

NEWS RELEASE



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Yokohama Rubber Posts Highest Ever First-Half Totals for Sales and Earnings

Tokyo - The Yokohama Rubber Co., Ltd., announced today that its net sales, operating income, and net income reached record first-half highs in the first half of 2014. Net income climbed 38.4% over the same period of the previous year, to 18.0 billion yen, on a 23.8% increase in operating income, to 23.6 billion yen, and a 5.3% increase in net sales, to 283.9 billion yen.

Underlying the robust fiscal performance were business gains in tires, in industrial products, and in other products. Yokohama achieved strong sales growth in tires in Japan and in overseas markets. In industrial products, it registered solid sales gains in high-pressure hoses and in sealants and adhesives. Renewed growth in golf equipment, meanwhile, energized the company's business in other products. Earnings in each segment benefited additionally from a downward trend in raw material prices and from the weakening of the yen.

Operating income in Yokohama's tire operations increased 33.4% over the same period of the previous year, to 18.5 billion yen, on a 5.7% increase in sales, to 221.9 billion yen. Yokohama posted vigorous growth in original equipment business in Japan. Driving that growth were a surge in demand in advance of the April 1 hike in Japan's national sales tax, increased shipments of tires for fuel-saving vehicle models, and success in winning fitments on additional vehicle models.

Yokohama's Japanese business in replacement tires also expanded vigorously, including growth in studless winter tires and in summer tires. As in original equipment, replacement business benefited from surging demand in advance of the hike in the national sales tax. Heavy snowfalls stimulated demand, meanwhile, for Yokohama's studless winter tires. In overseas business, recovery in North America, in Europe, and in China more than offset continuing weak demand in Russia and in some other markets.

Operating income in Yokohama's industrial products business edged up 1.2%, to 3.6 billion yen, on a 3.6% increase in sales, to 49.2 billion yen. That business consists primarily of high-pressure hoses, sealants and adhesives, conveyor belts, antiseismic products, marine hoses, and marine fenders. Yokohama posted sales gains in Japan in hoses for construction equipment, in sealants and adhesives for construction and for automobiles, and in conveyor belts. Highlighting business outside Japan were North American sales gains in automotive hoses.

In other products, operating income declined 9.8%, to 1.4 billion yen, on a 3.7% increase in sales, to 12.8 billion yen. Yokohama's business in golf equipment featured strong growth in Japanese sales of the iD nabra and egg lines of golf clubs and sales gains in the Republic of Korea and in Taiwan. Business in aircraft fixtures and components was weak in the government sector, but sales were strong in lavatory modules for commercial aircraft.

Yokohama has revised downward the 647 billion yen full-year sales projection that it issued in February 2014, to 635 billion yen. That would be an increase of 5.5% over the previous year. The company abides by its February projection of 63 billion yen for operating income, an increase of 11.2%, and it has revised upward its February projection of 37.5 billion yen for net income, to 42 billion yen. The upward projection suggests an increase in net income of 20.0%. Yokohama has announced an interim dividend of 12 yen per share, an increase of 2 yen over the previous interim dividend, and management has proposed a year-end dividend of 14 yen per share, also an increase of 2 yen over the previous year. Those increases would bring the full-year dividend to 26 yen per share, an aggregate increase of 4 yen over the previous year.

Financial Highlights		Millions of yen
	January 1–June 30, 2014	January 1–June 30, 2013
Net sales	283,876	269,686
Operating income	23,586	19,057
Income before income taxes and minority interests	26,457	20,557
Net income	17,957	12,975
Net assets	285,146	250,236
Total assets	634,050	586,653
Net income per share (yen)	55.57	40.15

Results by Business Segment and by Region		Millions of yen
	January 1–June 30, 2014	January 1–June 30, 2013
<i>By business segment</i>		
Sales to third parties		
Tires	221,891	209,842
Industrial products	49,184	47,495
Other products	12,799	12,347
Operating income		
Tires	18,523	13,891
Industrial products	3,623	3,581
Other products	1,434	1,589
Eliminations	5	(5)
<i>By geographical segment</i>		
Sales to third parties		
Japan	168,827	161,311
North America	68,304	63,337
Asia	25,318	22,096
Other Regions	21,424	22,940
Operating income		
Japan	20,636	20,295
North America	1,238	2,633
Asia	4,114	1,282
Other Regions	(1,501)	(1,466)
Eliminations	(901)	(3,687)

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.