



YOKOHAMA Transformation 2023

Medium-term Management Plan

2021-2023

February 19, 2021

Yokohama Rubber Co., Ltd.

Masataka Yamaishi,

President, Chairman of the Board



Medium-term Management Plan

1. GD2020 Results
2. Medium-term Management Plan
3. Medium-term Business Strategies
 - 3-1. Tire Business Strategy
 - 3-2. MB Strategy
4. Management Foundation
 - 4-1. Human Resources Strategy
 - 4-2. ESG
5. Financial Targets

1. GD2020 Results

Consumer Tire Business

Expand our presence in the premium tire markets

Premium tire strategy



OE on 13 models

Winter tire strategy



Launched 3 new tires

Hobby tire strategy



Launched 6 new tires

User communication



Hoonigan Gymkhana 2020

Commercial Tire Business

Make commercial tires a pillar of revenue

- ATG is the growth driver
- Increased supply capacity of American TBR plant

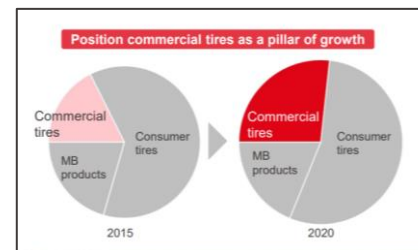
MB (Multiple Business)

Allocate resources on a priority basis to business fields of strength

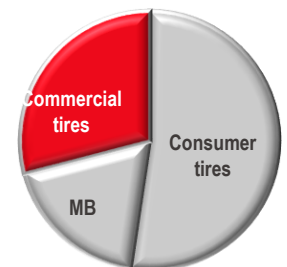
- Automotive parts: expanding shipments of automotive hoses in North America
- Marine products: Delivering world's largest floating pneumatic fenders

Commercial tire business' share of total sales

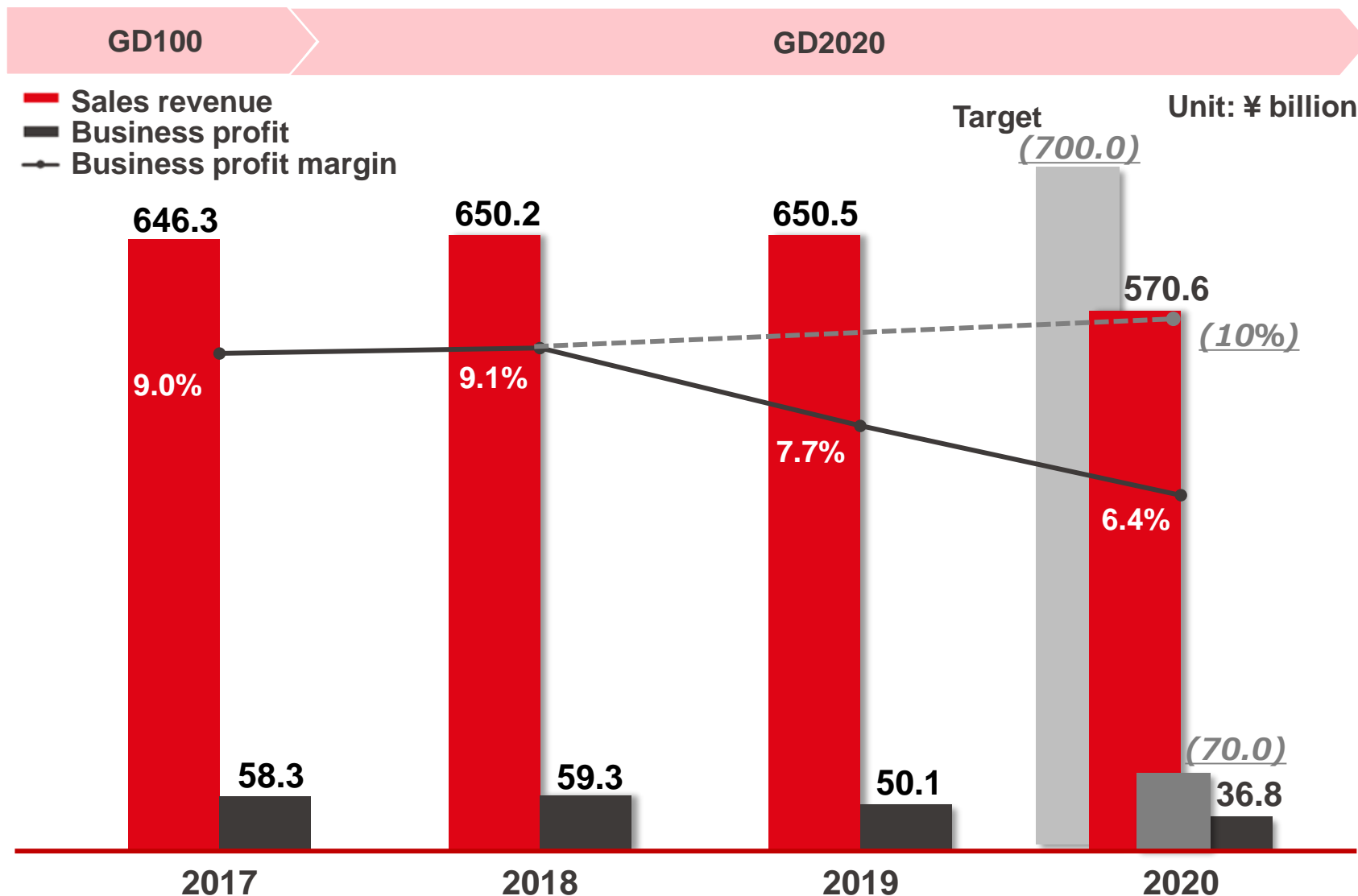
GD2020 targets



2020 result



1. GD2020 Results

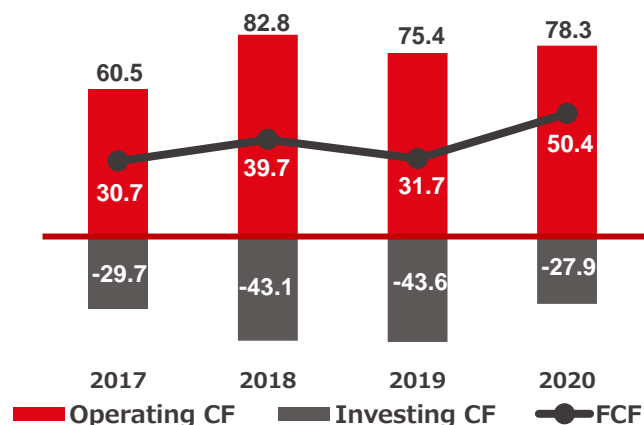


1. GD2020 Results

	Target	Result
Sales revenue	¥700 billion	¥570.6 billion
Business profit Margin (%)	¥70 billion 10.0%	¥36.8 billion 6.4%
ROE	10.0%	6.3%
D/E ratio	0.6	0.5
Operating CF (3yr total)	¥200 billion	¥236.5 billion
Capital investment	≤ depreciation (excl strategic investments)	≤ depreciation (excl strategic investments)
Dividend payout ratio	30.0%	39.0%

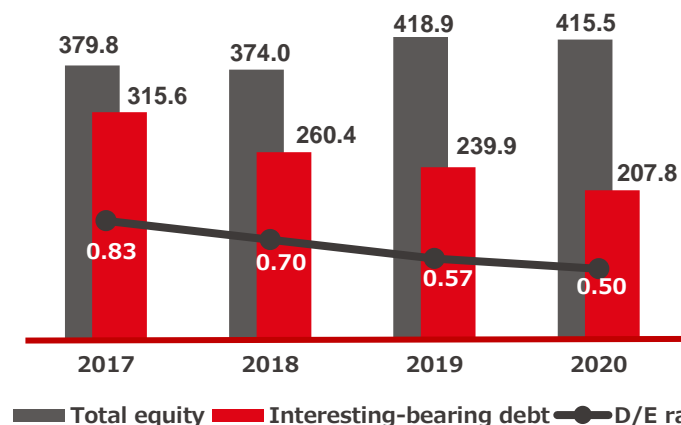
Cash flow

Unit: ¥ billion



Interest-bearing debt, total equity & D/E ratio

Unit: ¥ billion



*Total equity is without minority share

2. Medium-term Management Plan



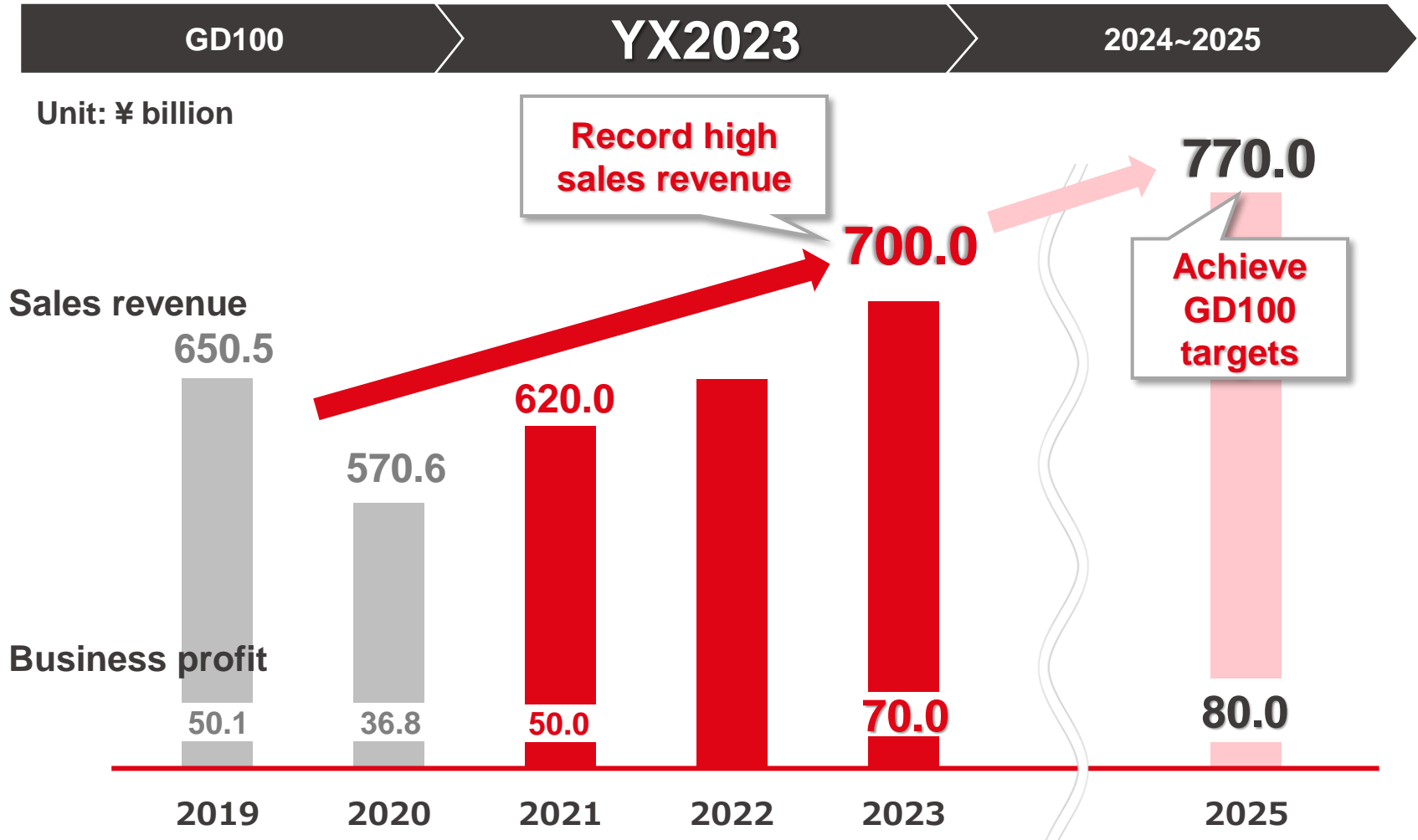
YOKOHAMA Transformation 2023

Exploitation × Exploration = Transformation

2. Medium-term Management Plan : Targets



Culmination of past 100 years



Global Tire Market

Consumer tires
(PCR·MC)

Commercial tires
(TBR·OR·AG·ID·AC)

Turning consumer tires into
commercial tires

Exploitation

B to B ~~(to C)~~

Exploration

Raise high value-added
tire sales ratio



ADVAN
GEOLANDAR
WINTER

Respond to market
changes

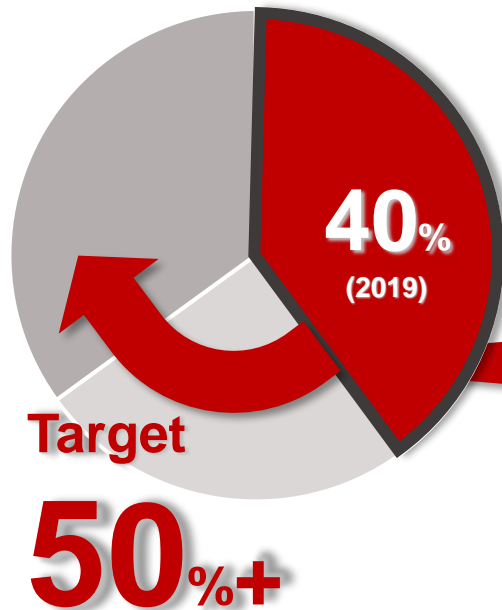
Cost

Service

DX

Product
lineup

3-1.a) Consumer Tires: Raise High Value-Added Tire Sales Ratio



UHP

ADVAN



SUV·
Pickup truck

GEOLANDAR



WINTER

iceGUARD



- 1) Expanding OE use of ADVAN & GEOLANDAR
- 2) Strengthen sales in replacement market and
Expand size lineups including for WINTER tires
- 3) Strengthen sales of tires suited to local market needs

3-1.a) Consumer Tires: Strengthen core products and brands by leveraging original technologies and superior quality



Raise high value-added
tire sales ratio



OE tires for premium cars

Porsche Cayenne



Mercedes-AMG E-class



Ram 1500



Jeep Compass



Strengthen WINTER tire R&D

Tire Test Center of Hokkaido

New refrigeration system for indoor ice test site (right)



YOKOHAMA TEST CENTER of SWEDEN



Motorsports activities

Nürburgring 24-Hour Endurance Race/
Nürburgring Endurance Series (NLS)



SUPER GT GT500



SUPER GT GT300



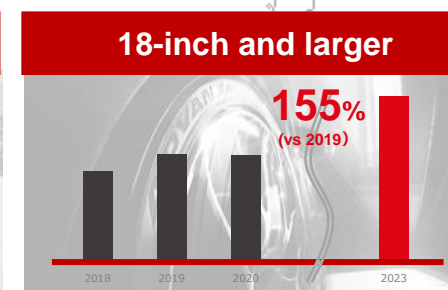
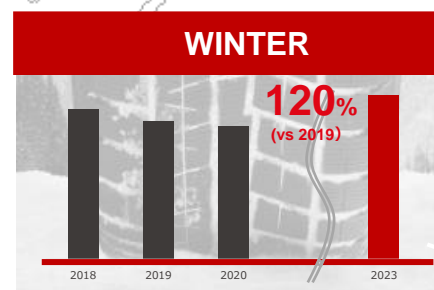
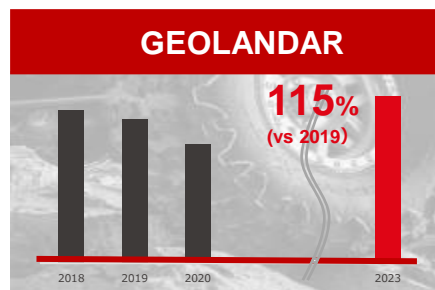
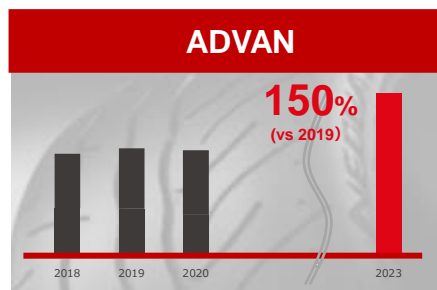
U.S. BlueWater Desert Challenge



3-1.a) Consumer Tires: Product & Regional Strategies



Raise high value-added
tire sales ratio



3-1.b) Commercial Tires: Respond to Market Changes



Respond to market changes	
Cost	Product lineup
Service	
DX	

Cost competitiveness

India PC plant



Thailand TBR plant

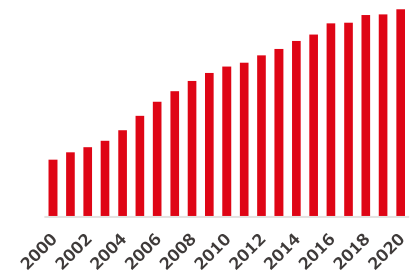


Service

Strengthen service network in Japan

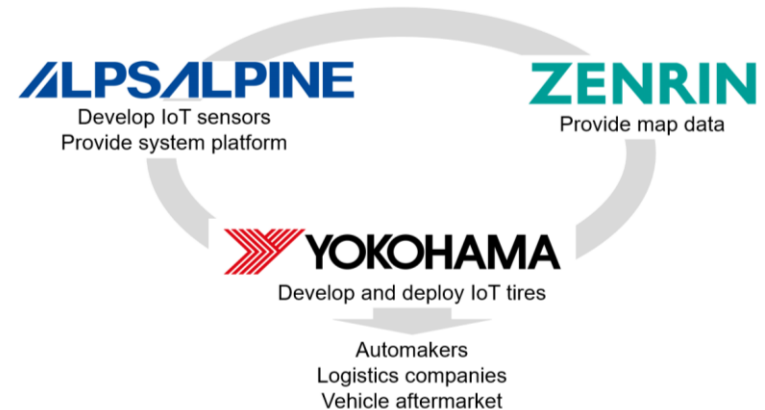
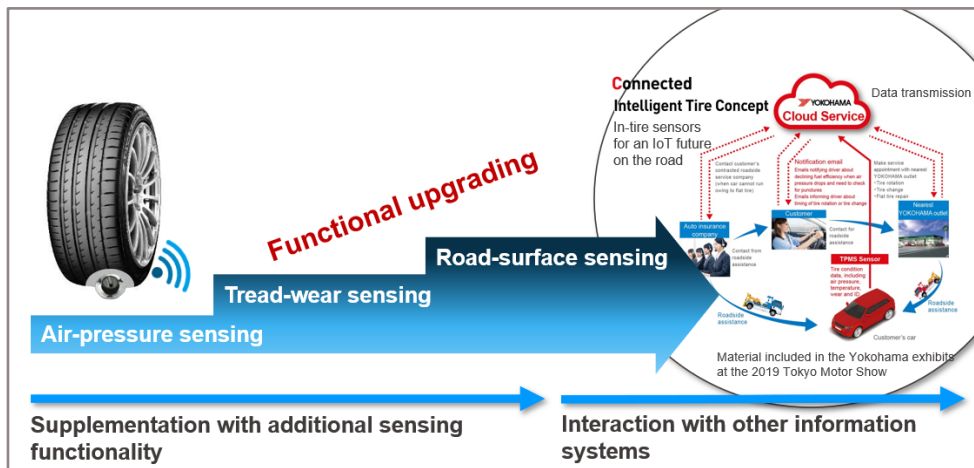


Increasing fleet of service vehicles



DX: Digital transformation

Alliance to create new service using tire sensors

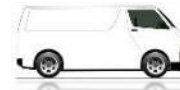
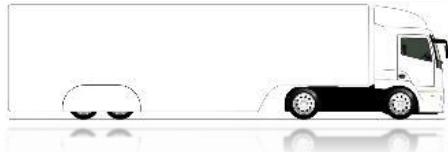


3-1.b) Commercial Tires: Develop Full Lineup to Meet Needs of Future Distribution Vehicles



Respond to market changes	
Cost	Product lineup
Service	
DX	

Now



City to City



Within city



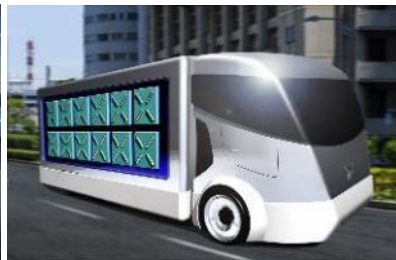
Last one mile

Driverless delivery

Future



~100km/h



~100km/h



~40km/h



~20km/h

TBR

LTR

PCR/VAN

SOLID

3-1.b) Commercial Tires: OHT Business Is Future Growth Driver



Respond to market changes	
Cost	Product lineup
Service	
DX	

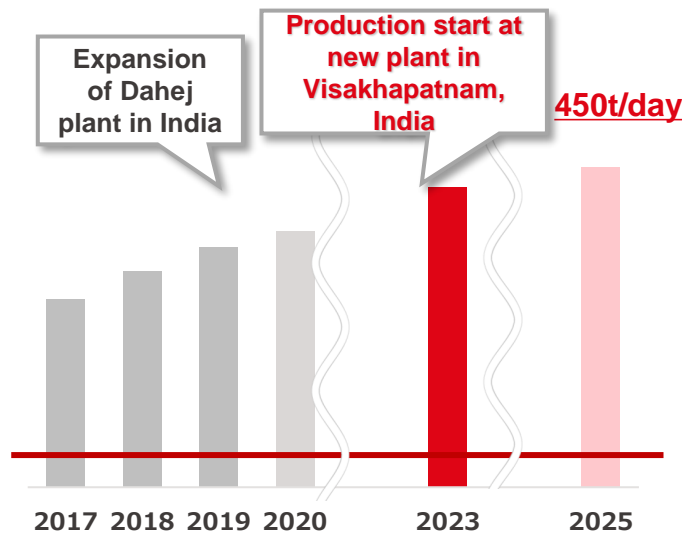
Integrate OHT businesses of Yokohama Rubber, ATG, and Aichi Tire

Multi-brand strategy

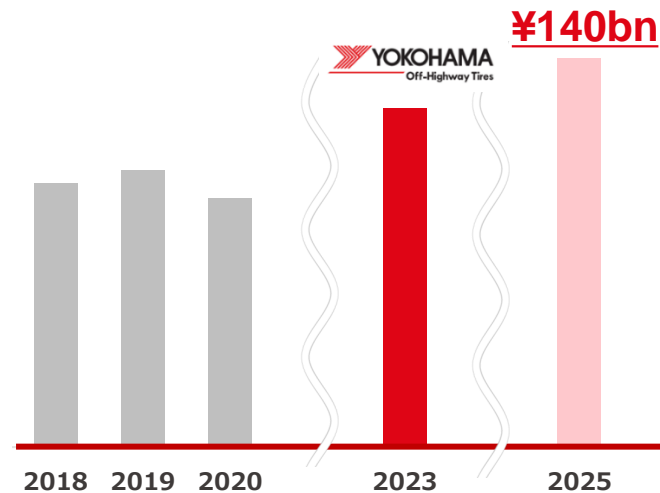


Increase production capacity:
New plant in Visakhapatnam, India

OHT production capacity (rubber volume)



OHT business sales revenue targets



3-1.b) Commercial Tires: TBR Business Strengthening Foundation for Future Growth



Respond to market changes	
Cost	Product lineup
Service	
DX	

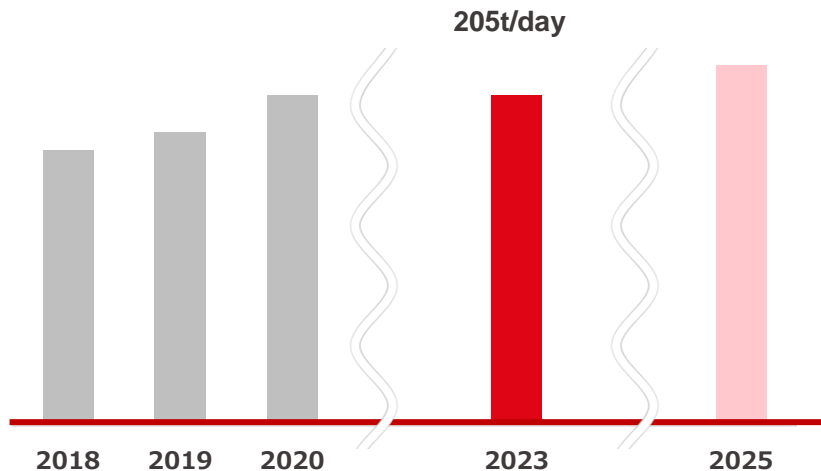
US TBR plant



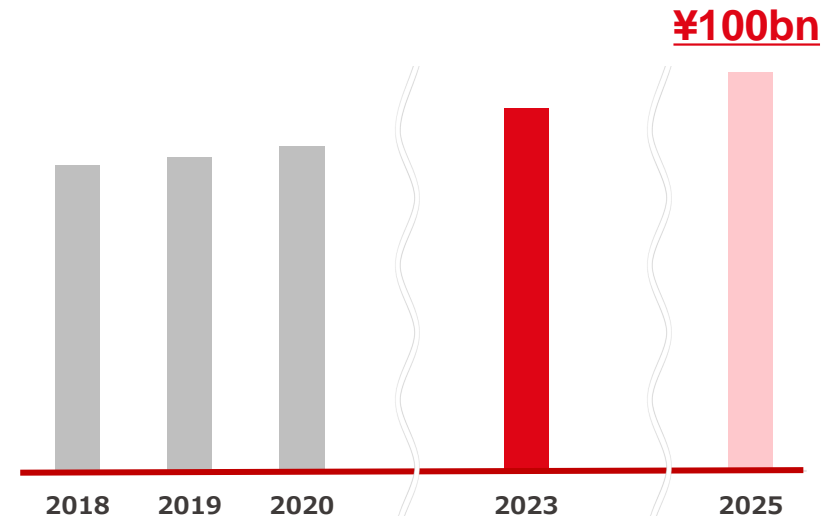
Increase supply of TBR plant in the USA

Invest in capacity expansion and increase sales

TBR business production capacity (rubber volume)



TBR business sales revenue targets



3-2. MB Strategy: Shift Portfolio to Products with Highly Stable Earnings and Strong Growth Potential

**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

Hose & Couplings

- Hydraulic hoses: strengthen market presence
- Car pipes: New growth-driving technologies (response to CASE)
- Strengthen efforts toward hydrogen society (hydrogen filling hose)



Industrial products

- Belts: Establish dominant presence in core-strength markets
- Marine products: Maintain high market share & strengthen production bases



Personnel management to realize further growth

- Strengthen **performance-linked remuneration** for managers
- **Job-typed assignments and treatment** for managerial level

Speed up decision-making by merging head office and Hiratsuka plant

- Integrated **production, sales, R&D, & logistics** site

Work-style reforms

- **Place & time** constraints removed: expand work-at-home & flexible hours
 - Improved work-life balance
 - Promote participation and career development of women in child-bearing and child-rearing age group
 - Reduce staff turnover related to need to care for children/elderly parents or a spouse's job change/transfer

4-2. ESG: Contribute to solving society's problems through our business activities



ESG Slogan



FTSE4Good FTSE Blossom Japan



Products



Deliver fun and peace of mind

The Earth



Leave a sound environment to future generations

People



Build on each other's strengths

Community



Earn the confidence of our neighbors

Corporate Governance



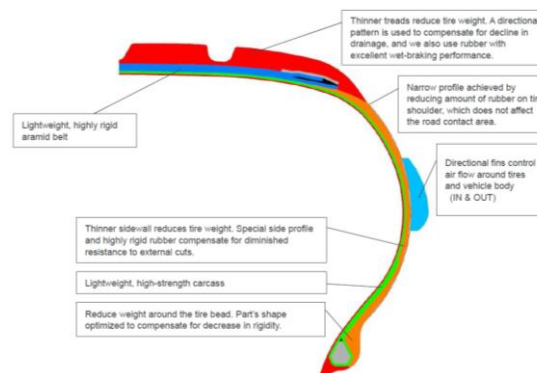
Lay a solid foundation for fulfilling social expectations

Products

- Lightweight tire technology
- Expand sales of hydrogen filling hoses



Ultra-lightweight concept tire



Hydrogen filling hose



Earth's Environment

■ Carbon neutrality

- Expand renewable energy

■ Circular Economy

- Increase use of renewable fuels & materials to more than 30% of total used by 2030

■ YOKOHAMA Forever Forest

- Target # of planted trees: 1,060,000 by 2030
(including seedlings provided)

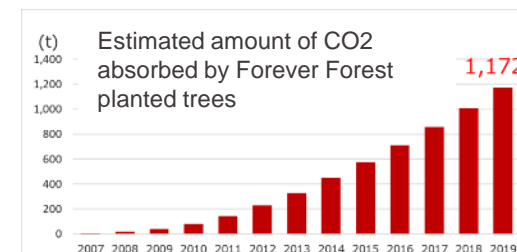
Solar power generation



Biogas



Forever Forest



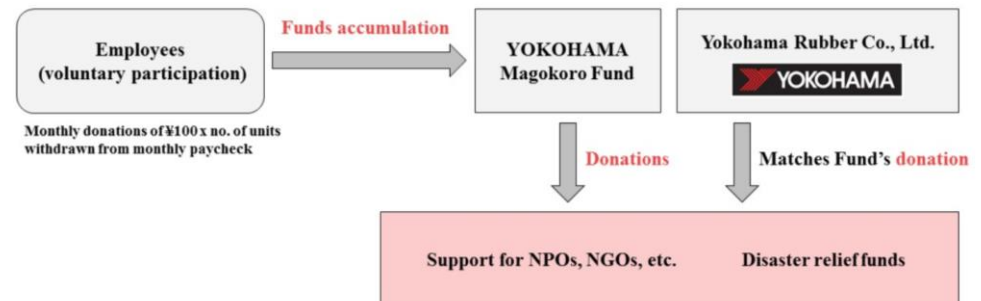
Support for regional societies

◆ Donations to support COVID-19 measures

- Donated medical masks and disinfectants to Asahikawa City in Hokkaido
- ¥1.6 million donated to support measures undertaken in 8 prefectures in Japan

◆ Support for response to February 13, 2021, earthquake with epicenter off the coast of Fukushima Prefecture

- ¥1.0 million donated through the Japan Red Cross Society



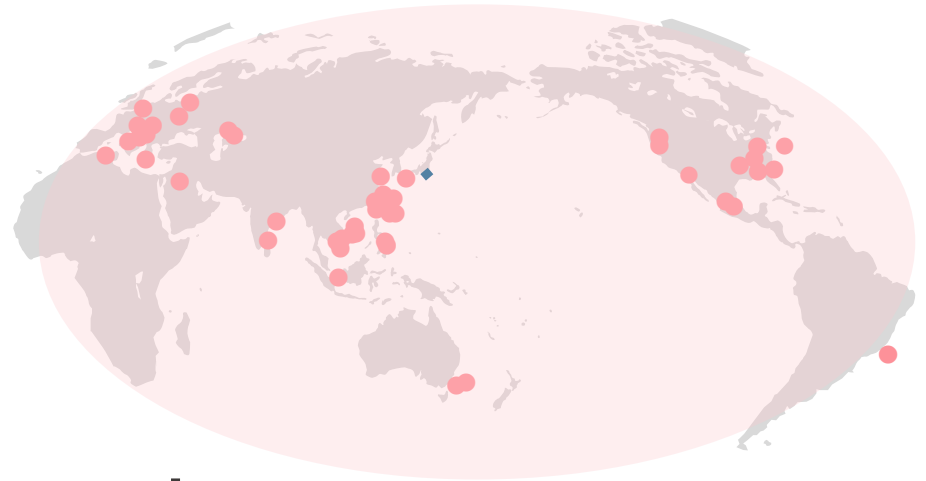
- (1) Voluntary contributions from employees (Fund members) deducted from monthly pay in units of ¥100
- (2) Fund members recommend organizations they want to support
- (3) Fund management committee screens candidate organizations, decides whether or not to make donation
- (4) Fund makes donations to receiving organizations
- (5) Yokohama Rubber makes donation equal to Fund's donation

Corporate Governance

- Strategic shareholdings
 - ✕Conduct share buybacks in unwinding cross shareholdings

Global Governance

- Strengthen global management
- Extend whistleblowing system to overseas bases



Creating employee-friendly work environment

- Promote diversity
- Workplace where employees feel safe and secure (repeat risk assessments to realize accident-free workplaces)

LGBT seminar for managers



Workplace accident prevention drills



Financial Targets for 2023

Sales revenue	¥700 billion
Business profit	¥70 billion
Business profit margin	10%
D/E ratio	0.4
ROE	10%
ROIC	7%
Operating CF	¥250 billion (3-year total)
Capital investment	≤ depreciation (excl strategic investments)

