

FY 2019 Financial Results

Briefing Material

February 14, 2020

The Yokohama Rubber Co., Ltd.

■ Scope of consolidation

**Consolidated subsidiaries 121 companies
(2 less than at the end of previous fiscal year)**

(Breakdown of change)

+3 companies

-5 companies

Japan -4 companies

Tire indirectly owned sales subsidiary

Asia +2 companies

Yokohama Tire Korea Co., Ltd. (Korea/Tire sales company) and one other company

Europe +1 company

Yokohama France SAS (France/Tire sales company)

Europe -1 company

Yokohama Industrial Products Europe GmbH (Germany/MB sales company)

Financial Results for FY 2019

Profit and Loss (Full Year)

Exchange Rates	US\$ 109 yen	110 yen (previous year)	-1 yen
	EUR 122 yen	130 yen (previous year)	-8 yen
	RUB 1.7 yen	1.8 yen (previous year)	-0.1 yen
TSR20*	140 cents	136 cents (previous year)	+4 cents
WTI	57 dollars	65 dollars (previous year)	-8 dollars

*SICOM TSR20 1M

	(billion yen)					
	2019 Jan.-Dec.	2018 Jan.-Dec.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	650.5	650.2	+0.2	+0.0%	-9.9	+10.2
Business profit*¹ (Business profit margin)	50.1 (7.7%)	59.3 (9.1%)	-9.1 (-1.4%)	-15.4%	-2.8	-6.3
Operating profit (Operating profit margin)	58.6 (9.0%)	53.5 (8.2%)	+5.1 (+0.8%)	+9.5%	-2.9	+7.9
Profit *²	42.0	35.6	+6.3	+17.8%		

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

*2 Profit attributable to owners of parent

Business Segment (Full Year)

(billion yen)

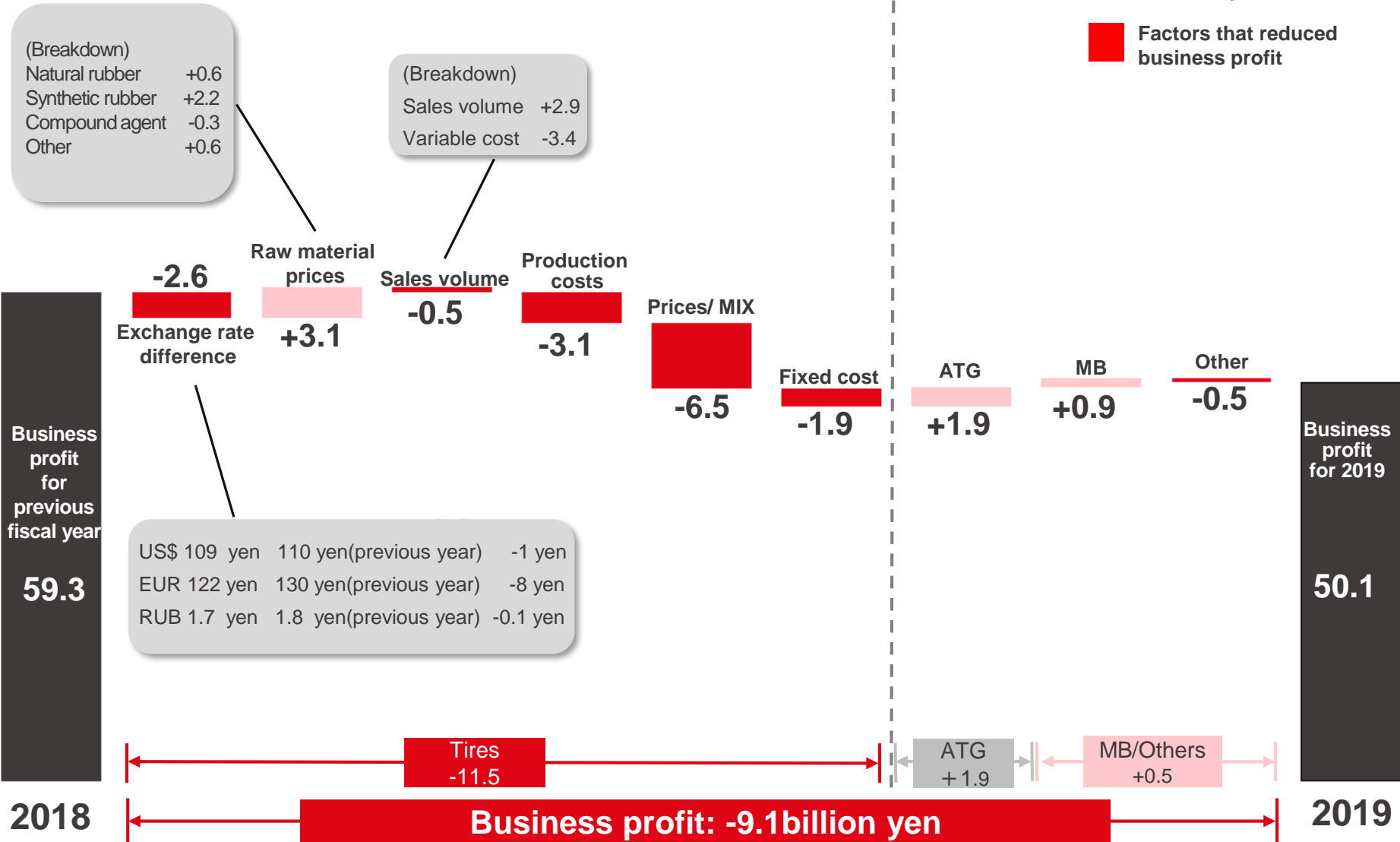
		2019 Jan.-Dec.	2018 Jan.-Dec.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	451.7	454.8	-3.1	-0.7%	-7.9	+4.8
	MB	119.3	117.8	+1.6	+1.3%	-1.2	+2.8
	ATG	70.8	68.7	+2.1	+3.1%	-0.8	+2.9
	Other	8.6	9.0	-0.3	-3.6%	-0	-0.3
	Total	650.5	650.2	+0.2	+0.0%	-9.9	+10.2
Business profit	Tires	30.8	42.3	-11.5	-27.3%	-2.6	-8.9
	MB	8.3	7.4	+0.9	+12.4%	-0.1	+1.0
	ATG	10.4	8.5	+1.9	+23.0%	-0.1	+2.1
	Other	0.5	1.1	-0.6	-54.1%	-0	-0.6
	Intersegment eliminations	0.2	0	+0.1	-	-	+0.1
	Total	50.1	59.3	-9.1	-15.4%	-2.8	-6.3

Factor Analysis of Business Profit

2019 Full Year

(billion yen)

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



(Breakdown)

Natural rubber	+0.6
Synthetic rubber	+2.2
Compound agent	-0.3
Other	+0.6

(Breakdown)

Sales volume	+2.9
Variable cost	-3.4

Exchange rate difference breakdown:

US\$	109 yen	110 yen(previous year)	-1 yen
EUR	122 yen	130 yen(previous year)	-8 yen
RUB	1.7 yen	1.8 yen(previous year)	-0.1 yen

Tires -11.5

ATG +1.9

MB/Others +0.5

Profit and Loss (Quarterly)

Exchange Rates	US\$ 109 yen	-1 yen
	EUR 123 yen	-8 yen
	RUB 1.7 yen	-0.1 yen
TSR20*	142 cents	+2 cents
WTI	57 dollars	-10 dollars

US\$ 109 yen	-4 yen
EUR 120 yen	-9 yen
RUB 1.7 yen	+0.0 yen
137 cents	+10 cents
57 dollars	-3 dollars

US\$ 109 yen	-1 yen
EUR 122 yen	-8 yen
RUB 1.7 yen	-0.1 yen
140 cents	+4 cents
57 dollars	-8 dollars

*SICOM TSR20 1M

(billion yen)

	2019 Jan.–Sep.	YoY Change	2019 Oct.–Dec.	YoY Change	2019 Jan.–Dec.	YoY Change
Sales revenue	465.7	+4.9	184.7	-4.7	650.5	+0.2
Business profit*¹ (Business profit margin)	25.8 (5.5%)	-9.8 (-2.2%)	24.3 (13.2%)	+0.6 (+0.7%)	50.1 (7.7%)	-9.1 (-1.4%)
Operating profit (Operating profit margin)	33.4 (7.2%)	+6.4 (+1.4%)	25.2 (13.6%)	-1.3 (-0.4%)	58.6 (9.0%)	+5.1 (+0.8%)
Profit*²	28.3	+12.0	13.7	-5.7	42.0	+6.3

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

*2 Profit attributable to owners of parent

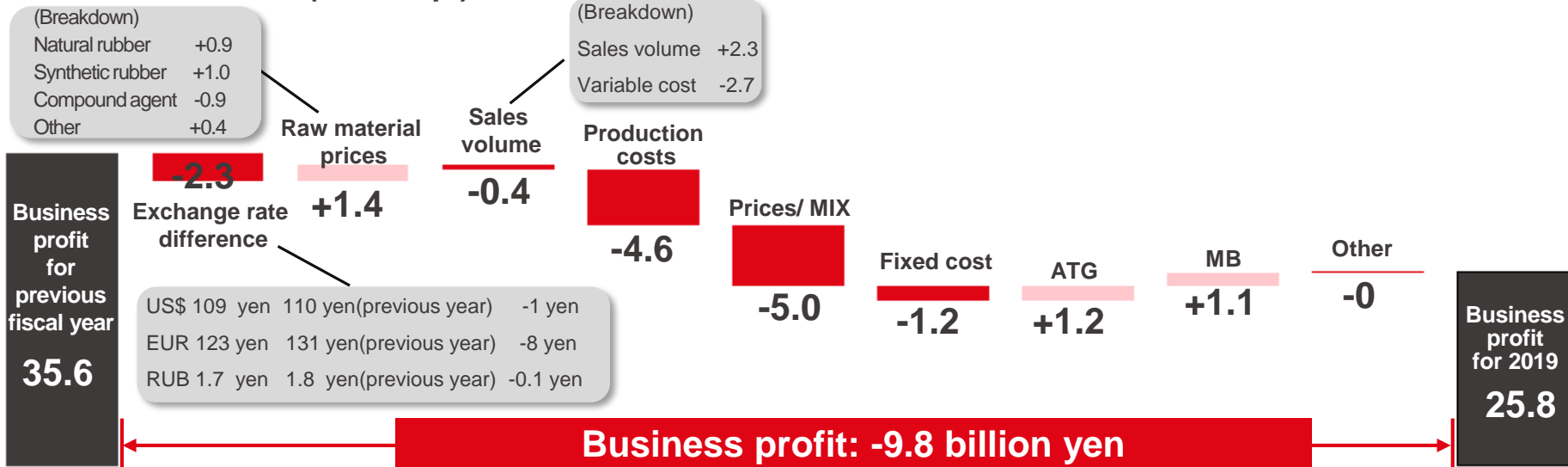
Business Segment (Fourth-Quarter)

(billion yen)

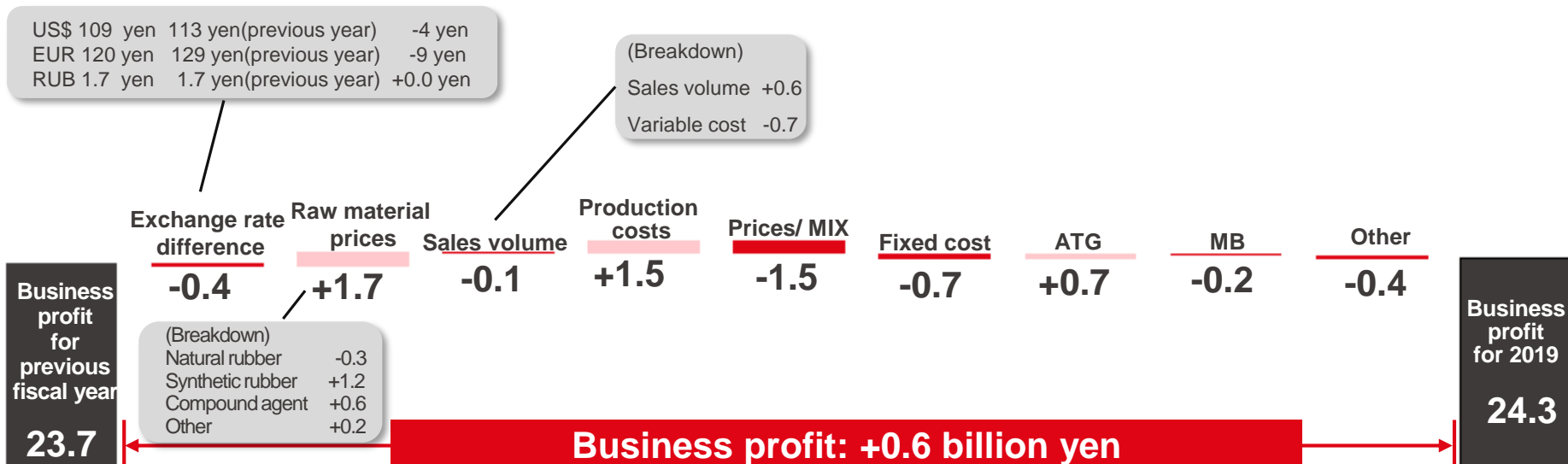
		2019 Oct.-Dec.	2018 Oct.-Dec.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	133.3	137.7	-4.4	-3.2%	-2.6	-1.8
	MB	32.2	33.2	-1.0	-3.0%	-0.6	-0.4
	ATG	17.2	16.3	+0.8	+5.1%	-0.7	+1.5
	Other	2.0	2.2	-0.1	-6.1%	-0	-0.1
	Total	184.7	189.4	-4.7	-2.5%	-3.8	-0.9
Business profit	Tires	19.0	18.5	+0.5	+2.7%	-0.4	+0.9
	MB	2.6	2.8	-0.2	-6.3%	-0.1	-0.1
	ATG	2.8	2.1	+0.7	+33.8%	-0.1	+0.8
	Other	-0.3	0.2	-0.5	-	-0	-0.5
	Intersegment eliminations	0	0	+0	-	-	+0
	Total	24.3	23.7	+0.6	+2.6%	-0.6	+1.2

Factor Analysis of Business Profit

Three Quarters (Jan.-Sep.)



Fourth-Quarter (Oct.-Dec.)



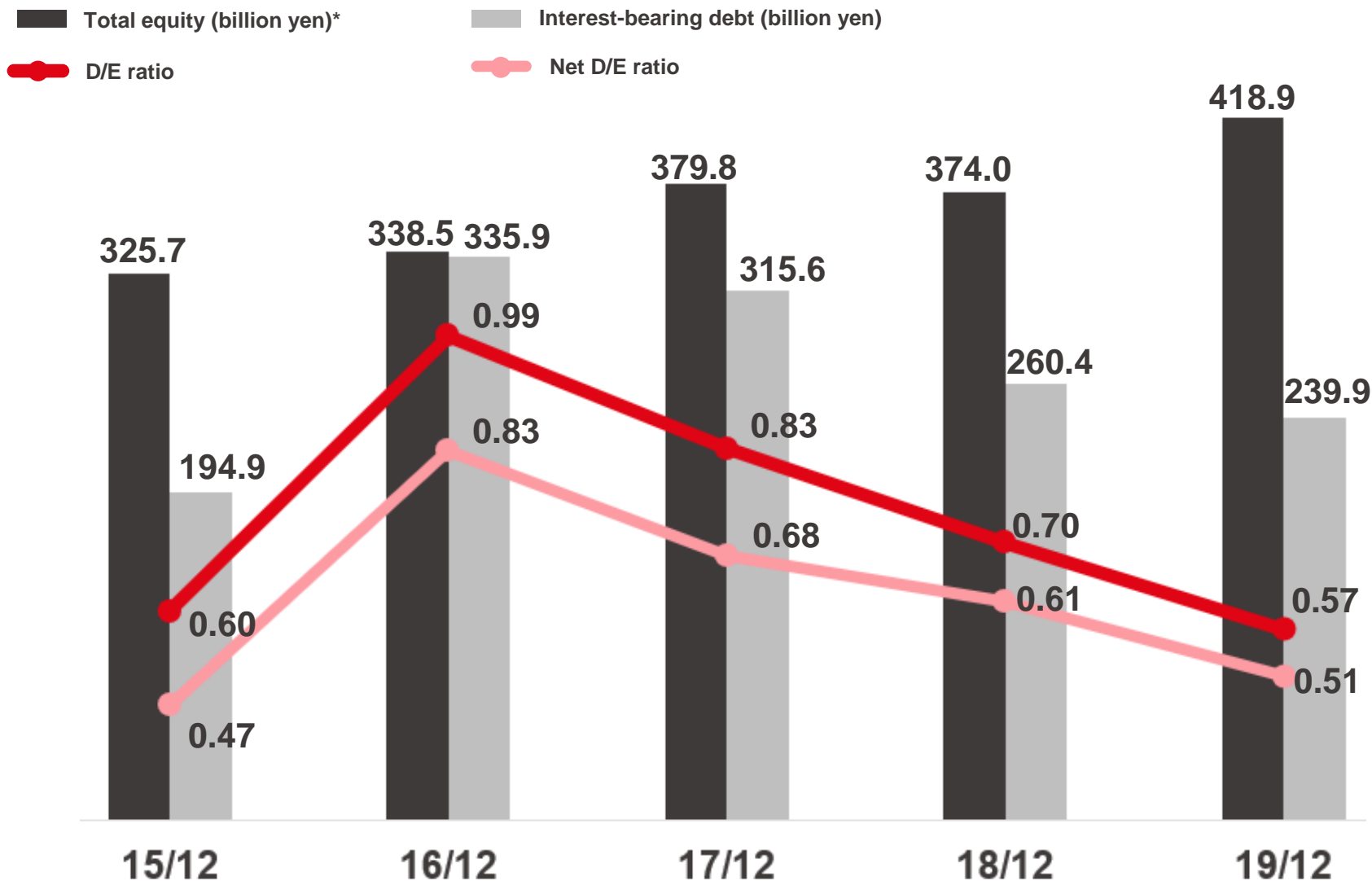
Financial Position

(billion yen)

	Dec. 31, 2019	Dec. 31, 2018	Change
Current assets	331.5	335.5	-4.0
Non-current assets	576.0	520.3	+55.7
Total assets	907.6	855.8	+51.7
Liabilities	479.9	473.4	+6.5
Equity	427.7	382.4	+45.3
Total liabilities and equity	907.6	855.8	+51.7
Interest-bearing debt	239.9	260.4	-20.5
Ratio of equity attributable to owners of parent	46.2%	43.7%	+2.5%
D/E ratio	0.57	0.70	-0.12

*Interest-bearing debt does not include lease liabilities

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



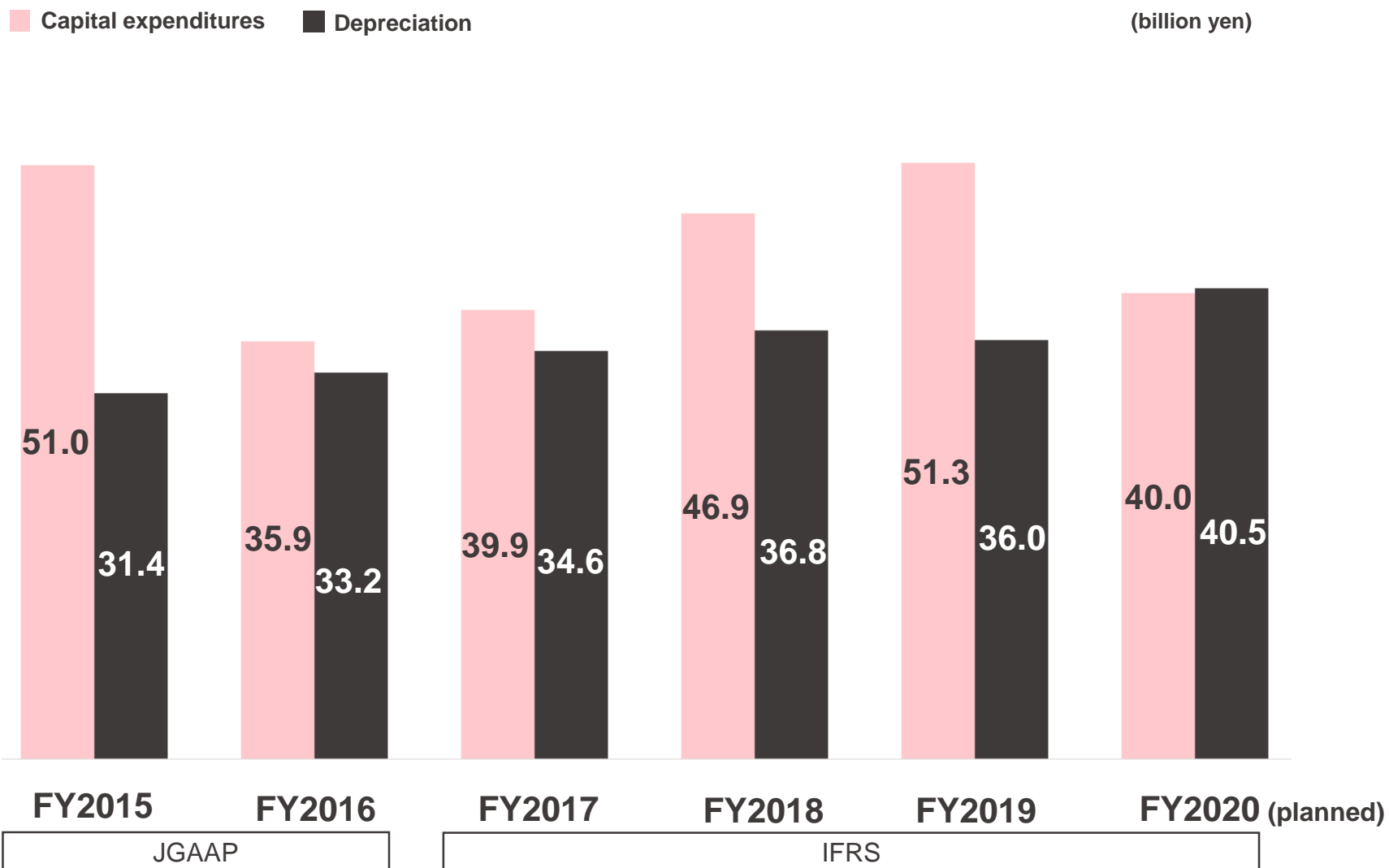
* Total equity do not include non-controlling interests.

State of Cash Flows

(billion yen)

	2019 Jan.-Dec.	2018 Jan.-Dec.	Change
CF from operating activities	75.4	82.8	-7.4
CF from investing activities	-43.6	-43.1	-0.5
Free CF	31.7	39.7	-8.0
CF from financing activities	-35.5	-64.9	+29.4
Closing balance of cash and cash equivalents	27.9	31.7	-3.8

Capital Expenditures and Depreciation



* Figures for FY2019 and FY2020 do not include the impact of adopting IFRS 16 (Lease).

Earnings Forecast for FY 2020

FY2020 Profit and Loss Projections

Exchange Rates	US\$ 109 yen	109 yen (previous year)	-0 yen
	EUR 120 yen	122 yen (previous year)	-2 yen
	RUB 1.7 yen	1.7 yen (previous year)	+0.1 yen
TSR20*	139 cents	140 cents (previous year)	-1 cents
WTI	58 dollars	57 dollars (previous year)	+1 dollars

*SICOM TSR20 1M

*These projections do not incorporate the potential effect of the coronavirus outbreak on Yokohama's fiscal performance.

(billion yen)

	2020 forecast	2019 result	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	660.0	650.5	+9.5	+1.5%	-0.3	+9.8
Business profit*1 (Business profit margin)	55.0 (8.3%)	50.1 (7.7%)	+4.9 (+0.6%)	+9.7%	-0.1	+5.0
Operating profit (Operating profit margin)	54.5 (8.3%)	58.6 (9.0%)	-4.1 (-0.7%)	-6.9%	-0.1	-4.0
Profit *2	38.0	42.0	-4.0	-9.5%		

*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)

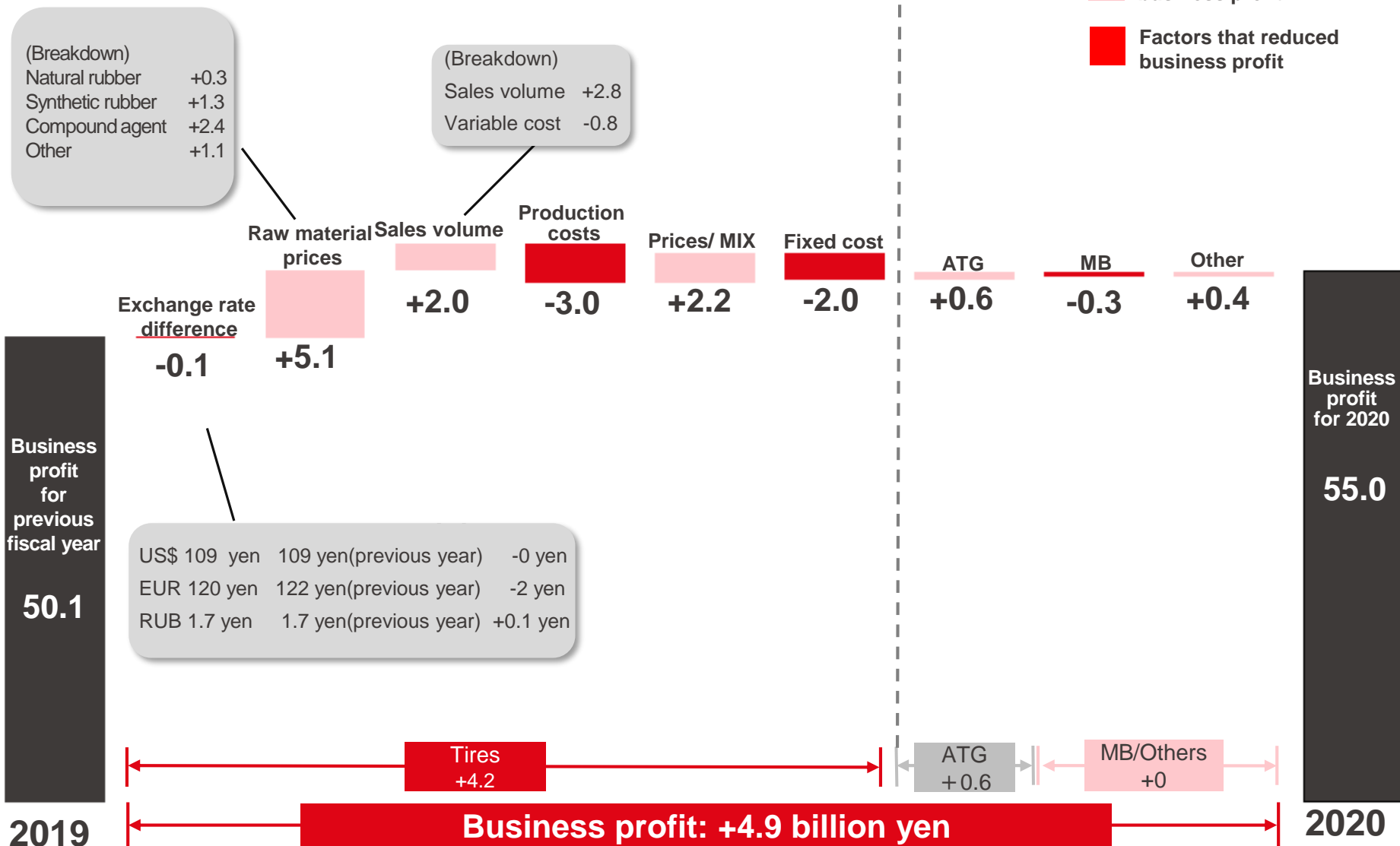
	2020 forecast	2019 result	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates	
Sales revenue	Tires	457.0	451.7	+5.3	+1.2%	-0.3	+5.6
	MB	119.0	119.3	-0.3	-0.3%	-0	-0.3
	ATG	75.5	70.8	+4.7	+6.7%	-0	+4.7
	Other	8.5	8.6	-0.1	-1.6%	+0	-0.1
	Total	660.0	650.5	+9.5	+1.5%	-0.3	+9.8
Business profit	Tires	35.0	30.8	+4.2	+13.8%	-0.1	+4.3
	MB	8.0	8.3	-0.3	-3.9%	-0	-0.3
	ATG	11.0	10.4	+0.6	+5.7%	-0	+0.6
	Other	1.0	0.5	+0.5	+103.1%	+0	+0.5
	Intersegment eliminations	-	0.2	-0.2	-	-	-0.2
	Total	55.0	50.1	+4.9	+9.7%	-0.1	+5.0

Factor Analysis of Business Profit

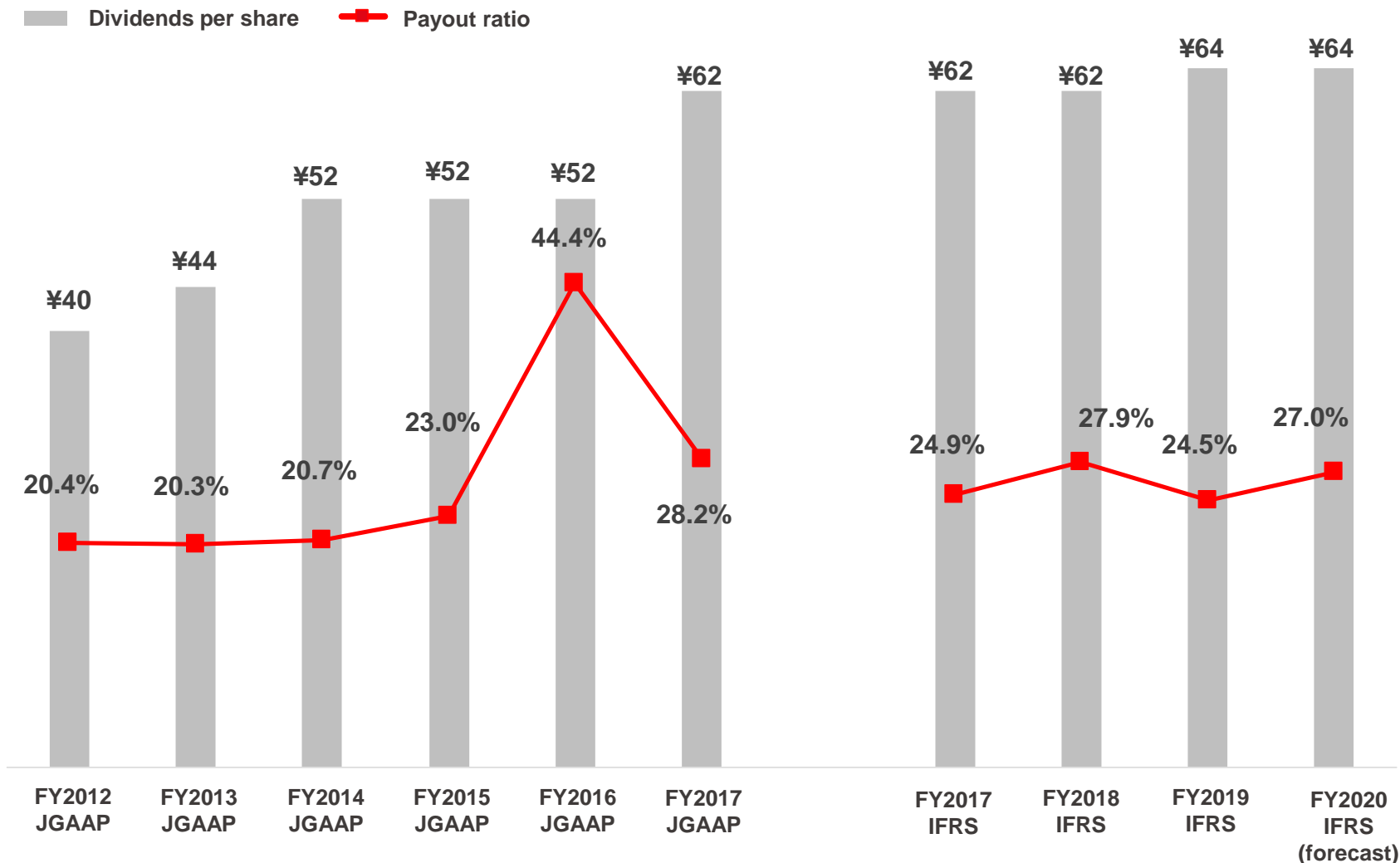
2020 Full Year Forecast

(billion yen)

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



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.

