

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

10 November 2017

TOYO TIRE & RUBBER CO., Ltd.

## Major Topics

Consolidated Business Results for the Third 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 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 the Fiscal Year Ending December 31, 2017

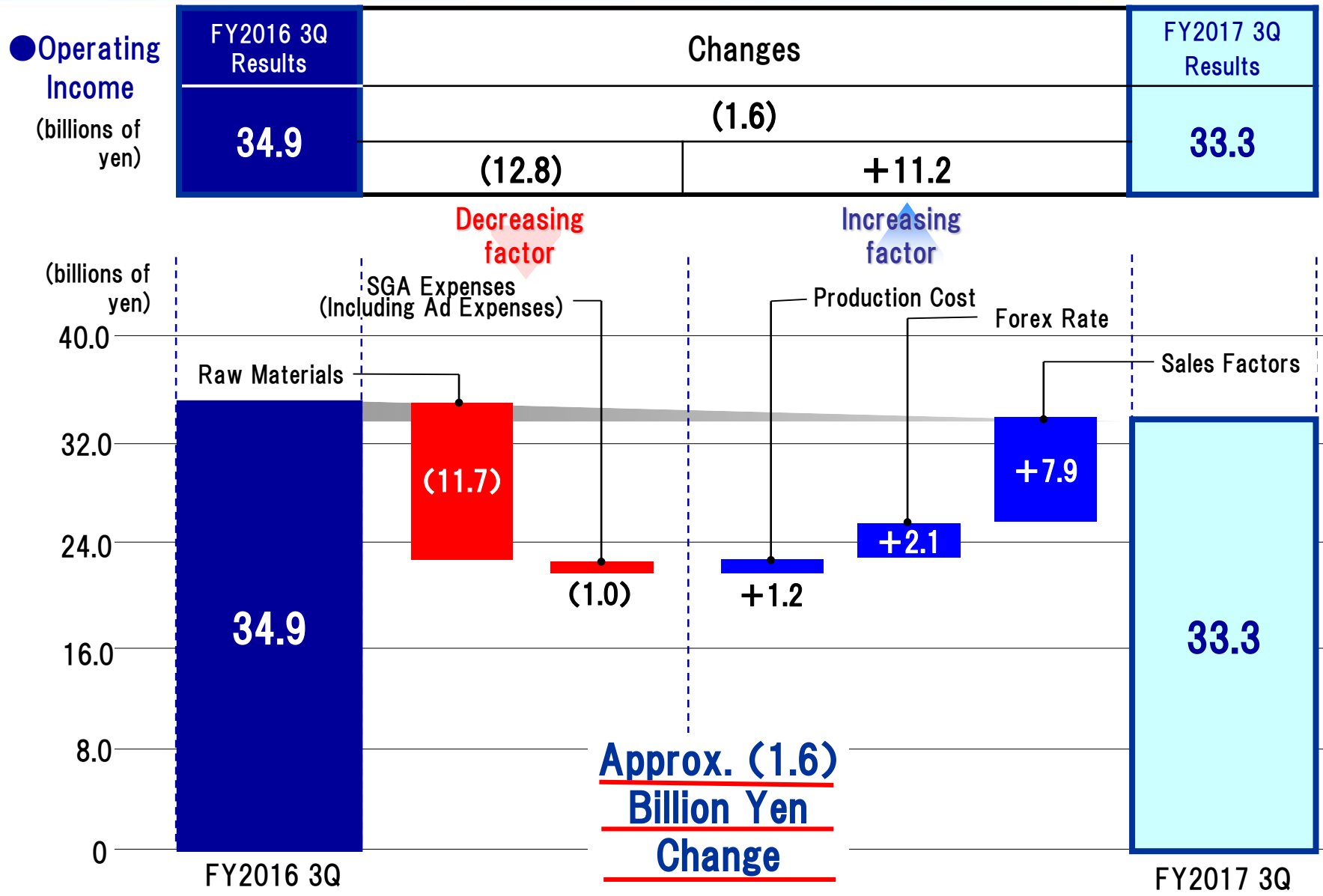
(Unit: millions of yen)	FY2017 3Q Results	FY2016 3Q Results	Year-on-Year Change	Year-on-Year Change %
Net Sales	295,243	278,934	+16,308	+5.8%
Operating Income Profit Ratio	33,349 11.3%	34,938 12.5%	(1,589) (1.2%)	(4.5%)
Ordinary Income	29,324	28,684	+639	+2.2%
Profit Attributable to Owners of Parent	11,684	7,587	+4,097	+54.0%

Forex Rate	US\$	112 Yen	111 Yen	+1 Yen
	€	125 Yen	122 Yen	+3 Yen

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

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

## Factors Contributing to Changes in Operating Income



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

(For Your Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	3Q (C)	Total (A+B+C)	FY2016 Full Year Results	FY2015 Full Year Results
For 55 buildings (disclosed on March 13, 2015)	—	—	(2,084)	(2,084)	17,034	23,063
For 99 buildings (disclosed on April 21, 2015)	—	—	3,258	3,258	35,068	7,386
Charges	473	521	827	1,822	10,418	12,104
Compensation costs, etc.	444	415	529	1,390	4,260	4,119
<b>Total</b>	<b>918</b>	<b>937</b>	<b>2,530</b>	<b>4,386</b>	<b>66,781</b>	<b>46,674</b>

## (Breakdown of Calculations)

<b>1Q of FY2017 (A)</b>	The company posted an extraordinary loss of 918 million yen as a result of posting 444 million yen in compensation, etc., and 473 million yen in miscellaneous charges (mainly in payroll for the seismic isolation rubber task force).
<b>2Q of FY2017 (B)</b>	The company posted an extraordinary loss of 937 million yen as a result of posting 415 million yen in compensation, etc., and 521 million yen in miscellaneous charges (mainly in payroll for the seismic isolation rubber task force).
<b>3Q of FY2017 (C)</b>	The company posted an extraordinary loss of 1,173 million yen in cost of repairs and replacement of seismic isolation rubber products, 529 million yen in compensation, etc., and 827 million yen in miscellaneous charges (mainly in payroll for the seismic isolation rubber task force).
<b>From the 4Q of FY2017 onward</b>	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 the Fiscal Year Ending December 31, 2017

## ● Net Sales

(Unit: millions of yen)	FY2017 3Q Results	FY2016 3Q Results	Year-on-Year Change	Year-on-Year Change %
Tire	237,666	221,757	+15,908	+7.2%
DiverTech	57,535	57,136	+399	+0.7%
Others	157	170	(12)	(7.6%)
Adjustments	(117)	(130)	+13	—
Total	295,243	278,934	+16,308	+5.8%

## ● Operating Income

※ Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	FY2017 3Q Results	FY2016 3Q Results	Year-on-Year Change	Year-on-Year Change %
Tire Profit Ratio	33,380 14.0%	32,187 14.5%	+1,192 (0.5%)	+3.7%
DiverTech Profit Ratio	(92) (0.2%)	2,310 4.0%	(2,402) (4.2%)	—
Others	89	92	(2)	(3.3%)
Adjustments	(28)	348	(376)	—
Total	33,349	34,938	(1,589)	(4.5%)

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

## ● Net Sales

(Unit: millions of yen)	FY2017 3Q Results	FY2016 3Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	100,326	102,020	(1,693)	(1.7%)
North America	139,091	128,193	+10,897	+8.5%
Others	55,825	48,721	+7,104	+14.6%
Eliminations or Corporate	—	—	—	—
Total	295,243	278,934	+16,308	+5.8%

## ● Operating Income

※ Net sales do not include intersegment internal sales or transfers

(Unit: millions of yen)	FY2017 3Q Results	FY2016 3Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	20,532	22,248	(1,715)	(7.7%)
North America	8,276	5,569	+2,707	+48.6%
Others	4,226	4,576	(350)	(7.6%)
Eliminations or Corporate	313	2,543	(2,230)	—
Total	33,349	34,938	(1,589)	(4.5%)

# 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 %	Previous Full-Year Outlook for FY2017	Vs. Previous Change Outlook
Net Sales	<b>400,000</b>	<b>381,635</b>	<b>+18,365</b>	<b>+4.8%</b>	<b>400,000</b>	<b>0</b>
Operating Income Profit Ratio	<b>47,000</b> 11.8%	<b>49,315</b> 12.9%	<b>(2,315)</b> (1.1%)	<b>(4.7%)</b>	<b>50,000</b> 12.5%	<b>(3,000)</b> (0.8%)
Ordinary Income	<b>41,000</b>	<b>44,102</b>	<b>(3,102)</b>	<b>(7.0%)</b>	<b>42,700</b>	<b>(1,700)</b>
Profit Attributable to Owners of Parent	<b>20,200</b>	<b>(12,260)</b>	<b>+32,460</b>	—	<b>26,900</b>	<b>(6,700)</b>

Forex Rate	US\$	<b>112 Yen</b>	<b>110 Yen</b>	<b>+2 Yen</b>
	€	<b>126 Yen</b>	<b>121 Yen</b>	<b>+5 Yen</b>

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

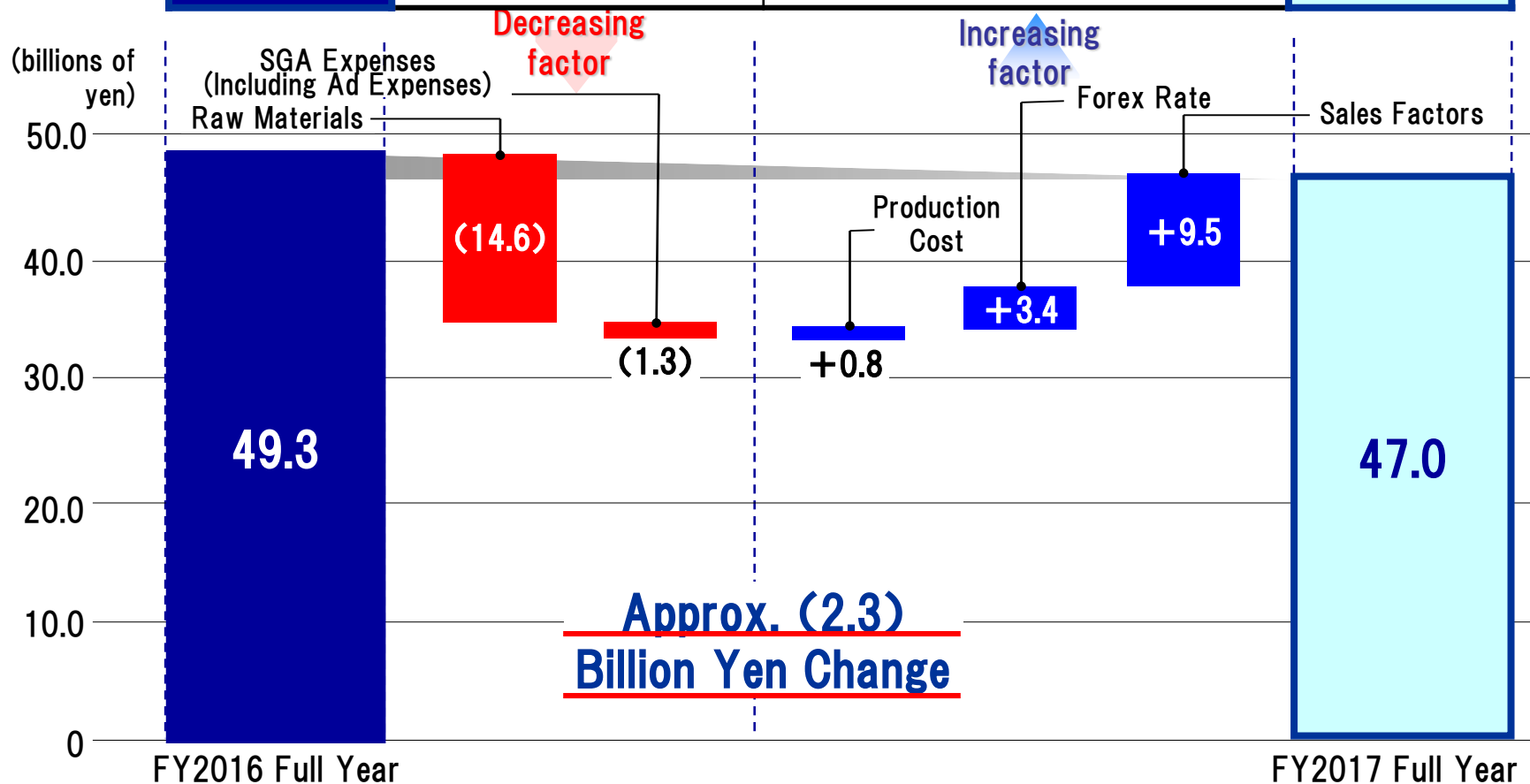


# Revised Outlook for the Full Fiscal Year Ending December 31, 2017

## Factors Contributing to Changes in Operating Income

● **Operating Income**  
(billions of yen)

FY2016 Full-Year Results	Changes		Revised Full-Year Outlook for FY2017
<b>49.3</b>	<b>(2.3)</b>		<b>47.0</b>
	<b>(15.9)</b>	<b>+13.6</b>	



# 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 %	Previous Full-Year Outlook for FY2017	Vs. Previous Change Outlook
Tire	323,000	303,878	+19,121	+6.3%	324,000	(1,000)
DiverTech	76,900	77,503	(603)	(0.8%)	75,900	+1,000
Others	100	425	(325)	(76.5%)	100	0
Adjustments	0	(171)	+171	—	0	—
Total	400,000	381,635	+18,365	+4.8%	400,000	0

## ● 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 %	Previous Full-Year Outlook for FY2017	Vs. Previous Change Outlook
Tire Profit Ratio	47,600 14.7%	45,405 14.9%	+2,195 (0.2%)	+4.8%	49,500 15.3%	(1,900) (0.6%)
DiverTech Profit Ratio	(700) (0.9%)	3,779 4.9%	(4,479) (5.8%)	(118.5%)	400 0.5%	(1,100) (1.4%)
Others	100	180	(80)	(44.4%)	100	0
Adjustments	0	(49)	+49	—	0	—
Total	47,000	49,315	(2,315)	(4.7%)	50,000	(3,000)

# 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 %	Previous Full-Year Outlook for FY2017	Vs. Previous Change Outlook
Japan	145,100	146,895	(1,795)	(1.2%)	148,600	(3,500)
North America	182,800	171,216	+11,584	+6.8%	181,800	+1,000
Others	72,100	63,524	+8,576	+13.5%	69,600	+2,500
Eliminations or Corporate	—	—	—	—	—	—
Total	400,000	381,635	+18,365	+4.8%	400,000	0

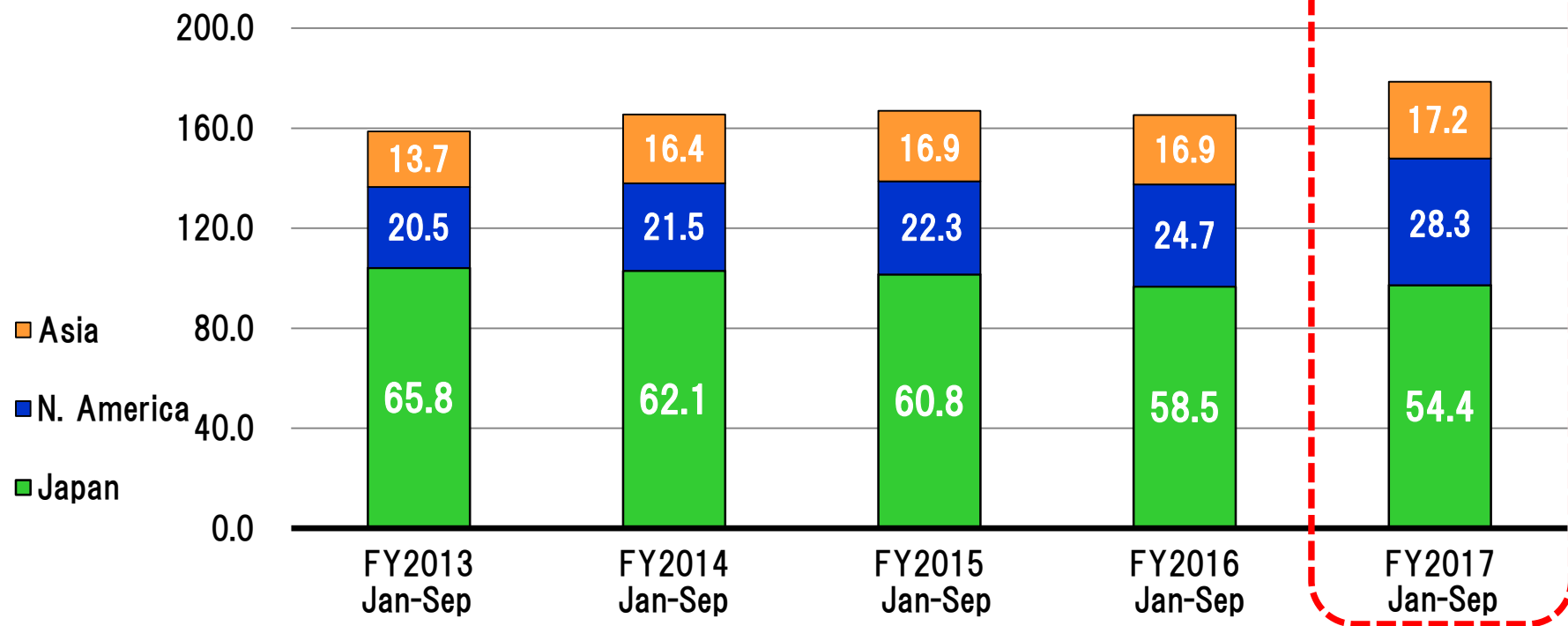
※ Net sales do not include intersegment internal sales or transfers

## ● 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 %	Previous Full-Year Outlook for FY2017	Vs. Previous Change Outlook
Japan	31,600	33,270	(1,670)	(5.0%)	32,500	(900)
North America	11,300	7,728	+3,572	+46.2%	13,200	(1,900)
Others	3,900	5,875	(1,975)	(33.6%)	4,700	(800)
Eliminations or Corporate	200	2,440	(2,240)	(91.8%)	(400)	+600
Total	47,000	49,315	(2,315)	(4.7%)	50,000	(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-Sep	Jan-Sep	Jan-Sep	Jan-Sep
Japan	104.1	103.0	101.6	96.7
N. America	32.4	35.0	37.2	40.8
Asia	22.2	27.5	28.1	27.9
Total	158.7	165.5	166.9	165.3

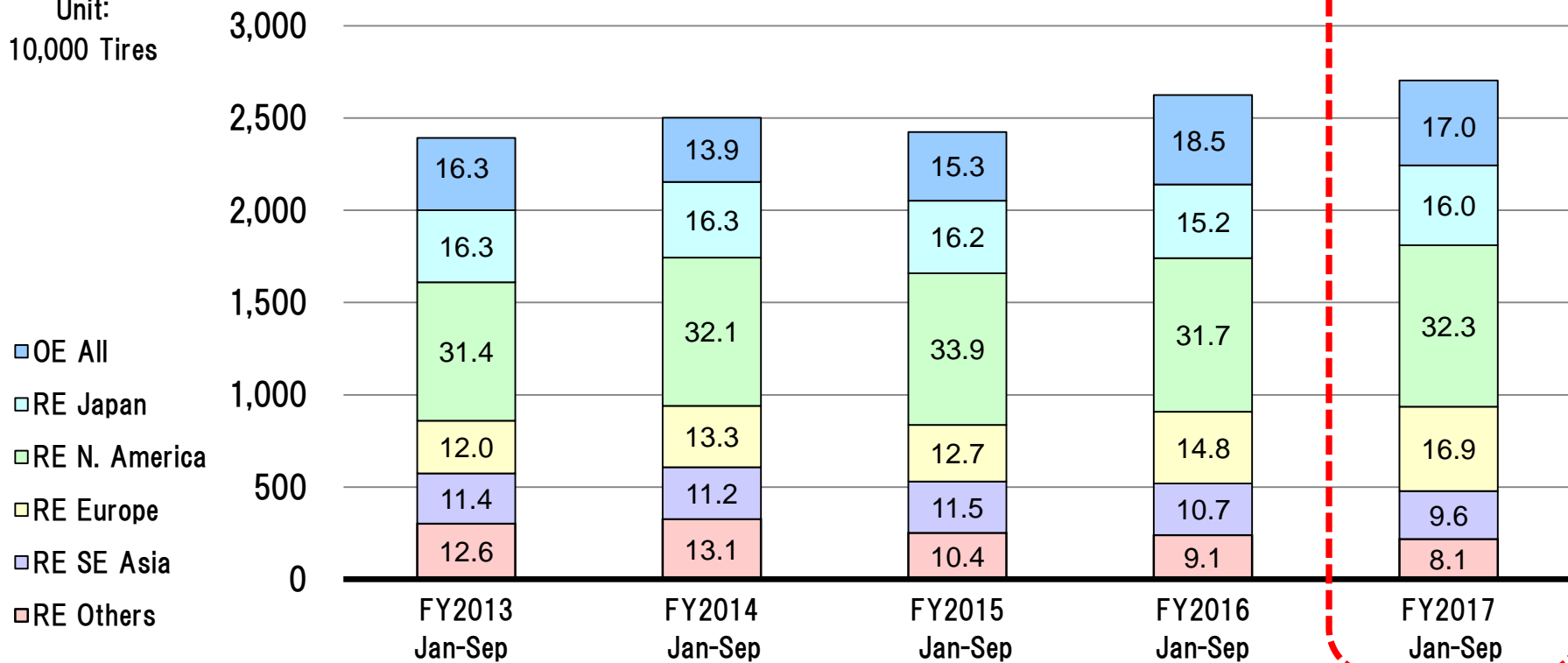
FY2017
Jan-Sep
97.3
50.6
30.8
178.6

# (For Your Reference)

## Tire Sales Quantity Composition Ratio by Region

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

Unit:  
10,000 Tires



Sales Quantity Composition Ratio(%)	FY2013 Jan-Sep	FY2014 Jan-Sep	FY2015 Jan-Sep	FY2016 Jan-Sep
OE Total	16.3%	13.9%	15.3%	18.5%
RE Japan	16.3%	16.3%	16.2%	15.2%
RE Overseas	67.3%	69.7%	68.5%	66.3%
RE Total	83.7%	86.1%	84.7%	81.5%

FY2017 Jan-Sep
17.0%
16.0%
67.0%
83.0%

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

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

(Unit: %)	FY2013	FY2014	FY2015	FY2016
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
OE Total	98	89	106	131
RE Japan	109	105	96	101
RE Overseas Total	107	108	95	105
Of which N. America	116	107	102	101
Of which Europe	108	116	92	127
Of which SE Asia	109	103	100	101
Grand Total	106	105	97	108

FY2017
Jan-Sep
95
108
104
105
118
93
103

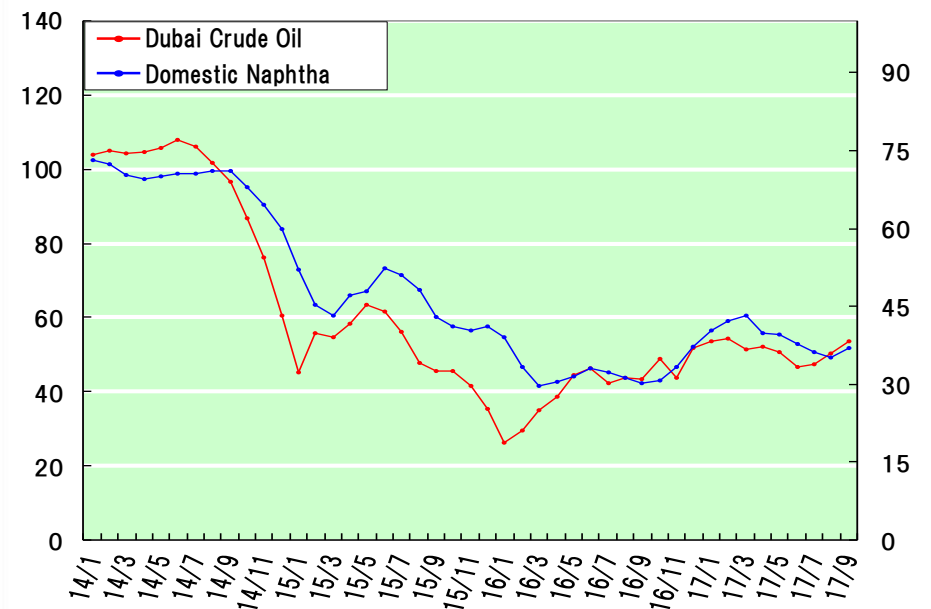
# (For Your Reference) Price Changes in Major Raw Materials

## ◆Market Price Trends

Change in Dubai Crude Oil and Domestic Naphtha Prices

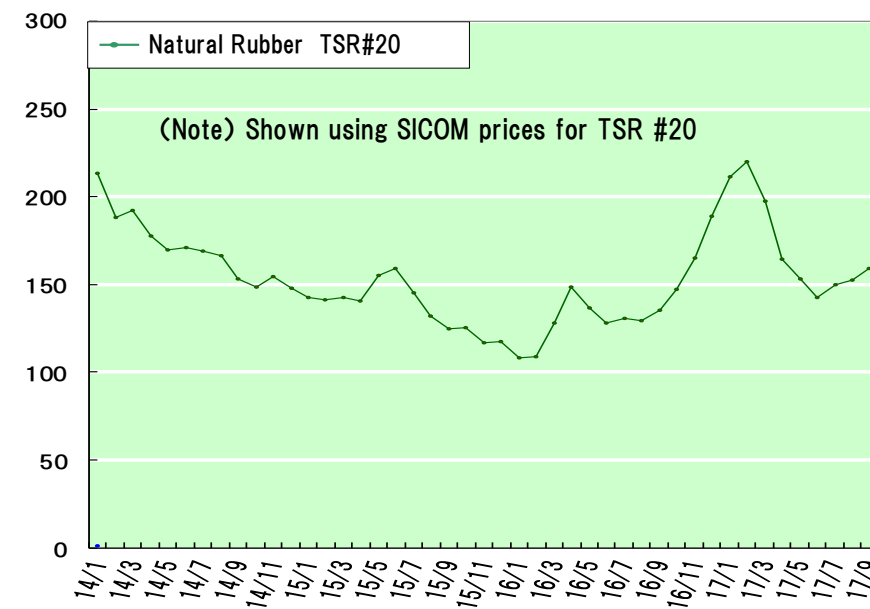
(US \$ /bbl)

(1,000Yen/kl)



Change in Natural Rubber TSR #20 Prices (SICOM)

(US\$/Kg)



(Note) Shown using SICOM prices for TSR #20

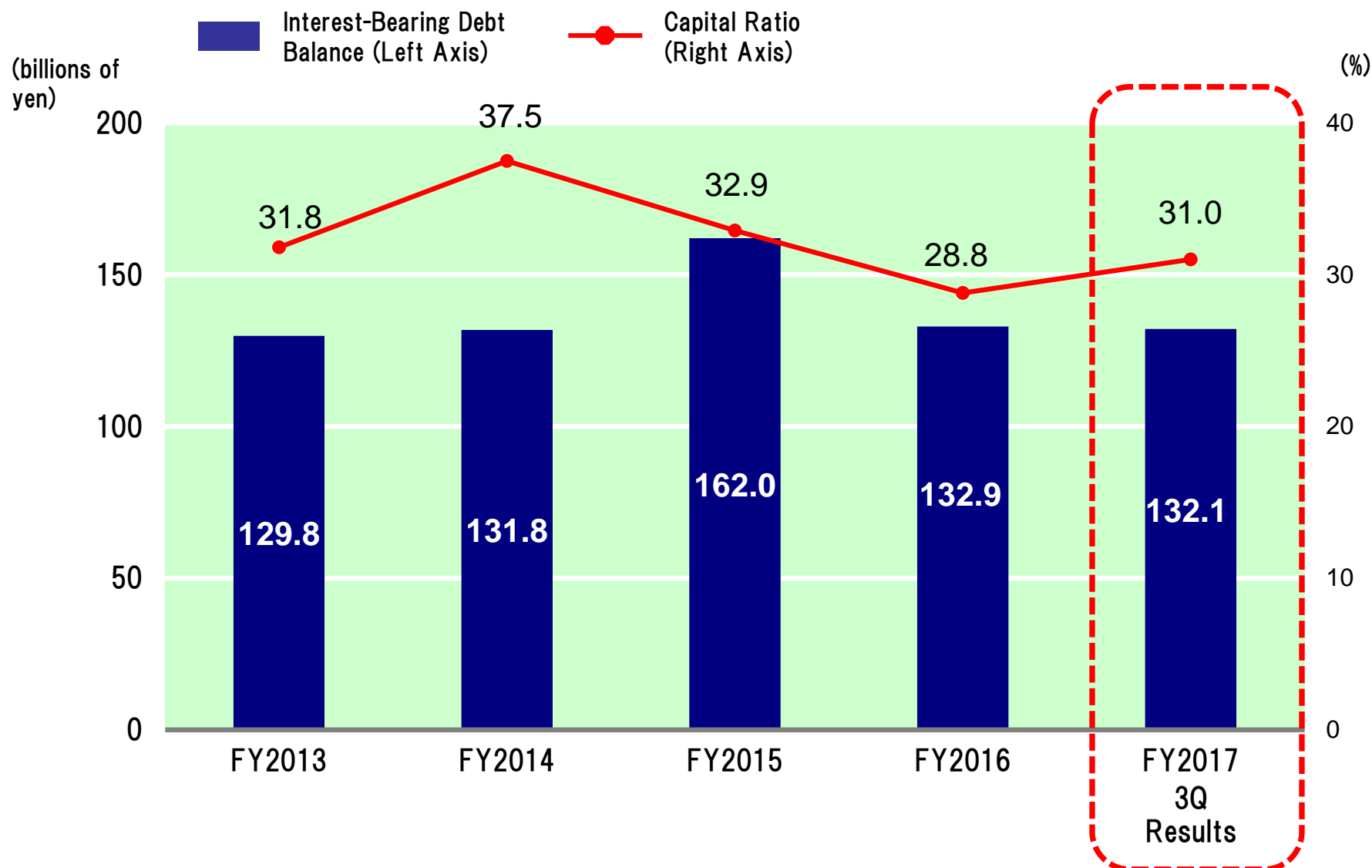
## ◆Price Changes & Impact by Raw Material (Ordinary Income Basis)

(Unit: billions of yen)

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

FY2017 Jan-Sep
(7.0)
(6.8)
+2.1
0.0
(11.7)

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





***TOYO TIRES***  
*driven to perform*