

Consolidated Business Performance for the First Half of the year Ending December 31, 2015

10 August, 2015

TOYO TIRE & RUBBER CO., Ltd.

Major Topics

Consolidated Business Results for the First Half of the Year Ending December 31, 2015 (FY2015)

Consolidated Business Outlook for the Year Ending December 31, 2015(FY2015)

The forward-looking statement contained in these business forecasts and plans are based on information available at the current time and may contain potential risks and uncertainties.

Therefore, please keep in mind that actual results may, due to a variety of factors, differ from those expressed in the forward-looking statements.

Consolidated Results

Operating income and ordinary income increased mainly due to declining raw material prices and a cheaper yen. However, there was a 4.156 billion yen quarterly net loss due to posting of approximately 30.4 billion yen as an extraordinary loss for product reparations and provision of reserve for product warranties to deal with the seismic isolation rubber issue.

Tire Business

Plant expansion (front-loaded production of North America plant and increased production of Malaysian plant) contributed to increased sales of high-value-added SUV & pickup truck tires in North America, where demand remains vigorous, resulting in an increase of revenue and earnings.

Diver Tech Business

While sales of anti-vibration rubber and seat cushions for automobiles declined in Japan, anti-vibration rubber sales remained steady overseas. However, in the waterproofing and building materials segments, revenue decreased while earnings increased as a result of declining sales in a sluggish market.

Consolidated Business Result for the First Half of FY2015

(Millions of Yen)	2Q of FY2015 Results	2Q of FY2014 Results	Changes Amount	Changes %	2Q of FY2015 Outlook	Changes against Estimated %
Net Sales	194,402	187,322	+7,080	+3.8%	196,000	(0.8%)
Operating Income Operating Profit Ratio	29,126 15.0%	21,502 11.5%	+7,624 +3.5%	+35.5%	21,500 11.0%	+35.5%
Ordinary Income	26,670	19,518	+7,151	+36.6%	19,500	+36.8%
Quarterly Net Income	(4,156)	15,269	(19,426)	—	3,000	—

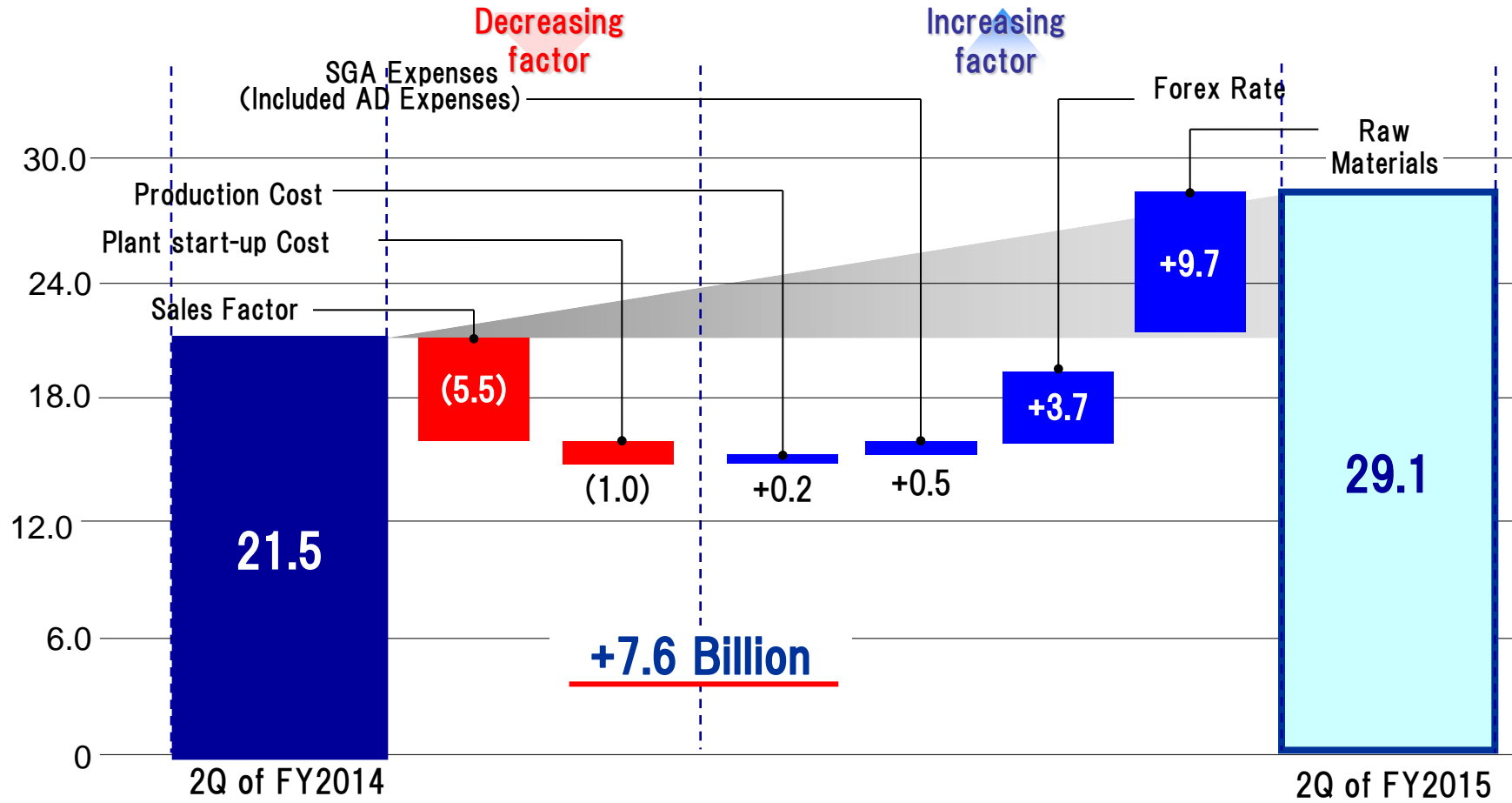
Forex Rate	US\$	120Yen	103Yen	+17Yen
	€	136Yen	141Yen	(5)Yen

Forex Rate Sensibility FY2015	
US\$	0.45 Billion Yen/Year
€	0.1 Billion Yen/Year

2Q of FY2015 Factors contributing to the Change in Operating Income

● Operating Income
(¥ in Billion)

2Q of FY2014 Results	Changes		2Q of FY2015 Results
21.5	(6.5)	+14.1	29.1
		+7.6	



★ Calculated based on expected replacement of approximately 3,000 units in all 154 buildings requiring measures

1Q of FY2015

14.0 billion yen posted as extraordinary loss

+

2Q of FY2015

16.4 billion yen additionally posted as extraordinary loss

↓

Total of 30.4 billion yen extraordinary loss posted a reserve for product warranties for seismic isolation rubber

(Breakdown of Calculation)

- Cost for replacement of products
- Cost for repair work
- Cost of structural recalculation
- Miscellaneous expenses
- Replacement product development cost, etc.

From 3Q of FY2015

As it is difficult to reasonably estimate the amount at this point in time, in the event that costs arise in the future, an additional reserve for product warranties may be posted depending upon the progress of measures from the third quarter onward.

Consolidated Business Results by Business Segments for the First Half of the FY2015

● Net Sales

(unit: Millions of yen)	2Q of FY2015 Results	2Q of FY2014 Results	Changes Amounts	Changes %	2Q of FY2015 Outlook	Changes Against Estimated %
Tire	154,223	147,245	+6,977	+4.7%	156,408	(1.4%)
DiverTec	40,000	40,046	(45)	(0.1%)	39,551	+1.1%
Others	275	131	+143	+109.9%	42	+554.8%
Adjustment	(96)	(101)	+4	—	0	—
Total	194,402	187,322	+7,080	+3.8%	196,000	(0.8%)

● Operating Income ※ Net sales includes sales or transfers of Inter-segment

(unit: Millions of yen)	2Q of FY2015 Results	2Q of FY2014 Results	Changes Amounts	Changes %	2Q of FY2015 Outlook	Changes against Estimate %
Tire Operating Profit	26,615 17.3%	19,910 13.5%	+6,705 +3.7%	+33.7%	20,193 12.9%	+31.8%
DiverTec Operating Profit	1,764 4.4%	895 2.2%	+868 +2.2%	+97.0%	1,281 3.2%	+37.7%
Others	110	80	+29	+37.5%	27	+307.4%
Adjustment	635	614	+20	—	0	—
Total	29,126	21,502	+7,624	+35.5%	21,500	+35.5%

Consolidated Business Results by Geographic Area for the First Half of the FY2015

● Net Sales

(unit: Millions of yen)	2Q of FY2015 Results	2Q of FY2014 Results	Changes Amounts	Changes %	2Q of FY2015 Outlook	Changes Against Estimate %
Japan	69,743	77,231	(7,487)	(9.7%)	71,639	(2.6%)
North America	92,956	76,664	+16,292	+21.3%	93,361	(0.4%)
Others	31,701	33,426	(1,724)	(5.2%)	31,000	+2.3%
Elimination & Corporate	—	—	—	—	—	—
Total	194,402	187,322	+7,080	+3.8%	196,000	(0.8%)

● Operating Income

※ Net sales does not includes sales or transfers of Inter-segment

(unit: Millions of yen)	2Q of FY2015 Results	2Q of FY2014 Results	Changes Amounts	Changes %	2Q of FY2015 Outlook	Changes Against Estimate %
Japan	26,911	16,232	+10,678	+65.8%	19,335	+39.2%
North America	3,970	5,419	(1,449)	(26.7%)	4,106	(3.3%)
Others	275	2,011	(1,736)	(86.3%)	(531)	—
Elimination & Corporate	(2,029)	(2,161)	+131	—	(1,410)	—
Total	29,126	21,502	+7,624	+35.5%	21,500	+35.5%

Revised Outline of Consolidated Business Outlook for the Full Year Ended December 31, 2015

(unit: millions of yen)	Revised Outlook for Full -Year of FY2015	Previous Outlook for Full-Year of FY2015 (12 May, 2015)	Changes Amounts	Changes %	Results of Full -Year of FY2014	Changes Amounts
Net Sales	415,000	425,000	(10,000)	(2.4%)	393,782	+21,218
Operating Income Operating Profit	55,000 13.3%	49,000 11.5%	+6,000 +1.8%	+12.2%	47,510 12.1%	+7,490 +1.2%
Ordinary Income	51,000	45,000	+6,000	+13.3%	46,543	+4,457
Net Income	12,000	19,000	(7,000)	(36.8%)	31,240	(19,240)

Forex Rate	US\$	120Yen	117Yen	+3.0Yen
	€	130Yen	130Yen	—

Forex Rate Sensibility 2015	
US\$	0.45 Billion Yen/Year
€	0.1 Billion Yen/ Year

*Impact of 1 yen fluctuation on operation income

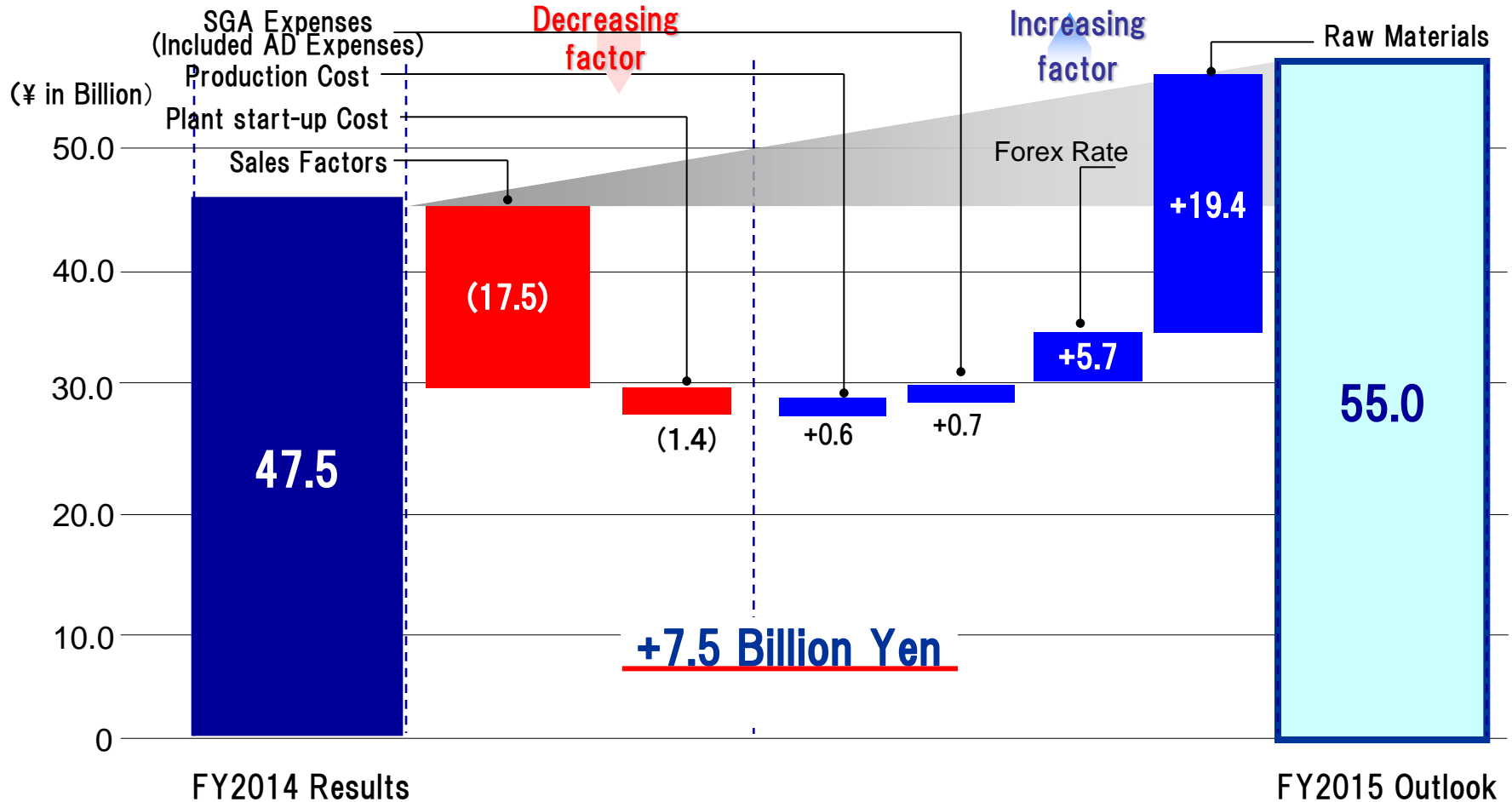
Revised Outlook of the FY2015

Factors contributing to the Changes in Operating Income

● **Operating Income**

(¥ in Billion)

FY2014 Results	Changes		Revised Outlook FY2015
47.5	+7.5		55.0
	(18.9)	+26.4	



Revised Consolidated Business Outlook by Business Segment for The FY2015

● Net Sales

(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (12 Feb. 2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Tire	335,300	343,600	(8,300)	(2.4%)	312,208	+7.4%
DiverTec	79,620	81,300	(1,680)	(2.1%)	81,508	(2.3%)
Others	80	100	(20)	(20.0%)	260	(69.3%)
Adjustment	0	0	0	—	(196)	—
Total	415,000	425,000	(10,000)	(2.4%)	393,782	+5.4%

● Operating Income

※Net Sales include sales or transfers of inter-segment

(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (12 Feb. 2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Tire Operating Profit	51,700 15.4%	46,200 13.4%	+5,500 +2.0%	+11.9%	45,318 14.5%	+14.1%
DiverTec Operating Profit	2,751 3.5%	2,700 3.3%	+51 +0.2%	+1.9%	2,068 2.5%	+33.0%
Others	549	100	+449	+449.0%	128	+328.9%
Adjustment	0	0	0	—	(5)	—
Total	55,000	49,000	+6,000	+12.2%	47,510	+15.8%

Revised Consolidated Business Outlook by Geographic Area Segment for the FY2015

● Net Sales

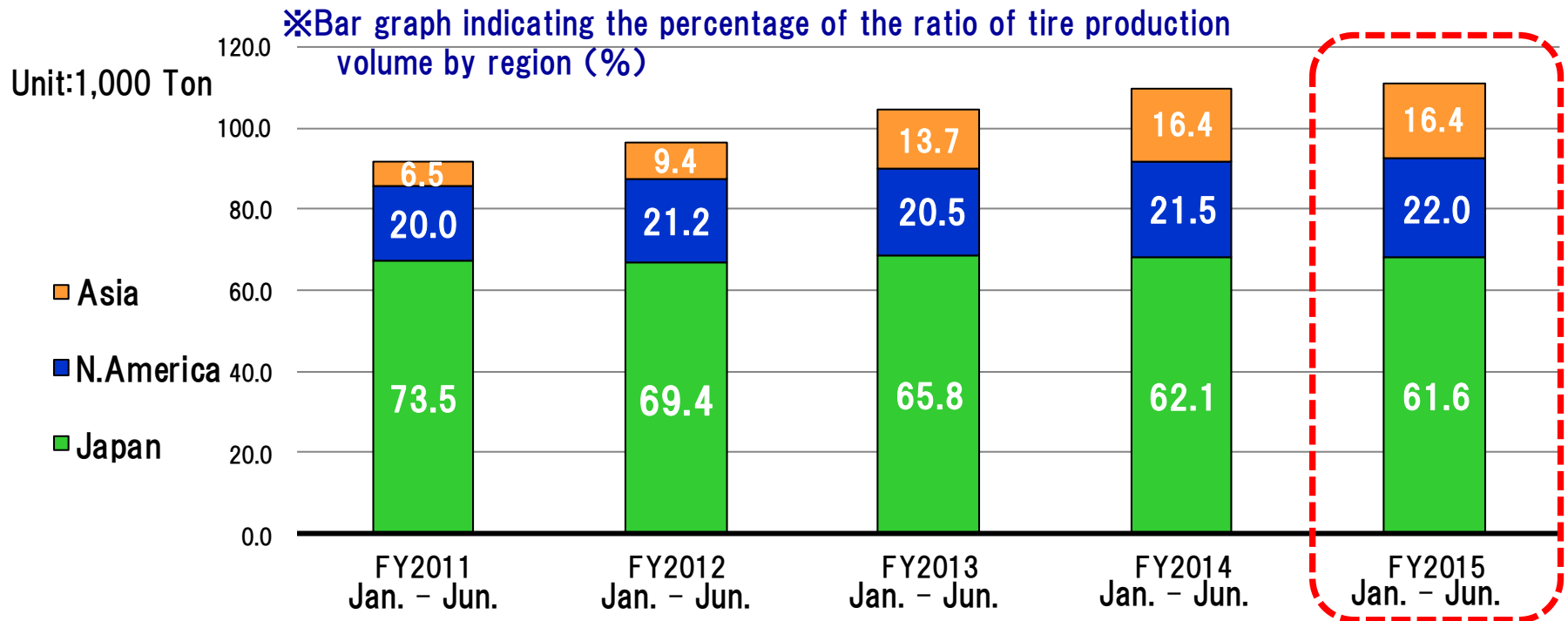
(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (12 Feb. 2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Japan	151,979	167,088	(15,109)	(9.0%)	163,903	(7.3%)
North America	196,710	189,467	+7,243	+3.8%	160,030	+22.9%
Others	66,311	68,445	(2,134)	(3.1%)	69,848	(5.1%)
Adjustments & Eliminations	—	—	—	—	—	—
Total	415,000	425,000	(10,000)	(2.4%)	393,782	+5.4%

● Operating Income

※Net Sales include sales or transfers of inter-segment

(unit: Millions of yen)	Revised Outlook of FY2015	Previous Outlook of FY2015 (12 Feb. 2015)	Changes Amounts	Changes against Estimate %	Results of FY2014	Changes Against Estimate %
Japan	48,383	41,298	+7,085	+17.2%	40,718	+18.8%
North America	8,455	9,086	(631)	(6.9%)	8,991	(6.0%)
Others	1,429	861	+568	+66.0%	3,467	(58.8%)
Adjustments & Eliminations	(3,267)	(2,244)	(1,023)	—	(5,667)	—
Total	55,000	49,000	+6,000	+12.2%	47,510	+15.8%

(For Your Reference) Changes in the Tire Production (New Rubber Volumes)



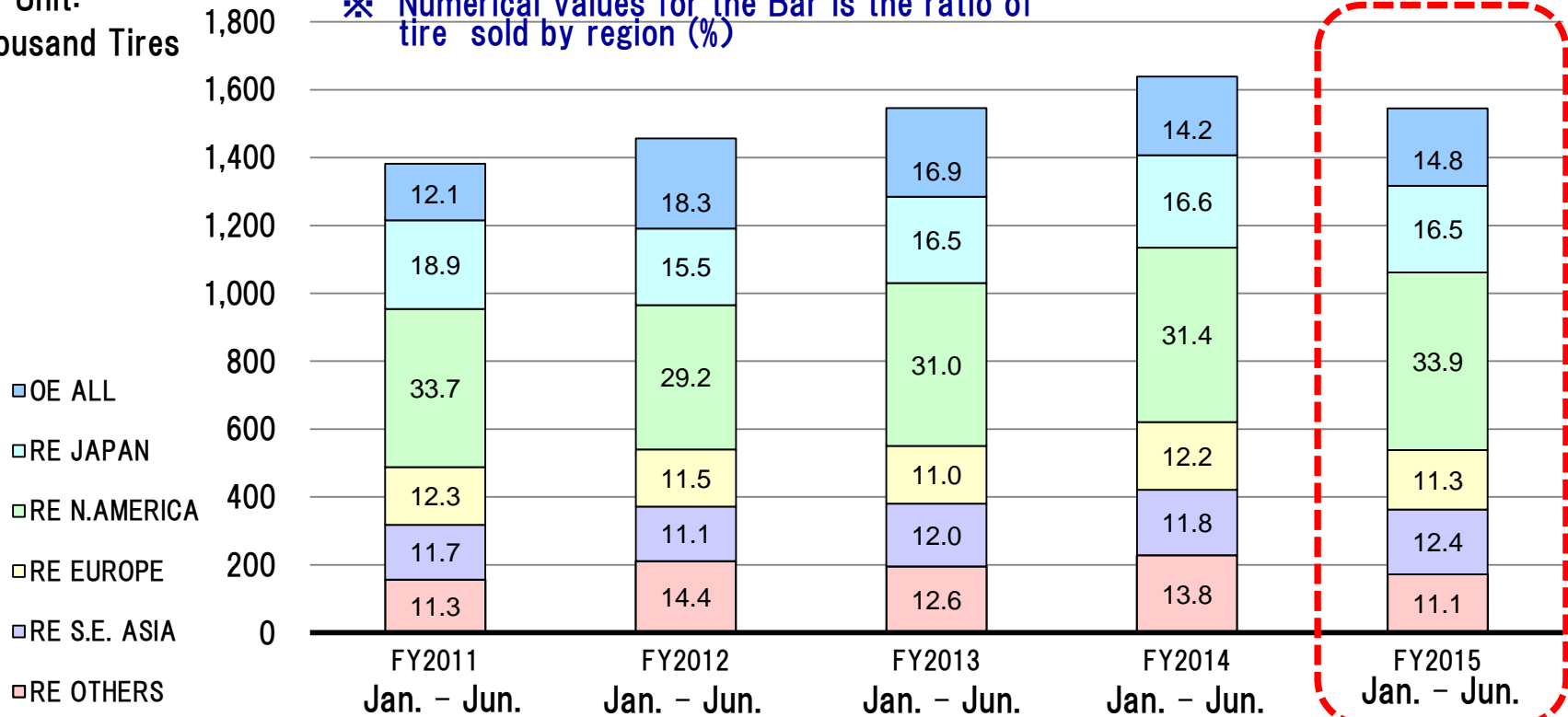
(unit:1,000 ton)	FY2011	FY2012	FY2013	FY2014
	Jan.- Jun.	Jan.- Jun.	Jan.- Jun.	Jan.- Jun.
Japan	67.3	66.9	68.8	68.2
N. America	18.3	20.4	21.4	23.6
Asia	6.0	9.1	14.3	18.1
Total	91.6	96.4	104.5	109.9

FY2015
Jan.- Jun.
68.4
24.4
18.3
111.1

(For Your Reference) Ratio of Tire Sales Quantity by Geographic Area

Unit:
10 thousand Tires

※ Numerical values for the Bar is the ratio of
tire sold by region (%)



The ratio of tire sold by region (%)	FY2011 Jan. - Jun.	FY2012 Jan. - Jun.	FY2013 Jan. - Jun.	FY2014 Jan. - Jun.
OE Total	12.1%	18.3%	16.9%	14.2%
RE Japan	18.9%	15.5%	16.5%	16.6%
RE Overseas	69.0%	66.2%	66.6%	69.2%
RE Total	87.9%	81.7%	83.1%	85.8%

FY2015 Jan. - Jun.
14.8%
16.5%
68.7%
85.2%

(For Your Reference) Number of Tires sold by region compared to the previous year

Progress compared to previous year whereby prior year = 100

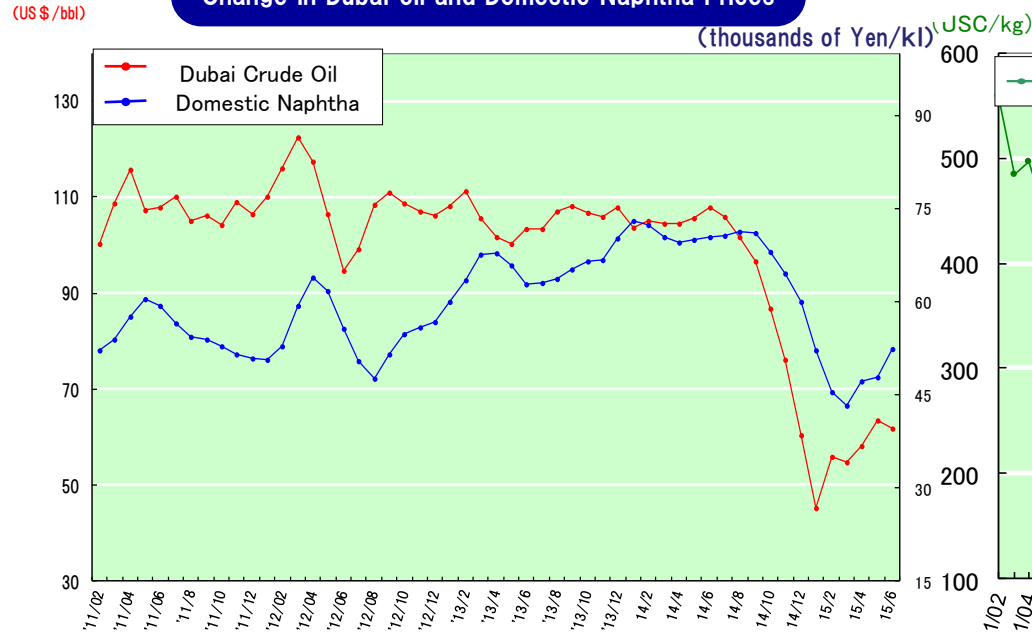
(Unit: %)	FY2011 Jan. - Jun.	FY2012 Jan. - Jun.	FY2013 Jan. - Jun.	FY2014 Jan. - Jun.	FY2015 Jan. - Jun.
OE Total	63	159	98	88	99
RE Japan	91	87	113	107	94
RE Overseas Total	110	101	107	110	94
RE N. America	110	91	113	107	102
RE Europe	86	99	101	117	88
RE S.E. Asia	450	99	115	104	99
Grand Total	97	105	106	106	94

Number of tires in S.E. Asia has drastically increased since FY2011 due to acquisition of Silverstone Company

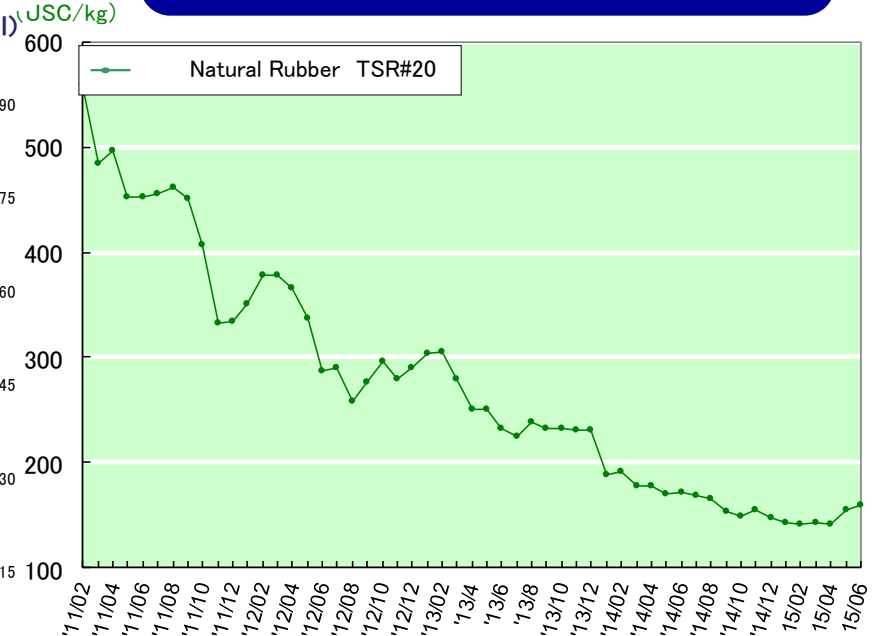
(For Your Reference) Changes in Primary Material Prices

◆ Market Price Trends

Change in Dubai oil and Domestic Naphtha Prices



Change in Natural Rubber TSR #20 Prices (SICOM)

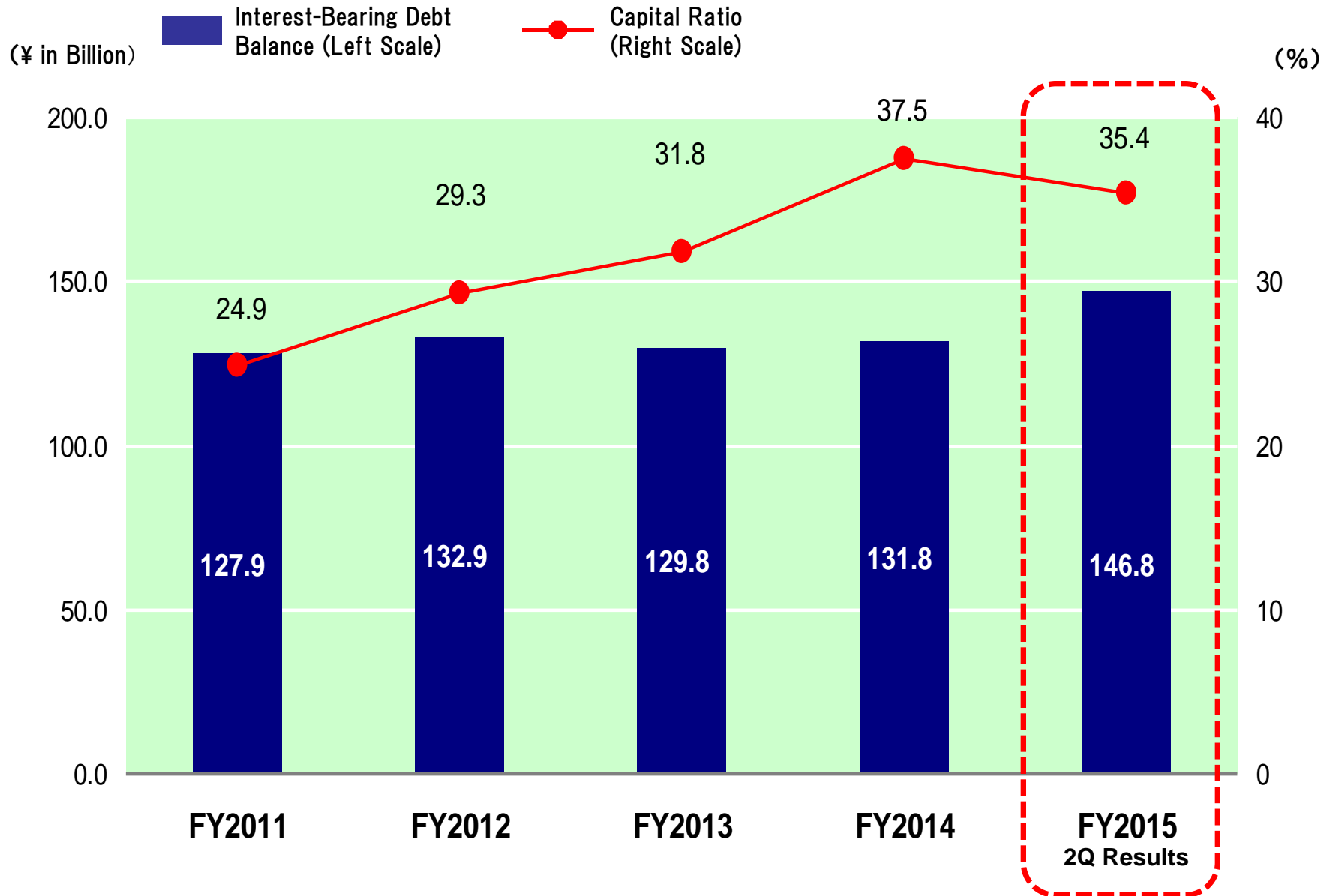


◆ Price Changes & Impact by Primary Raw Material (Ordinary Income Basis)

(¥ in Billion)

Raw Material	FY2011	FY2012	FY2013	FY2014	FY2015 Jan. - Jun.
Natural Rubber	(7.6)	+8.4	+7.0	+6.9	+5.8
Product of petroleum (naphtha)	(8.0)	+0.4	+1.8	(0.9)	+4.8
Other Raw Materials*	(2.9)	(1.8)	+3.2	(0.4)	(0.9)
Goods Purchased	(0.1)	(0.0)	(0.0)	+0.7	(0.0)
Total	(18.6)	+7.0	+12.0	+6.3	+9.7

Changes in Interest-Bearing Debt Balance and Capital Ratio



TOYO TIRES
driven to perform