

November 10, 2011  
For immediate release

Contact:  
Corporate Communications Dept.  
Phone: 81-3-5400-4531  
Fax: 81-3-5400-4570

## **Yokohama Rubber's Operating Profitability Exceeds Expectations for First Six Months of Fiscal Period**

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its net sales from April to September 2011, the first six months of the present fiscal term, increased 8.4%, 19.9 billion, over the same period of the previous fiscal year, to 258.2 billion yen. That growth resulted primarily from a surge in tire business, led by strong sales in Japan's replacement market.

Operating income declined 8.3% from the same period of the previous year, to 7.6 billion yen, on account of rising raw material costs, the appreciation of the yen, and an increase in selling, general and administrative expenses. The figure for operating income was 26.7% higher, however, than Yokohama's earlier projection of 6.0 billion yen. Yokohama's higher-than-projected operating profitability reflected increases in selling prices for products and progress in trimming costs. Net income declined 75.7%, to 294 million yen, as the appreciation of the yen occasioned losses on currency translation adjustments and as Yokohama recorded a nonrecurring loss in connection with severance payments at a subsidiary.

As noted, Yokohama posted a 10.7% sales increase in tires, to 204.7 billion yen. Operating income in the company's tire operations declined 2.0%, to 6.0 billion yen, on account of rising raw material costs and the appreciation of the yen. Yokohama's strong sales gains in replacement tires in Japan reflected growth in the used-vehicle market. Those gains more than offset a sales decline in original equipment tires, which reflected the aftereffects of the Great East Japan Earthquake. Yokohama also posted sales gains in tires overseas, led by growth in Asia and in Europe.

Yokohama posted sales growth of 0.7%, to 41.7 billion yen, in industrial products, which consist mainly of high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, and marine fenders. Operating income in industrial products declined 71.2%, to 452 million yen, on account of rising raw material costs and the appreciation of the yen. Sales of high-pressure hoses increased as gains in hoses for construction equipment offset declines in automotive hoses, which reflected the aftereffects of the Great East Japan Earthquake. The aftereffects of the earthquake also accounted for a sales decline in sealants and adhesives. Other positive sales factors in industrial products included an increase in overseas orders for marine hoses and a recovery in demand for conveyor belts.

Sales in other products, which consist mainly of aircraft fixtures and components and golf equipment, declined 1.2%, to 11.9 billion yen. That decline occurred as weakness in golf equipment more than offset a sales increase in replacement lavatory modules for commercial airliners. Cost savings and productivity gains supported an 87.8% increase in operating income in other products, to 1.1 billion yen.

Yokohama is switching its fiscal accounting in 2011 to a calendar-year basis, from an April–March accounting period. The change will bring the accounting periods at the parent company and Japanese subsidiaries into conformance with the calendar-year accounting employed at Yokohama’s overseas subsidiaries. It will result in an irregular, nine-month fiscal period of April to December 2011 and will therefore preclude meaningful year-on-year comparisons of business results.

The company has revised its business and financial projections for the nine-month fiscal period in accordance with the growing fiscal and financial uncertainty worldwide, the continuing strength of the yen, and the rising cost of raw materials. Yokohama’s latest projections call for net sales of 460.0 billion yen, operating income of 21.0 billion yen, and net income of 8.5 billion yen in the nine-month fiscal period to December 31, 2011. Yokohama has announced that the annual dividend will total 7 yen per share: an interim dividend of 3 yen and a period-end dividend of 4 yen.

### Financial Highlights

	Millions of yen	
	<b>April 1–Sept. 30, 2011</b>	April 1–Sept. 30, 2010
Net sales	<b>258,220</b>	238,284
Operating income	<b>7,585</b>	8,273
Income before income taxes and minority interests	<b>262</b>	3,324
Net income	<b>294</b>	1,211
Net assets	<b>164,992</b>	158,517
Total assets	<b>492,368</b>	461,182
Per share (yen):		
Net income: basic	<b>0.88</b>	3.61
	<b>July 1–Sept. 30, 2011</b>	July 1–Sept. 30, 2010
Net sales	<b>128,825</b>	120,860
Operating income	<b>3,445</b>	2,365
Income (loss) before income taxes and minority interests	<b>(3,723)</b>	222
Net loss	<b>(2,527)</b>	(408)

## Results by Business Segment and by Region

	Millions of yen	
	April 1–Sept. 30, 2011	April 1–Sept. 30, 2010
<i>By business segment</i>		
Sales to third parties		
Tires	204,656	184,875
Industrial products	41,684	41,379
Others	11,879	12,029
Operating income		
Tires	5,978	6,098
Industrial products	452	1,572
Others	1,148	611
Eliminations	6	(9)
<i>By geographical segment</i>		
Sales to third parties		
Japan	169,843	157,321
North America	52,826	52,069
Asia	16,294	15,624
Other regions	19,255	13,268
Operating income		
Japan	3,610	2,822
North America	2,992	3,267
Asia	518	1,726
Other regions	908	56
Eliminations	(443)	400
	July 1–Sept. 30, 2011	July 1–Sept. 30, 2010
<i>By business segment</i>		
Sales to third parties		
Tires	100,859	92,256
Industrial products	21,932	22,457
Others	6,033	6,145
Operating income		
Tires	2,269	793
Industrial products	567	1,222
Others	641	360
Eliminations	(31)	(11)
<i>By geographical segment</i>		
Sales to third parties		
Japan	85,277	78,813
North America	26,315	28,197
Asia	8,148	8,108
Other regions	9,083	5,739
Operating income (loss)		
Japan	701	(772)
North America	1,472	1,791
Asia	149	382
Other regions	570	(93)
Eliminations	551	1,058

### Notes:

1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. North America refers to Canada and the United States; Asia to China, the Philippines, Taiwan, and Thailand; and Other regions to Europe and Oceania.