

FY2018 Third-Quarter Results Briefing

Regarding Timely Disclosure

November 9, 2018

The Yokohama Rubber Co., Ltd.

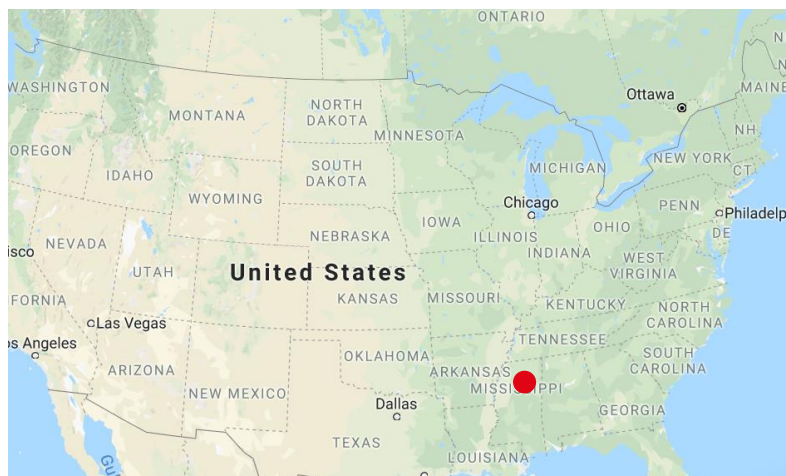
Timely Disclosure Made Today at 13:00

Our US subsidiary **Yokohama Tire Manufacturing Mississippi, LLC**, which started manufacturing operations in 2015, has experienced delays in bringing new facilities on line. Expecting the delays to keep earnings below our original plan, we have decided to book **an impairment loss of about ¥11.2 billion on the subsidiary's fixed assets**. Accordingly, we have downwardly revised our earnings projections for fiscal 2018 as shown below.

Unit: ¥bn	Initial forecast (Feb 2018)	Revised forecast (Nov 2018)	Change for initial forecast		Change for FY2017 result	
			¥bn	%	¥bn	%
Sales revenue	670.0	650.0	-20.0	-3.0%	+3.7	+0.6%
Business profit	63.0	61.5	-1.5	-2.4%	+3.2	+5.6%
(%)	9.4%	9.5%	+0.1%		+0.5%	
Operating profit	60.0	55.0	-5.0	-8.3%	+0.8	+1.4%
(%)	9.0%	8.5%	-0.5%		+0.1%	

Yokohama Tire Manufacturing Mississippi

Yokohama Tire Manufacturing Mississippi, LLC (YTMM) is a Yokohama Rubber tire manufacturing subsidiary established to meet robust demand for truck and bus tires in the North American market.



Company name: Yokohama Tire Manufacturing Mississippi, LLC

Location: Mississippi, USA

Established: May 2013

Products: Truck & bus tires

Capital: US\$ 190.75 million

Operation start: October 2015

Capacity: 1mn tires/yr (initial plan)

YRC stake: 100% (indirectly held)

Factors Resulting in Impairment Loss

Facility-related

- Teething problem of modern and efficient production machines
- Delayed ramp up in process capability

Personnel-related

- Hiring behind plan, in part due to high turnover rate
- Insufficient education and training due to above reason



- Initial plan was for output of 973,000 tires in 2018
But 2018 output will be only **about 500,000 tires**, delaying profitability
- Production target lowered to **840,000 tires** (2021)
Decision to take impairment loss on YTMM fixed assets

Action Plan & Revised Forecasts

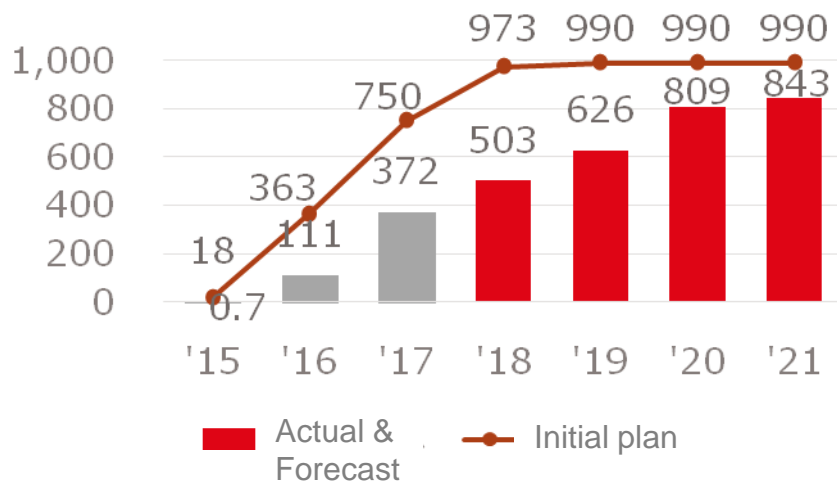
Facility-related

- Skillful engineers of our Mie Plant (Japan) lead and support improvement (same type of tire building machine is installed for development)

Personnel-related

- Improve working environment/conditions and training programs to achieve higher employee retention and skill proficiency

Output forecast (thou tires/yr)



Operating profit forecast (US\$m)

