

# NEWS RELEASE



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## **Yokohama Rubber Posts Highest-Ever Operating Income for Fiscal First Quarter**

Tokyo—The Yokohama Rubber Co., Ltd., announced today that its operating income in the fiscal first quarter (January to March) of 2015 was its highest first-quarter result ever. Operating income increased 1.0%, to 11.8 billion yen, on a 0.9% decline in net sales, to 138.7 billion yen. Net income declined 10.1%, to 5.8 billion yen.

In Yokohama's tire segment, sales declined in Japan, but sales gains overseas offset most of that decline. Sales increased, meanwhile, in the company's Multiple Business segment, led by growth in high-pressure hoses and in industrial materials. Yokohama established that segment in the present fiscal year. The new segment comprises the operations formerly categorized as "Industrial Products" and the aircraft fixtures and components business formerly included in "Other Products." Yokohama has restated its first-quarter results by business segment for fiscal 2014 to reflect this change retroactively. Operating income benefited in each business sector from a downward trend in raw material prices and from the weakening of the yen.

Operating income increased 0.5% in the tire segment, to 9.3 billion yen, on a 1.1% decline in sales, to 108.2 billion yen. The company's sales of original equipment tires declined in Japan amid declining unit production of vehicles. In the Japanese replacement market for tires, Yokohama's sales declined in yen value and in unit volume. Those declines reflected a surge in purchasing in the first quarter of the previous year and lighter snowfalls than in the previous year. The first-quarter surge in purchasing in 2014 was in advance of the April 1 hike in Japan's national sales tax, and the lighter snowfalls in winter 2015 meant less demand for snow tires. Yokohama's tire business overseas expanded overall in yen value and in unit volume as strong sales in China and in Russia more than offset weakness in North America and in Europe.

Operating income declined 0.4% in Yokohama's Multiple Business operations, to 2.5 billion yen, on a 0.5% increase in sales, to 29.1 billion yen. Business in those operations consists principally of high-pressure hoses; sealants, adhesives, and coatings; conveyor belts; antiseismic products; marine hoses and pneumatic marine fenders; and aircraft fixtures and components.

In high-pressure hoses, sales increased in the automotive sector in North America, buoyed by economic recovery, but declined overall in the construction and mining equipment sector amid slumping prices for crude oil and for other natural resources. Business expanded in industrial materials, as Yokohama posted strong sales gains in conveyor belts and in marine hoses and also registered sales growth in antiseismic products and other products for civil engineering applications.

Sales declined overall in sealants and adhesives, which Yokohama markets under the Hamatite brand, and coatings. That decline occurred as weakness in construction sealants more than offset overseas growth in automotive sealants. Business also contracted in aircraft fixtures and components. Weakness in the government sector more than offset the positive effects of the weakening yen and rising demand in the commercial sector.

Yokohama projects that net income in the six months to June 30, 2015, will decline 41.5% from the same period of the previous year, to 10.5 billion yen, on a 1.8% increase in operating income, to 24.0 billion yen, and an 8.1% increase in net sales, to 307.0 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 decline 11.1%, to 36.0 billion yen, on an 8.4% increase in operating income, to 64.0 billion yen, and a 7.6% increase in net sales, to 673.0 billion yen.

**Financial Highlights**

Millions of yen

	<b>Jan. 1–March 31, 2015</b>	Jan. 1–March 31, 2014
Net sales	<b>138,733</b>	139,926
Operating income	<b>11,834</b>	11,720
Income before income taxes and minority interests	<b>9,228</b>	10,304
Net income	<b>5,829</b>	6,481
Net assets	<b>336,537</b>	272,985
Total assets	<b>720,624</b>	627,516
Net income per share (yen)	<b>18.08</b>	20.06

**Results by Business Segment**

Millions of yen

	<b>Jan. 1–March 31, 2015</b>	Jan. 1–March 31, 2014
Sales to third parties		
Tires	<b>108,233</b>	109,480
Industrial products	<b>29,124</b>	28,974
Other products	<b>1,376</b>	1,471
Operating income		
Tires	<b>9,315</b>	9,269
Industrial products	<b>2,457</b>	2,468
Other products	<b>74</b>	(22)
Eliminations	<b>(12)</b>	4

*Notes:*

1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. The Multiple Business segment, established in the present fiscal year, comprises the operations formerly categorized as “Industrial Products” and the aircraft fixtures and components business formerly included in “Other Products.” Yokohama has restated its first-quarter results by business segment for fiscal 2014 to reflect this change retroactively.