

# Progress of Mid-Term Business Plan '08

- Result and Forecast in FY2010

May 10, 2010

## Mid-Term Business Plan '08: 3-year Business Plan up to 2010

### May 2008: Announced Mid-Term Business Plan '08

⇒ “Global Growth” (Especially for expanding tire business)

#### 【Basic Strategies】

1. Enhance corporate value by accelerating global growth strategies
2. Concentrate management resources on core businesses
3. Change business model to promote structural reform
4. Aim for and promote proprietary differentiation technologies

Drastic change in business climate after 2<sup>nd</sup> half FY2008 (Crisis once in a century)

⇒ Implement urgent measures for profitability improvement

⇒ Revise mid-term business plan '08

## Feb. 2009: Announced Efforts for Profitability Improvement

⇒ Revise personnel structure and capital expenditure

Implement urgent measures: reduce expenses and inventory

## May 2009: Announced Revised Mid-Term Business Plan '08

⇒ Re-consider and revise necessity of all measures and priorities to establish structural reform

### 【Basic Strategies】

1. Promote structural reform & work restructuring

(Centralize management resources on core businesses)

2. Promote market development

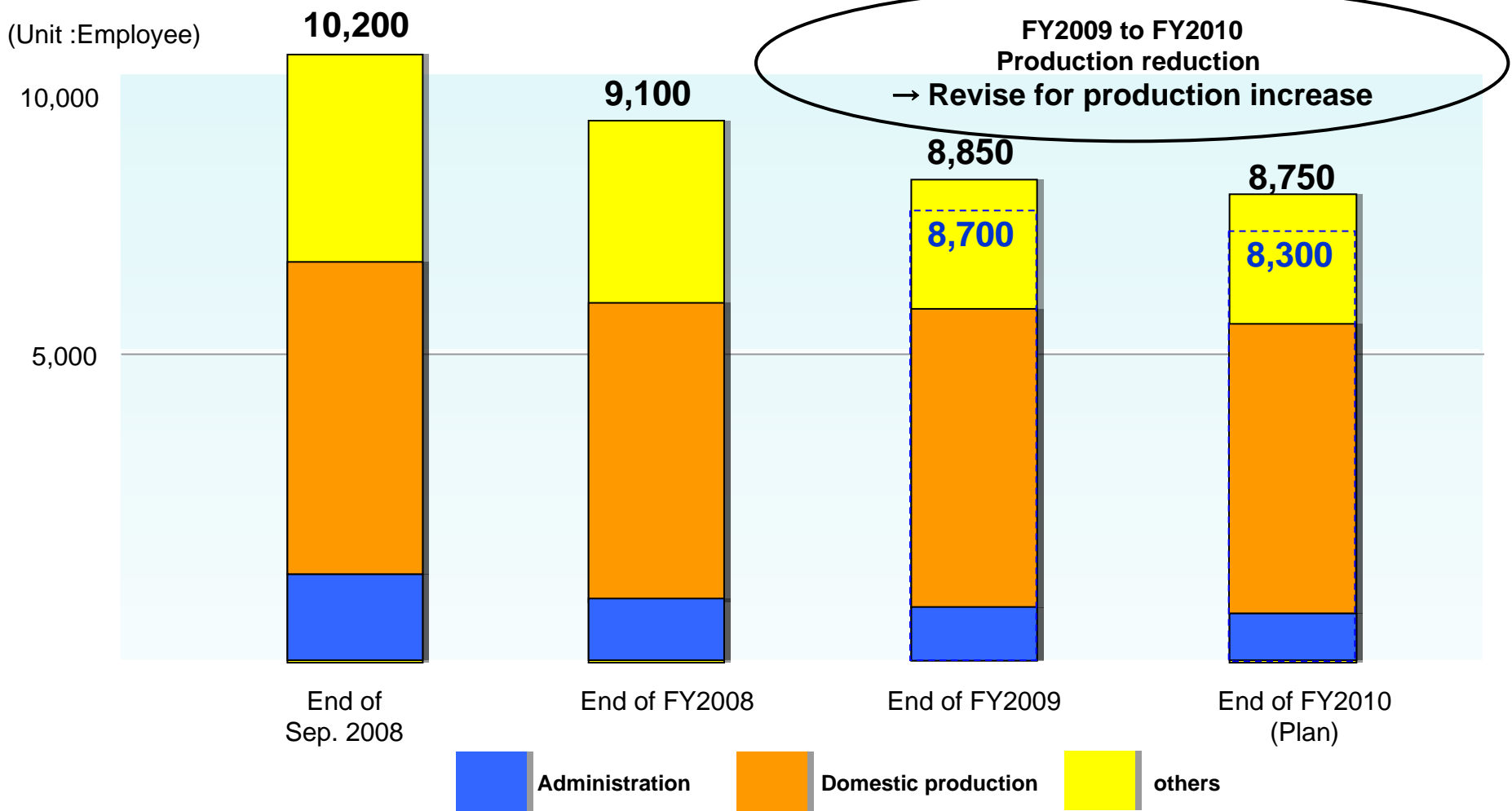
3. Promote development of advanced technologies & products contributing to global environment

Deficit in FY2008 (First time in a decade)

⇒ V-shaped profit recovery in FY2009

# Profitability Improvement : Personnel Structure

- Result and forecast for total employees
- Revised mid-term business plan '08



# Profitability Improvement : Capital Expenditure

Total amount of capex in FY2008 to FY2010

Original plan : 104B Yen

Revised plan : 54B Yen

Expected result : 66.4B Yen

—Result and forecast of capex

—Original plan

—Revised plan

(Unit: Billions of Yen)

40

20

Prior investment for production increase with recovery demand (Japan + TNA phase 3 + a new plant in China)

43.4

34.4

18.7

28.6

26.1

14.9

12.4

25.4

Investment for production increase  
15.5

10.5

FY2007

FY2008

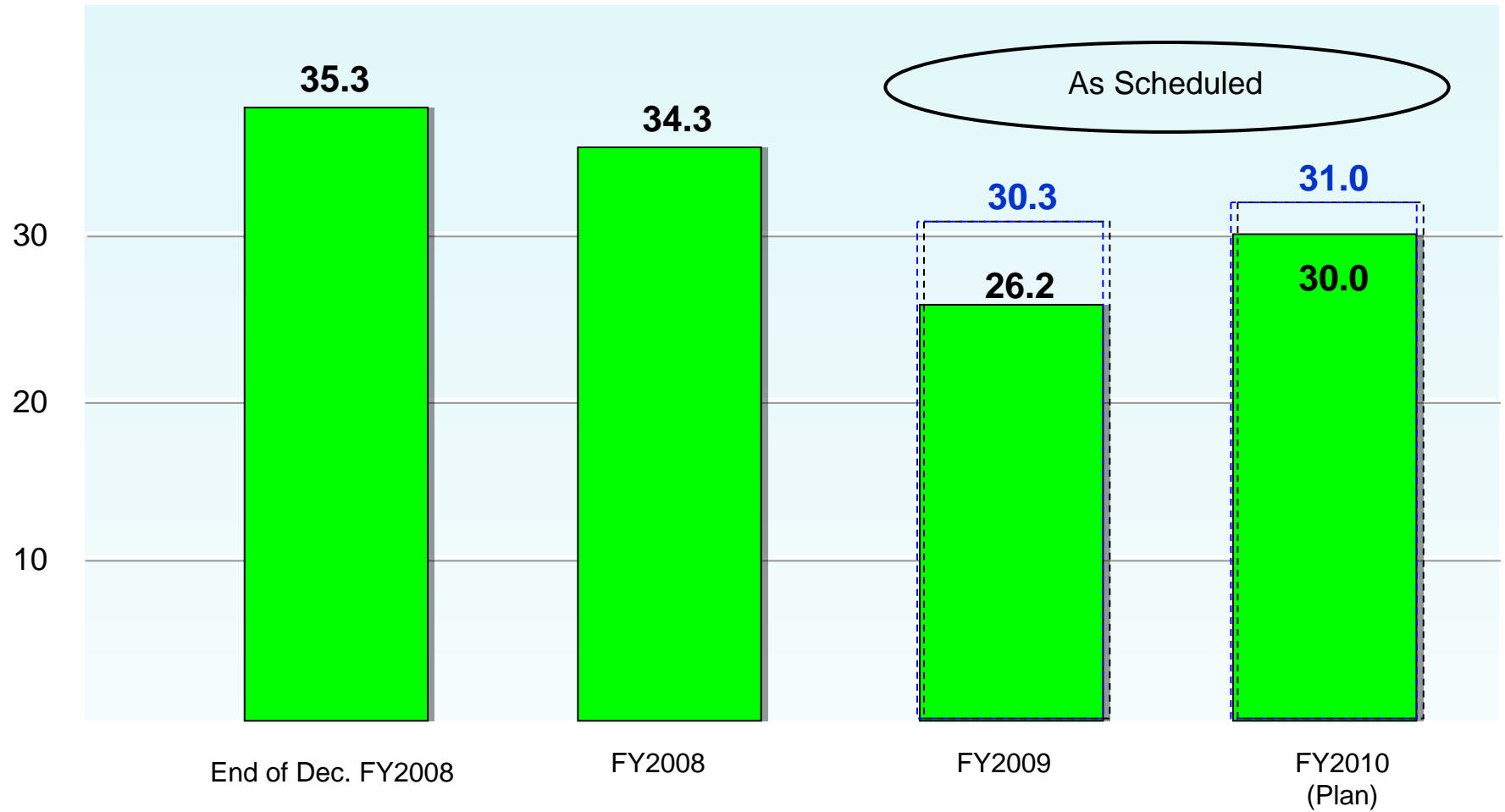
FY2009

FY2010  
(Plan)

# Profitability Improvement : Inventory

- Result and forecast of total amount of all tire inventory
- Revised plan

(Unit : Billions of Yen)

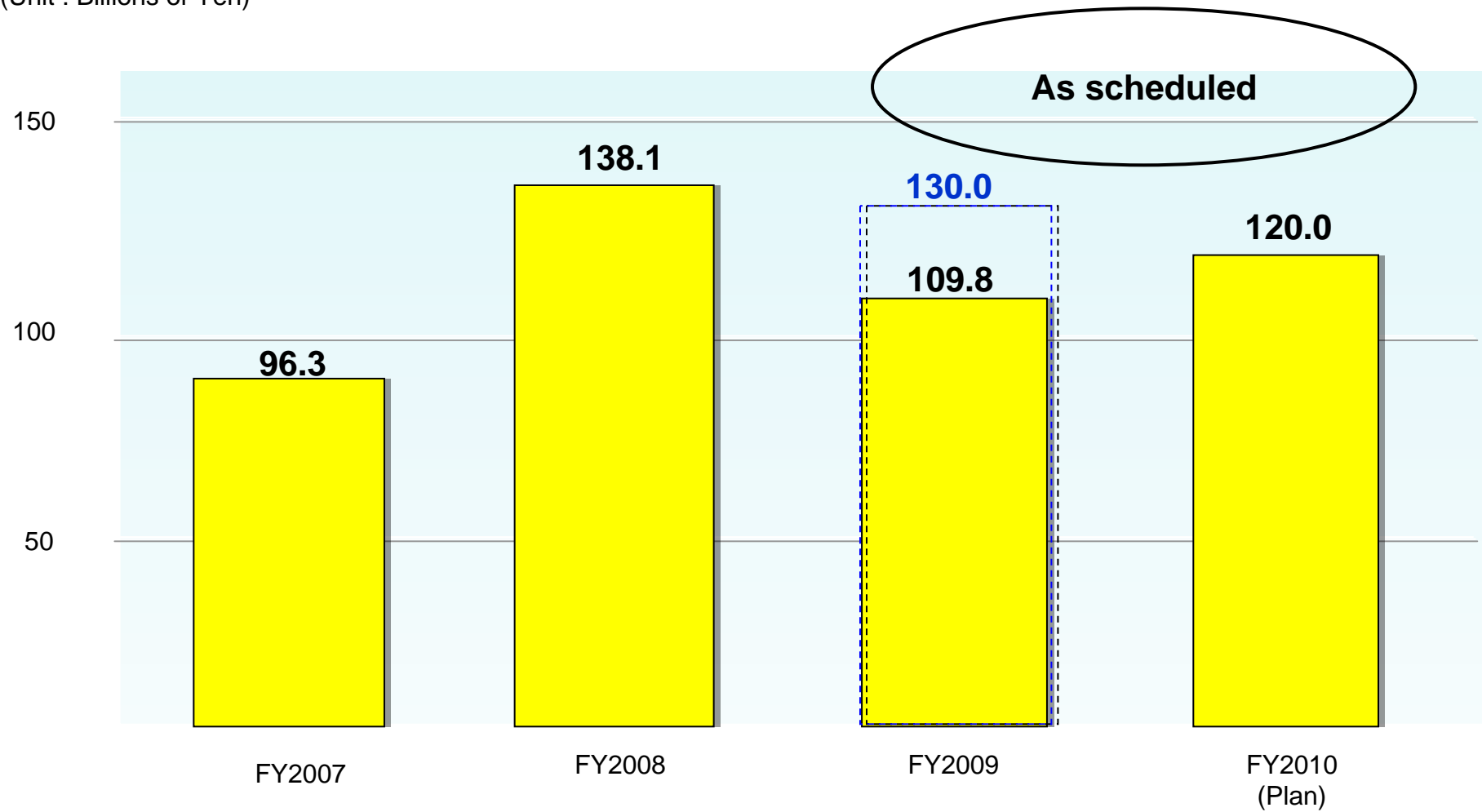


# Profitability Improvement : Interest-Bearing Debt



- Result and forecast of interest-bearing debt
- Revised Forecast

(Unit : Billions of Yen)



# Profitability Improvement : Summary

	End of FY2008 (Result against FY2007)	End of FY2009 (Result against FY2008)	End of FY2010 (Forecast)
Personnel Reduction	9,100 employees	8,850 employees	8,750 employees
Labor Cost Reduction	Reduced by -2.3B Yen (Against FY2008)		Further reduction by business renovation
Expense Reduction	Reduced by -3.4B Yen (Against FY2008)		
Capital Expenditure	28.6B Yen (+9.9B Yen)	12.4B Yen (-16.2B Yen)	25.4B Yen
Total Amount of Tire Inventory	34.3B Yen (Against Dec.,2008: -1B Yen)	26.2B Yen (-8.1B Yen)	30.0B Yen
Reduction of Interest-Bearing Debt	138.1B Yen (+41.8B Yen)	109.8B Yen (-28.3B Yen)	120.0B Yen

Revise for production increase

Further reduction by business renovation

Prior investment for production increase

As Scheduled

**Achieve Lean Operation: Business renovation**

## Tire Business

- Improve supply system – Speed-up
  - ◆ Increase production at domestic plants
  - ◆ Increase production at North American Plant (TNA Phase 3)
  - ◆ Promote China manufacturing plant project
- Reinforce technologies and marketing strategies – Reinforce eco-friendly products
  - ◆ Develop technologies and marketing strategies centered on fuel-efficient tires (Inc. AAA tire)
- Expand and reinforce sales infrastructure in important and emerging markets
- Respond to price hike of raw materials
- Promote business alliance with Bridgestone Corporation

## DiverTech Business (Non-Tire Business)

- Accomplish restructuring anti-vibration rubber business for automobiles
- Improve profitability in rigid urethane business

Promote structural reform and develop new markets  
⇒ Accomplish mid-term business plan '08 to next step

***TOYO TIRES***  
*driven to perform*