



News Release
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Yokohama Rubber Reports Gains in Sales and Earnings in First Three Quarters of 2017

***Company achieves increase of 39.7% in operating income while
posting highest-ever net sales for first three quarters***

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first three quarters of 2017 (January to September). Profit attributable to owners of parent increased 96.4% over the same period of the previous year, to 16.7 billion yen, on a 39.7% increase in operating income, to 26.4 billion yen, and a 13.8% increase in net sales, to 466.8 billion yen. The figure for net sales was Yokohama's highest ever for the first three quarters.

The strong fiscal performance reflected robust results in Yokohama's Tires segment. Operating income in that segment rose 14.8%, to 19.0 billion yen, on a 7.3% increase in sales, to 333.1 billion yen. Yokohama achieved the gain in operating profitability despite the adverse effect of upward movement in prices for raw materials.

In the original equipment market for tires, Yokohama's sales increased solidly overseas, led by especially strong gains in China and Russia. Yokohama posted gains in unit volume, in sales value, and in operating income in replacement tires. Those gains included sales expansion in overseas markets, led by strong growth in Russia and in Southeast Asia. They benefited in Japan from the successful launch of the iceGUARD 6 studless snow tire and from strong sales for other high-value-added products.

Sales and operating income declined in Yokohama's MB segment. Yokohama posted sales gains in high-pressure hoses, in industrial materials, and in Hamatite-brand sealants and adhesives, but sales declined in aircraft fixtures and components on account of weakness in the commercial sector.

In the ATG segment, sales of tires for agricultural machinery, industrial machinery, and other off-highway applications increased in the original equipment market and in the replacement market in line with management's expectations.

Yokohama abides by the full-year fiscal projections that it announced in August 2017 for sales and earnings. Those projections call for profit attributable to owners of parent to total 30.0 billion yen on operating income of 50.0 billion yen and net sales of 660.0 billion yen.

The company has delayed its schedule for adopting the International Financial Reporting Standards (IFRS). Management had planned to begin disclosing IFRS-based results when it issues its *Kessan tanshin* (summary financial release) in February 2018. It has opted, however, to begin disclosing IFRS-based results subsequently when it issues its *Yukashoken hokokusho* (“*Yuhō*,” securities report) for fiscal 2017. That delay is in the interest of securing sufficient time for the requisite auditing procedures and for ensuring the integrity of the figures reported. Recalculating the full-year projections for 2017 on an IFRS trial basis results in projections of 34.0 billion yen for profit attributable to owners of parent, 51.0 billion yen for operating income, and 635.0 billion yen for net sales.

Financial Highlights

	Millions of yen	
	Jan. 1–Sept. 30, 2017	Jan. 1–Sept. 30, 2016
Net sales	466,790	410,218
Operating income	26,382	18,890
Income before income taxes and minority interests	24,958	13,817
Profit attributable to owners of parent	16,687	8,497
Net assets	365,237	288,732
Total assets	912,662	809,669
Per share (yen):	104.07	53.00

Results by Business Segment

	Millions of yen	
	Jan. 1–Sept. 30, 2017	Jan. 1–Sept. 30, 2016
Sales to third parties		
Tires	333,130	310,472
MB	80,546	80,912
ATG (Note 2)	46,492	12,945
Other	6,620	5,888
Operating income		
Tires	19,037	16,579
MB	4,396	4,686
ATG (Note 2)	2,017	(2,835)
Other	1,009	522
Eliminations	(78)	(61)

Notes:

1. Yokohama has prepared this information in accordance with accounting principles generally accepted in Japan.
2. The 2016 figures for ATG (Alliance Tire Group) are for the three months from July 2016, when Yokohama acquired that company, to September 2016.