

NEWS RELEASE



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November 9, 2012
For immediate release

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Sales and Earnings Up at Yokohama Rubber in First Three Quarters of 2012

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its sales and earnings increased in the first three quarters of 2012 over the same period of the previous year. Fiscal 2012 is the first 12-month fiscal period since Yokohama shifted to calendar-year accounting, from April-to-March accounting, and formal comparisons of three-quarter results are therefore impossible.

Net income at Yokohama in the first three quarters surged to 17.4 billion yen, compared with 1.1 billion yen in the same period of the previous year, as operating income increased 182.8%, to 26.3 billion yen, and a 1.5% increase in net sales, to 393.1 billion yen. For the full year, Yokohama abides by the projections that it announced in August: net income of 30 billion yen, operating income of 49 billion yen, and net sales to 576 billion yen. It has announced that the annual dividend will total 18 yen per share: an interim dividend of 8 yen and a year-end dividend of 10 yen.

The nine-month gains in sales and in profitability reflected unit sales gains in tires and in diversified products, progress in securing market acceptance for price increases, an abating of what had been a persistent upward trend in raw material costs, and continuing progress in reducing costs. Those positive factors more than offset the adverse effect of the continuing appreciation of the yen. In the third quarter, Yokohama's sales of tires to automakers in Japan remained strong, but the company's business in tires weakened overseas, and its business in industrial products and in other products weakened overall.

In tire operations, Yokohama's operating income in the first three quarters increased 247.3% over the same period of the previous year, to 21.6 billion yen, on a 0.9% increase in sales, to 308.2 billion yen. Driving the nine-month sales and earnings growth were strong sales to automakers in Japan. Yokohama's business in the Japanese original equipment market remained robust in the third quarter, reflecting continued growth in vehicle production and Yokohama fitments on an increased number of vehicle models. The company's third-quarter sales in the Japanese replacement market declined from the same period of the previous year, when the post-quake relief effort produced an extraordinary surge in demand. Third-quarter sales also declined overseas, largely because of weakness in North America, but profitability improved in Yokohama's overseas tire business as price increases took hold.

Operating income in Yokohama's industrial products operations in the first three quarters increased 130.7% over the same period of the previous year, to 3.5 billion yen, on a 6.3% increase in sales, to 67.5 billion yen. That business consists mainly of high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, and marine fenders. Highlighting the sales growth were gains in automotive hoses overseas. The sales growth also included gains in marine hoses and in automotive sealants. In the third quarter, sales weakened in marine hoses, marine fenders, and construction sealants, but sales of high-pressure hoses were strong led by growth in overseas business in automotive hoses.

Yokohama's operating income in other products, which consist mainly of aircraft fixtures and components and golf equipment, declined 23.3% in the first three quarters, to 1.2 billion yen, on a 5.8% decline in sales, to 17.3 billion yen. Replacement business in aircraft fixtures and components was strong, but sales in golf equipment declined, reflecting a downturn in market prices and weakness in Yokohama's main products. Those trends characterized Yokohama's business in this product category in the first three quarters overall and in the third quarter.

Financial Highlights

	Millions of yen	
	Jan. 1–Sept. 30, 2012	Jan. 1–Sept. 30, 2011 (for reference only)
Net sales	393,066	387,267
Operating income	26,299	9,300
Income before income taxes and minority interests	25,216	1,415
Net income	17,409	1,146
Net assets	182,509	—
Total assets	497,151	—
Per share (yen):		
Net income: basic	51.96	—
	July 1–Sept. 30, 2012	July 1–Sept. 30, 2011
Net sales	124,103	135,937
Operating income	6,407	3,312
Income (loss) before income taxes and minority interests	6,196	(4,242)
Net income (loss)	3,714	(2,451)

Results by Business Segment and by Region

	Millions of yen	
	Jan. 1–Sept. 30, 2012	Jan. 1–Sept. 30, 2011 (for reference only)
<i>By business segment</i>		
Sales to third parties		
Tires	308,230	305,401
Industrial products	67,542	63,512
Other	17,294	18,353
Operating income		
Tires	21,631	6,228
Industrial products	3,475	1,506
Other	1,200	1,566
Eliminations	(8)	(1)
<i>By geographical segment</i>		
Sales to third parties		
Japan	254,806	248,211
North America	83,668	81,774
Asia	25,342	25,543
Other regions	29,249	31,738
Operating income (loss)		
Japan	18,866	2,015
North America	4,865	3,702
Asia	4,005	1,843
Other regions	(78)	2,074
Eliminations	(1,358)	(335)

Notes:

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