

NEWS RELEASE



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Sales and Earnings Climb to Record Levels for Second Consecutive Year at Yokohama Rubber in 2013

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its net sales, operating income, and net income climbed to record levels in fiscal 2013 (January to December 2013) for the second consecutive year. The robust sales and earnings performance reflected a recovery in tire business in North America and China and strong sales of winter tires in Japan. Also contributing to the sales and earnings gains were strong sales of high-pressure hoses, industrial materials, and aircraft fixtures and components. In addition, earnings benefited from a decline in raw material costs and from the weakening of the yen against the US dollar.

Net income at Yokohama in 2013 increased 7.3% over the previous year, to 35.0 billion yen, on a 14.0% increase in operating income, to 56.6 billion yen, and a 7.5% increase in net sales, to 601.6 billion yen. Management abides by its intention, announced in August 2013, to increase the annual dividend 2 yen, to 22 yen. That would comprise the interim dividend of 10 yen, up from 8 yen in 2012, and a proposed year-end dividend of 12 yen, the same as in 2012.

Operating income in Yokohama's tire operations increased 6.1%, to 46.0 billion yen, and sales increased 7.9%, to 479.5 billion yen. In overseas business, the recovery in sales volume in North America and in China offset the adverse effects of slumping demand in Russia and elsewhere in Europe and escalating price competition worldwide. Yokohama posted overall sales growth in Japan, meanwhile, bolstered by gains in original equipment tires and in replacement tires.

The Japanese sales gain in original equipment tires occurred despite a decline in unit volume attributable to declining vehicle production. It reflected vigorous demand for low-fuel-consumption vehicles, a sector that Yokohama serves with a large range of tire sizes, and Yokohama's success in winning fitments on additional vehicle models. Prices softened in Japanese market for replacement tires. Yokohama posted strong sales of summer tires, however, and recorded record unit volume in winter tires.

In Yokohama's industrial products business, operating income increased 51.2%, to 7.7 billion yen, on a 5.5% increase in sales, to 96.9 billion yen. That business consists mainly of high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, and marine fenders. Leading the growth in sales and earnings were strong sales gains in high-pressure hoses in North America and in China and global sales growth in marine fenders, in marine hoses, and in conveyor belts.

Yokohama's operating income in other products increased 136.1%, to 3.0 billion yen, on an 8.5% increase in sales, to 25.2 billion yen. The company's business in this category centers on aircraft fixtures and components and on golf equipment. Highlighting Yokohama's business in aircraft fixtures and components were sales gains in lavatory units for commercial aircraft. Japan's market for golf equipment showed signs of recovery, meanwhile, and Yokohama achieved strong sales in golf clubs with its iD nabra RED and with its egg.

In fiscal 2014, Yokohama's projections call for another year of record sales and earnings. The company projects that net income will reach 37.5 billion yen on operating income of 63.0 billion yen and net sales of 647.0 billion yen.

Financial Highlights

	Millions of yen	
	Jan. 1–Dec. 31, 2013	Jan. 1–Dec. 31, 2012
Net sales	601,629	559,700
Operating income	56,647	49,696
Income before income taxes and minority interests	55,819	51,768
Net income	35,007	32,611
Net assets	279,020	211,349
Total assets	653,584	543,829
Per share (yen):		
Net income: basic	108.32	97.87

Results by Business Segment and by Region

	Millions of yen	
	Jan. 1–Dec. 31, 2013	Jan. 1–Dec. 31, 2012
<i>By business segment</i>		
Sales to third parties		
Tires	479,522	444,592
Industrial products	96,882	91,851
Other	25,224	23,256
Operating income (loss)		
Tires	46,021	43,369
Industrial products	7,689	5,087
Other	2,954	1,251
Eliminations	(18)	(11)
<i>By geographical segment</i>		
Sales to third parties	369,700	
Japan	134,381	375,349
North America	47,897	110,920
Asia	49,650	33,584
Other regions		39,845
Operating income (loss)		
Japan	52,187	42,482
North America	4,862	5,734
Asia	3,643	3,587
Other regions	(2,685)	(640)
Eliminations	(1,361)	(1,467)

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.