

NEWS RELEASE



THE YOKOHAMA RUBBER CO., LTD.
36-11, Shimbashi 5-chome, Minato-ku,
Tokyo 105-8685, Japan

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Contact:
Corporate Communications Dept.
Phone: 81-3-5400-4531
Fax: 81-3-5400-4570

Yokohama Rubber Posts Highest-Ever Sales and Operating Income for Fiscal First Half

Tokyo - The Yokohama Rubber Co., Ltd., announced today that its net sales and operating income in the fiscal first half (January to June) of 2015 were its highest first-half results ever. Net sales increased 4.4%, to 296.3 billion yen; operating income increased 7.3%, to 25.3 billion yen; and net income declined 9.6%, to 16.2 billion yen. Sales benefited from solid gains in Yokohama's tire segment in overseas markets and from gains in the company's Multiple Business segment in industrial materials, led by growth in marine hoses, and in antiseismic products, and in aircraft fixtures and components. Earnings benefited additionally from generally low prices for raw materials and from the weakening of the yen.

In Yokohama's tire segment, operating income increased 4.5%, to 19.3 billion yen, on a 4.4% increase in sales, to 231.7 billion yen. Driving the sales and earnings gains was robust business in overseas markets. Yokohama posted strong growth in Europe, in Russia, and in China, though it posted weak results in North America. In Japan, the company's original equipment business declined on account of a continuing downturn in Japanese vehicle production. Yokohama registered declines in yen value and in unit volume, meanwhile, in the Japanese replacement market. Those declines reflected the adverse effect of the April 2014 hike in Japan's national sales tax; lighter-than-usual snowfall in the Tokyo region, which diminished demand for studless snow tires; and escalating price competition.

Operating income in Yokohama's Multiple Business segment increased 15.9%, to 5.6 billion yen, on a 4.9% increase in sales, to 61.1 billion yen. Yokohama established that segment in the present fiscal year. The new segment comprises the operations formerly categorized as Industrial Products—principally high-pressure hoses; Hamatite sealants and adhesives and electronic equipment coatings; conveyor belts; antiseismic products; marine hoses and pneumatic marine fenders—and the aircraft fixtures and components business formerly included in Other Products. Yokohama has restated its first-half results by business segment for fiscal 2014 to reflect this change retroactively.

In high-pressure hoses, sales declined amid global weakness in the resources development sector and slowing economic growth in China. Business expanded in industrial materials, as Yokohama posted overseas sales gains in marine hoses and Japanese sales gains in the construction and civil engineering sector, led by antiseismic products. Sales increased overall in sealants and adhesives, which Yokohama markets under the Hamatite brand, and electronic equipment coatings. That increase occurred as overseas growth in automotive sealants more than offset weakness in construction sealants. Business expanded in aircraft fixtures and components. That expansion comprised growth in the commercial aircraft sector and in the government sector, where business benefited from rising demand associated with increased mass production of large aircraft.

Yokohama abides by the full-year fiscal projections that it announced in February 2015 for operating income and net sales. Those projections call for an 8.4% increase in operating income, to 64.0 billion yen, on a 7.6% increase in net sales, to 673.0 billion yen. Yokohama has raised its full-year projection for net income by 3.0 billion yen, to 39.0 billion. That is on account of an improvement in nonoperating results, principally currency translation adjustments. The revised projection for net income corresponds to a 3.7% decline, compared with the February projection of an 11.1% decline.

Management has decided to pay an interim dividend of 13 yen per share in view of the company's financial position and the company's second-quarter fiscal performance. The company carried out a one-for-two share merger effective July 1, 2015, and management proposes to pay a year-end dividend of 26 yen per share. Yokohama's aggregate dividend is in accordance with management's earlier projection, adjusted for the share merger.

Financial Highlights

Millions of yen

	Jan. 1–June 30, 2015	Jan. 1–June 30, 2014
Net sales	296,335	283,876
Operating income	25,314	23,586
Income before income taxes and minority interests	23,702	26,457
Net income	16,235	17,957
Net assets	349,595	285,146
Total assets	732,871	634,050
Net income per share (yen)	100.95	111.14

Results by Business Segment

Millions of yen

	Jan. 1–June 30, 2015	Jan. 1–June 30, 2014
<i>By business segment</i>		
Sales to third parties		
Tires	231,704	221,891
Multiple Business	61,057	58,216
Other	3,573	3,768
Operating income		
Tires	19,349	18,523
Multiple Business	5,565	4,801
Other	402	255
Eliminations	(2)	5

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-half results by business segment for fiscal 2014 to reflect this change retroactively.