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For immediate release

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Yokohama Rubber Posts Gains in Sales, Earnings for First Nine Months of fiscal year

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first three quarters (January to September) of fiscal 2022. Yokohama Rubber's sales revenue and business profit reached record high levels for the first three quarters. Profit attributable to owners of parent declined 23.4% from the same period of the previous year, to 33.3 billion yen, on a 23.6% decline in operating profit, to 45.3 billion yen; a 24.2% increase in business profit, to 46.1 billion yen; and a 33.7% increase in sales revenue, to 615.8 billion yen.

*Business profit is equivalent to operating income under accounting principles generally accepted in Japan and consists of sales revenue less the sum of cost of sales and selling, general and administrative expenses

Yokohama Rubber struggled with the adverse effects of rising raw material costs and logistics expenses, reduced vehicle production necessitated by the shortage of semiconductor devices, and Covid-19 lockdowns in China. It overcame those challenges, however, with increased tire sales in Japan and overseas, including off-highway tires for agricultural machinery and industrial machinery, and with a fiscal contribution from the depreciation of the yen.

The company posted growth over the same period of the previous year in sales revenue and business profit in its Tires segment. In original equipment tires for passenger cars and commercial vehicles, Yokohama Rubber's sales revenue increased over the same period of the previous year. Automakers began to redouble production output to compensate for earlier reductions. Yokohama Rubber secured new fitments, meanwhile, on vehicle models in North America. Sales totals benefited, too, from the depreciation of the yen. Those factors more than offset the adjustments in vehicle production volume necessitated by the global shortages of semiconductor devices and the adverse effect of Chinese lockdowns.

Yokohama Rubber also posted sales revenue growth over the same period of the previous year in replacement tires for passenger cars and commercial vehicles. Business in Japan benefited from early-year snowfalls and resultant vigor in sales of winter tires. Yokohama Rubber achieved sales growth in North America, China, and other Asian markets by promoting high-value-added products.

The company posted sales gains, too, in off-highway tires for agricultural machinery and industrial machinery. It has transferred that business, formerly handled as the ATG (Alliance Tire Group) segment, to the Tires segment in 2022. Yokohama Rubber handles that business in the Tires segment as the Yokohama Off-Highway Tires (YOHT) unit.

In Yokohama Rubber's MB (Multiple Business) segment, sales revenue increased over the same period of the previous year. Business profit declined, however, on account of rising costs for raw materials and energy and other factors. Sales revenue in hose & couplings increased, driven by strong sales of hydraulic hoses for construction equipment in Japan and overseas and by a recovery in Yokohama Rubber's North American business in automotive hoses. The company's sales revenue in industrial materials increased over the same period of the previous year. Yokohama Rubber achieved sales gains in conveyor belts in Japan by stepping up its marketing there, and replacement demand for aircraft fixtures and components recovered in the commercial aircraft sector. The company folded its aircraft fixtures and components business into its industrial materials business unit on March 30, 2022.

Yokohama Rubber abides by the full-year fiscal projections for 2022 that it announced in August. Those projections call for sales revenue of 855.0 billion yen, business profit of 62.5 billion yen, operating profit of 60.5 billion yen, and profit attributable to owners of parent of 42.0 billion yen.

<Progress of YX2023 medium-term management plan>

Under Yokohama Transformation 2023 (YX2023), the company's medium-term management plan for fiscal years 2021–2023, Yokohama Rubber is simultaneously promoting the “exploitation” of the strengths of its existing businesses and the “exploration” of new value that will meet the needs of customers and society in an era of great change, as the company strives for "transformation" that will drive growth over the next generation.

The consumer tire business is aiming to maximize the sales ratio of its high-value-added tires during YX2023. Toward that end, the business has been making efforts to expand sales of its ADVAN and GEOLANDAR brands as well as its WINTER tires.

Recent successes in the original equipment (OE) market for premium cars include the selection of ADVAN Sport V107 tires by Nissan Motor Co., Ltd., as OE on its Fairlady Z and the selection of GEOLANDAR X-CV tires by Toyota Motor Corporation as OE on its Tundra full-size pickup truck and Sequoia full-size SUV. The consumer tire business also is strengthening marketing to the replacement tire market under this year's “YOKOHAMA New Summer” campaign. The business posted strong results in the third quarter by increasing its tire size lineups, especially for the new ADVAN Sport V107 global flagship tire and the ADVAN NEOVA AD09 high-performance street tire.

Yokohama Rubber remains active in motorsports. Recently, a car fitted with ADVAN brand tires captured the GT300 class series championship of 2022 SUPER GT Series, Japan's ultimate touring car racing series. In addition, Yokohama Rubber will supply its GEOLANDAR M/T G003 tires in support of drivers Takuma Aoki and Ikuo Hanawa in the upcoming Asia Cross Country Rally 2022, Asia's largest cross country rally, to be held from November 21.

The commercial tire business continues to explore opportunities created by market changes, with a focus on four themes—cost, service, digital transformation (DX), and strengthening its product lineup.

In August, production of off-highway tires was launched ahead of schedule at the new Visakhapatnam Plant that had been under construction in India.

Recent notable commercial tire product developments include the 2022 Good Design Award won by BluEarth 711L, an all-season tire for trucks that emphasize fuel efficiency. In addition, the ALLIANCE AGRISTAR II tire for agricultural machinery was adopted by Yanmar Agribusiness Co., Ltd. as OE on its YT3R series of agriculture-use tractors. The YT3R is the second Yanmar series to come equipped with ALLIANCE tires, joining the YT4A large-tractor series.

In the MB segment, Yokohama Rubber is continuing to concentrate its resources in the segment's two strongest businesses—hose & couplings and industrial products—as it seeks to transform the segment into a generator of stable earnings. The hose & couplings business integrated its high-pressure hydraulic hose brands sold in overseas markets to enhance its sales competitiveness overseas. Meanwhile, the industrial products business will increase conveyor belt production capacity at its Hiratsuka Factory to support further expansion of its share in the domestic market.

Yokohama Rubber also continues to proactively promote ESG measures. Recent ESG initiatives include application of the JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) platform, expansion of the company's human rights and grievance redress mechanisms, and issuance of Yokohama Rubber's first integrated report in August.

Financial Highlights

Millions of yen

	Jan. 1–Sept. 30, 2022	Jan. 1–Sept. 30, 2021
Sales revenue	615,764	460,455
Business profit*	46,105	37,121
Operating profit	45,327	59,326
Profit	33,284	43,137
Profit from discontinued operations	—	343
Profit attributable to owners of parent	33,284	43,479
Total equity	652,599	497,749
Total assets	1,234,168	951,983
Profit per share attributable to owners of parent (yen)	207.59	271.15

Results by Business Segment

Millions of yen

	Jan. 1–Sept. 30, 2022	Jan. 1–Sept. 30, 2021
Sales to third parties		
Tires	539,389	394,075
YOHT	120,131	76,716
MB	68,576	59,692
Other	7,799	6,688
Business profit*		
Tires	43,844	33,298
YOHT	17,743	11,194
MB	1,735	2,649
Other	490	1,124
Eliminations	35	48

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