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For immediate release

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Yokohama Rubber Announces Fiscal Results for First Quarter of 2019 *Company raises full-year projections for fiscal performance*

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first quarter (January to March) of fiscal 2019. Profit attributable to owners of parent declined 2.2% from the same period of the previous year, to 9.1 billion yen. Yokohama posted a 50.1% decline in business profit*, to 5.8 billion yen, and an 8.4% decline in operating profit, to 12.9 billion yen. Sales revenue increased 0.2%, to 149.5 billion yen, the highest first-quarter sales total ever at Yokohama.

*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

In the Tires segment, sales revenue declined overall, and business profit declined on account of a decline in unit sales volume and an increase in production costs associated with reduced production volume.

Sales revenue in original equipment business declined in Japan and overseas. That decline reflected the impact of product changeovers in Japan for multiple vehicle models equipped with Yokohama tires and a downturn in unit vehicle production in China.

Sales revenue also declined in replacement tires, because of weakness in sales of winter tires associated with a warm winter in Japan. The decline in replacement business in Japan occurred despite measures for promoting high-value-added products under Yokohama's global flagship brand, ADVAN, and in the company's BluEarth line of fuel-saving tires. Yokohama augmented the BluEarth line with the February launch of the BluEarth-GT AE51.

In the MB (Multiple Business) segment, sales revenue and business profit increased overall. Sales revenue increased in high-pressure hoses, led by continuing strength in Japanese demand in the construction equipment sector and by strong sales overseas in the automotive sector. Yokohama also posted growth in sales revenue in industrial materials, led by strong sales in Japan and overseas in conveyor belts and sales gains overseas in marine products. The company posted growth in sales revenue, too, in Hamatite-brand sealants and adhesives, led by Japanese sales gains in construction sealants. Business also expanded in aerospace products, reflecting vigor in both public-sector and commercial business.

Sales revenue and business profit increased in the ATG segment. That segment comprises business in tires for agricultural machinery, for industrial machinery, and for other off-highway applications. The sales and earnings gains reflected growth in original equipment business in Europe and in replacement business worldwide.

Yokohama has revised upward the full-year projections for that it issued in February 2019 for operating profit and profit attributable to owners of parent. The company now projects that profit attributable to owners of parent will increase 29.1%, to 46.0 billion yen, on a 21.5% increase in operating profit, to 65.0 billion yen. Yokohama's earlier projections called for gains of 15.0% in profit attributable to owners of parent and 13.0% in operating profit. The larger-than-projected growth in operating profit and in profit attributable to owners of parent reflects gains on the sale of fixed assets. Yokohama abides by the full-year fiscal projections for 2019 that it announced in February for sales revenue and business profit. Those projections call for sales revenue to total 660.0 billion yen and for business profit to total 57.5 billion yen.

Financial Highlights

	Millions of yen	
	Jan. 1–March 31, 2019	Jan. 1–March 31, 2018
Sales revenue	149,523	149,157
Business profit*	5,833	11,694
Operating profit	12,878	14,066
Profit attributable to owners of parent	9,127	9,335
Total equity	392,170	368,617
Total assets	880,007	874,900
Basic earnings per share (yen):	56.90	58.22

Results by Business Segment

	Millions of yen	
	Jan. 1–March 31, 2019	Jan. 1–March 31, 2018
Sales to third parties		
Tires	100,125	104,195
MB	28,858	26,301
ATG	18,861	16,896
Other	1,678	1,764
Business profit		
Tires	1,476	8,040
MB	1,712	1,655
ATG	2,449	1,908
Other	144	81
Eliminations	53	9

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

Note:

Yokohama has prepared this information in accordance with the International Financial Reporting Standards (IFRS).