

FY 2021 First-Quarter Financial Results

Briefing Material

May 14, 2021

The Yokohama Rubber Co., Ltd.

Medium-term Management Plan Yokohama Transformation 2023 (YX2023)

Progress Report



Product & Regional Strategies: Acquire tire distributor in Poland

- Acquisition of ITR CEE, an importer/wholesale distributor of Yokohama tires
- Agreement signed on May 6, 2021
- Scheduled acquisition date: May 14, 2021
- Main sales area: Central & eastern Europe (Poland, Ukraine, Belarus, etc.)

Premium cars that recently selected Yokohama tires as OE: BMW & Mercedes-AMG



BMW iX3



BMW M M3 Sedan & M4 Coupe



Mercedes-AMG GLB 35 4MATIC

Business restructuring: Transfer of Hamatite business

- Hamatite business to be transferred to Sika AG (head office in Switzerland)
- Agreement signed on April 28, 2021
- Scheduled transfer date: November 1, 2021
- Sales price: ¥17.2 billion (agreed business value)

Strengthen/expand by allocating resources to core product areas

Hose & Couplings
Growth driver

Industrial products
Stable earnings

Business restructuring

Hamatite
Focus on core areas

Aerospace products
Structural reforms

Strengthen/expand by concentrating resources in core product areas: (1) Hose & coupling business - expanding production capacity

- Triple capacity at Yokohama Industrial Products—Hangzhou Co., Ltd. by September 2022
- Response to strong demand for construction machinery hoses in OEM and replacement markets in China
- Capital investment: RMB76 million (about ¥1.3 billion).



Yokohama Industrial Products—Hangzhou

Strengthen/expand by concentrating resources in core product areas: (2) Hose & coupling business – acquired repair/maintenance company

- Acquired Furusawa Shokai, Hokkaido-based provider of repair/maintenance for construction and hydraulic machinery
- Entry into repair/maintenance business expands presence in hydraulic hose market

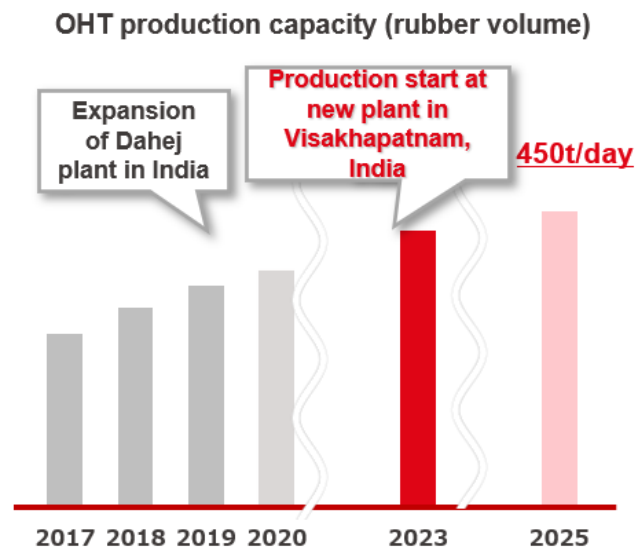
Business integration: Yokohama Off-Highway Tires

- Integration of Yokohama Group's global OHT operations
- First step was the establishment of Yokohama Off-Highway Tires America Inc. in January 2021



Invest to expand production capacity: Building third plant in India

- Location: Visakhapatnam in Indian state of Andhra Pradesh
- Capital investment: USD165 million
- Scheduled production start: 2023 1Q



Human resources strategy: Prepare to shift head office to Hiratsuka factory (sell head office building)

- Organizational restructuring will facilitate speedier decision-making by bringing together management, planning, production, sales, R&D and logistics staff, enabling us to respond more flexibly to a dynamically changing operating environment
- Achieve more efficient use of management resources & secure financial flexibility
- Sale proceeds to support aggressive investment in strategic domains



Yokohama Rubber head office building

ESG initiatives: Achieve carbon neutrality

- Developed world's first technology for producing butadiene from biomass
- Yokohama Tire Retread's Hokkaido plant wins grand prize at Hokkaido Prefecture's Zero Emission Awards



Butadiene rubber generated using the world's first butadiene produced by fermentative production



903ZW, retread tire for trucks & buses

Results for FY 2021 First-Quarter

■ Scope of consolidation

**Consolidated subsidiaries 113 companies
(±0 at the end of previous fiscal year)**

(Breakdown of change)

+2 companies

Japan: +1 company

**MB domestic company engaged in repair and maintenance of construction
and hydraulic machinery**

Asia: +1 company

Tire mold production and sales company

-2 companies

Europe: -2 companies

Tire indirectly owned sales subsidiary

Profit and Loss (First Quarter)



Exchange Rates	US\$ 106 yen	109 yen (previous year)	-3 yen	
	EUR 128 yen	120 yen (previous year)	+8 yen	
	RUB 1.4 yen	1.6 yen (previous year)	-0.2 yen	
TSR20*	167 cents	134 cents (previous year)	+33 cents	*SICOM TSR20 1M
WTI	58 dollars	46 dollars (previous year)	+12 dollars	

	(billion yen)					
	2021 Jan.-Mar.	2020 Jan.-Mar.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	149.6	129.1	+20.5	+15.9%	-0.5	+21.0
Business profit* ¹ (Business profit margin)	14.5 (9.7%)	1.8 (1.4%)	+12.7 (+8.3%)	+698.3%	+0.4	+12.3
Operating profit (Operating profit margin)	36.7 (24.5%)	1.2 (1.0%)	+35.5 (+23.5%)	—	+0.3	+35.1
Profit * ²	27.8	-0.3	+28.1	—		

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

*2 Profit attributable to owners of parent

Business Segment (First Quarter)



(billion yen)

		2021 Jan.-Mar.	2020 Jan.-Mar.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	101.4	87.4	+14.0	+16.0%	+0.1	+13.9
	MB	23.8	24.9	-1.1	-4.4%	+0.1	-1.2
	ATG	22.5	15.5	+7.0	+45.0%	-0.6	+7.6
	Other	1.9	1.3	+0.6	+47.0%	-0	+0.6
	Total	149.6	129.1	+20.5	+15.9%	-0.5	+21.0
Business profit	Tires	9.3	-0.5	+9.8	-	+0.5	+9.3
	MB	1.5	0.9	+0.6	+65.2%	+0	+0.6
	ATG	3.5	1.8	+1.7	+95.5%	-0.1	+1.8
	Other	0.2	-0.4	+0.7	-	+0	+0.7
	Intersegment eliminations	-0	0	-0.1	-	-	-0.1
	Total	14.5	1.8	+12.7	+698.3%	+0.4	+12.3

Factor Analysis of Business Profit



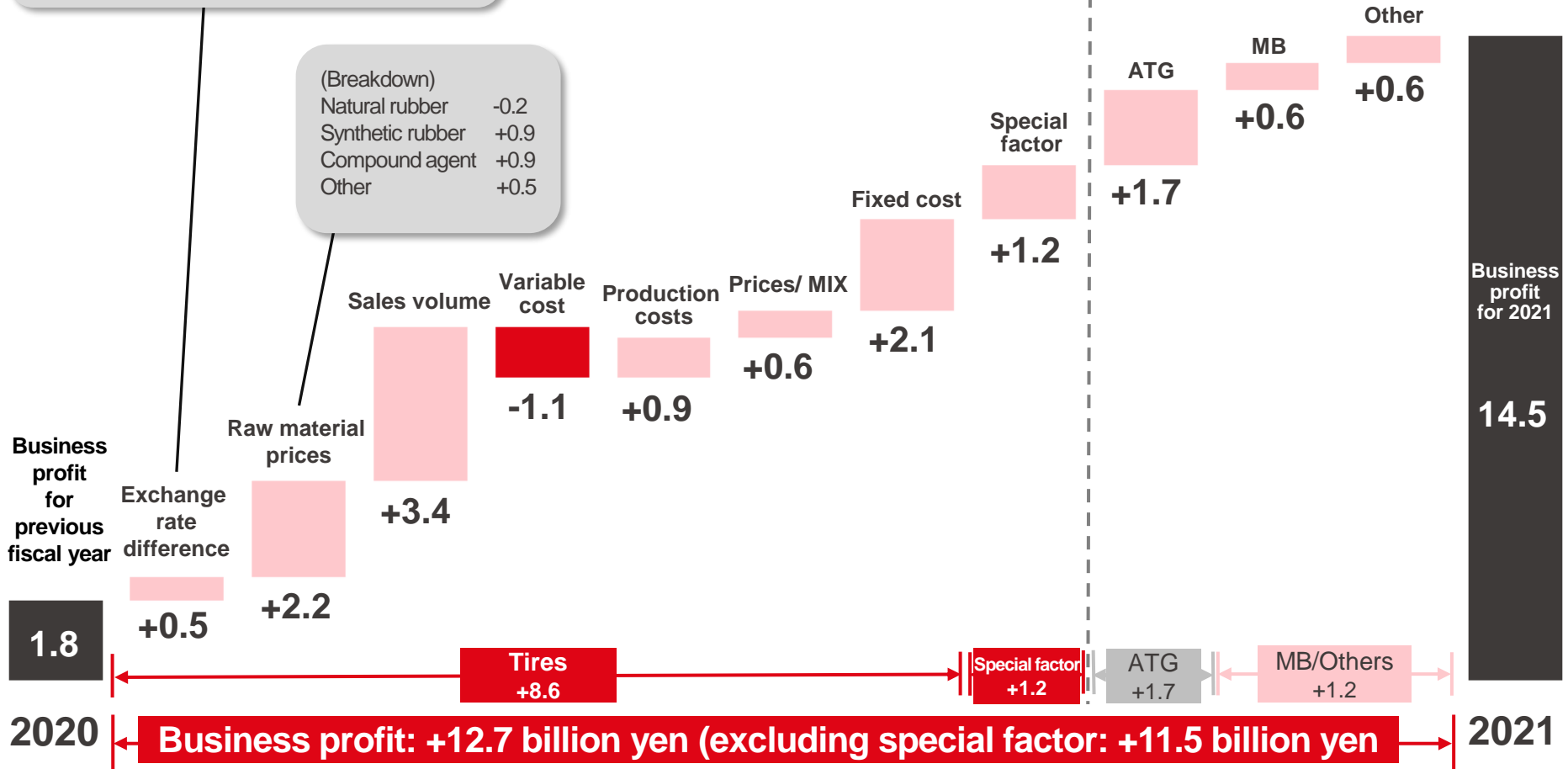
2021 First Quarter

US\$ 106 yen 109 yen(previous year) -3 yen
 EUR 128 yen 120 yen(previous year) +8 yen
 RUB 1.4 yen 1.6 yen(previous year) -0.2 yen

(Breakdown)
 Natural rubber -0.2
 Synthetic rubber +0.9
 Compound agent +0.9
 Other +0.5

(billion yen)

Factors that boosted business profit
 Factors that reduced business profit



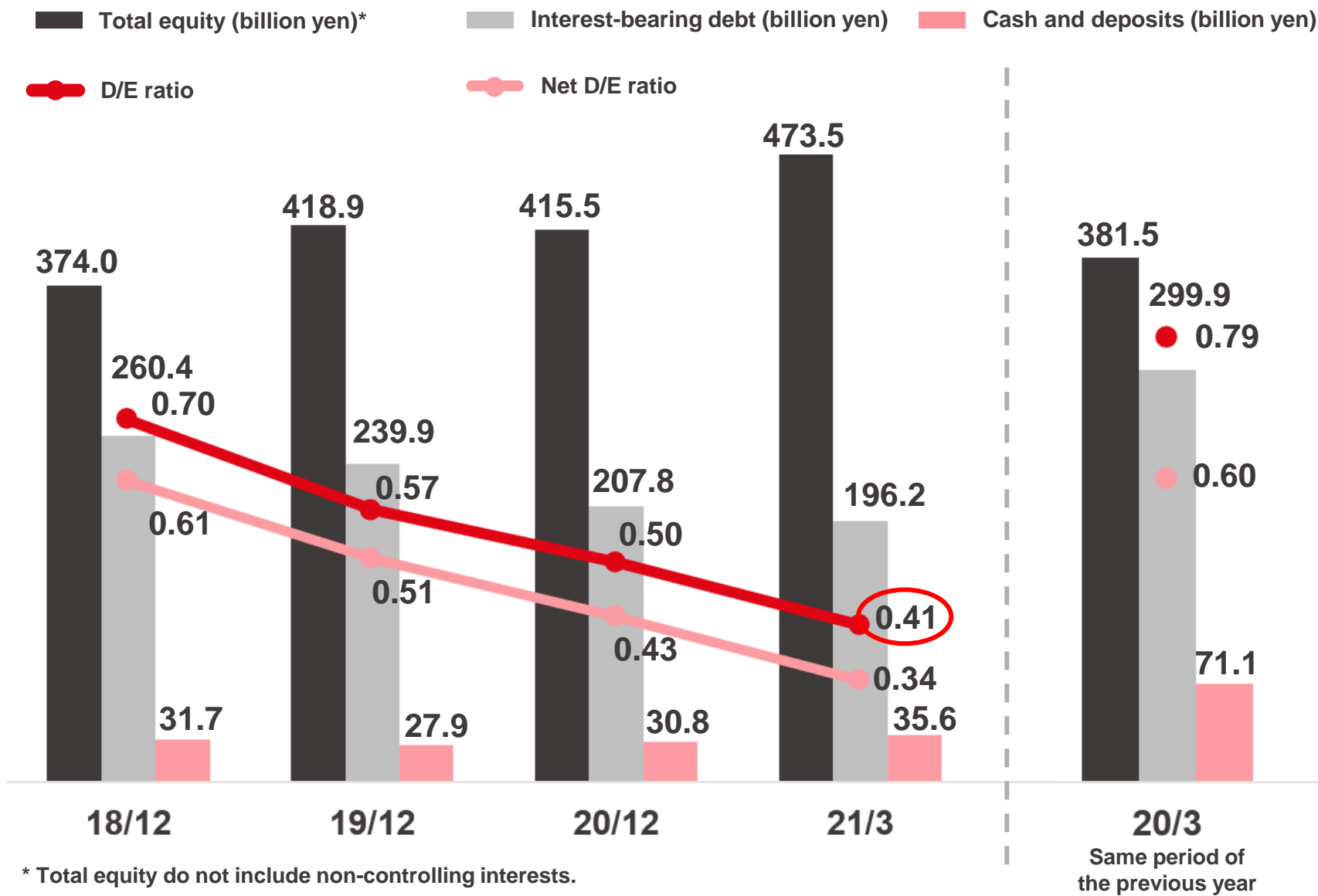
Financial Position (Comparison with the end of the previous year)



	Mar. 31, 2021	Dec. 31, 2020	(billion yen) Change	[for reference] Mar. 31, 2020
Current assets	327.6	309.3	+18.3	356.5
Non-current assets	587.7	551.1	+36.6	542.0
Total assets	915.3	860.4	+54.9	898.4
Liabilities	434.2	437.5	-3.3	509.0
Equity	481.1	422.9	+58.2	389.4
Total liabilities and equity	915.3	860.4	+54.9	898.4
Cash and cash equivalents	35.6	30.8	+4.9	71.1
Interest-bearing debt *	196.2	207.8	-11.6	299.9
Ratio of equity attributable to owners of parent	51.7%	48.3%	+3.4%	42.5%
D/E ratio	0.41	0.50	-0.09	0.79

*Interest-bearing debt does not include lease liabilities

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



State of Cash Flows



(billion yen)

	2021 Jan.-Mar.	2020 Jan.-Mar.	Change
CF from operating activities	12.6	2.7	+9.9
CF from investing activities	13.8	-10.0	+23.9
Free CF	26.4	-7.4	+33.8
CF from financing activities	-23.1	51.4	-74.5
Closing balance of cash and cash equivalents	35.6	71.1	-35.5

Earnings Forecast for FY 2021

Profit and Loss Projections (First Half)

(Changed from the previous forecast)



Forecasts after April 2021

US\$ 110 yen

Exchange Rates

EUR 130 yen

RUB 1.5 yen

TSR20*

162 cents

*SICOM TSR20 1M

WTI

60 dollars

(billion yen)

		2021 first-half forecast	2020 first-half result	Change	Change (%)	2021 first half (previous forecast)	Change for previous forecast
Continued operations	Sales revenue	298.0	247.1	+50.9	+20.6%	288.0	+10.0
	Business profit* ¹ (Business profit margin)	20.0 (6.7%)	2.3 (0.9%)	+17.7 (+5.8%)	+779.1%	18.0 (6.3%)	+2.0 (+0.4%)
	Operating profit (Operating profit margin)	41.5 (13.9%)	2.9 (1.2%)	+38.6 (+12.7%)	-	39.3 (13.6%)	+2.2 (+0.3%)
	Profit	31.1	1.3	+29.8	-	28.5	+2.6
Discontinued operations	Profit * ²	0.4	-	+0.4	-	-	+0.4
	Profit * ³	31.5	1.3	+30.2	-	28.5	+3.0

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

*3 Profit attributable to owners of parent

*2 Transfer of Hamatite business

Forecast for Business Segment (First Half)



(billion yen)

		2021 forecast	2020 result	Change	2021 previous forecast	Change for previous forecast
Sales revenue	Tires	210.0	166.6	+43.4	197.0	+13.0
	MB	40.0	47.5	-7.5	48.0	-8.0
	ATG	44.0	30.1	+13.9	40.0	+4.0
	Other	4.0	3.0	+1.0	3.0	+1.0
	Total	298.0	247.1	+50.9	288.0	+10.0
Business profit	Tires	11.5	-2.0	+13.5	10.3	+1.2
	MB	2.0	1.4	+0.6	2.1	-0.1
	ATG	6.0	3.2	+2.8	5.2	+0.8
	Other	0.5	-0.4	+0.9	0.4	+0.1
	Intersegment eliminations	-	0.0	-0.0	-	-
	Total	20.0	2.3	+17.7	18.0	+2.0

Factor Analysis of Business Profit (First Half)



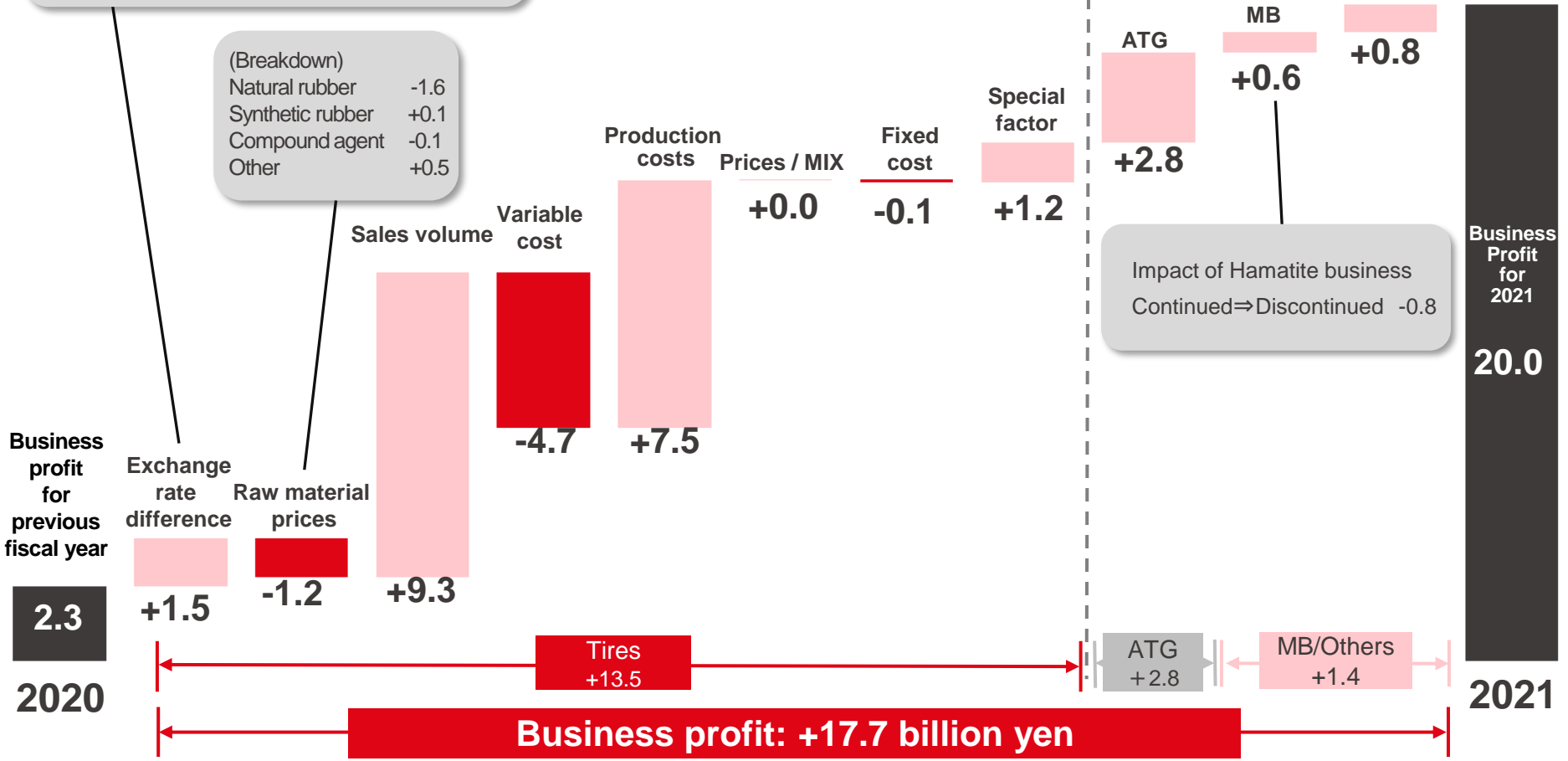
2021 First-Half forecast

US\$ 108 yen 108 yen(previous year) -0 yen
 EUR 129 yen 119 yen(previous year) +10 yen
 RUB 1.5 yen 1.6 yen(previous year) -0.1 yen

(Breakdown)
 Natural rubber -1.6
 Synthetic rubber +0.1
 Compound agent -0.1
 Other +0.5

(billion yen)

Factors that boosted business profit
 Factors that reduced business profit



Profit and Loss Projections (Full Year)

(Changed from the previous forecast)



Forecasts after April 2021

Exchange Rates	US\$ 110 yen
	EUR 130 yen
	RUB 1.5 yen

TSR20* 162 cents *SICOM TSR20 1M

WTI 60 dollars

						(billion yen)	
		2021 full-year forecast	2020 full-year result	Change	Change (%)	2021 full year (previous forecast)	Change for previous forecast
Continued operations	Sales revenue	640.0	570.6	+69.4	+12.2%	620.0	+20.0
	Business profit* ¹ (Business profit margin)	50.0 (7.8%)	36.8 (6.4%)	+13.2 (+1.4%)	+35.9%	50.0 (8.1%)	— (-0.3%)
	Operating profit (Operating profit margin)	71.5 (11.2%)	36.4 (6.4%)	+35.1 (+4.8%)	+96.4%	71.3 (11.5%)	+0.2 (-0.3%)
	Profit	50.3	26.3	+24.0	+91.2%	49.0	+1.3
Discontinued operations	Profit * ²	5.7	—	+5.7	—	—	+5.7
	Profit * ³	56.0	26.3	+29.7	+112.8%	49.0	+7.0

*1 Business profit= Sales revenue- (Cost of sales + SG&A expenses) *3 Profit attributable to owners of parent

*2 Transfer of Hamatite business

Full-Year Forecast by Business Segment



(billion yen)

		2021 full year (revised forecast)	2020 full-year result	YoY Change	2021 Full year (previous forecast)	Change for previous forecast
Sales revenue	Tires	458.0	399.2	+58.8	430.0	+28.0
	MB	86.0	98.5	-12.5	104.0	-18.0
	ATG	89.0	65.1	+23.9	79.0	+10.0
	Other	7.0	7.7	-0.7	7.0	-
	Total	640.0	570.6	+69.4	620.0	+20.0
Business profit	Tires	33.0	24.0	+9.0	33.5	-0.5
	MB	5.3	3.8	+1.5	6.0	-0.7
	ATG	11.0	8.8	+2.2	10.0	+1.0
	Other	0.7	0.1	+0.6	0.5	+0.2
	Intersegment eliminations	-	0.1	-0.1	-	-
	Total	50.0	36.8	+13.2	50.0	-

Factor Analysis of Business Profit (Full Year)



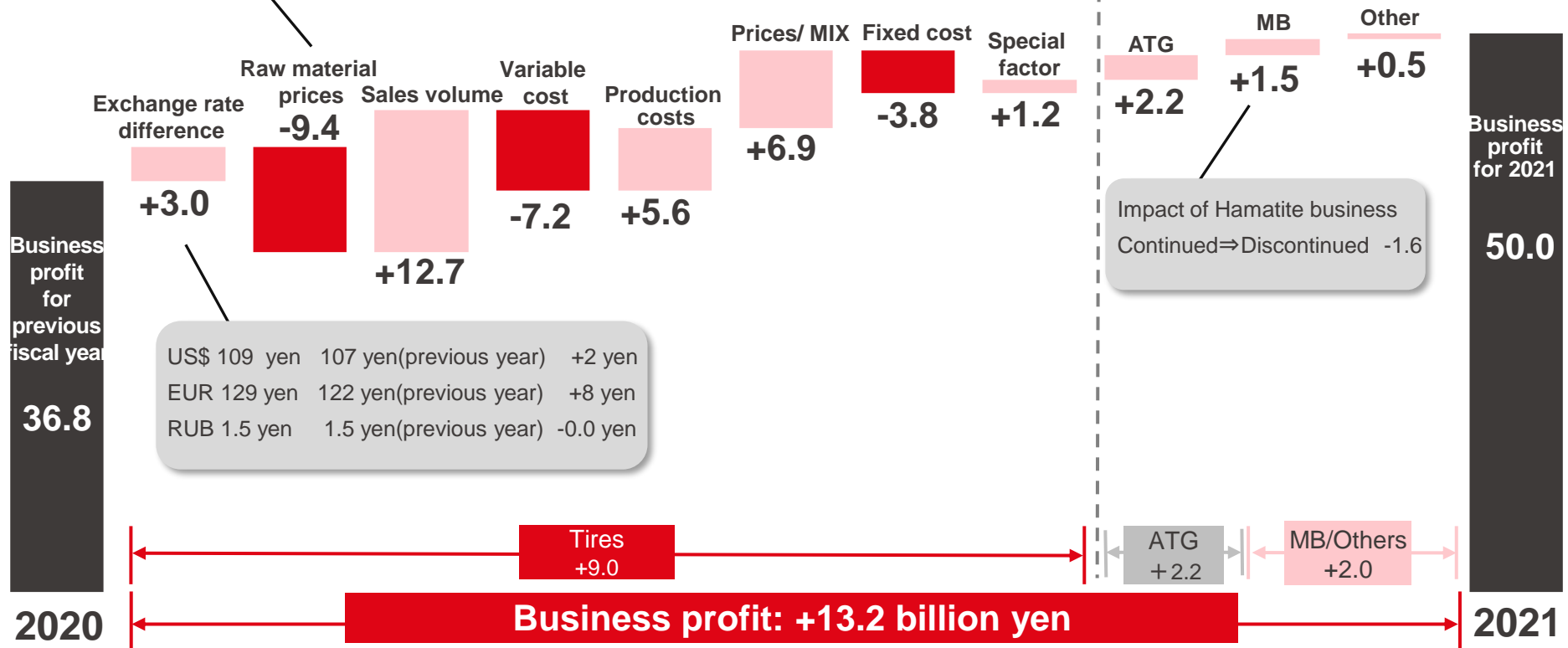
2021 Full Year Forecast

(billion yen)

(Breakdown)

Natural rubber	-4.4
Synthetic rubber	-1.9
Compound agent	-2.7
Other	-0.3

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



US\$ 109 yen 107 yen(previous year) +2 yen
 EUR 129 yen 122 yen(previous year) +8 yen
 RUB 1.5 yen 1.5 yen(previous year) -0.0 yen



YOKOHAMA Transformation 2023

(Reference) Tire Unit Sales Growth



Tire Business		2020		2021	
		1Q	Annual	1Q (relative to 2020)	1Q (relative to 2019)
Japan	OE	93%	96%	93%	87%
	REP	92%	99%	109%	100%
Overseas	OE	87%	107%	151%	132%
	REP	95%	91%	134%	127%

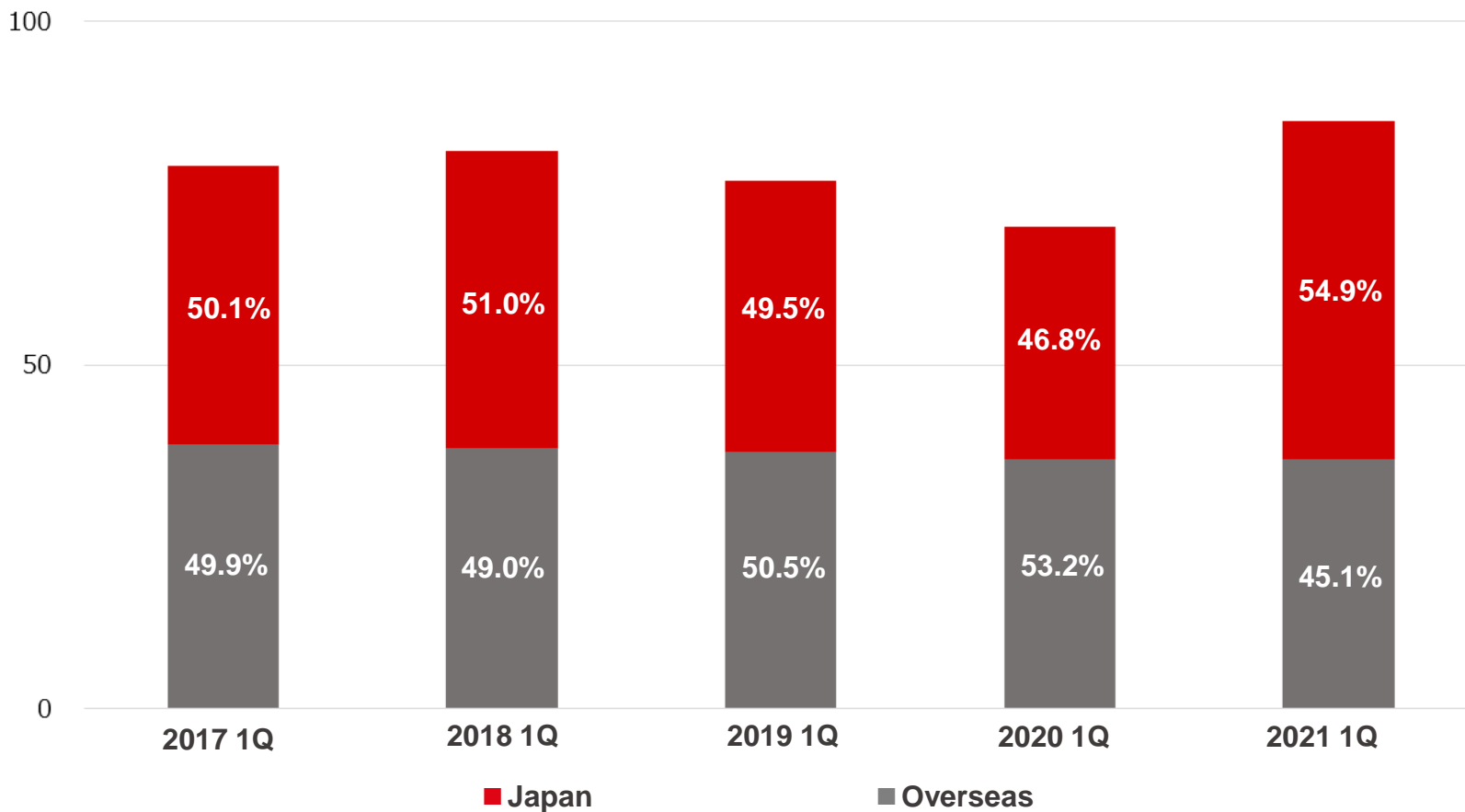
	2020		2021			Regional sales composition	
	1Q	Annual	1Q (relative to 2020)	1Q (relative to 2019)	Annual forecast (relative to 2020)	2020 Annual	2021 1Q
Japan	93%	90%	102%	94%	104%	41%	37%
No. America	102%	90%	114%	117%	120%	19%	20%
China	60%	104%	229%	138%	122%	17%	18%
Europe	89%	87%	127%	113%	121%	6%	6%
Russia	87%	96%	110%	96%	103%	4%	4%
Asia	97%	92%	136%	133%	128%	9%	11%
Others	106%	76%	114%	121%	115%	4%	5%
Total	90%	92%	122%	111%	114%	-	-

*Excluding ATG, Aichi Tire

(Reference) Tire Rubber Production Volumes in 1Q



(Unit: thousand tons)



(Unit: thousand tons)

	2017 1Q	2018 1Q	2019 1Q	2020 1Q	2021 1Q
Japan	38	38	37	36	36
Overseas	39	39	37	32	44
Total	77	77	74	68	80

*Excluding ATG, Aichi Tire