

NEWS RELEASE



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Sales, Earnings Up at Yokohama Rubber in Fiscal First Quarter *Operating income reaches record high*

Tokyo - The Yokohama Rubber Co., Ltd., announced today that its sales and earnings increased in the fiscal first quarter (January to March) over the same period of the previous year. Net income was up 14.8%, to 6.5 billion yen, on an increase of 54.6% in operating income, to 11.7 billion yen, and an increase of 9.6% in net sales, to 139.9 billion yen. Sales and earnings increased in each of Yokohama's three business sectors: tires, industrial products, and other products. The strong performance in tires reflected robust growth in Japan and sales growth overseas, too. Vigorous sales growth in high-pressure hoses and in sealants and adhesives highlighted the fiscal quarter in industrial products, and sales growth in aircraft fixtures and components led the business gains in other products. Operating income benefited in each business sector from a downward trend in raw material prices and from the weakening of the yen, as well as from the sales growth.

In Yokohama's tire operations, operating income increased 62.9%, to 9.3 billion yen, on a 9.4% increase in sales, to 109.5 billion yen. The company's sales of original equipment tires increased strongly in Japan. That increase reflected an upturn in vehicle demand in advance of the April 1 hike in the nation's national sales tax. Yokohama also posted strong sales growth in replacement tires in Japan. That growth reflected sales gains in studless tires, bolstered by heavy snowfalls, and in summer tires, stimulated by the impending hike in the national sales tax. Yokohama's business expanded overall in overseas markets as sales recoveries in North America and in China more than offset weakness in Russia and in some other markets.

Yokohama's operating income increased 18.0% in industrial products, to 1.7 billion yen, on a 10.1% increase in sales, to 24.3 billion yen. That business consists principally of high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, and pneumatic marine fenders. Leading the business expansion were Japanese sales gains in high-pressure hoses for construction equipment, sealants and adhesives for buildings and for automobiles, and conveyor belts.

In other products, Yokohama's operating income increased 71.3%, to 712 million yen, on an 11.8% increase in sales, to 6.1 billion yen. That business consists principally of aircraft fixtures and components and golf equipment. Yokohama posted strong sales growth with its egg series of golf clubs. That growth reflected a recovery in Japanese demand for golf equipment and the stimulus of the impending hike in the national sales tax. Yokohama also posted strong sales growth in lavatory modules for commercial airliners.

Yokohama projects that net income in the six months to June 30, 2014, will increase 4.0% over the same period of the previous year, to 13.5 billion yen, on a 31.2% increase in operating income, to 25.0 billion yen, and a 10.5% increase in net sales, to 298.0 billion yen. The company adheres to the full-year projections for sales and earnings that it announced in February. Those projections call for net income to increase 7.1%, to 37.5 billion yen, on an 11.2% increase in operating income, to 63.0 billion yen, and a 7.5% increase in net sales, to 647.0 billion yen.

Financial Highlights

Millions of yen

	Jan. 1–March 31, 2014	Jan. 1–March 31, 2013
Net sales	139,926	127,674
Operating income	11,720	7,580
Income before income taxes and minority interests	10,304	9,208
Net income	6,481	5,644
Net assets	272,985	232,306
Total assets	627,516	566,398
Net income per share (yen)	20.06	17.46

Results by Business Segment and by Region

Millions of yen

	Jan. 1–March 31, 2014	Jan. 1–March 31, 2013
<i>By business segment</i>		
Sales to third parties		
Tires	109,480	100,103
Industrial products	24,340	22,112
Other products	6,105	5,458
Operating income		
Tires	9,269	5,689
Industrial products	1,733	1,469
Other products	712	416
Eliminations	4	4
<i>By geographical segment</i>		
Sales to third parties		
Japan	86,676	77,273
North America	31,721	28,625
Asia	12,395	9,741
Other Regions	9,134	12,033
Operating income		
Japan	10,738	9,886
North America	700	760
Asia	2,087	(20)
Other Regions	(660)	(644)
Eliminations	(1,144)	(2,402)

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.