



FY 2023 First-Quarter Financial Results

Briefing Material

May 12, 2023

The Yokohama Rubber Co., Ltd.

Summary of today's presentation



First-quarter results

<1Q results>

● Sales revenue: **¥204.3 bn**

(new record high)

● Business profit: **¥13.0 bn**

(down ¥0.7bn YoY)

- **Tires**
Increased sales volume,
higher unrealized profits
- **YOHT**
Lower marine freight rates
- **MB**
Sales & profits up
(auto hoses/conveyor belts)

Forecasts

<Full year>

● Sales revenue: **¥1.0 trn**

● Business profit: **¥84.5 bn**

<1H>

● Sales revenue: **¥450.0 bn**

● Business profit: **¥21.5 bn**

- **Full year**
Upward revision for tires,
TWS acquisition impact
- **1H**
TWS acquisition one-time cost

Capital efficiency

□ **Growth strategy**

- TWS acquisition completed
(May 2)

□ **Asset sales**

- Sold US tire sales subsidiary
(April)
- Sold cross-shareholdings
(April)

Gain on sales **≈¥10 bn**

□ **Capital costs**

- **Bridge loan ¥302.0 bn**

Refinancing using long-term,
low-interest, fixed-rate loan

Results for FY 2023 First-Quarter

Profit and Loss (First Quarter)



Exchange Rates	US\$ 132 yen	116 yen (previous year)	+16 yen
	EUR 142 yen	130 yen (previous year)	+12 yen
	RUB 1.8 yen	1.3 yen (previous year)	+0.5 yen
TSR20*	137 cents	177 cents (previous year)	-40 cents *SICOM TSR20 1M
WTI	76 dollars	94 dollars (previous year)	-18 dollars

					(billion yen)	
	2023 Jan.-Mar.	2022 Jan.-Mar.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	204.3	185.6	+18.7	+10.1%	+15.1	+3.6
Business profit* ¹ (Business profit margin)	13.0 (6.4%)	13.7 (7.4%)	-0.7 (-1.0%)	-4.8%	+4.6	-5.3
Operating profit (Operating profit margin)	13.2 (6.5%)	13.5 (7.3%)	-0.3 (-0.8%)	-2.4%	+4.6	-4.9
Profit* ²	9.7	10.2	-0.5	-4.4%		

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

*2 Profit attributable to owners of parent

Business Segment (First Quarter)



(billion yen)

		2023 Jan.-Mar.	2022 Jan.-Mar.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires total	179.7	162.9	+16.8	+10.3%	+13.9	+2.9
	(Tires)	(146.5)	(126.5)	(+20.0)	(+15.8%)	(+9.7)	(+10.2)
	(YOHT)	(33.2)	(36.4)	(-3.2)	(-8.8%)	(+4.1)	(-7.3)
	MB	22.5	20.5	+2.0	+9.9%	+1.3	+0.8
	Other	2.1	2.2	-0.1	-3.7%	+0	-0.1
	Total	204.3	185.6	+18.7	+10.1%	+15.1	+3.6
Business profit	Tires total	12.6	14.0	-1.5	-10.4%	+4.4	-5.8
	(Tires)	(8.3)	(8.6)	(-0.3)	(-3.7%)	(+3.9)	(-4.2)
	(YOHT)	(4.2)	(5.4)	(-1.1)	(-21.2%)	(+0.5)	(-1.7)
	MB	0.6	-0.2	+0.9	-	+0.3	+0.6
	Other	-0.2	-0.1	-0.1	-	+0	-0.1
	Intersegment eliminations	0	0	-0	-20.6%	-	-0
	Total	13.0	13.7	-0.7	-4.8%	+4.6	-5.3

Factor Analysis of Business Profit



2023 First Quarter

(billion yen)

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

US\$ 132 yen 116 yen(previous year) +16 yen
 EUR 142 yen 130 yen(previous year) +12 yen
 RUB 1.8 yen 1.3 yen(previous year) +0.5 yen

Prices +9.0
 MIX +1.9
 Unrealized inventories -3.1

Volume +0.2
 Unit price -1.3
 (Marine freight) -0.9

Prices/ MIX

Fixed cost

YOHT

MB

Other

Exchange rate difference
+3.9

Raw material prices
-5.9

Sales volume
+0.4

Logistics cost, etc.
-1.1

Production costs
-3.1

+7.7

-2.2

-1.1

+0.9

-0.1

Business profit for previous fiscal year
13.7

Natural rubber -0.1
 Synthetic rubber -1.0
 Compound agent -4.0
 Other -0.8

Exchange rate impact (\$→¥) +0.5
 Exchange rate impact (€, etc.→\$) -0.3
 Raw material prices +0
 Sales volume -1.4
 Logistics cost, etc. +1.7
 Production cost -1.0
 Prices/MIX -0.8
 Fixed cost +0.3

Business profit for 2023
13.0

Tires
-1.5

MB/Others
+0.8

Business profit: -0.7 billion yen

2023

2022

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



(billion yen)

	Mar. 31, 2023	Dec. 31, 2022	Change
Current assets	522.6	504.0	+18.6
Cash and cash equivalents	82.1	75.6	+6.5
Trade and other receivables	200.0	193.7	+6.3
Inventories	212.4	216.4	-4.0
Other assets	22.3	18.3	+4.1
Assets held for sale	5.7	–	+5.7
Non-current assets	653.3	647.1	+6.2
Total assets	1176.0	1151.1	+24.9
Liabilities	540.9	528.0	+13.0
Equity	635.0	623.1	+11.9
Total liabilities and equity	1176.0	1151.1	+24.9
Interest-bearing debt*¹	259.1	238.7	+20.4
Ratio of equity attributable to owners of parent (%)	53.3%	53.4%	-0.1%
D/E ratio	0.41	0.39	+0.03
NET D/E ratio	0.28	0.27	+0.02

* Interest-bearing debt does not include lease liabilities

State of Cash Flows



(billion yen)

	2023 Jan.-Mar.	2022 Jan.-Mar.	Change
CF from operating activities	6.6	-4.0	+10.6
CF from investing activities	-12.5	-9.7	-2.8
Free CF	-5.9	-13.8	+7.9
CF from financing activities	12.6	26.8	-14.2
Closing balance of cash and cash equivalents	82.1	57.9	+24.2

Earnings Forecast for FY 2023

Profit and Loss Projections (Full Year) Changed from the previous forecast



Forecasts after April 2023

Exchange Rates	US\$ 133 yen	128 yen (previous forecast)	+5 yen
	EUR 146 yen	138 yen (previous forecast)	+8 yen
	RUB 1.7yen	1.8 yen (previous forecast)	-0.1 yen
TSR20*	129 cents	130 cents (previous forecast)	-1 cents *SICOM TSR20 1M
WTI	78 dollars	77 dollars (previous forecast)	+1 dollars

TWS acquisition completed (May 2)

- Consolidation from May 2023
- Included in Tire segment (same as YOHT)

(billion yen)

	2023 1H forecast	2022 result	Change	Change (%)	2023 previous forecast	Change for previous forecast		2023 FY forecast	2022 result	Change	Change (%)	2023 previous forecast	Change for previous forecast
Sales revenue	450.0	391.5	+58.5	+14.9%	426.0	+24.0	Sales revenue	1000.0	860.5	+139.5	+16.2%	900.0	+100.0
Business profit* ¹ (Business profit margin)	21.5 (4.8%)	27.7 (7.1%)	-6.2 (-2.3%)	-22.5%	24.0 (5.6%)	-2.5 (-0.8%)	Business profit* ¹ (Business profit margin)	84.5 (8.5%)	70.1 (8.1%)	+14.4 (+0.4%)	+20.6%	73.0 (8.1%)	+11.5 (+0.4%)
Operating profit (Operating profit margin)	23.5 (5.2%)	26.9 (6.9%)	-3.4 (-1.7%)	-12.8%	24.0 (5.6%)	-0.5 (-0.4%)	Operating profit (Operating profit margin)	87.0 (8.7%)	68.9 (8.0%)	+18.1 (+0.7%)	+26.4%	73.0 (8.1%)	+14.0 (+0.6%)
Profit* ²	17.5	23.3	-5.8	-24.9%	15.0	+2.5	Profit* ²	57.0	45.9	+11.1	+24.1%	46.0	+11.0

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

*2 Profit attributable to owners of parent

Business Segment (First Half Forecast) Changed from the previous forecast



(billion yen)

		2023 forecast	2022 result	Change	Change (%)	2023 previous forecast	Change for previous forecast
Sales revenue	Tires total	396.0	341.2	+54.8	+16.1%	372.0	+24.0
	(Tires)	(297.0)	(262.1)	(+34.9)	(+13.3%)	(299.0)	(-2.0)
	(YOHT)	(69.0)	(79.1)	(-10.1)	(-12.8%)	(73.0)	(-4.0)
	(Y-TWS)*	(30.0)	-	(+30.0)	-	-	(+30.0)
	MB	49.0	45.1	+3.9	+8.5%	49.0	-
	Other	5.0	5.1	-0.1	-2.2%	5.0	-
	Total	450.0	391.5	+58.5	+14.9%	426.0	+24.0
Business profit	Tires total	19.7	26.4	-6.7	-25.4%	23.3	-3.6
	(Tires)	(14.5)	(14.3)	(+0.2)	(+1.2%)	(14.5)	-
	(YOHT)	(8.8)	(12.1)	(-3.3)	(-27.0%)	(8.8)	-
	(Y-TWS)*	(-3.6)	-	(-3.6)	-	-	(-3.6)
	MB	2.1	1.0	+1.1	+109.3%	2.1	-
	Other	-0.3	0.3	-0.6	-	-1.4	+1.1
	Intersegment eliminations	-	0	-0	-	-	-
	Total	21.5	27.7	-6.2	-22.5%	24.0	-2.5

*Tentative name

Business Segment (Full Year Forecast) Changed from the previous forecast



(billion yen)

		2023 forecast	2022 Result	Change	Change (%)	2023 previous forecast	Change for previous forecast
Sales revenue	Tires total	887.0	754.3	+132.7	+17.6%	787.5	+99.5
	(Tires)	(636.0)	(598.5)	(+37.5)	(+6.3%)	(641.5)	(-5.5)
	(YOHT)	(141.0)	(155.8)	(-14.8)	(-9.5%)	(146.0)	(-5.0)
	(Y-TWS)*	(110.0)	-	(+110.0)	-	-	(+110.0)
	MB	103.5	96.2	+7.3	+7.5%	102.5	+1.0
	Other	9.5	9.9	-0.4	-4.2%	10.0	-0.5
	Total	1000.0	860.5	+139.5	+16.2%	900.0	+100.0
Business profit	Tires total	78.0	66.8	+11.2	+16.7%	67.5	+10.5
	(Tires)	(56.1)	(44.7)	(+11.4)	(+25.4%)	(49.8)	(+6.3)
	(YOHT)	(17.7)	(22.1)	(-4.4)	(-19.9%)	(17.7)	-
	(Y-TWS)*	(4.2)	-	(+4.2)	-	-	(+4.2)
	MB	6.2	4.0	+2.2	+56.4%	6.2	-
	Other	0.3	-0.8	+1.1	-	-0.7	+1.0
	Intersegment eliminations	-	0	-0	-	-	-
	Total	84.5	70.1	+14.4	+20.6%	73.0	+11.5

*Tentative name

Factor Analysis of Business Profit (Full Year)

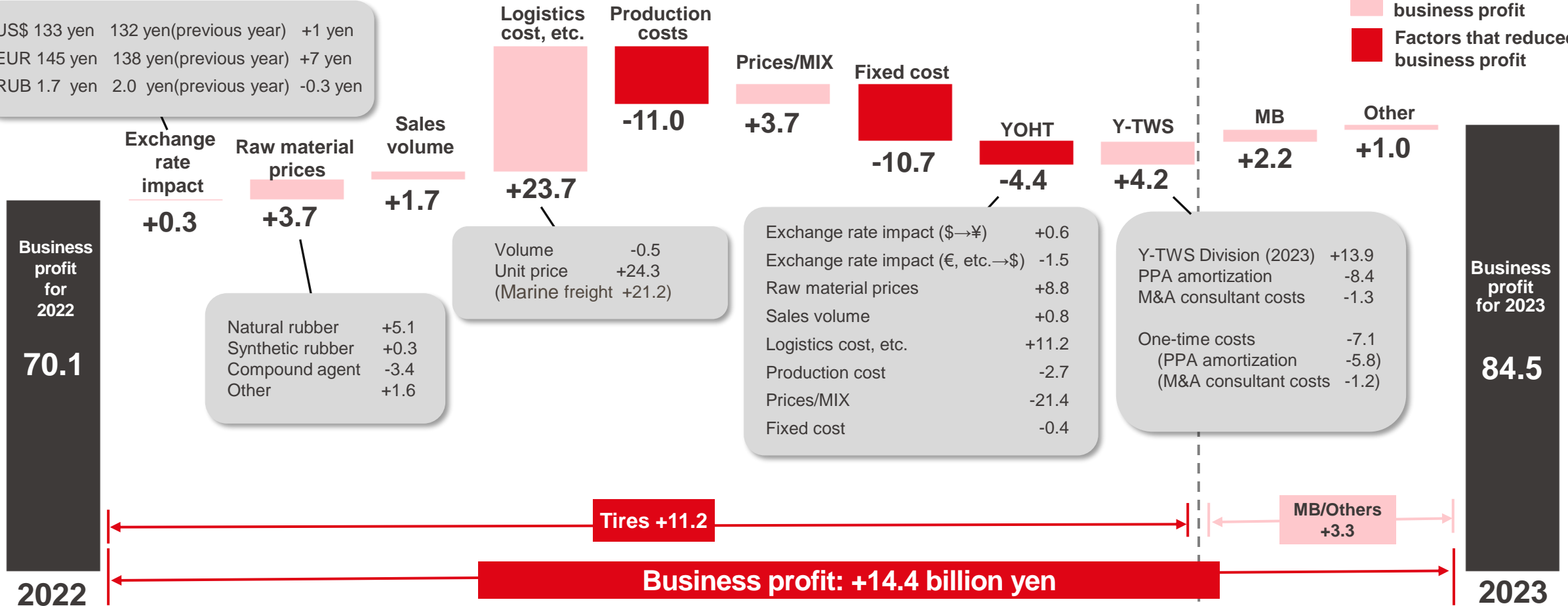


2023 (Full-Year Forecast)

US\$ 133 yen 132 yen(previous year) +1 yen
 EUR 145 yen 138 yen(previous year) +7 yen
 RUB 1.7 yen 2.0 yen(previous year) -0.3 yen

(billion yen)

Factors that boosted business profit
 Factors that reduced business profit



Raw material prices

Natural rubber	+5.1
Synthetic rubber	+0.3
Compound agent	-3.4
Other	+1.6

Logistics cost, etc.

Volume	-0.5
Unit price	+24.3
(Marine freight)	+21.2

Production costs

Exchange rate impact (\$→¥)	+0.6
Exchange rate impact (€, etc.→\$)	-1.5
Raw material prices	+8.8
Sales volume	+0.8
Logistics cost, etc.	+11.2
Production cost	-2.7
Prices/MIX	-21.4
Fixed cost	-0.4

Y-TWS

Y-TWS Division (2023)	+13.9
PPA amortization	-8.4
M&A consultant costs	-1.3
One-time costs	-7.1
(PPA amortization)	-5.8
(M&A consultant costs)	-1.2

2022

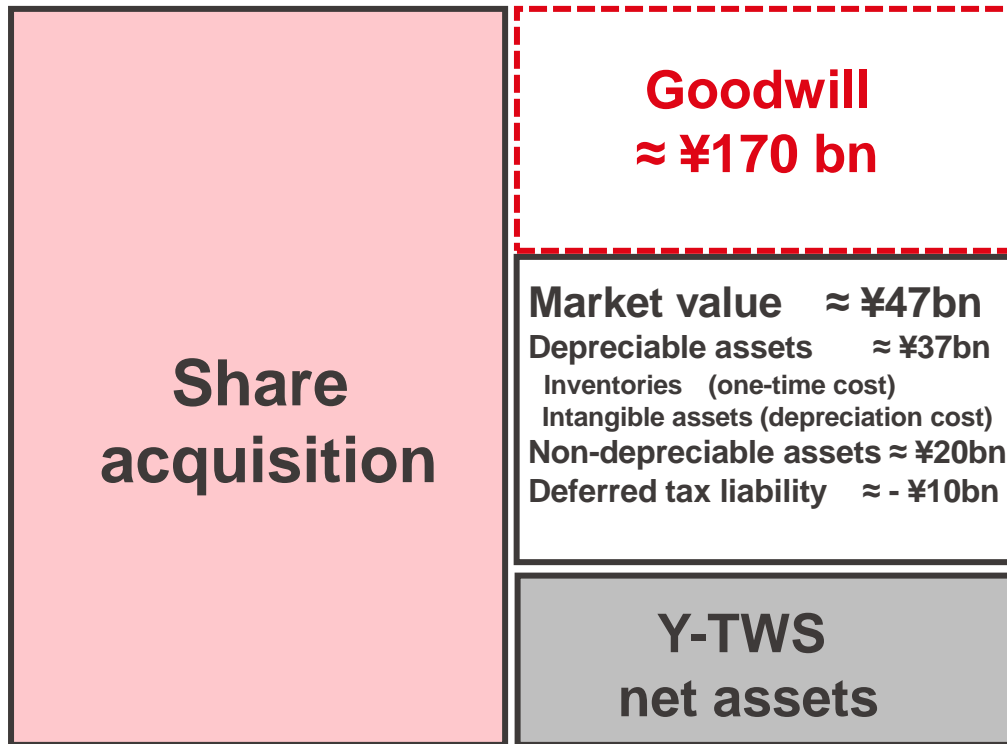
2023

	Exchange rate impact	Raw material price	Sales volume	Logistics costs etc.	Production cost	Prices/MIX	Fixed cost	YOHT	Y-TWS	MB	Other	Total
Previous forecast	-4.5	+3.6	+7.4	+15.0	-7.7	+2.0	-10.8	-4.4	-	+2.2	+0	+2.9
Change	+4.8	+0	-5.8	+8.8	-3.3	+1.7	+0.1	-	+4.2	-	+1.0	+11.5

BS impact (image)

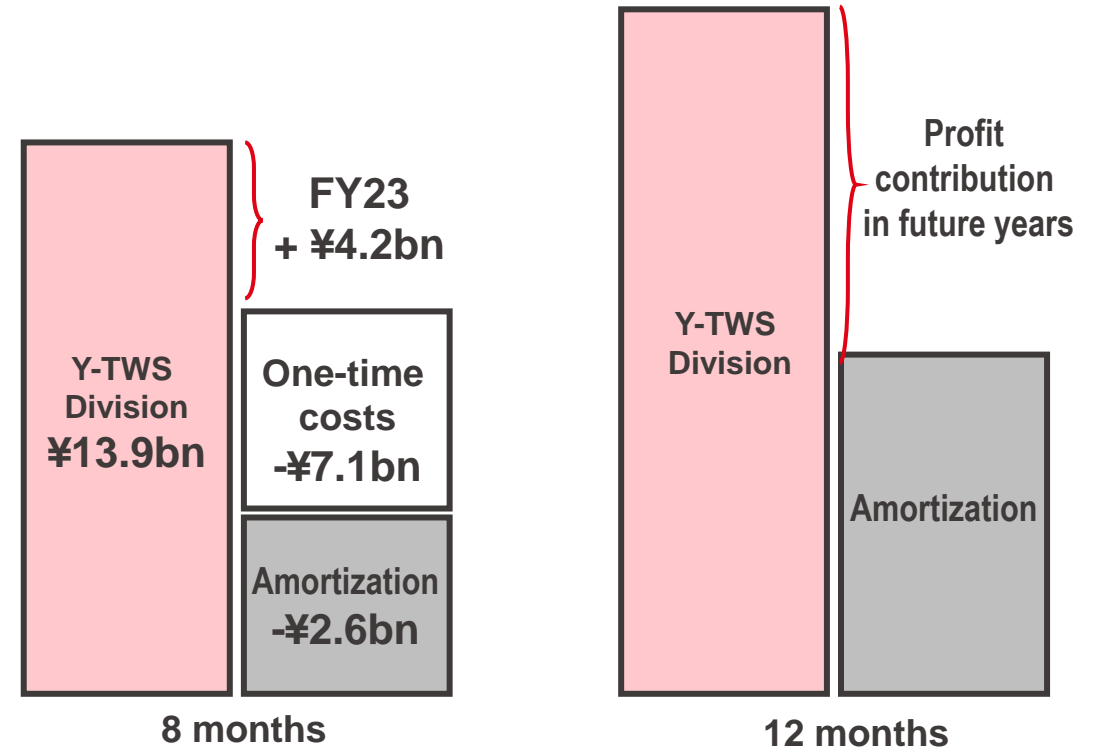
- Fair market value of Y-TWS assets & liabilities at time of acquisition
- Net assets increased by about ¥47bn on fair market value basis

Goodwill deducted from acquisition price is about ¥170bn



PL impact (image)

- FY23 consolidated results will include Y-TWS profit in the 8 months from May, partially offset by one-time expenses, such as inventory and M&A consultant costs
- In subsequent years, Y-TWS' contribution is expected to increase owing to recording of profits for 12 months and the absence of one-off costs related to the acquisition.



* Above amounts are approximations based on pre-acquisition data. Actual figures will be released after completion of accounting audits, etc.

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.



YOKOHAMA Transformation 2023

(Reference) Tire Unit Sales YoY Growth



Year-on-Year Tire Sales Growth (%)

Tire Business		2022			2023		
		1Q	1H	Annual	1Q	1H forecast	Annual forecast
Japan	OE	88%	84%	98%	109%	116%	116%
	REP	124%	115%	108%	99%	97%	100%
Overseas	OE	111%	104%	100%	77%	86%	98%
	REP	102%	102%	102%	110%	105%	102%

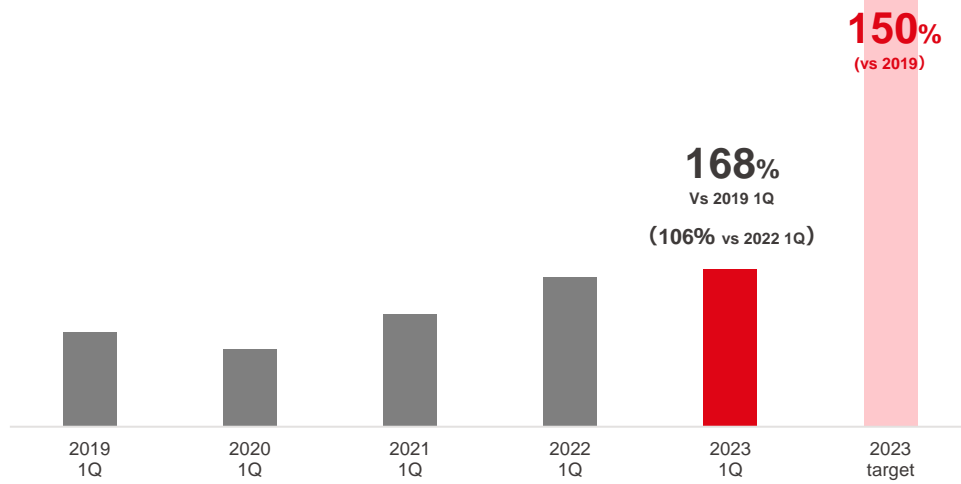
Year-on-Year Tire Sales Growth by region, quarterly & annual bases (%)

	2022			2023			Regional sales composition	
	1Q result	1H result	Annual result	1Q result	1H forecast	Annual forecast	2022 1Q	2023 1Q
Japan	110%	104%	105%	102%	103%	105%	38%	38%
No. America	106%	109%	103%	100%	98%	98%	20%	20%
Europe	120%	113%	101%	115%	113%	106%	6%	7%
Russia	97%	70%	59%	76%	-	-	3%	3%
China	105%	96%	97%	77%	90%	101%	17%	13%
Asia	107%	118%	119%	113%	105%	105%	11%	12%
Others	87%	97%	101%	146%	120%	92%	4%	6%
Total	107%	104%	103%	100%	101%	102%	-	-

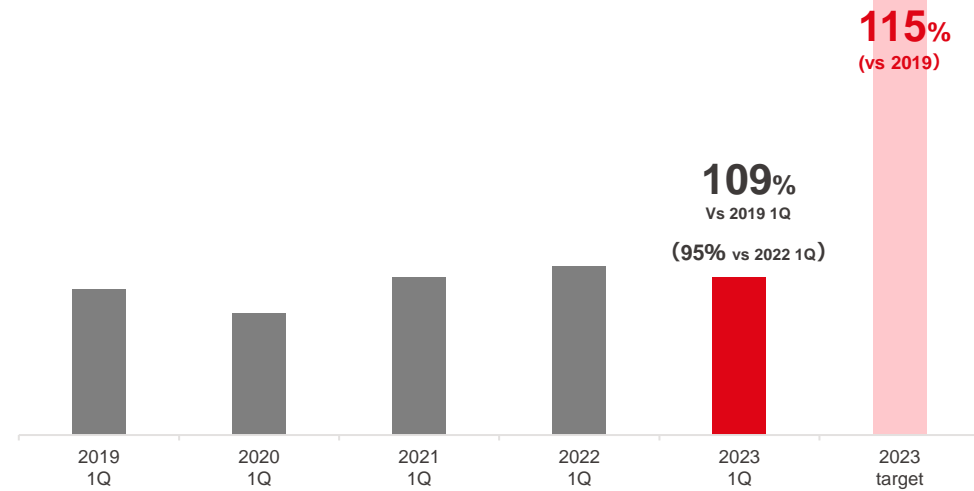
(Reference) Cumulative unit sales of consumer tire products



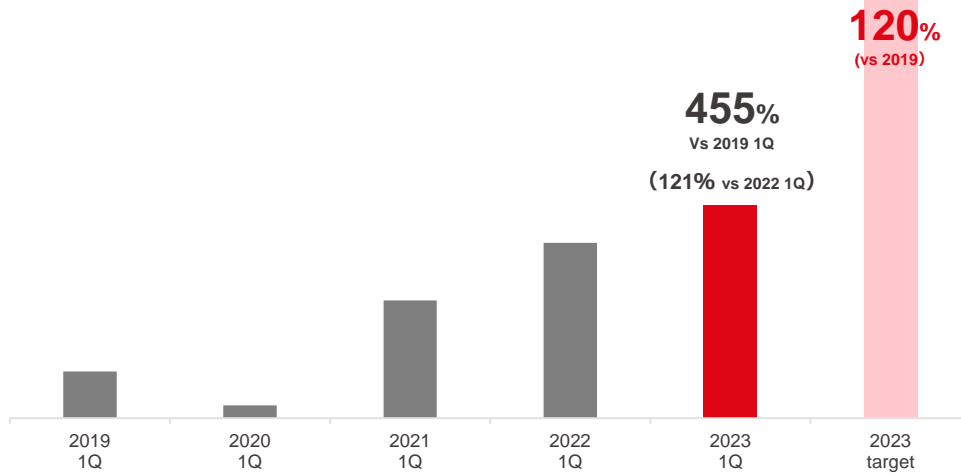
ADVAN



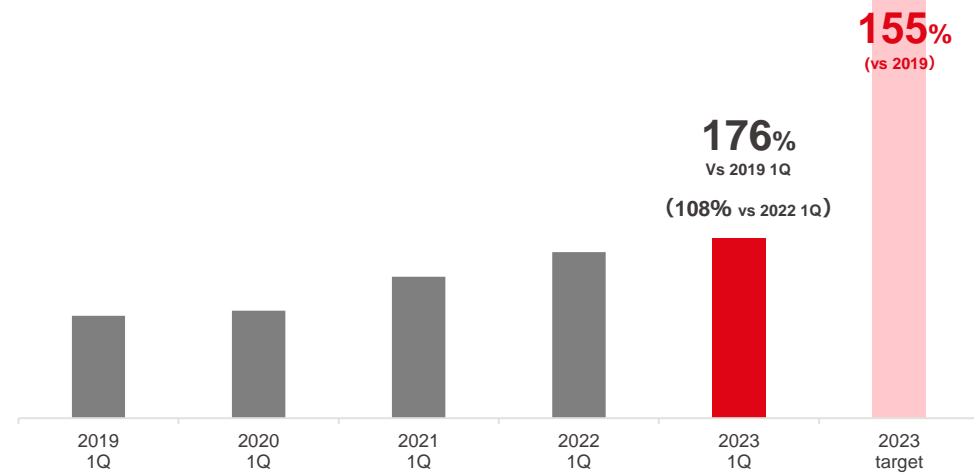
GEOLANDAR



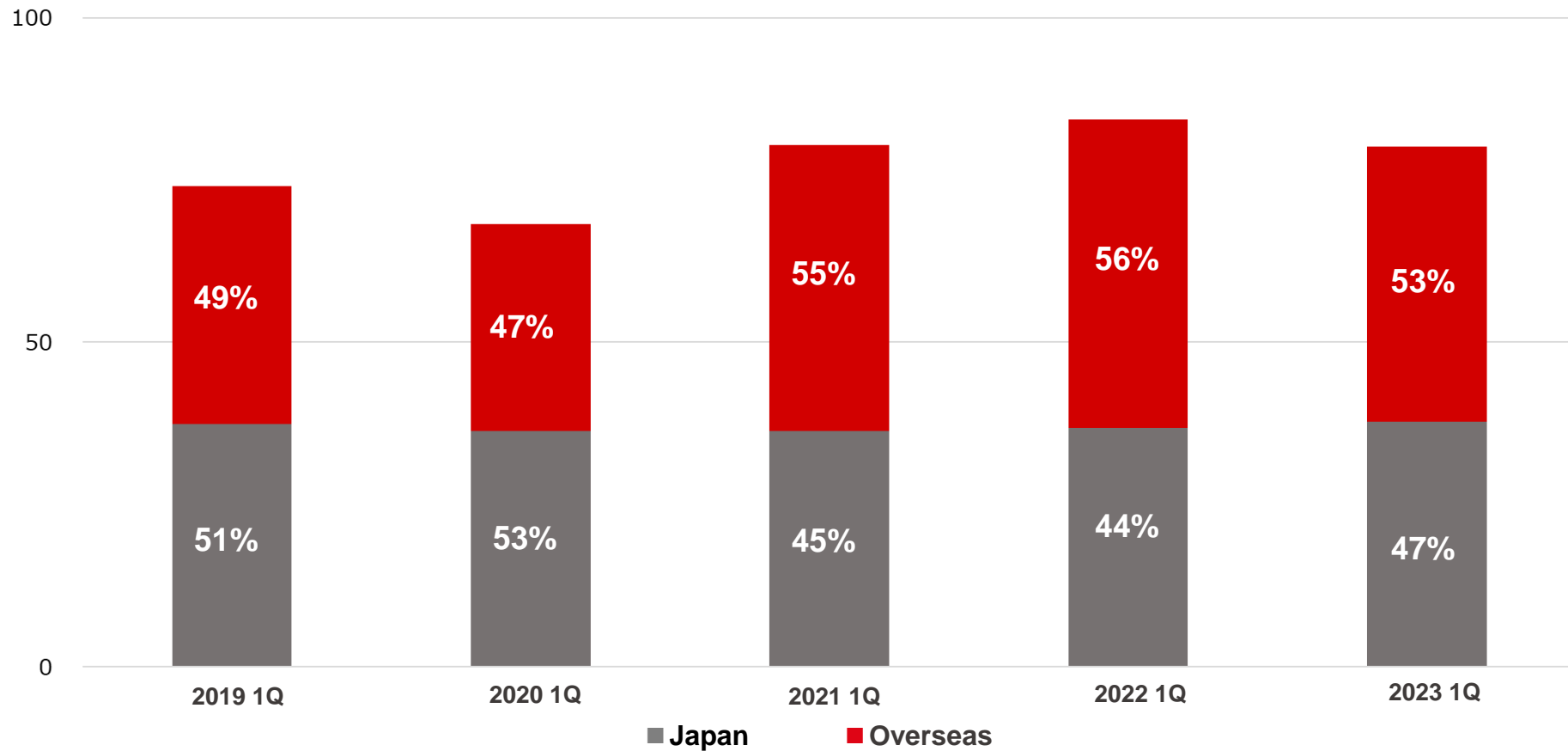
WINTER



18-inch and larger



(Reference) Tire Rubber Production Volumes



(Unit: thousand tons)

	2019 1Q	2020 1Q	2021 1Q	2022 1Q	2023 1Q
Japan	37	36	36	37	38
Overseas	37	32	44	48	42
Total	74	68	80	84	80