

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

12 May, 2017

TOYO TIRE & RUBBER CO., Ltd.

## Major Topics

Consolidated Business Results for the First Quarter of the Fiscal Year  
Ending December 31, 2017 (FY2017)

Consolidated Business Outlook for the Second Quarter of 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 may 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 First Quarter of the Fiscal Year Ending December 31, 2017

(Unit: millions of yen)	<b>FY2017 1Q Results</b>	FY2016 1Q Results	Year-on-Year Change	Year-on-Year Change %
Net Sales	<b>98,078</b>	<b>95,329</b>	<b>+2,748</b>	+2.9%
Operating Income Operating Profit	<b>12,105</b> 12.3%	<b>11,968</b> 12.6%	<b>+137</b> (0.2%)	+1.1%
Ordinary Income	<b>10,046</b>	<b>9,793</b>	<b>+252</b>	+2.6%
Profit Attributable to Owners of Parent	<b>5,880</b>	<b>61</b>	<b>+5,818</b>	—

Forex Rate	US\$	<b>114 Yen</b>	<b>118 Yen</b>	<b>(4 Yen)</b>
	€	<b>121 Yen</b>	<b>129 Yen</b>	<b>(8 Yen)</b>

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

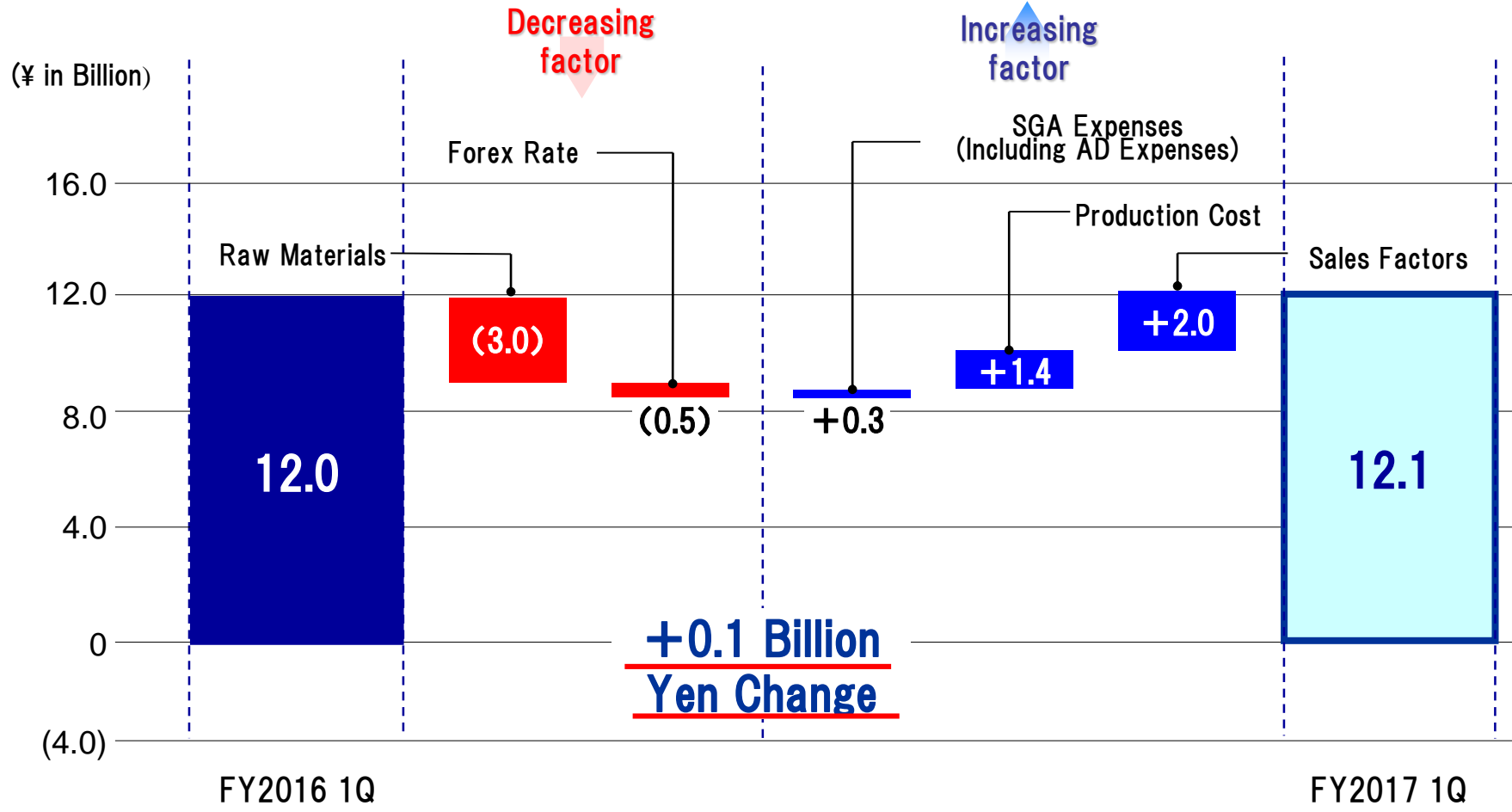
# Results for the First Quarter of the Fiscal Year Ending December 31, 2017

## Factors contributing to Changes in Operating Income



● Operating Income  
(¥ in Billion)

FY2016 1Q Results	Changes		FY2017 1Q Results
12.0	+0.1		12.1
	(3.6)	+3.7	



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

(For Your Reference)

(Unit: millions of yen)	1Q
For 55 buildings (disclosed on March 13, 2015)	—
For 99 buildings (disclosed on April 21, 2015)	—
Charges	473
Compensation cost, etc.	444
Total	918

FY2016 Full year results	FY2015 Full year results
17,034	23,063
35,068	7,386
10,418	12,104
4,260	4,119
66,781	46,674

## (Breakdown of Calculation)

### 1Q of FY2017

The company posted an extraordinary loss of 918 million yen as a result of posting 444 million yen for compensations, etc.; and 473 million yen for miscellaneous expenses (mainly in payroll for the seismic isolation rubber task force).

### From the 2Q of FY2017 onward

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 second quarter onward.

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

## ● Net Sales

(Unit: millions of yen)	FY2017 1Q Results	FY2016 1Q Results	Year-on-Year Change	Year-on-Year Change %
Tire	78,825	76,186	+2,639	+3.5%
DiverTec	19,239	19,125	+113	+0.6%
Others	59	62	(3)	(4.8%)
Adjustments	(45)	(44)	(0)	—
Total	98,078	95,329	+2,748	+2.9%

## ● Operating Income

※ Net sales include intersegment internal net sales or transfers

(Unit: millions of yen)	FY2017 1Q Results	FY2016 1Q Results	Year-on-Year Change	Year-on-Year Change %
Tire Operating Profit	11,774 14.9%	11,182 14.7%	+592 +0.3%	+5.3%
DiverTec Operating Profit	309 1.6%	673 3.5%	(363) (1.9%)	(54.0%)
Others	27	29	(1)	(6.9%)
Adjustments	(6)	83	(89)	—
Total	12,105	11,968	+137	+1.1%

※ Segment profit adjustment amounts include intersegment eliminations

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

## ● Net Sales

(Unit: millions of yen)	FY2017 1Q Results	FY2016 1Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	32,645	34,005	(1,359)	(4.0%)
North America	45,225	43,743	+1,481	+3.4%
Others	20,207	17,580	+2,626	+14.9%
Eliminations or Corporate	—	—	—	—
Total	98,078	95,329	+2,748	+2.9%

## ● Operating Income

※ Net sales do not include intersegment internal sales or transfers

(Unit: millions of yen)	FY2017 1Q Results	FY2016 1Q Results	Year-on-Year Change	Year-on-Year Change %
Japan	6,770	7,923	(1,152)	(14.6%)
North America	2,801	1,802	+998	+55.4%
Others	1,859	1,538	+320	+20.9%
Eliminations or Corporate	674	703	(29)	(4.4%)
Total	12,105	11,968	+137	+1.1%

# Outline of Consolidated Business Outlook for the Second Quarter of the Fiscal Year Ending December 31, 2017

※There is no change from the earnings forecast announced on February 15, 2017.

(Unit: millions of yen)	Outlook for FY2017 2Q	Results for FY2016 2Q	Year-on-Year Change	Year-on-Year Change %
Net Sales	<b>186,000</b>	<b>186,439</b>	<b>(439)</b>	(0.2%)
Operating Income Operating Profit	<b>19,000</b> 10.2%	<b>26,218</b> 14.1%	<b>(7,218)</b> (3.9%)	(27.5%)
Ordinary Income	<b>16,000</b>	<b>20,925</b>	<b>(4,925)</b>	(23.5%)
Profit Attributable to Owners of Parent	<b>9,000</b>	<b>2,151</b>	<b>+6,849</b>	+318.4%

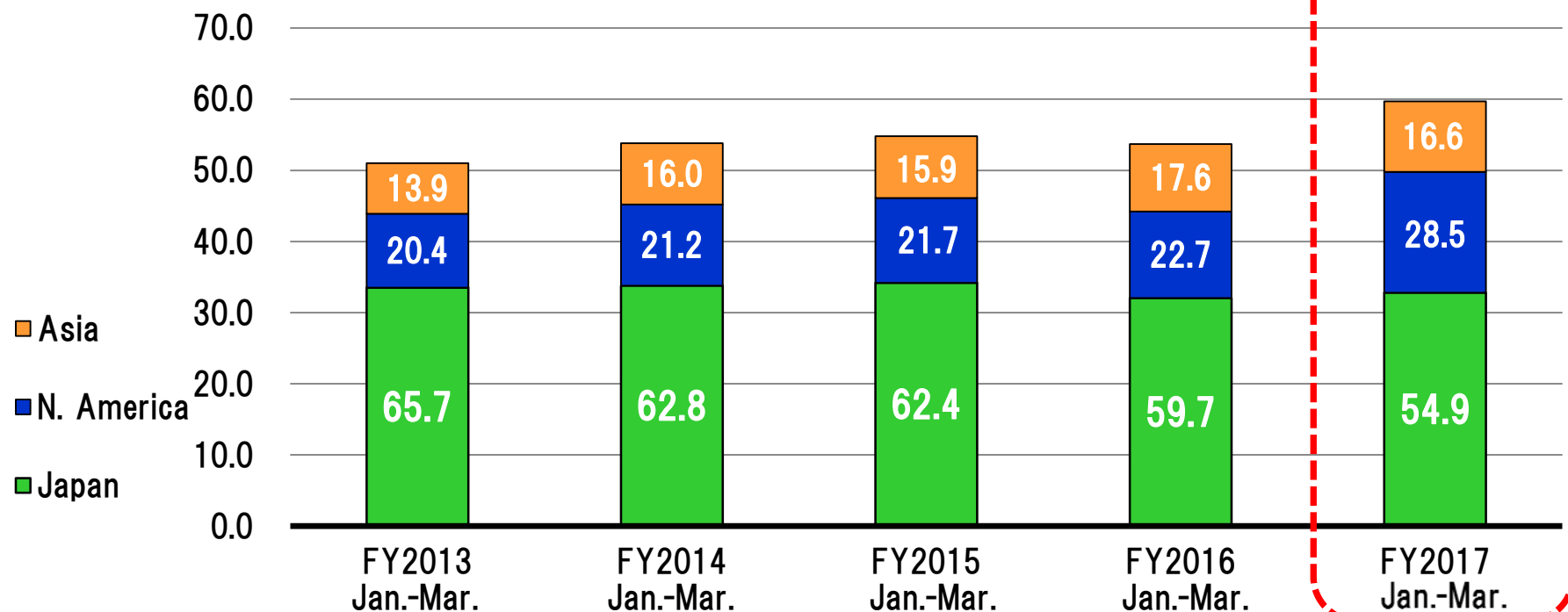
Forex Rate	US\$	<b>112 Yen</b>	<b>115 Yen</b>	<b>(3 Yen)</b>
	€	<b>118 Yen</b>	<b>127 Yen</b>	<b>(9 Yen)</b>

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



# (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.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.
Japan	33.5	33.8	34.2	32.0
N. America	10.4	11.4	11.9	12.2
Asia	7.1	8.6	8.7	9.5
Total	51.1	53.9	54.8	53.7

FY2017
Jan.-Mar.
32.8
17.0
9.9
59.8

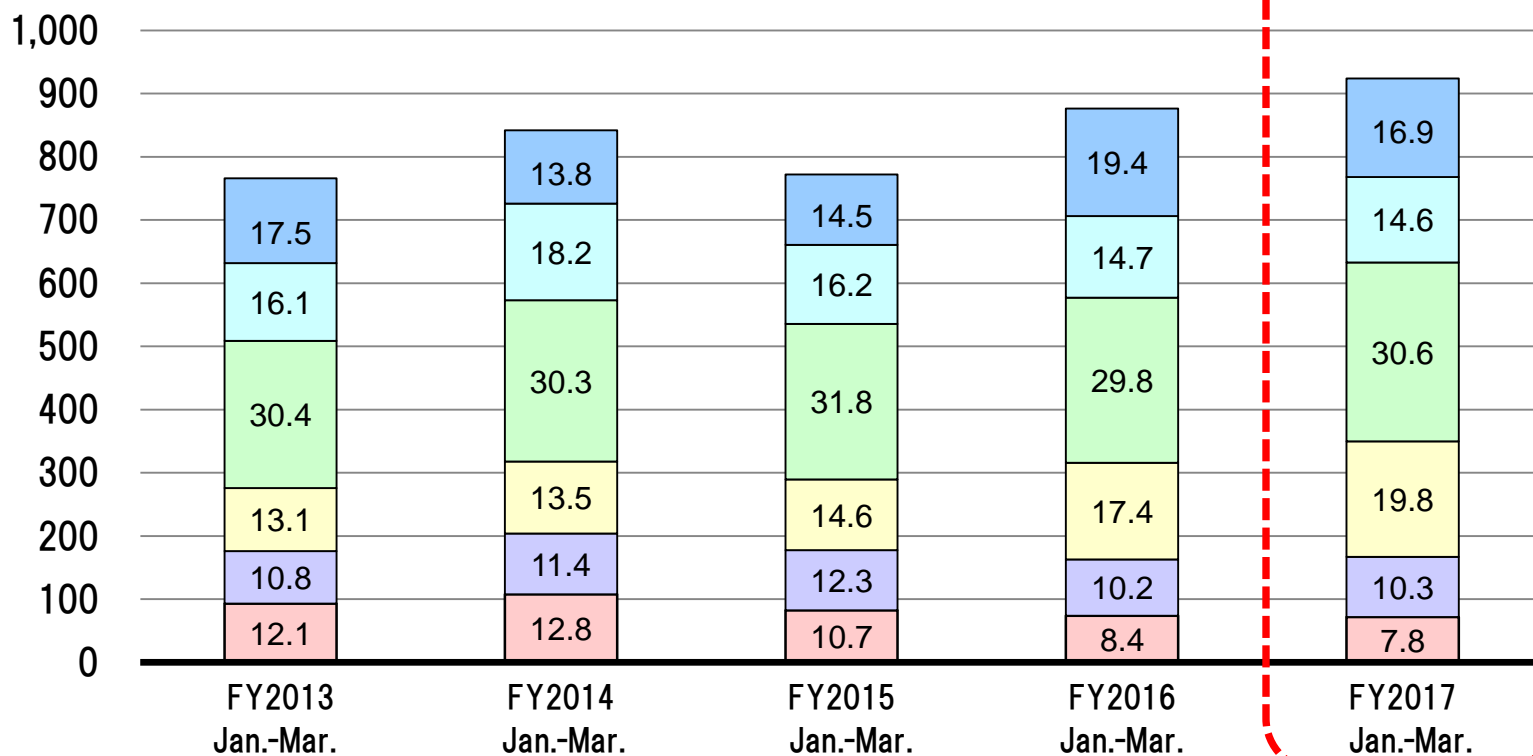
# (For Your Reference)

## Tire Sales Quantity Composition Ratio by Region

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

Unit:  
10,000 Tires

- OE All
- RE Japan
- RE N. America
- RE Europe
- RE SE Asia
- RE Others



Sales Quantity Composition Ratio(%)	FY2013	FY2014	FY2015	FY2016
	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.
OE Total	17.5%	13.8%	14.5%	19.4%
RE Japan	16.1%	18.2%	16.2%	14.7%
RE Overseas	66.5%	68.0%	69.3%	65.9%
RE Total	82.5%	86.2%	85.5%	80.6%

FY2017
Jan.-Mar.
16.9%
14.6%
68.6%
83.1%

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

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

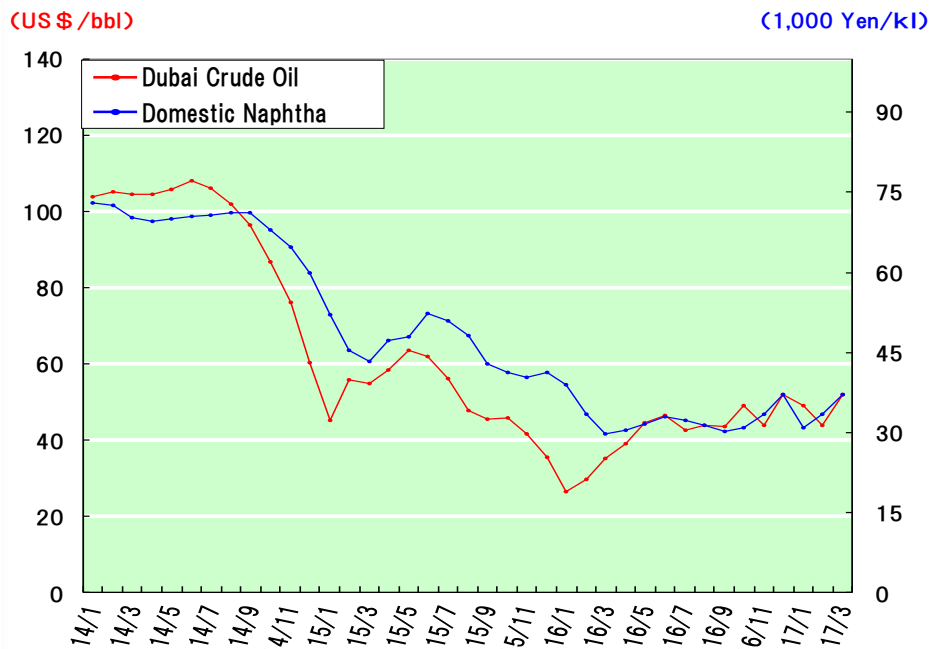
(Unit: %)	FY2013	FY2014	FY2015	FY2016
	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.	Jan.-Mar.
OE Total	100	87	96	153
RE Japan	103	124	82	103
RE Overseas Total	102	94	93	108
Of which N. America	103	103	96	106
Of which Europe	103	114	99	136
Of which SE Asia	109	115	99	94
Grand Total	104	103	92	114

FY2017
Jan.-Mar.
92
105
110
108
120
106
105

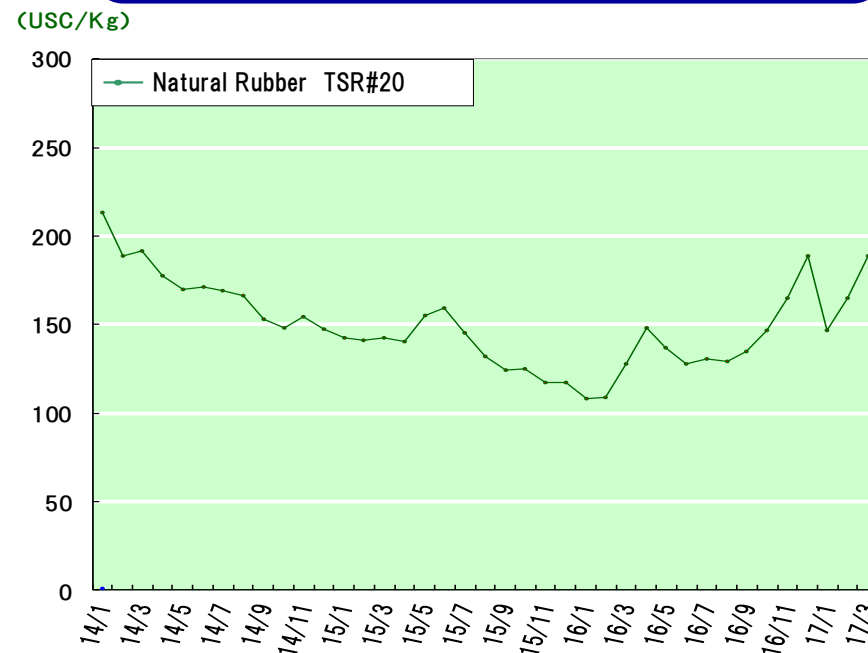
# (For Your Reference) Changes in Primary Material Prices

## ◆ Market Price Trends

Change in Dubai Oil and Domestic Naphtha Prices



Change in Natural Rubber TSR #20 Prices (SICOM)



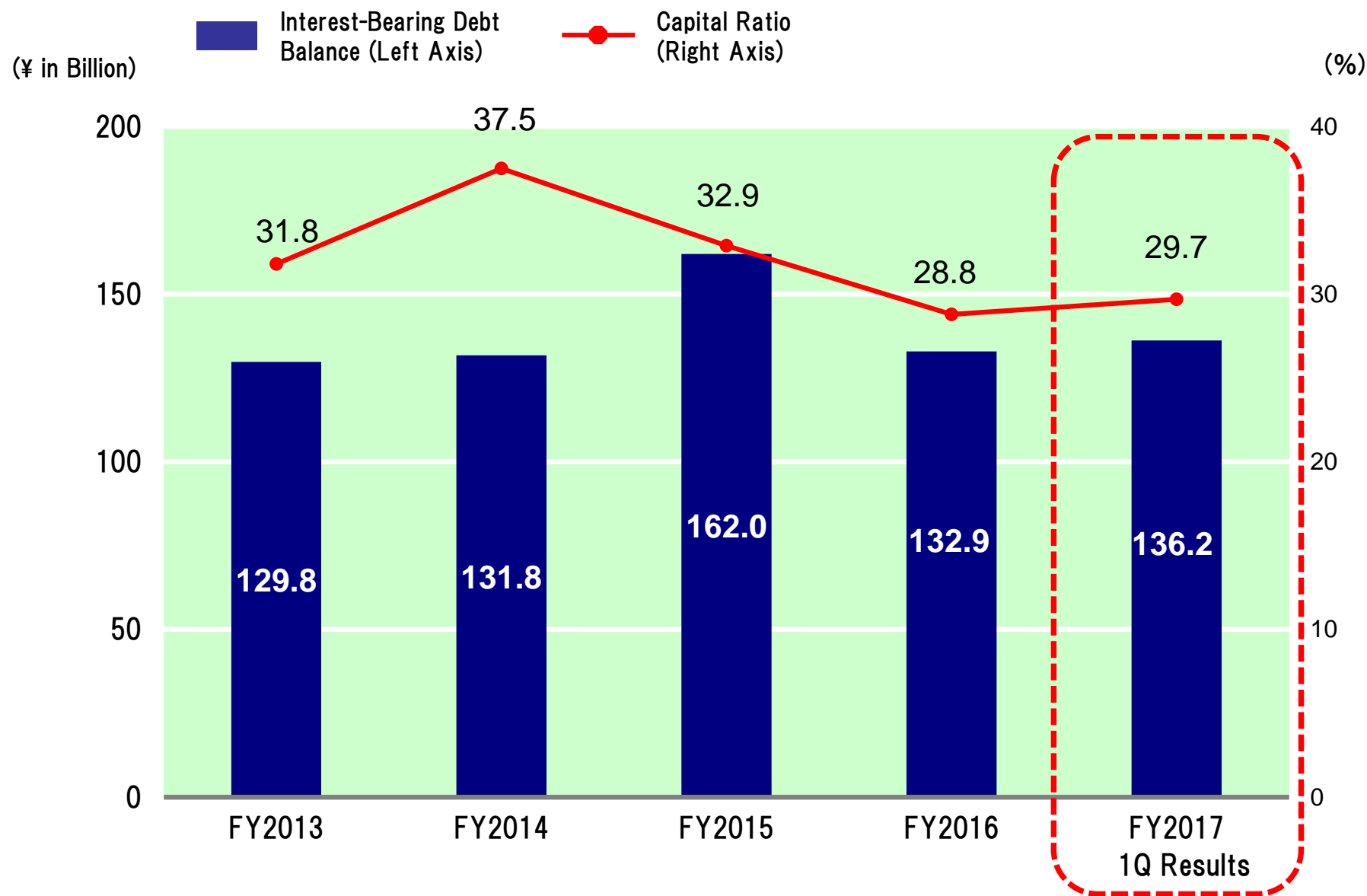
## ◆ Price Changes & Impact by Primary Raw Material (Ordinary Income Basis)

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

(Unit: Billion Yen)

FY2017 Jan.-Mar.
(2.3)
(1.6)
+0.8
0.0
(3.0)

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



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