

FY 2022 Third-Quarter Financial Results

Briefing Material

November 11, 2022

The Yokohama Rubber Co., Ltd.

Medium-term Management Plan Yokohama Transformation 2023 (YX2023)

Progress Update



YOKOHAMA Transformation 2023

YX2023 Progress: Tire Business

Consumer Tires

◆ OE on Premium Cars



Nissan Motor's Fairlady Z



Toyota Motors' Sequoia (in North America)

◆ Strengthening Sales to Replacement Market

- Expanding ADVAN brand size lineup

ADVAN Sport V107

Adding 95 sizes in 2022 (plan)



ADVAN NEOVA ADD9

Adding 76 sizes in 2022 (plan)



◆ Motorsports Activities

- 2022 SUPER GT GT300 class series champion



REALIZE NISSAN MECHANIC CHALLENGE GT-R fitted with ADVAN tires is the 2022 GT300 class series champion

- Supplied GEOLANDAR M/T G003 tires for Asia's largest cross-country rally



TOYOTA GAZOO RACING's SUV



Mitsubishi Ralliart's SUV



Commercial Tires

- Agreement to Acquire Trelleborg Wheel Systems

Target company	Trelleborg Wheel Systems Holding AB (100% of equity shares)	
Enterprise Value	2,040 million EUR *1	
EBITDA	230 million EUR	* Our estimation for FY2022
EBITDA multiple	Approx. 9 times	* After adjustment for a performance-linked earn-out
Acquisition agreement	March 25, 2022	
Acquisition completion	Second half of 2022 (plan) *2	
Funding	Own capital + borrowings	JCR rating: A+ Stable (August 22, 2022)

*1 The acquisition agreement includes a performance-linked earn-out clause that could increase the acquisition price by up to €60 million depending on the fiscal 2022 financial results of the acquired business.

*2 After obtaining permission from each country's antitrust authorities

- New plant in India started operations in August; OHT capacity increased about 40%

* 2022 2H capacity relative to 2019 2H output



Visakhapatnam Plant

Strengthen/expand by allocating resources to core product areas

Hose & couplings

Growth driver

Increase production capacity

Reorganize production sites

Industrial products

Stable earnings

Maximize market share

Business restructuring

Hamatite

Transfer completed

Aerospace products

Merged with industrial products

Hose & couplings

- High-pressure hydraulic hoses for overseas market
3 core series integrated under Versatran brand
- Renewal launch of ISO-compliant hoses with enhanced flame resistance and abrasion resistance qualities



Versatran high-pressure hydraulic hoses

Industrial products

- Greatly expanding conveyor belt market share in Japan
Planned expansion of Hiratsuka Factory's conveyor belt capacity



Conveyor belts line in industrial products factory

Social Issues

- Expanding human rights and grievance redress mechanisms
Began applying the JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) platform from October
- Strengthening cooperative efforts with GPSNR*1 activities, which aim to produce and use natural rubber while preserving the natural environment and giving due consideration to human rights
*1 Global Platform for Sustainable Natural Rubber
- Continued support for organizations engaged in disaster relief efforts and addressing various social issues

Major support provided in 2022



Fertilizer for Thai natural rubber farmers



Support for Borneo Tropical Forest Project



Support for Kanagawa Sea Farming Association



Support for Disaster Dog Rescue Network

Thai natural rubber farmers *2	Provided fertilizer
Support for flooded regions in Thailand *2	Donated supplies
Support for Fukushima Earthquake relief efforts	Financial support
Humanitarian assistance to Ukraine	Financial support
Japan Car Sharing Association	Donated tires
Kanagawa Sea Farming Association	Financial support
Disaster Rescue Dog Network	Financial support
Borneo Tropical Forest Project	Financial support
Kanagawa Prefectural Hospital's Children's Medical Care Fund	Financial support
Ikaw-Ako (Philippines environmental protection NGO)	Financial support

*2 indicates GPSNR-related support

Information Disclosure

- Released Yokohama Rubber's first integrated report "Integrated Report 2022: A Road Beyond"



Third-party recognition of our sustainability efforts

Selected for inclusion in ESG stock indexes



FTSE4Good

17 straight years



FTSE Blossom Japan

5 straight years



FTSE Blossom Japan Sector Relative Index

First selection

Results for FY 2022 Third-Quarter

**Consolidated subsidiaries 110 companies
(1 more than at the end of previous fiscal year)**

(Breakdown of change)

+1 company

**Asia: +1 company
Tire sales company**

Profit and Loss (1-3Q)



Exchange Rates	US\$ 128 yen	109 yen (previous year)	+20 yen
	EUR 136 yen	130 yen (previous year)	+6 yen
	RUB 1.9 yen	1.5 yen (previous year)	+0.4 yen
TSR20*	163 cents	166 cents (previous year)	-3 cents *SICOM TSR20 1M
WTI	98 dollars	65 dollars (previous year)	+33 dollars

						(billion yen)	
		2022 Jan.-Sep.	2021 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Continued operations	Sales revenue	615.8	460.5	+155.3	+33.7%	+61.8	+93.5
	Business profit* ¹ (Business profit margin)	46.1 (7.5%)	37.1 (8.1%)	+9.0 (-0.6%)	+24.2%	+13.2	-4.2
	Operating profit (Operating profit margin)	45.3 (7.4%)	59.3 (12.9%)	-14.0 (-5.5%)	-23.6%	+13.2	-27.2
	Profit	33.3	43.1	-9.9	-22.8%		
Discontinued operations	Profit* ²	—	0.3	-0.3	—		
	Profit* ³	33.3	43.5	-10.2	-23.4%		

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

*3 Profit attributable to owners of parent

*2 Transfer of Hamatite business

Business Segment (1-3Q)



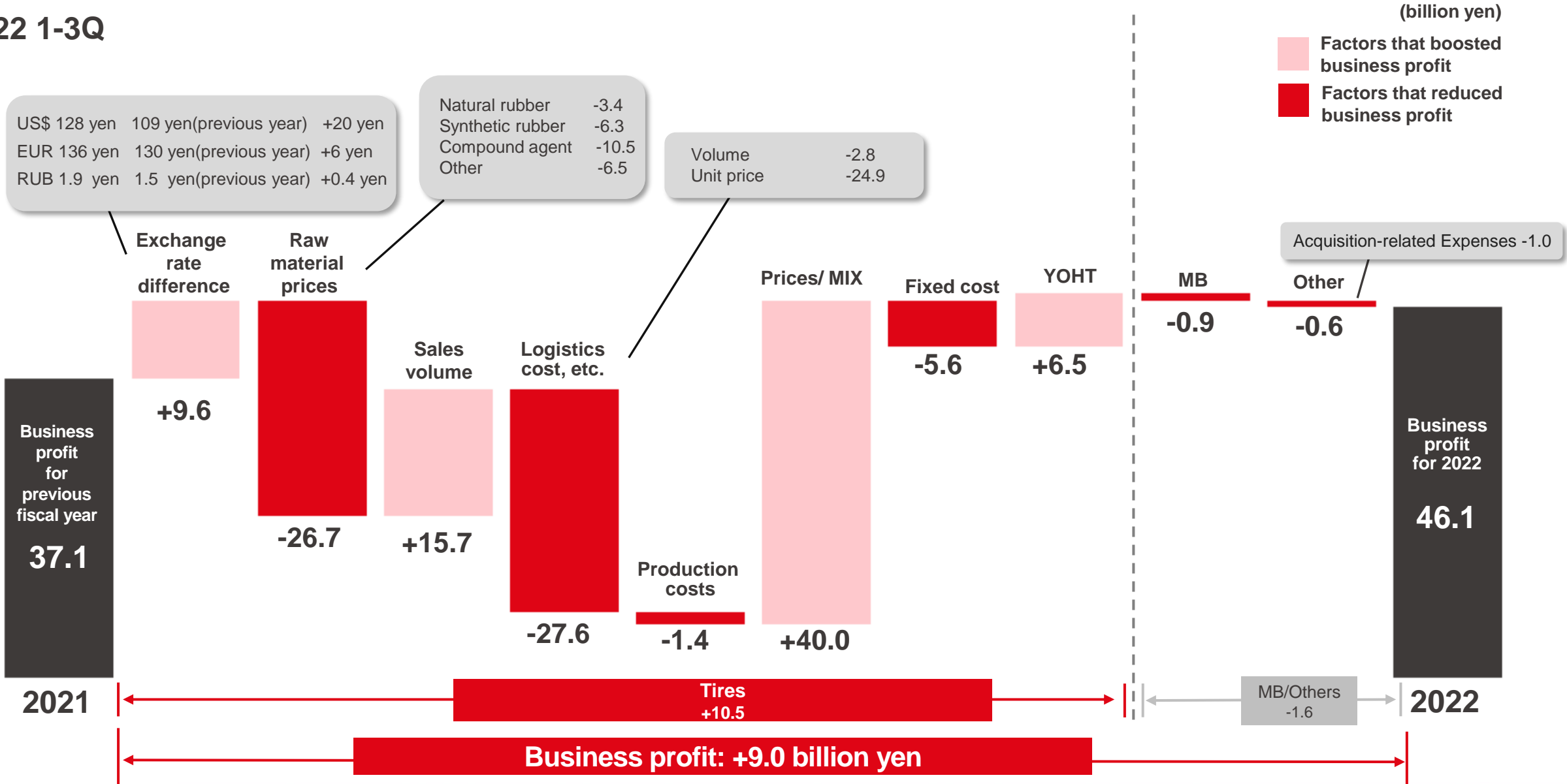
(billion yen)

		2022 Jan.-Sep.	2021 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires (YOHT)	539.4 (120.1)	394.1 (76.7)	+145.3 (+43.4)	+36.9% (+56.6%)	+57.3 (+18.7)	+88.0 (+24.7)
	MB	68.6	59.7	+8.9	+14.9%	+4.5	+4.4
	Other	7.8	6.7	+1.1	+16.6%	+0	+1.1
	Total	615.8	460.5	+155.3	+33.7%	+61.8	+93.5
Business profit	Tires (YOHT)	43.8 (17.7)	33.3 (11.2)	+10.5 (+6.5)	+31.7% (+58.5%)	+12.3 (+2.7)	-1.8 (+3.9)
	MB	1.7	2.6	-0.9	-34.5%	+0.9	-1.8
	Other	0.5	1.1	-0.6	-56.4%	+0	-0.6
	Intersegment eliminations	0	0	-0	-27.3%	+0	-0
	Total	46.1	37.1	+9.0	+24.2%	+13.2	-4.2

Factor Analysis of Business Profit



2022 1-3Q



Profit and Loss (Quarterly)



Exchange Rates	US\$ 123 yen	108 yen (previous year)	+15 yen	US\$ 138 yen	110 yen (previous year)	+28 yen
	EUR 134 yen	130 yen (previous year)	+5 yen	EUR 139 yen	130 yen (previous year)	+9 yen
	RUB 1.7 yen	1.5 yen (previous year)	+0.2 yen	RUB 2.3 yen	1.5 yen (previous year)	+0.8 yen
TSR20*	171 cents	166 cents (previous year)	+5 cents	147 cents	166 cents (previous year)	-19 cents
WTI	101 dollars	62 dollars (previous year)	+39 dollars	92 dollars	71 dollars (previous year)	+21 dollars

*SICOM TSR20 1M

					(billion yen)		
		2022 Jan-Jun.	2021 Jan.-Jun.	Change	2022 Jul.-Sep.	2021 Jul.-Sep.	Change
Continued operations	Sales revenue	391.5	303.9	+87.6	224.3	156.6	+67.7
	Business profit*1 (Business profit margin)	27.7 (7.1%)	26.3 (8.7%)	+1.4 (-1.6%)	18.4 (8.2%)	10.8 (6.9%)	+7.6 (+1.3%)
	Operating profit (Operating profit margin)	26.9 (6.9%)	48.6 (16.0%)	-21.7 (-9.1%)	18.4 (8.2%)	10.7 (6.8%)	+7.7 (+1.4%)
	Profit	23.3	36.6	-13.3	10.0	6.6	+3.4
Discontinued operations	Profit *2	—	0.4	-0.4	—	-0	+0
	Profit *3	23.3	36.9	-13.6	10.0	6.5	+3.4

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

*3 Profit attributable to owners of parent

*2 Transfer of Hamatite business

Business Segment (Third-Quarter)

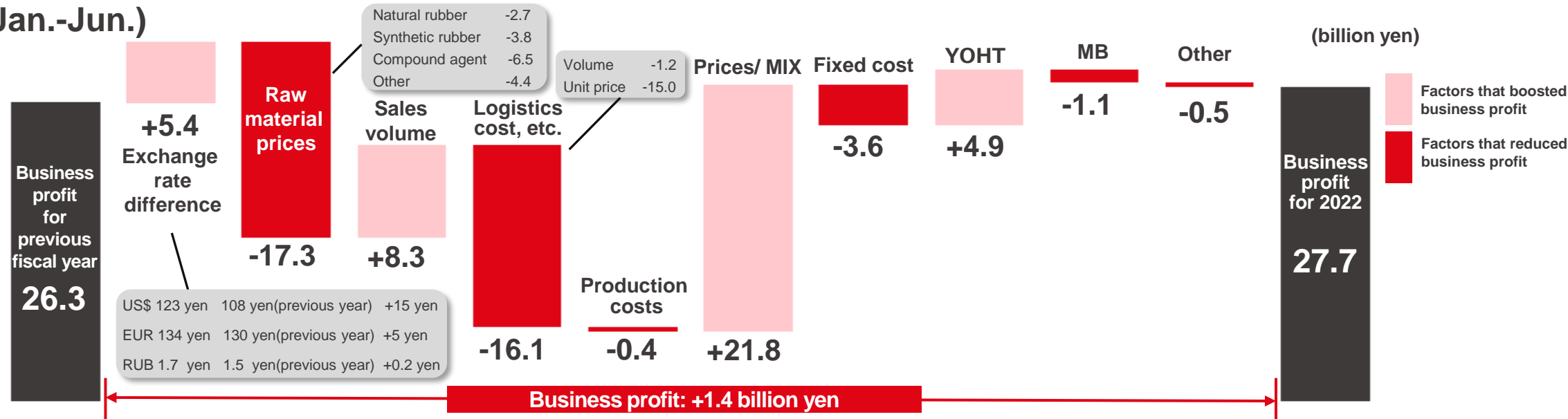


(billion yen)

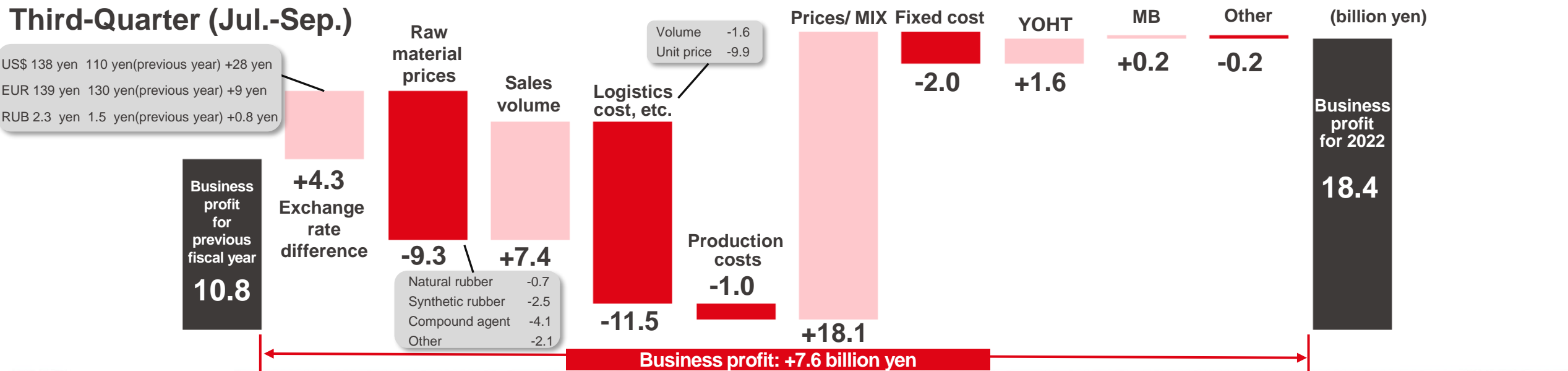
		2022 Jul.-Sep.	2021 Jul.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires (YOHT)	198.2 (41.0)	134.8 (28.5)	+63.3 (+12.5)	+47.0% (+43.9%)	+28.2 (+8.6)	+35.1 (+3.9)
	MB	23.4	19.5	+4.0	+20.4%	+2.2	+1.8
	Other	2.7	2.3	+0.4	+17.5%	+0	+0.4
	Total	224.3	156.6	+67.7	+43.2%	+30.4	+37.3
Business profit	Tires (YOHT)	17.5 (5.7)	9.9 (4.1)	+7.6 (+1.6)	+76.8% (+39.4%)	+5.4 (+1.2)	+2.2 (+0.5)
	MB	0.7	0.5	+0.2	+35.7%	+0.3	-0.1
	Other	0.2	0.4	-0.2	-51.8%	+0	-0.2
	Intersegment eliminations	0	0	-0	-23.5%	+0	-0
	Total	18.4	10.8	+7.6	+70.2%	+5.7	+1.9

Factor Analysis of Business Profit (Quarterly)

First-Half (Jan.-Jun.)



Third-Quarter (Jul.-Sep.)



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



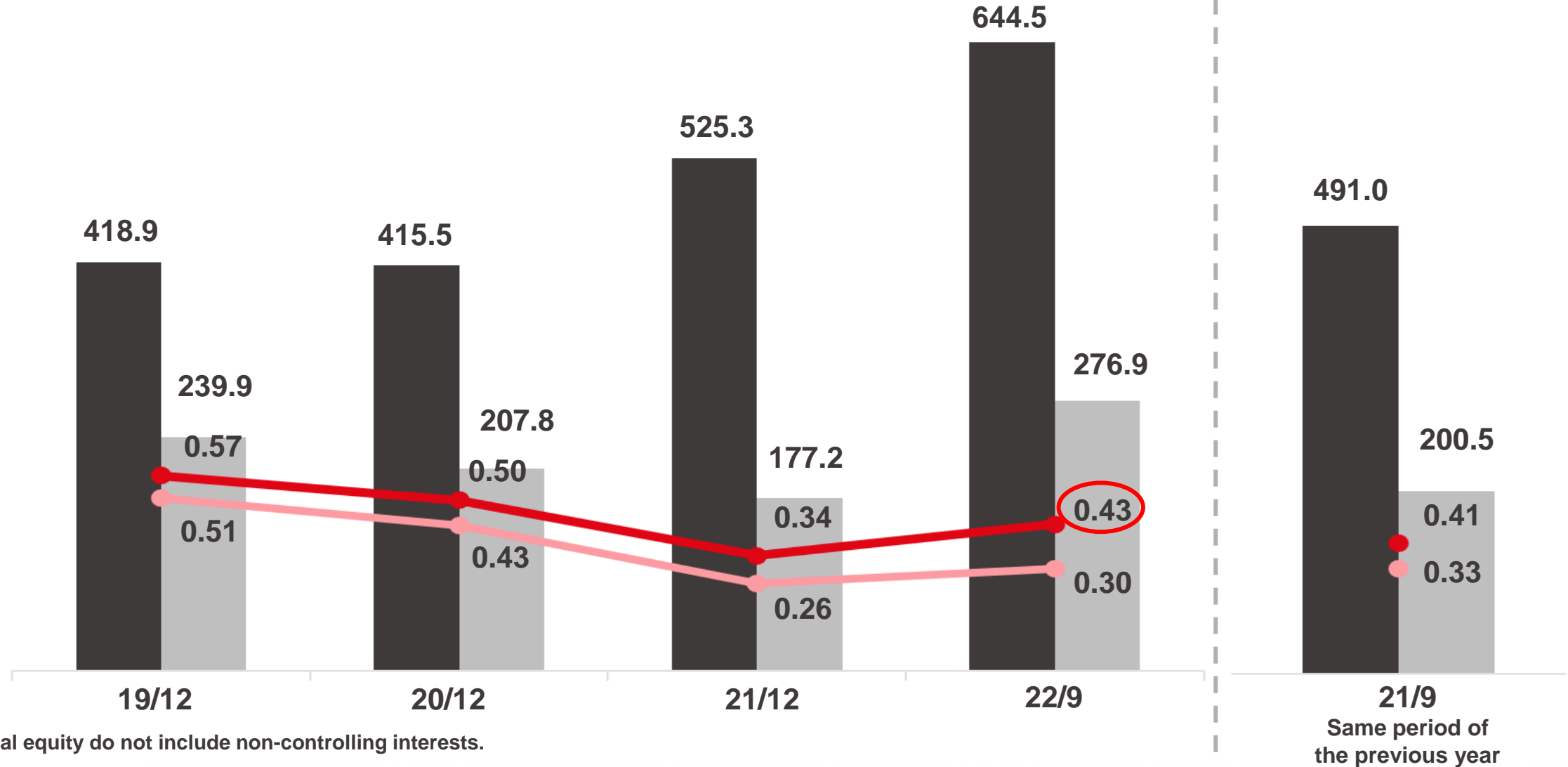
	Sep. 30, 2022	Dec. 31, 2021	(billion yen) Change	Same period of the previous year Sep. 30, 2021
Current assets	548.1	383.6	+164.6	364.4
Non-current assets	686.0	601.4	+84.6	587.6
Total assets	1,234.2	985.0	+249.2	952.0
Liabilities	581.6	452.0	+129.5	454.2
Equity	652.6	533.0	+119.6	497.7
Total liabilities and equity	1,234.2	985.0	+249.2	952.0
Interest-bearing debt*	276.9	177.2	+99.7	200.5
Ratio of equity attributable to owners of parent	52.2%	53.3%	-1.1%	51.6%
D/E ratio	0.43	0.34	+0.09	0.41

* 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 (billion yen)*
 Interest-bearing debt (billion yen)
 D/E ratio
 Net D/E ratio



* Total equity do not include non-controlling interests.

State of Cash Flows



(billion yen)

	2022 Jan.-Sep.	2021 Jan.-Sep.	Change
CF from operating activities	3.4	38.6	-35.2
CF from investing activities	-38.9	-4.9	-34.0
Free CF	-35.5	33.7	-69.2
CF from financing activities	66.4	-28.1	+94.5
Closing balance of cash and cash equivalents	83.6	38.6	+45.0

Earnings Forecast for FY 2022

Profit and Loss Projections (Full Year) (No changes from the previous forecast)



Forecasts after October 2022

Exchange Rates	US\$ 144 yen
	EUR 141 yen
	RUB 2.5 yen
TSR20*	142 cents *SICOM TSR20 1M
WTI	87 dollars

						(billion yen)	
		2022 full year (forecast)	2021 result	Change	Change (%)	2022 full year (previous forecast)	Change for previous forecast
Continued operations	Sales revenue	855.0	670.8	+184.2	+27.5%	+855.0	—
	Business profit* ¹ (Business profit margin)	62.5 (7.3%)	62.2 (9.3%)	+0.3 (-2.0%)	+0.5%	62.5 (7.3%)	—
	Operating profit (Operating profit margin)	60.5 (7.1%)	83.6 (12.5%)	-23.1 (-5.4%)	-27.7%	60.5 (7.1%)	—
	Profit	42.0	58.7	-16.7	-28.5%	42.0	—
Discontinued operations	Profit * ²	—	6.8	-6.8	—	—	—
	Profit * ³	42.0	65.5	-23.5	-35.9%	42.0	—

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

*2 Transfer of Hamatite business

*3 Profit attributable to owners of parent

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.

(Reference) Tire Unit Sales YoY Growth



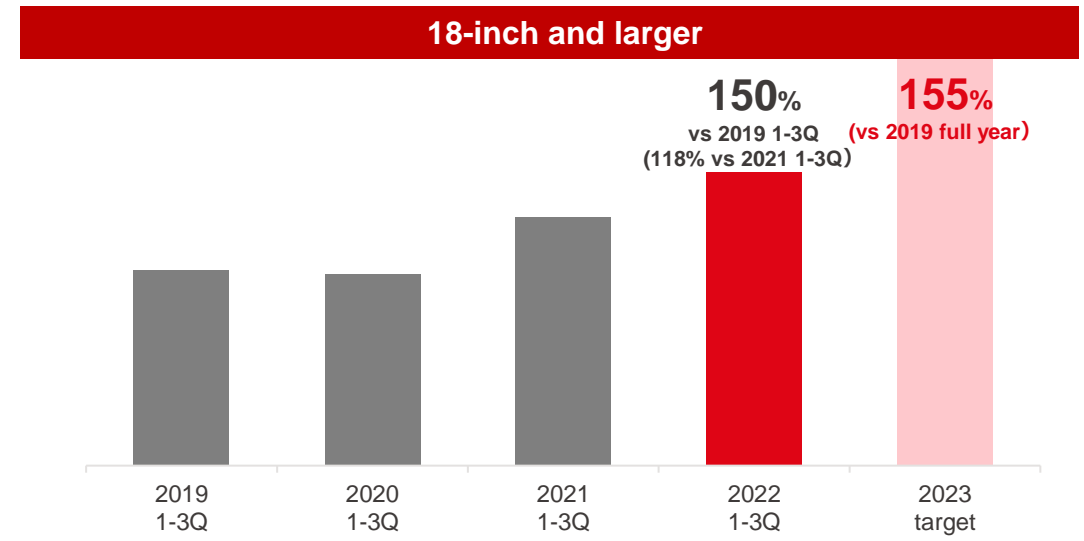
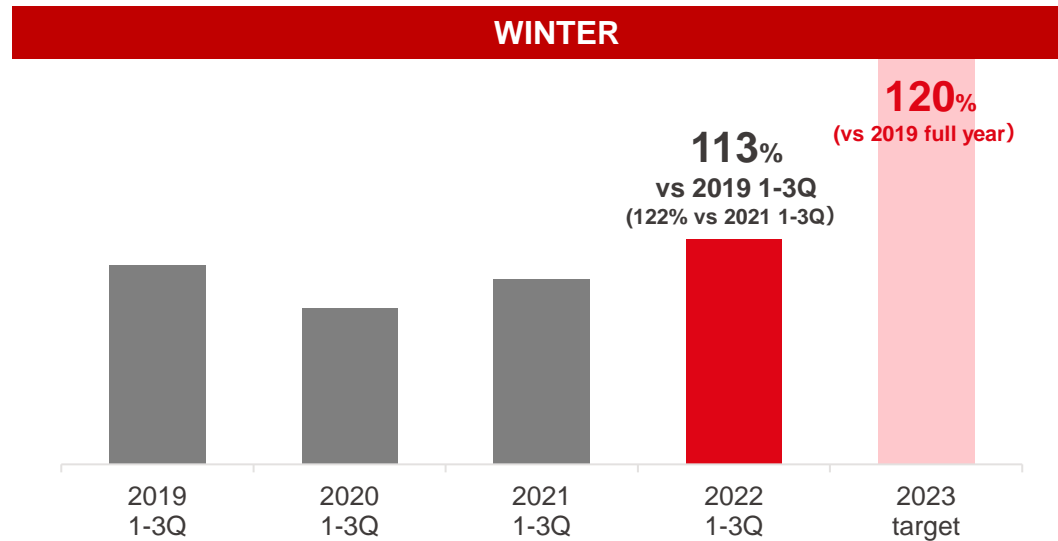
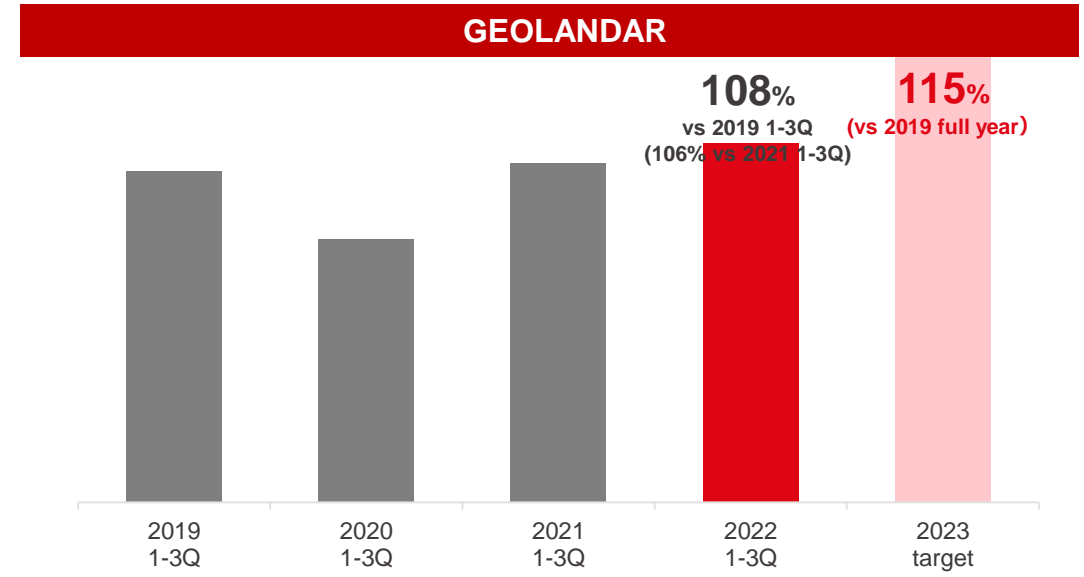
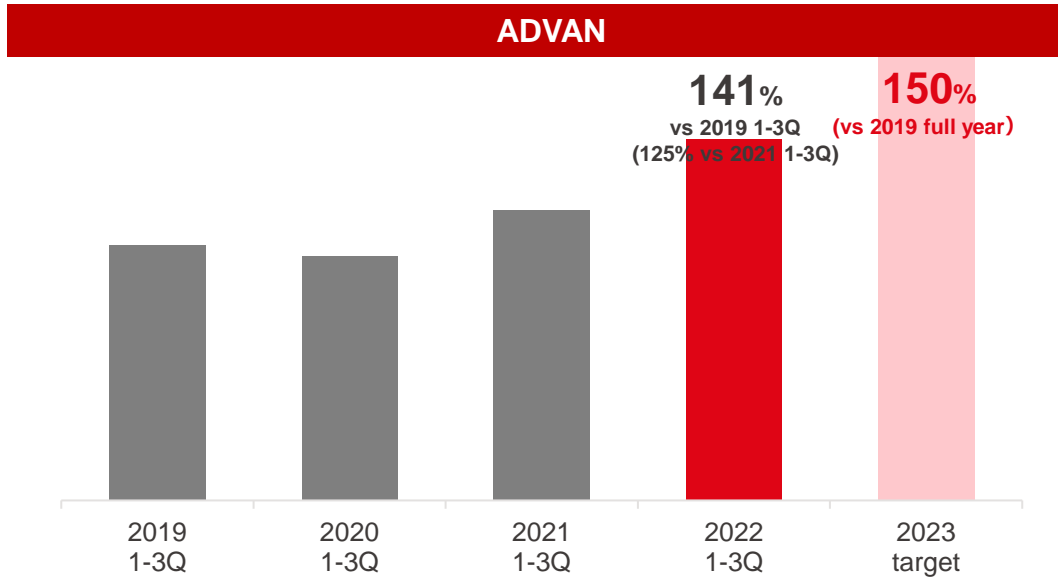
Year-on-Year Tire Sales Growth (%)

Tire Business		2021			2022		
		3Q	1-3Q	Annual	3Q	1-3Q	Annual forecast
Japan	OE	70%	100%	93%	120%	94%	100%
	REP	100%	105%	105%	124%	118%	107%
Overseas	OE	79%	110%	104%	121%	109%	107%
	REP	105%	126%	121%	109%	105%	104%

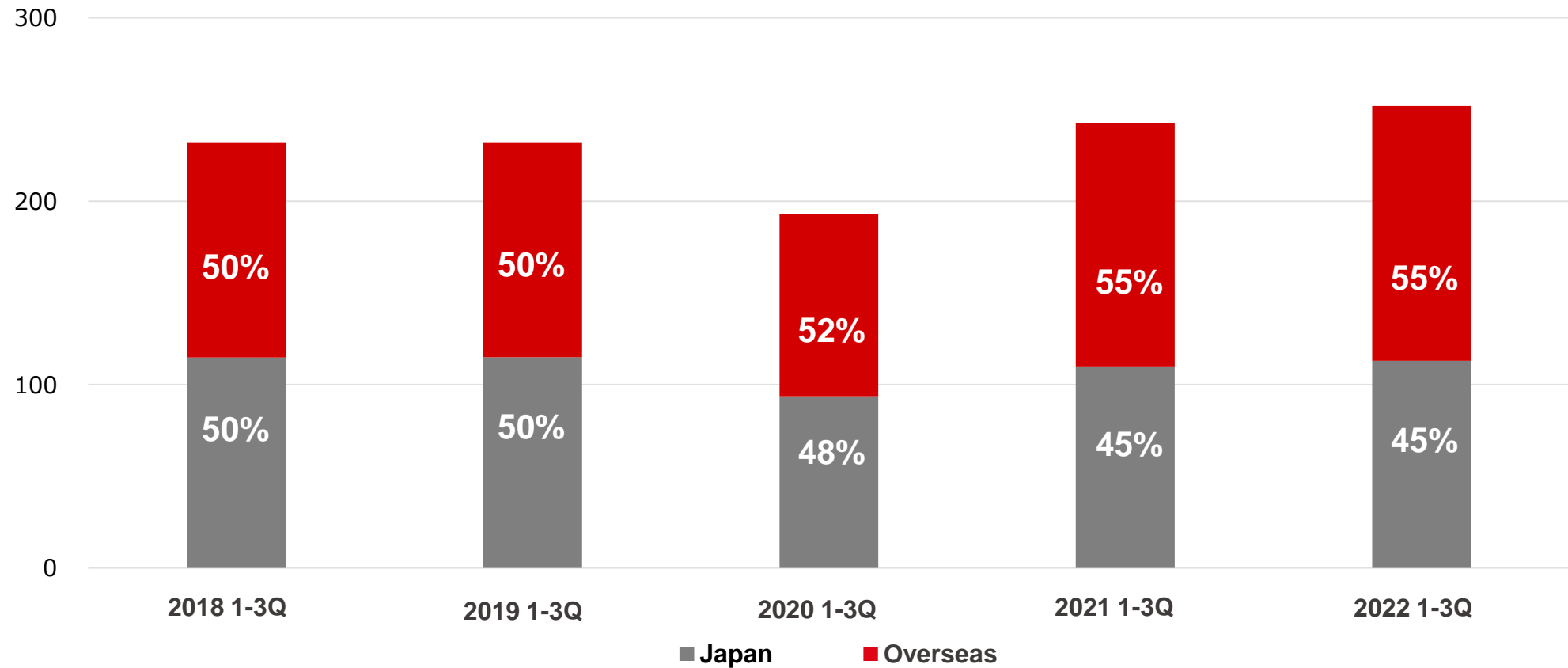
Year-on-Year Tire Sales Growth by region, quarterly & annual bases (%)

	2021			2022			Annual Tire Sales Composition Ratio (%)		
	3Q	1-3Q	Annual	3Q	1-3Q	Annual forecast	2021 Annual	2022 3Q	2022 1-3Q
Japan	87%	103%	101%	122%	109%	105%	38%	35%	36%
No. America	100%	118%	116%	108%	104%	104%	20%	21%	21%
Europe	101%	120%	122%	109%	112%	104%	7%	7.5%	7%
Russia	100%	114%	110%	54%	60%	58%	4%	2%	2%
China	79%	116%	106%	123%	107%	110%	17%	17.5%	17%
Asia	115%	140%	130%	126%	123%	119%	10%	12%	12%
Others	131%	129%	127%	115%	102%	97%	5%	5%	5%
Total	94%	114%	110%	116%	107%	105%	-	-	-

(Reference) Cumulative unit sales of consumer tire products



(Reference) Tire Rubber Production Volumes



(Unit: thousand tons)	2018 1-3Q	2019 1-3Q	2020 1-3Q	2021 1-3Q	2022 1-3Q
Japan	115	115	94	110	113
Overseas	117	117	100	133	139
Total	232	232	193	242	252



YOKOHAMA Transformation 2023