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Contact:
Corporate Planning Department
Corporate Communications Section
Phone: 81-3-5400-4531
Fax: 81-3-5400-4570

Yokohama Rubber Announces Third-Quarter Fiscal Results

Company raises full-year projections

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first three quarters (January to September) of fiscal 2020. Profit attributable to owners of parent declined 84.7% from the same period of the previous year, to 4.3 billion yen, on a 74.5% decline in operating profit, to 8.5 billion yen; a 63.8% decline in business profit*, to 9.3 billion yen; and a 16.2% decline in sales revenue, to 390.4 billion yen.

*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

Sales revenue and business profit in Yokohama's Tires segment declined from the same period of the previous year. In original equipment tires, sales revenue declined on account of a sharp decline in demand during the first two quarters. That decline offset a modest recovery in Japanese demand, following a fiscal first half downturn caused by the COVID-19 pandemic, and a recovery in demand in China and elsewhere. Sales revenue also declined in replacement tires. That reflected a sharp global decline in demand in the fiscal first half. Yokohama's Japanese business in replacement winter tires was weak on account of a warm winter, and the COVID-19 pandemic continued to weigh on Japanese consumer spending into the third quarter. Sales of Yokohama replacement tires outside Japan also declined despite a recovery in China and in some other markets.

The COVID-19 pandemic affected business severely in every sector of Yokohama's MB (Multiple Business) segment, and the company posted declines from the same period of the previous year in sales revenue and business profit in that segment. Sales revenue declined in high-pressure hoses. A sharp first-half decline in demand worldwide offset the subsequent positive effects of economic reopening in several markets. Yokohama's sales revenue declined, too, in industrial materials. Weakness in conveyor belts and in civil engineering materials offset strength in marine products. Sales revenue also declined in Hamatite-brand sealants and adhesives. That decline reflected construction project interruptions and a first-half slump in automotive demand. Continuing weakness in demand in the commercial aircraft sector undermined sales revenue in aircraft fixtures and components.

Sales revenue declined in Yokohama's ATG segment, which comprises business in tires for agricultural machinery, for industrial machinery, and for other off-highway applications. As in the company's other business segments, that decline reflected the first-half impact of the COVID-19 pandemic on demand worldwide. It masked a sales upturn in replacement tires.

Yokohama has revised upward the full-year fiscal projections for 2020 sales and earnings that it announced in August. The revision is notwithstanding the continuing adverse effects of the COVID-19 pandemic. It reflects stronger-than-expected recovery in demand in some markets.

Yokohama's revised projections call for profit attributable to owners of parent to total 18.5 billion yen, up 48.0% over the earlier projection, on operating profit of 28.5 billion yen, up 42.5%; business profit of 30.0 billion yen, up 42.9%; and sales revenue of 565.0 billion yen, up 5.4%.

Financial Highlights

Millions of yen

	Jan. 1–Sept. 30, 2020	Jan. 1–Sept. 30, 2019
Sales revenue	**390,366**	465,739
Business profit*1	**9,348**	25,835
Operating profit	**8,518**	33,361
Profit attributable to owners of parent	**4,330**	28,311
Total equity	**392,393**	399,645
Total assets	**857,557**	877,913
Basic earnings per share (yen):	**27.00**	176.48

Results by Business Segment*2

Millions of yen

	Jan. 1–Sept. 30, 2020	Jan. 1–Sept. 30, 2019
Sales to third parties		
Tires	**266,250**	318,382
MB	**71,182**	87,141
ATG	**47,376**	53,629
Other	**5,558**	6,587
Business profit (loss)*1		
Tires	**511**	11,780
MB	**2,567**	5,672
ATG	**6,233**	7,573
Other	**(39)**	747
Eliminations	**76**	64

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

*2: Yokohama has revised the segment allocation of some business as of 2020 and has restated the corresponding figures for 2019 to reflect this change retroactively