

NEWS RELEASE



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Sales, Earnings Down at Yokohama Rubber in Fiscal First Quarter but Outlook Is Unchanged for Record Full-Year Sales and Earnings

Tokyo - The Yokohama Rubber Co., Ltd., announced today that its sales and earnings declined in the first quarter of the present fiscal year (January to March). Net sales were down 5.6% from the same period of the previous year, to 127.7 billion yen; operating income was down 18.1%, to 7.6 billion yen; and net income was down 35.7%, to 5.6 billion yen. The downturn in sales and earnings resulted chiefly from weakening sales of tires in the Japanese original equipment market and in Yokohama's principal markets overseas.

In Yokohama's tire operations, sales declined 6.6%, to 100.1 billion yen, and operating income declined 27.6%, to 5.7 billion yen. Japanese demand for original equipment tires declined following the expiration of government incentives for purchases of fuel-saving, low-emission vehicles, and tire demand was generally sluggish in North America, Europe, and China. Yokohama's sales were basically unchanged in the Japanese market for replacement tires. The company posted vigorous sales in winter tires and launched successful new products in summer tires.

Yokohama's sales declined 2.7%, to 22.1 billion yen, in industrial products, which consist mainly of high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, and marine fenders. Operating income in this product sector increased 21.6%, to 1.5 billion yen. The decline in sales reflected weakening Japanese demand for construction sealants, for automotive sealants, and for sealants for electronic and electrical equipment. Yokohama posted strong gains in overseas sales of automotive hoses and sealants and also posted gains in sales of marine fenders, marine hoses, and conveyor belts.

Sales in other products, which consist mainly of aircraft fixtures and components and golf equipment, increased 1.9%, to 5.5 billion yen, and operating income increased 124.1%, to 400 million yen. Growth in sales of lavatory modules for commercial aircraft more than offset continuing weakness in golf equipment.

Yokohama projects that net sales in the six months to June 30, 2013, will increase 9.7% over the same period of the previous fiscal year, to 295.0 billion yen; that operating income will increase 0.5%, to 20.0 billion yen; and that net income will decline 5.1%, to 13.0 billion yen. The company has left unchanged its previously announced full-year projections for record sales and earnings. It projects that net sales will rise 12.6%, to 630.0 billion yen; that operating income will rise 18.7%, to 59.0 billion yen; and that net income will rise 10.4%, to 36.0 billion yen. Underlying those projections are expectations of a strong recovery in overseas tire sales in the latter half of the year.

Financial Highlights

Millions of yen

	Jan. 1–March 31, 2013	Jan. 1–March 31, 2012
Net sales	127,674	135,251
Operating income	7,580	9,258
Income before income taxes and minority interests	9,208	11,820
Net income	5,644	8,784
Net assets	232,306	190,259
Total assets	566,398	514,935
Net income per share (yen)	17.46	26.22

Results by Business Segment and by Region

Millions of yen

	Jan. 1–March 31, 2013	Jan. 1–March 31, 2012
<i>By business segment</i>		
Sales to third parties		
Tires	100,103	107,173
Industrial products	22,112	22,721
Other products	5,458	5,357
Operating income		
Tires	5,689	7,861
Industrial products	1,469	1,208
Other products	416	185
Eliminations	4	3
<i>By geographical segment</i>		
Sales to third parties		
Japan	77,273	86,393
North America	28,625	28,590
Asia	9,741	9,043
Other Regions	12,033	11,224
Operating income		
Japan	9,886	5,703
North America	760	2,312
Asia	(20)	1,947
Other Regions	(644)	216
Eliminations	(2,402)	(921)

Notes:

1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. Under Results by Region, North America refers to the United States and Canada; Asia to the Philippines, Thailand, China, and Taiwan; and Other Regions to Europe and Oceania.