

The rubber price long-term left and right tires profits

The domestic stock market downturn this year, for the vast majority of listed companies, it is an extremely tough year. However, several large tire enterprise profit has gone against the tide rose.

Domestic enterprises, listed companies double the money stock, Sailun shares, S Giti, net profit in the first three quarters of this year, respectively, an increase of 61.1%, 43.3% and 260.8%, respectively. Multinational tire giant Michelin Group's net profit in the first half increased by \$ 304 million, the profit margin rose to 12.3% from 9.6%, but its sales decline; Pirelli in the first half net profit of \$ 273 million, an increase of 39 %, but total sales over the same period fell 7.5%; Cooper Tire third quarter net profit surge 335%.

This year's natural rubber prices plummeted, so impressive corporate profits, mainly from the reduction in the cost of raw materials?

Rubber prices plunged leaving profit margins

The industry generally believe that profit growth this year due to the decline in the price of rubber, rubber lower cost. Cooper Tire & Rubber Company's Asia-Pacific vice president Dr. Cao Kechang In an exclusive interview with the tire World Network, agrees.

The data show that the natural rubber since 2011 the highest point of 40,000 yuan / ton, down to the current 23,600 yuan / ton, a decrease of 40%, styrene-butadiene rubber and butadiene rubber prices since last year, the highest point to date, also a decrease of 9,000 yuan / tons.

The Wikipedia information rubber industry analyst Liu Peixin that, the Rubber prices so plunge, making the adjustment of prices of raw materials faster than the tire price adjustment, set aside time and space to the profitability of the enterprise. Therefore, the tire substantial increase in corporate profits is not surprising.

In addition, he said, the rubber market next year will be stabilized, the tire companies are very profitable way state is unlikely to appear again.

The multinationals mainly by market segment profits

"Best corporate earnings two years and rapid changes in rubber prices and a huge magnitude more obvious impact of a tire company insiders said, the profitability of the business, there are many ways, rubber prices will not affect the tire companies long-term The earnings of the most important factors.

Liu Peixin explanation is usually that the tire companies can profit through two modes: one is based on the "quantity" to win, by increasing the volume of their production to increase the profitability of the business, this is the general pattern of growth of domestic enterprises; another is "quality" win, production of suitable products, improve the value of the products according to market demand.

Insiders pointed out that the tire giants profitability huge growth, in fact, more market segments due to their excellent. This year, Michelin mainly through profits made in the emerging economies, to make up for the losses caused by the French car sales are down;

Pirelli rely on high-profit high-end car tire development.

Most industry insiders believe that, regardless of the tire companies to increase profits in what mode, rubber prices are not a long-term corporate profits around the dominant factor.