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For immediate release

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Yokohama Rubber Releases First-Quarter Fiscal Results for 2021 ***Company posts record high sales and earnings***

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first quarter (January to March) of fiscal 2021. Profit attributable to owners of parent climbed 28.1 billion yen over the same period of the previous year, to 27.8 billion yen; on a 35.5 billion yen increase in operating profit, to 36.7 billion yen; an approximately 8-fold increase in business profit*, to 14.5 billion yen; and a 15.9% increase in sales revenue, to 149.6 billion yen. All the figures cited here were record high totals for Yokohama.

* Basically equivalent to operating income under accounting principles generally accepted in Japan and calculated as sales revenue less the sum of cost of sales and selling, general and administrative expenses

Yokohama is tackling corporate transformation with an eye to next-generation growth under a medium-term management plan announced in February 2021, Yokohama Transformation 2023 (YX2023). That plan calls for increasing sales revenue to 700 billion yen and business profit to 70 billion yen by 2023. It calls for achieving those targets by exploiting strengths in established operations and by exploring new value for fulfilling needs in an era of profound change. Yokohama is addressing shifting markets in 2021 through the dual approaches of exploitation and exploration to carry out its growth strategy and to reinforce its corporate foundation.

First-quarter sales revenue and business profit in Yokohama's Tires segment increased over the same period of the previous year, when they declined, and over the same period of 2019. Sales revenue in original equipment tires increased as growth in China more than offset declines in Japan and in North America. The sales growth in China reflected resurgent demand, whereas the declines in Japan and in North America reflected the adverse effect of shortages of semiconductor devices on vehicle production volume.

In replacement tires, sales revenue rose in Japan and overseas. That growth was testimony to vigorous promotion of high-value-added products and expanded production to meet robust demand. Early-year snowfalls in Japan supported strong sales of winter tires there, and the overseas sales growth featured especially strong gains in China, Europe, and Asian nations besides Japan.

Yokohama is striving under YX2023 to maximize the sales ratio of high-value-added tires in its consumer tire business. That effort focuses on three core product categories: high-performance tires marketed under Yokohama's global flagship brand, ADVAN; GEOLANDAR tires, for sport-utility vehicles and pickup trucks; and winter tires.

Recent highlights have included new fitments for ADVAN Sport V107 tires on a new Mercedes-AMG model, on a new BMW M-series model, and on BMW's first battery-electric sports activity vehicle. Other highlights of note were victories for Yokohama-equipped vehicles in off-road races in Mexico and the United States, which raised the international profile of the GEOLANDAR brand. Yokohama strengthened its framework, meanwhile, for conducting R&D on winter tires. In addition, Yokohama concluded an agreement to acquire 100% of the equity of its tire sales company in Poland. That meshes with the YX2023 emphasis on product and regional business strategies for promoting sales of high-value-added tires.

In Yokohama's MB (Multiple Business) segment, sales revenue declined from the same period of the previous year, but business profit increased. Sales revenue in high-pressure hoses rose in Japan and overseas, led by strong sales of hoses for construction equipment. In industrial materials, sales revenue was down slightly as weakness in civil engineering products offset sales growth in marine products. Sales revenue was basically unchanged in Hamatite sealants and adhesives as strength in the automotive sector offset weakness in the construction sector. In aircraft fixtures and components, sales revenue was down on account of sharp declines in demand in the commercial and government sectors.

MB segment during YX2023 is to transform its product portfolio into one providing both strong growth potential and stable profits. The MB segment will concentrate its resources in its two strongest business domains—hoses & couplings and industrial products. At the same time, MB's Hamatite business and aerospace products business will improve its business structure.

Yokohama has moved to improve its business portfolio by concluding an agreement to divest its Hamatite operations and by acquiring a company in Hokkaido that performs maintenance and repair work on construction equipment and hydraulic equipment. In regard to production capacity, Yokohama is increasing the production capacity for high-pressure hoses at a Chinese plant.

Sales revenue and business profit in Yokohama's ATG segment increased to their highest-ever levels. The ATG segment comprises business in off-highway tires for agricultural machinery, industrial machinery, and other applications, and the strong first-quarter performance reflected robust demand in those product sectors.

YX2023 provides for strengthening Yokohama's business in off-highway tires as a driver of redoubled growth momentum for the company. The ongoing integration of the OHT businesses of Yokohama Rubber and Group companies ATG and Aichi Tire will further accelerate the growth of the Yokohama Rubber Group's OHT business. The business will be strengthened by a multi-brand approach to market development and responsiveness to customer needs.

Reinforcing Yokohama's business foundation is another emphasis in YX2023, and measures for that purpose include upgrading HR strategy and devoting increased emphasis in management to ESG initiatives. Yokohama is upgrading HR strategy by invigorating its organization through fast decision making and by improving the ways that employees work. As part of that upgrading, Yokohama sold its headquarters building, in central Tokyo, at the end of March 2021 and is preparing to shift headquarters functions to the site of its Hiratsuka Factory, in Kanagawa Prefecture. Management will deploy the funds raised through the sale of Yokohama's headquarters building and through the divestiture of the Hamatite operations in accordance its capital allocation priorities.

Yokohama has revised upward the first-half fiscal projections for 2021 that it announced in February. Its revised first-half projections call for sales revenue of 298.0 billion yen, up 3.5% over the February projection; business profit of 20.0 billion yen, up 11.1%; operating profit of 41.5 billion yen, up 5.6%; and profit attributable to owners of parent of 31.5 billion yen, up 10.5%. The company has also revised upward the full-year fiscal projections for 2021 that it announced in February. Its revised full-year projections call for sales revenue of 640.0 billion yen, up 3.2% over the February projection; business profit of 50.0 billion yen, unchanged; operating profit of 71.5 billion yen, up 0.3%; and profit attributable to owners of parent of 56.0 billion yen, up 14.3%.

The Hamatite figures for sales revenue, business profit, and operating profit will appear under the item “discontinued operations” in the results for the MB segment.

Financial Highlights

Millions of yen

	Jan. 1–March 31, 2021	Jan. 1–March 31, 2020	Jan. 1–March 31, 2019
Sales revenue	149,626	129,128	149,523
Business profit*	14,523	1,819	5,833
Operating profit	36,724	1,240	12,878
Profit (loss) attributable to owners of parent	27,824	(258)	9,127
Total equity	481,100	389,383	392,170
Total assets	915,296	898,425	880,007
Basic earnings (loss) per share (yen):	173.51	(1.61)	56.90

Results by Business Segment

Millions of yen

	Jan. 1–March 31, 2021	Jan. 1–March 31, 2020	Jan. 1–March 31, 2019
Sales to third parties			
Tires	101,405	87,410	100,137
MB	23,787	24,889	28,858
ATG	22,546	15,544	18,861
Other	1,887	1,284	1,667
Business profit (loss)*			
Tires	9,287	(503)	1,499
MB	1,527	924	1,712
ATG	3,494	1,787	2,449
Other	243	(417)	146
Eliminations	(28)	28	28

* Sales revenue – (cost of sales + selling, general and administrative expenses)