13th February 2015

**YOKOHAMA Posts Third Consecutive Year of Record Sales and Earnings**

Tokyo - The Yokohama Rubber Co., Ltd., announced today that its net sales, operating income, and net income climbed to record levels in fiscal 2014 (January to December 2014) for the third consecutive year. The strong sales and earnings performance reflected robust growth in tyre business in the original equipment market in Japan and vigorous sales gains in markets overseas. It also reflected sales growth in industrial products and in other products, led by gains in high-pressure hoses, in sealants and adhesives, and in aircraft fixtures and components. Earnings benefited from a decline in raw material costs and from the weakening of the yen, as well as from the sales growth.

Net income at YOKOHAMA in 2014 increased 15.7% over the previous year, to 40.5 billion yen, on a 4.3% increase in operating income, to 59.1 billion yen, and a 3.9% increase in net sales, to 625.3 billion yen. Management plans to increase the annual dividend 4 yen, to 26 yen. That would comprise the interim dividend of 12 yen, up from 10 yen in 2013, and a proposed year-end dividend of 14 yen, up from 12 yen in 2013.

Operating income in YOKOHAMA’s tyre operations increased 5.6%, to 48.6 billion yen, on sales growth of 3.8%, to 497.6 billion yen. The sales increase in the Japanese original equipment market resulted from growth vehicle production and from YOKOHAMA’s success in promoting fuel-saving tyres to automakers. Sales in the Japanese replacement market were basically unchanged from the previous year in unit volume and in value. A surge in demand preceded the 1st April hike in Japan’s national sales tax, and heavy snows occasioned solid growth in sales of snow tyres. Offsetting those positive factors were a slump in demand in the wake of the sales tax hike and escalating price competition. In overseas business, YOKOHAMA posted sales gains in unit volume and in value. The company’s tyre business continued to expand in China and in remerging markets, and it exhibited recovery in Europe.

In YOKOHAMA’s industrial products business, operating income declined 1.4%, to 7.6 billion yen, on a 4.7% increase in sales, to 101.5 billion yen. That business consists mainly of high-pressure hoses, sealants and adhesives, conveyor belts, anti-seismic products, marine hoses, and marine fenders. YOKOHAMA posted strong growth in sales of high-pressure hoses for construction equipment. Stimulating demand for those products were toughened Japanese regulations on exhaust emissions. In industrial materials, sales increased strongly in conveyor belts and in marine hoses. Business expanded in sealants and adhesives and in electronic materials, led by gains in the construction sector and automotive sector.

YOKOHAMA’s operating income in other products declined 2.1%, to 2.9 billion yen, on a 4.0% increase in sales, to 26.2 billion yen. The company’s business in this category centres on aircraft fixtures and components and on golf equipment. Highlighting YOKOHAMA’s business in aircraft fixtures and components were sales gains in replacement products in the government sector and in lavatory units for small passenger aircraft in the private sector. YOKOHAMA posted sales growth in golf equipment despite a decline in demand associated with the hike in the Japanese sales tax.

In 2015, YOKOHAMA’s projections call for another year of record results in operating income and net sales. Management forecasts that operating income will increase 8.4% to 64.0 billion yen, on a 7.6% increase in net sales to 673.0 billion yen. It expects an 11.1% decline in net income, to 36.0 billion yen.

**Financial Highlights**

|  |  |  |
| --- | --- | --- |
|  | **Jan. 1–Dec. 31, 2014** | Jan. 1–Dec. 31, 2013 |
| Net sales | **625,245** | 601,629 |
| Operating income | **59,066** | 56,647 |
| Income before income taxes and  minority interests | **62,594** | 55,819 |
| Net income | **40,502** | 35,007 |
| Net assets | **330,782** | 279,020 |
| Total assets | **734,511** | 653,584 |
| Per share (yen):  Net income: basic | **125.34** | 108.32 |
|  |  |  |
|  |  |  |

*\* in Millions of yen*

**Results by Business Segment and by Region**

|  |  |  |
| --- | --- | --- |
|  | **Jan. 1–Dec. 31, 2014** | Jan. 1–Dec. 31, 2013 |
| *By business segment* |  |  |
| Sales to third parties |  |  |
| Tyres | **497,572** | 479,522 |
| Industrial products | **101,450** | 96,882 |
| Other | **26,222** | 25,224 |
|  |  |  |
| Operating income (loss) |  |  |
| Tyres | **48,577** | 46,021 |
| Industrial products | **7,579** | 7,689 |
| Other | **2,893** | 2,954 |
| Eliminations | **16** | (18) |
|  |  |  |
|  |  |  |
| *By geographical segment* |  |  |
| Sales to third parties |  |  |
| Japan | **374,419** | 369,700 |
| North America | **145,536** | 134,381 |
| Asia | **56,663** | 47,897 |
| Other regions | **48,626** | 49,650 |
|  |  |  |
| Operating income (loss) |  |  |
| Japan | **48,739** | 52,187 |
| North America | **2,905** | 4,862 |
| Asia | **9,273** | 3,643 |
| Other regions | **(1,059)** | (2,685) |
| Eliminations | **(792)** | (1,361) |

*\* in Millions of yen*

*Notes:*

1. YOKOHAMA has prepared this information in accordance with accounting principles generally accepted in Japan.

2. North America refers to Canada and the United States; Asia to China, the Philippines, Taiwan, and Thailand; and Other regions to Europe and Oceania.