

FY 2018 Third-Quarter

Financial Results Briefing Material

November 9, 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 127 companies
(10 less than at the end of previous fiscal year)**

(Breakdown of change)

Japan: -10 companies (Tire)

■ Breakdown of transfers

(Tire -10 companies)

(Japan/Tire sales company)

(Japan/Tire indirectly owned sales subsidiary)

Profit and Loss (Third-Quarter)

Exchange Rates	US\$ 110 yen	112 yen (previous year)	-2 yen
	EUR 131 yen	125 yen (previous year)	+6 yen
	RUB 1.8 yen	1.9 yen (previous year)	-0.1 yen
TSR20*	140 cents	172 cents (previous year)	-32 cents
WTI	67 dollars	49 dollars (previous year)	+17 dollars

*SICOM TSR20 1M

(billion yen)

IFRS				
	2018 Jan.-Sep.	2017 Jan.-Sep.	Change	Change (%)
Sales revenue	460.8	455.5	+5.3	+1.2%
Business profit* ¹ (Business profit margin)	35.6 (7.7%)	31.4 (6.9%)	+4.2 (+0.8%)	+13.4%
Operating profit (Operating profit margin)	27.0 (5.8%)	29.4 (6.4%)	-2.4 (-0.6%)	-8.3%
Profit * ²	16.3	21.8	-5.6	-25.5%

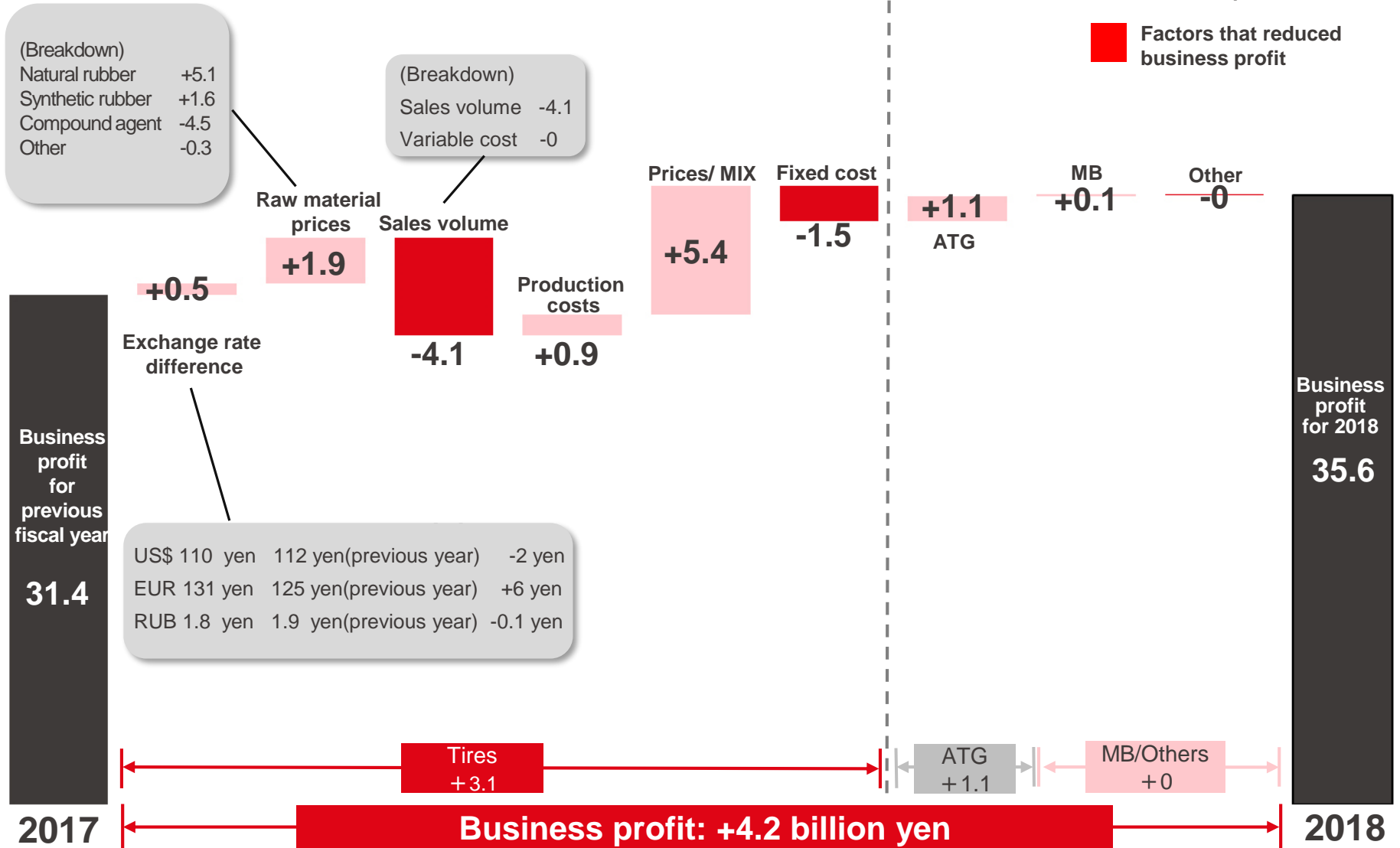
JGAAP (for reference)	
	2017 Jan.-Sep.
Net sales	466.8
Operating income (Operating income margin)	26.4 (5.7%)
Ordinary income (Ordinary income margin)	27.5 (5.9%)
Profit attributable to owners of parent	16.7

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

*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

2018 Third-Quarter



Business Segment (ThirdQuarter)

(billion yen)

IFRS

		2018 Jan.-Sep.	2017 Jan.-Sep.	Change	Change (%)
Sales revenue	Tires	317.1	321.9	-4.8	-1.5%
	MB	84.6	80.5	+4.1	+5.1%
	ATG	52.4	46.5	+5.9	+12.6%
	Other	6.8	6.6	+0.2	+2.8%
	Total	460.8	455.5	+5.3	+1.2%
Business profit	Tires	23.8	20.6	+3.1	+15.1%
	MB	4.6	4.5	+0.1	+1.8%
	ATG	6.3	5.3	+1.1	+19.9%
	Other	0.9	1.0	-0.2	-14.7%
	Intersegment eliminations	0	-0.1	+0.1	-
	Total	35.6	31.4	+4.2	+13.4%

JGAAP (for reference)

		2017 Jan.-Sep.
Net sales	Tires	333.1
	MB	80.5
	ATG	46.5
	Other	6.6
	Total	466.8
Operating income	Tires	19.0
	MB	4.4
	ATG	2.0
	Other	1.0
	Intersegment eliminations	-0.1
	Total	26.4

Profit and Loss (Quarterly)

Exchange Rates

US\$ 109 yen	-4 yen
EUR 132 yen	+10 yen
RUB 1.8 yen	-0.1 yen

US\$ 111 yen	+0 yen
EUR 130 yen	-1 yen
RUB 1.7 yen	-0.2 yen

US\$ 110 yen	-2 yen
EUR 131 yen	+6 yen
RUB 1.8 yen	-0.1 yen

TSR20*

143 cents -38 cents

133 cents -21 cents

140 cents -32 cents

WTI

65 dollars +16 dollars

70 dollars +21 dollars

67 dollars +17 dollars

*SICOM TSR20 1M

(billion yen)

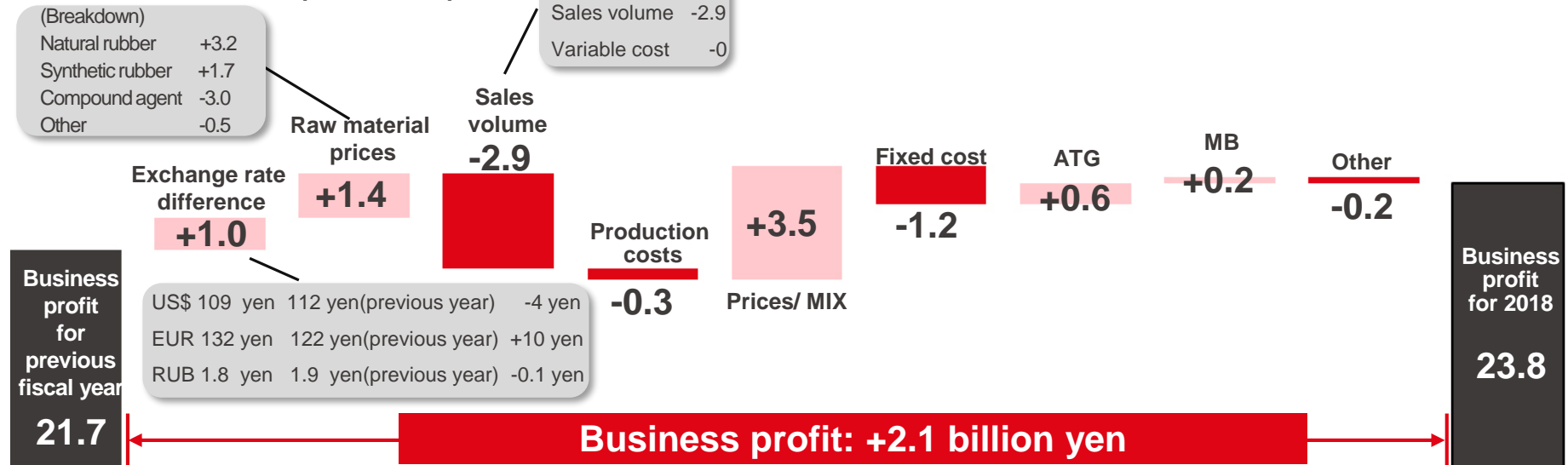
	2018 Jan.–Jun.	Change	2018 Jul.–Sep.	Change	2018 Jan.–Sep.	Change
Sales revenue	309.7	+5.4	151.2	-0.1	460.8	+5.3
Business profit*¹ (Business profit margin)	23.8 (7.7%)	+2.1 (+0.6%)	11.8 (7.8%)	+2.1 (+1.4%)	35.6 (7.7%)	+4.2 (+0.8%)
Operating profit (Operating profit margin)	26.4 (8.5%)	+6.4 (+1.9%)	0.6 (0.4%)	-8.9 (-5.8%)	27.0 (5.8%)	-2.4 (-0.6%)
Profit*²	17.8	+2.9	-1.6	-8.4	16.3	-5.6

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

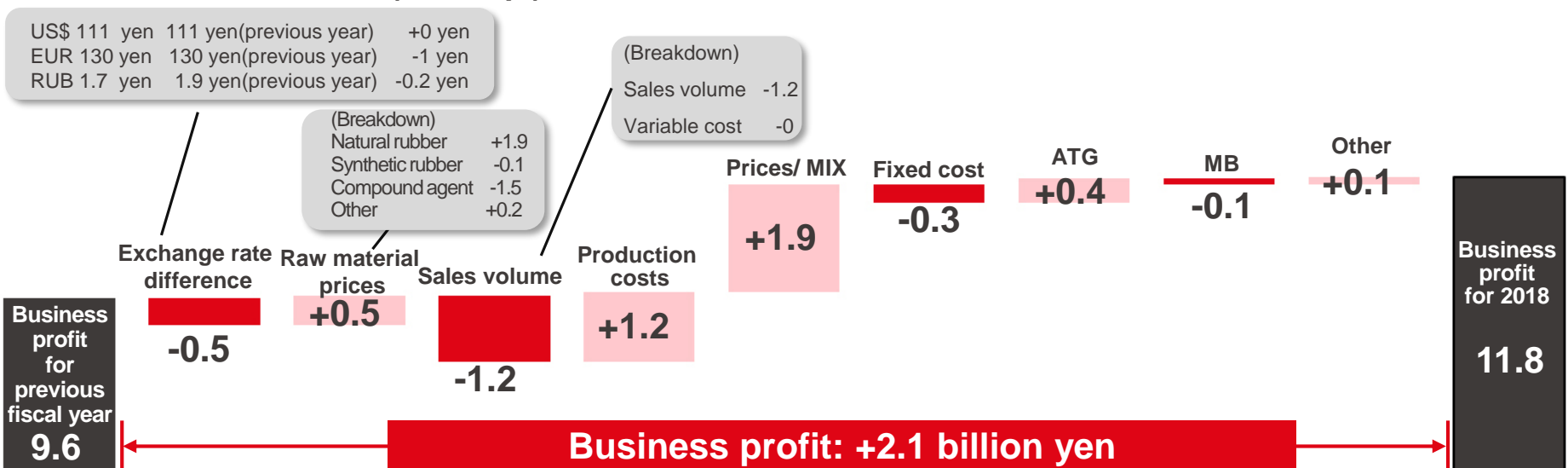
*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

2018 First Half (Jan.-Jun.)



2018 Third-Quarter (Jul.-Sep.)



Financial Position

(billion yen)

IFRS			
	Sep. 30, 2018	Dec. 31, 2017	Change
Current assets	353.6	362.4	-8.8
Non-current assets	537.1	558.4	-21.2
Total assets	890.8	920.8	-30.0
Liabilities	508.9	533.0	-24.2
Equity	381.9	387.8	-5.8
Total liabilities and equity	890.8	920.8	-30.0
Interest-bearing debt	297.6	315.6	-17.9
Ratio of equity attributable to owners of parent	42.0%	41.2%	+0.8%
D/E ratio	0.80	0.83	-0.04

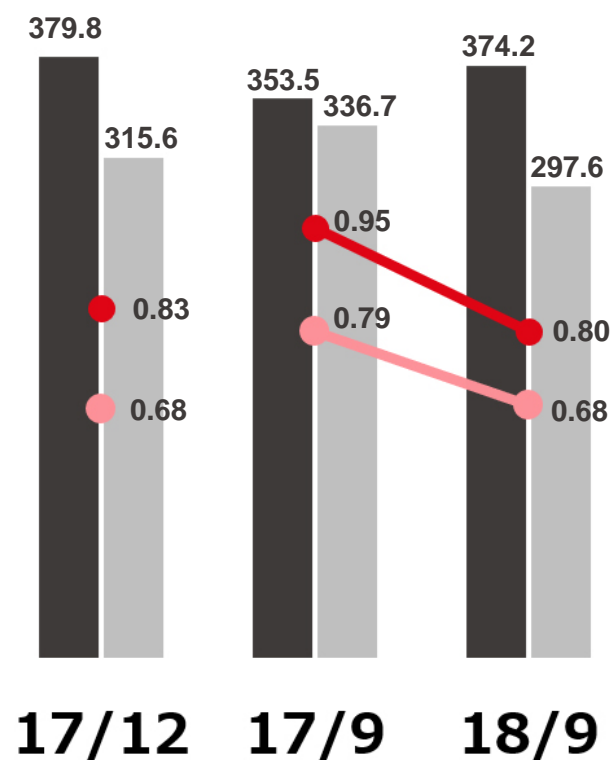
Changes in Interest-bearing Debt, Total equity (Net Assets), D/E Ratio, and Net D/E Ratio

■ Total equity / Net assets (billion yen)

■ Interest-bearing debt (billion yen)

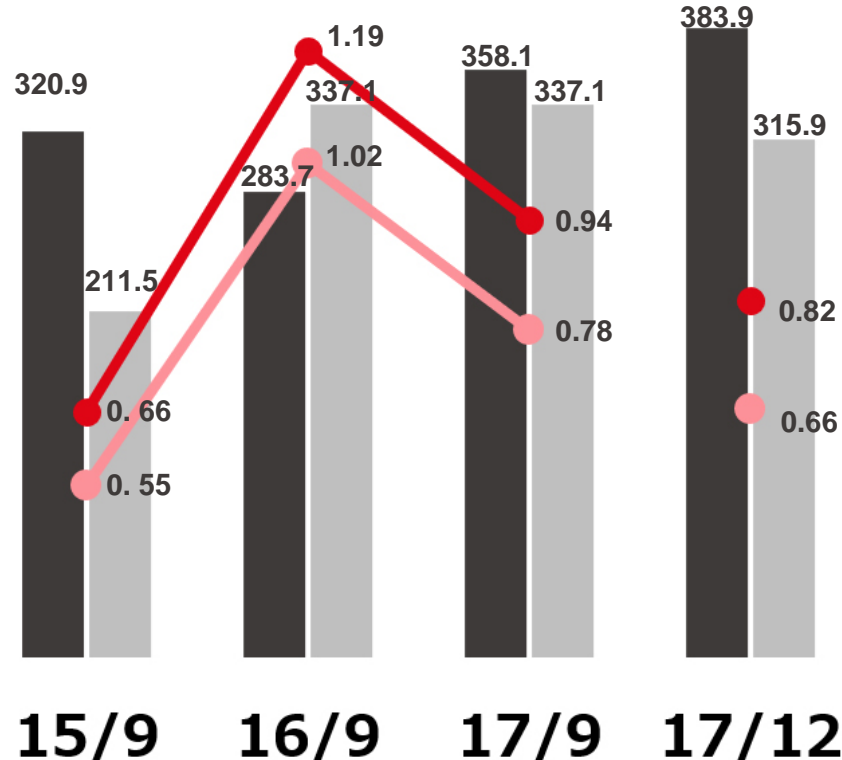
● D/E ratio

● 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.-Sep.	2017 Jan.-Sep.	Change
CF from operating activities	42.7	33.8	+9.0
CF from investing activities	-29.5	-28.1	-1.4
Free CF	13.3	5.7	+7.6
CF from financing activities	-28.8	-4.7	-24.2
Closing balance of cash and cash equivalents	42.1	55.9	-13.9

Earnings Forecast for FY 2018

FY2018 Profit and Loss Projections

(Changed from the previous forecast)

Forecasts from Oct. 1 to Dec. 31, 2018

Exchange Rates	US\$ 113 yen
	EUR 130 yen
	RUB 1.7 yen
TSR20*	133 cents *SICOM TSR20 1M
WTI	70 dollars

	(billion yen)				
	2018 Full year (revised forecast)	2017 Full year (actual)	Change for 2017 result	2018 Full year (previous forecast)	Change for previous forecast
Sales revenue	650.0	646.3	+3.7	670.0	-20.0
Business profit* ¹ (Business profit margin)	61.5 (9.5%)	58.3 (9.0%)	+3.2 (+0.5%)	63.0 (9.4%)	-1.5 (+0.1%)
Operating profit (Operating profit margin)	55.0 (8.5%)	54.2 (8.4%)	+0.8 (+0.1%)	60.0 (9.0%)	-5.0 (-0.5%)
Profit * ²	36.0	40.0	-4.0	40.0	-4.0

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

*2 Profit attributable to owners of parent

Forecast for Business Segments (Full Year)

		(billion yen)					
		2018 Full year (revised forecast)	2017 result	Change for 2017 result	2018 Full year (previous forecast)	Change for previous forecast	
Sales revenue	Tires	455.0	459.9	-4.9	470.0	-15.0	
	MB	117.5	114.1	+3.4	120.0	-2.5	
	ATG	69.0	63.4	+5.6	72.0	-3.0	
	Other	8.5	8.8	-0.3	8.0	+0.5	
	Total	650.0	646.3	+3.7	670.0	-20.0	
Business profit	Tires	44.5	41.9	+2.6	45.0	-0.5	
	MB	7.0	7.8	-0.8	8.8	-1.8	
	ATG	8.8	7.6	+1.2	8.0	+0.8	
	Other	1.2	1.2	+0	1.2	-	
	Intersegment eliminations	-	-0.1	+0.1	-	-	
	Total	61.5	58.3	+3.2	63.0	-1.5	

Factor Analysis of Business Profit (Full Year)

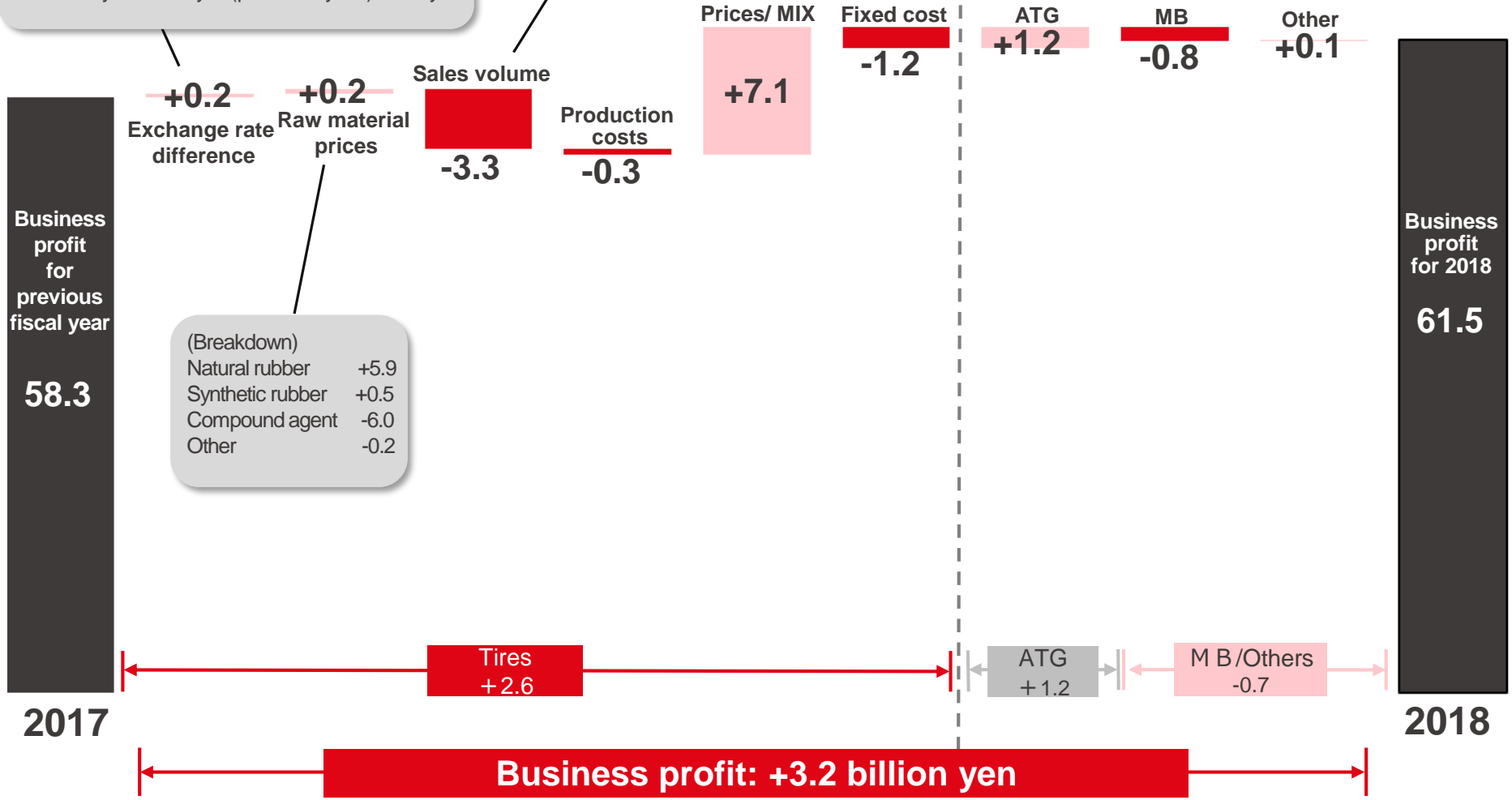
(billion yen)

2018 Full Year

US\$ 110 yen 112 yen(previous year) -2 yen
 EUR 131 yen 127 yen(previous year) +4 yen
 RUB 1.8 yen 1.9 yen(previous year) -0.2 yen

(Breakdown)
 Sales volume -3.0
 Variable cost -0.3

Factors that boosted business profit
 Factors that reduced business profit



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.

