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Yokohama Rubber Reports Highest-Ever Three-Quarter Results for Sales Revenue and Net Profit

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first three quarters of 2019 (January to September). Yokohama posted a 1.1% increase in sales revenue over the same period of the previous year, to 465.7 billion yen, and a 27.4% decline in business profit, to 25.8 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

Operating profit increased 23.8% to 33.4 billion yen, reflecting a gain on the sale of fixed assets in the fiscal first quarter. Profit attributable to owners of parent increased 74.1%, to 28.3 billion yen. That increase reflected the rise in operating profit and a corporate tax–rate reduction in India, which reduced a tax liability incurred in connection with an operational restructuring in the company's ATG (Alliance Tire Group) segment.

The figures for sales revenue and profit attributable to owners of parent were Yokohama's highest-ever three-quarter totals for those items.

In Yokohama's Tires segment, sales revenue increased over the same period of the previous year. Business profit declined, however, on account of an upturn in unit production costs associated with reduced production volume, an increase in logistics costs, and the appreciation of the yen.

Sales revenue declined in the original equipment sector. Japanese business in that sector was weak, partly because of product changeovers for multiple vehicle models equipped with Yokohama tires. The continuing downturn in unit vehicle production in China, meanwhile, weighed on Yokohama's original equipment business overseas.

Yokohama posted growth in global sales of replacement tires over the same period of the previous year. The company achieved that growth largely by promoting high-value-added products, such as tires marketed under its global flagship brand, ADVAN series, fuel-saving tires in the BluEarth series, and GEOLANDAR series for sport-utility vehicles and pickup trucks, and by deploying the strategies of its medium-term management plan, Grand Design 2020 (GD2020). In Japan, solid sales of summer tires offset early-year weakness in sales in winter tires, which resulted from a warm winter. Yokohama's Japanese sales revenue in replacement tires also benefited from price increases and from a surge in demand in advance of a rise in Japan's national sales tax.

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 the company's success in winning new orders for automotive hoses in overseas markets. In industrial materials, sales increased on the strength of robust business in conveyor belts worldwide. Sales increased in Hamatite-brand sealants and adhesives, driven by continuing strength in Japanese business in construction sealants, and in aircraft fixtures and components, driven by solid demand in government and private-sector business.

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

Yokohama has revised the full-year fiscal projections for 2019 that it announced on May 14. The revision is on account of higher-than-expected logistics costs, the continuing appreciation of the yen, and lower-than-expected sales of tires in original equipment markets overseas. Yokohama now projects that profit attributable to owners of parent will increase 17.9%, to 42.0 billion yen, on a 7.5% increase in operating profit, to 57.5 billion yen; a 15.6% decline in business profit, to 50.0 billion yen; and essentially no change in sales revenue, at 650.0 billion yen. Compared with the earlier projections, these projections are 8.7% lower for profit attributable to owners of parent, 11.5% lower for operating profit, 13.0% lower for business profit, and 1.5% lower for sales revenue. This revision has no effect on Yokohama's planned dividend payments.

Financial Highlights

Millions of yen

	Jan. 1–Sept. 30, 2019	Jan. 1– Sept. 30, 2018
Sales revenue	**465,739**	460,835
Business profit*	**25,835**	35,588
Operating profit	**33,361**	26,953
Profit attributable to owners of parent	**28,311**	16,265
Total equity	**399,645**	381,908
Total assets	**877,913**	890,779
Basic earnings per share (yen):	**176.48**	101.42

Results by Business Segment

Millions of yen

	Jan. 1–Sept. 30, 2019	Jan. 1– Sept. 30, 2018
Sales to third parties		
Tires	**318,360**	317,088
MB	**87,141**	84,583
ATG	**53,629**	52,359
Other	**6,610**	6,805
Business profit*		
Tires	**11,719**	23,753
MB	**5,672**	4,574
ATG	**7,573**	6,344
Other	**763**	888
Eliminations	**110**	28

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