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For immediate release

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Yokohama Rubber Posts Record Sales and Earnings for First Nine Months of Fiscal Year

Management raises projections for full-year earnings

Hiratsuka, Japan —The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first three quarters (January to September) of fiscal 2023. Profit attributable to owners of parent increased 33.9% over the same period of the previous year, to 44.6 billion yen, on a 15.5% increase in operating profit, to 52.4 billion yen; a 6.7% increase in business profit,* to 49.2 billion yen; and a 12.5% increase in sales revenue, to 692.5 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.

The figures for profit attributable to owners of parent, business profit, and sales revenue were record-high totals for nine-month fiscal performance at Yokohama Rubber. In addition, Yokohama Rubber posted its highest-ever totals for profit attributable to owners of parent, operating profit, business profit, and sales revenue in the July-to-September quarter. Management has raised the full-year fiscal projections, meanwhile, that it announced in May 2023. It has raised the projection for profit attributable to owners of parent 9.6%, to 62.5 billion yen; the projection for operating profit 6.3%, to 92.5 billion yen; and the projection for business profit 6.5%, to 90.0 billion yen. Management abides by its projection of 1 trillion yen for full-year sales revenue.

Sales revenue and business profit in Yokohama Rubber's Tires segment increased over the same period of the previous year. In original equipment (OE) tires, sales revenue increased as strong sales in Japan and in North America more than offset the adverse effect of weak business for Japanese automakers in China. Sales revenue also increased in replacement tires. Yokohama Rubber's replacement business in Japan benefited from early-year snowfalls and resultant vigor in sales of winter tires, and the company posted sales growth in replacement tires in China and in other Asian markets.

Yokohama Rubber posted a large increase in sales revenue in off-highway tires for agricultural machinery, industrial machinery, and other applications. Sales declined in the legacy business of YOHT (Yokohama Off-Highway Tires), which the company handled as the ATG (Alliance Tire Group) segment prior to 2022. That decline reflected adverse market conditions in Europe and in North America. The overall sales increase in off-highway tires reflected the acquisition, completed in May 2023, of the Swedish company Trelleborg Wheel Systems Holding AB. That company has operated since the acquisition as Y-TWS. Its July-to-September business profit on a nonconsolidated basis and before accounting for purchase price allocation was the highest ever. That reflected successful efforts to maintain the company's price positioning as a premium brand and a sharp decline in logistics expenses.

Sales revenue and business profit increased over the same period of the previous year in Yokohama Rubber's MB (Multiple Business) segment. In hoses and couplings, sales revenue increased. Business in hoses and couplings with US automakers suffered from the strikes in the United States that occurred during the quarter, but expanded business with Japanese automakers more than offset that setback. Sales revenue also increased in industrial materials. Yokohama Rubber registered strong sales gains in conveyor belts in Japan and overseas, posted a strong sales performance in marine products, and achieved sales growth in aircraft fixtures and components on the strength of vigorous business in replacement products for commercial aircraft.

Progress of YX2023 medium-term management plan

Under Yokohama Transformation 2023 (YX2023), the company's medium-term management plan for fiscal years 2021–2023, Yokohama Rubber is simultaneously promoting the “exploitation” of the strengths of its existing businesses and the “exploration” of new value that will meet the needs of customers and society in an era of great change, as the company strives for "transformation" that will drive growth over the next generation.

The consumer tire business' efforts to expand sales of OE tires, one of the business' core strategies, continued to produce strong results, with its GEOLANDAR tires being selected as OE by Toyota Motor Corporation, for its new Grand Highlander midsize SUV and by Subaru Corporation for its new Crosstrek Wilderness SUV being sold in North America. In the replacement tire market, the consumer tire business followed up its European launch of the ADVAN Sport EV, a new EV-dedicated ultra-high performance summer tire, with the October introduction in Japan and overseas of the new GEOLANDAR CV 4S all-season tire for crossover SUVs. The GEOLANDAR CV 4S is a recipient of a Good Design Award 2023 from the Japan Institute of Design Promotion.

Yokohama Rubber's participation in motorsports events around the world continues to produce strong results. Cars racing on ADVAN racing tires recently finished first and second in the GT300 class in Round 5 of the Japan's SUPER GT Series, and another ADVAN-equipped car finished first in the series final Round 8. In addition, an ADVAN-equipped car dominated this year's Nürburgring Endurance Series (NLS) in Germany, finishing first in five of the nine NLS races to capture the NLS Speed Trophy awarded to the car that accumulates the most points over the entire series. Meanwhile, GEOLANDAR-equipped machines dominated at this year's Asia Cross Country Rally, Asia's largest cross country rally, capturing the overall championship for a second straight year as well as second- and third-place.

Promoting sustainability

Yokohama Rubber regards ESG activities as an important strategy that will contribute to the strengthening of its business and lead to sustainable increases in its corporate value. ESG-related initiatives included the start of production at the Shinshiro-Minami Plant, which aims to be a model carbon-neutral plant, of the ADVAN Sport EV and other high-performance tires using electric power from a new proprietary solar panel electric generation system and renewable energy sources. Yokohama Rubber's Thai subsidiary, Y.T. Rubber Co., Ltd., received a Chain of Custody (CoC) certification by FSC®, an international forest certification organization, in recognition of sound management of processing and distribution of products made from forest

materials. In Japan, the Ibaraki Plant was certified by the Ministry of the Environment as a “site in harmony with nature” in recognition of its efforts to contribute to biodiversity conservation and achieve the international goal of “30by30.” Meanwhile, Yokohama Rubber continued to promote its corporate governance measures, including the continued unwinding of cross-shareholdings and other initiatives aimed at improving capital efficiency and achieving sustainable increases in corporate value. In August, Yokohama Rubber issued its “Integrated Report 2023,” a comprehensive presentation of the company’s management strategies and business activities.

*FSC®=Forest Stewardship Council® is an international non-profit organization established in 1994 to promote responsible forest management worldwide.

Financial Highlights

	Millions of yen	
	January 1–September 30, 2023	January 1–September 30, 2022
Sales revenue	692,505	615,764
Business profit*	49,190	46,105
Operating profit	52,366	45,327
Profit attributable to owners of parent	44,583	33,284
Total equity	759,283	652,599
Total assets	1,655,165	1,234,168
Basic earnings per share (yen):	278.05	207.59

Results by Business Segment

	Millions of yen	
	January 1–September 30, 2023	January 1–September 30, 2022
Sales to third parties		
Tires	612,947	539,389
YOHT	98,615	120,131
Y-TWS	67,287	-
MB	72,920	68,576
Other	6,638	7,799
Business profit (loss)*		
Tires	44,750	43,844
YOHT	11,983	17,743
Y-TWS	(1,080)	-
MB	4,372	1,735
Other	43	490
Eliminations	25	35

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