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For immediate release

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Yokohama Rubber Announces First-Half Fiscal Results ***Company posts highest-ever interim sales revenue***

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first half (January to June) of fiscal 2019. Profit attributable to owners of parent declined 6.2% from the same period of the previous year, to 16.7 billion yen, on a 4.7% decline in operating profit, to 25.1 billion yen; a 27.5% decline in business profit*, to 17.2 billion yen; and a 0.5% increase in sales revenue, to 311.1 billion yen.

*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

Sales revenue declined from the same period of the previous year in Yokohama's Tires segment, and business profit declined on account of a downturn in unit sales volume, an upturn in unit costs associated with reduced production volume, and an increase in logistics costs.

Sales declined in the original equipment sector. The weakness in Japan reflected the impact of product changeovers for multiple vehicle models equipped with Yokohama tires. Meanwhile, a Chinese downturn in unit vehicle production attributable to slowing economic growth weighed on Yokohama's original equipment business overseas.

Yokohama maintained sales in replacement tires at the level of the same period of the previous year. The company supported replacement business by promoting high-value-added products, such as tires marketed under its global flagship brand, ADVAN, and fuel-saving tires in the BluEarth series, and by deploying the strategies of its medium-term management plan, Grand Design 2020 (GD2020). Yokohama's replacement business suffered from weak, warm-winter sales of winter tires in Japan, but business gained momentum in spring with solid sales of summer tires in Japan and with rising sales overseas, especially in North America.

In the MB (Multiple Business) segment, Yokohama's sales revenue and business profit increased over the same period of the previous year. Sales increased in high-pressure hoses, reflecting strong Japanese demand in construction equipment and Yokohama's success in winning new orders for automotive hoses in overseas markets. Sales also increased in industrial materials, led by continuing sales vigor in conveyor belts worldwide. Sales increased, too, in Hamatite-brand sealants and adhesives, driven by continuing strength in Japanese business in construction sealants, and in aircraft fixtures and components.

Sales revenue and business profit increased over the same period of the previous year in Yokohama's ATG (Alliance Tire Group) segment. This segment comprises business in tires for agricultural machinery, for industrial machinery, and for other off-highway applications, and the strong business results reflected robust sales in tires for agricultural machinery.

Yokohama abides by the full-year fiscal projections for 2019 that it announced in May. Those projections call for profit attributable to owners of parent to total 46.0 billion yen on operating profit of 65.0 billion yen, business profit of 57.5 billion yen, and sales revenue of 660.0 billion yen.

Financial Highlights

	Millions of yen	
	Jan. 1–June 30, 2019	Jan. 1–June 30, 2018
Sales revenue	311,106	309,677
Business profit*	17,250	23,795
Operating profit	25,123	26,369
Profit attributable to owners of parent	16,721	17,832
Total equity	390,316	381,299
Total assets	863,859	879,575
Profit per share attributable to owners of parent (yen):	104.24	111.20

Results by Business Segment

	Millions of yen	
	Jan. 1–June 30, 2019	Jan. 1–June 30, 2018
Sales to third parties		
Tires	210,095	213,598
MB	59,528	57,334
ATG	37,252	34,785
Other	4,231	3,959
Business profit*		
Tires	7,459	15,680
MB	4,004	3,482
ATG	5,167	4,297
Other	550	353
Eliminations	69	(17)

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