

FY 2019 Third-Quarter

Financial Results Briefing Material

November 12, 2019

The Yokohama Rubber Co., Ltd.

■ Scope of consolidation

**Consolidated subsidiaries 120 companies
(3 less than at the end of previous fiscal year)**

(Breakdown of change)

Asia: +1 company (Tire)
Japan: -4 companies (Tire)

■ Breakdown of transfers

(Tire +2 companies)

Yokohama France SAS (France/Tire sales company)

Yokohama Tire Korea Co., Ltd. (Korea/Tire sales company)

(Tire -4 companies)

(Japan/Tire indirectly owned sales subsidiary)

(MB -1 company)

Yokohama Industrial Products Europe GmbH (Germany/MB sales company)

Profit and Loss (Third-Quarter)

Exchange Rates	US\$ 109 yen	110 yen (previous year)	-1 yen
	EUR 123 yen	131 yen (previous year)	-8 yen
	RUB 1.7 yen	1.8 yen (previous year)	-0.1 yen
TSR20*	142 cents	140 cents (previous year)	+2 cents
WTI	57 dollars	67 dollars (previous year)	-10 dollars

*SICOM TSR20 1M

(billion yen)

	2019 Jan.-Sep.	2018 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	465.7	460.8	+4.9	+1.1%	-6.1	+11.1
Business profit*1 (Business profit margin)	25.8 (5.5%)	35.6 (7.7%)	-9.8 (-2.2%)	-27.4%	-2.3	-7.5
Operating profit (Operating profit margin)	33.4 (7.2%)	27.0 (5.8%)	+6.4 (+1.4%)	+23.8%	-2.3	+8.7
Profit *2	28.3	16.3	+12.0	+74.1%		

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

*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

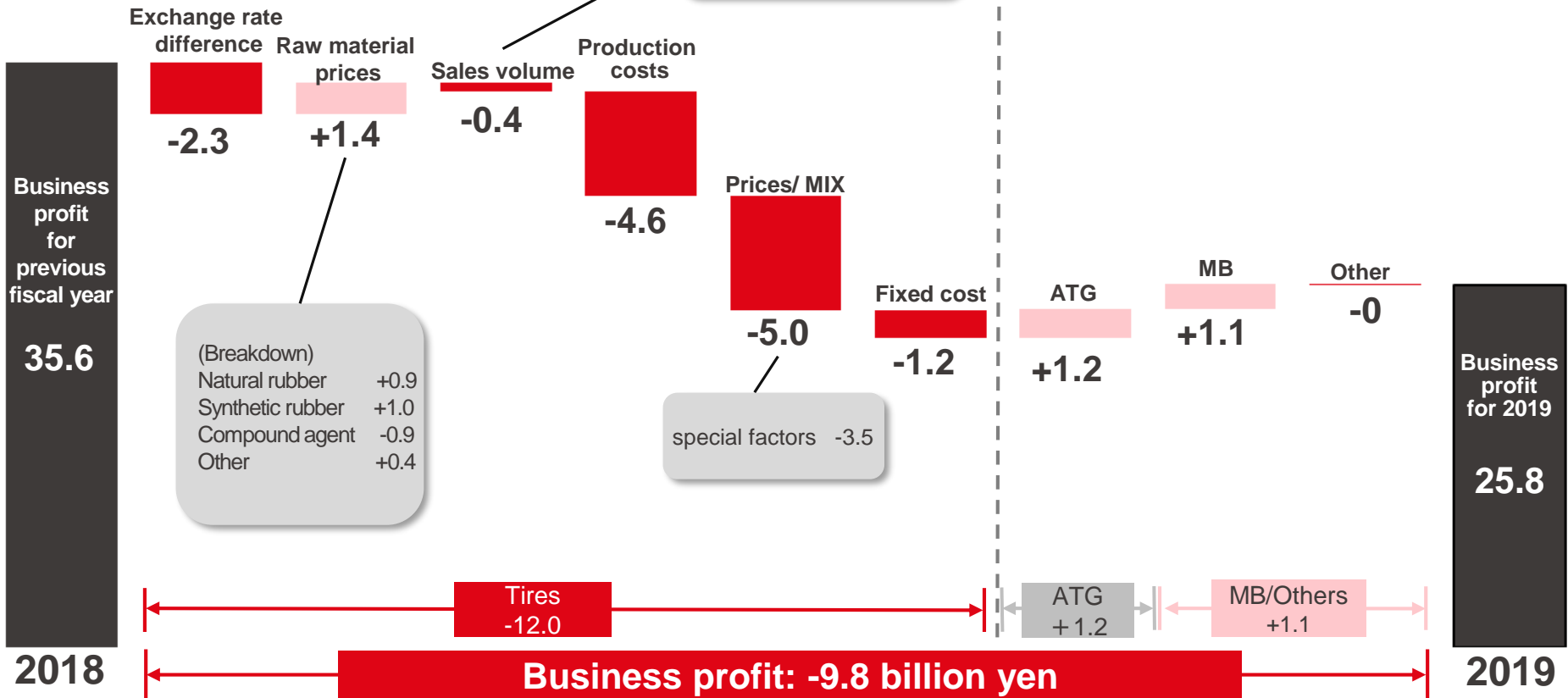
2019 Third-Quarter

(billion yen)

US\$ 109 yen 110 yen(previous year) -1 yen
 EUR 123 yen 131 yen(previous year) -8yen
 RUB 1.7 yen 1.8 yen(previous year) -0.1 yen

(Breakdown)
 Sales volume +2.3
 Variable cost -2.7

- Factors that boosted business profit
- Factors that reduced business profit



Business Segment (Third-Quarter)

(billion yen)

		2019 Jan.-Sep.	2018 Jan.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	318.4	317.1	+1.3	+0.4%	-5.3	+6.6
	MB	87.1	84.6	+2.6	+3.0%	-0.7	+3.2
	ATG	53.6	52.4	+1.3	+2.4%	-0.1	+1.4
	Other	6.6	6.8	-0.2	-2.9%	-0	-0.2
	Total	465.7	460.8	+4.9	+1.1%	-6.1	+11.1
Business profit	Tires	11.7	23.8	-12.0	-50.7%	-2.2	-9.8
	MB	5.7	4.6	+1.1	+24.0%	+0	+1.1
	ATG	7.6	6.3	+1.2	+19.4%	-0	+1.3
	Other	0.8	0.9	-0.1	-14.1%	-0	-0.1
	Intersegment eliminations	0.1	0	+0.1	-	-	+0.1
	Total	25.8	35.6	-9.8	-27.4%	-2.3	-7.5

Profit and Loss (Quarterly)

Exchange Rates

US\$ 110 yen	+1 yen
EUR 124 yen	-7 yen
RUB 1.7 yen	-0.1 yen

US\$ 107 yen	-4 yen
EUR 119 yen	-10 yen
RUB 1.7 yen	-0.0 yen

US\$ 109 yen	-1 yen
EUR 123 yen	-8 yen
RUB 1.7 yen	-0.1 yen

TSR20*	146 cents	+2 cents
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134 cents	+2 cents
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142 cents	+2 cents
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WTI	57 dollars	-8 dollars
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56 dollars	-13 dollars
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57 dollars	-10 dollars
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*SICOM TSR20 1M

(billion yen)

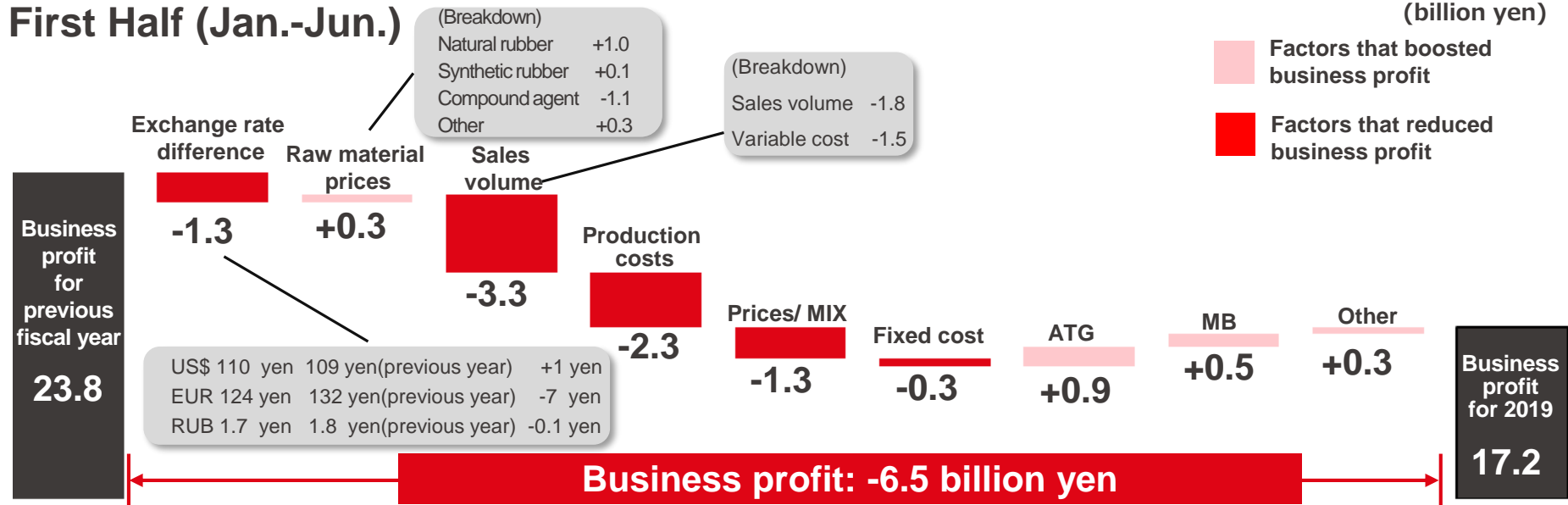
	2019 Jan.–Jun.	YoY Change	2019 Jul.–Sep.	YoY Change	2019 Jan.–Sep.	YoY Change
Sales revenue	311.1	+1.4	154.6	+3.5	465.7	+4.9
Business profit*¹ (Business profit margin)	17.2 (5.5%)	-6.5 (-2.2%)	8.6 (5.6%)	-3.2 (-2.2%)	25.8 (5.5%)	-9.8 (-2.2%)
Operating profit (Operating profit margin)	25.1 (8.1%)	-1.2 (-0.4%)	8.2 (5.3%)	+7.7 (+4.9%)	33.4 (7.2%)	+6.4 (+1.4%)
Profit*²	16.7	-1.1	11.6	+13.2	28.3	+12.0

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

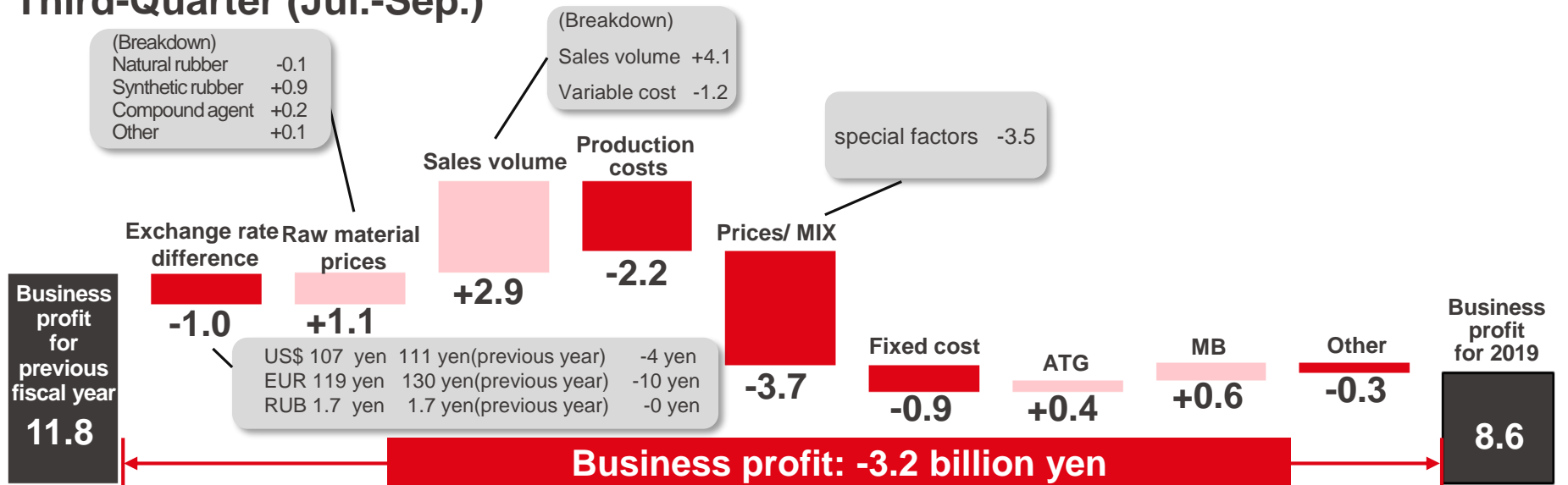
*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

First Half (Jan.-Jun.)



Third-Quarter (Jul.-Sep.)



Business Segment (Third-Quarter)

(billion yen)

		2019 Jul.-Sep.	2018 Jul.-Sep.	Change	Change (%)	Exchange rate impact	Change excluding impact of exchange rates
Sales revenue	Tires	108.3	103.5	+4.8	+4.6%	-3.0	+7.8
	MB	27.6	27.2	+0.4	+1.3%	-0.5	+0.9
	ATG	16.4	17.6	-1.2	-6.8%	-0.6	-0.6
	Other	2.4	2.8	-0.5	-16.4%	-0	-0.5
	Total	154.6	151.2	+3.5	+2.3%	-4.1	+7.6
Business profit	Tires	4.3	8.1	-3.8	-47.2%	-1.0	-2.8
	MB	1.7	1.1	+0.6	+52.7%	-0.1	+0.6
	ATG	2.4	2.0	+0.4	+17.5%	-0.1	+0.4
	Other	0.2	0.5	-0.3	+60.2%	-0	-0.3
	Intersegment eliminations	0	0	-0	-	-	-0
	Total	8.6	11.8	-3.2	-27.2%	-1.2	-2.0

Financial Position

(billion yen)

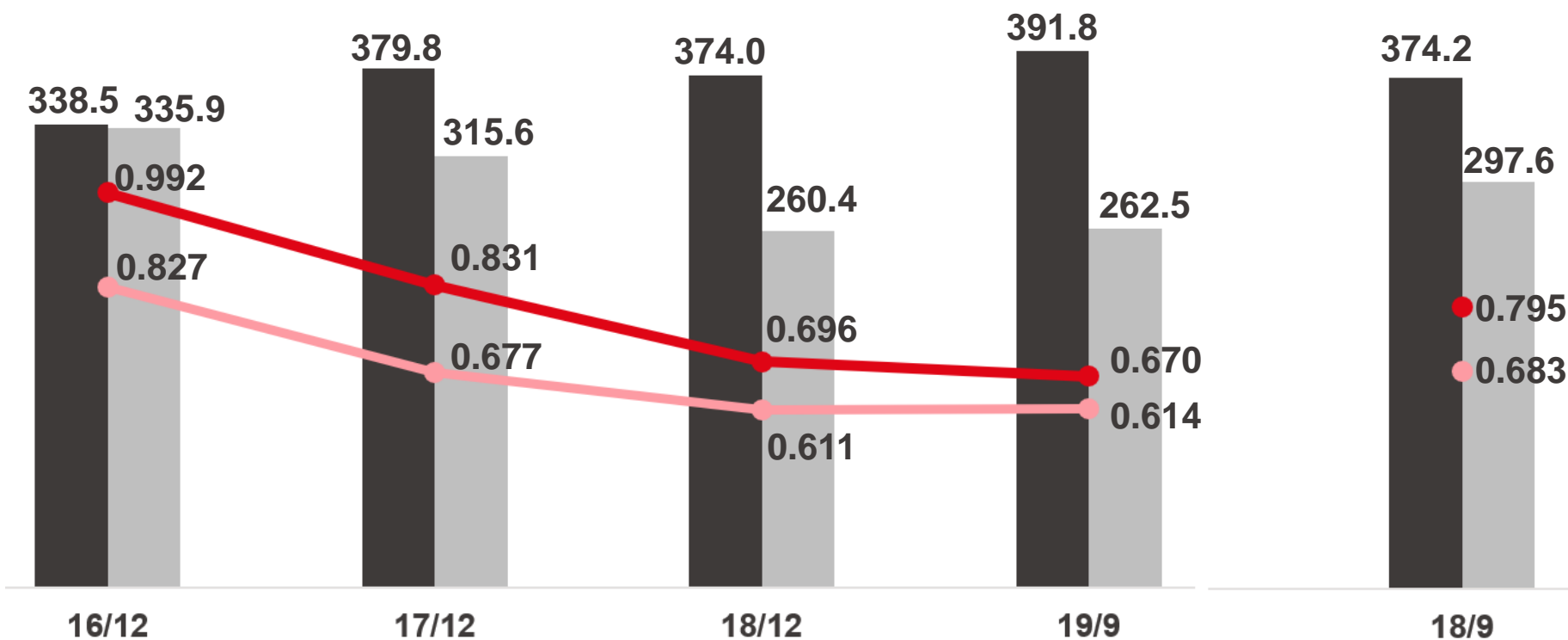
	Sep. 30, 2019	Dec. 31, 2018	Change
Current assets	323.8	335.5	-11.7
Non-current assets	554.1	520.3	+33.8
Total assets	877.9	855.8	+22.1
Liabilities	478.3	473.4	+4.9
Equity	399.6	382.4	+17.2
Total liabilities and equity	877.9	855.8	+22.1
Interest-bearing debt *	262.5	260.4	+2.1
Ratio of equity attributable to owners of parent	44.6%	43.7%	+0.9%
D/E ratio	0.670	0.696	-0.026

*Interest-bearing debt does not include lease liabilities

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

Total equity (billion yen)
 Interest-bearing debt (billion yen)

D/E ratio
 Net D/E ratio



* Total equity do not include non-controlling interests.

State of Cash Flows

(billion yen)

	2019 Jan.-Sep.	2018 Jan.-Sep.	Change
CF from operating activities	32.7	42.7	-10.0
CF from investing activities	-32.2	-29.5	-2.7
Free CF	0.5	13.3	-12.7
CF from financing activities	-10.0	-28.8	+18.8
Closing balance of cash and cash equivalents	21.7	42.1	-20.3

Earnings Forecast for FY 2019

FY2019 Profit and Loss Projections (Full Year)

(Changed from the previous forecast)

Forecasts after October 2019

Exchange Rates	US\$ 108 yen	
	EUR 118 yen	
	RUB 1.7 yen	
TSR20*	132 cents	*SICOM TSR20 1M
WTI	56 dollars	

(billion yen)

	2019 Full year (forecast)	2018 Full year (result)	Change for 2018 result	2019 Full year (previous forecast)	Change for previous forecast
Sales revenue	650.0	650.2	-0.2	660.0	-10.0
Business profit*1 (Business profit margin)	50.0 (7.7%)	59.3 (9.1%)	-9.3 (-1.4%)	57.5 (8.7%)	-7.5 (-1.0%)
Operating profit (Operating profit margin)	57.5 (8.8%)	53.5 (8.2%)	+4.0 (+0.6%)	65.0 (9.8%)	-7.5 (-1.0%)
Profit *2	42.0	35.6	+6.4	46.0	-4.0

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

*2 Profit attributable to owners of parent

Factor Analysis of Business Profit

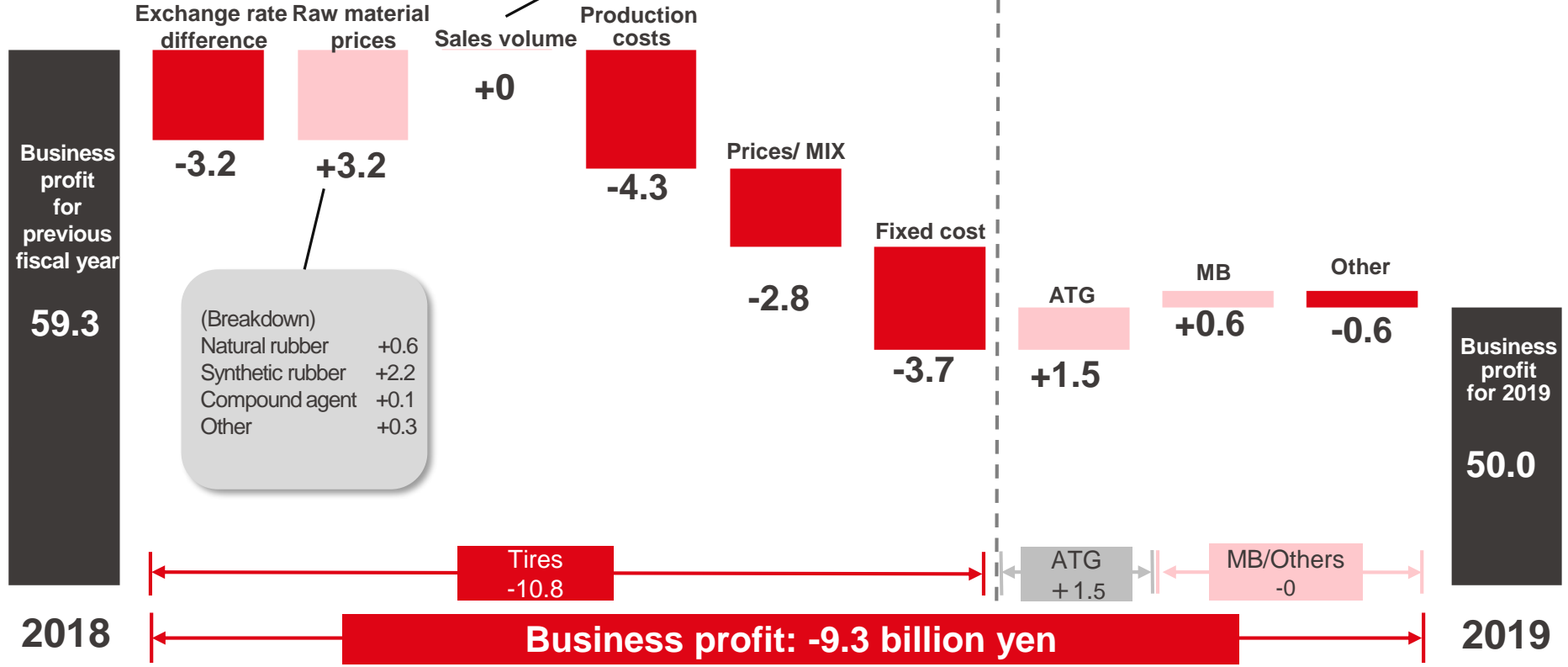
2019 Full year (forecast)

(billion yen)

- Factors that boosted business profit
- Factors that reduced business profit

US\$ 109 yen 110 yen(previous year) -1 yen
 EUR 121 yen 130 yen(previous year) -9yen
 RUB 1.7 yen 1.8 yen(previous year) -0.1 yen

(Breakdown)
 Sales volume +3.0
 Variable cost -3.0



(Breakdown)
 Natural rubber +0.6
 Synthetic rubber +2.2
 Compound agent +0.1
 Other +0.3

Forecast for Business Segments (Full Year)

					(billion yen)	
		2019 Full year (revised forecast)	2018 result	Change for 2018 result	2019 Full year (previous forecast)	Change for previous forecast
Sales revenue	Tires	451.5	454.8	-3.3	455.0	-3.5
	MB	120.0	117.8	+2.2	120.0	–
	ATG	70.0	68.7	+1.3	76.0	-6.0
	Other	8.5	9.0	-0.5	9.0	-0.5
	Total	650.0	650.2	-0.2	660.0	-10.0
Business profit	Tires	31.5	42.3	-10.8	38.0	-6.5
	MB	8.0	7.4	+0.6	8.0	–
	ATG	10.0	8.5	+1.5	10.4	-0.4
	Other	0.5	1.1	-0.6	1.1	-0.6
	Intersegment eliminations	–	0	-0	–	–
	Total	50.0	59.3	-9.3	57.5	-7.5

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.

