

# NEWS RELEASE



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## **Yokohama Rubber Posts Strong Gains in Fiscal First Half and Projects Record Sales and Earnings for Full Year**

Tokyo - The Yokohama Rubber Co., Ltd., announced today that its sales and earnings increased strongly in the first half of 2012 and that it is on track to post record sales and earnings for the full fiscal year. Yokohama has revised upward the fiscal projections that it released in February. That company has raised its projection for net income to 30 billion yen, compared with the earlier projection of 25 billion yen; its projection for operating income to 49 billion yen, compared with the earlier projection of 40 billion yen; and its projection for net sales to 576 billion yen, compared with the earlier projection of 575 billion yen. Yokohama 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.

Yokohama has shifted to calendar-year accounting as of this year, from April-to-March accounting, so formal comparisons of first-half results are impossible. The following percent-change figures are in reference to arbitrary, six-month sums for the same period of the previous year.

Net income at Yokohama in the fiscal first half increased 280.6% over the same period of the previous year, to 13.7 billion yen, on a 232.2% increase in operating income, to 19.9 billion yen, and a 7.0% increase in net sales, to 269.0 billion yen. The surge 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 Yokohama's tire operations, operating income increased 305.5% over the same period of the previous year, to 16.9 billion yen, on a 6.8% increase in sales, to 211.1 billion yen. Sales in the Japanese original equipment market increased solidly in step with increased vehicle production. The growth in vehicle production reflected the restoration of production capacity diminished by the Great East Japan Earthquake of March 2011 and the government's reinstatement of incentives for purchasing fuel-saving vehicles.

Tire demand was also robust in the Japanese replacement market. Sales declined slightly from the same period of the previous year, when the post-quake relief effort produced an extraordinary surge in demand, but they were higher than in the same period of 2010. Yokohama's sales in overseas tire markets declined. That decline resulted despite progress in securing market acceptance for price increases, and it reflected softening demand in European nations other than Russia, in North America, and in China.

In Yokohama's industrial products business, operating income increased 176.4% over the same period of the previous year, to 2.3 billion yen, on a 10.9% increase in sales, to 45.9 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 in Japan and overseas. The sales growth also included gains in marine hoses, in conveyor belts, and in automotive sealants.

Yokohama's operating income in other products, which consist mainly of aircraft fixtures and components and golf equipment, declined 26.1%, to 703 million yen, on a 3.3% decline in sales, to 11.9 billion yen. Demand for aircraft fixtures and components declined, and sales of Yokohama's main products in golf equipment were weak.

## Financial Highlights

	Millions of yen	
	January 1–June 30, 2012	January 1–June 30, 2011 (for reference only)
Net sales	268,963	251,330
Operating income	19,892	5,987
Income before income taxes and minority interests	19,020	5,658
Net income	13,694	3,597
Net assets	184,643	—
Total assets	492,574	—
Per share (yen):		
Net income: basic	40.88	—
	April 1–June 30, 2012	April 1–June 30, 2011
Net sales	133,711	125,408
Operating income	10,633	4,147
Income before income taxes and minority interests	7,199	3,190
Net income	4,910	1,804

## Results by Business Segment and by Region

	Millions of yen	
	January 1–June 30, 2012	January 1–June 30, 2011 (for reference only)
Sales to third parties		
Tires	211,133	197,605
Industrial products	45,916	41,408
Other	11,912	12,316
Operating income		
Tires	16,923	4,173
Industrial products	2,275	823
Other	703	951
Eliminations	(9)	38
Sales to third parties		
Japan	176,027	162,952
North America	56,704	52,826
Asia	17,778	16,295
Other regions	18,452	19,256
Operating income (loss)		
Japan	13,956	2,368
North America	4,328	2,976
Asia	3,609	620
Other regions	(96)	908
Eliminations	(1,905)	(887)

*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.