Summary Report of Consolidated Business Results
for the First Quarter of Fiscal Year 2018
(January 1, 2018 – March 31, 2018)

HYOGO, JAPAN – May 11, 2018 - TOYO TIRE & RUBBER CO., LTD. (“the Company”; President: Takashi Shimizu) announces its Consolidated Business Results for the First Quarter of Fiscal Year 2018 (January 1, 2018 through March 31, 2018) as follows:

Qualitative information about the quarterly financial results

(1) Business Results

●Net Sales:	93,741 million yen (a decrease of 4,337 million yen or 4.4% from the same period for FY2017)
●Operating Income:	10,596 million yen (a decrease of 1,509 million yen or 12.5% from the same period for FY2017)
●Ordinary Income:	8,521 million yen (a decrease of 1,524 million yen or 15.2% from the same period for FY2017)
●Profit attributable to owners of parent:	6,730 million yen (an increase of 849 million yen or 14.4% from the same period for FY2017)

(2) Results by Business Unit

The tire business unit posted net sales of 80,776 million yen (an increase of 1,951 million yen or 2.5% from the same period for FY2017) and an operating income of 11,494 million yen (a decrease of 280 million yen or 2.4% from the same period for FY2017).

The Automotive Parts business unit posted net sales of 12,948 million yen (a decrease of 543 million yen or 4.0% from the same period for FY2017) and an operating loss of (918) million yen (a decrease of 922 million yen from the same period for FY2017).

(3) Status of provision of reserves for product warranties and allowance for product repairs pertaining to the company's seismic isolation rubber issue

In the fiscal year ended December 2015, some products shipped by the company did not conform to the certification performance standards of Japan’s Ministry of Land, Infrastructure, Transport and Tourism. When applying for Ministry certification for seismic isolation rubber for construction, in some cases the certification was based on applications lacking technical grounds.
For the first quarter of the fiscal year 2018, the company posted an extraordinary loss of 1,359 million yen (product compensation response measure expenses of 1,230 million yen and a provision of reserves for product compensation of 129 million yen). This was because it became possible to calculate the progress of work, and the company recorded 634 million yen in compensation, etc., and 724 million yen in miscellaneous charges (primarily, in payroll for the seismic isolation rubber task force, etc.).

Depending on the progress of how this is handled in the following quarter and beyond, if future costs arise (mainly business compensation and repairs for damage such as delayed damage, expenses, etc., when repair work expenses are found to additionally exceed the reserve provisions), additional provision of reserves for product warranties may be posted, but at the present time it is difficult to reasonably estimate the amount.

(4) Explanation of financial situation

Total assets at the end of the first quarter of the consolidated accounting period were 453,475 million yen, a decrease of 20,401 million yen compared to the end of the prior consolidated accounting period.
Liabilities were 293,931 million yen, a decrease of 16,129 million yen compared to the previous consolidated year-end accounting period.
Interest-bearing liabilities were 123,415 million yen, an increase of 3,452 million yen compared to the previous consolidated year-end accounting term.
Net assets as of the end of the first quarter of the consolidated accounting term were 159,543 million yen, a decrease of 4,271 million yen compared to the end of the prior consolidated accounting period.
As a result, the capital ratio increased 0.5 points compared with the previous consolidated year-end accounting term, to 34.1%.

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2017	End of current fiscal year March 31, 2018
Assets		
Current Assets		
Cash and deposits	28, 268	30, 161
Notes and accounts receivable – trade	79, 371	71, 024
Merchandise and finished goods	54, 312	53, 811
Work in process	3, 012	3, 132
Raw materials and supplies	13, 067	13, 416
Other	26, 855	24, 495
Allowance for doubtful accounts	(537)	(397)
Total current assets	204, 349	195, 644
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	57, 466	55, 432
Machinery, equipment and vehicles, net	100, 524	94, 644
Other, net	34, 006	34, 609
Total property, plant and equipment	191, 997	184, 685
Intangible Assets		
Goodwill	1, 557	1, 493
Other	5, 479	5, 339
Total intangible assets	7, 037	6, 832
Investments and other assets		
Investment securities	56, 399	51, 918
Other	14, 257	14, 553
Allowance for doubtful accounts	(164)	(160)
Total investments and other assets	70, 492	66, 311
Total fixed assets	269, 526	257, 830
Total assets	473, 876	453, 475

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2017	End of current fiscal year March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable – trade	62, 589	58, 235
Commercial papers	2, 000	4, 000
Short-term loans payable	36, 490	35, 049
Current portion of bonds	5, 000	5, 000
Accounts payable – other	21, 067	15, 725
Income taxes payable	1, 424	806
Provision for product compensation	21, 000	13, 000
Other	22, 835	22, 129
Total current liabilities	172, 407	153, 947
Non-current liabilities		
Long-term loans payable	76, 130	79, 015
Net defined benefit liability	6, 702	6, 815
Provision for product compensation	42, 100	42, 100
Other provision	315	316
Other	12, 404	11, 736
Total non-current liabilities	137, 653	139, 984
Total liabilities	310, 061	293, 931
Net assets		
Shareholders' equity		
Common stock	30, 484	30, 484
Capital surplus	28, 507	28, 507
Retained earnings	63, 041	66, 597
Treasury stock	(149)	(150)
Total shareholders' equity	121, 883	125, 438
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27, 555	24, 663
Deferred gains or losses on hedges	(10)	1
Foreign currency translation adjustments	7, 974	3, 069
Remeasurements of defined benefit plans	1, 676	1, 618
Total accumulated other comprehensive income	37, 195	29, 352
Non-controlling interests	4, 735	4, 752
Total net assets	163, 815	159, 543
Total liabilities and net assets	473, 876	453, 475

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2017 (From January 1, 2017 to March 31, 2017)	FY2018 (From January 1, 2018 to March 31, 2018)
Net sales	98,078	93,741
Cost of sales	64,365	60,997
Gross profit	33,712	32,743
Selling, general and administrative expenses	21,607	22,147
Operating income	12,105	10,596
Non-operating income		
Interest income	119	119
Dividends income	287	326
Equity in earnings of affiliates	67	9
Other	342	415
Total non-operating income	817	870
Non-operating expenses		
Interest expenses	658	623
Foreign exchange losses	666	1,746
Other	1,551	575
Total non-operating expenses	2,876	2,945
Ordinary income	10,046	8,521
Extraordinary income		
Gain on sales of investment securities	220	163
Total extraordinary income	220	163
Extraordinary loss		
Loss on retirement of non-current assets	206	51
Loss on product compensation	852	1,230
Loss on provision for product compensation	65	129
Total extraordinary loss	1,125	1,411
Profit before income taxes	9,140	7,272
Income taxes	2,865	229
Profit	6,275	7,043
Profit attributable to non-controlling interests	394	313
Profit attributable to owners of parent	5,880	6,730

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2017 (From January 1, 2017 to March 31, 2017)	FY2018 (From January 1, 2018 to March 31, 2018)
Profit	6,275	7,043
Other comprehensive income		
Valuation difference on available-for-sale securities	(749)	(2,892)
Deferred gains or losses on hedges	125	12
Foreign currency translation adjustment	(2,985)	(5,149)
Remeasurements of defined benefit plans, net of tax	8	(57)
Share of other comprehensive income of associates accounted for using equity method	(24)	(51)
Total other comprehensive income	(3,625)	(8,139)
Comprehensive income	2,649	(1,096)
(Comprehensive income attributable to)		
Owners of the parent	2,283	(1,112)
Comprehensive income attributable to non-controlling interests	365	16