News Release
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For immediate release

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Yokohama Rubber Posts First-Quarter Gains in Sales and Earnings

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first quarter (January to March) of fiscal 2017. Profit attributable to owners of parent increased 56.4% over the same period of the previous year, to 5.7 billion yen, on a 32.0% increase in operating income, to 9.1 billion yen, and a 14.2% increase in net sales, to 147.7 billion yen. The strong fiscal performance benefited most notably from overseas sales gains in the company's Tires segment, from overseas sales gains in high-pressure hoses and in Hamatite-brand automotive sealants in Yokohama's MB (Multiple Business) segment, and from the first-time inclusion of Alliance Tire Group B.V. in the company's consolidated results. Yokohama acquired Alliance Tire Group, which produces tires for agricultural and forestry machinery and for other off-highway tires, on July 1, 2016, and has incorporated that company's operations in its consolidated accounts as the ATG segment.

In Yokohama's Tires segment, operating income increased 28.4%, to 6.9 billion yen, on a 4.3% increase in sales, to 105.2 billion yen. Business expanded strongly in the original equipment sector, led by growth in China. Business expanded, too, in the replacement sector. Sales in that sector increased in unit volume and in value, led by gains in North America. Also contributing to the sales growth in replacement tires were gains in Europe, supported by progress in cultivating sales channels. Geographically, Yokohama's aggregate tire sales were basically unchanged in Japan in unit volume and in value. Operating profitability increased in Japan, however, driven by improvement in the company's sales portfolio. That improvement centered on sales gains for Yokohama's global flagship brand, ADVAN, and for the company's BluEarth line of fuel-saving tires.

Operating income in Yokohama's MB segment declined 8.5%, to 1.3 billion yen, on a 4.2% decline in sales, to 26.0 billion yen. The MB segment consists primarily of business in high-pressure hoses, Hamatite-brand sealants and adhesives and electronic equipment coatings, conveyor belts, antiseismic products, marine hoses and pneumatic marine fenders, and aircraft fixtures and components. Business in the MB segment benefited from a recovery in Chinese demand for high-pressure hoses for construction equipment, from growth in overseas sales of Hamatite-brand automotive sealants. Sales of industrial materials contracted despite overseas sales gains in conveyor belts as business shrank in marine products. Yokohama's business in aircraft fixtures and components declined on account of weakness in the commercial sector.

In the ATG segment, operating income totaled 637 million yen on sales of 14.9 billion yen. Sales in that segment accorded with management's expectations in unit volume and in value. Global weakness in grain prices weighed on demand for agricultural machinery and thus undercut ATG business in the original equipment sector, but ATG sales increased in replacement tires.

Management abides by the projections for the fiscal first half that Yokohama announced in February 2017. Those projections call for profit attributable to owners of parent to decline 8.9% from the same period of the previous year, to 7.5 billion yen, on a 10.9% decline in operating income, to 14.0 billion yen, and an 11.9% increase in net sales, to 300.0 billion yen. Management also abides by the full-year projections announced in February. Those projections call for profit attributable to owners of parent to increase 59.7%, to 30.0 billion yen, on a 12.2% increase in operating income, to 47.5 billion yen, and a 10.7% increase in net sales, to 660.0 billion yen.

Yokohama will adopt the International Financial Reporting Standards (IFRS) in fiscal 2017. Recalculating the full-year projections under those standards results in projections of 51.0 billion yen for operating income and 635.0 billion yen for net sales.

Financial Highlights

Millions of yen

	Jan. 1–March 31, 2017	Jan. 1–March 31, 2016
Net sales	**147,739**	129,344
Operating income	**9,068**	6,868
Income before income taxes and minority interests	**8,697**	5,607
Profit attributable to owners of parent	**5,662**	3,621
Net assets	**348,255**	319,862
Total assets	**885,701**	658,768
Profit per share attributable to owners of parent (yen):	**35.31**	22.58

Results by Business Segment

Millions of yen

	Jan. 1–March 31, 2017	Jan. 1–March 31, 2016
Sales to third parties		
Tires	**105,184**	100,813
MB	**25,961**	27,111
ATG (Note 2)	**14,897**	—
Other	**1,695**	1,419
Operating income		
Tires	**6,947**	5,409
MB	**1,313**	1,435
ATG (Note 2)	**637**	—
Other	**196**	52
Eliminations	**(26)**	(29)

Notes:
1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. Yokohama acquired Alliance Tire Group on July 1, 2016, and has subsequently incorporated that company's operations in its consolidated accounts as the ATG segment.