

# **FY2022 Results Briefing**

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**Yokohama Transformation 2023: Looking Back at 2022 and Ahead to Activities in 2023**

# **Medium-term Management Plan Yokohama Transformation 2023**

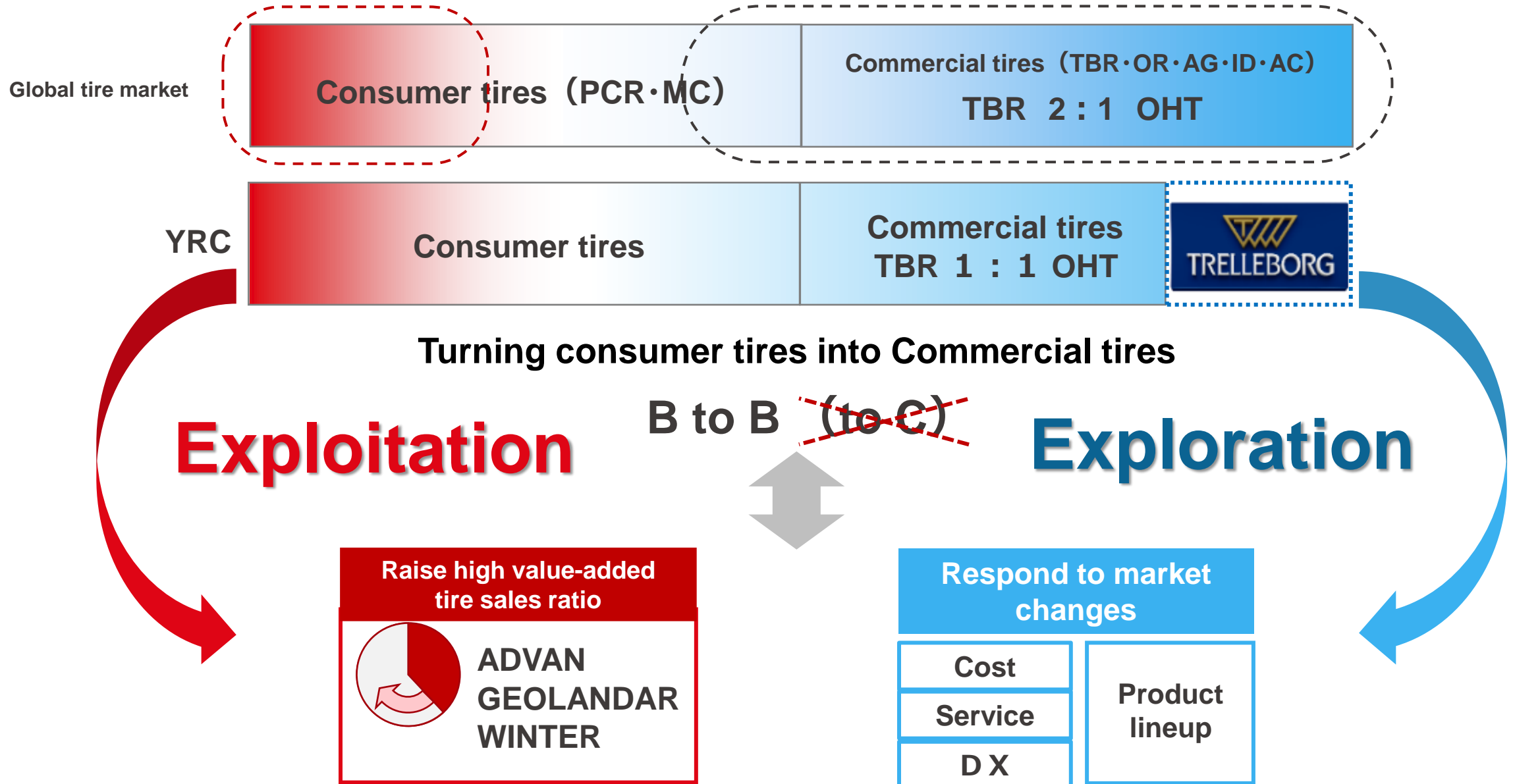
## **Looking Back at 2022**



**YOKOHAMA Transformation 2023**

**Exploitation × Exploration = Transformation**

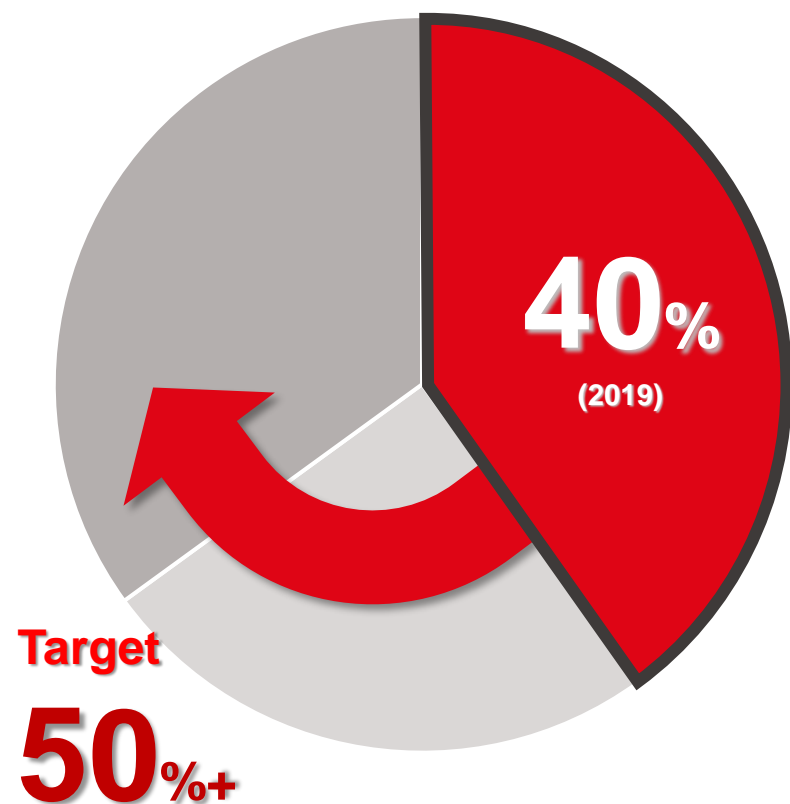
# Tire Strategy: Impact of CASE/MaaS on Tire Business



## FY2022 Results

billion yen	2022 result	2022 forecast	2021 result	Change from forecast	Change (YoY)	YX2023 Targets for FY22
Sales revenue	860.5	855.0	670.8	+5.5	+189.7	650.0
Business profit	70.1	62.5	62.2	+7.6	+7.9	60.0
Business profit margin	8.1%	7.3%	9.3%	+0.8%	-1.2%	9.2%
Operating profit	68.9	60.5	83.6	+8.4	-14.8	-
Profit	45.9	42.0	65.5	+3.9	-19.6	-
ROIC	5.2%	-	8.2%	-	-3.0%	7% (2023 target)
ROE	8.1%	-	13.9%	-	-5.9%	10% (2023 target)
D/E Ratio (NET D/E Ratio)	0.39 (0.27)	-	0.34 (0.26)	-	+0.05 (+0.01)	0.4 (2023 target)
Operating CF	39.2	-	68.3	-	-29.1	250.0 3-year total
Capital investment	54.9	-	38.8	-	+16.1	≤ depreciation (excl strategic investments)

# 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



# Key Achievements in 2022: Consumer tires

## OE on Premium Cars and EVs



Toyota Motor’s Lexus RX  
fitted with ADVAN V61



Toyota Motor’s Lexus LX fitted with  
GEOLANDAR X-CV



Toyota Motor’s bZ4X  
fitted with ADVAN V61



Nissan Motor’s Nissan Z  
fitted with ADVAN Sports V107



Subaru Corporation’s SOLTERRA  
fitted with ADVAN V61



Honda Motor’s ZR-V fitted with  
ADVAN dB V552

## Strengthen Sales in Replacement Market

2022 YOKOHAMA New Summer



ADVAN  
*Sport*  
V107



ADVAN  
*NEOVA*  
A009



*BlueEarth-RV*  
RV03

## Active in Motorsports

ADVAN

GEOLANDAR



2022 SUPER GT GT300 class  
series championship



Pikes Peak  
International Hill Climb  
overall championship

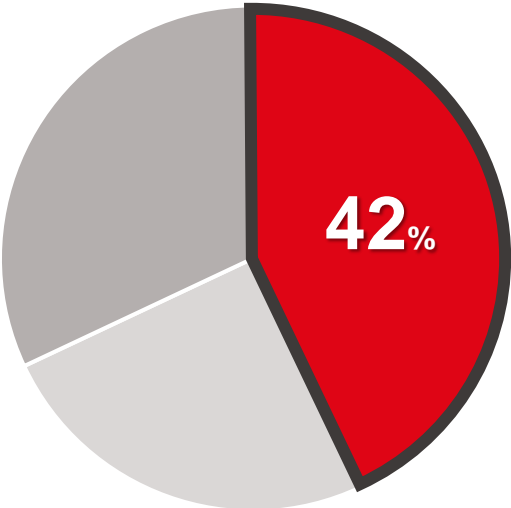


AXCR 2022  
overall championship

# Consumer Tires: Raise High Value-Added Tire Sales Ratio

## AGW sales ratio

FY2022 result



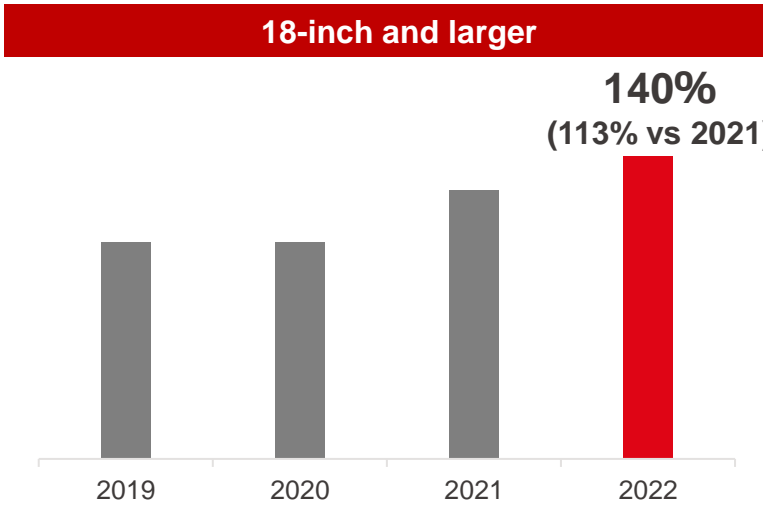
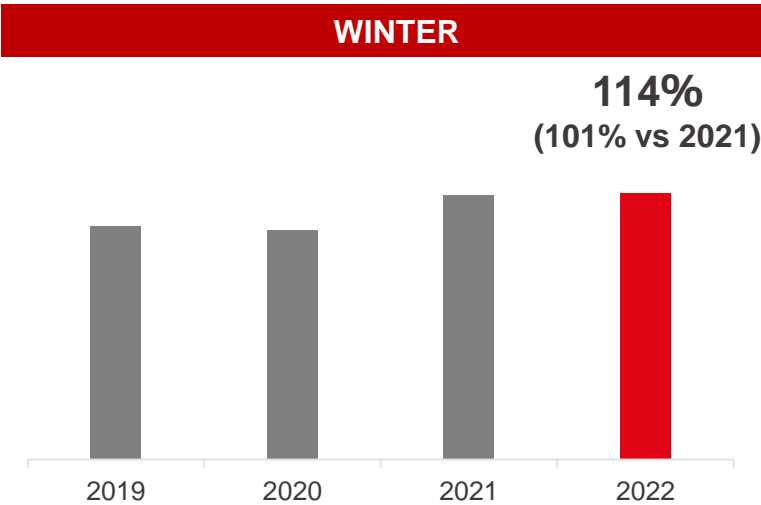
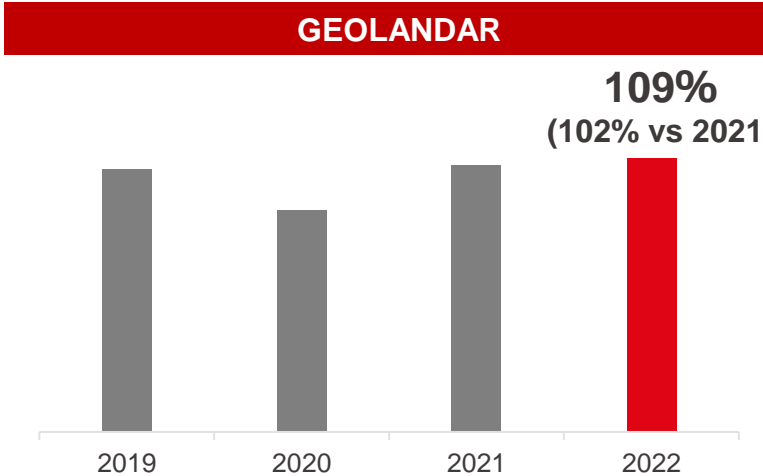
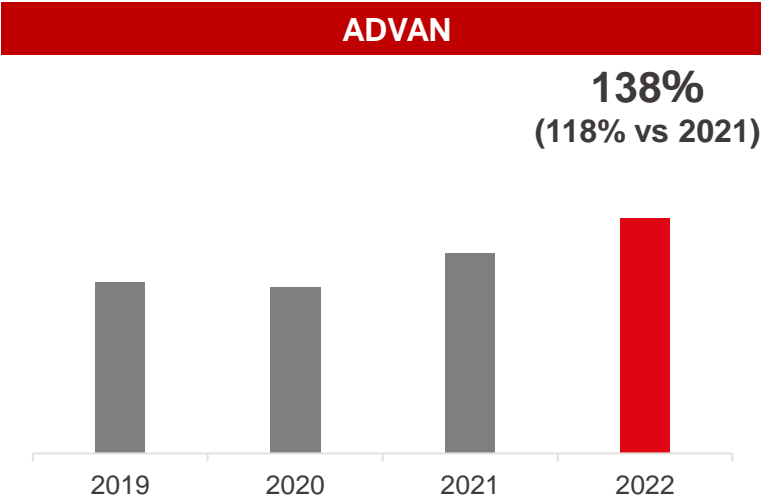
Up 2ppt from FY2019

(Up 1ppt from FY2021)

Expanding OE/REP size lineup  
(Launching new tires + expanding available sizes)

	2021	2022
ADVAN	65	195
GEOLANDAR	47	39
WINTER	186	109
AGW total	298	343

(% relative to 2019)





# Key Achievements in 2022: Commercial tires

Respond to market changes	
Cost	Product lineup
Service	
DX	



## OHT business

### New plant in India started operations

OHT capacity increased about 40%

\*vs 2019



Visakhapatnam Plant

Location:

Atchutapuram Industrial Park, Visakhapatnam,  
Andhra Pradesh, India

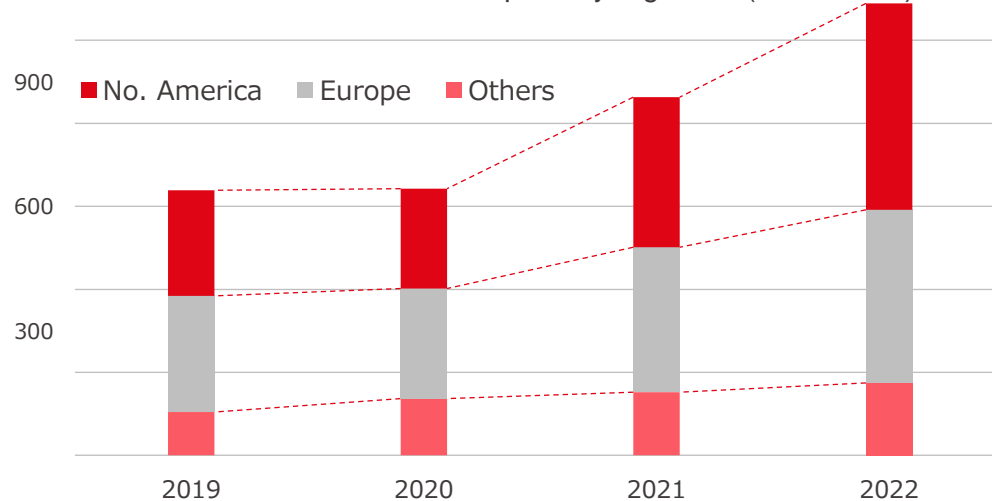
Site area: Approximately 390,000m<sup>2</sup>

Daily production capacity: 69 tons (rubber weight)

\*132 tons after completion of 2<sup>nd</sup> stage capex

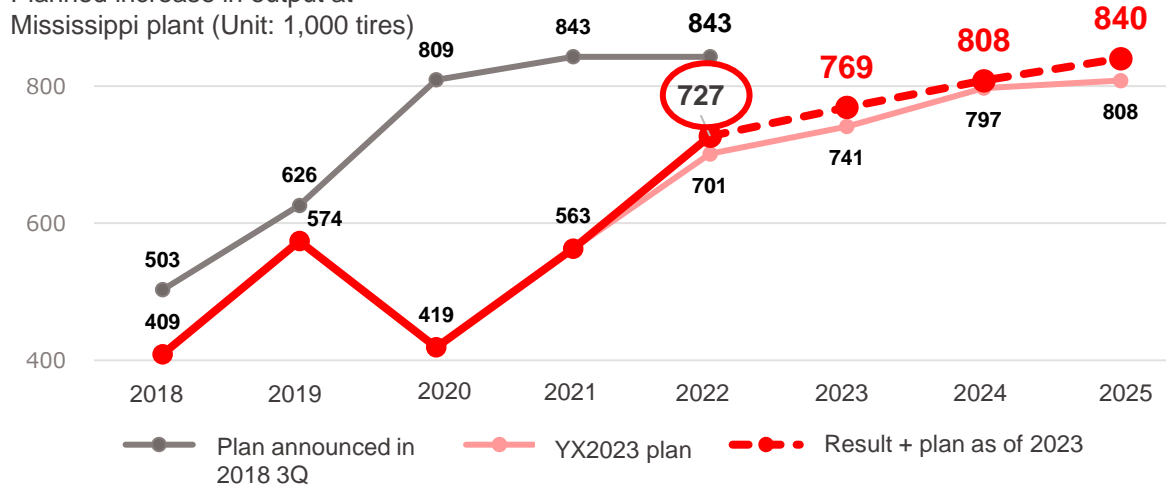
## Cost advantages supporting sales growth

Sales revenue & business profit by region (Unit: MUS\$)



## Increasing output at US TBR plant

Planned increase in output at  
Mississippi plant (Unit: 1,000 tires)



## Mie Plant: Capex to expand capacity

Capex to expand truck/bus tire output

- Ultrawide base tires  
Annual increase +5,000 tires
- Fuel-efficient tire (711L)  
Annual increase +4,000 tires



Ultrawide base tire  
**903W**



**BlueEarth 711L**

# Key Achievements in 2022: MB Business

**Strengthened/expanded 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

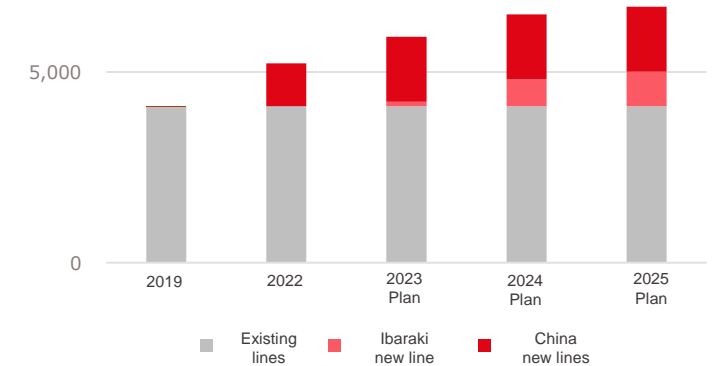
## Aerospace products

Merged with industrial products

## Hose & couplings

- Reorganized production in North America  
(Mexico share: 10% in 2022)
- Expanding capacity in Japan and abroad  
(1.6x increase in total production capacity of high-performance hydraulic hoses at Ibaraki and China plants)

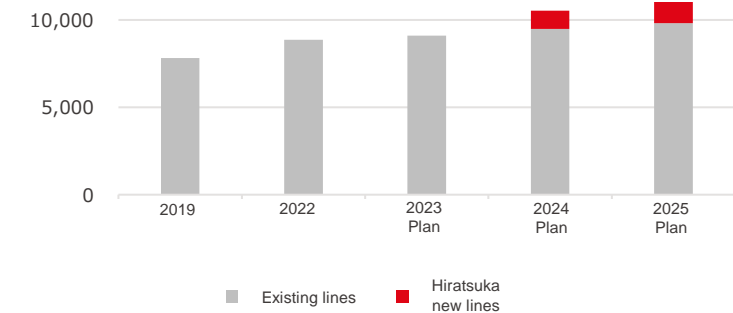
Spiral wire hose production volume (Unit: 1,000m)



## Industrial products

- 1.5x YoY increase in Japan conveyor belt sales
- Market share greatly expanded

Conveyor belt production (Rubber weight, unit: tons)



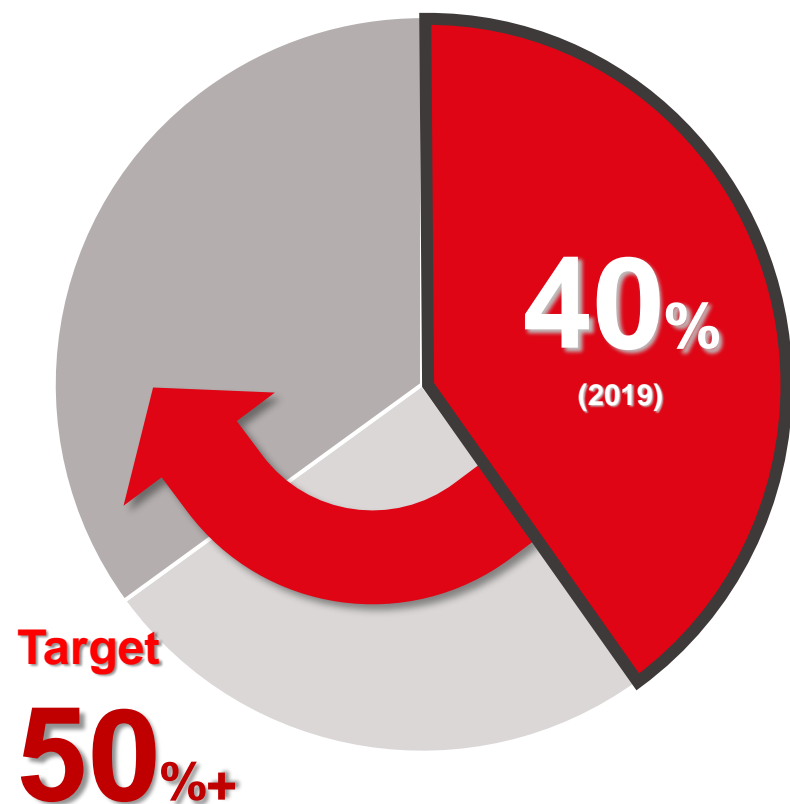
## Aerospace products

- Aerospace products merged into industrial products division (end-March 2022)  
(technical capabilities enhanced, personnel allocation optimized, more efficient business foundation)

# **Medium-term Management Plan Yokohama Transformation 2023**

## **Main Initiatives in Fiscal 2023**

# 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



# Main Initiatives in Consumer Tire Business in 2023



**iceGUARD 7**  
PAS-F 672 iG 70



**ADVAN Sport**  
V107



**GEOLANDAR A/T<sup>XD</sup>**



**GEOLANDAR X-AT**



**GEOLANDAR**  
From 2023 H2



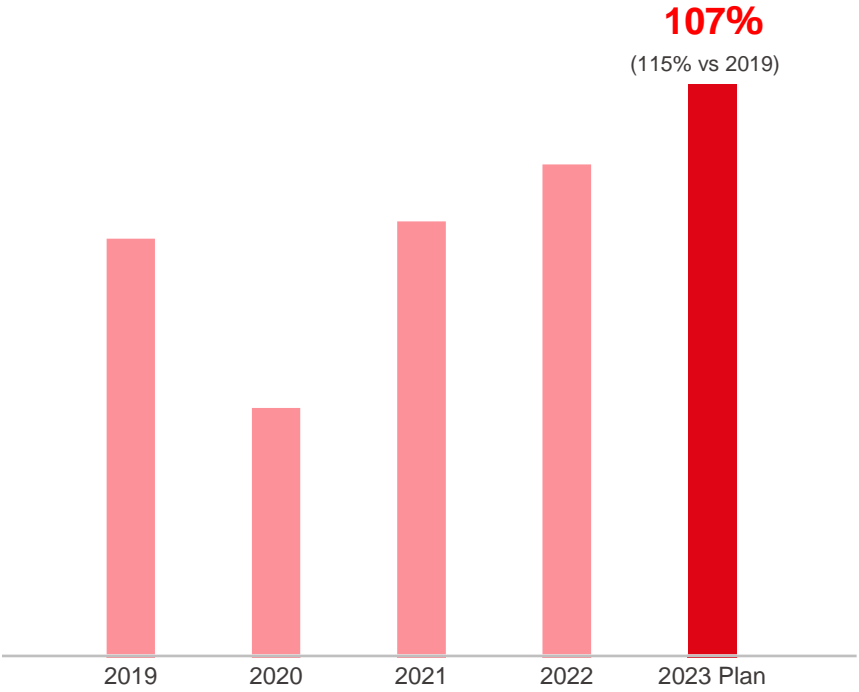
**BluEarth-Camper**



## Increase GEOLANDAR sales

Aiming to boost sales to 107%  
the previous year's level  
(115% the 2019 level)

GEOLANDAR sales (OE+REP)



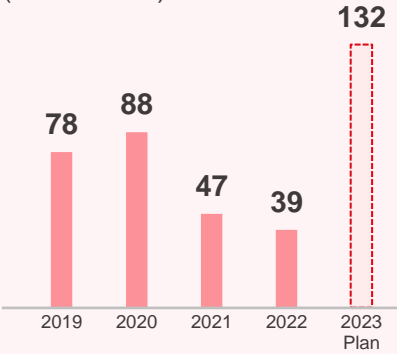
## Strengthen sales

◆ Launch new tire



GEOLANDAR  
A/T xD

◆ Expand size lineup  
(No. of sizes)

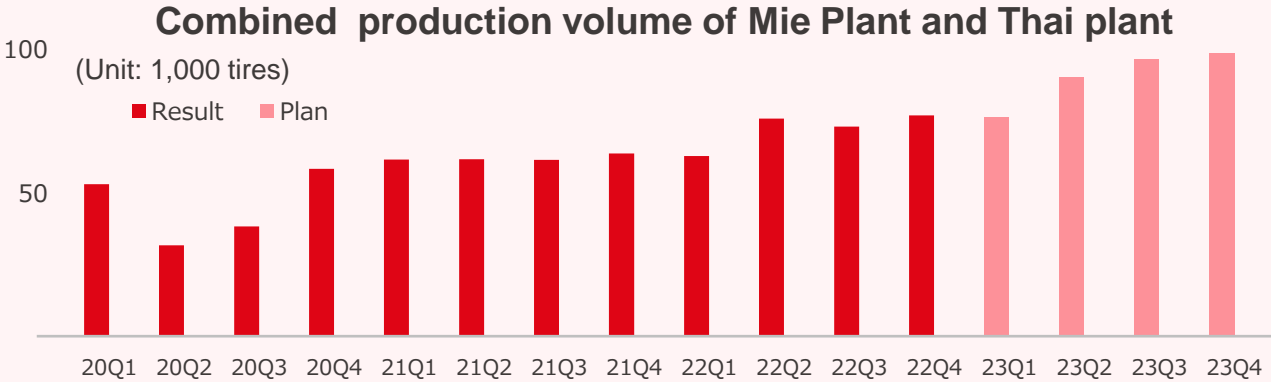


◆ Increase OE sales

Toyota Motor's Tundra & Sequoia



## Expand output of large outer diameter size tires





# Main Consumer Tire Initiatives in 2023: ADVAN



## ADVAN CHALLENGE

Maximize Sales  
of ADVAN Tires



Raise High Value-Added Tire  
Sales Ratio

**ADVAN**  
*FLEVA* V701



**ADVAN**  
*dB* V552



**ADVAN**  
*Sport* V107



**ADVAN**  
*NEOVA* AD09



**ADVAN**  
*APEX* V601



**ADVAN**  
*A052*



**OE market**  
Toyota Motor's  
GR Corolla



**Replacement market**  
Launch ADVAN for EVs  
Production line using 100%  
renewable energy

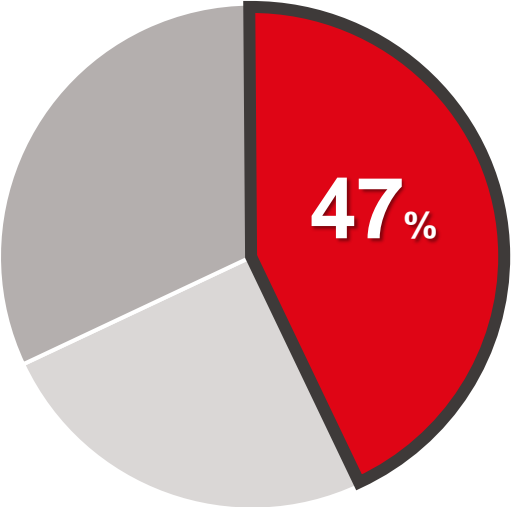


**Motorsports activities**  
Japanese SUPER FORMULA Championship  
Provide ADVAN racing tires using sustainable  
materials

# Consumer Tires: Raise High Value-Added Tire Sales Ratio

## AGW sales ratio

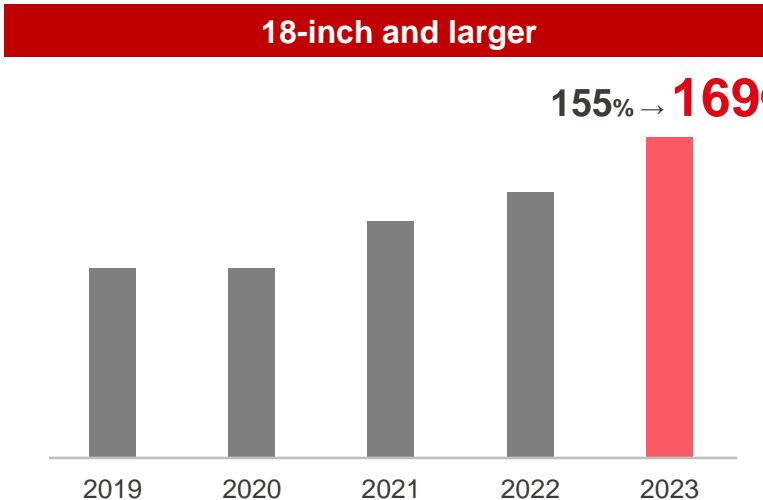
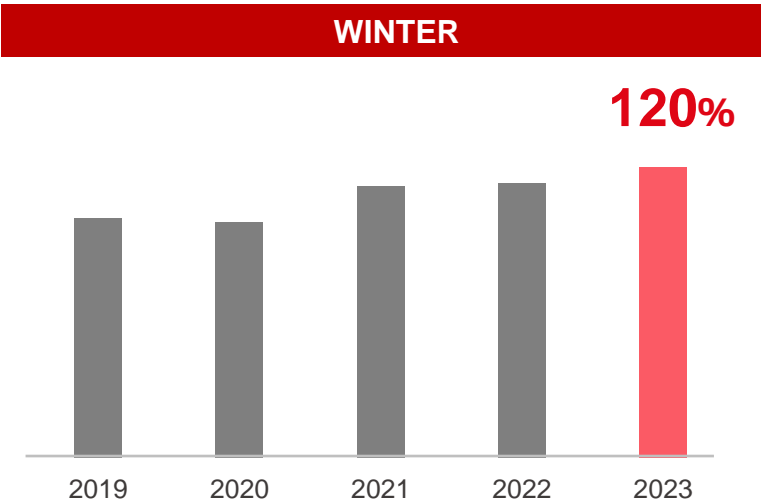
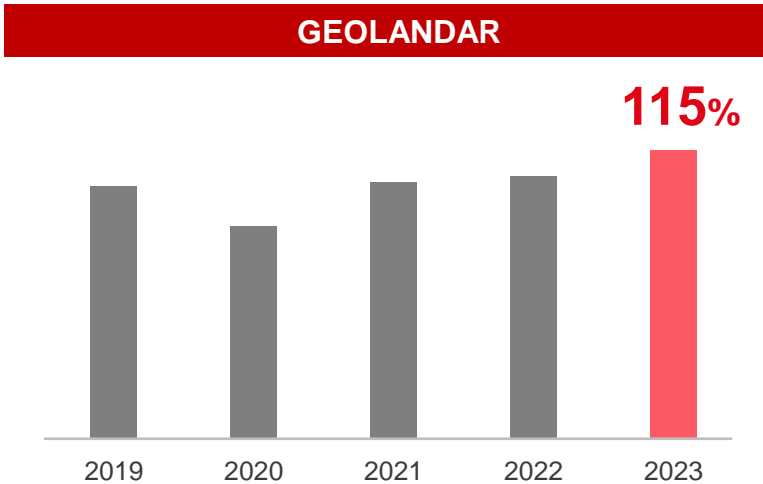
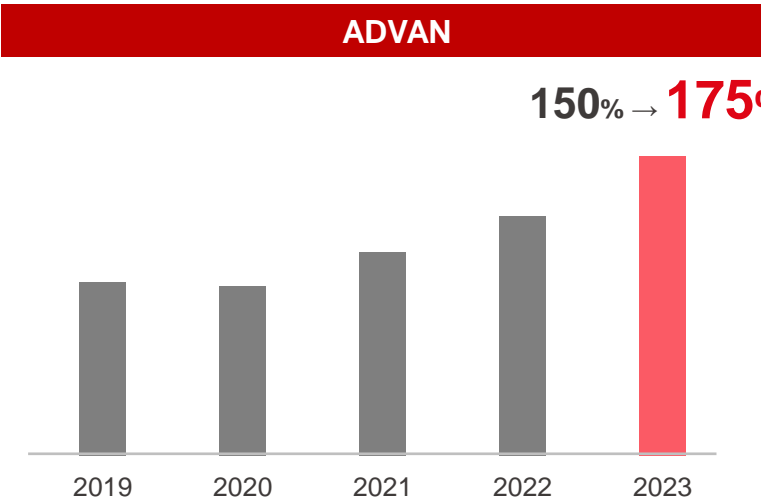
FY2023 plan



Expanding OE/REP size lineup  
(Launching new tires & expanding available sizes)

	2022	2023 Plan
ADVAN	195	109
GEOLANDAR	39	132
WINTER	109	138
AGW total	343	379

## Sales volume vs FY2019



# Main Initiatives in Commercial Tire Business in 2023

Respond to market changes	
Cost	Product lineup
Service	
DX	



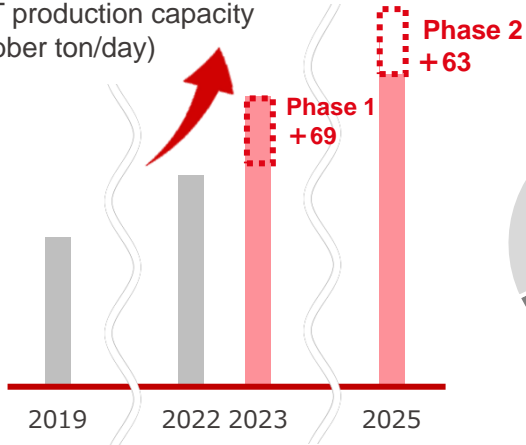
## OHT Business

Overwhelming cost-competitiveness

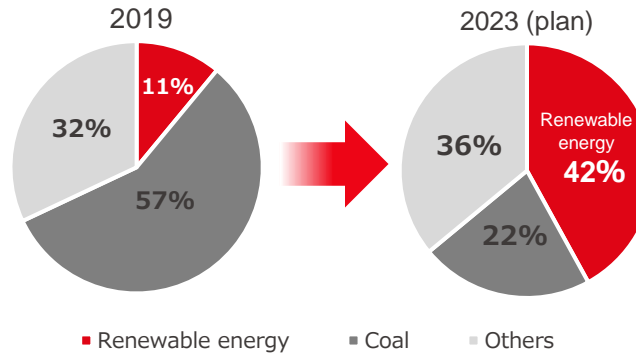
- Expand output of #3 plant in India

- Increase use of renewable energy

OHT production capacity  
(Rubber ton/day)



Power source composition of  
YOHT Dahej and Tirunelveli plants



## Mie Plant capacity increase / Invest to improve MIX

Capex to expand production of small diameter (17.5in) tires for light trucks

Production scheduled to start in March 2024

(Annual increase +40,000 tires)

Capex to expand production of  
truck/bus tires (22.5in)

Production scheduled to start in 2024 2H

(Annual increase +60,000 tires)



Tire inspection results database

## DX and related services

T.M.S (TIRE MANAGEMENT SYSTEM)

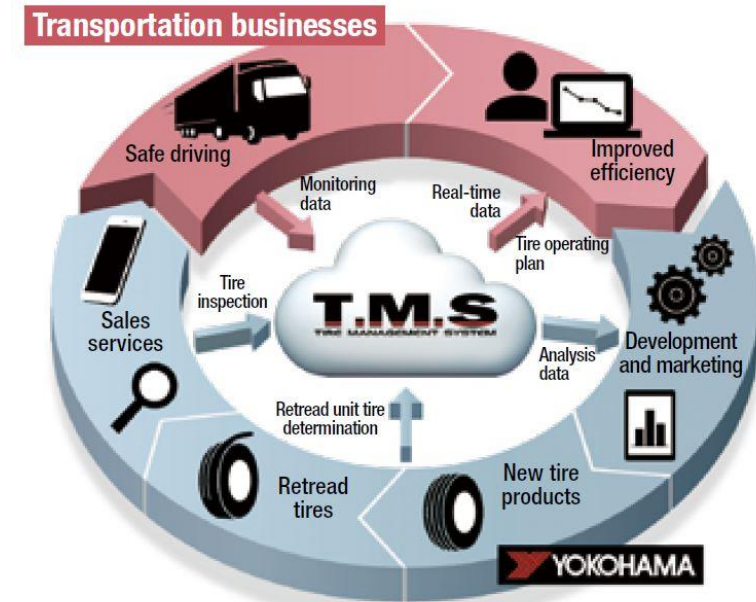
Strengthening support for transportation businesses

**T.M.S**  
TIRE MANAGEMENT SYSTEM

Total support for tire management, from tire inspections to data input, collection, and proposals

Further expansion of inspections in 2023, following 80% YoY increase in 2022

- Establish unit specializing in T.M.S
- Strengthen efforts to develop and commercialize new technologies



## Acquisition of Trelleborg Wheel Systems

### ◆ Outline of the transaction

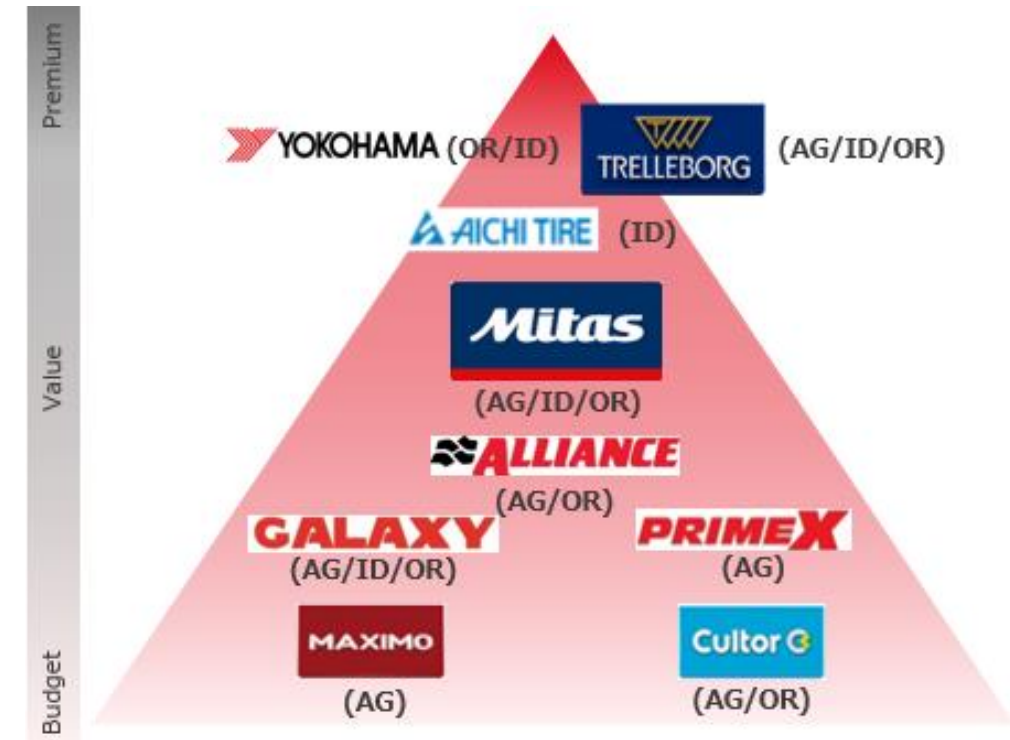
Target company	Trelleborg Wheel Systems Holding AB (100% of equity shares)	
Enterprise Value	2,040 million EUR	*The acquisition agreement includes a performance-linked earn-out clause that could increase the acquisition price by up to €60 million depending on the fiscal 2022 financial results of the acquired business.
EBITDA	230 million EUR	* Our estimation for FY2022
EBITDA multiple	Approx. 9 times	* After adjustment for a performance-linked earn-out
Acquisition agreement	Mar. 25, 2022	
Acquisition finalized	First half of 2023 (plan)	* After obtaining permission from relevant country's antitrust law
Funding	Own capital + borrowings	*JCR rating: <b>A+ Stable</b> (August 22, 2022)

### ◆ Status of competition law compliance reviews (main countries)

US: completed

UK: Began on Feb. 1 / Decision expected in late March

EU: Began on Mid Feb./ Decision expected in late March



After acquisition product brand structure



TLC & CTIS+  
Digital tools for agricultural machinery



TPMS  
Digital tools for construction machinery and harbor equipment



# Main Initiatives in MB Business in 2023

**Strengthened/expanded 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 in Nov 2021

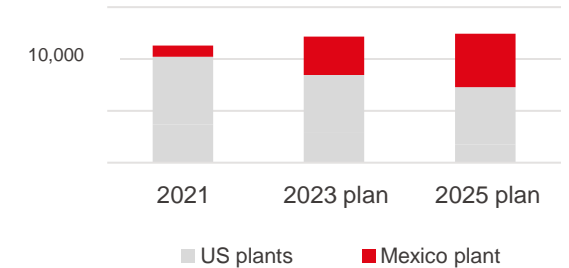
### Aerospace products

Merged with industrial products

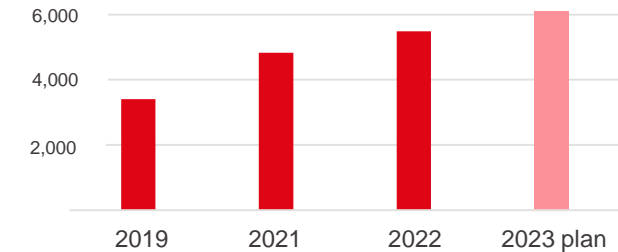
## Hose & couplings

- Continue restructuring US automotive hose & couplings business  
Transfer 17% of production capacity of 2 US plants to Mexico plant
- Boost profit by strengthening Japan sales network and increasing aftermarket sales in overseas markets  
Sales +5% planned increase

Planned production of hose & couplings in North America (Unit: hoses)



Hose/couplings overseas aftermarket sales (Unit: ¥mn)



## Industrial products

- Expand conveyor belt market share in Japan
- Plan to expand the lineups of marine fenders and Conveyor belts (flame-resistant medium-heat resistant belts, high-heat resistant belts)



High-heat resistant belt



Solid fenders

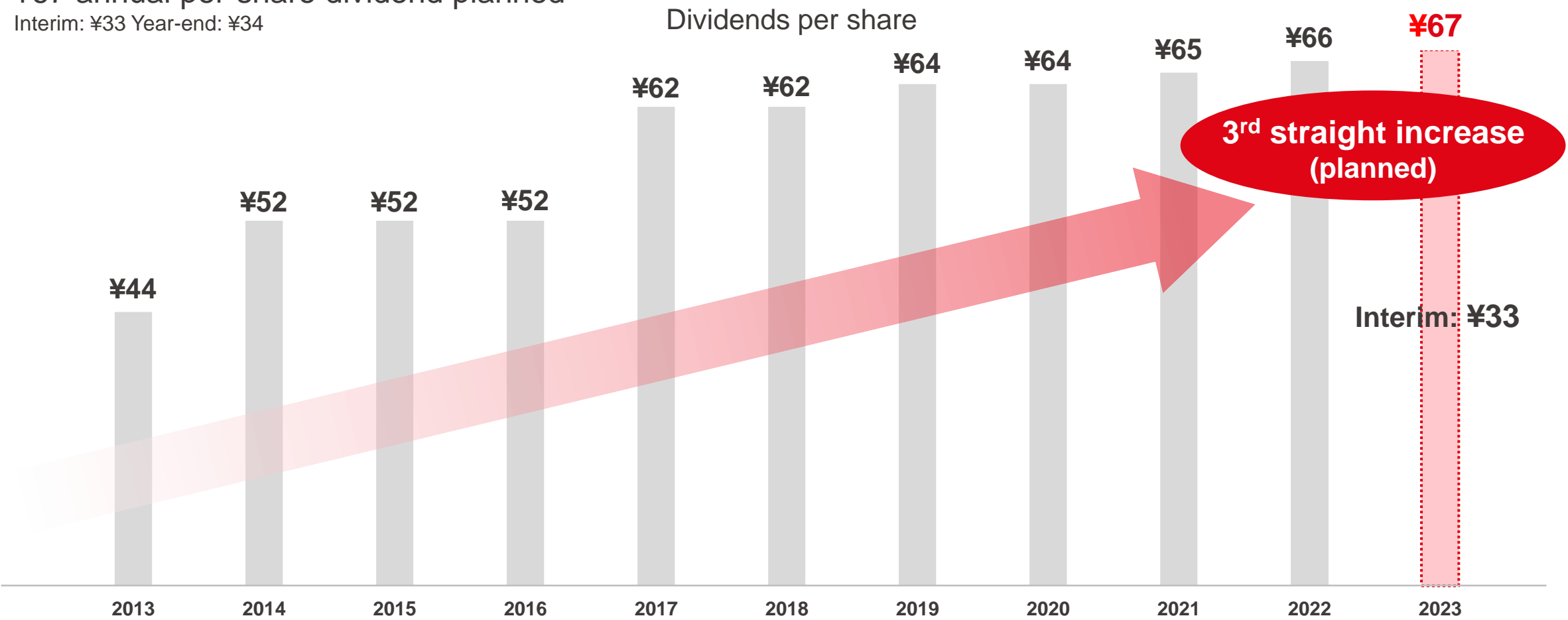
billion yen	2023 Plan	2022 Result	Change	Change (%)	YX2023 Targets for FY2023
Sales revenue	900.0	860.5	+39.5	+4.6%	700.0
Business profit	73.0	70.1	+2.9	+4.2%	70.0
Business profit margin	8.1%	8.1%	-	-	10.0%
Operating profit	73.0	68.9	+4.1	+6.0%	-
Profit	46.0	45.9	+0.1	+0.2%	-
ROIC	5.5%	5.2%	+0.3%	-	7% (2023 goal)
ROE	7.7%	8.1%	-0.4%	-	10% (2023 goal)
D/E ratio (Net D/E ratio)	0.33 (0.21)	0.39 (0.27)	-0.06 (-0.06)	-	0.4 (2023 goal)
Operating CF	102.5 (3-year total 210.0)	39.2	-	-	250.0 (3-year total)
Capital investment	66.0	54.9	+11.1	-	≤ depreciation (excl. strategic investments)



## Dividends

¥67 annual per-share dividend planned  
Interim: ¥33 Year-end: ¥34

Dividends per share



\*A 1-for-2 share merger was carried out on July 1, 2015. DPS figures prior to the share merger have been retroactively adjusted to reflect the merger.

# Medium-Term Management Plan (MTMP)

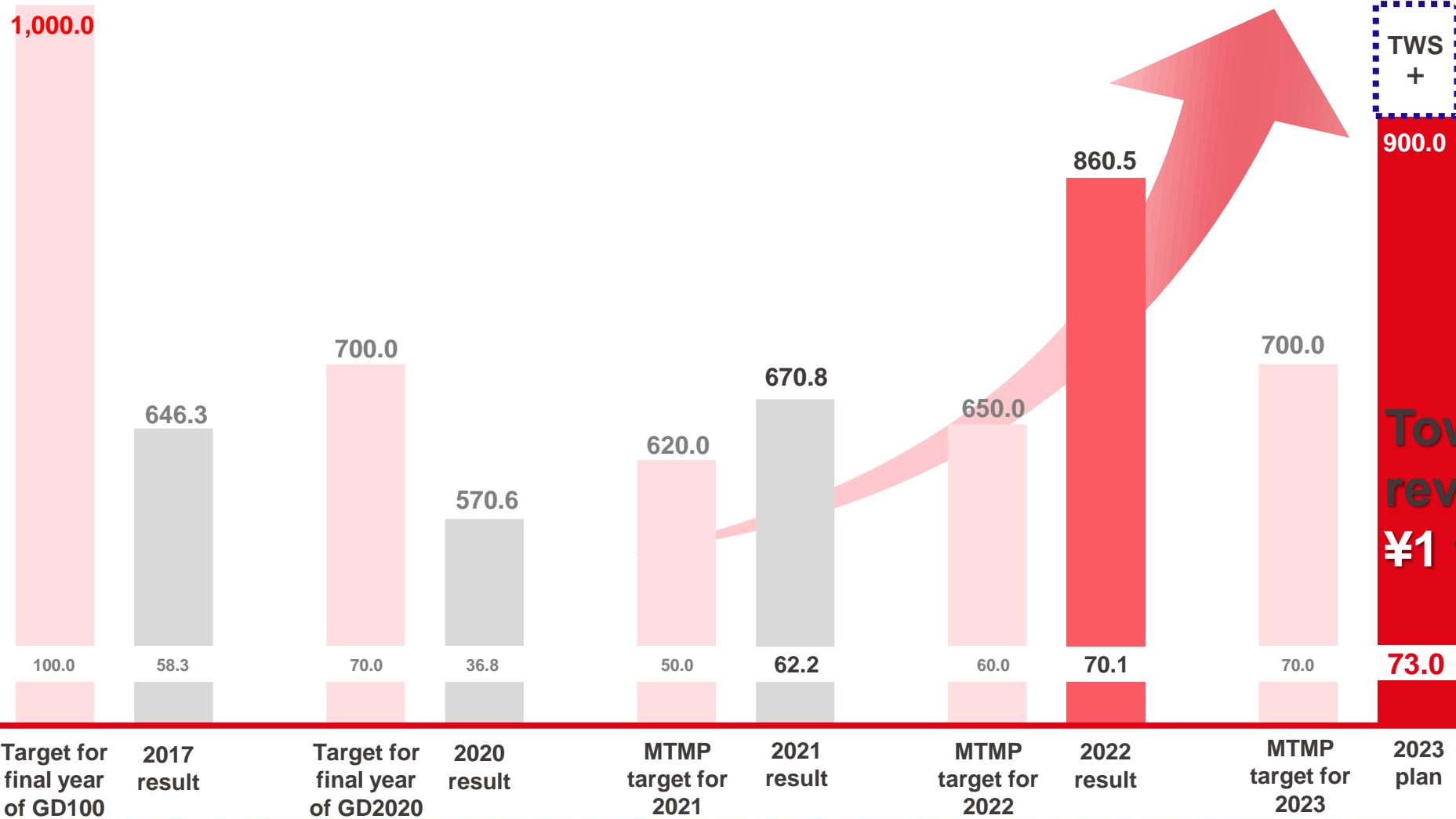
## Culmination of Efforts Over Past 100 Years

GD100 > GD2020 > YX2023

(billion)

Sales revenue

Business profit



TWS +

Toward sales revenue of ¥1 trillion

# **Progress of ESG Activities**

## **Looking back at 2022 and initiatives planned for 2023**

## Environment

### • Carbon neutrality

Began to turn Shinshiro-Minami Plant into a carbon-neutral model plant

### • Circular economy

Participated in 100<sup>th</sup> Pikes Peak International Hill Climb, providing tires made of biomass-derived butadiene rubber



### • Coexistence with nature (Nature positive)

YOKOHAMA Forever Forest activities: Cumulative total of trees planted and saplings provided as of end-2022 1.2million  
(Goal is to reach cumulative total of 1.3 million trees by 2030)

## Social

### • Respect for human rights

Established human rights policy  
Expanded grievance redress mechanisms



Became member of Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which operates a platform for grievance redress

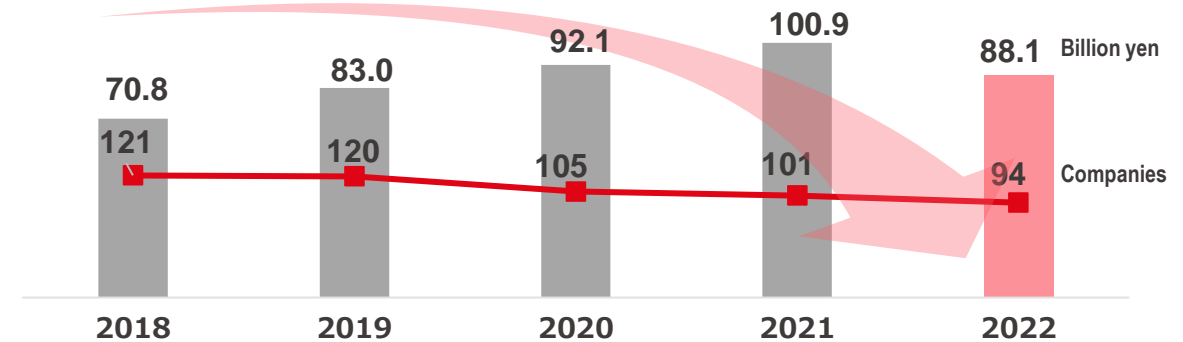
### • Human capital

Developing & hiring staff with value-added qualities  
Introduced job-based system for managers

## Governance

### • Reduced cross-shareholdings

Sold portion of our holdings in Zeon Corp. in December 2022  
<Cross-shareholdings (total value on non-consolidated B/S and number of companies)>  
(excluding deemed shares)



### • Board of Directors diversity

Female outside director elected at Ordinary General Meeting of Shareholders in March 2022

### 3<sup>rd</sup> party evaluations of our sustainability initiatives

■ CDP's 2022 Climate Change ■ Nikkei SDGs Management Survey 2022



A list



★★★★ (4 stars)

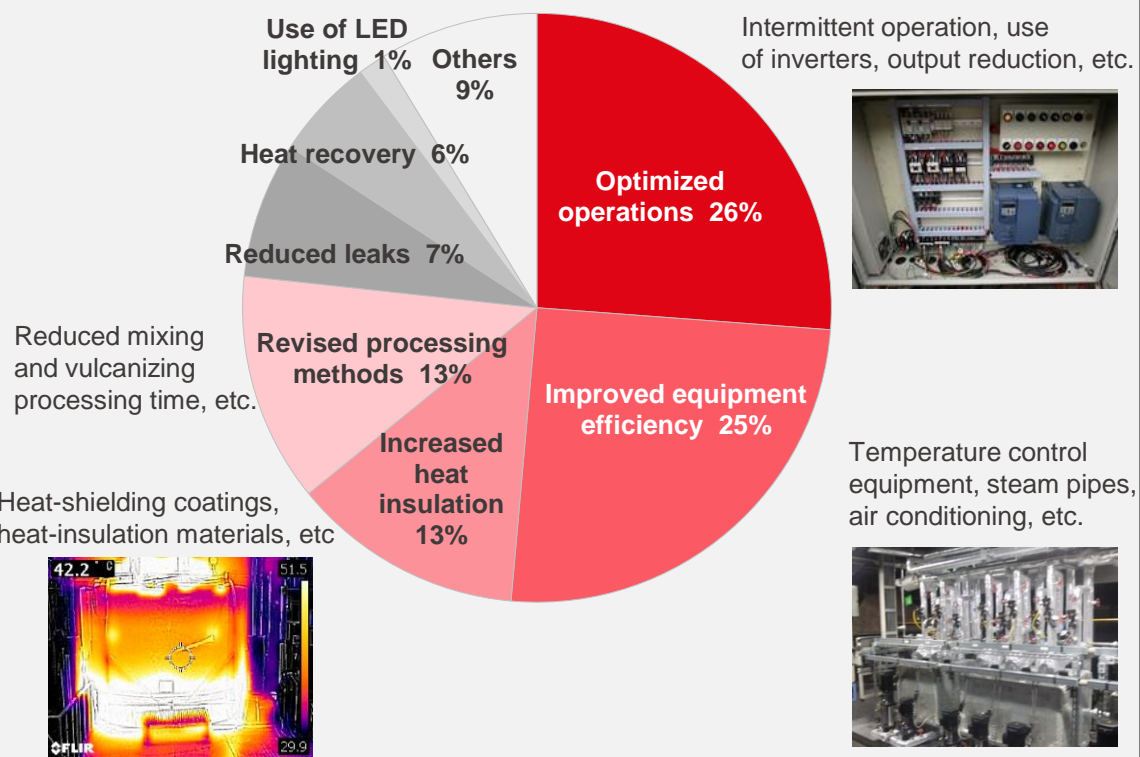
Environment

• Carbon neutrality

<Reduce energy consumption>

Reduce overall energy consumption by 1% each year

Contributors to reduced energy consumption in 2022



<Generate and procure renewable energy>

Introduce renewable energy to production sites  
(at 4 plants in Japan & overseas)

<Shinshiro-Minami Plant becoming carbon-neutral model plant>



- (1) Expand solar power generation facilities
  - (2) Began to shift to LNG as boiler fuel
  - (3) Shift procured electricity to renewable energy sources
    - ➔Launch production of carbon-neutral tires\*
- \*Tires produced using electric power generated 100% from renewable energy sources



Environment

Circular economy

Increase tires’ sustainable materials content ratio without impairing tire performance

Provide ADVAN racing tires with 33% sustainable materials content to the Japanese SUPER FORMULA Championship racing series



Machines at SUPER FORMULA 2023 race



Provided ADVAN racing tires

Example of sustainable materials

- <Biomass materials>
- Natural rubber
  - Oil from oil palm fruit nuts
  - Oil from orange peels
  - Synthetic rubber made using mass-balance method
- <Recycled materials>
- Recycled iron
  - Rubber recycled from scrap tires



Natural rubber



Oil produced from oil palm fruit nuts



Rubber recycled from scrap tires

Coexistence with nature (Nature positive)

Set biodiversity conservation KPIs and goals:

Set new short- and medium-term goals for natural rubber procurement

1. Sustainable natural rubber procurement (new)

Activity	Goal	Year
Survey of natural rubber plantations (number)	500	2023
Natural rubber supplier survey rate (Tier 1)	100%	2023
Introduce and operate grievance mechanisms	Completed	2023

2. Agroforestry\* (new)

Activity	Goal	Year
Provide agroforestry saplings to natural rubber plantations (number of saplings)	130,000	2030
Introduce farmers to agroforestry (number)	170	2030

\* Agroforestry:  
Created from “agriculture” and “forestry,” agroforestry refers to the grazing of livestock and cultivation of crops on the land between planted trees

3. YOKOHAMA Forever Forest activities (continuing)

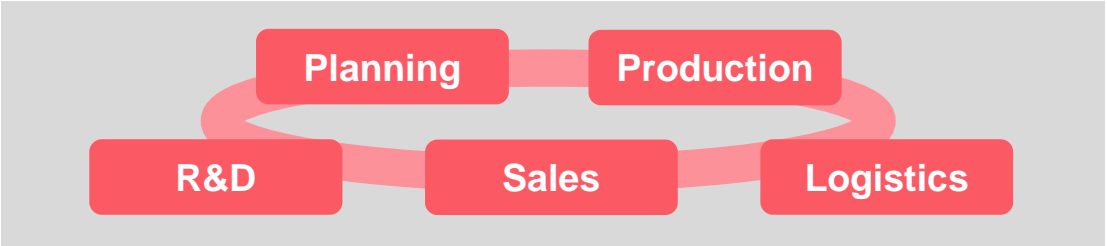
Activity	Goal	Year
Plant trees and provide saplings (number)	1.3mn trees	2030



## Social

### •Work-style reforms

- Head office–Hiratsuka Factory merger (completion by end-March 2023):
- Facilitate faster decision-making
  - Achieve more holistic perspectives by eliminating physical distance and vertical separation of functions



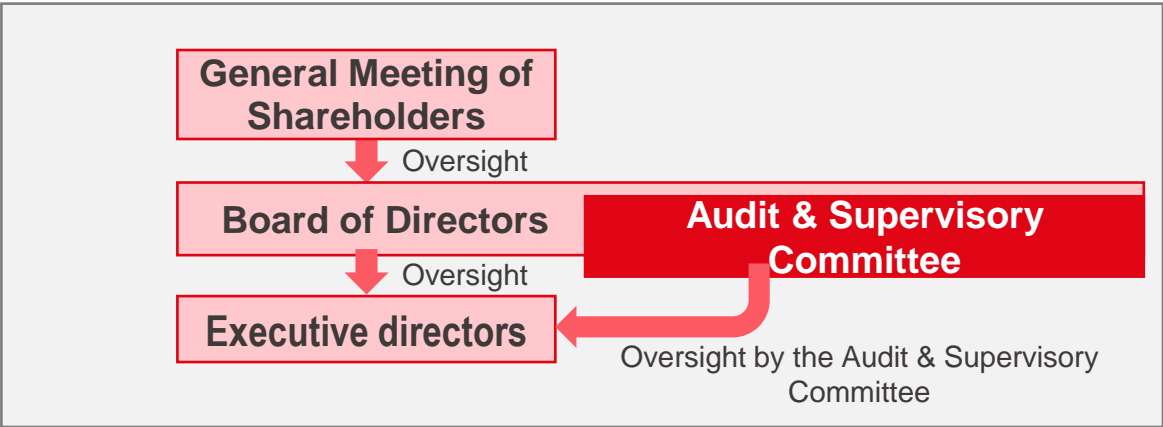
- Reforms enabling work without time and place restrictions
- Home-office system
  - Tokyo office and satellite offices set up in Shinagawa Intercity complex
  - Expand use of work-at-home and flextime

## Governance

### •Transition to a company with an Audit & Supervisory Committee

Transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee, subject to approval at the March 2023 Ordinary General Meeting of Shareholders

- <Purpose>
- Strengthen supervisory functions of the Board of Directors
  - Speed up management decision-making



- ### •Further reduce cross-shareholdings
- Continued policy of reducing cross-shareholdings

