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For immediate release

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Yokohama Rubber to Produce
High-pressure Hydraulic Hose in China

Tokyo – The Yokohama Rubber Co., Ltd., announced today that it would construct a plant specialized in the production of high-pressure hydraulic hoses in the economic development zone in Hangzhou City, China. The plant manufactures hydraulic hoses ranging from middle pressure to ultrahigh pressure at its production line integrating everything from rubber mixing to vulcanization. Construction of the plant will start at the end of this year to begin operation at a monthly production volume of 400,000 meters in January 2013. Yokohama Rubber invests a total of 3 billion yen for the plant.

Chinese demand for construction machinery including excavators and cranes has sharply recovered after a temporary drop caused by the 2009 Lehman shock. The vigorous demand is expected to continue throughout 2011 and after. In addition to the increasing OEM demand from Japanese and Chinese makers, sales in the replacement market are also growing at a rapid pace.

With these trends on the background, Yokohama Rubber has been meeting the demand through export from Japan and Yokohama Hoses & Coupling (Hangzhou) Co., Ltd., established to assemble hoses and metal parts in Hangzhou. Yokohama Rubber has however decided to begin local production as a necessary building block for its growing Chinese business in the future, because sales are expected to grow further and Yokohama Rubber set up a MB product sales company in May this year in Shanghai to fully initiate creation of a nation-wide sales network in China.

The new plant is constructed as the manufacturing base of Yokohama Hoses & Coupling (Hangzhou) Co., Ltd., and its cost of investment is paid by Yokohama Rubber (China) Co., Ltd., a holding company to overall control Yokohama Rubber's subsidiaries in China.