

Toyo Tires to Expand Tire Production Capacity

Hyogo, Japan - 28 September, 2017 - Toyo Tire & Rubber Co., Ltd. (Headquarters: Itami, Hyogo; President & CEO: Takashi Shimizu) plans to expand its tire production capacity in the US and Malaysia.



US Tire Plant (Georgia)



Malaysian Tire Plant (Perak)

Toyo Tire & Rubber is currently focused on improving product competitiveness and sales performance in the North American market per its new medium-term management plan, “Mid-term ’17”. TOYO TIRES’ goals also include optimizing product mix to accommodate market trends, advancing development and technical capabilities to deliver surprising products, improving brand equity, and developing an efficient product delivery system.

One of TOYO TIRES’ strengths is its fast and flexible product delivery system that accommodates market needs and demands. As part of its supply strategy, it is developing a manufacturing and product delivery structure that optimizes its mix of global logistics and production capabilities, taking advantage of what each production base can offer.

TOYO TIRES plans to add new buildings and equipment to further expand the production capacity at its US tire plant (Georgia) and Malaysian tire plant (Perak) to align with the “Mid-term ’17” business strategy. The US production base manufactures tires for the North American markets and is the main profit-generator for our company. The Malaysian production facility acts as the hub for the global product supply.

In the “Mid-term ’17” management plan, TOYO TIRES plans to increase its tire sales to 400 billion yen and the operating income to 56 billion yen in 2020, up 31.6% and 23.3% respectively, compared to the actual results in 2016. This expansion of production capacity is part of its plan to “strengthen the company’s business foundation in order to maximize profits,” as stated in its tire business policy. It is intended to further solidify Toyo Tires’ sales of large-diameter tires for pickup trucks, SUVs, and CUVs, where TOYO TIRES already has a competitive advantage.

■ Expansion of Global Production Capacity

(1) Expanding Capacity at the US Tire Plant (Phase 5)

TOYO TIRES plans to invest approximately 14.0 billion yen to construct a new building at its US tire production facility (Toyo Tire North America Manufacturing Inc.; "TNA"; Georgia). The new building will have an annual production capacity equivalent to 2.4 million passenger vehicle tires. In the initial phase of this project, TOYO TIRES will first install equipment to produce half of this volume, which is 1.2 million tires annually (calculated for passenger car tires). Production is scheduled to start in April 2019.

(2) Expanding Capacity at the Malaysian Tire Plant (Phase 2)

TOYO TIRES plans to invest approximately 21.0 billion yen to construct a new building at its Malaysian tire plant (Toyo Tyre Malaysia Sdn Bhd; "TTM"; Perak). The new building will have an annual production capacity equivalent to 4.8 million passenger vehicle tires. In the initial phase of this project, Toyo Tires will first install equipment to produce half of this volume, which is 2.4 million tires (calculated for passenger car tires). Production is scheduled to start in October 2019.

(3) Possible Construction of New Production Bases

TOYO TIRES foresees continued growth beyond 2020 and is considering adding new production bases to position itself in the global market in its "Mid-term '17" business plan. It will continue to evaluate various opportunities for adding new production bases, concurrently with the expansion of capacity at its current production plants.

■ Outline of the Two Plants to be Expanded

(1) US Tire Plant (TNA)

Location	Bartow County, Georgia, USA
Date Established	June 2004 (construction was completed in December 2005. Production started in same month)
Business Activity	Manufacturing of radial tires for passenger vehicles and light trucks.
Representative	Donald C Bunn
Paid-in Capital	150 million US Dollars
Equity Percentage	Wholly owned by Toyo Tire & Rubber Co., Ltd. (Consolidated subsidiaries)
Size of the site	150 Acres (approx.. 607,000 m ²)

TNA primarily manufactures and sells light-truck tires and other large-diameter tires for pickup trucks and SUVs for the North American market. A highly automated and proprietary production system, Advanced Tire Operation Module (A.T.O.M.), is used in the entire facility. TNA has been increasing its production capacity in multiple steps over four phases to meet the sharp increase in demand for light-truck tires in the North American market. In the fall of 2016, TNA became the TOYO TIRES Group's largest tire manufacturing facility with an annual production capacity of 11.5 million tires (calculated for passenger car tires). TOYO TIRES currently has the largest share of large overall diameter in 20 for pickup trucks and SUVs tires market in North America.

(2) Malaysian Tire Plant (TTM)

Location	Taiping, Perak, Malaysia
Date Established	April 2011 (construction was completed in May 2013. Production started in same month)
Business Activity	Manufacturing of radial tires for passenger vehicles and light trucks.
Representative	Mike Toh
Paid-in Capital	400 million Malaysian Dollars
Equity Percentage	Wholly owned by Toyo Tire & Rubber Co., Ltd. (Consolidated subsidiaries)
Size of the site	120 Acres (approx.. 480,000 m ²)

TTM functions as a global hub for supplying not just Southeast Asia, but also other market segments, including Europe, Japan, and North America. TNA uses its highly automated and proprietary tire production technology, A.T.O.M., at its entire facility. TNA produces and delivers high quality, high performance products with excellent uniformity* and is highly regarded in the marketplace. The current TTM plant building has a production capacity of 5 million units per year (calculated for passenger car tires). TOYO TIRES already has enough land to construct another building of the same size next to it.

* Uniformity: Uniformity (balance) of the elements required in tires, including not just dimensions, but also weight and rigidity.

■ Production Capacity Expansion Schedule (Overview)

(1) US Tire Plant (TNA)

Investment Summary	[Phase V Capacity Increase] Construction of a new plant building on the TNA property. Initial installation of production equipment for half of the capacity of the new building.
Total Investment	Approx. 14.0 billion yen
Schedule	Construction of the new plant building to start in February 2018. Installation of production equipment to start in January 2019.
Production Start	Production to start in April 2019.
Capacity Added	1.2 million tires per year (calculated for passenger car tires)

(2) Malaysian Tire Plant (TTM)

Investment Summary	[Phase II Capacity Increase] Construction of a new plant building on the TTM property (next to the current TTM plant building). Initial installation of Production equipment for half of the capacity of the new building (equivalent to the current TTM capacity).
Total Investment	Approx. 21.0 billion yen
Schedule	Construction of the new plant building to start in August 2018. Installation of production equipment to start in July 2019.
Production Start	Production to start in October 2019.
Capacity Added	2.4 million tires per year (calculated for passenger car tires)

■ Reference (Past and Future Expansions at the US and Malaysian Plants)

(1) US Tire Plant (TNA)

Expansion Schedule	Phase III Expansion	Phase IV Expansion	Phase IV Additional Capacity Expansion	This Project [Phase V Expansion]
Completion Date	2011 August	2015 December	2016 October	Final Capacity
Annual Production Capacity*	6.5 million tires	9 million tires	11.5 million tires	13.9 million tires

(2) Malaysian Tire Plant (TTM)

Expansion Schedule	At Start of Operation	Phase I Expansion	This Project [Phase II Expansion]
Completion Date	2013 May	2015 July	Final Capacity
Annual Production Capacity*	2.5 million tires	5.0 million tires	9.8 million tires

*Calculated for passenger car tires

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