

Yokohama sales, profits drop in Q1

TOKYO (May 10, 2013) — Yokohama Rubber Co. Ltd. (YRC) suffered double-digit drops in operating and net income in the quarter ended March 31 on weakening tire sales, both domestically and in the firm's key overseas markets. Operating income fell 18.1 percent to \$82.2 million, while net income dropped 35.7 percent to \$61.2 million. Sales were off 5.6 percent to \$1.38 billion. Despite the negative trends in the first quarter, Yokohama management is projecting nearly 10-percent growth in sales through six months and an operating income drop of just 0.5 percent. The company has left unchanged its previously announced full-year projections for record sales and earnings, based on the firm's belief in a strong recovery in overseas tire sales in the latter half of the year. Yokohama's tire operations reported a 27.6-percent drop in operating income, to \$61.7 million, while sales declined 6.6 percent to \$1.09 billion. Japanese demand for OE tires declined following the expiration of government incentives for purchases of fuel-saving, low-emission vehicles, Yokohama said, and demand generally was sluggish in North America, Europe and China. Japanese replacement market sales were basically unchanged, while sales of winter tires were described as "vigorous." Yokohama's industrial products business fared better, reporting 21.6 percent better earnings on a 2.7-percent sales decline. Yokohama's operations in North America suffered a 67.1-percent drop in operating income, to \$8.2 million, on 0.1-percent better sales of \$245.5 million, YRC said. tirebusiness.com