

TOYO TIRES

Consolidated Business Performance for the Third Quarter of the Fiscal Year Ending December 31, 2019

8 Nov, 2019

Toyo Tire Corporation

Major Topics

Consolidated Business Results for the Third Quarter of the Fiscal Year Ending December 31, 2019 (FY2019)

Consolidated Business Outlook for the Fiscal Year Ending December 31, 2019 (FY2019)

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 the Fiscal Year Ending December 31, 2019

TOYO TIRES

(Unit: millions of yen)	FY2019 3Q Results	FY2018 3Q Results	Year-on-Year Change	Year-on- Year Change %
Net Sales	277,646	285,048	(7,402)	(2.6%)
Operating Income Profit Ratio	26,466 9.5%	30,732 10.8%	(4,266)	(13.9%)
Ordinary Income	23,593	28,662	(5,069)	(17.7%)
Profit Attributable to Owners of Parent	14,232	11,264	+2,968	+26.4%

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

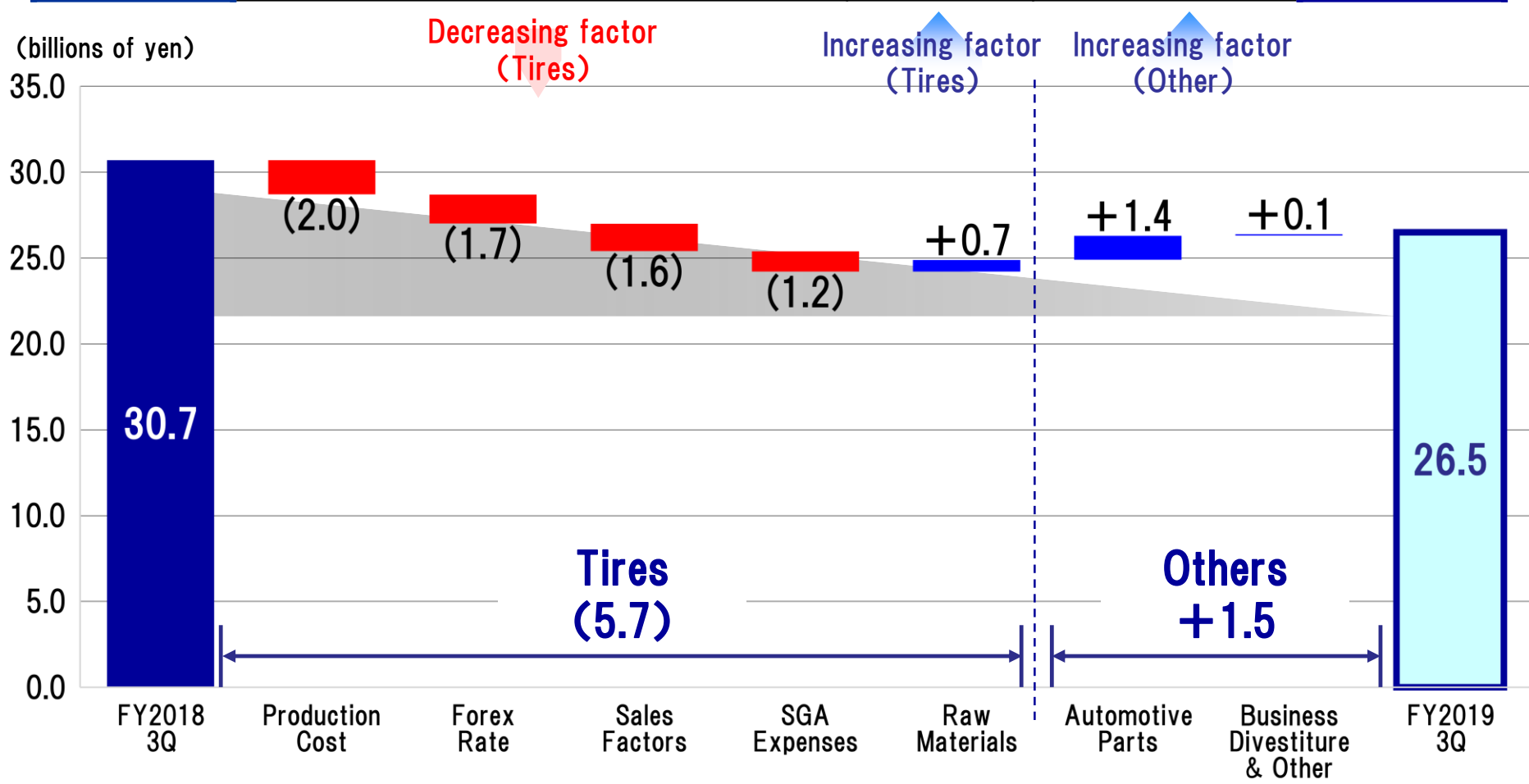
Forex Rate	USD	109 Yen	109 Yen	+0 Yen	Forex Rate Sensibility 2019	
					USD	0.50 Billion Yen/Year
	EUR	123 Yen	131 Yen	(8 Yen)	EUR	0.10 Billion Yen/Year

Results for the Third Quarter of the Fiscal Year Ending December 31, 2019

Factors Contributing to Changes in Operating Income



FY2018 3Q Results	Changes			FY2019 3Q Results
30.7	(4.3)			26.5
	(6.4)	+0.7	+1.5	



Impact of Seismic Isolation Rubber Measures on Performance in the Third Quarter of the Fiscal Year Ending December 31, 2019

TOYO TIRES

(For Your Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	3Q (C)	Total (A+B+C)	FY2015 Full Year Results	FY2016 Full Year Results	FY2017 Full Year Results	FY2018 Full Year Results
For 55 buildings	—	—	—	—	23,063	17,034	608	8,794
For 99 buildings	—	—	—	—	7,386	35,068	12,281	2,360
Charges	1,028	831	714	2,575	12,104	10,418	3,156	4,858
Compensation costs, etc.	396	73	64	534	4,119	4,260	2,590	1,516
Total	1,425	905	779	3,110	46,674	66,781	18,637	17,529

*55 buildings : disclosed on March 13, 2015, 99 buildings : disclosed on April 21, 2015

Breakdown of Calculation

3Q of FY2019
(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. 64 million yen in compensation costs and approx. 714 million yen in charges (primarily, in payroll for the seismic isolation rubber task force, etc.).

From the 4Q of
FY2019 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 the Fiscal Year Ending December 31, 2019

TOYO TIRES

● Net Sales

(Unit: millions of yen)	FY2019 3Q Results	FY2018 3Q Results	Year-on-Year Change	Year-on-Year Change %
Tires	243,846	246,801	(2,955)	(1.2%)
Automotive Parts	33,747	33,802	(55)	(0.2%)
Flexible Urethane Foams	—	4,399	(4,399)	—
Other	111	100	+11	+11.0%
Adjustments	(59)	(55)	(4)	—
Total	277,646	285,048	(7,402)	(2.6%)

● Operating Income

* Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	FY2019 3Q Results	FY2018 3Q Results	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	28,111 11.5%	33,859 13.7%	(5,747)	(17.0%)
Automotive Parts Profit Ratio	(1,616) (4.8%)	(3,036) (9.0%)	+1,420	—
Flexible Urethane Foams	—	(139)	+139	—
Other	0	72	(72)	(100.0%)
Adjustments	(28)	(23)	(4)	—
Total	26,466	30,732	(4,266)	(13.9%)

Consolidated Business Results by Geographic Area Segment for the Third Quarter of the Fiscal Year Ending December 31, 2019

TOYO TIRES

● Net Sales

(Unit: millions of yen)	FY2019 3Q Results	FY2018 3Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	79,820	81,609	(1,789)	(2.2%)
North America	146,346	146,150	+196	+0.1%
Other	51,479	57,288	(5,809)	(10.1%)
Eliminations or Corporate	—	—	—	—
Total	277,646	285,048	(7,402)	(2.6%)

* Net sales do not include intersegment internal sales or transfers

● Operating Income

(Unit: millions of yen)	FY2019 3Q Results	FY2018 3Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	18,229	20,279	(2,050)	(10.1%)
North America	6,052	6,639	(586)	(8.8%)
Other	3,030	3,944	(914)	(23.2%)
Eliminations or Corporate	(845)	(130)	(714)	—
Total	26,466	30,732	(4,266)	(13.9%)

Revised Consolidated Business Outlook for the Full Fiscal Year Ending December 31, 2019

TOYO TIRES

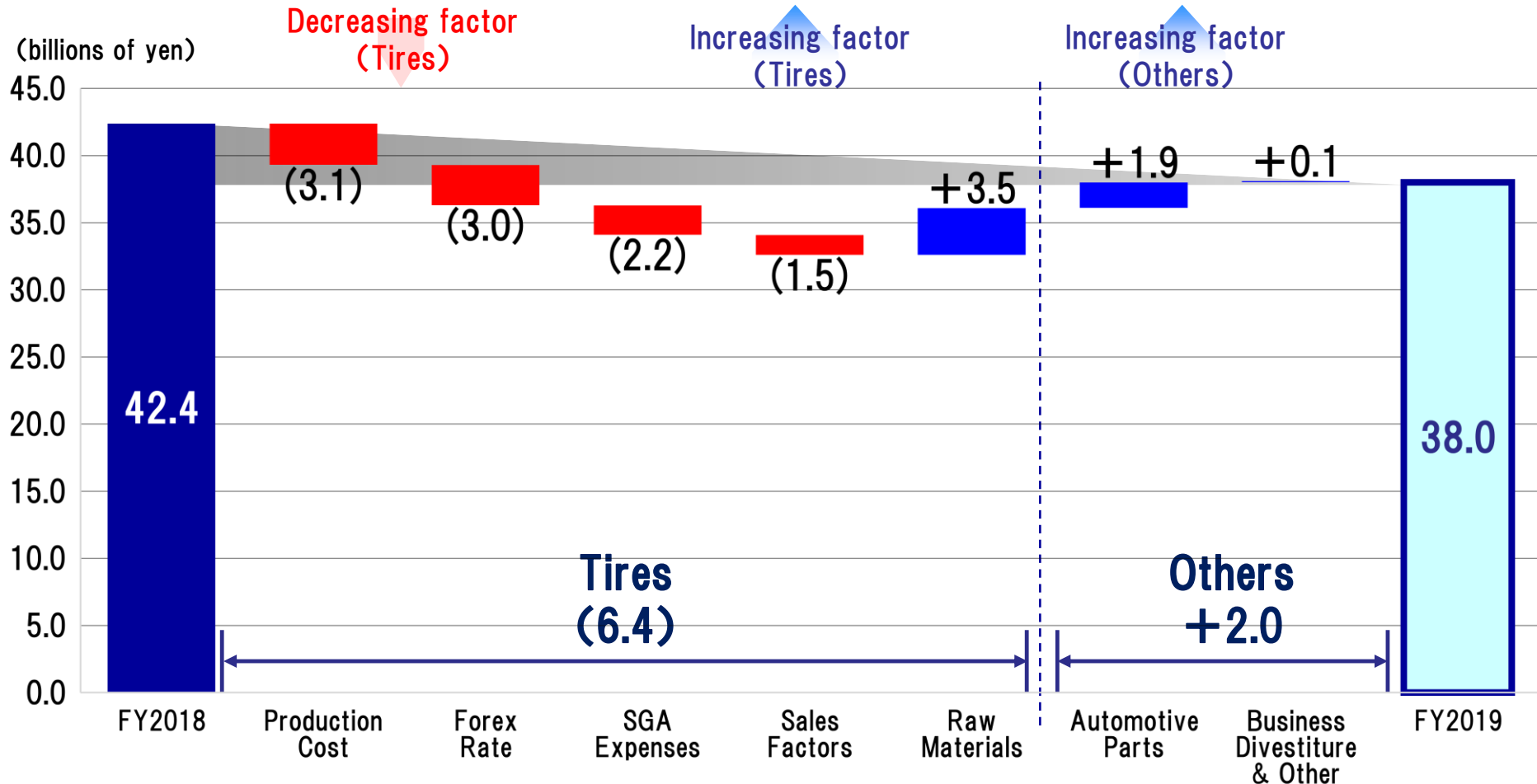
(Unit: millions of yen)	Revised Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019	Change versus Outlook for Term
Net Sales	380,000	393,220	(13,220)	(3.4%)	385,000	(5,000)
Operating Income Profit Ratio	38,000 10.0%	42,390 10.8%	(4,390)	(10.4%)	40,000 10.4%	(2,000)
Ordinary Income	34,700	38,379	(3,679)	(9.6%)	37,200	(2,500)
Profit Attributable to Owners of Parent	21,700	10,553	+11,146	+105.6%	23,900	(2,200)

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

Forex Rate	USD	109 Yen	110 Yen	(1 Yen)
	EUR	122 Yen	131 Yen	(9 Yen)

Forex Rate Sensibility 2019	
USD	0.50 Billion Yen/Year
EUR	0.10 Billion Yen/Year

FY2018 Results	Changes			FY2019 Outlook
42.4	(4.4)			38.0
	(9.9)	+3.5	+2.0	



Revised Consolidated Business Outlook by Business Segment for the Full Fiscal Year Ending December 31, 2019

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Revised Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019	Change versus Outlook for Term
Tires	335,000	341,694	(6,694)	(2.0%)	338,000	(3,000)
Automotive Parts	44,900	45,537	(637)	(1.4%)	46,900	(2,000)
Flexible Urethane Foams	—	5,928	(5,928)	—	—	—
Other	100	133	(33)	(24.8%)	100	0
Adjustments	0	(73)	+73	—	0	0
Total	380,000	393,220	(13,220)	(3.4%)	385,000	(5,000)

● Operating Income

* Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	Revised Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019	Change versus Outlook for Term
Tires Profit Ratio	40,500 12.1%	46,879 13.7%	(6,379)	(13.6%)	42,500 12.6%	(2,000)
Automotive Parts Profit Ratio	(2,500) (5.6%)	(4,371) (9.6%)	+1,871	—	(2,500) (5.3%)	0
Flexible Urethane Foams	—	(165)	+165	—	—	—
Other	0	80	(80)	—	0	0
Adjustments	0	(31)	+31	—	0	0
Total	38,000	42,390	(4,390)	(10.4%)	40,000	(2,000)

Revised Consolidated Business Outlook by Geographic Area Segment for the Full Fiscal Year Ending December 31, 2019

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Revised Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019	Change versus Outlook for Term
Japan	116,000	121,843	(5,843)	(4.8%)	116,800	(800)
North America	197,400	198,133	(733)	(0.4%)	199,500	(2,100)
Other	66,600	73,242	(6,642)	(9.1%)	68,700	(2,100)
Eliminations or Corporate	—	—	—	—	—	—
Total	380,000	393,220	(13,220)	(3.4%)	385,000	(5,000)

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

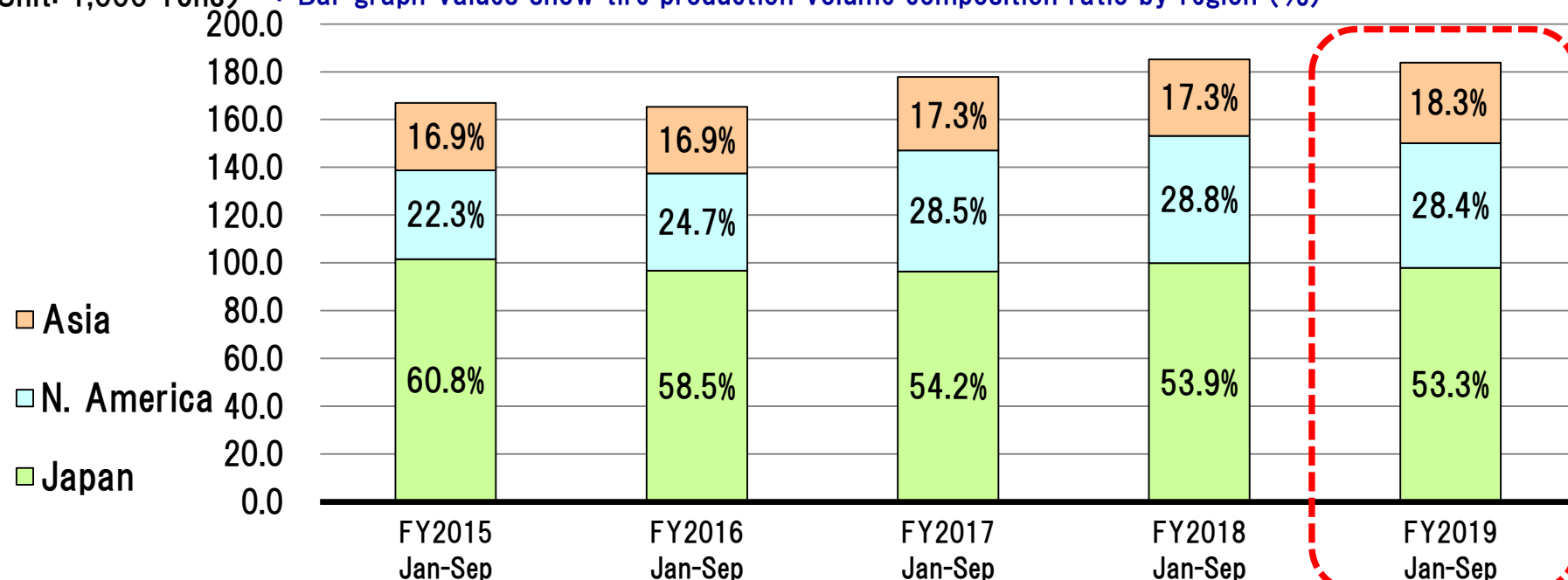
● Operating Income

(Unit: millions of yen)	Revised Full-Year Outlook for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019	Change versus Outlook for Term
Japan	24,100	29,284	(5,184)	(17.7%)	25,100	(1,000)
North America	10,000	8,385	+1,614	+19.3%	10,700	(700)
Other	4,000	4,013	(13)	(0.3%)	4,500	(500)
Eliminations or Corporate	(100)	706	(806)	—	(300)	+200
Total	38,000	42,390	(4,390)	(10.4%)	40,000	(2,000)

(For Your Reference) Changes in Tire Production (New Rubber Volume)

TOYO TIRES

(Unit: 1,000 Tons) * Bar graph values show tire production volume composition ratio by region (%)

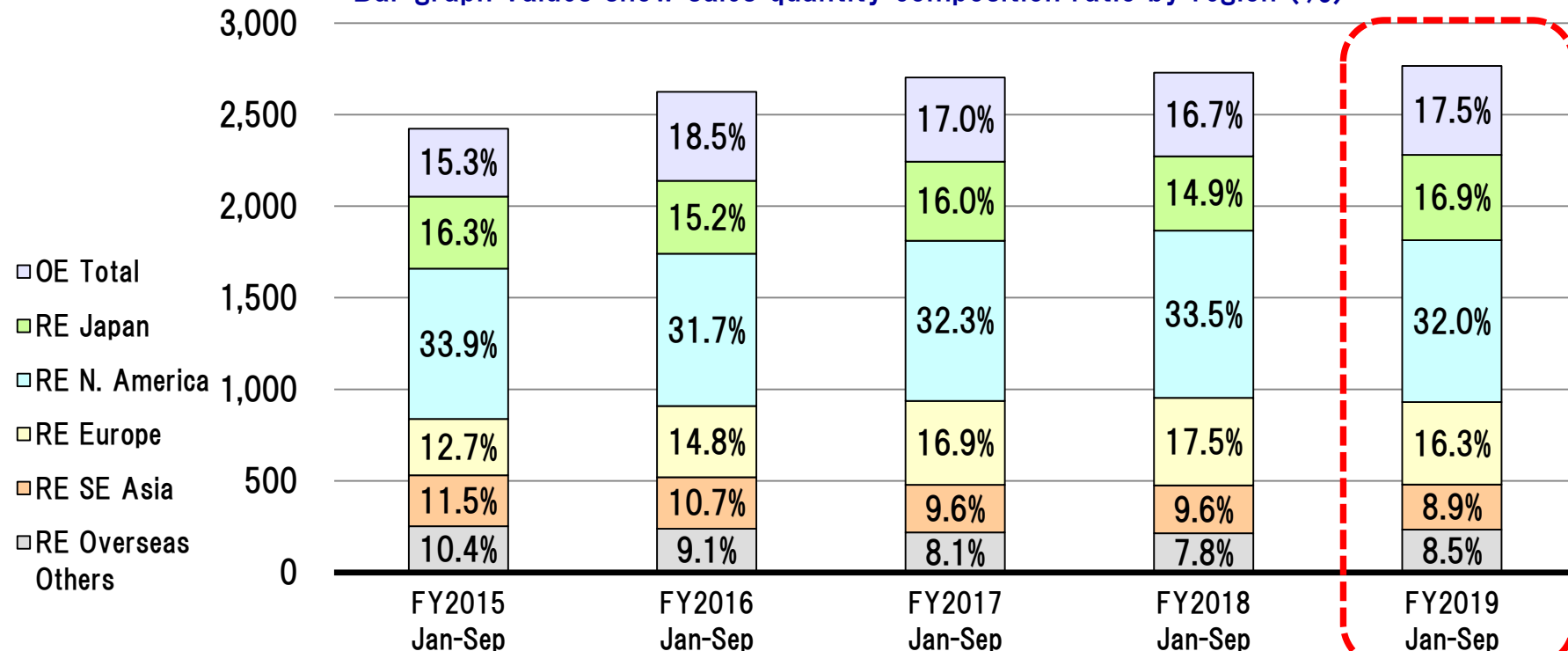


(Unit: 1,000 Tons)	FY2015	FY2016	FY2017	FY2018	FY2019
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
Japan	101.6	96.7	96.5*	99.9	97.9
N. America	37.2	40.8	50.6	53.3	52.2
Asia	28.1	27.9	30.8	32.1	33.7
Total	166.9	165.3	177.8*	185.3	183.9

*There is change from the numerical value which was described in the Consolidated Business Results for the Third Quarter of the Fiscal Year Ending December 31, 2017 (announced on 10 Nov, 2017).

(For Your Reference) Tire Sales Quantity Composition Ratio by Region

(Unit:10,000 Tires) * Bar graph values show sales quantity composition ratio by region (%)



Sales Quantity Composition Ratio (%)	FY2015 Jan-Sep	FY2016 Jan-Sep	FY2017 Jan-Sep	FY2018 Jan-Sep
RE Total	84.7%	81.5%	83.0%	83.3%
Of which RE Overseas	68.4%	66.3%	67.0%	68.4%
Of which RE Japan	16.3%	15.2%	16.0%	14.9%
OE Total	15.3%	18.5%	17.0%	16.7%

FY2019 Jan-Sep
82.5%
65.6%
16.9%
17.5%

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

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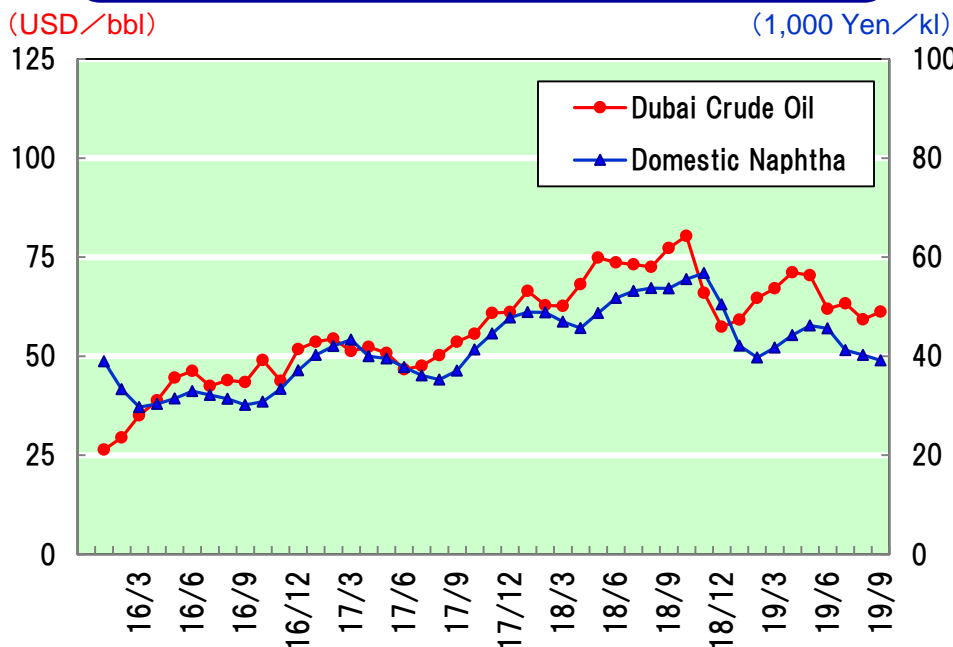
*** Year-on-Year when the same period previous year = 100**

(Unit:%)	FY2015	FY2016	FY2017	FY2018	FY2019
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
OE Total	106	131	95	99	106
RE Japan	96	101	108	94	115
RE Overseas	95	105	104	103	97
Of which N. America	102	101	105	104	99
Of which Europe	92	127	118	105	94
Of which SE Asia	100	101	93	101	94
Grand Total	97	108	103	101	101

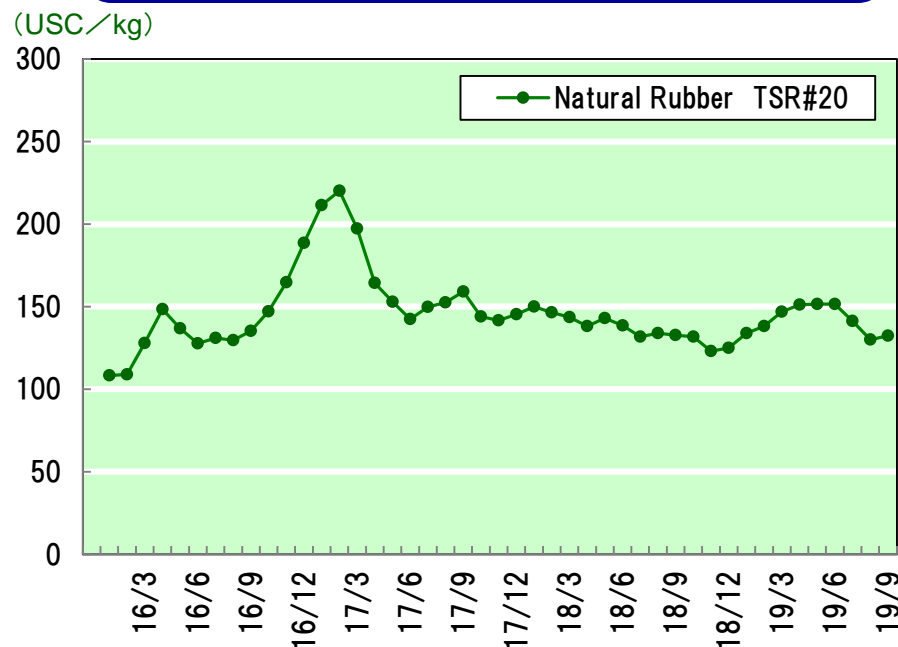
(For Your Reference) Price Changes in Major Raw Materials

◆Market Price Trends

Change in Dubai Crude Oil and Domestic Naphtha Prices



Change in Natural Rubber TSR #20 Prices (SICOM)



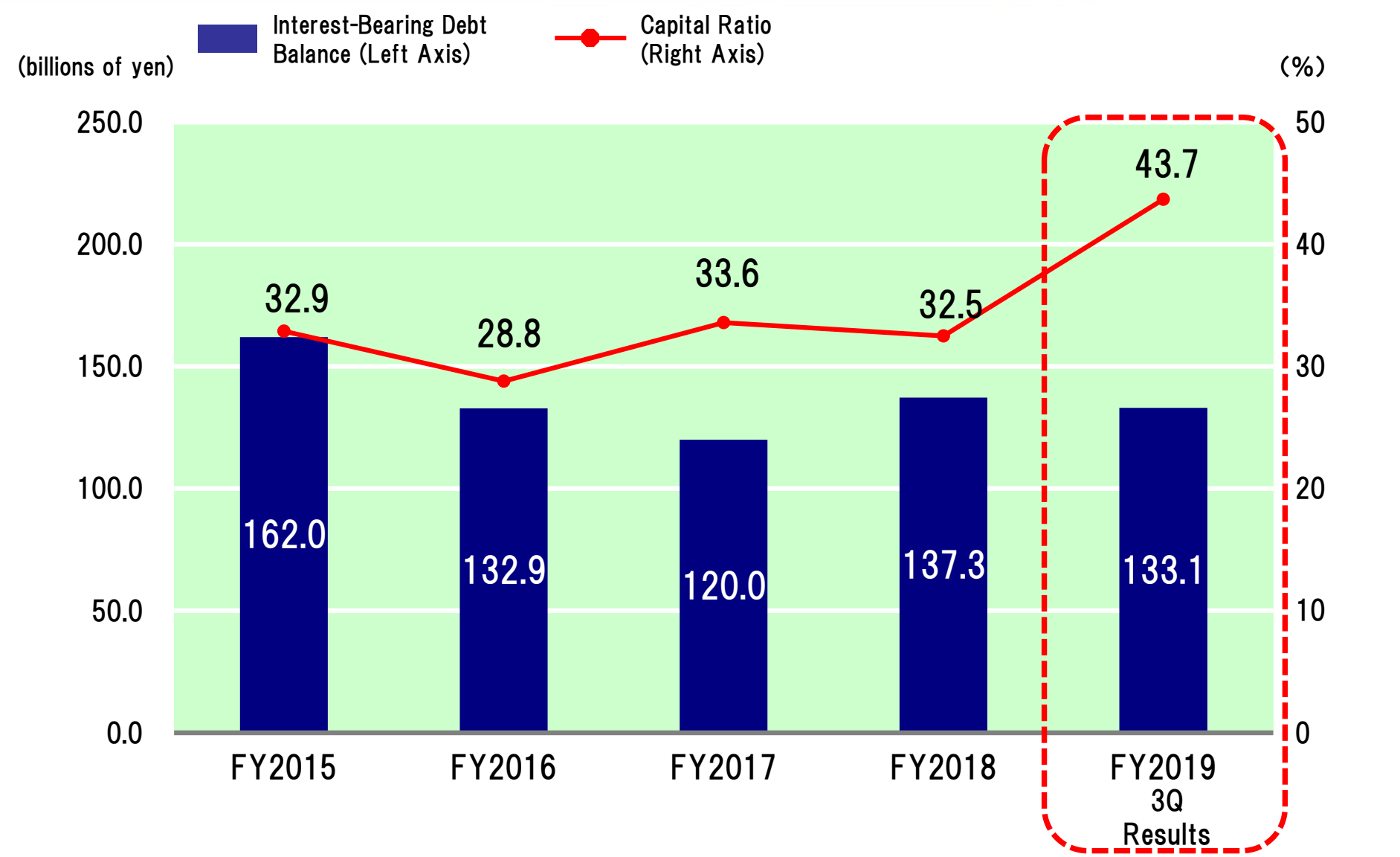
◆Price Changes & Impact by Raw Material (Operating Income Basis)

(Unit: billions of yen)

Raw Material	FY2015	FY2016	FY2017	FY2018	FY2019 Jan-Sep
Natural Rubber	+7.5	+2.5	(7.5)	+3.8	+0.4
Petroleum Products	+9.9	+6.4	(7.7)	(2.9)	(0.1)
Other Raw Materials	+0.4	+1.1	+1.3	(0.8)	+0.4
Total	+17.8	+10.0	(13.9)	+0.1	+0.7

* Until FY2017, impact on all businesses is indicated. For FY2018 onward, impact on the Tire Business is indicated.

© Toyo Tire * "Valuation difference of inventory assets" is included in and indicated as "Other Raw Materials" until FY2017. It is included and indicated in each raw material for FY2018 onward.



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