 2015 (FY2015)

Consolidated Business Outlook for the First Half of the Year Ending December 31, 2015 (FY2015)

Consolidated Business Outlook for the Year Ending December 31, 2015 (FY2015)

The forward-looking statement 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 expresses in the forward-looking statements.

【Revelation of facts】 ※Announced on 3/13 and 4/21

- *Seismic isolation rubber was sold that did not meet performance standards
- *Falsified applications were used in receiving certification for seismic isolation rubber from the Ministry of Land, Infrastructure, Transport and Tourism

【Background】

- *At the time of product testing, even though the originally required performance standard had not been achieved, arbitrary data with no technical grounds was falsified, and the products were shipped based on this data

【Structures requiring measures】

- *145 buildings in breach of the Building Standards Act
- *9 buildings for which conformity cannot be determined due to a lack of data

【Remedial actions】

- *“Required safety” confirmed for 132 buildings ※Announced on 3/30
- *Confirmation of “required safety” for remaining 22 buildings
※Scheduled May announcement
- *Repair of nonconforming products installed in all 154 buildings
(replacement with conforming products)

1Q of FY2015

***Extraordinary loss of 14 billion yen posted** as provision of reserve for product warranties for seismic isolation rubber

(Calculation breakdown)

- Cost of products
- Cost of repair work
- Cost of structural recalculation
- Miscellaneous expenses
- Cost of development of replacement products, etc.

※Calculated based on an assumed replacement of approximately 3,000 units in all 154 buildings requiring remedial action



Quarterly Net Loss (3,063 million yen)

From 2nd quarter of business year ending December 2015

Given the results of a detailed evaluation of the repair method, discovery of additional work costs, individual negotiations with customers, and the fact that there are no grounds to make a reasonable calculation at this point in time, the Company plans to post an additional provision of reserve for product warranties based upon the progress of remedial actions from the second quarter.

Highlights of Consolidated Business Results for the First Quarter of the year Ending December 31, 2015 (FY2015)

Consolidated Results

In order to prepare for the cost of repair work and other measures related to a Company product (seismic isolation rubber for buildings), a posted extraordinary loss of 14 billion yen estimated for provision of reserve for product warranties resulted in a quarterly net loss of 3,063 million yen.

Tire Business

Demand for replacement tires in the Japanese market increased for the same period last year from rush demand in advance of the income tax hike, but rebounded this year to decline compared to the year-ago period. In North America, as a result of healthy sales of high-value-added SUV tires, both net sales and operating income increased for original equipment and replacement tires.

DiverTech Business

Net sales overall remained at the same level compared to the same period a year ago for anti-vibration rubber and seat cushions for automobiles thanks to solid anti-vibration rubber sales overseas, but due to sluggish sales in the thermal insulation & waterproofing materials segment as well as in the industrial & building materials segment, net sales and operating income both decreased.

Consolidated Business Result for the First Quarter of FY2015

(Millions of Yen)	1Q of FY2015 Results	1Q of FY2014 Results	Changes Amounts	Changes %
Net Sales	95,883	96,007	(123)	(0.1%)
Operating Income <small>Operating Profit</small>	12,608 (Ratio) 13.1%	11,131 (Ratio) 11.6%	+1,476 (Ratio) +1.5%	+13.3%
Ordinary Income	10,655	9,647	+1,007	+10.4%
Net Income (Loss)	(3,063)	9,081	(12,145)	—

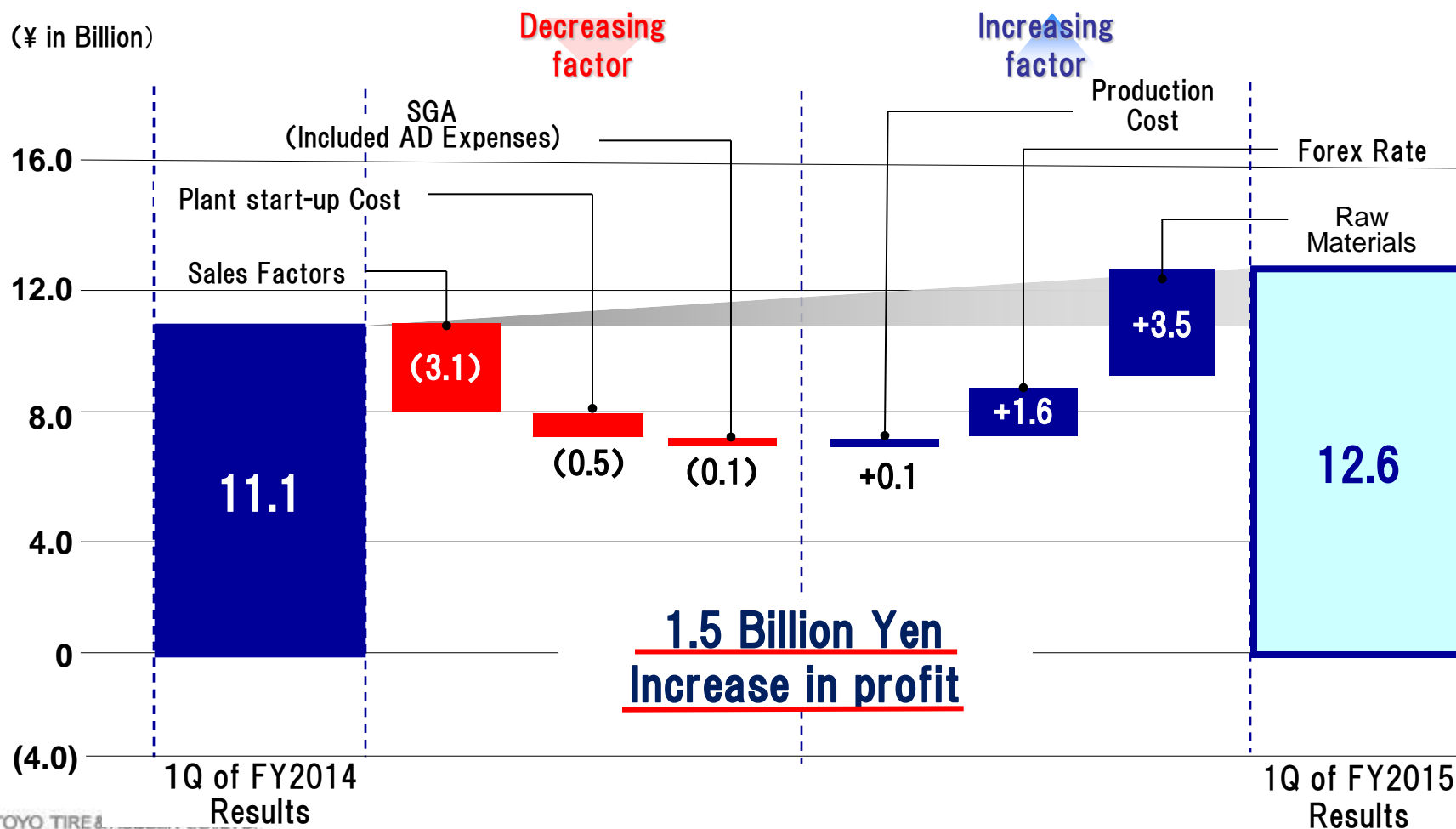
(Loss)					Forex Rate Sensibility FY2015	
Forex Rate	US\$	119Yen	103Yen	+16Yen	US\$	0.45 Billion Yen/Year
	€	138Yen	141Yen	(3)Yen	€	0.1 Billion Yen/Year

Analysis of Consolidated Operating Income

● Operating Income
(¥ in Billion)

1Q of FY2014 Results	Changes		1Q of FY2015 Results
11.1	+1.5		12.6
	(3.7)	+5.2	

(¥ in Billion)



Consolidated Business Results by Business Segments for the First Quarter of the FY2015

● Net Sales

(unit: Millions of yen)	1Q of FY2015 Results	1Q of FY2014 Results	Changes Amounts	Changes %
Tire	75,870	75,249	+620	+0.8%
DiverTec	19,849	20,741	(892)	(4.3%)
Others	214	69	+145	+210.1%
Adjustment	(51)	(54)	+2	-
Total	95,883	96,007	(123)	(0.1%)

● Operating Income

※ Net sales includes sales or transfers of Inter-segment

(unit: Millions of yen)	1Q of FY2015 Results	1Q of FY2014 Results	Changes Amount	Changes %
Tire Operating Profit	11,713 (Ratio) 15.4%	10,045 (Ratio) 13.3%	+1,667 (Ratio) +2.1%	+16.6%
DiverTec Operating Profit	677 (Ratio) 3.4%	772 (Ratio) 3.7%	(94) (Ratio) (0.3%)	(12.3%)
Others	79	40	+39	+97.5%
Adjustment	137	273	(135)	-
Total	12,608	11,131	+1,476	+13.3%

Consolidated Business Results by Geographic Area for the First Quarter of the FY2015

● Net Sales

(unit: Millions of yen)	1Q of FY2015 Results	1Q of FY2014 Results	Changes Amounts	Changes %
Japan	35,134	40,320	(5,185)	(12.9%)
North America	44,283	37,741	+6,541	+17.3%
Others	16,465	17,945	(1,479)	(8.2%)
Elimination & Corporate	-	-	-	-
Total	95,883	96,007	(123)	(0.1%)

● Operating Income

※ Net sales includes sales or transfers of Inter-segment

(unit: Millions of yen)	1Q of FY2015 Results	1Q of FY2014 Results	Changes Amount	Changes %
Japan	12,617	8,133	+4,484	+55.1%
North America	1,999	3,037	(1,037)	(34.2%)
Others	(207)	1,259	(1,467)	(116.4%)
Elimination & Corporate	(1,802)	(1,298)	(503)	-
Total	12,608	11,131	+1,476	+13.3%

Outline of Consolidated Business Outlook for the First Half of the Year Ended December 31, 2015

(unit: millions of yen)	Revised Outlook for First Half of FY2015	Previous Outlook for First Half of FY2015 (12 Feb. 2015)	Changes Amounts	Changes %	Results of First Half of FY2014	Changes Amounts
Net Sales	196,000	212,000	(16,000)	(7.5%)	187,322	+8,678
Operating Income Operating Profit	21,500 (Ratio)11.0%	21,500 (Ratio)10.1%	0 (Ratio)+0.9	0.0%	21,502 (Ratio) 11.5%	(2) (Ratio) (0.5%)
Ordinary Income	19,500	19,500	0	0.0%	19,518	(19)
Net Income	3,000	12,000	(9,000)	(75.0%)	15,269	(12,270)

Forex Rate	US\$	117Yen	117Yen	—
	€	130Yen	130Yen	—

Forex Rate Sensibility 2015	
US\$	0.45 Billion Yen/Year
€	0.1 Billion Yen/ Year

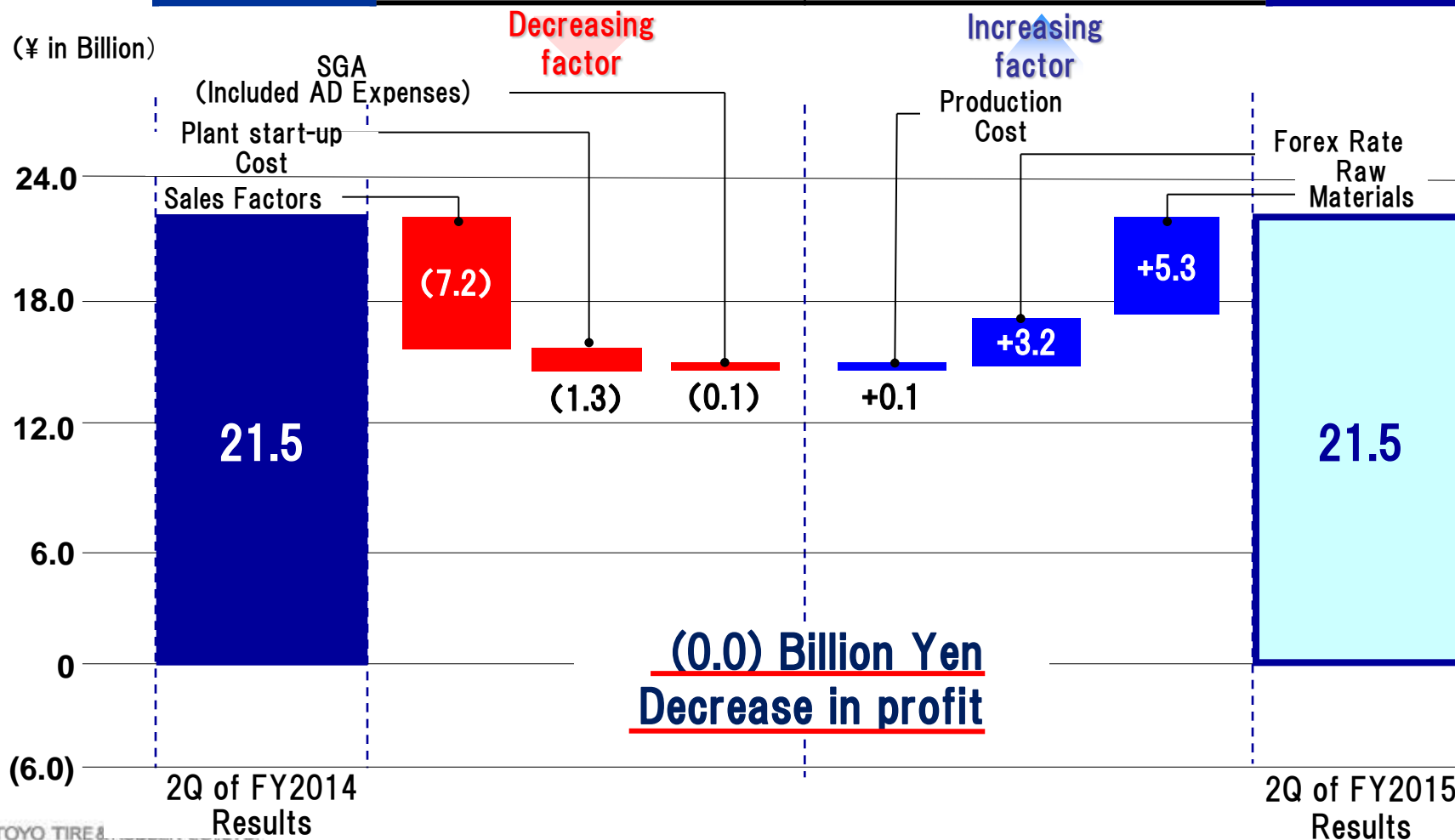
*Impact of 1 yen fluctuation on operation income 10

Outlook of First Half of FY2015

Factors contributing to the Changes in Operating Income

● Operating Income
(¥ in Billion)

2Q of FY2014 Results	Changes		2Q of FY2015 Results
21.5	(0.0)		21.5
	(8.7)	+8.7	



Outlook of First Half FY2015 by Business Segment

● Net Sales

(unit: Millions of yen)	First Half of FY2015 Outlook	First Half of FY2014 Results	Changes Amounts	Changes %
Tire	156,408	147,245	+9,163	+6.2%
DiverTec	39,551	40,046	(495)	(1.2%)
Others	42	131	(89)	(67.9%)
Elimination & Corporation	0	(101)	+101	—
Total	196,000	187,322	+8,678	+4.6%

● Operating Income

※ Operating Income including Intersegment

(unit: Millions of yen)	First Half of FY2015 Outlook	First Half of FY2014 Results	Changes Amounts	Changes %
Tire Operating Profit	20,193 (Ratio) 12.9%	19,910 (Ratio) 13.5%	+283 (Ratio) (0.6%)	+1.4%
DiverTec Operating Profit	1,281 (Ratio) 3.2%	895 (Ratio) 2.2%	+386 (Ratio) +1.0%	+43.1%
Others	27	80	(53)	(66.3%)
Elimination & Corporation	0	614	(614)	—
Total	21,500	21,502	(2)	(0.0%)

Outlook of First Half for FY2015 by Geographic Area

●Net Sales

(unit: Millions of yen)	First Half of FY2015 Outlook	First Half of FY2014 Results	Changes Amounts	Changes %
Japan	71,639	77,231	(5,592)	(7.2%)
North America	93,361	76,664	+16,697	+21.8%
Others	31,000	33,426	(2,426)	(7.3%)
Elimination & Corporate	—	—	—	—
Total	196,000	187,322	+8,678	+4.6%

●Operating Income

※ Net sales does not include sales or transfers of Inter-segment

(unit: Millions of yen)	First Half of FY2015 Outlook	First Half of FY2014 Results	Changes Amounts	Changes %
Japan	19,335	16,232	+3,103	+19.1%
North America	4,106	5,419	(1,313)	(24.2%)
Others	(531)	2,011	(2,542)	—
Elimination & Corporate	(1,410)	(2,161)	+751	—
Total	21,500	21,502	(2)	(0.0%)

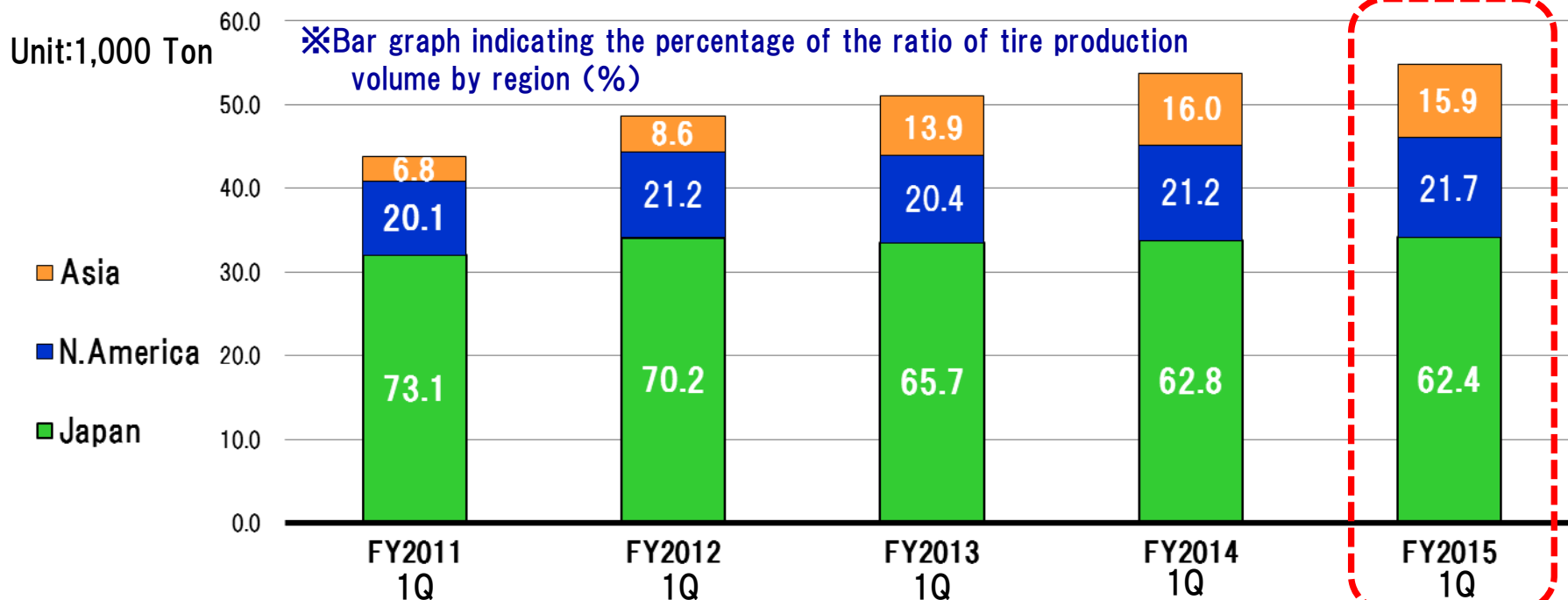
Outline of the Consolidated Business Outlook for FY2015 Ended December 31, 2015

(unit: millions of yen)		Revised Outlook for Full Year of FY2015	Previous Outlook for Full Year of FY2015 (12 Feb. 2015)	Changes Amounts	Changes %	Results of Full Year of FY2014	Changes Amounts
Net Sales		425,000	425,000	0	0.0%	393,782	+31,218
Operating Income Operating Profit		49,000 (Ratio)11.5%	49,000 (Ratio)11.5 %	0 (Ratio)0.0%	0.0%	47,510 (Ratio)12.1%	+1,490 (Ratio)(0.5%)
Ordinary Income		45,000	45,000	0	0.0%	46,543	(1,543)
Net Income		19,000	28,000	(9,000)	(32.1%)	31,240	(12,240)
Forex Rate	US\$	117Yen	117Yen	—	Forex Rate Sensibility 2015		
	€	130Yen	130Yen	—	US\$	0.45 Billion Yen/Year	
					€	0.1 Billion Yen/ Year	

* Impact of 1 yen fluctuation on operation income 14

(For Your Reference)

Changes in the Tire Production (New Rubber Volumes)

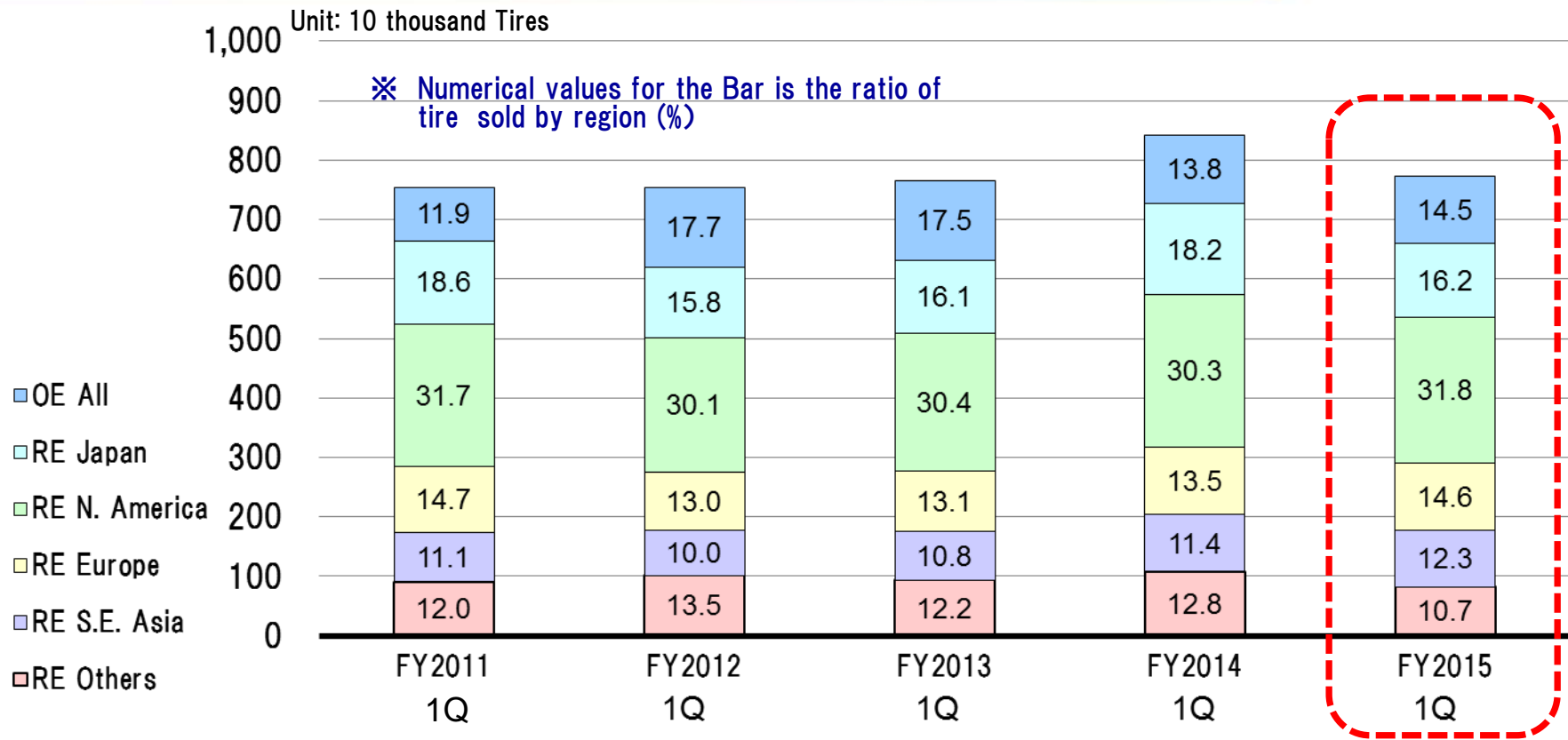


(unit:1,000 ton)	FY2011	FY2012	FY2013	FY2014
	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.
Japan	32.0	34.1	33.5	33.8
N. America	8.8	10.3	10.4	11.4
Asia	3.0	4.2	7.1	8.6
Total	43.8	48.6	51.1	53.9

FY2015
Jan.-Mar.
34.2
11.9
8.7
54.8

(For Your Reference)

Tires sales Quantity by Geographic Area



The ratio of tire sold by region (%)	FY2011 1Q	FY2012 2Q	FY2013 1Q	FY2014 1Q
OE Total	11.9%	17.7%	17.5%	13.8%
RE Japan	18.6%	15.8%	16.1%	18.2%
RE Overseas	69.5%	66.5%	66.5%	68.0%
RE Total	88.1%	82.3%	82.5%	86.2%

FY2015 1Q
14.5%
16.2%
69.3%
85.5%

(For Your Reference) Number of Tires sold by region compared to the previous year

Progress compared to previous year whereby prior year = 100

(Unit: %)	FY2011 1Q	FY2012 [※] 1Q	FY2013 1Q	FY2014 1Q
OE Total	63	161	100	87
RE Japan	98	85	103	124
RE Overseas Total	116	97	102	94
RE N. America	109	95	103	103
RE Europe	103	88	103	114
RE S.E. Asia	405	102	109	115
Grand Total	102	102	104	103

1Q of 2015 Results

96

82

93

96

99

99

92

Number of tires in S.E. Asia has drastically increased since FY2011
due to acquisition of Silverstone Company

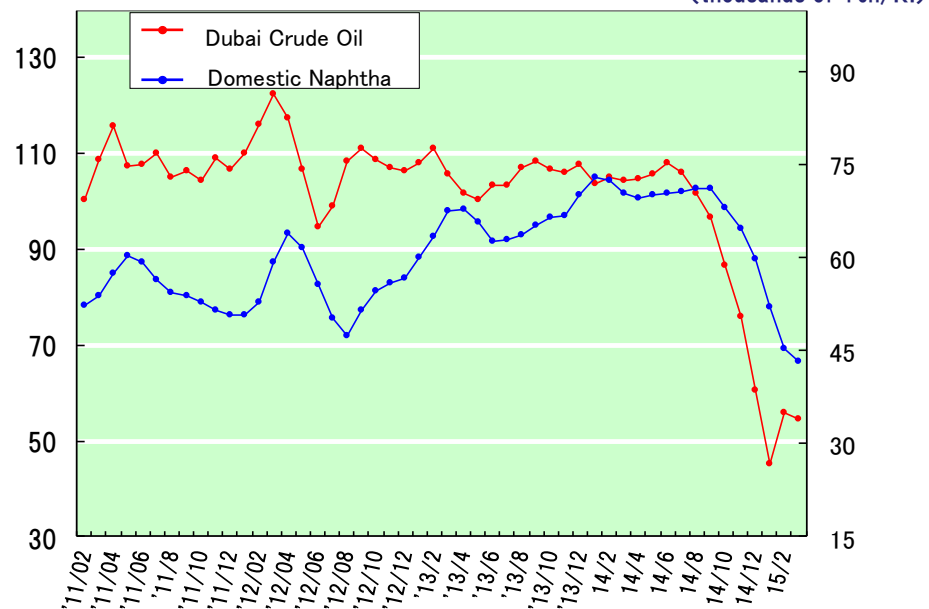
(For Your Reference) Changes in Primary Material Prices

◆Market Price Trends

Change in Dubai oil and Domestic Naphtha Prices

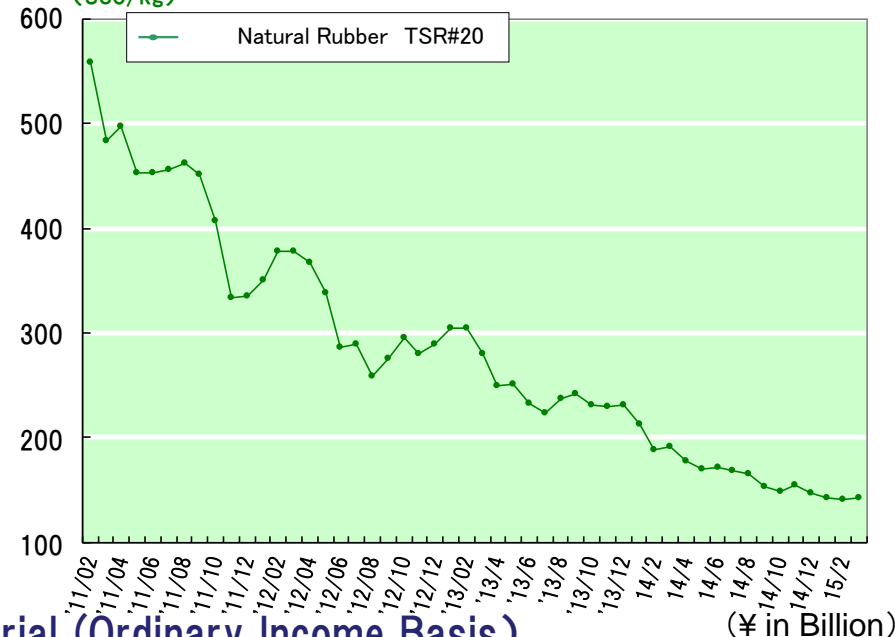
(US\$/bbl)

(thousands of Yen/kl)



Change in Natural Rubber TSR #20 Prices (SICOM)

(US\$/kg)



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

Raw Material	FY2011	FY2012	FY2013	FY2014
Natural Rubber	(7.6)	+8.4	+7.0	+6.9
Product Petroleum (naphtha)	(8.0)	+0.4	+1.8	(0.9)
Other Raw Materials*	(2.9)	(1.8)	+3.2	(0.4)
Goods Purchased	(0.1)	(0)	(0)	+0.7
Total	(18.6)	+7.0	+12.0	+6.3

1Q of FY2015 Results

+3.1

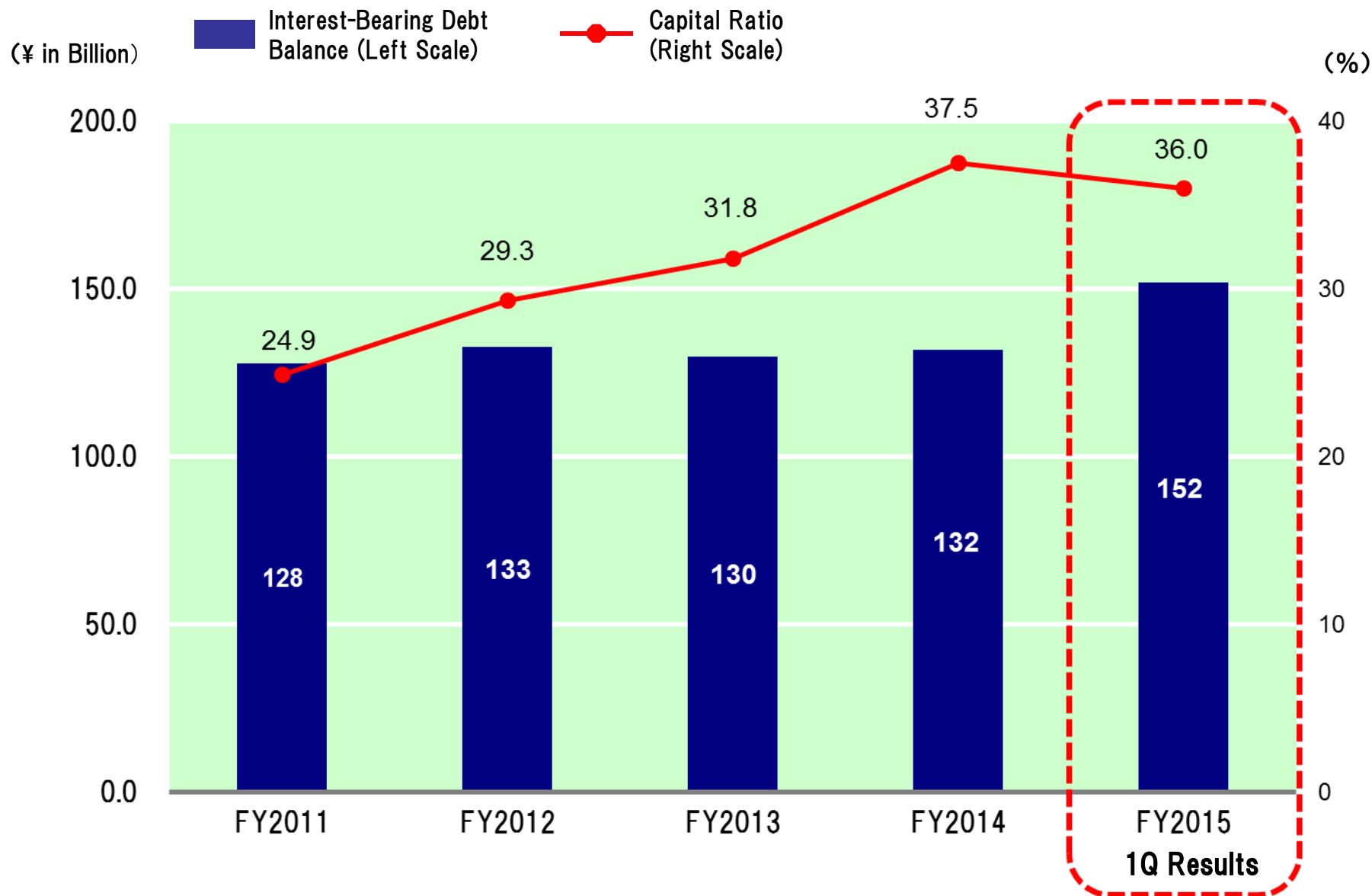
+0.9

(0.5)

0

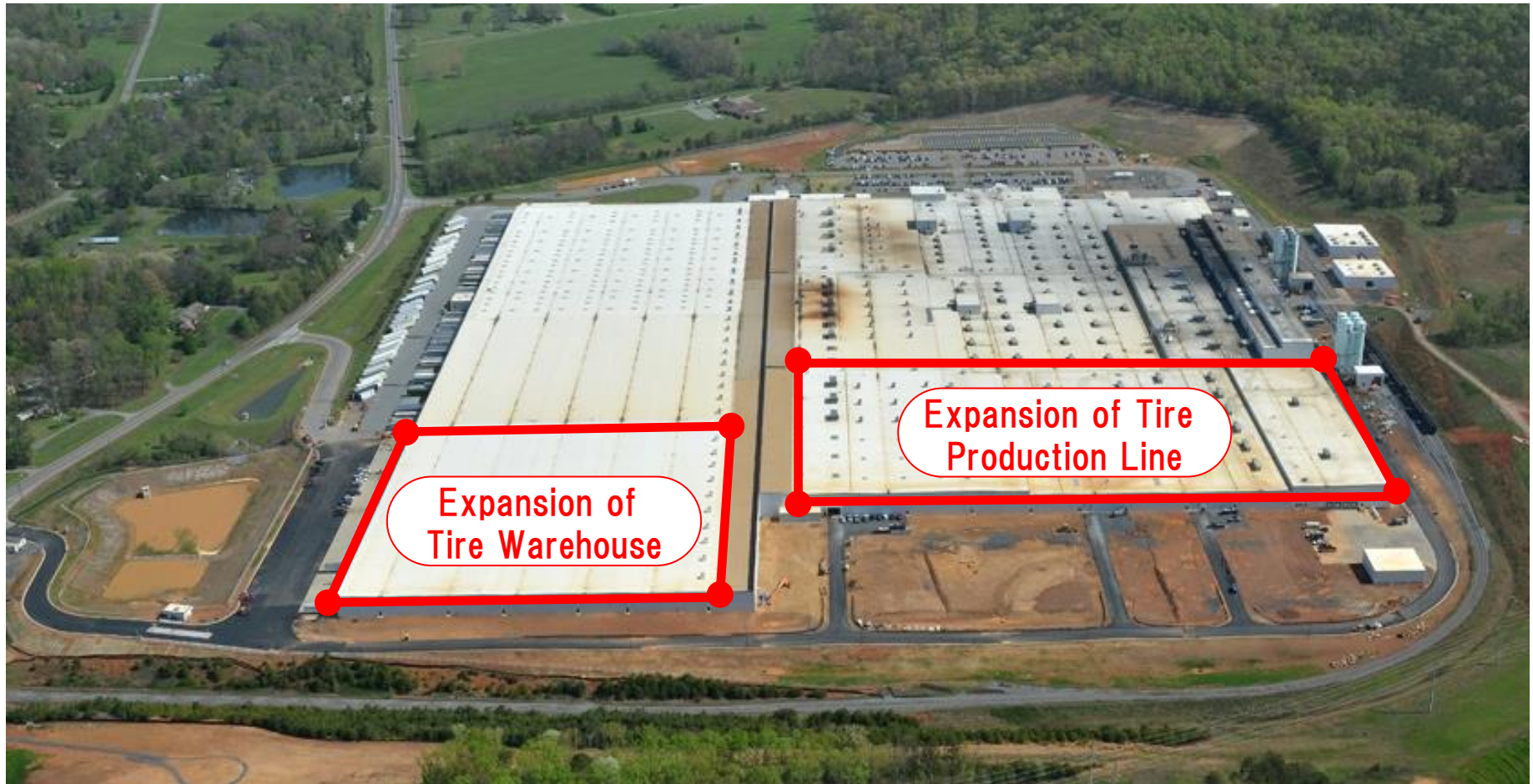
+3.5

Changes in Interest-Bearing Debt Balance and Capital Ratio



(For Your Reference) Capacity Increase at Tire Plant in the U.S.A.

- Fourth expansion of tire production capacity in US plant has started to achieve 2 months ahead of schedule from June 2015.



TOYO TIRES
driven to perform

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