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For immediate release

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

Sales Up Earnings Down at Yokohama Rubber in 2018

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for fiscal 2018 (January to December 2018). Yokohama posted a 0.6% increase in sales revenue over the same period of the previous year, to 650.2 billion yen, and a 1.7% increase in business profit*, to 59.3 billion yen. The figures for both of those items were Yokohama's highest ever. Operating profit declined 1.4%, to 53.5 billion yen, and profit attributable to owners of parent declined 10.9%, to 35.6 billion yen. Those declines reflect an 11.2 billion yen charge for asset impairment at Yokohama's US tire production subsidiary Yokohama Tire Manufacturing Mississippi, LLC.

*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

In the Tire segment, sales revenue declined in original equipment business in Japan and overseas. In Japan, business suffered from product changeovers for vehicle models equipped with Yokohama tires and from production adjustments at automakers in connection with natural disasters. Overseas business suffered from production adjustments by automakers in China necessitated by weak sales. Yokohama won new fitments during the year on premium-grade passenger cars in Japan and overseas.

Yokohama posted sales growth in the Japanese market for replacement tires. Business there benefited from strong sales in winter tires, led by the iceGUARD 6 studless snow tire. Japanese business in replacement tires also benefited from vigorous promotion of the premium-grade tires of Yokohama's global flagship brand, ADVAN, and the fuel-saving tires of the company's BluEarth series. Business in replacement tires outside Japan declined on account of adverse weather trends, currency instability in some emerging economies, and the negative effect on demand of concerns about US-Chinese trade frictions.

In the MB (Multiple Business) segment, sales revenue increased in high-pressure hoses, led by continuing vigor globally for construction and industrial machines and in overseas markets for automotive hoses. Yokohama also posted growth in sales revenue in industrial materials, led by continuing strong momentum in conveyor belts in Japan and overseas. Sales revenue declined in Hamatite 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, which reflected a continuing recovery in demand for agricultural machinery.

Yokohama's full-year fiscal projections for 2019 call for sales revenue of 660.0 billion yen, up 1.5% over the previous year; business profit of 57.5 billion yen, down 3.0%; operating profit of 57.5 billion yen, up 7.5%; and profit attributable to owners of parent of 40.0 billion yen, up 12.3%.

Financial Highlights

Millions of yen

	Jan. 1–Dec. 31, 2018	Jan. 1–Dec. 31, 2017
Sales revenue	650,239	646,272
Business profit*	59,257	58,265
Operating profit	53,478	54,224
Profit attributable to owners of parent	35,623	39,975
Total equity	382,401	387,752
Total assets	855,812	920,776
Basic earnings per share (yen):	222.12	249.32

Results by Business Segment

Millions of yen

	Jan. 1–Dec. 31, 2018	Jan. 1– Dec. 31, 2017
Sales to third parties		
Tires	454,801	459,949
MB	117,782	114,099
ATG	68,689	63,433
Other	8,966	8,792
Business profit* (loss)		
Tires	42,292	41,889
MB	7,404	7,757
ATG	8,460	7,568
Other	1,073	1,171
Eliminations	29	(120)

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