

TOYO TIRES

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

14 February, 2020

Toyo Tire Corporation

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ANNIVERSARY

Major Topics

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

Consolidated Business Outlook for the Fiscal Year Ending December 31, 2020 (FY2020)

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 Fiscal Year Ending December 31, 2019

TOYO TIRES

(Unit: millions of yen)	Full-Year Results for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %
Net Sales	377,457	393,220	(15,762)	(4.0%)
Operating Income Profit Ratio	38,447 10.2%	42,390 10.8%	(3,942)	(9.3%)
Ordinary Income	36,645	38,379	(1,734)	(4.5%)
Profit Attributable to Owners of Parent	24,482	10,553	+13,929	+132.0%

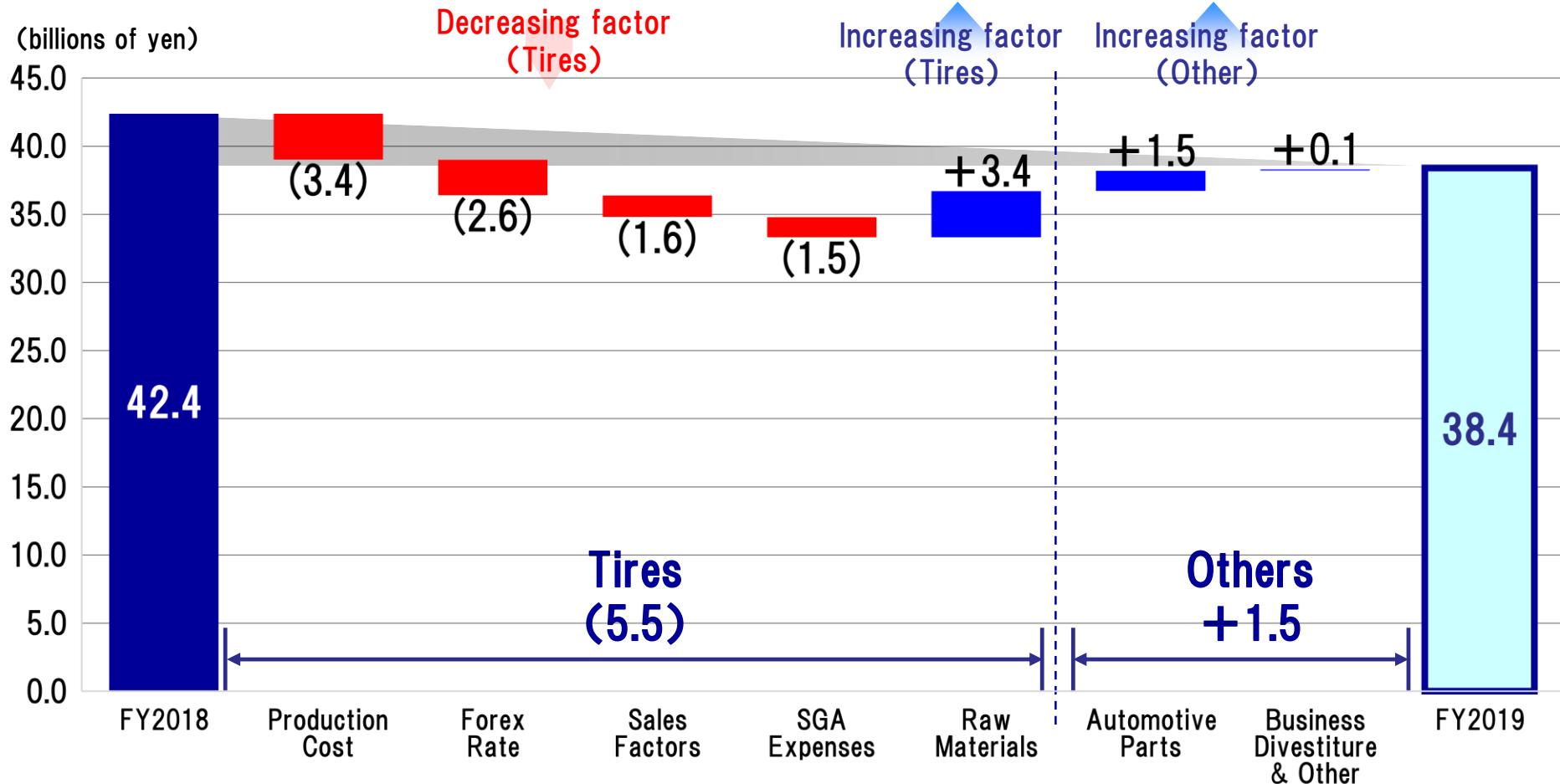
Full-Year Outlook for FY2019 (8 Nov. 2019)	Vs. The Expected Increase or Reduction
380,000	(2,543)
38,000 10.0%	+447
34,700	+1,945
21,700	+2,782

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

Forex Rate	USD	109 Yen	110 Yen	(1 Yen)
	EUR	123 Yen	131 Yen	(8 Yen)

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

FY2018 Results	Changes			FY2019 Results
42.4	(3.9)			38.4
	(8.9)	+3.4	+1.5	



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

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(For Your Reference)

(Unit: millions of yen)	1Q (A)	2Q (B)	3Q (C)	4Q (D)	Total (A+B+C+D)	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	789	3,365	12,104	10,418	3,156	4,858
Compensation costs, etc.	396	73	64	110	645	4,119	4,260	2,590	1,516
Total	1,425	905	779	900	4,010	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

4Q of FY2019
(D)

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. 100 million yen in compensation costs and approx. 800 million yen in charges (primarily, in payroll for the seismic isolation rubber task force, etc.).

From the
FY2020 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 Fiscal Year Ending December 31, 2019

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Full-Year Results for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019 (As of 8 Nov. 2019)	Vs. The Expected Increase or Reduction
Tires	332,838	341,694	(8,855)	(2.6%)	335,000	(2,162)
Automotive Parts	44,551	45,538	(985)	(2.2%)	44,900	(349)
Chemical Industrial Products	—	5,928	(5,928)	—	—	—
Other	146	133	+13	+9.8%	100	+46
Adjustments	(79)	(73)	(6)	—	0	(79)
Total	377,457	393,220	(15,762)	(4.0%)	380,000	(2,543)

● Operating Income

* Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	Full-Year Results for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019 (As of 8 Nov. 2019)	Vs. The Expected Increase or Reduction
Tires Profit Ratio	41,393 12.5%	46,879 13.7%	(5,486)	(11.7%)	40,500 12.1%	+893
Automotive Parts Profit Ratio	(2,919) (6.6%)	(4,371) (9.6%)	+1,451	—	(2,500) (5.6%)	(419)
Chemical Industrial Products	—	(166)	+166	—	—	—
Other	14	80	(65)	(82.5%)	0	+14
Adjustments	(39)	(31)	(8)	—	0	(39)
Total	38,447	42,390	(3,942)	(9.3%)	38,000	+447

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

TOYO TIRES

● Net Sales

(Unit: millions of yen)	Full-Year Results for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019 (As of 8 Nov. 2019)	Vs. The Expected Increase or Reduction
Japan	113,473	121,843	(8,370)	(6.9%)	116,000	(2,527)
North America	197,698	198,133	(435)	(0.2%)	197,400	+298
Other	66,286	73,242	(6,956)	(9.5%)	66,600	(314)
Eliminations or Corporate	—	—	—	—	—	—
Total	377,457	393,220	(15,762)	(4.0%)	380,000	(2,543)

● Operating Income

* Net sales do not include intersegment internal sales or transfers

(Unit: millions of yen)	Full-Year Results for FY2019	Full-Year Results for FY2018	Year-on-Year Change	Year-on-Year Change %	Full-Year Outlook for FY2019 (As of 8 Nov. 2019)	Vs. The Expected Increase or Reduction
Japan	27,039	29,284	(2,245)	(7.7%)	24,100	+2,939
North America	8,378	8,385	(7)	(0.1%)	10,000	(1,622)
Other	3,610	4,013	(403)	(10.0%)	4,000	(390)
Eliminations or Corporate	(580)	706	(1,286)	—	(100)	(480)
Total	38,447	42,390	(3,942)	(9.3%)	38,000	+447

Outline of Consolidated Business Outlook for the Fiscal Year Ending December 31, 2020

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(Unit: millions of yen)	Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Net Sales	386,000	377,457	+8,542	+2.3%
Operating Income Profit Ratio	44,000 11.4%	38,447 10.2%	+5,552 +1.2%	+14.4%
Ordinary Income	41,100	36,645	+4,454	+12.2%
Profit Attributable to Owners of Parent	27,500	24,482	+3,017	+12.3%

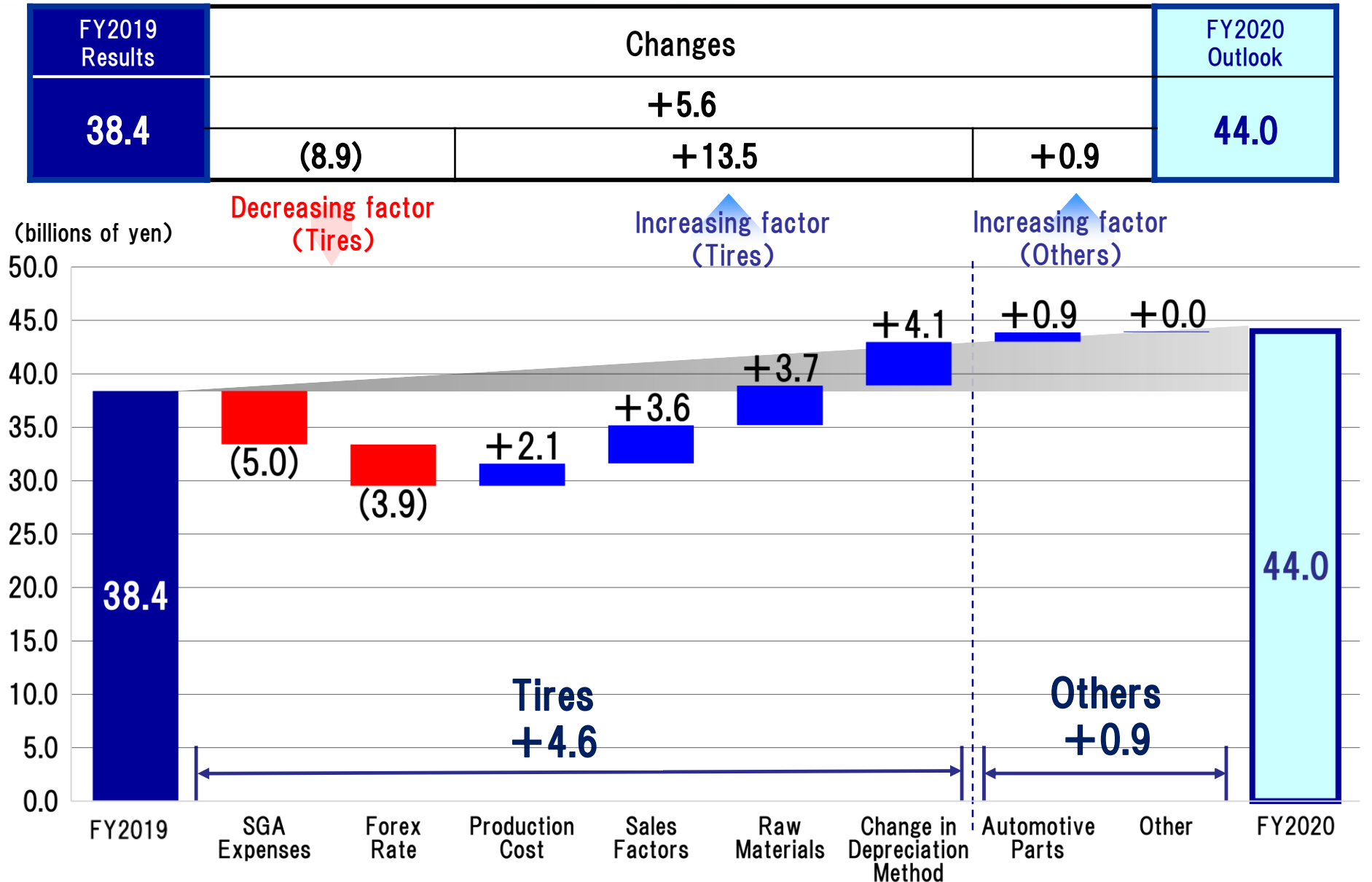
* Profit Attributable to Owners of Parent: Profit attributable to parent company shareholders

Forex Rate	USD	105 Yen	109 Yen	(4 Yen)
	EUR	115 Yen	123 Yen	(8 Yen)

Forex Rate Sensibility 2020	
USD	0.55 Billion Yen/Year
EUR	0.10 Billion Yen/Year

Impact of 1 yen fluctuation on operating income

Outlook for the Full Fiscal Year Ending December 31, 2020 Factors Contributing to Changes in Operating Income



Consolidated Business Outlook by Business Segment for the Full Fiscal Year Ending December 31, 2020

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● Net Sales

(Unit: millions of yen)	Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Tires	344,000	332,838	+11,161	+3.4%
Automotive Parts	42,000	44,551	(2,551)	(5.7%)
Other	0	146	(146)	—
Adjustments	0	(79)	+79	—
Total	386,000	377,457	+8,542	+2.3%

* Net sales include intersegment internal net sales or transfers

● Operating Income

(Unit: millions of yen)	Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Tires Profit Ratio	46,000 13.4%	41,393 12.5%	+4,606	+11.1%
Automotive Parts Profit Ratio	(2,000) (4.8%)	(2,919) (6.6%)	+919	—
Other	0	14	(14)	—
Adjustments	0	(39)	+39	—
Total	44,000	38,447	+5,552	+14.4%

* Segment profit adjustment amounts include intersegment eliminations

Consolidated Business Outlook by Geographic Area Segment for the Full Fiscal Year Ending December 31, 2020

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●Net Sales

(Unit: millions of yen)	Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Japan	114,100	113,473	+626	+0.6%
North America	202,100	197,698	+4,401	+2.2%
Other	69,800	66,286	+3,513	+5.3%
Eliminations or Corporate	—	—	—	—
Total	386,000	377,457	+8,542	+2.3%

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

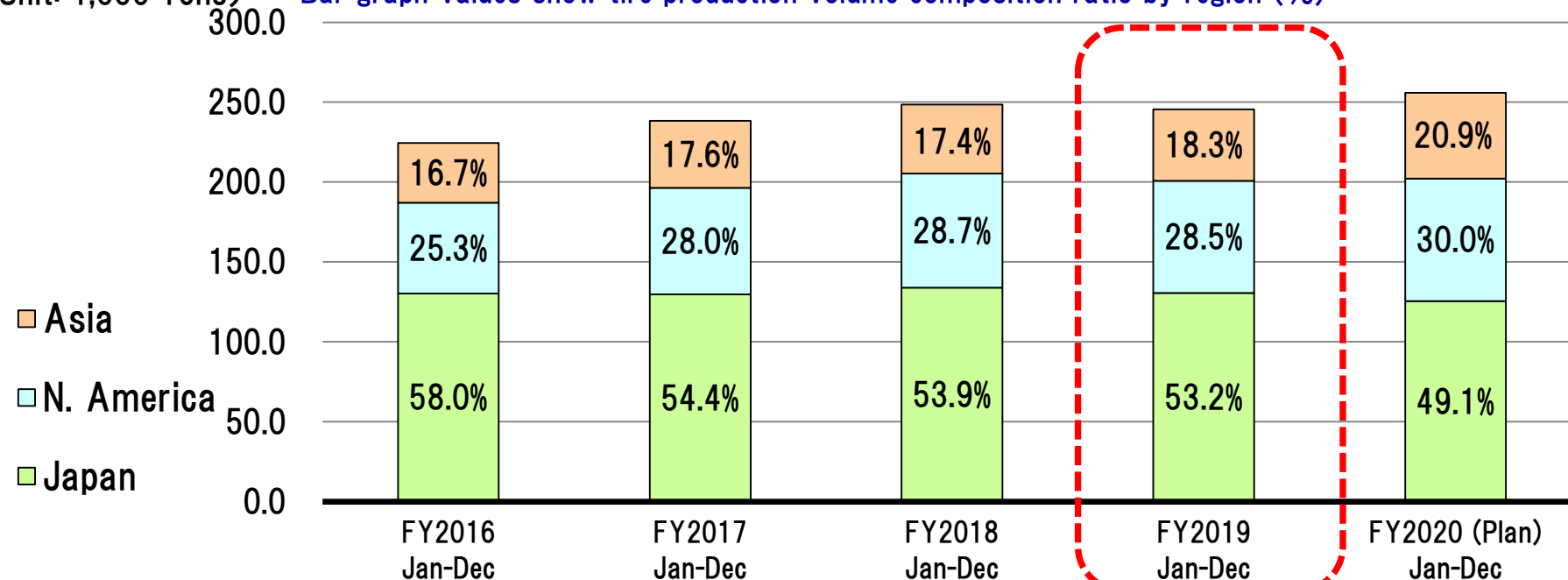
●Operating Income

(Unit: millions of yen)	Full-Year Outlook for FY2020	Full-Year Results for FY2019	Year-on-Year Change	Year-on-Year Change %
Japan	27,400	27,039	+360	+1.3%
North America	11,700	8,378	+3,321	+39.7%
Other	4,800	3,610	+1,189	+32.9%
Eliminations or Corporate	100	(580)	+680	—
Total	44,000	38,447	+5,552	+14.4%

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

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

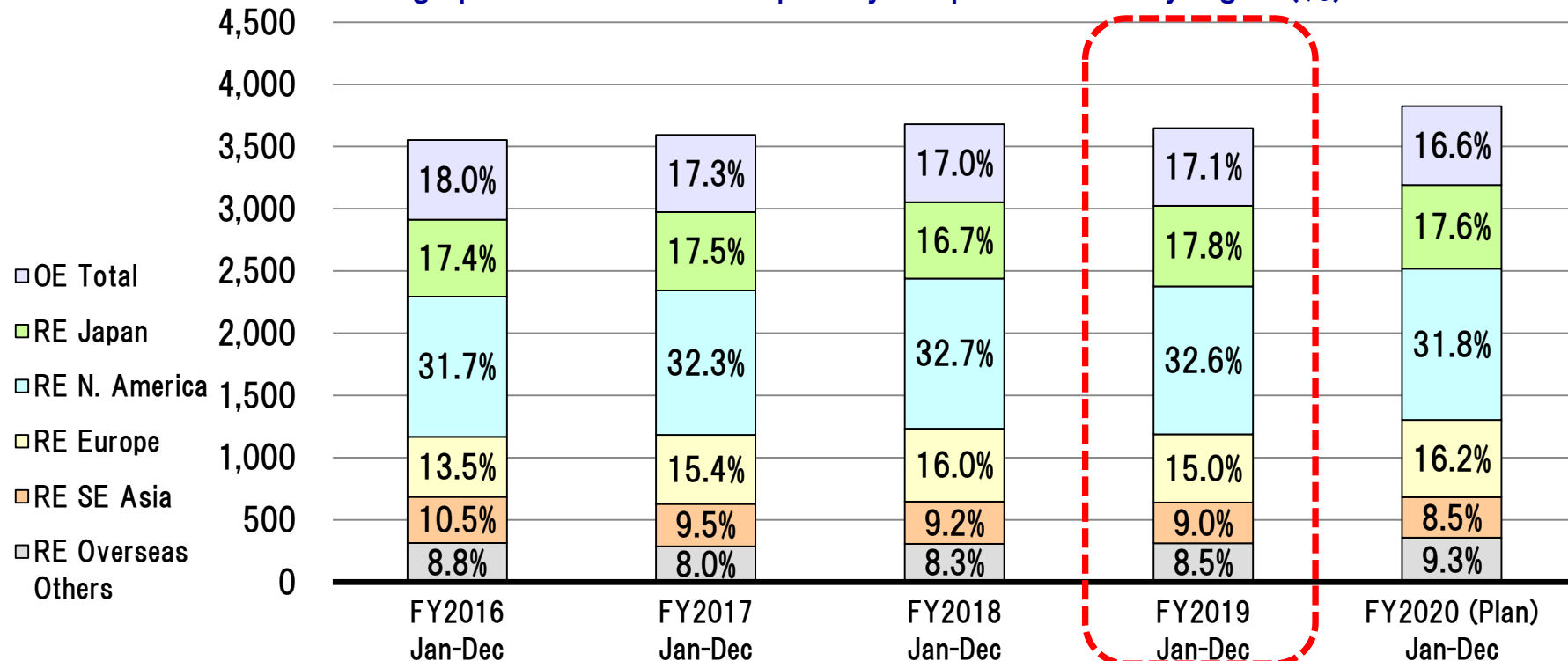


(Unit: 1,000 Tons)	FY2016	FY2017	FY2018	FY2019	FY2020
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Plan (Full-Year) Jan-Dec
Japan	130.2	129.7*	134.0	130.6	125.6
N. America	56.9	66.8	71.4	70.1	76.7
Asia	37.4	41.9	43.2	44.9	53.6
Total	224.5	238.4*	248.6	245.6	255.8

*There is change from the numerical value which was described in the Consolidated Business Performance for the Fiscal Year Ending December 31, 2017 (announced on 15 Feb, 2018).

(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 (%)	FY2016	FY2017	FY2018	FY2019	FY2020
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Plan (Full-Year) Jan-Dec
RE Total	82.0%	82.7%	83.0%	82.9%	83.4%
Of which RE Overseas	64.6%	65.2%	66.3%	65.1%	65.9%
Of which RE Japan	17.4%	17.5%	16.7%	17.8%	17.6%
OE Total	18.0%	17.3%	17.0%	17.1%	16.6%

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

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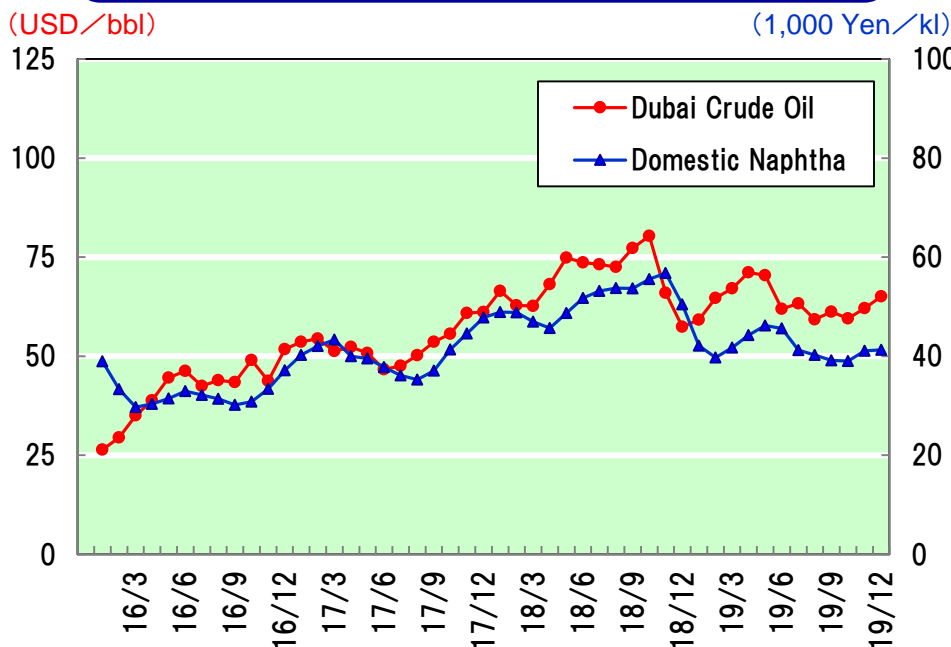
* Year-on-Year when the same period previous year = 100

(Unit:%)	FY2016	FY2017	FY2018	FY2019	FY2020 Plan (Full-Year)
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
OE Total	123	97	100	100	101
RE Japan	103	102	98	105	104
RE Overseas	106	102	104	97	106
Of which N. America	105	103	106	99	102
Of which Europe	123	115	106	93	113
Of which SE Asia	98	92	99	97	99
Grand Total	108	101	102	99	105

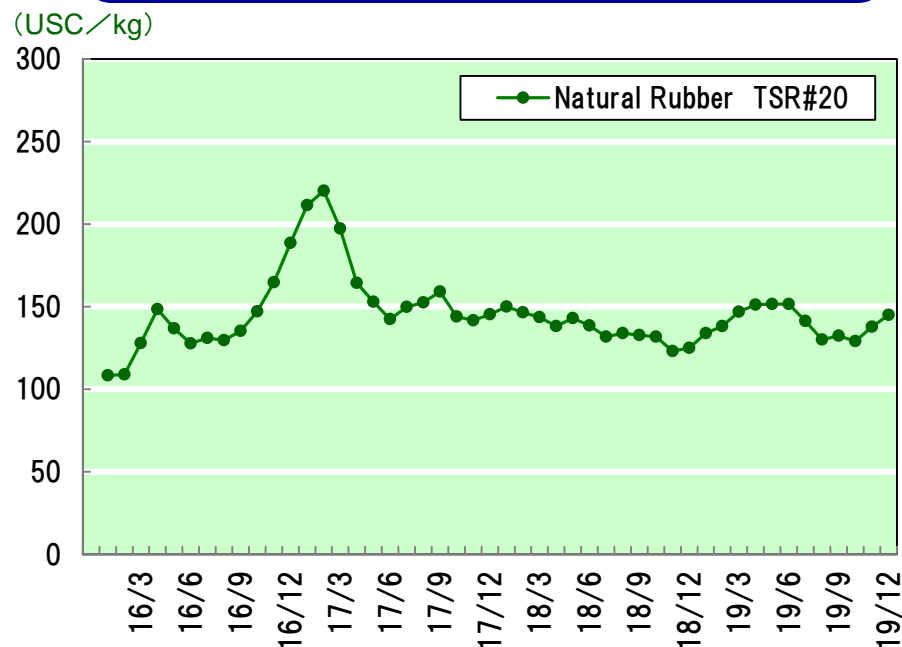
(For Your Reference) Price Changes in Major Raw Materials

◆Market Price Trends

Change in Dubai Crude Oil and Domestic Naphtha Prices



Change in Natural Rubber TSR #20 Prices (SICOM)



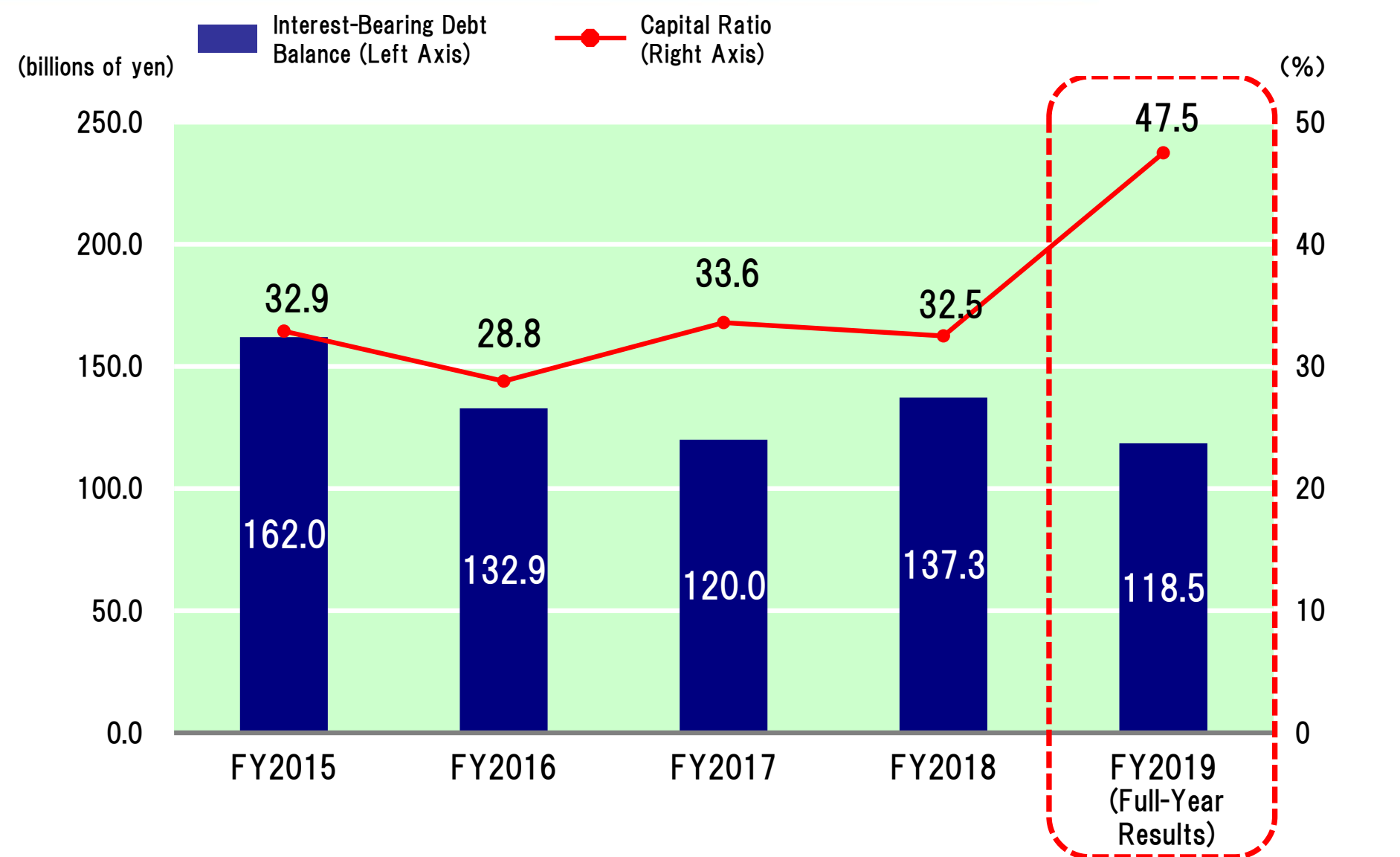
◆Price Changes & Impact by Raw Material (Operating Income Basis)

(Unit: billions of yen)

Raw Material	FY2016	FY2017	FY2018	FY2019	FY2020 Outlook
Natural Rubber	+2.5	(7.5)	+3.8	+0.3	(0.2)
Petroleum Products	+6.4	(7.7)	(2.9)	+2.1	+2.2
Other Raw Materials	+1.1	+1.3	(0.8)	+1.0	+1.7
Total	+10.0	(13.9)	+0.1	+3.4	+3.7

* 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.



(For Your Reference)
Changes in Capital Investment and in Depreciation



◆ Change in Capital Investment

FY2020 Plan

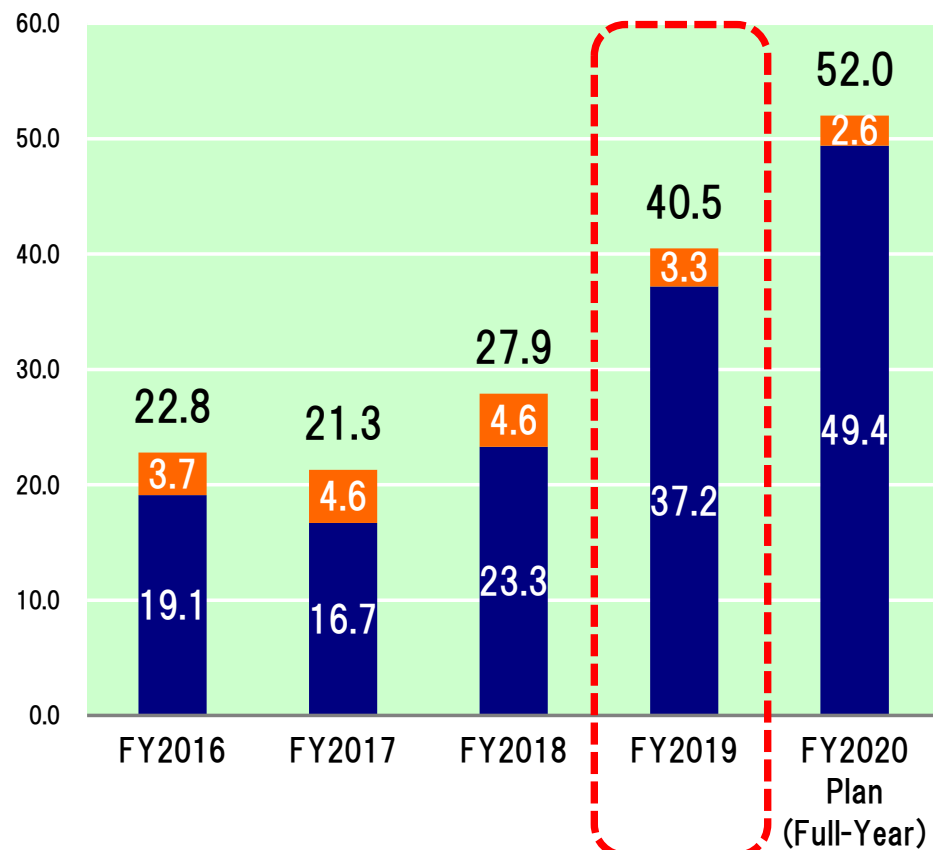
Capital Investment	:	52.0	Billion Yen
Tires	:	49.4	Billion Yen
Automotive Parts, Other	:	2.6	Billion Yen

◆ Change in Depreciation

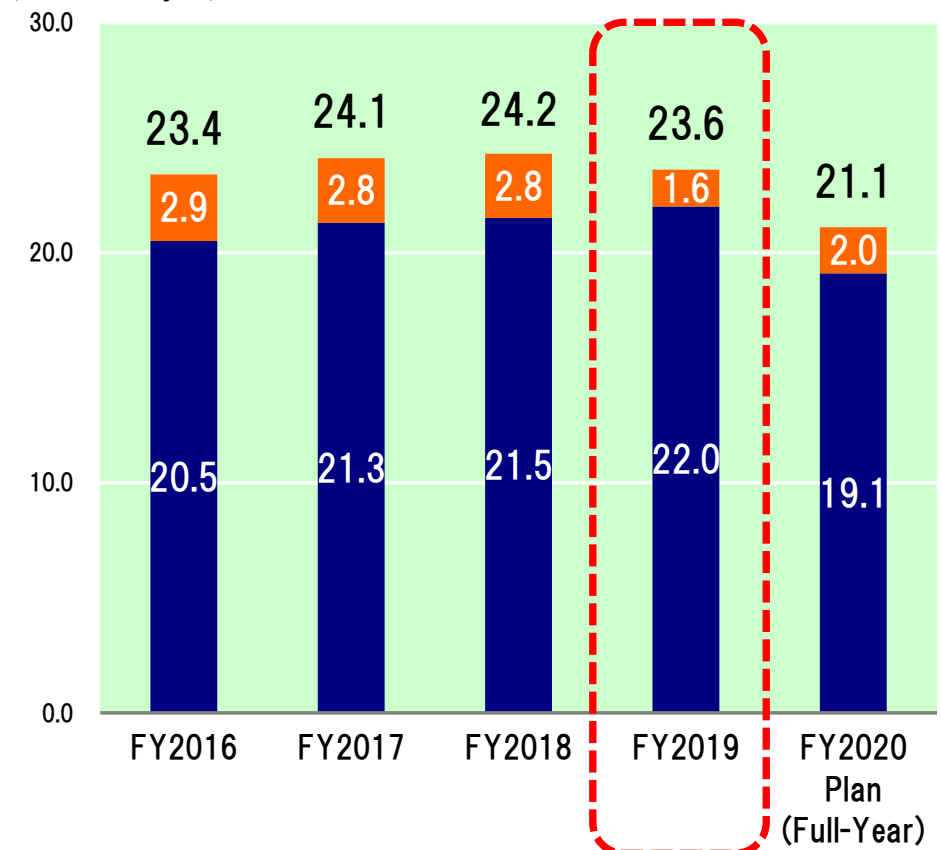
FY2020 Plan

Depreciation	:	21.1	Billion Yen
Tires	:	19.1	Billion Yen
Automotive Parts, Other	:	2.0	Billion Yen

(billions of yen)



(billions of yen)



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