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Yokohama Rubber Posts Record Sales, Earnings for 2023; Business Profit Margin Exceeds 10%

Hiratsuka, Japan—The Yokohama Rubber Co., Ltd., announced today its business and financial results for fiscal 2023 (January to December 2023). Sales revenue increased 14.5% over the previous year, to 985.3 billion yen; business profit* increased 41.4%, to 99.1 billion yen; operating profit increased 45.8%, to 100.4 billion yen; and profit attributable to owners of parent increased 46.4%, to 67.2 billion yen. All of those figures were record-high figures for full-year performance at Yokohama Rubber. Yokohama Rubber achieved its target, meanwhile, of raising the ratio of business profit to sales revenue to above 10%. That was the target for that ratio under the company's medium-term management plan, Yokohama Transformation 2023 (YX2023).

* 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.

The strong sales and earnings performance reflected, in Yokohama Rubber's Tires segment, successful measures for promoting sales of high-value-added products, including the global flagship ADVAN brand tires and the GEOLANDAR brand tires for SUVs and pickup trucks; improvements in the product mix; price increases; declines in raw material costs and logistics expenses; and the weakening of the yen against other principal currencies. The company posted record sales revenue and business profit in each of the three years of YX2023. That performance has positioned Yokohama Rubber well to pursue further progress in the next step in its corporate growth.

Both sales revenue and business profit increased over the previous year in Yokohama Rubber's Tires segment. The company's business in original equipment tires expanded as sales of vehicle models factory-fitted with Yokohama Rubber tires grew in Japan and in North America and as the company won new fitments on vehicle models. Those factors more than offset the continuing weakness in Japanese automakers' sales in China. Yokohama Rubber also posted sales growth over the previous year in replacement tires. Its Japanese business in replacement summer tires was robust, and the company replacement tire business expanded, too, in China, in India, and in other Asian markets outside Japan.

Yokohama Rubber posted a large increase in sales revenue in off-highway tires for agricultural machinery, industrial machinery, and other applications. Sales declined in the legacy business of YOHT (Yokohama Off-Highway Tires), which the company handled as the ATG (Alliance Tire Group) segment prior to 2022. That decline occurred on account of continuing adverse conditions in the European and North American markets. The overall sales increase in off-highway tires reflected the acquisition, completed in May 2023, of the Swedish company Trelleborg Wheel Systems Holding AB. That company has operated since the acquisition as Y-TWS (Yokohama-TWS).

Sales revenue and business profit increased over the previous year in Yokohama's MB (Multiple Business) segment, too. Business volume in hose & couplings was basically unchanged from the previous year. Weak sales of hydraulic hoses for construction equipment and other applications, undermined by sluggish demand, offset North American sales growth in automotive hoses. Sales increased strongly in industrial products, as Yokohama posted robust growth in Japanese business in conveyor belts and as business expanded in marine products and in replacement fixtures and components for commercial aircraft.

Management projects that full-year sales and earnings will again attain record-high levels in fiscal 2024. Its projections call for a 7.6% increase in sales revenue, to 1,060.0 billion yen; a 16.0% increase in business profit, to 115.0 billion yen; a 15.1% increase in operating profit, to 115.5 billion yen; and a 10.8% increase in profit attributable to owners of parent, to 74.5 billion yen. Management abides by its plan to recommend raising the year-end dividend 16 yen, to 50 yen per share. That would raise the annual dividend 18 yen, to 84 yen. For fiscal 2024, management plans to pay an interim dividend of 42 yen and to recommend a year-end dividend of 51 yen. The resultant annual dividend of 93 yen would represent the fourth consecutive increase in the annual dividend.

Financial Highlights

Millions of yen

	Fiscal 2023 (Jan. 1–Dec. 31, 2023)	Fiscal 2022 (Jan. 1–Dec. 31, 2022)
Sales revenue	985,333	860,477
Business profit*	99,127	70,089
Operating profit	100,351	68,851
Profit for the year attributable to owners of parent	67,234	45,918
Total equity	748,795	623,121
Total assets	1,600,458	1,151,076
Basic earnings per share (yen):	419.32	286.38

Results by Business Segment

Millions of yen

	Fiscal 2023 (Jan. 1–Dec. 31, 2023)	Fiscal 2022 (Jan. 1–Dec. 31, 2022)
Sales to third parties		
Tires	874,863	754,309
YOHT	132,109	155,809
Y-TWS	103,740	–
MB	101,885	96,248
Other	8,585	9,919
Business profit (loss)*		
Tires	92,026	66,843
YOHT	17,573	22,106
Y-TWS	1,840	–
MB	7,155	3,965
Other	(76)	(758)
Eliminations	22	40

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