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For immediate release

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Yokohama Rubber Announces First-Half Fiscal Results ***Company maintains net profitability despite COVID-19 impact***

Tokyo—The Yokohama Rubber Co., Ltd., announced today its business and financial results for the first half (January to June) of fiscal 2020. Profit attributable to owners of parent declined 92.5% from the same period of the previous year, to 1.3 billion yen, on an 88.3% decline in operating profit, to 2.9 billion yen; an 86.8% decline in business profit*, to 2.3 billion yen; and a 20.6% decline in sales revenue, to 247.1 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

Resilience in Yokohama's MB (Multiple Business) and ATG (Alliance Tire Group, off-highway tires) segments offset the red ink incurred in the Tires segment amid the COVID-19 pandemic. Yokohama tackled successful improvements throughout its operations for coping with the pandemic-related business downturn.

In Yokohama's Tires segment, sales revenue and business profit declined from the same period of the previous year. The decline in business profit reflected a downturn in unit sales volume, an upturn in unit costs associated with reduced production volume, and inventory-disposal costs associated with a product recall in North America in the fiscal first quarter.

Sales revenue declined in original equipment tires in Japan and overseas as the COVID-19 pandemic depressed vehicle demand in Japan and necessitated continuing production adjustments by automakers worldwide. Sales revenue also declined in replacement tires. That decline reflected warmer-than-average winter temperatures at the beginning of the year in Japan, which diminished demand for winter tires, and general weakness in Japanese consumer spending, aggravated by COVID-19. Replacement tire demand stagnated worldwide amid the pandemic.

The COVID-19 pandemic affected business severely in every sector of Yokohama's MB segment, and the company posted declines in sales revenue and business profit in that segment. Sales revenue declined in high-pressure hoses as customers worldwide suspended operations and otherwise reduced their operational activity. In industrial materials, sales revenue declined as the suspension of operations by customers and the cancelation of projects undermined business in conveyor belts and civil engineering materials. Sales revenue declined, too, in Hamatite-brand sealants and adhesives on account of project cancelations and the global downturn in vehicle production. Slumping demand in the commercial aircraft sector resulted in a decline in sales revenue in aircraft fixtures and components.

Sales revenue declined in Yokohama's ATG segment, which comprises business in tires for agricultural machinery, for industrial machinery, and for other off-highway applications. As in the company's other business segments, those declines reflected the adverse effect of the COVID-19 pandemic on demand worldwide.

Yokohama has revised the full-year fiscal projections for 2020 that it announced in February. The revised projections take into account the effects of the COVID-19 pandemic. They call for profit attributable to owners of parent to decline 70.2%, to 12.5 billion yen, on a 65.8% decline in operating profit, to 20.0 billion yen; a 58.1% decline in business profit, to 21.0 billion yen; and a 17.6% decline in sales revenue, to 536.0 billion yen. Compared with the earlier projections, these projections are 67.1% lower for profit attributable to owners of parent, 63.3% lower for operating profit, 61.8% lower for business profit, and 18.8% lower for sales revenue.

The company declared a dividend of 32 yen per share for the first half of 2020, and management plans to propose a year-end dividend of 32 yen. That would result in an annual dividend of 64 yen per share, as projected by the company in February.

Financial Highlights

	Millions of yen	
	Jan. 1–June 30, 2020	Jan. 1–June 30, 2019
Sales revenue	247,118	311,106
Business profit* ¹	2,275	17,250
Operating profit	2,946	25,123
Profit attributable to owners of parent	1,257	16,721
Total equity	398,390	390,316
Total assets	857,243	863,859
Basic earnings per share (yen):	7.84	104.24

Results by Business Segment*²

	Millions of yen	
	Jan. 1–June 30, 2020	Jan. 1–June 30, 2019
Sales to third parties		
Tires	166,577	210,114
MB	47,530	59,528
ATG	30,059	37,252
Other	2,952	4,212
Business profit (loss)* ¹		
Tires	(2,019)	7,509
MB	1,392	4,004
ATG	3,241	5,167
Other	(387)	529
Eliminations	49	40

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

*2: Yokohama has revised the segment allocation of some business as of 2020 and has restated the corresponding figures for 2019 to reflect this change retroactively