

Commercial Tires Business Strategy

TBR (Truck and Bus Tires) Business



Making YOKOHAMA TBR an Indispensable Product Line
We Provide High-Quality Products and Services that Reflect Customer Needs.

TBR is a product line expected to enjoy stable growth. We will focus on improving supply capabilities to meet growth in demand while promoting the provision of solutions that utilize unique digital technologies.

Mitsuyuki Yumoto Associate Officer, Head of TBR Tire Div.

Key Measures

1	Providing solutions through unique digital technologies	<ul style="list-style-type: none"> • Solving customer issues through the expanded provision of the Tire Management System (TMS) that was revamped in 2020 • Providing support for tire inspections using unique digital technologies to address the issues of safety, cost and labor shortages facing the transportation industry
2	Actively releasing new products to the market	<ul style="list-style-type: none"> • Continue to launch low fuel consumption tires with the best levels of low rolling resistance in the industry in domestic and overseas markets • Continue to double the number of new products launched for each categories in three regions: Japan, North America and Europe
3	Developing supply capabilities to meet vigorous demand	<ul style="list-style-type: none"> • We will continue to expand supply volume from overseas plants to serve the North American and European markets, which are experiencing pronounced growth in demand. • At plants in Japan, we will also invest in increased production for categories experiencing growth in demand.

Results in Fiscal 2021 and Future Measures (Challenges)

Results

- Sales in Japan and overseas grew at an annual rate of over 8%, turning the business into one that can be profitable alongside growth.
- Through TMS, the number of vehicles undergoing tire inspections increased by over 300% year on year, showing success in resolving customer issues.
- For the domestic market, the new flagship Comprehensive Performance-centric Studless Tire 904W was released.

Future Measures (Challenges)

- We will maximize supply volume at existing plants in Japan and overseas using existing facilities, and also make investments in increased production based on rising demand.
- We will further incorporate the latest technologies such as AI and continue to make improvements to the tools for tire inspections through TMS.
- We will continue to release large-scaled products featuring studless design, fuel efficiency and high load resistance.

Major Commercial Tire Products



BluEarth 711L

BluEarth 711L fuel efficiency and performance-oriented all-season tire for trucks



Tire inspections through TMS



Tires for construction and industrial vehicles and agricultural and forestry machinery

Off-Highway Tire Division



Leading Company's Growth as Key Revenue and Profit Driver

We have consistently grown by around 10% annually in Off-Highway Tire (OHT) after ATG acquisition in 2016. We are aiming to lead company's future growth continuously through our entrepreneurial culture, superior products and cost competitiveness.

Nitin Mantri Member of the Board, Managing Officer, Head of OHT Div.

Key Measures

1	Continue high growth	<ul style="list-style-type: none"> • Adding OHT production capacity (Early launch of new Visakhapatnam plant in India) • Strengthen customer relationships
2	Continuous quality improvement	<ul style="list-style-type: none"> • Design quality (Review product planning and design process) • Production quality (Upgrade production machinery and implement various improvement initiatives) • Perceived quality (Improve product appearance etc.)
3	Business synergy realization	<ul style="list-style-type: none"> • Multi-brand / multi channel strategy • Move to the top of the value brands

Results in Fiscal 2021 and Future Measures (Challenges)

Results

- Despite COVID-19 second wave in India where we have major production facilities, raw material cost increase and logistics disruption, we set new records for both sales and profit
- Integrated Yokohama's OHT business, ATG and Aichi tire under the name of Yokohama Off-Highway Tires

Future Measures (Challenges)

- Speedy production capacity increase to respond strong OHT demand
- Developing unique products to respond various customer needs and bringing into the market
- Response to raw material cost increase and logistics disruption
- Reaping synergies from OHT business integration

TOPIC

Acquisition of the Wheel Systems Business Producing and Selling Tires and Other Products for Agricultural Machinery and Industrial Vehicles from Trelleborg

In March 2022, we signed a share purchase agreement with Swedish company Trelleborg AB to acquire all of the shares it held in the Swedish company Trelleborg Wheel Systems Holding AB (TWS).

TWS operates a business manufacturing and selling tires and other products for agricultural machinery and industrial vehicles. At the time of the acquisition, TWS is estimated to have had a corporate value of 2.04 billion euros (approx. 265.2 billion yen at an exchange rate of 1 euro: 130 yen, using the performance-based earn-out method), with an EBITDA multiple of approximately 9x. The acquisition is expected to be completed in the second half of 2022.

