

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

9 November, 2015

TOYO TIRE & RUBBER CO., Ltd.

Major Topics

Consolidated Business Results for the Third Quarter 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.

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

Consolidated Results

Operating income and ordinary income increased as a result of lower-than-expected raw material costs and other factors, but there was a quarterly net loss of 4.315 billion yen due to posting extraordinary losses of approximately 39.5 billion yen for product reparations and provision of reserve for product warranties to deal with the seismic isolation rubber issue and approximately 4.2 billion yen for losses related to antitrust matters.

Tire Business

In North America, sales and income increased on steadily expanding sales from robust production and sales of tires for SUVs and pickup trucks and new overseas business for original equipment tires.

DiverTech Business

While sales of anti-vibration rubber and seat cushions for automobiles declined in Japan, anti-vibration rubber sales remained steady overseas. However, in the waterproofing and building materials segments, earnings decreased while profits increased as a result of declining sales in a sluggish market.

Consolidated Business Results for the Third Quarter of FY2015

(unit: millions of yen)	3Q of FY2015 Results	3Q of FY2014 Results	Changes Amount	Changes %
Net Sales	300,955	287,274	+13,680	+4.8%
Operating Income Operating Profit Ratio	47,611 15.8%	34,010 11.8%	+13,600 +4.0%	+40.0%
Ordinary Income	41,626	32,775	+8,851	+27.0%
Quarterly Net Income	(4,315)	23,510	(27,826)	—

Forex Rate	US\$	121 Yen	103 Yen	+18 Yen
	€	136 Yen	140 Yen	(4 Yen)

Forex Rate Sensibility FY2015	
US\$	0.45 Billion Yen/Year
€	0.1 Billion Yen/Year

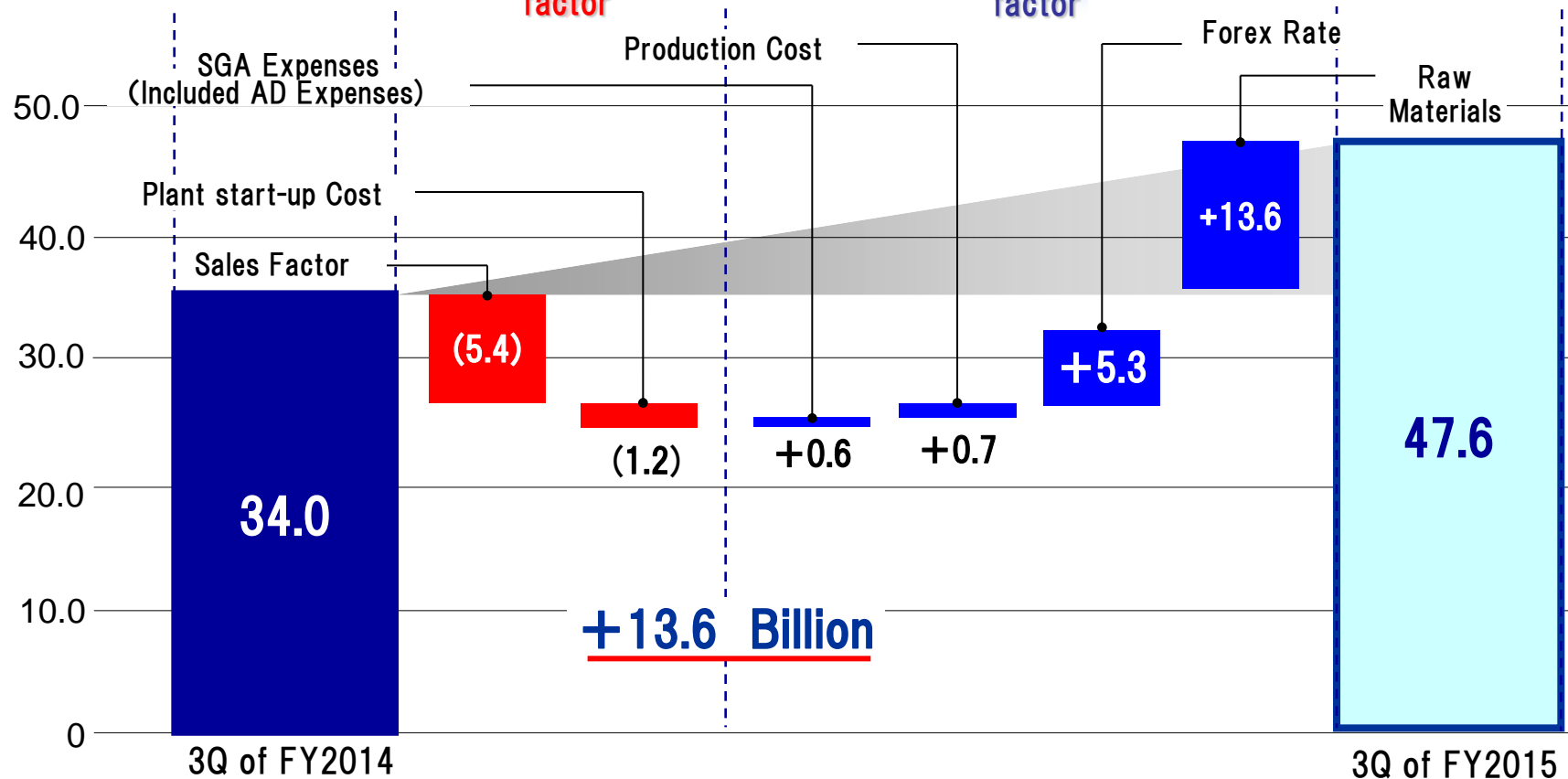
3Q of FY2015 Factors contributing to the Change in Operating Income

● Operating Income
(¥ in Billion)

3Q of FY2014 Results	Changes		3Q of FY2015 Results
34.0	+13.6		47.6
	(6.6)	+20.2	

Decreasing factor

Increasing factor



Impact of Seismic Isolation Rubber Measures on Performance

(unit: millions of yen)	1Q of FY2015 (A)	2Q of FY2015 (B)	First Half of FY2015 (A+B)	3Q of FY2015 (C)	Nine Months Sum Total (A+B+C)
Loss on provision for product compensation	14,000	15,000	29,000	5,300	34,300
Loss on product compensation	—	1,386	1,386	3,814	5,201
Total	14,000	16,386	30,386	9,114	39,501

(Breakdown of Calculation)

1Q (A)	14 billion yen provision of reserve for product warranties as an extraordinary loss estimating the costs of measures based on anticipated replacement of 3,000 units in all 154 structures, including for replacement anti-vibration rubber products, repairs, structural re-calculation, miscellaneous expenses and development of replacement products.
2Q (B)	The company posted an additional the extraordinary loss based on a change of assumed replacement using company products to other companies' products.
3Q (C)	The Company posted an additional the extraordinary loss.
From 4Q of FY2015	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 fourth quarter onward.

Consolidated Business Results by Business Segment for the Third Quarter of FY2015

● Net Sales

(unit: Millions of yen)	3Q of FY2015 Results	3Q of FY2014 Results	Changes Amounts	Changes %
Tire	240,065	226,873	+13,192	+5.8%
DiverTec	60,693	60,354	+339	+0.6%
Others	337	191	+145	+76.4%
Adjustment	(142)	(144)	+2	—
Total	300,955	287,274	+13,680	+4.8%

※ Net sales includes sales or transfers of Inter-segment

● Operating Income

(unit: Millions of yen)	3Q of FY2015 Results	3Q of FY2014 Results	Changes Amounts	Changes %
Tire Operating Profit	43,700 18.2%	31,743 14.0%	+11,956 +4.2%	+37.7%
DiverTec Operating Profit	2,833 4.7%	1,473 2.4%	+1,359 +2.2%	+92.3%
Others	166	101	+65	+64.4%
Adjustment	911	691	+219	—
Total	47,611	34,010	+13,600	+40.0%

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

●Net Sales

(unit: Millions of yen)	3Q of FY2015 Results	3Q of FY2014 Results	Changes Amounts	Changes %
Japan	105,689	114,723	(9,034)	(7.9%)
North America	144,234	118,595	+25,639	+21.6%
Others	51,031	53,956	(2,924)	(5.4%)
Elimination & Corporate	—	—	—	—
Total	300,955	287,274	+13,680	+4.8%

●Operating Income

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

(unit: Millions of yen)	3Q of FY2015 Results	3Q of FY2014 Results	Changes Amounts	Changes %
Japan	40,330	25,518	+14,812	+58.0%
North America	6,418	8,190	(1,771)	(21.6%)
Others	1,765	3,100	(1,334)	(43.1%)
Elimination & Corporate	(903)	(2,798)	+1,894	—
Total	47,611	34,010	+13,600	+40.0%

Revised Outline of Consolidated Business Outlook for the Full Year Ended December 31, 2015

(unit: millions of yen)	Revised Outlook for Full -Year of FY2015	Previous Outlook for Full-Year of FY2015 (10 Aug,2015)	Changes Amounts	Changes %	Results of Full -Year of FY2014	Changes Amounts
Net Sales	410,000	415,000	(5,000)	(1.2%)	393,782	+16,218
Operating Income Operating Profit	59,000 14.4%	55,000 13.3%	+4,000 +1.1%	+7.3%	47,510 12.1%	+11,490 +2.4%
Ordinary Income	52,000	51,000	+1,000	+2.0%	46,543	+5,457
Net Income	5,000	12,000	(7,000)	(58.3%)	31,240	(26,240)

Forex Rate	US\$	118 Yen	120 Yen	(2.0Yen)
	€	130 Yen	130 Yen	

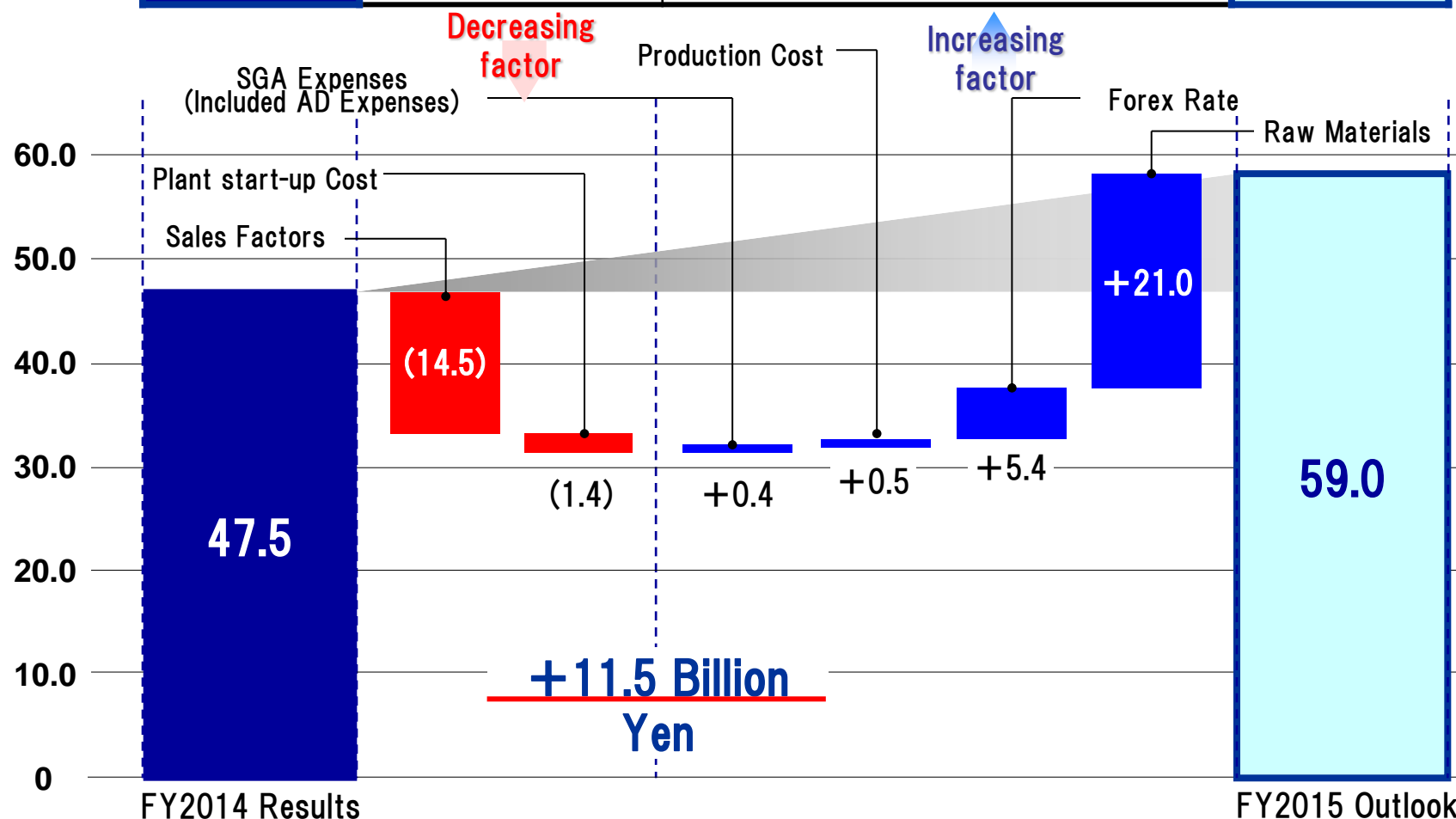
Forex Rate Sensibility 2015	
US\$	0.45 Billion Yen/Year
€	0.1 Billion Yen/ Year

Revised Outlook of the FY2015

Factors contributing to the Changes in Operating Income

● Operating Income
(¥ in Billion)

FY2014 Results	Changes		Revised Outlook FY2015
47.5	+11.5		59.0
	(15.9)	+27.3	



Revised Consolidated Business Outlook by Business Segment for The FY2015

● Net Sales

(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (10 Aug.2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Tire	329,400	335,300	(5,900)	(1.8%)	312,208	+5.5%
DiverTec	80,500	79,620	+880	(1.1%)	81,508	(1.2%)
Others	100	80	20	(25.0%)	260	(61.6%)
Adjustment	0	0	0	—	(196)	—
Total	410,000	415,000	(5,000)	(1.2%)	393,782	+4.1%

● Operating Income

※ Net sales includes sales or transfers of Inter-segment

(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (10 Aug.2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Tire Operating Profit	55,500 16.8%	51,700 15.4%	+3,800 +1.4%	+7.4%	45,318 14.5%	+22.5%
DiverTec Operating Profit	2,730 3.5%	2,751 3.3%	(21) 0.2%	(0.8%)	2,068 2.5%	+32.0%
Others	770	549	+221	+40.3%	128	+501.6%
Adjustment	0	0	0	—	(5)	—
Total	59,000	55,000	+4,000	+7.3%	47,510	+24.2%

Revised Consolidated Business Outlook by Geographic Area Segment for the FY2015

●Net Sales

(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (10 Aug.2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Japan	149,446	151,979	(2,533)	(1.7%)	163,903	(8.8%)
North America	195,170	196,710	(1,540)	(0.8%)	160,030	+22.0%
Others	65,384	66,311	(927)	(1.4%)	69,848	(6.4%)
Adjustments & Eliminations	—	—	—	—	—	—
Total	410,000	415,000	(5,000)	(1.2%)	393,782	+4.1%

●Operating Income

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

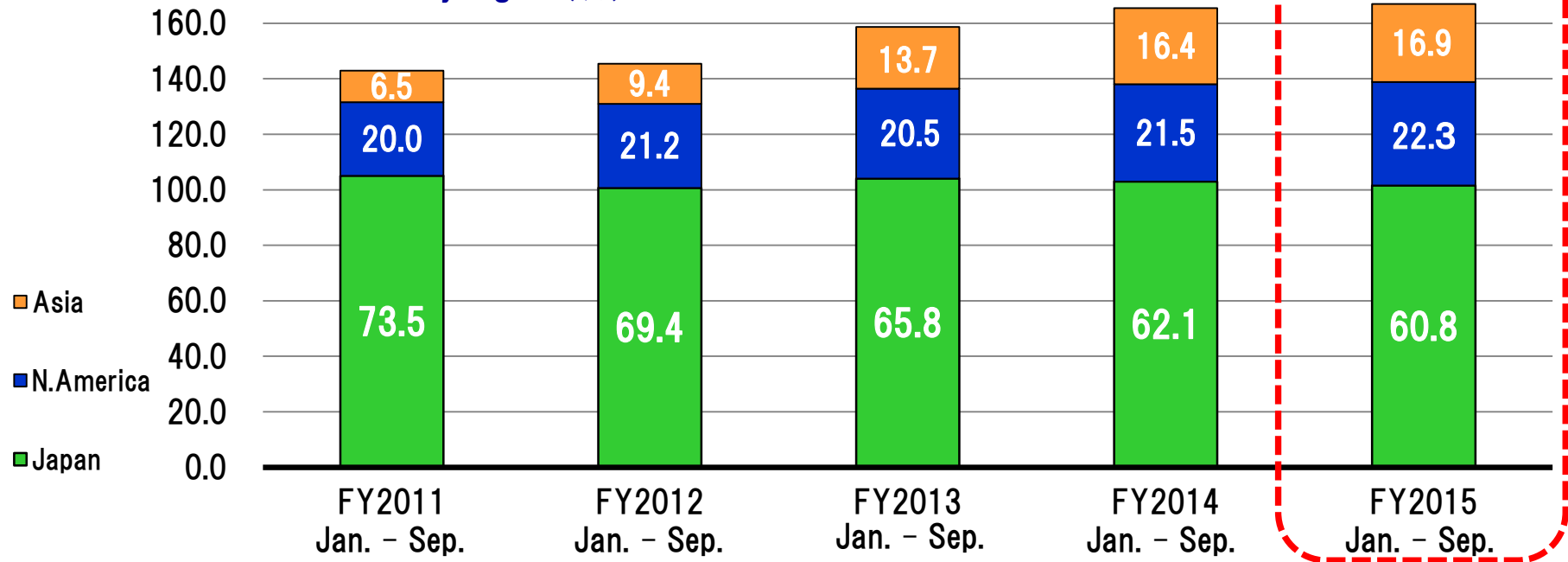
(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (10 Aug.2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Japan	52,175	48,383	+3,792	+7.8%	40,718	+28.1%
North America	8,151	8,455	(304)	(3.6%)	8,991	(9.3%)
Others	2,093	1,429	+664	+46.5%	3,467	(39.6%)
Adjustments & Eliminations	(3,419)	(3,267)	(152)	—	(5,667)	—
Total	59,000	55,000	+4,000	7.3%	47,510	+24.2%

(For Your Reference)

Changes in the Tire Production (New Rubber Volumes)

Unit:1,000 Ton

※Bar graph indicating the percentage of the ratio of tire production volume by region (%)

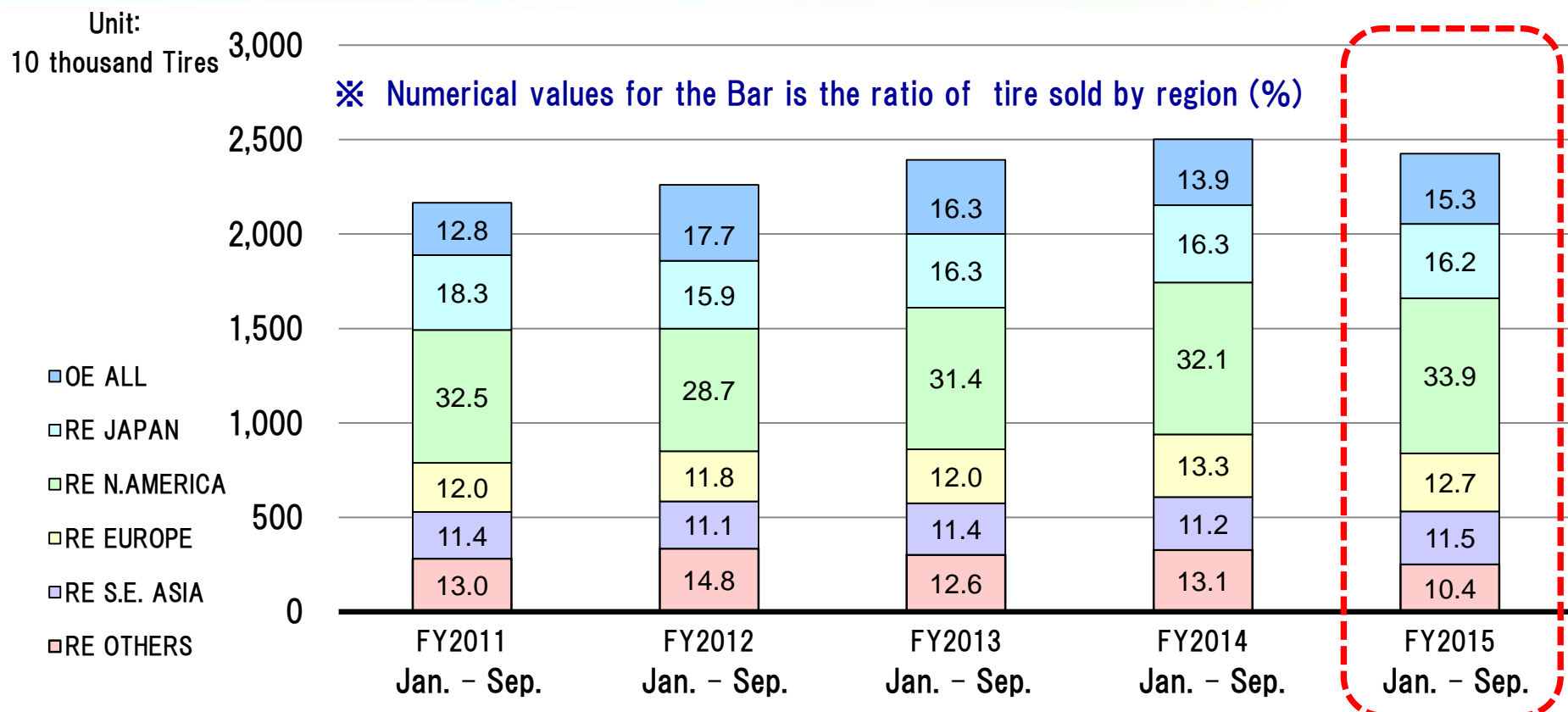


(unit:1,000 ton)	FY2011	FY2012	FY2013	FY2014
	Jan.- Sep.	Jan.- Sep.	Jan.- Sep.	Jan.- Sep.
Japan	105.0	100.7	104.1	103.0
N. America	26.6	30.3	32.4	35.0
Asia	11.3	14.4	22.2	27.5
Total	142.9	145.4	158.7	165.5

FY2015
Jan.- Sep.
101.6
37.2
28.1
166.9

(For Your Reference)

Ratio of Tire Sales Quantity by Geographic Area



The ratio of tire sold by region (%)	FY2011 Jan. - Sep.	FY2012 Jan. - Sep.	FY2013 Jan. - Sep.	FY2014 Jan. - Sep.
OE Total	12.8%	17.7%	16.3%	13.9%
RE Japan	18.3%	15.9%	16.3%	16.3%
RE Overseas	68.9%	66.3%	67.3%	69.7%
RE Total	87.2%	82.3%	83.7%	86.1%

FY2015 Jan. - Sep.
15.3%
16.2%
68.5%
84.7%

(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 Jan. – Sep.	FY2012 Jan. – Sep.	FY2013 Jan. – Sep.	FY2014 Jan. – Sep.
OE Total	70	145	98	89
RE Japan	92	91	109	105
RE Overseas Total	111	100	107	108
RE N. America	108	92	116	107
RE Europe	82	102	108	116
RE S.E. Asia	466	101	109	103
Grand Total	100	104	106	105

FY2015 Jan. – Sep.
106
96
95
102
92
100
97

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

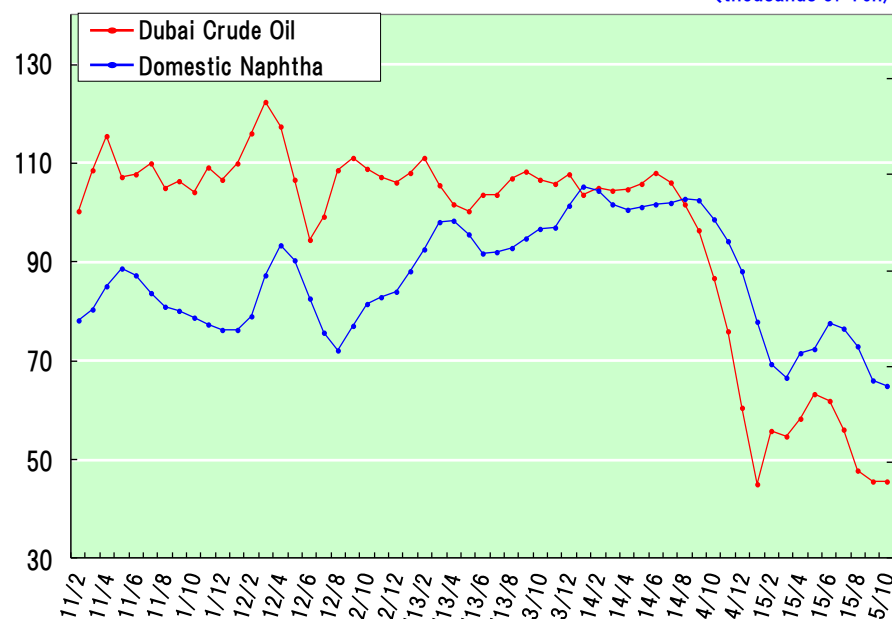
(For Your Reference) Changes in Primary Material Prices

◆ Market Price Trends

Change in Dubai oil and Domestic Naphtha Prices

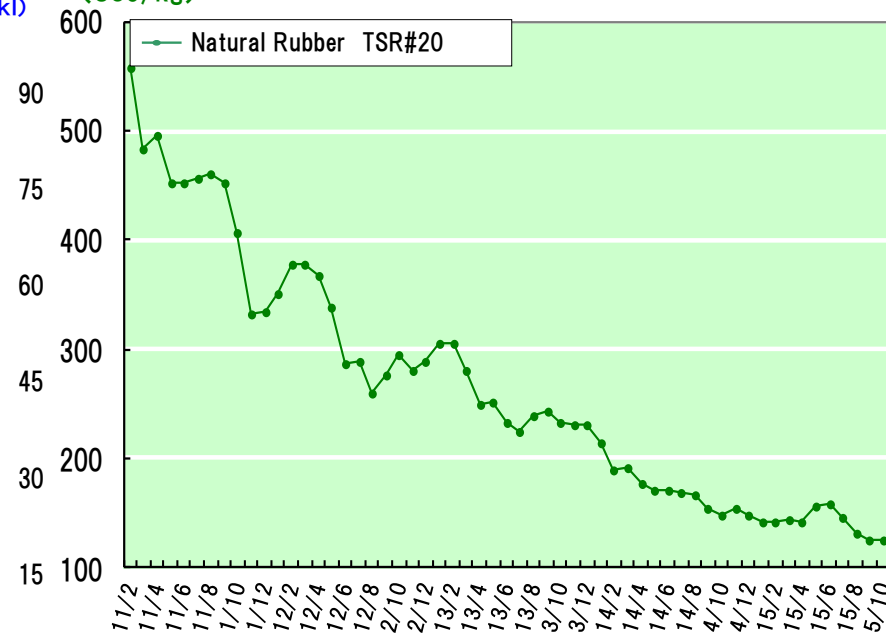
(US \$/bbl)

(thousands of Yen/kl)



Change in Natural Rubber TSR #20 Prices (SICOM)

(US\$/kg)



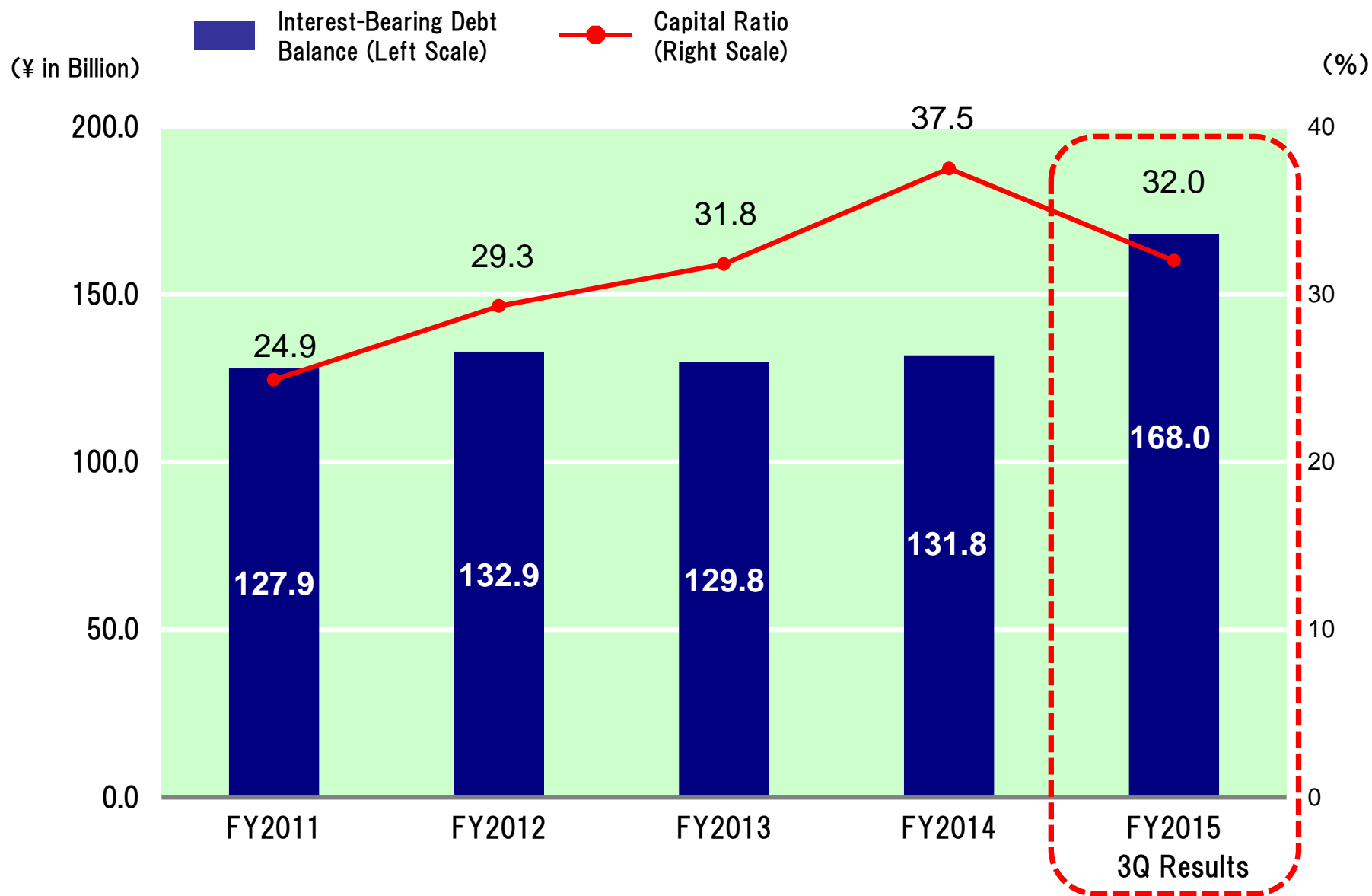
◆ Price Changes & Impact by Primary Raw Material (Ordinary Income Basis)

Raw Material	FY2011	FY2012	FY2013	FY2014
Natural Rubber	(7.6)	+8.4	+7.0	+6.9
Product of 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)	(0.0)	+0.7
Total	(18.6)	+7.0	+12.0	+6.3

(¥ in Billion)

FY2015 Jan. - Sep.
+6.7
+7.2
(0.3)
(0.0)
+13.6

Changes in Interest-Bearing Debt Balance and Capital Ratio



TOYO TIRES
driven to perform