

FY 2018 First-Half Financial Results

Briefing Material

August 10, 2018

The Yokohama Rubber Co., Ltd.

Voluntary Adoption of IFRS

- Yokohama Rubber Group voluntarily adopted the International Financial Reporting Standards (IFRS) when the Group issued Yukashoken hokokusho (“Yuho,” securities report) for 2017.
- The Group has restated its fiscal results for 2017 on an IFRS basis to facilitate meaningful year-on-year comparisons.

■ Scope of consolidation

**Consolidated subsidiaries 135 companies
(2 less than at the end of previous fiscal year)**

(Breakdown of change)

Japan: -2 companies (Tire)

■ Breakdown of transfers

(Tire -2 companies)

(Japan/Tire sales company)

(Japan/Tire indirectly owned sales subsidiary)

Profit and Loss (First Half)

Exchange Rates	US\$ 109 yen	112 yen (previous year)	-4 yen
	EUR 132 yen	122 yen (previous year)	+10 yen
	RUB 1.8 yen	1.9 yen (previous year)	-0.1 yen
TSR20*	143 cents	181 cents (previous year)	-38 cents
WTI	65 dollars	50 dollars (previous year)	+16 dollars

*SICOM TSR20 1M

(billion yen)

IFRS				
	2018 Jan.-Jun.	2017 Jan.-Jun.	Change	Change (%)
Sales revenue	309.7	304.2	+5.4	+1.8%
Business profit* ¹ (Business profit margin)	23.8 (7.7%)	21.7 (7.1%)	+2.1 (+0.6%)	+9.5%
Operating profit (Operating profit margin)	26.4 (8.5%)	19.9 (6.6%)	+6.4 (+1.9%)	+32.3%
Profit * ²	17.8	15.0	+2.9	+19.2%

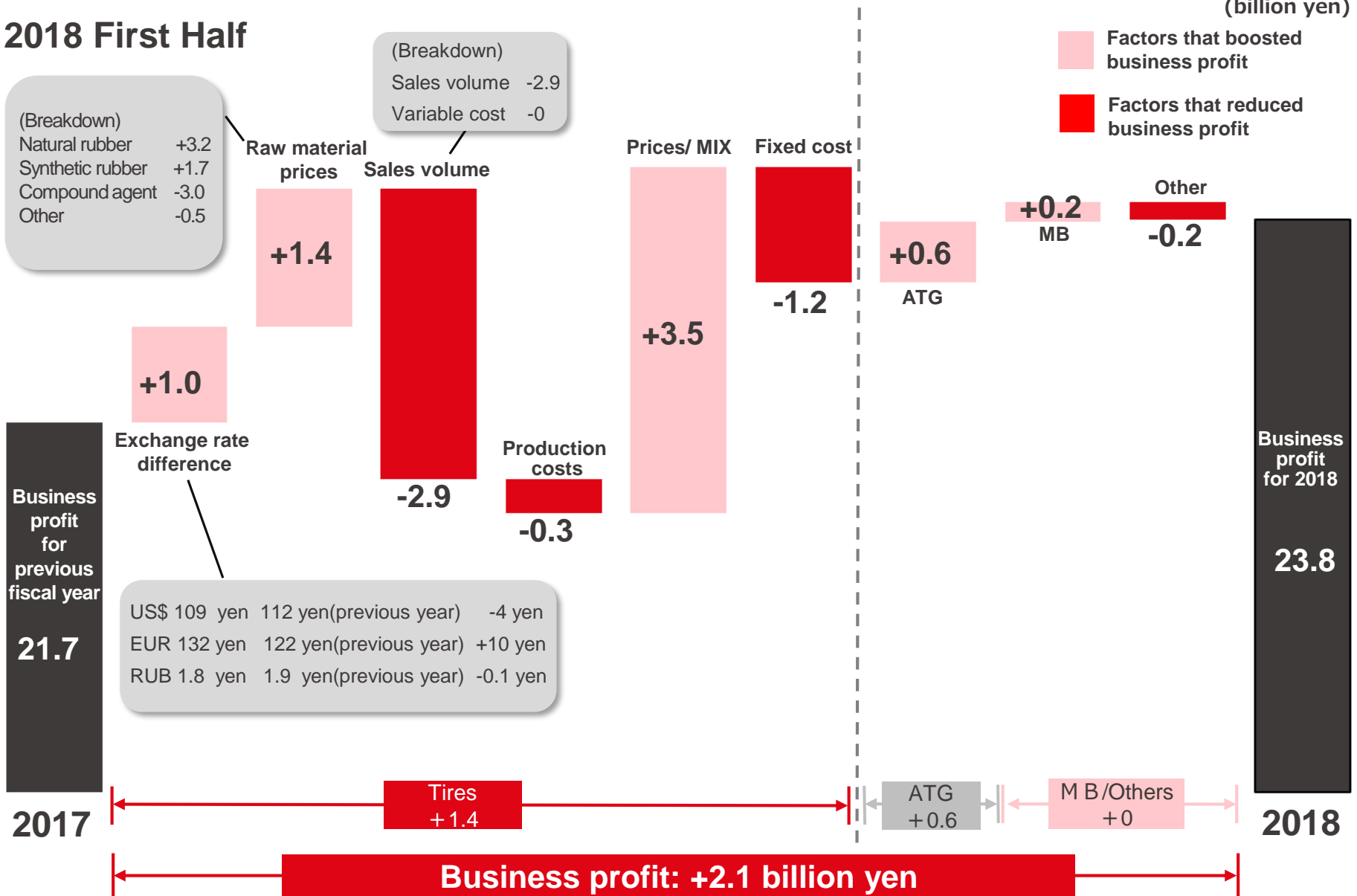
JGAAP (for reference)	
	2017 Jan.-Jun.
Net sales	310.8
Operating income (Operating income margin)	18.4 (5.9%)
Ordinary income (Ordinary income margin)	19.0 (6.1%)
Profit attributable to owners of parent	11.4

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

*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

2018 First Half



Business Segment (First Half)

(billion yen)

IFRS

		2018 Jan.-Jun.	2017 Jan.-Jun.	Change	Change (%)
Sales revenue	Tires	213.6	214.9	-1.3	-0.6%
	MB	57.3	55.0	+2.3	+4.2%
	ATG	34.8	30.3	+4.4	+14.6%
	Other	4.0	4.0	-0	-0.6%
	Total	309.7	304.2	+5.4	+1.8%
Business profit	Tires	15.7	14.3	+1.4	+9.9%
	MB	3.5	3.3	+0.2	+5.8%
	ATG	4.3	3.7	+0.6	+16.9%
	Other	0.4	0.6	-0.2	-38.6%
	Intersegment eliminations	-0	-0.1	+0	-
	Total	23.8	21.7	+2.1	+9.5%

JGAAP (for reference)

		2017 Jan.-Jun.
Net sales	Tires	221.5
	MB	55.0
	ATG	30.3
	Other	4.0
	Total	310.8
Operating income	Tires	13.1
	MB	3.2
	ATG	1.5
	Other	0.6
	Intersegment eliminations	-0.1
	Total	18.4

Profit and Loss (Quarterly)

Exchange Rates	US\$ 108 yen	-5 yen	US\$ 109 yen	-2 yen	US\$ 109 yen	-4 yen
	EUR 133 yen	+12 yen	EUR 130 yen	+8 yen	EUR 132 yen	+10 yen
	RUB 1.9 yen	-0.0 yen	RUB 1.8 yen	-0.2 yen	RUB 1.8 yen	-0.1 yen
TSR20*	147 cents	-62 cents	140 cents	-13 cents	143 cents	-38 cents
WTI	63 dollars	+11 dollars	68 dollars	+20 dollars	65 dollars	+16 dollars

(billion yen)

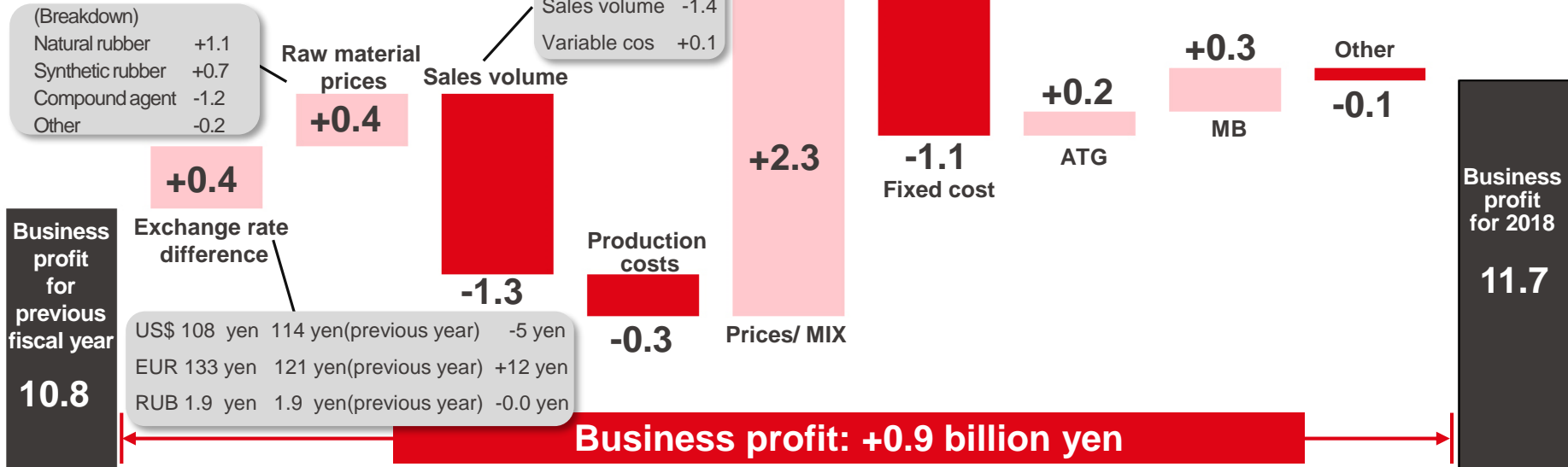
	2018 Jan.–Mar.	Change	2018 Apr.–Jun.	Change	2018 Jan.-Jun.	Change
Sales revenue	149.2	+3.4	160.5	+2.1	309.7	+5.4
Business profit*¹ (Business profit margin)	11.7 (7.8%)	+0.9 (+0.4%)	12.1 (7.5%)	+1.2 (+0.6%)	23.8 (7.7%)	+2.1 (+0.6%)
Operating profit (Operating profit margin)	14.1 (9.4%)	+3.0 (+1.8%)	12.3 (7.7%)	+3.4 (+2.1%)	26.4 (8.5%)	+6.4 (+1.9%)
Profit*²	9.3	+1.4	8.5	+1.4	17.8	+2.9

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

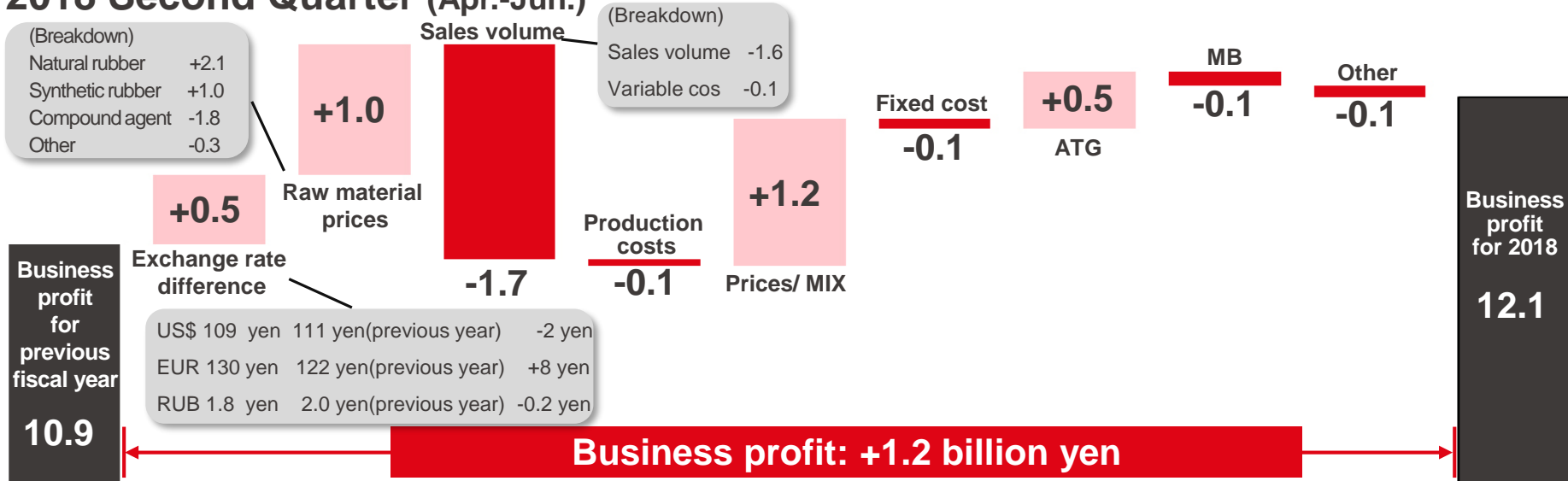
*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

2018 First Quarter (Jun.-Mar.)



2018 Second Quarter (Apr.-Jun.)



Financial Position

(billion yen)

IFRS			
	Jun. 30, 2018	Dec. 31, 2017	Change
Current assets	341.1	362.4	-21.3
Non-current assets	538.4	558.4	-19.9
Total assets	879.6	920.8	-41.2
Liabilities	498.3	533.0	-34.7
Equity	381.3	387.8	-6.5
Total liabilities and equity	879.6	920.8	-41.2
Interest-bearing debt	292.0	315.6	-23.5
Ratio of equity attributable to owners of parent	42.5%	41.2%	+1.2%
D/E ratio	0.78	0.83	-0.05

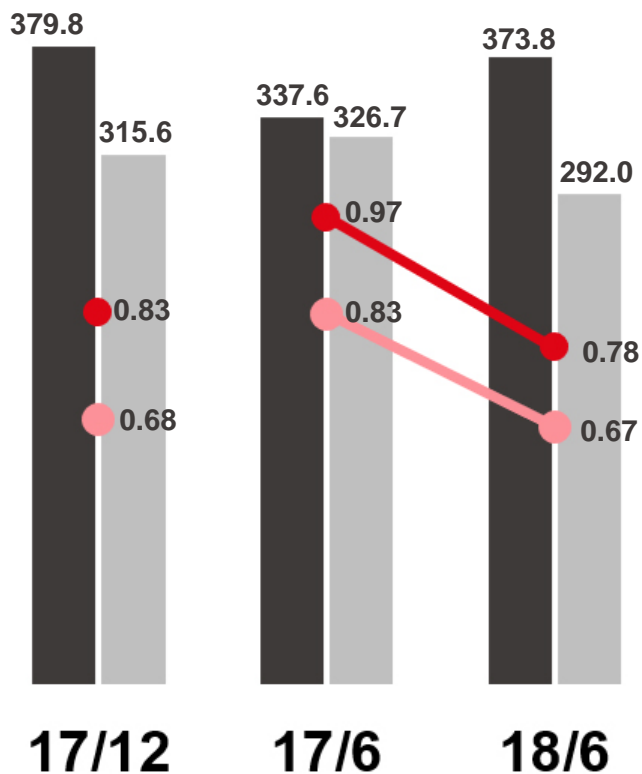
Changes in Interest-bearing Debt, Total equity (Net Assets), D/E Ratio, and Net D/E Ratio

■ Total equity / Net assets (billion yen)

■ Interest-bearing debt (billion yen)

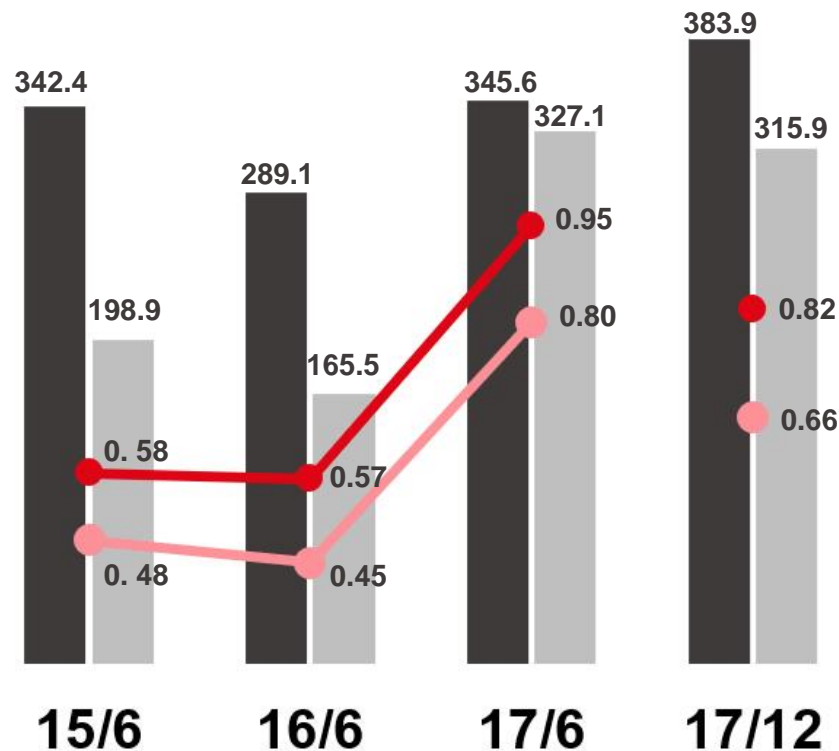
● D/E ratio

● Net D/E ratio



IFRS

* Total equity do not include non-controlling interests.



JGAAP

*Net assets do not include non-controlling interests.

State of Cash Flows

(billion yen)

	2018 Jan.-Jun.	2017 Jan.-Jun.	Change
CF from operating activities	29.6	19.9	+9.7
CF from investing activities	-17.3	-18.6	+1.3
Free CF	12.3	1.3	+11.0
CF from financing activities	-26.6	-9.4	-17.2
Closing balance of cash and cash equivalents	42.4	46.5	-4.1

Earnings Forecast for FY 2018

FY2018 Profit and Loss Projections

(No changes from the latest forecast)

Forecasts from July. 1 to Dec. 31, 2018

Exchange Rates	US\$ 110 yen	
	EUR 130 yen	
	RUB 1.8 yen	
TSR20*	137 cents	*SICOM TSR20 1M
WTI	67 dollars	

				(billion yen)		
	2018 Full year (forecast)	2017 Full year (actual)	Change	2018 First half (actual)	2017 First half (actual)	Change
Sales revenue	670.0	646.3	+23.7	309.7	304.2	+5.4
Business profit* ¹ (Business profit margin)	63.0 (9.4%)	58.3 (9.0%)	+4.7 (+0.4%)	23.8 (7.7%)	21.7 (7.1%)	+2.1 (+0.6%)
Operating profit (Operating profit margin)	60.0 (9.0%)	54.2 (8.4%)	+5.8 (+0.6%)	26.4 (8.5%)	19.9 (6.6%)	+6.4 (+1.9%)
Profit * ²	40.0	40.0	+0	17.8	15.0	+2.9

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

*² 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.

