FY2019 First-Half Results Briefing

Results of 1H Activities and Initiatives for 2H

August 9, 2019

Yokohama Rubber Co., Ltd.

Masataka Yamaishi, President, Chairman of the Board
1. Outline of GD2020 Medium-Term Management Plan
2. Results of 1H Activities and Initiatives for 2H
3. FY2020 Financial Targets
1. Outline of GD2020 Medium-Term Management Plan
2. Results of 1H Activities and Initiatives for 2H
3. FY2020 Financial Targets
GD2020 Positioning

Fortify our business foundation by redefining **Yokohama strengths** and deploying growth strategy through **original approaches**

**Growth strategy**
- Consumer tires
- Commercial tires
- MB (Multiple Business)

**Fortify our business foundation**
- Strengthen our financial position
- Revitalize our corporate culture
- Upgrade risk management

Strategy

Growth measures

Consumer Tires
Expand our presence in the premium tire markets

Commercial Tires
Make commercial tires a pillar of revenue driven by OHT*

MB (Multiple Business)
Allocate resources on a priority basis to business fields of strength

Business foundation

- Strengthen our financial position by reducing debt and idle assets
- Revitalize our corporate culture through human resources measures
- Minimize corporate risk through systematic risk management

*Off-Highway Tire (an inclusive term for tires used on agricultural machinery, construction machinery, industrial machinery and forestry machinery)
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Consumer Tires

Expand our presence in premium tire markets

1) Premium car tire strategy

Expanding use of our tires as OE on premium cars in Japan

• YOKOHAMA tires newly selected as OE on Toyota RAV4, the MAZDA3, and other premium cars  Mar-Apr 2019

Overseas plants win recognition

• YTC wins US Subaru supplier award for 2018  June 2019
• YRPZ wins Nissan Russia supplier award for 2018  June 2019

2) Winter tire strategy

Strong sales of all-season tires

Solid sales of BluEarth-4S after launch in Europe  1H 2019
3) **Hobby tire strategy**

- **Introduced new tires, expanded lineups**
  - Launched sales of GEOLANDAR X-AT **April 2019**
  - Added 5 sizes for ADVAN A08B **February 2019**
  - Introduced ADVAN A052, ADVAN FLEVA and other new tires to North America **1H 2019**

- **Revival tires for historic cars**
  - Revived G.T. SPECIAL CLASSIC Y350 and A539 tires **Jul-Aug 2019**

4) **Strengthening communication with consumers**

- **Strengthened communication via the Web**
  - Opened “ADVAN club” website **July 2019**
  - Renewed site introducing passenger car tires for Japan market **April 2019**
Commercial Tires

Commercial tires to become pillar of growth in YOKOHAMA’s second century

Business expansion being driven by off-highway tires

ATG tires introduced to Japan market • OTR tires: began deliveries to major construction machinery maker in February 2019 • Agriculture machinery tires: developed additional sizes for Japan market

Increasing product synergies with Aichi Tire

Aichi Tire products added to lineup of domestic sales subsidiary
Moving forward with sales of forklift tires

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Building on our North American business platform to expand our presence in truck and bus tires

- YTMM received IATF 16949 certification March 2019
- YTMM tires being delivered as OE to Japanese automakers in North America March 2019
- Launched sales of 712L tires for trucks and buses in seven core sizes
- Plan to add more sizes to product lineups 2H 2019

Introduced new tires to Japan market

- Began sales of 302C lug tires for dump trucks June 2019
- Launched sales of LT751R, an all-season tire for community buses July 2019
- Launched sales of 507U tires for low-floor buses July 2019
New Tire Products in 2H

Commemorating 50 years in North America by expanding product lineup

Introducing new tires for North American market

Introducing GEOLANDAR X-AT in 27 sizes and ADVAN APEX V601 in 44 sizes
Plan to launch nine new tires during the year

Accelerating promotion of new tires in North America

Nine new tires include four hobby tires
Aggressive promotion of new offerings
Motor Sports

Hone our competitive edge in tire technology through participating in motor sports

Participation in Nürburgring 24-hour endurance race

Supported four teams
Ninth place was the best result for a Japanese team this year.

GEOLANDAR-equipped vehicle comes in first

First class championship won by a Japanese driver at Australia’s largest off-road race
Solidifying No.1 position in global marine products market

- Introduced world’s largest floating fender
  - July 2019

New product launches

- RS RED driver  - March 2019
- SUPER egg series  - July 2019
- “egg” series  - September 2019
Partnership with Chelsea FC

2019–20 preseason matches held in Japan

Matches against Kawasaki Frontale and FC Barcelona were held in Japan

July 2019

Chelsea FC’s David Luiz with YRC President Masataka Yamaishi

Chelsea FC’s new manager Frank Lampard (left) and captain Cesar Azpilicueta at exclusive event
Initiatives to achieve UN’s Sustainable Development Goals (SDGs)

Accelerating efforts to achieve sustainable procurement of natural rubber  
1H 2019

Started surveys of worker conditions at natural rubber plantations and product flows

Introduced reusable energy system  
June 2019

Installed solar power system at Yokohama Tire Philippines’ plant

YOKOHAMA Magokoro Fund being used to support contributions to society  
1H 2019

New support for pediatric clinics using facility dogs

Strengthened corporate governance system  
March 2019

Fewer in-house directors; increased ratio of external directors
Established “Diversity Promotion Task Force”

July 2019

- Child-rearing
- Support for elderly care
- Career continuation

Recognize diverse work styles and strive to be a company that people are able to work at for many years. Consider measures to create an environment where all employees can work comfortably.
Improving D/E ratio  Strengthening Management Foundation

Interest-bearing debt reduced by ¥42.8bn
D/E ratio lowered by 0.13 pts

※ YoY changes

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<td>Interest-bearing debt (billion yen)</td>
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<td>Net D/E ratio</td>
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State of Restoration at YTPI

Yokohama Tire Philippines (YTPI) Information
■ Location: Clark Freeport Zone in the Philippines
■ Site area: 452,000m² (building floor space: 205,000 m²)

Fire Details
■ Outbreak: May 14, 2017 at around 3pm
■ Area affected: Approximately 17,400m² in the northeast sector of YTPI’s East Plant
■ Damage summary: Partial damage to buildings and production facilities; destruction of products stored in a warehouse

Operating at about 50% of pre-fire capacity at end-2018
Scheduled to return to full pre-fire capacity by end-2020
## Tire Production Capacity (rubber volume basis)

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<td><strong>Commercial tires</strong></td>
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<td>Total commercial tires</td>
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<td>555</td>
<td>604</td>
<td>652</td>
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<td><strong>Total</strong></td>
<td>1,083</td>
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<td>1,277</td>
<td>1,396</td>
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<td>Overseas capacity as % of total capacity</td>
<td>56.0%</td>
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<td>59.9%</td>
<td>61.7%</td>
<td>64.0%</td>
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*Aichi Tire Industry capacity on product weight basis*
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FY2020 Financial Targets

- Sales revenue: ¥700 billion
- Operating income and operating profit margin: ¥70 billion, 10%
- Debt/equity ratio: 0.6
- Return on equity: 10%
- Operating cash flow: Three-year total of ¥200 billion
- Investment: Within scope of depreciation (not including strategic investments)
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.