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**YOKOHAMA Enters Phase IV of its Grand Design 100 Medium-Term Management Plan**

***Company aims to increase net sales to 770.0 billion yen and operating income to 80.0 billion yen by 2017 and thus raise the operating profit margin to 10.4%***

Tokyo - The Yokohama Rubber Co., Ltd., unveiled today an outline of Phase IV in its Grand Design 100 medium-term management plan. Phase IV is the culminating three-year phase of Grand Design 100. YOKOHAMA’s theme for Phase IV is All for Growth - focusing our energy on growth. The company’s principal financial targets in Phase IV are to raise annual net sales to 770.0 billion yen and annual operating income to 80.0 billion yen by 2017 and to thus raise the operating profit margin to 10.4% by that year.

Growth continues apace in the tyre and rubber industry amid surging global demand for automobiles. Competition is escalating, however, as tyre manufacturers race to outdo one another in fuel-saving tyres and as emerging tyre manufacturers assert a growing presence. In Phase IV of Grand Design 100, YOKOHAMA will reaffirm the basics of its business and offer new value through YOKOHAMA-like products that will appeal to customers. That will include working to channel all activity companywide into maximizing customer satisfaction and undertaking vigorous investment based on a strong financial position.

In tyre operations, YOKOHAMA will work to increase the overseas share of its business with automakers. It will invest 120.0 billion yen during Phase IV in expanding and upgrading tyre production capacity. YOKOHAMA’s plans call for increasing the company’s annual production capacity to about 74 million tyres by 2017 and to about 89 million by 2020, from about 68 million at 2014 year-end.

In Multiple Business (diversified products) operations, YOKOHAMA will work during Phase IV to expand business in sectors where it asserts compelling strengths. That will include stepping up the pace in cultivating business globally in automotive hoses and sealants and reinforcing the company’s strong market positions in marine hoses and pneumatic marine fenders.

Technology strategy in Phase IV will feature a stepped-up emphasis on developing products and technologies for minimizing environmental impact, further globalization of YOKOHAMA’s tyre development functions, and work on laying a next-generation technological foundation. Common strategy for all operations will include taking a proactive approach to M&A and alliances, working to reduce costs 30 billion yen during Phase IV, and considering the adoption of the International Financial Reporting Standards (IFRS).

YOKOHAMA launched the Grand Design 100 medium-term management plan in 2006. The plan comprises four three-year segments, each focused on a strategic theme. YOKOHAMA’s principal financial goals for Phase III, ended in 2014, were aggregate, three-year targets: net sales of 1,800.0 billion yen, operating income of 150.0 billion yen, and a operating profit margin of 8.3%. The company exceeded its profitability targets with aggregate, three-year operating income of 165.4 billion yen and an operating profit margin of 9.3%, though its aggregate, three-year net sales fell just shy of the sales target, at 1,786.6 billion yen.

**Summary of Grand Design 100 Phase IV**

**Theme**

All for Growth

*Focusing our energy on growth*

**Basic Approach**

Maximize customer value and expand the company’s global scope to remain a leader in the tyre and rubber industry for another 100 years

1. Channel all our activity companywide into maximizing customer satisfaction

2. Offer distinctive, YOKOHAMA-like products

3. Undertake vigorous investment based on a strong financial position

**Strategy**

***Tyre Strategy***

1. Allocate more resources to winning business with automakers

YOKOHAMA will employ unexcelled technology in fuel-saving tyres to secure technological approvals from more automakers and to win fitments on more vehicles worldwide. It will strive during Phase IV to double the overseas share of its business with automakers.

2. Strengthen the YOKOHAMA presence in large markets and in markets where the company has a strong position

The company will concentrate in Phase IV on bolstering its presence in the huge North American market and in Russia, markets where YOKOHAMA has built a strong position. That will include expanding the company’s local production capacity in each market, upgrading YOKOHAMA distribution channels, and undertaking stepped-up marketing.

Meanwhile, YOKOHAMA will invest in expanding production capacity beyond Grand Design 100. Management has earmarked 120.0 billion yen of funding for investment in expanding tyre production capacity during Phase IV. YOKOHAMA’s plans call for increasing the company’s annual production capacity to about 74 million tyres by 2017 and to about 89 million by 2020, from about 68 million at 2014 year-end. That will include undertaking tyre plant construction projects and expansion projects in North America, Russia, Europe, and China.

3. Expand business in commercial tyres

Serving demand in principal markets with locally manufactured products is a strategic emphasis at YOKOHAMA. That includes commercial tyres, and YOKOHAMA is preparing to start producing truck and bus tyres at a new US plant in the latter half of 2015. Another strategic emphasis for YOKOHAMA in commercial tyres is developing business in ultra-large radial off-the-road tyres. The company has established a foothold in that sector with 49- and 51-inch tyres, and it is preparing to deploy larger sizes.

***Multiple Business Strategy***

1. Expand business globally in automotive components

YOKOHAMA supplies automotive components globally, producing automotive hoses in six nations and automotive window sealants in four nations. The company will continue to bolster its supply framework for serving automakers worldwide, and it will also continue to increase value-added in automotive applications with advanced technologies.

2. Build on market leadership in marine products

YOKOHAMA has the largest or second-largest share of the global market in marine hoses and in pneumatic marine fenders, and it is moving to strengthen its presence in the marine products sector. The company building a marine products plant in Indonesia with an eye to inaugurating production there in the latter half of 2015. Its global production for marine products will then comprise three marine hose plants and two marine fender plants.

3. Strengthen the company’s position in the construction and mining sectors worldwide

Global demand for natural resources is poised to continue growing over the long term, and that growth will spawn demand for mining equipment. YOKOHAMA is expanding its capacity for supplying hydraulic hoses for mining and construction equipment worldwide. The company also serves the mining sector and other sectors with conveyor belts. And it is incorporating leading-edge technology to appeal to customers in that product category with advances in durability and in energy-saving performance.

4. Foster growth in new ventures based on original technologies

YOKOHAMA is moving to establish footholds in new product sectors and to expand business in new ventures. It is developing business in the fuel-cell vehicle sector, for example, with hoses for hydrogen stations. And it supplies hard coatings for smart phones.

***Technology Strategy***

1. Open a new Phase for YOKOHAMA technology

The company will apply its advanced recycling technologies to improve resource efficiency. It will develop new materials and technologies through molecular engineering. And it will build on its unexcelled technologies for reducing fuel consumption and for otherwise responding to customer needs and wants.

2. Earn customer satisfaction with YOKOHAMA quality

YOKOHAMA will deploy the latest advances in performance and quality globally. It will unify tyre specifications globally at a high level to support increased flexibility in serving demand. And it will globalize its R&D functions to respond better to market needs.

3. Lay a next-generation technology foundation

The company will speed the development of next-generation technologies by tapping external technological capabilities. That will include undertaking broadened cooperation with leading-edge research organizations.

***Common Strategy for All Operations***

YOKOHAMA will be proactive in tapping external resources, including corporate acquisitions and alliances. It will pursue overall cost reductions of 30 billion yen during the three years of Phase IV. In tackling cost savings, YOKOHAMA will build on the “*mudadori”* cost-cutting programme, which it inaugurated in 2006. It will foster human resources that can function globally. Management will consider adopting the International Financial Reporting Standards (IFRS). And the company will otherwise work to put in place a common business framework for YOKOHAMA companies worldwide.

***Corporate Social Responsibility***

In corporate social responsibility, YOKOHAMA focuses on the 7 core subjects of ISO 26000 and on the 10 principles of the United Nations Global Compact as action guidelines. In Phase IV, the company will continue to tackle initiatives for fulfilling its corporate social responsibility in accordance with that focus.