

November 9, 2018
For immediate release

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Sales Up, Earnings Down at Yokohama Rubber in First Three Quarters of 2018

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first three quarters of 2018 (January to September). Yokohama posted a 1.2% increase in sales revenue over the same period of the previous year, to 460.8 billion yen, and a 13.4% increase in business profit (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), to 35.6 billion yen. The figures for both of those items were Yokohama's highest ever for the first three quarters.

Operating profit at Yokohama declined 8.3%, to 27.0 billion yen, and profit attributable to owners of parent declined 25.5%, to 16.3 billion yen. Those declines reflect an 11.2 billion yen charge for asset impairment at Yokohama's US tire production subsidiary Yokohama Tire Manufacturing Mississippi, LLC.

In Yokohama's Tires segment, sales revenue declined in original equipment business in Japan and overseas. That decline reflected the impact of product changeovers for multiple vehicle models equipped with Yokohama tires and a downturn in unit vehicle production in China. Yokohama achieved sales growth in Japan's replacement market through vigorous promotion of premium-grade tires under the global flagship brand, ADVAN; the fuel-saving tires of the BluEarth series; and other high-value-added products. Business in replacement tires outside Japan declined on account of adverse weather trends, currency instability in some emerging economies, and the negative effect on demand of concerns about US-Chinese trade frictions.

In the MB (Multiple Business) segment, sales revenue increased in high-pressure hoses, led by continuing vigor in automotive hoses and in hoses for construction equipment and industrial machines. Yokohama also posted growth in sales revenue in industrial materials, led by continuing strong momentum in conveyor belts and renewed strength in marine hoses and other marine products. Sales revenue declined in Hamatite sealants and adhesives and electronic equipment coatings and in aircraft fixtures and components.

In the ATG (Alliance Tire Group) segment, sales revenue increased on the strength of gains in original equipment business. Those gains reflected a recovery in demand for agricultural machinery.

Yokohama has revised downward the full-year fiscal projections for sales and earnings that it announced on February 19, 2018. The revisions reflect weaker-than-expected sales in the Tires segment in China, Russia, and the Middle East; weaker-than-expected sales in the MB (Multiple Business) segment in construction sealants; and the charge for asset impairment cited above. Yokohama's revised projections call for sales revenue of 650.0 billion yen, up 0.6% over the previous year and down 3.0% from the earlier projection; for business profit of 61.5 billion yen, up 5.6% over the previous year and down 2.4% from the earlier projection; for operating profit of 55.0 billion yen, up 1.4% over the previous year and down 8.3% from the earlier projection; and for profit attributable to owners of parent of 36.0 billion yen, down 9.9% from the previous year and down 10.0% from the earlier projection. This revision has not occasioned any change in Yokohama's planned dividend payments.

Financial Highlights

	Millions of yen	
	Jan. 1–Sept. 30, 2018	Jan. 1– Sept. 30, 2017
Sales revenue	460,835	455,529
Business profit*	35,588	31,385
Operating profit	26,953	29,378
Profit attributable to owners of parent	16,265	21,845
Total equity	381,908	360,590
Total assets	890,779	901,937
Basic earnings per share (yen):	101.42	136.24

Results by Business Segment

	Millions of yen	
	Jan. 1–Sept. 30, 2018	Jan. 1– Sept. 30, 2017
Sales to third parties		
Tires	317,088	321,921
MB	84,583	80,495
ATG	52,359	46,492
Other	6,805	6,620
Business profit* (loss)		
Tires	23,753	20,637
MB	4,574	4,496
ATG	6,344	5,289
Other	888	1,041
Eliminations	28	(79)

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