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For immediate release

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Yokohama Rubber Reports First-Half Gains in Fiscal 2018 Sales and Earnings

Company posts highest-ever sales and operating profit

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first half (January to June) of fiscal 2018. Profit attributable to owners of parent increased 19.2% over the same period of the previous year, to 17.8 billion yen. Yokohama posted a 9.5% increase in business profit (basically equivalent to operating income under accounting principles generally accepted in Japan and calculated as sales revenue less the sum of cost of sales and selling, general and administrative expenses), to 23.8 billion yen, and a 32.3% increase in operating profit, to 26.4 billion yen. Sales revenue increased 1.8%, to 309.7 billion yen. The figures for operating profit and sales revenue were the highest ever at Yokohama. Yokohama has adopted the International Financial Reporting Standards (IFRS) since fiscal 2017 year-end.

In Yokohama's Tires segment, sales revenue increased in the original equipment sector. Promoting high-value-added products worldwide offset the unit sales decline that resulted from a decline in unit vehicle production in Japan. Sales revenue declined in the replacement sector. The decline reflected a sales surge overseas in the same period of the previous year in advance of price hikes and the negative rebound from that surge. That rebound offset the positive sales contributions in Japan from strong sales of winter tires, stimulated by heavy snowfalls, and from effective promotion of high-value-added products. The high-value-added products include tires marketed under Yokohama's global flagship brand, ADVAN, and fuel-saving tires in the BluEarth series.

In the MB (Multiple Business) segment, sales revenue increased in high-pressure hoses, reflecting strong demand for construction equipment worldwide and vigorous sales of automotive hoses. Yokohama also posted an increase in sales revenue in industrial materials, led by strong sales of conveyor belts in Japan and a sales recovery in marine products. Sales revenue declined in Hamatite-brand sealants and adhesives and electronic equipment coatings and in aircraft fixtures and components.

In the ATG (Alliance Tire Group) segment, sales revenue increased on the strength of gains in original equipment business. This segment comprises business in tires for agricultural machinery, for industrial machinery, and for other off-highway applications, and the increase in sales revenue reflected a recovery in demand for agricultural machinery.

Yokohama abides by the full-year fiscal projections for 2018 that it announced in February. Those projections call for profit attributable to owners of parent to total 40.0 billion yen on operating profit of 60.0 billion yen, business profit of 63.0 billion yen, and sales revenue of 670.0 billion yen.

Financial Highlights

Millions of yen

| | Jan. 1–June 30, 2018 | Jan. 1–June 30, 2017 |
|--|----------------------|----------------------|
| Sales revenue | 309,677 | 304,243 |
| Business profit* | 23,795 | 21,739 |
| Operating profit | 26,369 | 19,935 |
| Profit attributable to owners of parent | 17,832 | 14,965 |
| Total equity | 381,299 | 344,606 |
| Total assets | 879,575 | 869,067 |
| Profit per share attributable to owners of parent (yen): | 111.2 | 93.34 |

Results by Business Segment

Millions of yen

| | Jan. 1–June 30, 2018 | Jan. 1–June 30, 2017 |
|-------------------------|----------------------|----------------------|
| Sales to third parties | | |
| Tires | 213,598 | 214,913 |
| MB | 57,334 | 54,999 |
| ATG | 34,785 | 30,347 |
| Other | 3,959 | 3,985 |
| Business profit* (loss) | | |
| Tires | 15,680 | 14,261 |
| MB | 3,482 | 3,291 |
| ATG | 4,297 | 3,676 |
| Other | 353 | 575 |
| Eliminations | (17) | (65) |

*Sales revenue – (cost of sales + selling, general and administrative expenses)