Fiscal 2019 Results Briefing

GD2020 Progress & Initiatives in FY2020

February 14, 2020

The Yokohama Rubber Co., Ltd.
Masataka Yamaishi, President, Chairman of the Board
1. Outline of GD2020 Medium-Term Management Plan
2. Results of FY2019 Activities and Initiatives for 2020
1. Outline of GD2020 Medium-Term Management Plan
2. Results of FY2019 Activities and Initiatives for 2020
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

**GD 2020**

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)
1. Outline of GD2020 Medium-Term Management Plan
2. Results of FY2019 Activities and Initiatives for 2020
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)
FY2019 Results

Record net profit; ¥2 increase in year-end dividend

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Results</th>
<th>FY2019 Forecast (As of Nov. 2019)</th>
<th>FY2018 Results</th>
<th>Change for Forecast</th>
<th>Change for FY2018</th>
<th>GD2020 Targets</th>
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<tbody>
<tr>
<td>Sales revenue</td>
<td>650.5</td>
<td>650.0</td>
<td>650.2</td>
<td>+0.5</td>
<td>+0.2</td>
<td>700.0</td>
</tr>
<tr>
<td>Business profit*¹</td>
<td>50.1 (7.7%)</td>
<td>50.0 (7.7%)</td>
<td>59.3 (9.1%)</td>
<td>+0.1</td>
<td>-9.1 (-1.4%)</td>
<td>-</td>
</tr>
<tr>
<td>Operating profit</td>
<td>58.6 (9.0%)</td>
<td>57.5 (8.8%)</td>
<td>53.5 (8.2%)</td>
<td>+1.1</td>
<td>+5.1 (+0.8%)</td>
<td>70.0 (10.0%)</td>
</tr>
<tr>
<td>Profit *²</td>
<td>42.0</td>
<td>42.0</td>
<td>35.6</td>
<td>-</td>
<td>+6.3</td>
<td>-</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>0.57</td>
<td>-</td>
<td>0.70</td>
<td>-</td>
<td>-0.12</td>
<td>0.6</td>
</tr>
<tr>
<td>ROE</td>
<td>10.6%</td>
<td>-</td>
<td>9.5%</td>
<td>-</td>
<td>+0.01</td>
<td>10%</td>
</tr>
<tr>
<td>Annual dividend</td>
<td>¥64</td>
<td>¥62</td>
<td>¥62</td>
<td>+2</td>
<td>+2</td>
<td>-</td>
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*¹ Business profit = Sales revenue - (Cost of sales + SG&A expenses)
*² Profit attributable to owners of parent
1) Premium car tire strategy

Expanding OE tires with focus on high-inch, high-performance tires

- Porsche Cayenne: ADVAN Sport, etc. (20, 21, & 22 inches)  [December 2019]
- Toyota CHR GR SPORT: ADVAN FLEVA (19 inch)  [November 2019]
- Mazda CX-30: BluEarth-GT  [September-October 2019]
2) Winter tire strategy

Introduced new-category tire and high-performance tires

- Japan: Began sales of BluEarth-4S, an all-season tire
- North America: Launched iceGUARD iG53 & G075, two new studless tires
3) Hobby tire strategy

Promoting our hobby tires

- Ambitious launch of new products and expanded size lineup

- Displayed at auto shows in Japan & North America

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<th>February 2019</th>
<th>April 2019</th>
<th>July 2019</th>
<th>August 2019</th>
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- ADVAN A088
- GEOLANDAR X-AT
- GTSPECIAL CLASSIC V350
- ADVAN APEX V901

TOKYO AUTO SALON 2020

2019 SEMA Show
4) Strengthening communication with consumers

Increasing direct communications under “Enjoyable car life” theme

Display of concept model of ADVAN NEOVA, currently under development

Increased communication at events and via SNS
Business expansion being driven by off-highway tires

ATG’s robust growth driving the business
- Expanded capacity of Dahej Plant in India
- Sales growth driven by expanded product lineup

Agro machinery tire wins silver medal
- Innovation Award AGRITECHNICA
  Won silver medal  September 2019

Supported truck expedition on Ojos del Salado, world’s highest active volcano  December 2019
Commercial Tires

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

- Expanding shipments of OE tires to truck makers (obtained IATF16949 certification)
- Large expansion of lineup for trucks in North America & Japan

Bold move into ultra-wide base single tires

- Launched 114R tire for trailers in North America
- Planning to expand capacity at Mie Plant
Motor Sports

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

Japanese SUPER FORMULA Championship Series

SUPER GT500 & 300 class races

Nürburgring 24-hour endurance race

PORSCHE

SPRINT TROPHY
USA WEST

TITLE PARTNER
Allocate resources on a priority basis to business fields of strength

Solidifying No.1 position in global marine products market

- Introduced world’s largest floating fender  
  June 2019

New product launches

- RS RED series  
  April 2019
- SUPER egg series  
  July 2019
- New egg series  
  September 2019
Signed contract to be Official Global Tire Partner of Chelsea FC  
From July 2020

- Concluded Official Shirt Partnership with initial goals achieved
- New partnership will enable continued use of Chelsea FC in tire sales promotion activities

Brand awareness

<table>
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<tr>
<th>Region</th>
<th>2019</th>
<th>2015</th>
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<tbody>
<tr>
<td>Europe</td>
<td>58%</td>
<td>49%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>76%</td>
<td>69%</td>
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“Rain-safe YOKOHAMA”  
From January 2020

- Actress Kyoko Fukada new image character in domestic sales promotions
ESG Strengthening Management Foundation

Named to Ultimate A List in CDP 2019 Climate Change Report
- Recognized for solar power system at Philippine tire plant and other initiatives

Installed solar power system
Developing safe & environment-friendly products

- Installed solar power system
- Developing safe & environment-friendly products

• Tire with new lightweight design that enhances environmental soundness
• Car air-conditioner hose compatible with next-generation refrigerant

Efforts to achieve sustainable procurement of natural rubber

- Efforts to achieve sustainable procurement of natural rubber

Strengthened corporate governance system
- Increased outside directors (CPA, M&A expert)
- Promoted overseas group subsidiary executives

- Inclusion in ESG stock indexes
  - FTSE4 Good Index (15th straight year)
  - FTSE Blossom Japan Index (3rd straight year)
Work-style Reforms  Strengthening Management Foundation

Revitalizing organization by nurturing growth and optimal use of all personnel

**Career continuation**
- Women account for about 20% of general staff, 30% of new hires
- Rehiring of staff over 65 (146 employees)
- Hiring people with disabilities (175 employees)
- Diversity Promotion Task Force activities
- Strengthened and expanded staff training programs

**Child-rearing & elderly care**
- Encouraging use of childcare leave
  - 2019 childcare leave rate: Women 100%, Men 62%
- Expanding system promoting flexible working styles
  - Hourly wage system (2018)
  - Work from home system (2019)
  - Super flextime system (2020)
Finances Strengthening Management Foundation

Improving financial condition

Reducing interest-bearing debt

Diagram showing the change in total equity, interest-bearing debt, D/E ratio, and net D/E ratio from 2015/12 to 2019/12.

* Total equity does not include non-controlling interests.
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
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.