

FY 2018 Financial Results

Briefing Material

February 14, 2019

The Yokohama Rubber Co., Ltd.

Voluntary Adoption of IFRS

- Yokohama Rubber Group voluntarily adopted the International Financial Reporting Standards (IFRS) when the Group issued Yukashoken hokokusho (“Yuho,” securities report) for 2017.
- The Group has restated its fiscal results for 2017 on an IFRS basis to facilitate meaningful year-on-year comparisons.

■ Scope of consolidation

**Consolidated subsidiaries 123 companies
(14 less than at the end of previous fiscal year)**

(Breakdown of change)

Japan: -10 companies (Tire)
ATG: -4 companies (ATG)

■ Breakdown of transfers

(Tire -10 companies)

(Japan/Tire sales company)
(Japan/Tire indirectly owned sales subsidiary)

(ATG - 4companies)

Alliance Tire Group B.V. (Netherlands/Holding company, etc.)
Turgco Ltd. (Cyprus/ /Holding company, etc.)
Alliance Tire Holding Ltd. (Israel/ /Holding company, etc.)
ATG Holdings B.V. (Netherlands/Holding company, etc.)

Financial Results for FY 2018

Profit and Loss (Full Year)

Exchange Rates	US\$ 110 yen	112 yen (previous year)	-2 yen
	EUR 130 yen	127 yen (previous year)	+4 yen
	RUB 1.8 yen	1.9 yen (previous year)	-0.2 yen
TSR20*	136 cents	165 cents (previous year)	-28 cents
WTI	65 dollars	51 dollars (previous year)	+14 dollars

*SICOM TSR20 1M

	(billion yen)					
	2018 Jan.-Dec.	2017 Jan.-Dec.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	650.2	646.3	+4.0	+0.6%	-5.4	+9.3
Business profit* ¹ (Business profit margin)	59.3 (9.1%)	58.3 (9.0%)	+1.0 (+0.1%)	+1.7%	-0.3	+1.3
Operating profit (Operating profit margin)	53.5 (8.2%)	54.2 (8.4%)	-0.7 (-0.2%)	-1.4%	-0.3	-0.5
Profit * ²	35.6	40.0	-4.4	-10.9%		

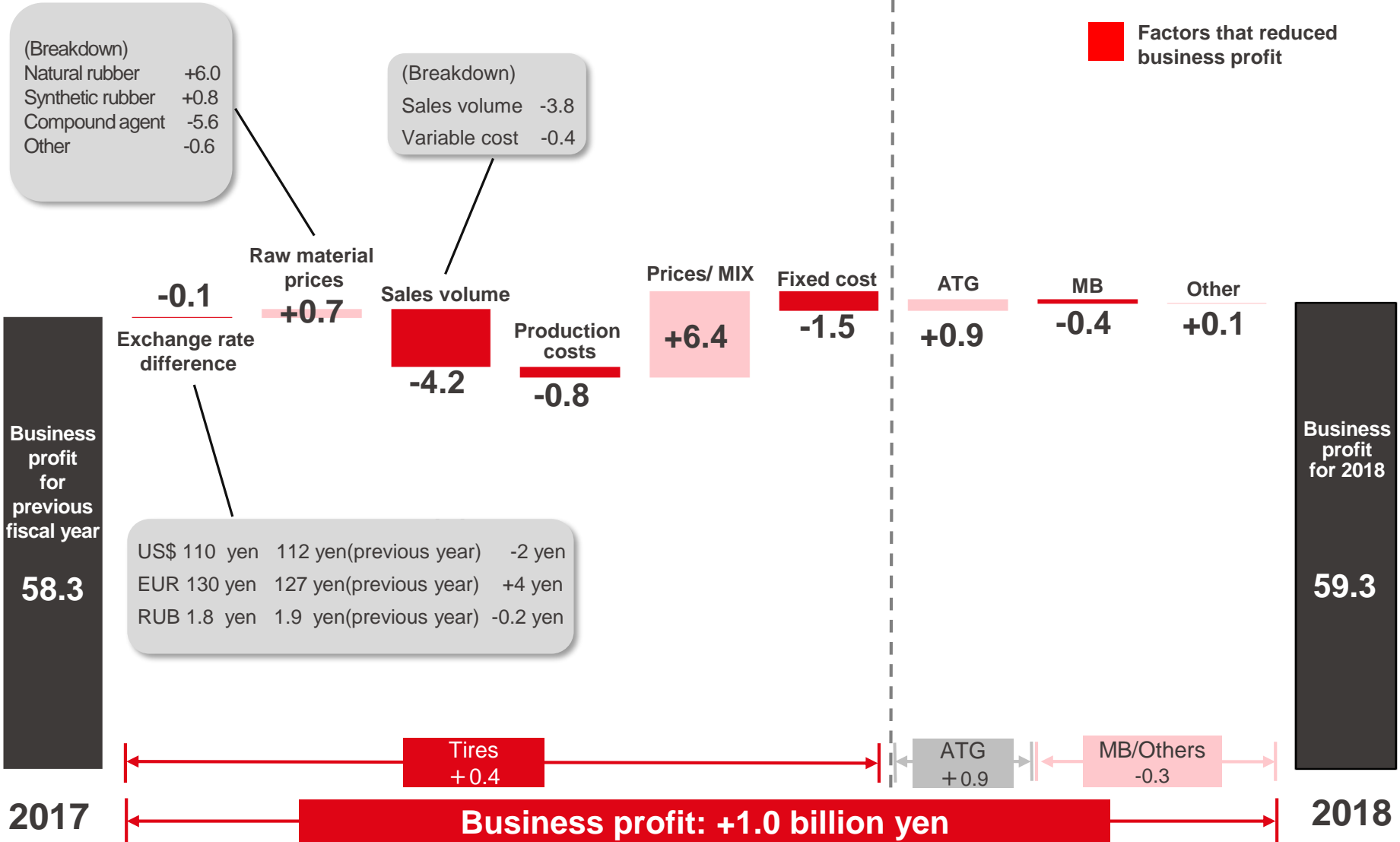
*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses)

*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

2018 Full Year

(billion yen)



Business Segment (Full Year)

(billion yen)

		2018 Jan.-Dec.	2017 Jan.-Dec.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	454.8	459.9	-5.1	-1.1%	-3.7	-1.4
	MB	117.8	114.1	+3.7	+3.2%	-0.2	+3.8
	ATG	68.7	63.4	+5.3	+8.3%	-1.5	+6.7
	Other	9.0	8.8	+0.2	+2.0%	+0	+0.2
	Total	650.2	646.3	+4.0	+0.6%	-5.4	+9.3
Business profit	Tires	42.3	41.9	+0.4	+1.0%	-0.1	+0.5
	MB	7.4	7.8	-0.4	-4.6%	+0	-0.4
	ATG	8.5	7.6	+0.9	+11.8%	-0.2	+1.1
	Other	1.1	1.2	-0.1	-8.4%	+0	-0.1
	Intersegment eliminations	0	-0.1	+0.1	-	-	+0.1
	Total	59.3	58.3	+1.0	+1.7%	-0.3	+1.3

Profit and Loss (Quarterly)

Exchange Rates

US\$ 110 yen	-2 yen
EUR 131 yen	+6 yen
RUB 1.8 yen	-0.1 yen

US\$ 113 yen	-0 yen
EUR 129 yen	-4 yen
RUB 1.7 yen	-0.2 yen

US\$ 110 yen	-2 yen
EUR 130 yen	+4 yen
RUB 1.8 yen	-0.2 yen

TSR20*

140 cents -32 cents

127 cents -17 cents

136 cents -28 cents

WTI

67 dollars +17 dollars

59 dollars +4 dollars

65 dollars +14 dollars

*SICOM TSR20 1M

(billion yen)

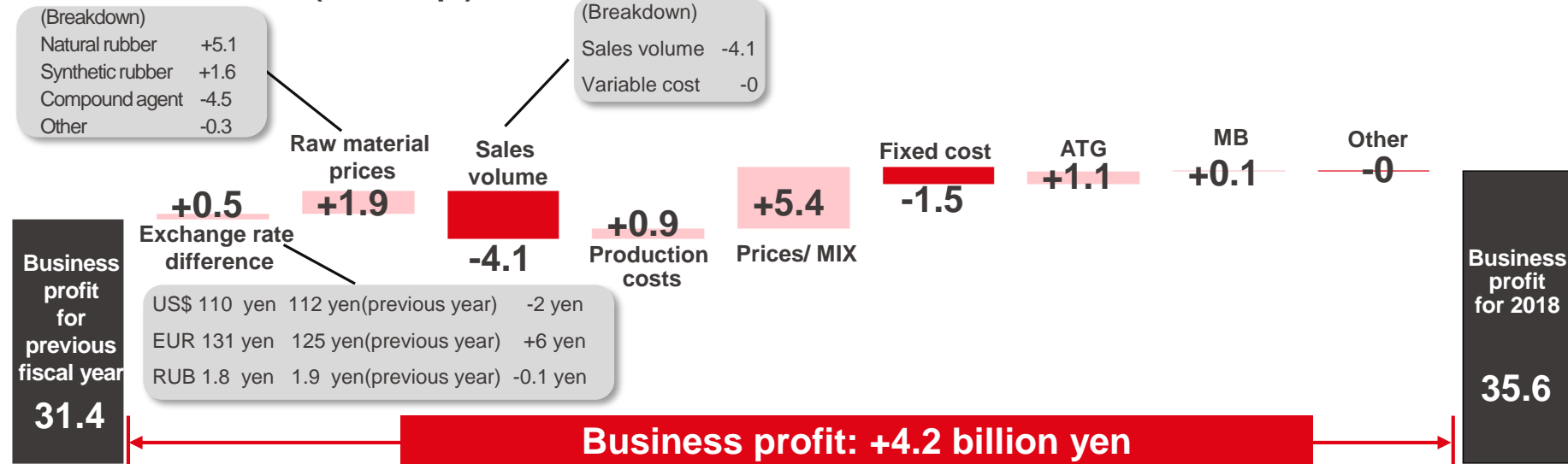
	2018 Jan.–Sep.	YoY Change	2018 Oct.–Dec.	YoY Change	2018 Jan.-Dec.	YoY Change
Sales revenue	460.8	+5.3	189.4	-1.3	650.2	+4.0
Business profit*¹ (Business profit margin)	35.6 (7.7%)	+4.2 (+0.8%)	23.7 (12.5%)	-3.2 (-1.6%)	59.3 (9.1%)	+1.0 (+0.1%)
Operating profit (Operating profit margin)	27.0 (5.8%)	-2.4 (-0.6%)	26.5 (14.0%)	+1.7 (+1.0%)	53.5 (8.2%)	-0.7 (-0.2%)
Profit*²	16.3	-5.6	19.4	+1.2	35.6	-4.4

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses)

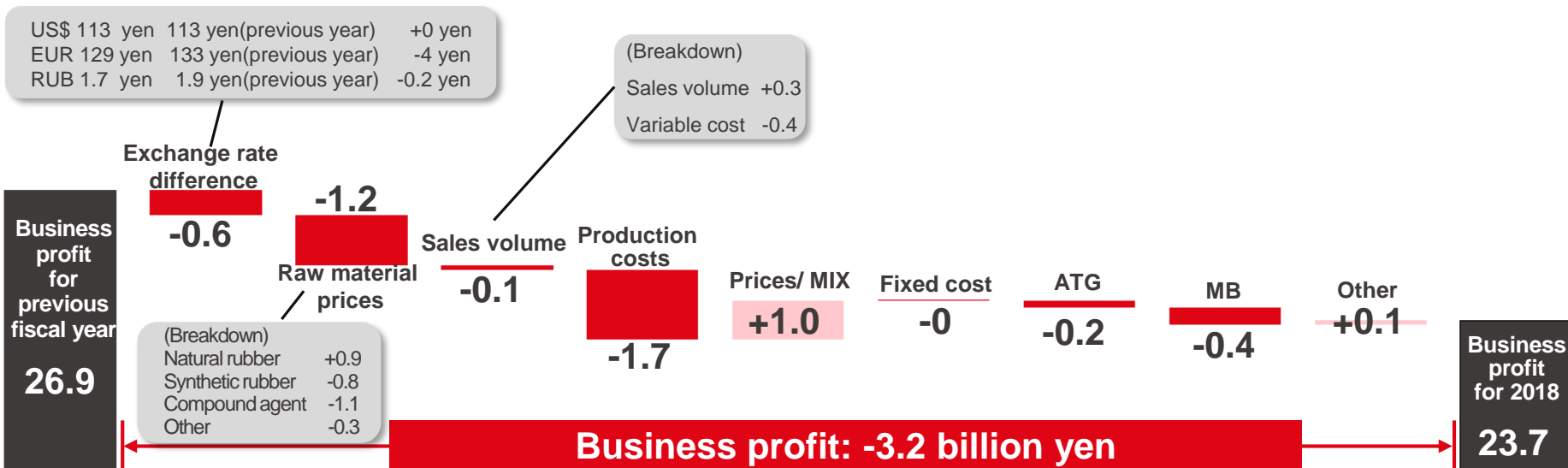
*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

Three Quarters (Jan.-Sep.)



Fourth-Quarter (Oct.-Dec.)

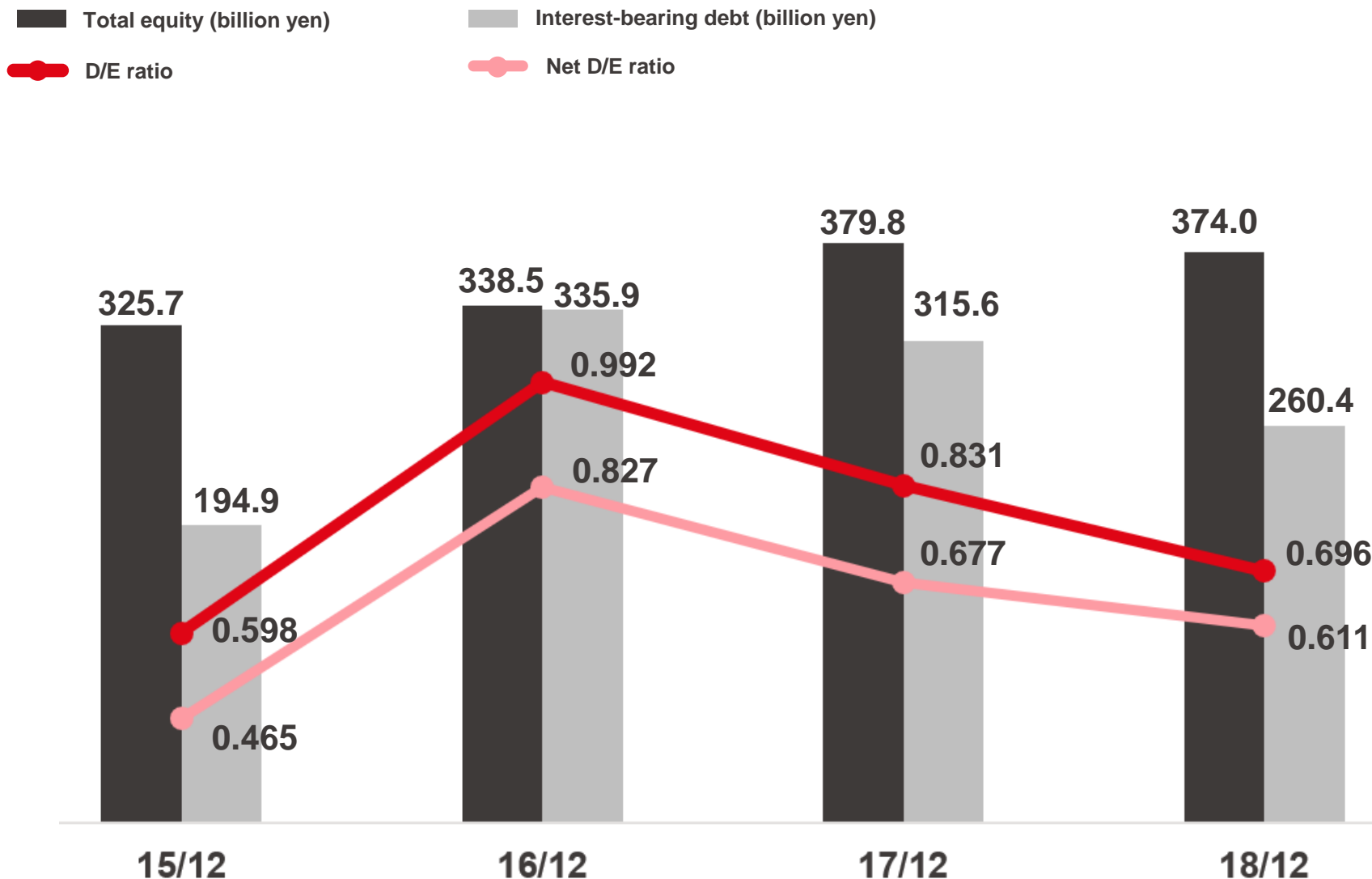


Financial Position

(billion yen)

	Dec. 31, 2018	Dec. 31, 2017	Change
Current assets	335.5	362.4	-26.9
Non-current assets	520.3	558.4	-38.1
Total assets	855.8	920.8	-65.0
Liabilities	473.4	533.0	-59.6
Equity	382.4	387.8	-5.4
Total liabilities and equity	855.8	920.8	-65.0
Interest-bearing debt	260.4	315.6	-55.2
Ratio of equity attributable to owners of parent	43.7%	41.2%	+2.5%
D/E ratio	0.696	0.831	-0.13

Changes in Interest-bearing Debt, Total equity, D/E Ratio, and Net D/E Ratio



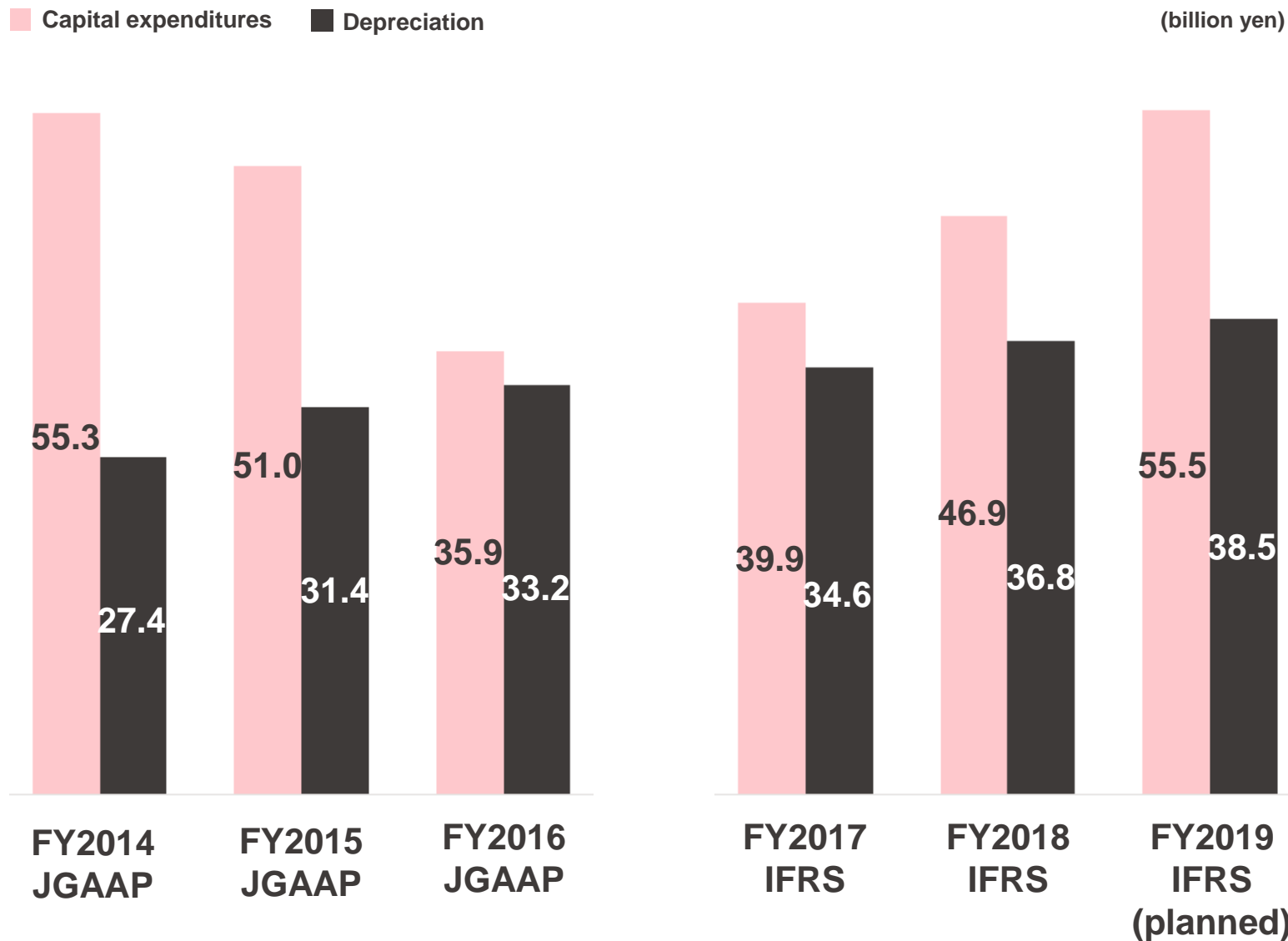
* Total equity do not include non-controlling interests.

State of Cash Flows

(billion yen)

	2018 Jan.-Dec.	2017 Jan.-Dec.	Change
CF from operating activities	82.8	60.5	+22.4
CF from investing activities	-43.1	-29.7	-13.4
Free CF	39.7	30.7	+9.0
CF from financing activities	-64.9	-28.1	-36.8
Closing balance of cash and cash equivalents	31.7	58.3	-26.6

Capital Expenditures and Depreciation



Earnings Forecast for FY 2019

FY2019 Profit and Loss Projections

Exchange Rates	US\$ 110 yen	110 yen (previous year)	-0 yen
	EUR 125 yen	130 yen (previous year)	-5 yen
	RUB 1.7 yen	1.8 yen (previous year)	-0.1 yen
TSR20*	134 cents	136 cents (previous year)	-2 cents
WTI	51 dollars	65 dollars (previous year)	-14 dollars

*SICOM TSR20 1M

	2019 forecast	2018 result	Change	Change (%)	Exchange rate impact	(billion yen) Change excluding impact of exchange rates
Sales revenue	660.0	650.2	+9.8	+1.5%	-7.6	+17.3
Business profit*1 (Business profit margin)	57.5 (8.7%)	59.3 (9.1%)	-1.8 (-0.4%)	-3.0%	-2.5	+0.8
Operating profit (Operating profit margin)	57.5 (8.7%)	53.5 (8.2%)	+4.0 (+0.5%)	+7.5%	-2.6	+6.6
Profit *2	40.0	35.6	+4.4	+12.3%		

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses)

*2 Profit attributable to owners of parent

Forecast for Business Segment (Full Year)

(billion yen)

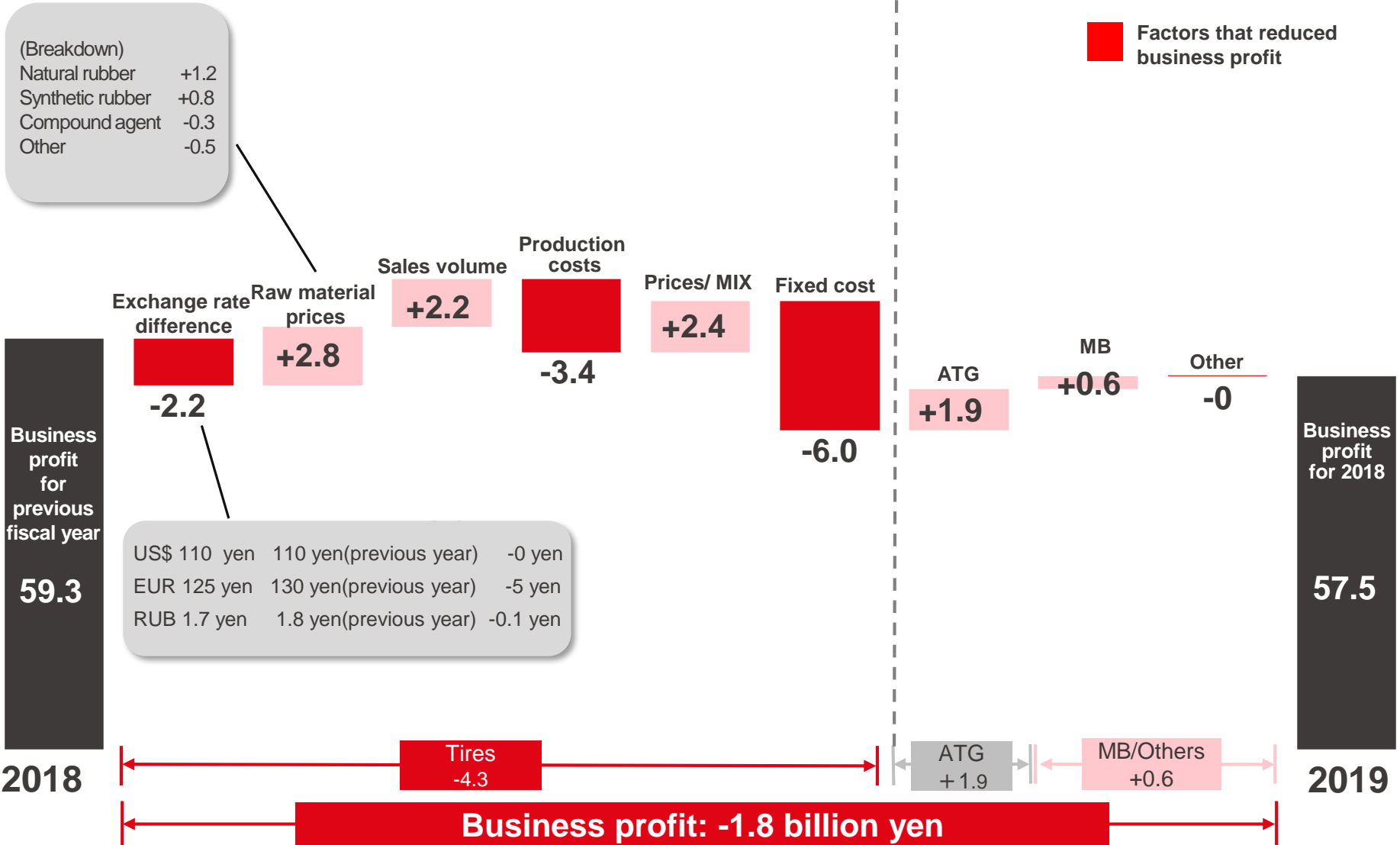
	2019 forecast	2018 result	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates	
Sales revenue	Tires	455.0	454.8	+0.2	+0.0%	-6.4	+6.6
	MB	120.0	117.8	+2.2	+1.9%	-0.9	+3.1
	ATG	76.0	68.7	+7.3	+10.6%	-0.3	+7.6
	Other	9.0	9.0	+0	+0.4%	+0	+0
	Total	660.0	650.2	+9.8	+1.5%	-7.6	+17.3
Business profit	Tires	38.0	42.3	-4.3	-10.1%	-2.2	-2.1
	MB	8.0	7.4	+0.6	+8.1%	-0.3	+0.9
	ATG	10.4	8.5	+1.9	+22.9%	-0	+2.0
	Other	1.1	1.1	+0	+2.6%	-0	+0
	Intersegment eliminations	-	0	-0	-	-	-0
	Total	57.5	59.3	-1.8	-3.0%	-2.5	+0.8

Factor Analysis of Business Profit

2019 Full Year Forecast

(billion yen)

- Factors that boosted business profit
- Factors that reduced business profit

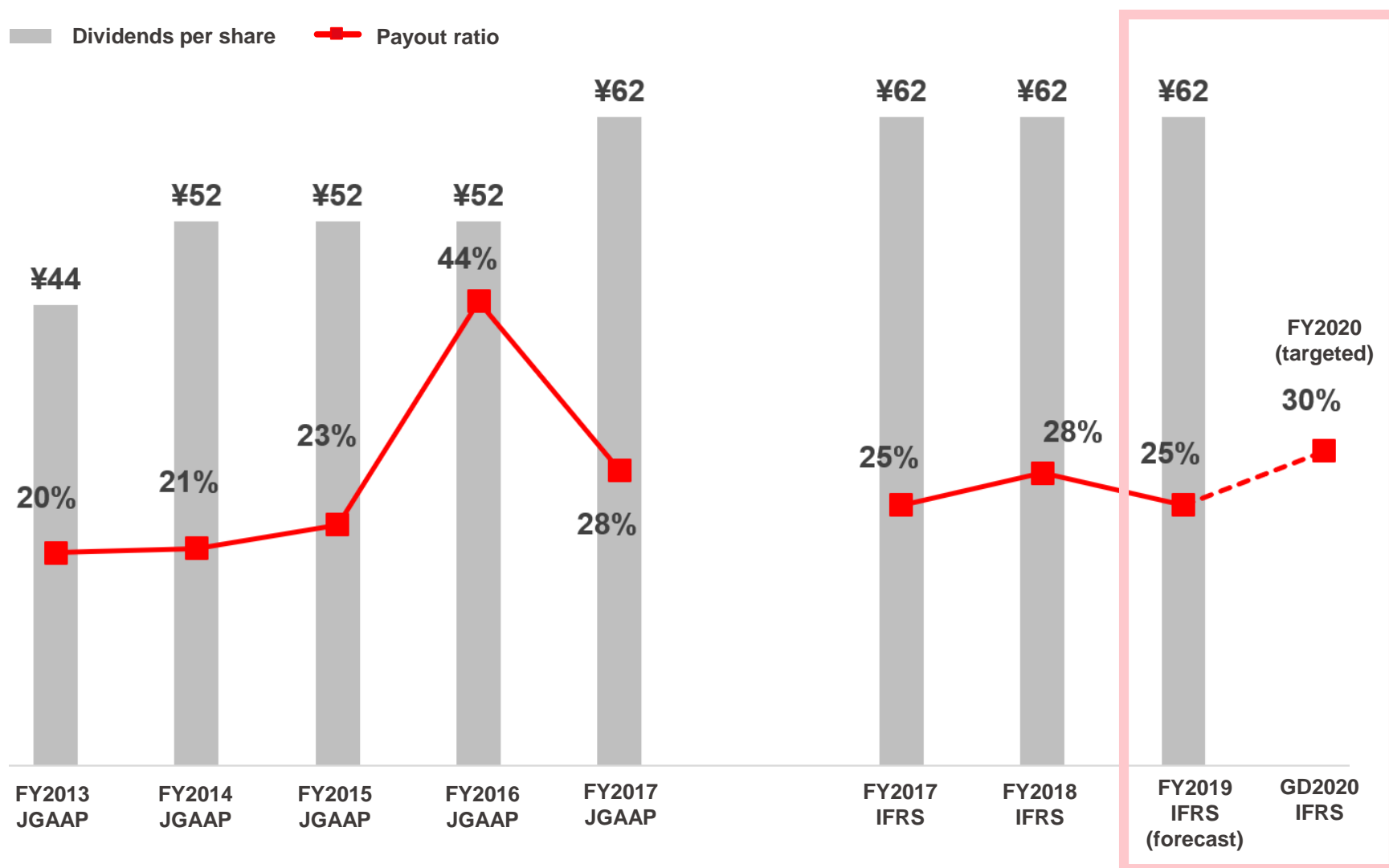


(Breakdown)

Natural rubber	+1.2
Synthetic rubber	+0.8
Compound agent	-0.3
Other	-0.5

US\$ 110 yen	110 yen(previous year)	-0 yen
EUR 125 yen	130 yen(previous year)	-5 yen
RUB 1.7 yen	1.8 yen(previous year)	-0.1 yen

Dividends and Payout ratio



Yokohama carried out a one-for-two share merger effective July 1, 2015. The company has accounted for that merger in calculating the dividend payable to shareholders of record as of 2012-2015.

Cautionary Notes Regarding Forecasts

Forecasts and outlooks included in this material are based on the judgment of the Company's management using currently available information. Actual results and earnings may differ from the forecasts and outlooks included in the material due to various risks and uncertainties.

