

Medium-term Management Plan

2024-2026

February 16, 2024

The Yokohama Rubber Co., Ltd.

Masataka Yamaishi

President, Chairman of the Board

Medium-term Management Plan

2024-2026

1. Corporate Philosophy
2. YX2023 Results
3. Medium-term Management Plan
 - 3-1) Business Strategies
 - 3-2) Sustainability
 - 3-3) Financial Strategy

Medium-term Management Plan

2024-2026

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1. Corporate Philosophy

“The Founding Spirit”

1. Production business is a social service.
Its purpose is to make people’s lives more convenient and enjoyable.
Its aim should be to offer good, useful products at the best value.
2. The fundamental policy is to deliver quality products unrivaled by any competitors.
3. Management should adhere to the principles of fairness and consideration.
The mission of a fair and honest management is to secure capital, share the fruits of endeavor with its workers, and fulfill its responsibilities to consumers in a fair manner.
4. A company should make appropriate investments, update its machinery and increase productivity.
This is the key to improving efficiency.
5. The success or failure of a business depends on how much one is willing to study and with how much determination, in order to improve and grow. Accordingly one must make a great effort.

Corporate Philosophy

“To enrich people’s lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products”

Management Policies

- Take on the challenge of new technologies to create new value.
- Develop proprietary business fields to expand the scope of business.
- Create a workplace that values, improves and energizes people.
- Deal fairly with society and value harmony with the environment.

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2. YX2023 Results

■ Past results/YX2023 annual targets

■● YX2023 annual results



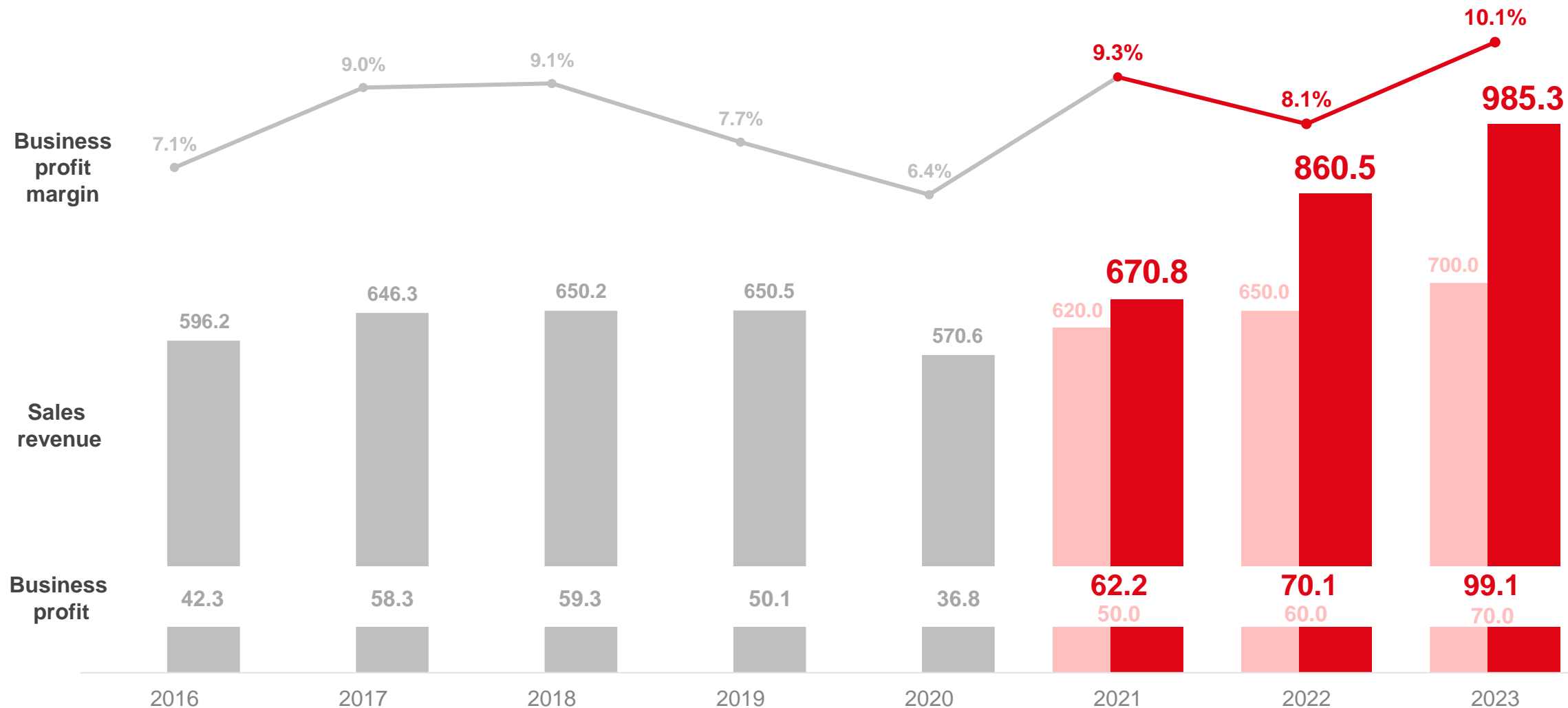
Culmination of the past 100 years

GD100

GD2020

YX2023

(billion yen)

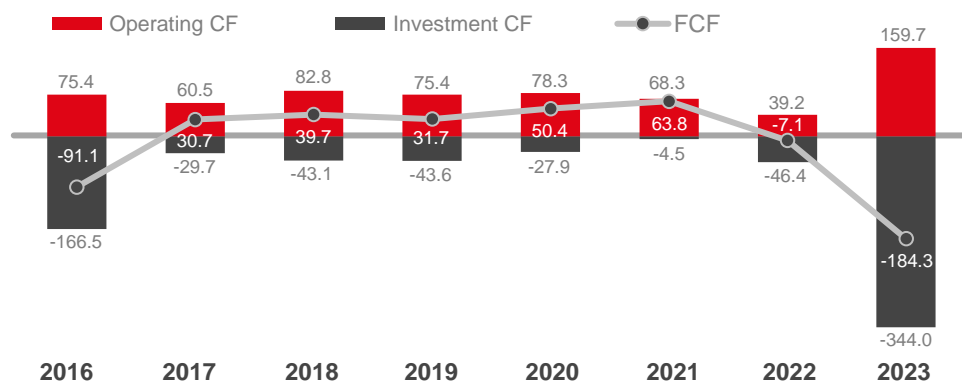


2. YX2023 Results

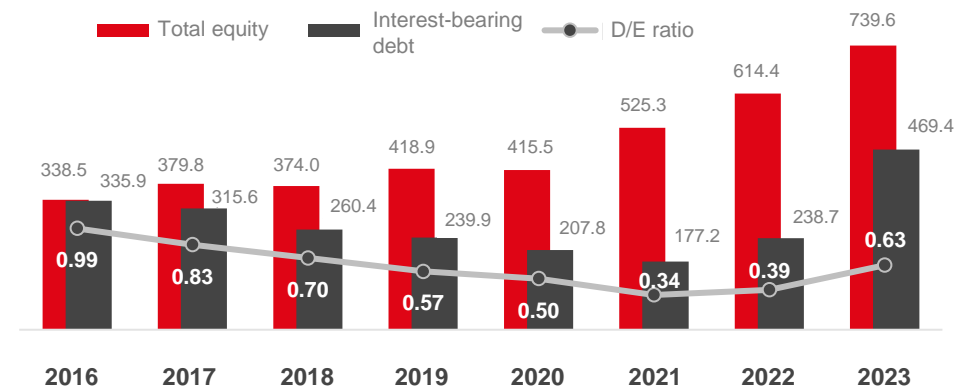


	YX2023 result	Target
Sales revenue	¥985.3 billion	¥700 billion
Business profit Margin (%)	¥99.1 billion 10.1%	¥70 billion 10%
D/E ratio	0.63x	0.4x
ROE	9.9%	10%
ROIC	5.3%	7%
Cash flow from operations	¥267.2 billion (3yr cumulative)	¥250 billion (3yr cumulative)
Capital investment	Within scope of depreciation (excluding strategic investments)	Within scope of depreciation (excluding strategic investments)

Cash Flow (billion yen)



Interest-bearing debt, total equity, D/E ratio (billion yen/times)



2. YX2023 Results: Tire Business Strategy



Global tire market

Consumer tires (PCR·MC)
Passenger Cars, Motorcycles

Commercial tires (TBR·OR·AG·ID·AC)
Truck & Bus, construction machinery, agricultural machinery, industrial vehicles, aircraft
TBR 2 : 1 OHT

 **YOKOHAMA**
2020

Consumer tires

Commercial tires
TBR 1 : 1 OHT



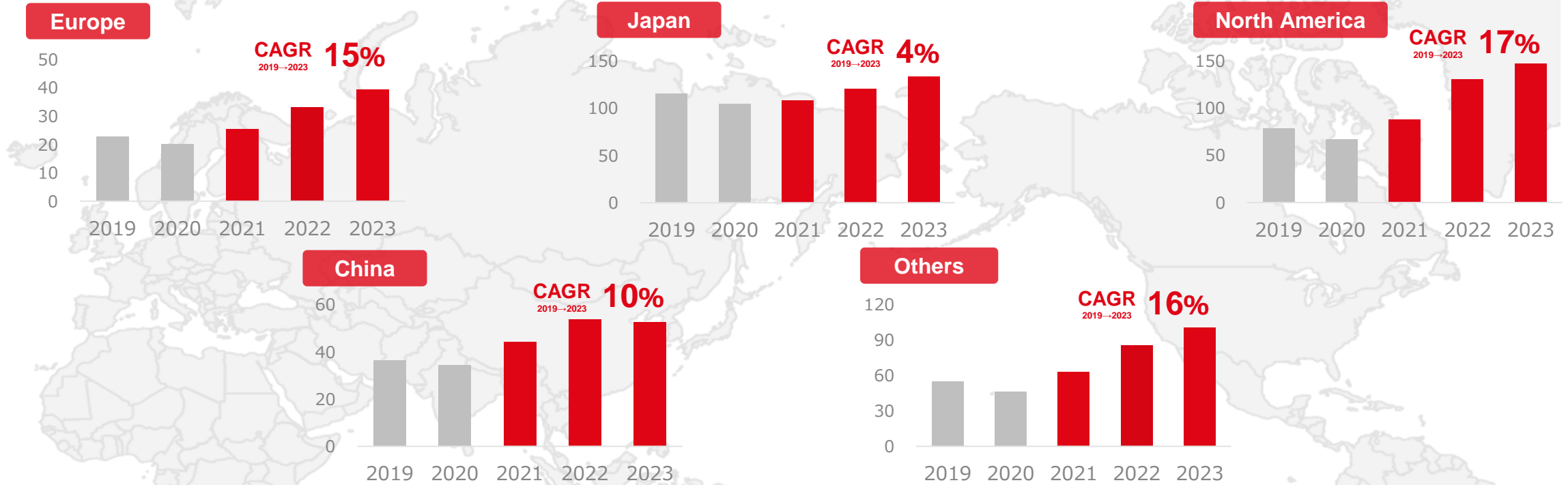
 **YOKOHAMA**
2023

Consumer tires

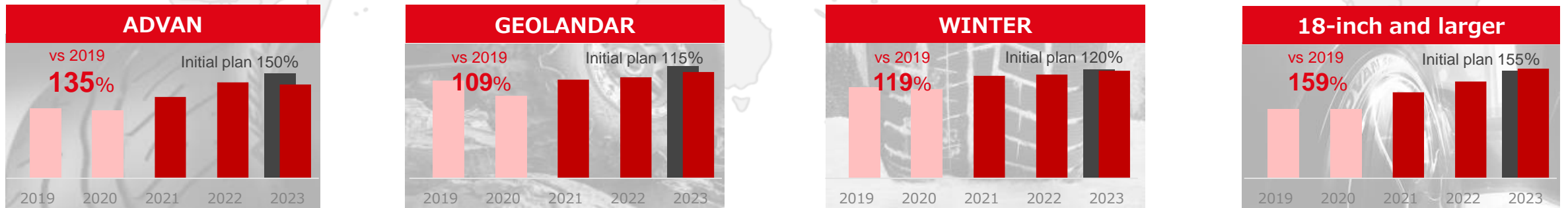
Commercial tires
TBR 1 : 2 OHT

2. YX2023 Results: Consumer Tires - Product & Regional Strategies

Consumer tire growth in each region (billion yen)



High value-added tire growth (Sales units)



Introduced 3 new product lines

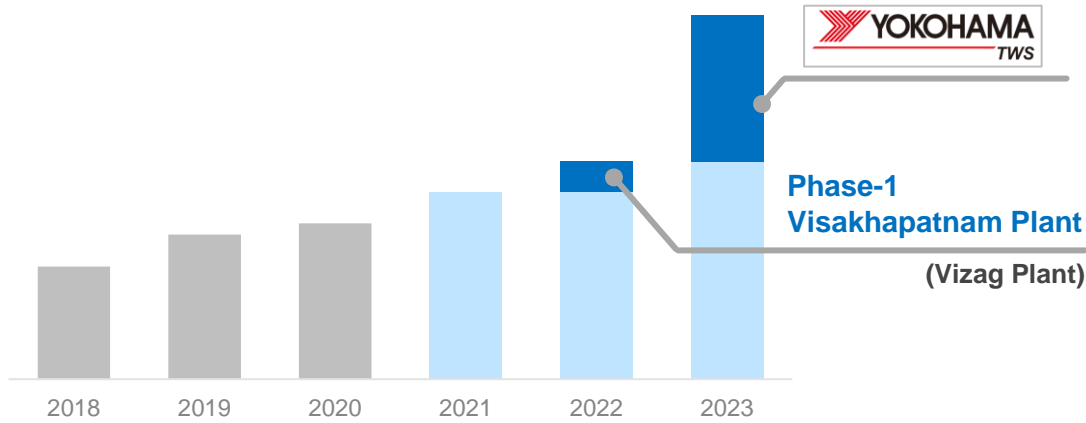
Introduced 2 new product lines

Introduced 2 new product lines

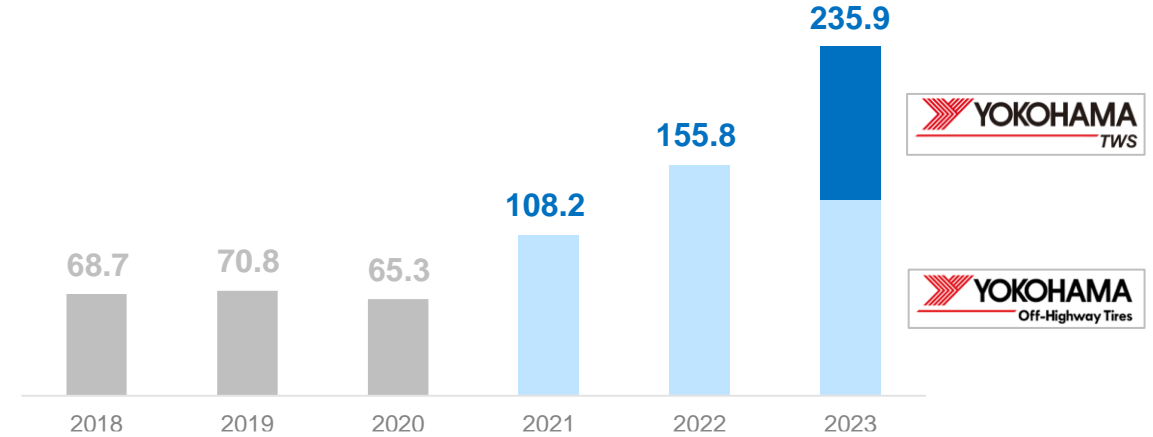
Size-expansion: 637 sizes

2. YX2023 Results: Commercial Tires - OHT Business

OHT production capacity trend (rubber weight)



OHT sales trend (billion yen)



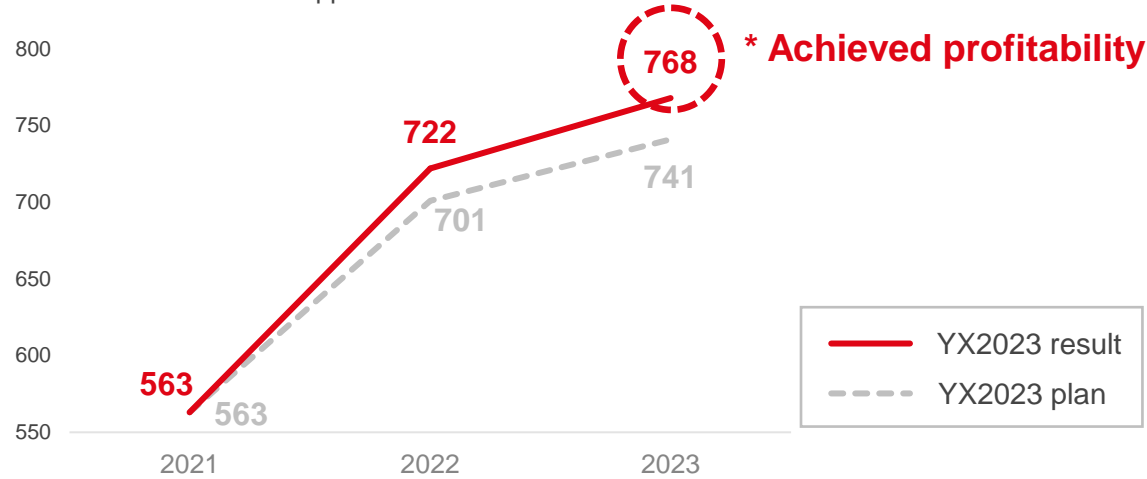
	Passenger Light Trucks Vans	Trucks Bus	Agriculture	Construction	Earthmover and Mining	Forestry	Lawn Garden & Turf	ATV UTV	Material Handling	Truck (off-highway)	Two-wheelers	Rims
YOKOHAMA AICHI TIRE	✓	✓		✓	✓				✓	✓		
ALLIANCE GALAXY	✓	✓	✓	✓	✓	✓	✓		✓	✓		
After TWS joining												
YOKOHAMA AICHI TIRE TRELLEBORG	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
Mitas			✓	✓	✓	✓	✓		✓		✓	
ALLIANCE GALAXY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

2. YX2023 Results: TBR Business / MB Business

TBR Business

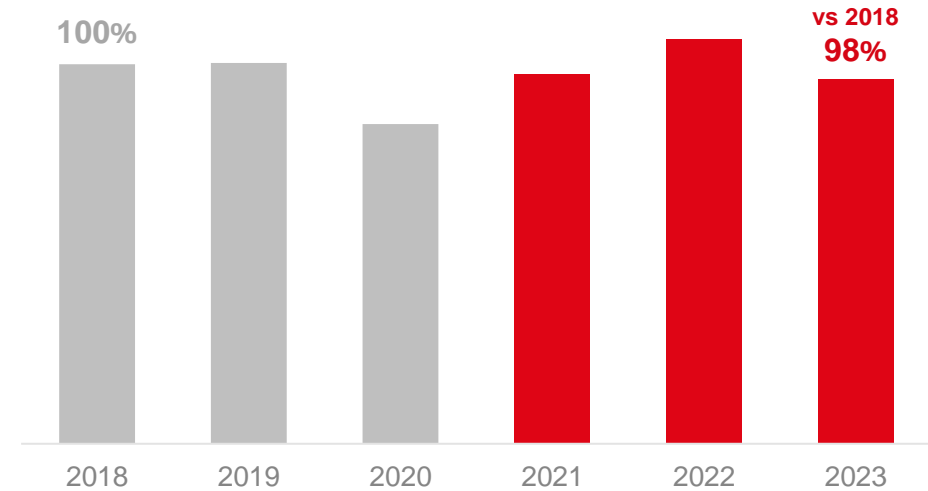
US TBR Plant Production units trend (1,000 tires)

Production volume at Mississippi Plant in United States



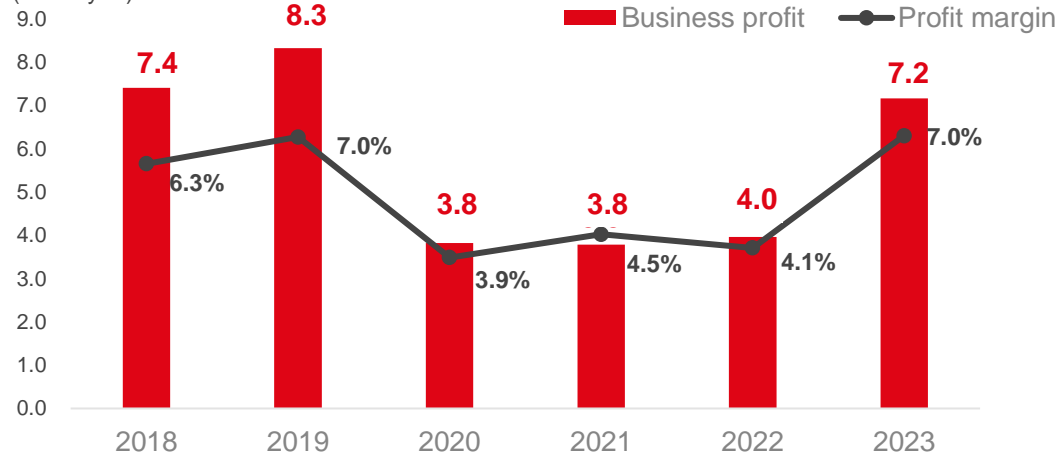
TBR Business

TBR·LTR unit sales trend



MB Business

(billion yen)



Strengthened/expanded by allocating resources to core product areas

Hose & Couplings
Change from Old-fashioned organization

Industrial products
Discontinued unprofitable products

Business restructuring

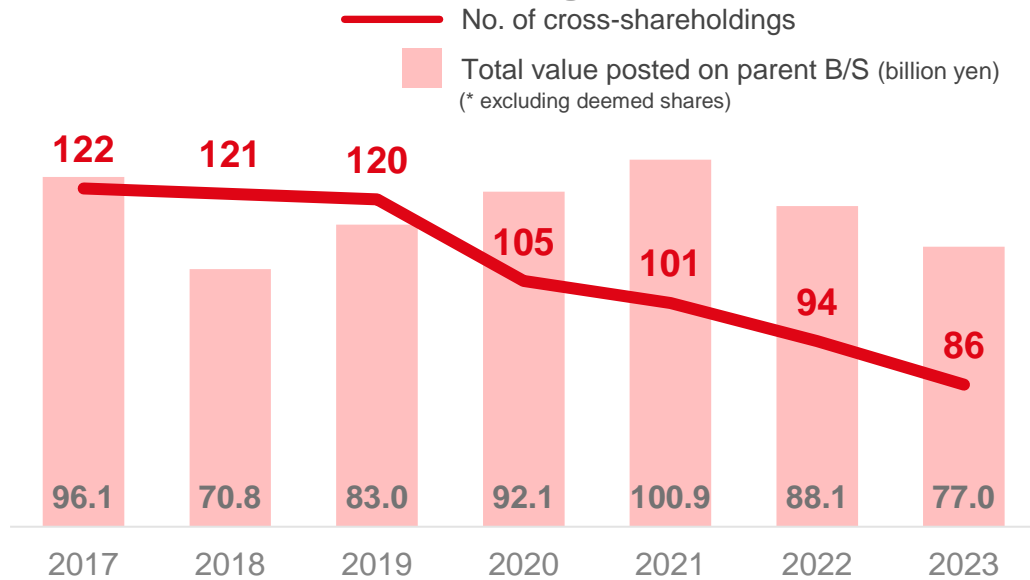
Sold

Hamatite
Transfer completed in 2021

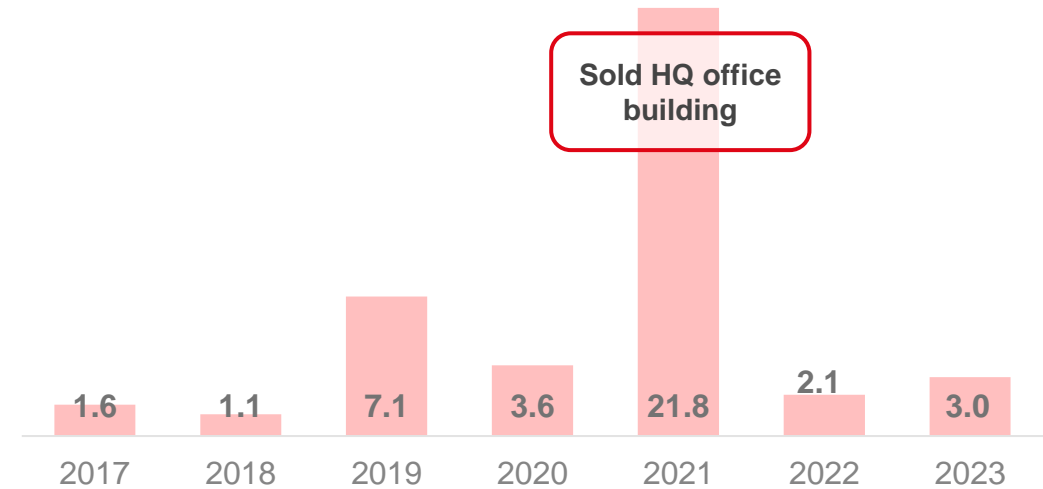
Aerospace products
Return to profit

2. YX2023 Results: Corporate Governance - Improved Asset Efficiency

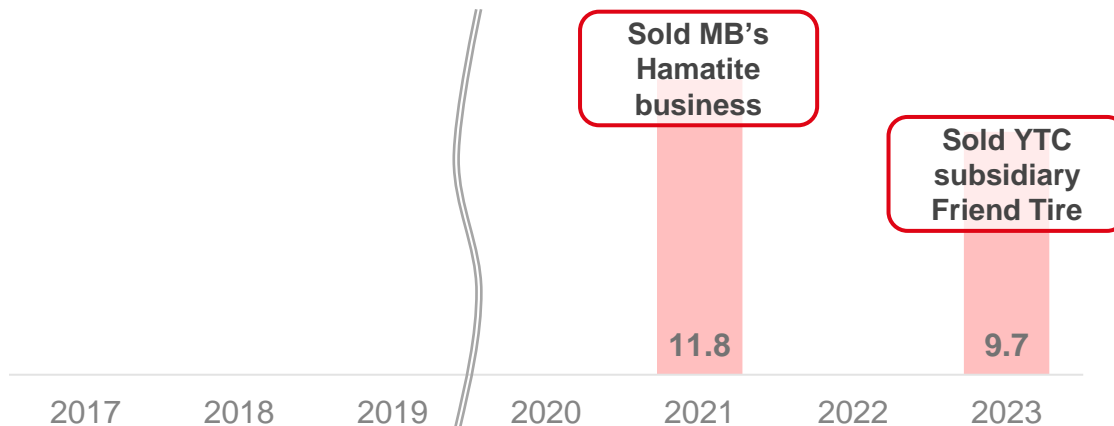
Sales of cross-shareholdings



Sales of idle assets (billion yen)



Sales of business/subsidiary (billion yen)



■ Cash from asset sales in 2017-2023

Cross-shareholdings ¥42.8 billion

Idle assets ¥40.3 billion

Business/subsidiary ¥21.5 billion

Total ¥104.6 billion

(during YX2023: 85.6 billion yen)

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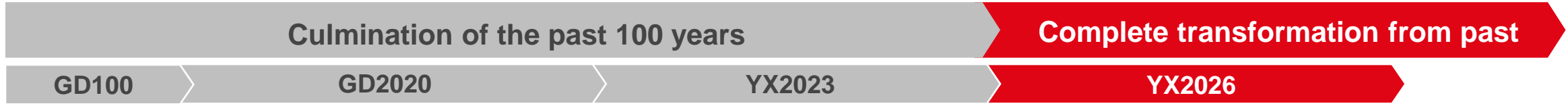


**YOKOHAMA
Transformation 2026**

**Completing Transformation under
Exploitation × Exploration Strategy**

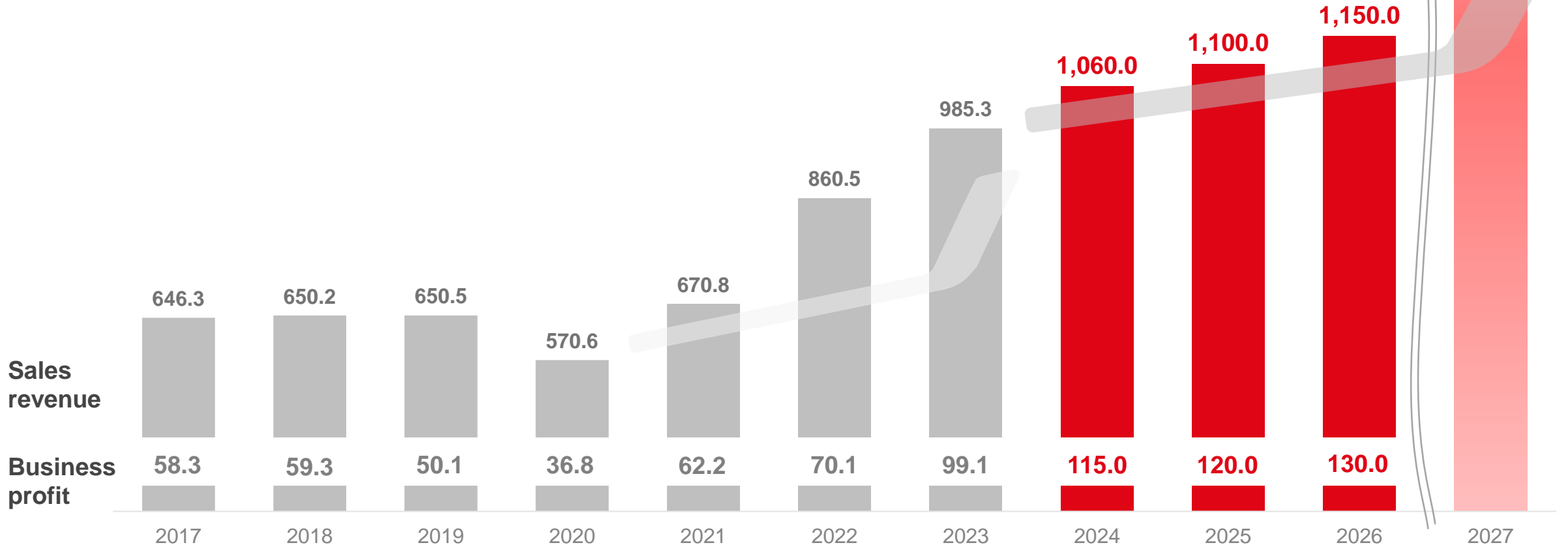
*** Leave no negative legacies for next generation**

3. Medium-term Management Plan: Targets



(billion yen)

“Hockey Stick Growth”



Medium-term Management Plan

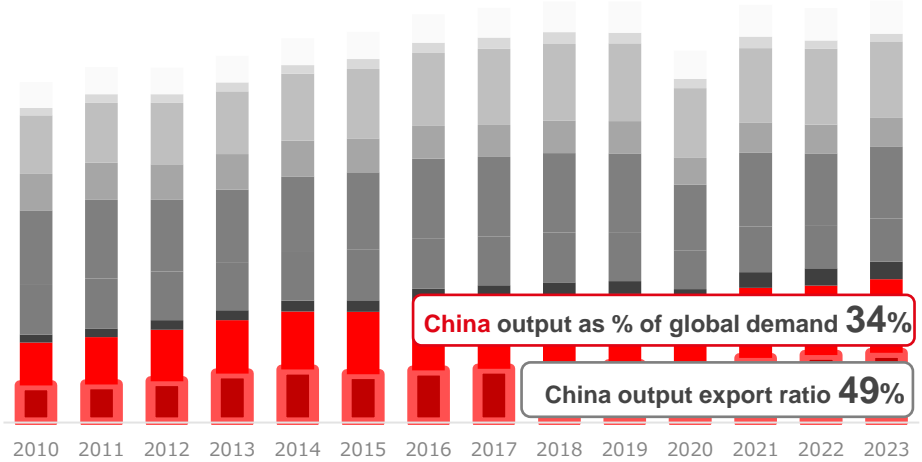
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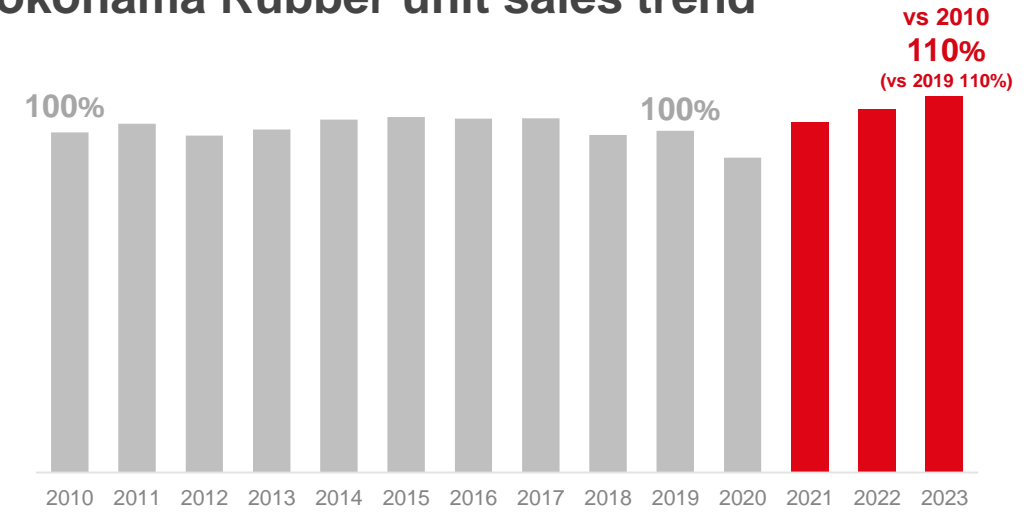


3-1) Medium-term Business Strategies: Consumer Tires Growth Strategy

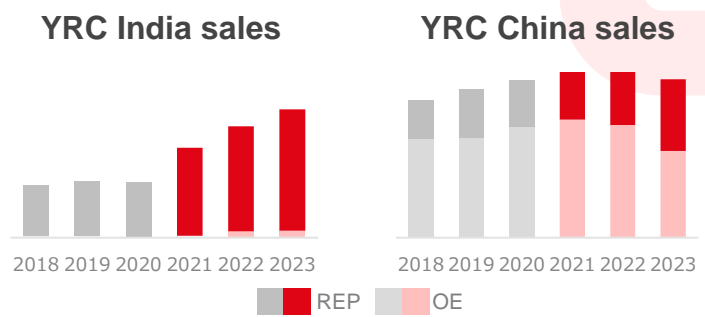
Global consumer tire production trend (Unit: tires)
(YRC estimates)



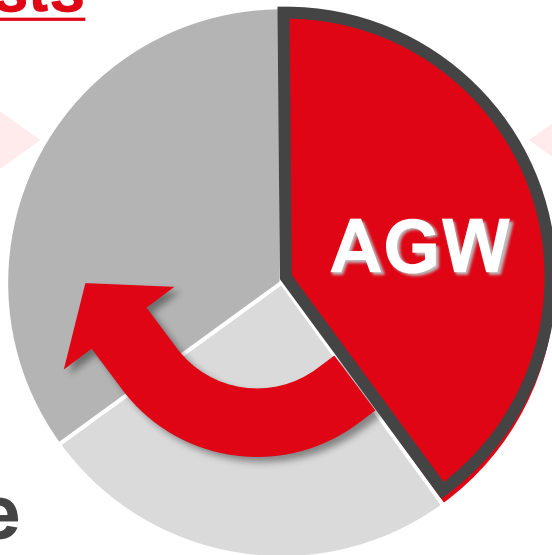
Yokohama Rubber unit sales trend



Drastic reduction of product costs (Exploration)



“1-year plant” challenge



AGW (Exploitation)

Brand MIX
Size MIX
Sales company-
distributor policy

3-1) Medium-term Business Strategies: Consumer Tires Growth Strategy

OE on premium cars

LEXUS LBX



TOYOTA ALPHARD



Motorsports activities

Nürburgring 24-Hour Race



SUPER GT GT500



U.S. King of the Hammers



Consumer tire unit sales targets

Europe

CAGR
2023-2026

+14.2%

UHP • WINTER

China

CAGR
2023-2026

+14.0%

EV UHP

Japan

CAGR
2023-2026

+1.8%

WINTER

Others

CAGR
2023-2026

+4.5%

Premium cars • SUVs

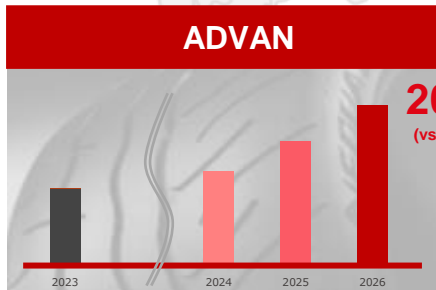
No. America

CAGR
2023-2026

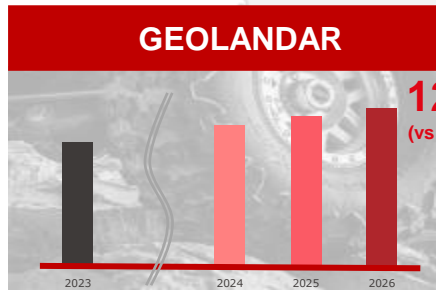
+1.2%

SUVs • Pickup trucks

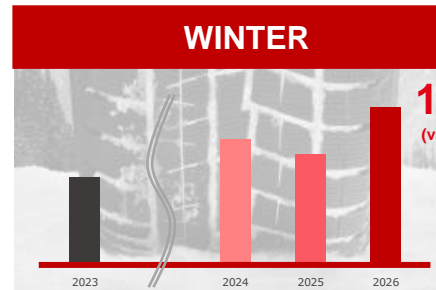
ADVAN



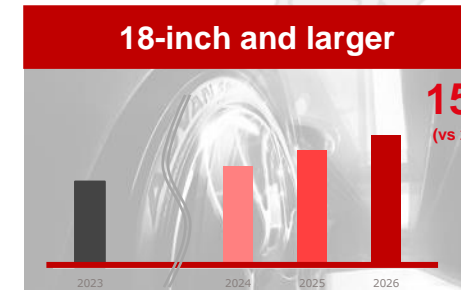
GEOLANDAR



WINTER



18-inch and larger

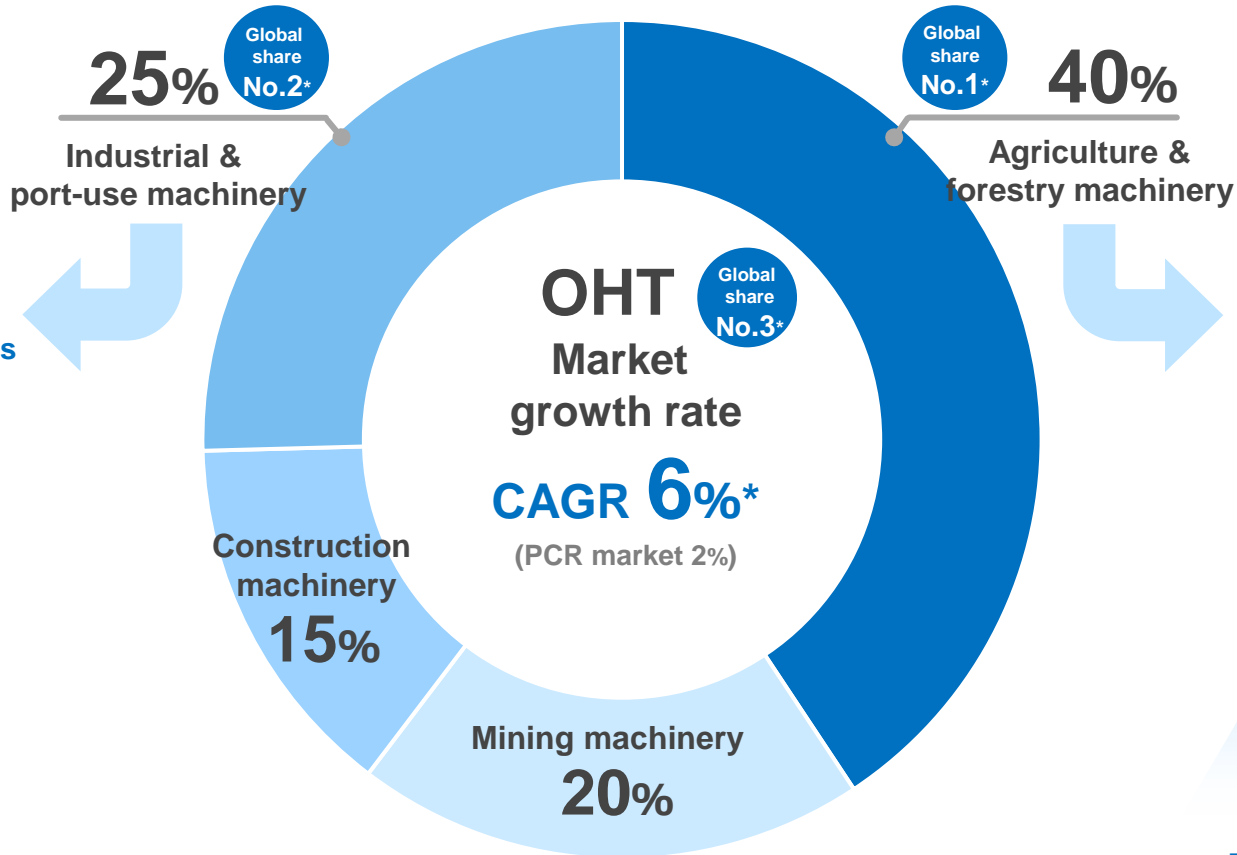
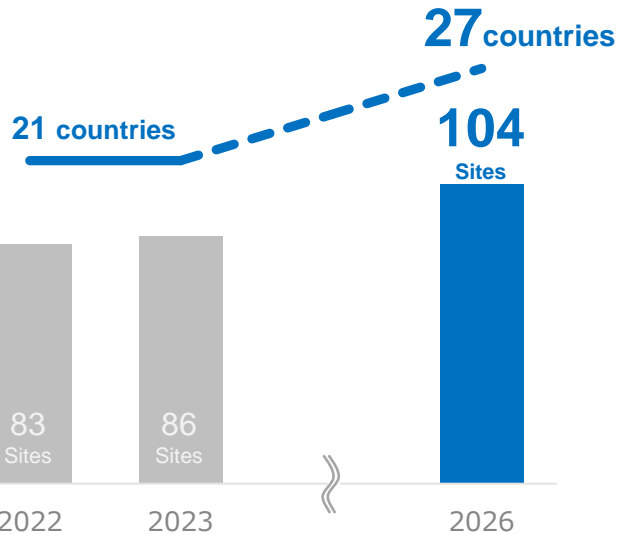


*YRC estimate

Market Size ≈ ¥4 trillion*



Strengthen services



Multi-brand strategy



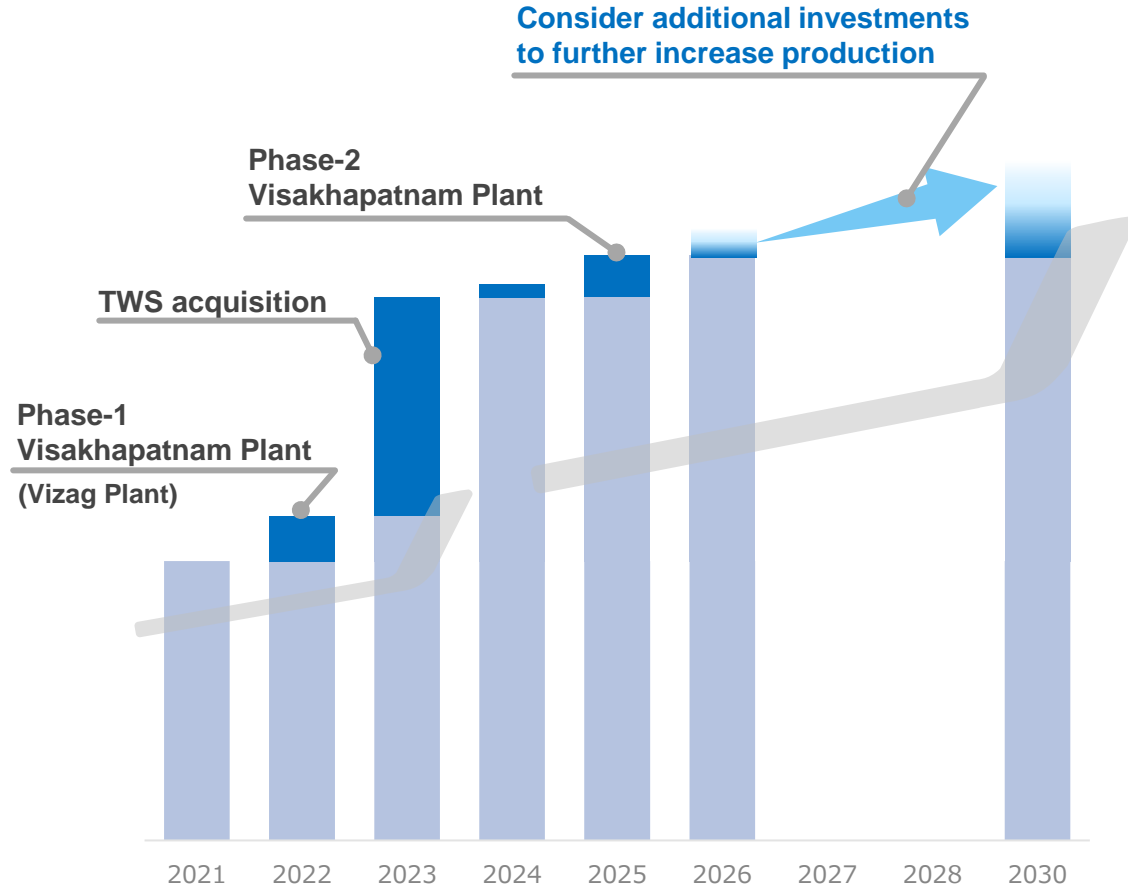
Each has
Production/Technology/Sales

**+
“ Programmatic M&A ”**

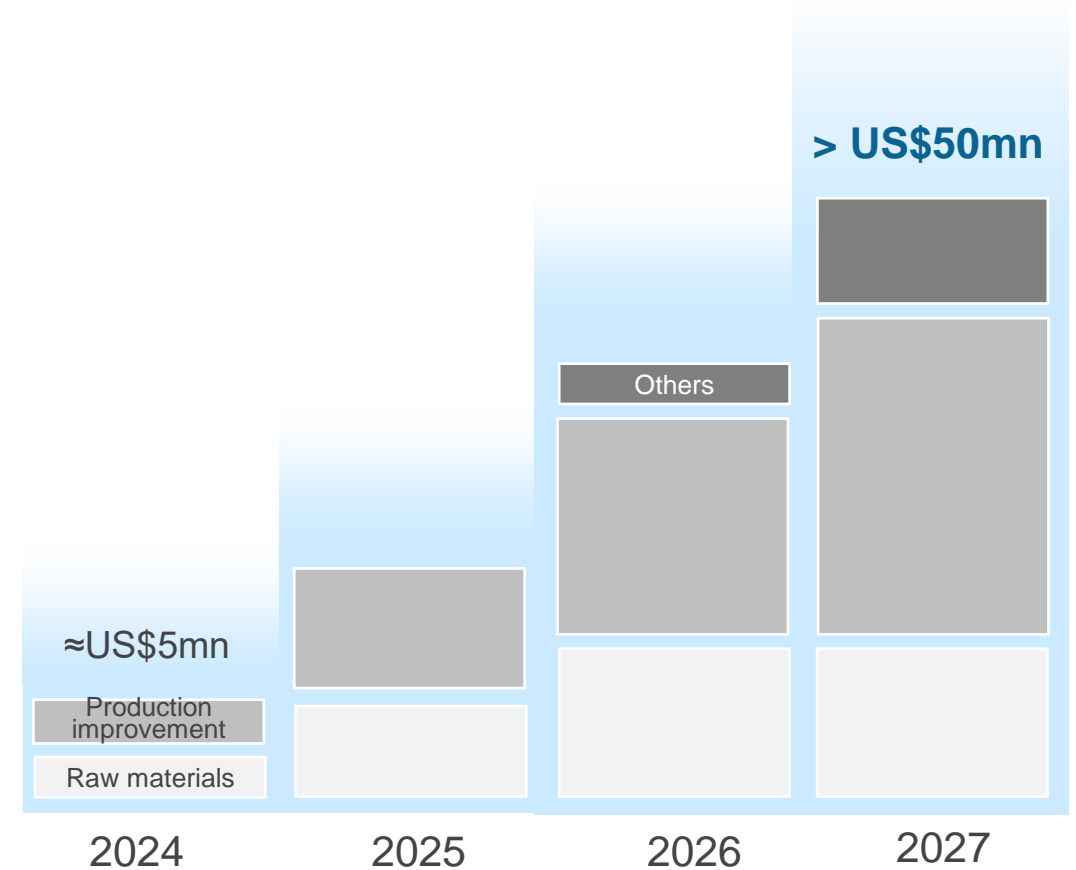
(Pie graph: global demand composition ratios of off-highway tires)

OHT Business Increase Production Capacity

(Image of change in production capacity on a rubber volume basis)



Generate Synergies



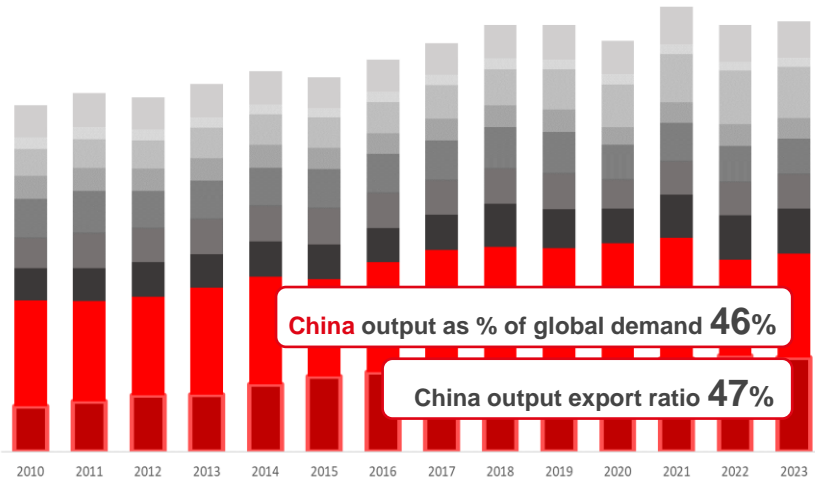
3-1) Medium-term Business Strategies: Commercial Tires - TBR / MB Growth Strategies



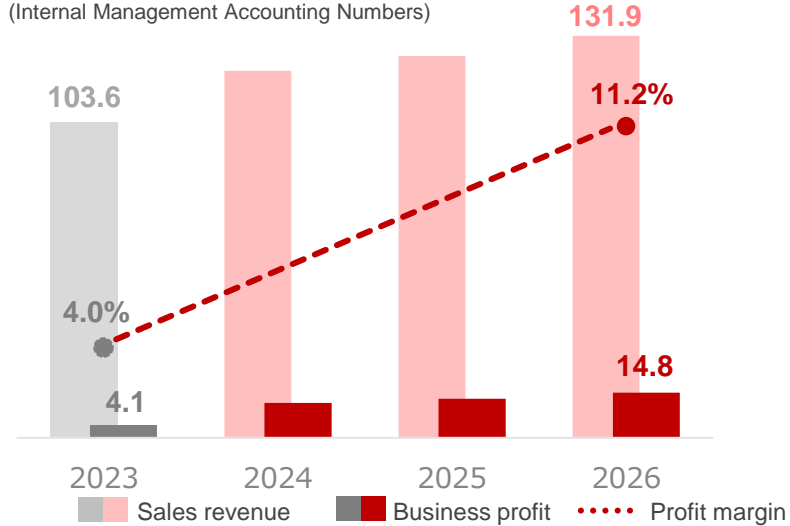
* According to YRC research

TBR Business

Global production for TBR·LTR tires (Unit: tires)
(YRC estimates)



TBR Business YX2026 targets (billion yen)
(Internal Management Accounting Numbers)



Protective measures

U.S.

Antidumping +
countervailing duties

Max **88.03%***

EU

Antidumping +
countervailing duties

Max **51.00%***

MB Business

Strengthen & expand by concentrating resource allocation

Hoses & Couplings
Growth driver

Industrial products
Stable earnings

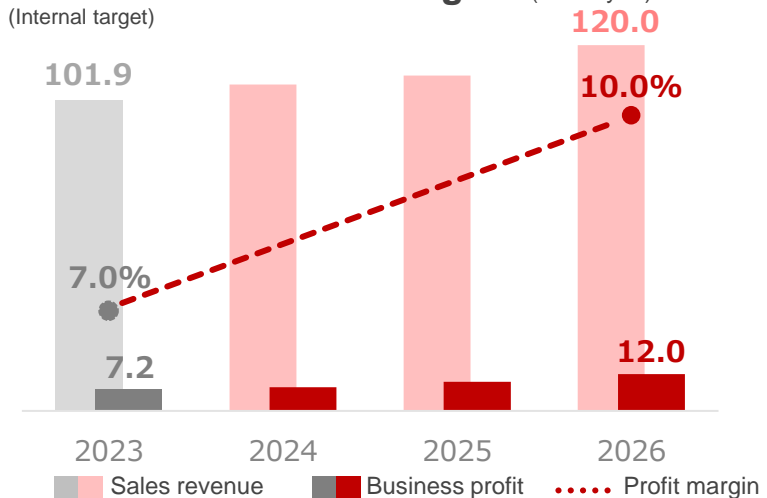
◆ Hydraulic hoses
Value chain restructuring

◆ Conveyor belts
Top share in Japan

◆ Automotive hoses
Restructure production

◆ Marine hoses
Establish high-profit structure

MB Business YX2026 targets (billion yen)
(Internal target)



“Low cost, speedy development of quality products”

◆ Speed up tire development

Use AI·simulation technologies
Respond to emerging car makers,
maximize new product introductions

◆ “1-year plant” challenge

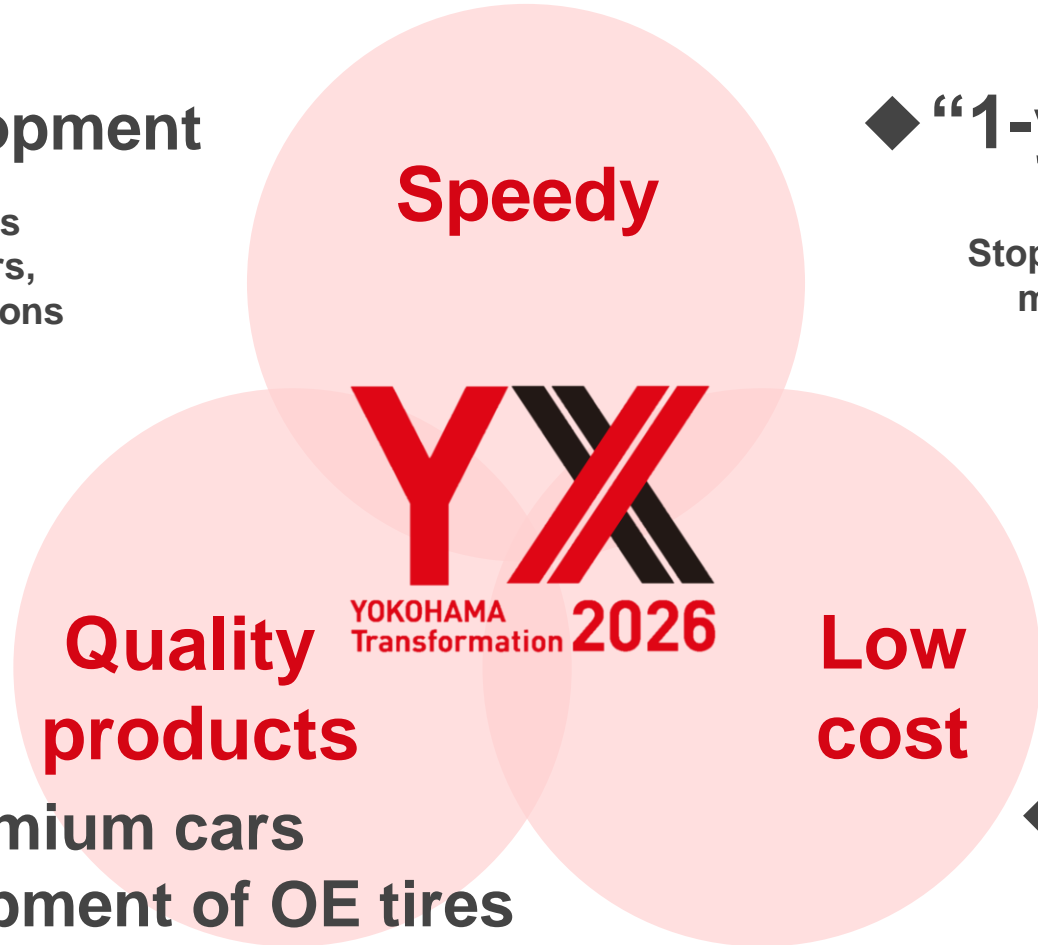
Early start-up → Early ROI
Stop “Not Invented Here syndrome”,
maximize acquisition synergies

◆ Next-generation premium cars Strengthen development of OE tires

Meet needs of premium electrified vehicles
with lightweight, wear-resistant tires

◆ Drastic reduction of product costs

Apply ATG’s high-efficiency model
Economies of scale realized by recent acquisitions
will reduce raw material procurement costs



Medium-term Management Plan

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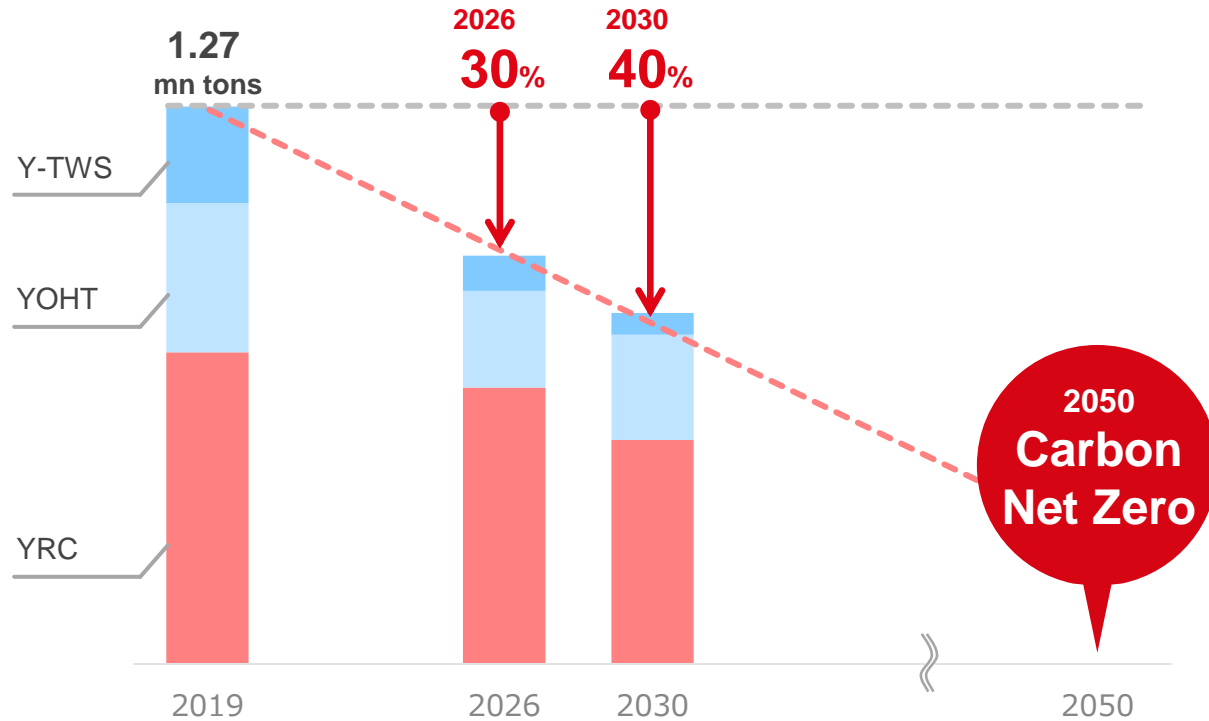
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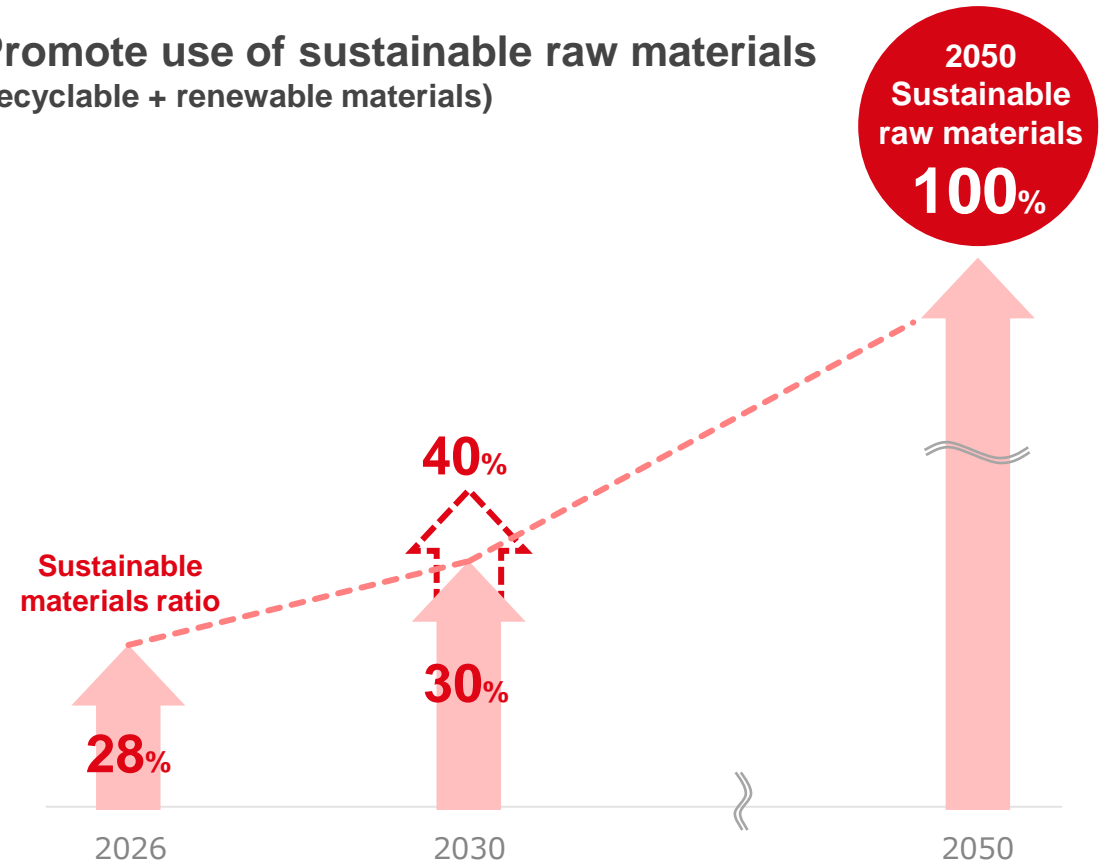
“Contribute to decarbonized and recycling-oriented society while increasing profits”

1. Update materialities and KPIs
2. Increase engagement with stakeholders

Reduce greenhouse gas emissions (Scope 1 + Scope 2 emissions vs 2019)



Promote use of sustainable raw materials (recyclable + renewable materials)



Reduce emissions in Scope 3 Category 1: Purchased goods & services

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Increase PBR

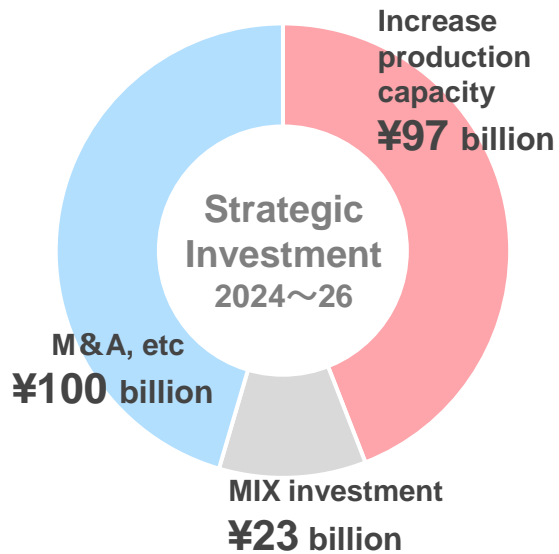
ROE above 10%

PER

Raise profitability

Strategic investments

¥220 billion

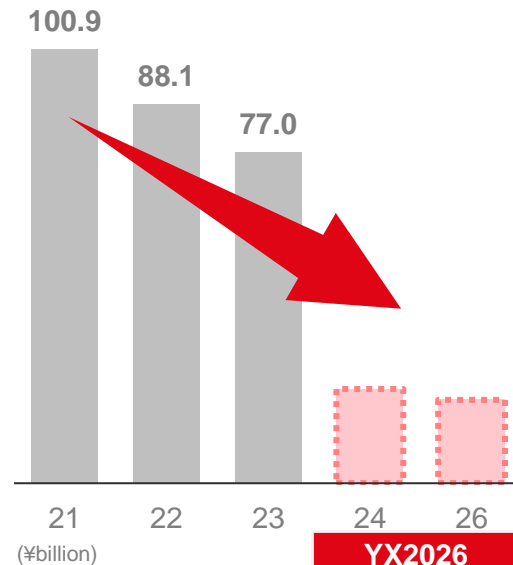


Asset efficiency

Cross-shareholdings

≈¥60 billion sold

Outstanding cross-shareholdings (market value)

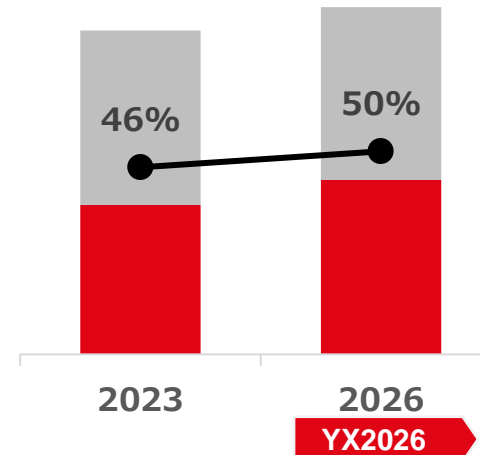


B/S suited to business structure

Equity ratio

50% target

■ Equity capital
■ Liabilities
● Equity ratio



Reduce cost of capital Raise expected growth rate

Deepen dialog with investors

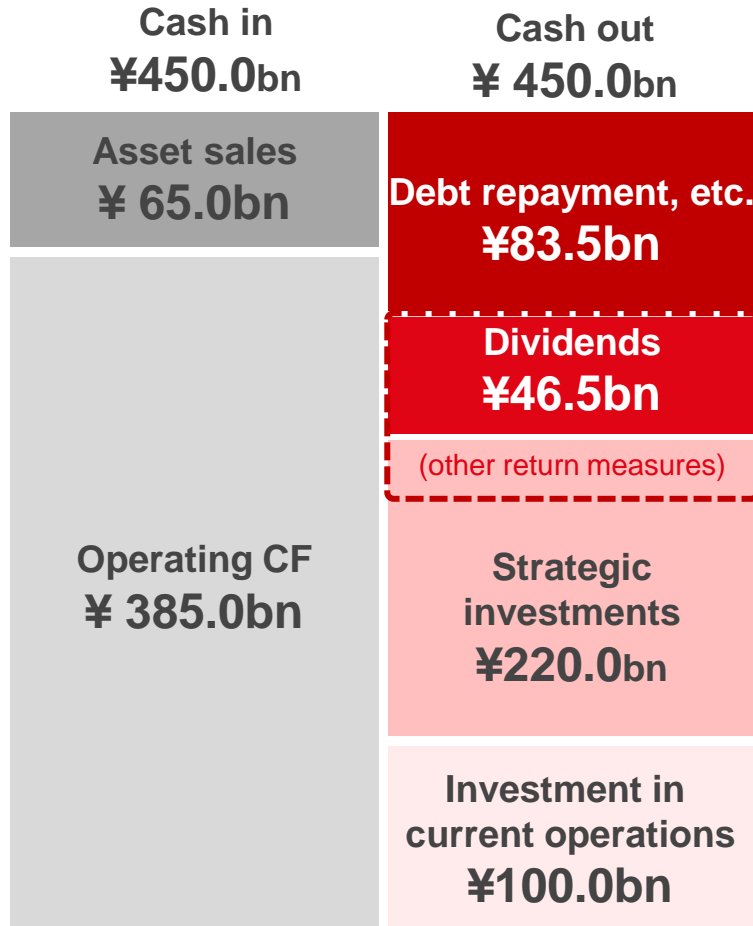
- ◆ Expand investor contact points
- ◆ Strengthen IR activities
- ◆ Enhance disclosures
 - Growth potential of AG market
 - Response to market changes
 - Sustainability initiatives

CEO · COO · CFO · ESG-responsible directors, etc.
Strengthen IR activity

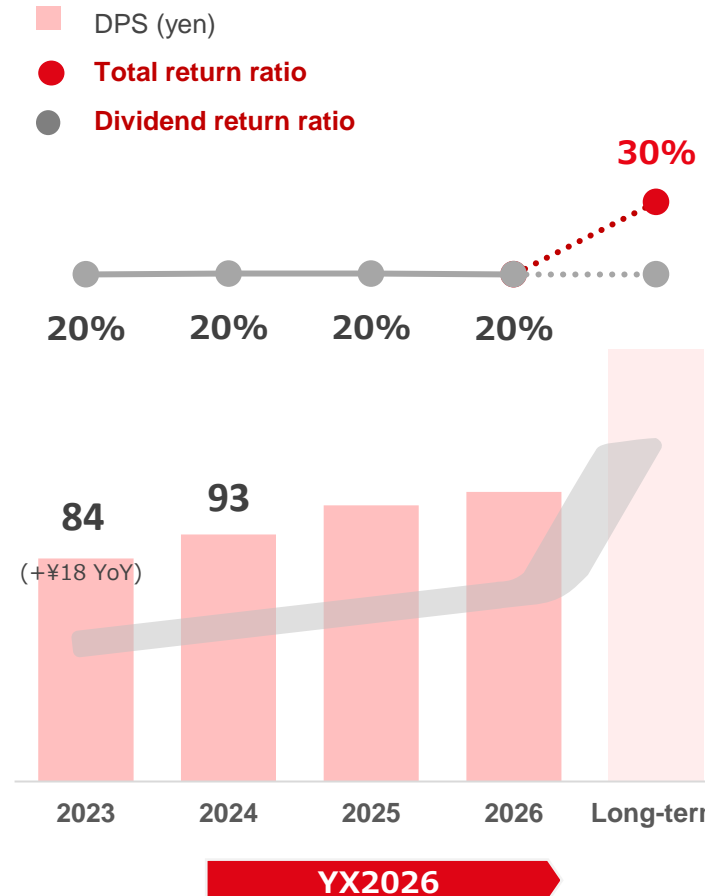


Increase PBR

Capital allocation



Shareholder Return



Dividend payout ratio
 YX2026: **20%**

Total return ratio
 Long-term: **30%**

*excluding Cross-shareholdings sales

FY2026 Financial Targets

Sales revenue	¥1,150 billion
Business profit	¥130 billion
Business profit margin	11%
Equity ratio	50% target
ROE	Above 10%
Operating CF	¥385 billion (3yr cumulative)
Capital investment	Within scope of depreciation (excluding strategic investments)



**YOKOHAMA
Transformation 2026**