

# NEWS RELEASE



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## **Yokohama Rubber Releases Interim Fiscal Results**

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its profit attributable to owners of parent in the fiscal first half (January to June) of 2016 declined 49.3%, to 8.2 billion yen. That percentage decline is in reference to the first half of the previous fiscal year, and it resulted from a 37.9% decline in operating income, to 15.7 billion yen, on a 9.5% decline in net sales, to 268.1 billion yen. Profitability declined as a unit decline in Japanese vehicle production, weakening demand and declining prices in Yokohama's principal product sectors, and the appreciation of the yen more than offset the continuing downturn in raw material prices.

Operating income in Yokohama's tire segment declined 37.6%, to 12.1 billion yen, on a 10.1% decline in sales, to 208.2 billion yen. In the Japanese original equipment market, Yokohama's sales declined amid a downturn in unit vehicle production and a downturn in tire prices, but the company achieved an increase in operating profitability by improving its composition of sales. In the Japanese replacement market, Yokohama's unit sales volume declined, but the company achieved an increase in operating profitability by promoting high-value-added products successfully and by otherwise improving the composition of its sales portfolio. Sales outside Japan declined on account of the appreciation of the yen and escalating price competition despite an overall increase in unit sales volume. Contributing to the increase in unit sales volume were robust sales growth in North America, progress in developing new sales channels in Europe, and growth in shipments to automakers in China.

In Yokohama's Multiple Business segment, operating income declined 37.1%, to 3.5 billion yen, on a 7.7% decline in sales, to 56.3 billion yen. That segment consists primarily of business in high-pressure hoses; Hamatite sealants and adhesives and electronic equipment coatings; conveyor belts; antiseismic products; marine hoses and pneumatic marine fenders; and aircraft fixtures and components. Sales in high-pressure hose declined, reflecting weakening demand in automotive hoses and other adverse factors. Sales also declined in industrial materials amid the appreciation of the yen and a downturn in Japanese steel production. Operating income increased in Hamatite sealants and adhesives and electronic equipment coatings, driven by sales gains automotive sealants in China and other positive factors, but sales declined overall on account of slumping Japanese demand for construction sealants. Sales declined aircraft fixtures and components as weakness in the commercial sector more than offset sales gains in the government sector.

Yokohama has revised downward the full-year fiscal projections that it announced in February 2016 for sales and earnings. The company now projects that profit attributable to owners of parent will decline 44.9%, to 20.0 billion yen, on a 30.3% decline in operating income, to 38.0 billion yen, and a 4.7% decline in net sales, to 600.0 billion yen. Yokohama acquired Alliance Tire Group B.V. in July 2016 and will begin including that company in its consolidated accounts in the third quarter (July to September) of 2016. That inclusion has had the effect in Yokohama's full-year projections of augmenting net sales by 27.0 billion yen and to diminishing operating income by 4.5 billion yen. The diminution of the projection for operating income is the net result of recording a 4.7 billion yen contribution from Alliance Tire Group and acquisition-related expenses estimated before the merger as 9.2 billion yen. Management has declared an interim dividend of 26 yen per share and will propose a year-end dividend of the same amount per share.

## Financial Highlights

Millions of yen

	Jan. 1–June 30, 2016	Jan. 1–June 30, 2015
Net sales	<b>268,117</b>	296,335
Operating income	<b>15,717</b>	25,314
Income before income taxes and minority interests	<b>12,087</b>	23,702
Profit attributable to owners of parent	<b>8,235</b>	16,235
Net assets	<b>294,186</b>	349,595
Total assets	<b>613,445</b>	732,871
Profit per share attributable to owners of parent (yen)*	<b>51.37</b>	100.95

## Results by Business Segment

Millions of yen

	Jan. 1–June 30, 2016	Jan. 1–June 30, 2015
Sales to third parties		
Tires	<b>208,222</b>	231,704
Multiple Business	<b>56,340</b>	61,057
Other	<b>3,555</b>	3,573
Operating income		
Tires	<b>12,077</b>	19,349
Multiple Business	<b>3,503</b>	5,565
Other	<b>198</b>	402
Eliminations	<b>(60)</b>	(2)

*Note:*

Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.