Yokohama at a Glance

Net Sales (Billions of yen) ¥596.2

Operating Income (Billions of yen) ¥42.3

MB Sales by Product Category (Billions of yen) ¥112.1

Sales by Customer Location (Billions of yen) ¥596.2

Tires

Net Sales ¥450.6

Operating Income ¥36.3

ATG (Alliance Tire Group)

Principal products
Tires for agricultural, industrial, construction, and forestry machinery

Principal production companies
ATG Tire Pressum Ltd. (India), Alliance Tire Company Ltd. (South Africa)

Principal sales, marketing, and other support companies
Alliance Tyre and Rubber (Netherlands), Alliance Tyre (North America), Alliance Tyre South Africa (Pty) Ltd. (South Africa)

Employees: 2,315

Other operations

Principal products
Call center service

Principal companies
PRGR Co., Ltd., Hamatomu Fudosan Co., Ltd., Acty Co., Ltd.,

Other

MB (Multiple Business)

Principal products
High-pressure hoses, conveyor belts, marine hoses and pneumatic marine fenders, antiseismic products and roadway joints, Hamatite-brand sealants and adhesives, electronic equipment, aircraft fixtures and components

Principal production companies
Japan Yokohama Rubber Co., Ltd.
Overseas Yokohama Industries Americas Inc. (United States); Yokohama Industrial Products Italy S.r.l. (Italy); Yokohama Industrial Products-Hangzhou Co., Ltd. (China); SC Kingflex Corporation (Taiwan); PT Yokohama Industrial Products Manufacturing Indonesia (Thailand); Yokohama Rubber (Thailand) Co., Ltd. (Thailand)

Principal sales and marketing support companies
Japan Yokohama Industrial Products Japan Co., Ltd.
Overseas Yokohama Aerospace America Inc. (United States); Yokohama Industrial Products Europe GmbH (Germany); Yokohama Industrial Products Sales Thailand Co., Ltd. (Thailand); Yokohama Industrial Products Asia-Pacific Pte. Ltd. (Singapore)

Employees: 3,376

ATG (Alliance Tire Group)

Principal products
Tires for passenger cars and light trucks, for trucks and buses, for construction and mining equipment, and for motor sports

Principal production companies
Japan Yokohama Rubber Co., Ltd.
Overseas Yokohama Tire Manufacturing Virginia LLC (United States); Yokohama R.P.Z. (Russia); Hangzhou Yokohama Tire Co., Ltd. (China); Yokohama Tire Philippines, Inc. (Philippines); Yokohama Tire Manufacturing (Thailand) Co., Ltd. (Thailand)

Principal sales and marketing support companies
Japan Yokohama Tire Japan Co., Ltd.
Overseas Yokohama Tire Corporation (United States); Yokohama Tire (Canada) Inc. (Canada); Yokohama Tire Mexico S.A. de C.V. (Mexico), Yokohama HT T Ltd. (United Kingdom); Yokohama Korea Co., Ltd. (Korea); Yokohama Korea L.C. (Korea); Yokohama Tire Sales (Hamburg) Co., Ltd. (Germany); Yokohama Tire Sales (Shanghai) Co., Ltd. (China); Yokohama Tire Sales (Philippines) Co., Ltd. (Philippines); Yokohama Tire Sales (Thailand) Co., Ltd. (Thailand)

Employees: 17,747

Tires

Net Sales ¥450.6

Operating Income ¥36.3

Other operations

Principal products
Golf equipment, services for Yokohama Rubber and its subsidiaries

Principal companies
Japan PRGR Co., Ltd., Hamagomu Fudosan Co., Ltd., Acty Co., Ltd.,

Others ¥18.9

High-pressure hoses ¥42.3

Aircraft fixtures and components ¥112.1

Other production companies ¥0.7

Others ¥171.7

Japan ¥285.7

United States ¥138.8

Others

Hamatite-brand sealants and adhesives, electronic equipment ¥24.8

Tires ¥17.8

Others

ATG (Alliance Tire Group) ¥(2.1)

Principal products
Tires for agricultural, industrial, construction, and forestry machinery

Principal production companies
ATG Tire Pressum Ltd. (India), Alliance Tire Company Ltd. (South Africa)

Principal sales, marketing, and other support companies
Alliance Tyre and Rubber (Netherlands), Alliance Tyre (North America), Alliance Tyre South Africa (Pty) Ltd. (South Africa)

Employees: 2,315

Employees: 1,236

Employees: 11,336

Employees: 17,747

Employees: 3,376

Employees: 1,071

Employees: 11,336

Employees: 11,336
YOKOHAMA AT A GLANCE

MB (Multiple Business)

Principal products
High-pressure hoses, conveyor belts, marine hoses and pneumatic marine fenders, antiseismic products and roadway joints, Hamatite-brand sealants and adhesives, coatings for electronic equipment, aircraft fixtures and components

Principal production companies
Japan
Yokohama Rubber Co., Ltd.
Overseas
Yokohama Industries Americas Inc. (United States); Yokohama Industries Mexico S. de R.L. de C.V. (Mexico); Yokohama Industrial Products Italy S.r.l. (Italy); Yokohama Industrial Products-Hangzhou Co., Ltd. (China); SC Kingflex Corporation (Taiwan); PT Yokohama Industrial Products Manufacturing Indonesia (Indonesia); Yokohama Rubber (Thailand) Co., Ltd. (Thailand)

Principal sales and marketing support companies
Japan
Yokohama Industrial Products Japan Co., Ltd.
Overseas
Yokohama Aerospace America, Inc. (United States); Yokohama Industrial Products Europe GmbH (Germany); Yokohama Industrial Products Sales-Shanghai Co., Ltd. (China); Yokohama Industrial Products-Asia Pacific Pte. Ltd. (Singapore)

Employees: 3,376

ATG (Alliance Tire Group)

Principal products
Tires for agricultural, industrial, construction, and forestry machinery

Principal production companies
ATC Tires Private Ltd. (India); Alliance Tire Company Ltd. (Israel)

Principal sales, marketing, and other support companies
Alliance Tire Group B.V. (Netherlands); Alliance Tire Holding Ltd. (Ireland); Alliance Tire America Inc. (United States); Alliance Tire South Africa Pty Ltd. (South Africa)

Employees: 2,251

Other operations
Principal products
Golf equipment, services for Yokohama Rubber and its subsidiaries

Principal companies
Japan
PRGR Co., Ltd.; Hamagomu Fudousan Co., Ltd.; Acty Co., Ltd.

Overseas
Y.T. Rubber Co., Ltd. (Thailand); Yokohama Rubber (China) Co., Ltd. (China); Yokohama Rubber Singapore Pte. Ltd. (Singapore)

Employees: 1,236

PRODUCTS AND COMPANIES BY BUSINESS SEGMENT
As of December 31, 2016

Tires

Principal products
Tires for passenger cars and light trucks, for trucks and buses, for construction and mining equipment, and for motor sports and karting, aircraft tires and wheel arch, other peripheral products

Principal production companies
Japan
Yokohama Rubber Co., Ltd.; Yokohama Tire Retread Co., Ltd.; Kameyama Bead Co., Ltd.
Overseas
Yokohama Tire Manufacturing Virginia LLC (United States); LLC Yokohama R.P.Z. (Russia); Hangzhou Yokohama Tire Co., Ltd. (China); Yokohama Tire Philippines, Inc. (Philippines); Yokohama Tire Manufacturing (Thailand) Co., Ltd. (Thailand); Yokohama Tire Vietnam Co., Ltd. (Vietnam); Yokohama India Pvt. Ltd. (India)

Principal sales and marketing support companies
Japan
Yokohama Tire Japan Co., Ltd.
Overseas
Yokohama Tire Corporation (United States); Yokohama Tire (Canada) Inc. (Canada); Yokohama Tire Mexico S.A. De C.V. (Mexico); Yokohama FT Ltd. (Global Marketing); Yokohama Hong Kong (China) (Germany); Yokohama Korea L.C. (Korea); Yokohama Tire Sales (Hong Kong) Co., Ltd. (China); Yokohama Tire Sales (Thailand) Co., Ltd. (Thailand); Yokohama Tire Salesphilippines, Inc. (Philippines); Yokohama Tire Sales (Thailand) Co., Ltd. (Thailand)

Employees: 17,747

MB Sales by Product Category

Sales
¥112.1
Operating Income
¥42.3

MB Sales by Customer Location

Japan ¥102.7
Others ¥12.0

ATG Sales

Sales
¥123.0
Operating Income
¥12.0

ATG Sales by Product Category

Others ¥10.7
Aircraft fixtures and components ¥12.2
High-pressure hoses ¥42.3

ATG Sales by Customer Location

Japan ¥120.7
United States ¥3.0

Other operations

Sales
¥12.2
Operating Income
¥0.7

Other operations by Product Category

Conveyor belts, antiseismic products, marine hoses, marine fenders ¥12.2

Other operations by Customer Location

Japan ¥10.7
Others ¥1.5
Sales and Earnings Performance in 2016

Operating income in the Tires segment declined 15.6% in 2016, to ¥36.3 billion, on a 10.0% decline in sales, to ¥450.6 billion. The segment accounted for 85.9% of consolidated operating income and for 75.6% of consolidated net sales.

Japan: Original Equipment Tires

Our business in Japan’s original equipment market declined in sales value on account of a decline in unit vehicle production and slumping prices. Operating income in our Japanese original equipment business rose, however, on account of declining prices for raw materials.

Japan: Replacement Tires

In the Japanese replacement market for tires, our business declined in unit volume, but successful promotion of high-value-added products improved the composition of our sales portfolio and produced an increase in operating income. Successful product launches included the ADVAN FLEVA V701, a high-performance sport tire, the GEOLANDAR A/T G015, an all-terrain tire for sport-utility vehicles, and the iceGUARD SUV G075, a studded snow tire for sport-utility vehicles.

Overseas

Our tire business outside Japan declined in sales and in operating income on account of the appreciation of the yen and escalating price competition, though unit volume increased. Unit volume was flat in North America but increased in Europe, partly as the result of our progress in cultivating new sales channels, and also increased in the Chinese original equipment market.

Outlook for 2017

We project that operating income in the Tires segment will remain unchanged in 2017, at ¥36.3 billion, on a 5.4% increase in sales, to ¥475.0 billion.
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Outlook for 2017

We project that operating income in the Tires segment will remain unchanged in 2017, at ¥36.3 billion, on a 5.4% increase in sales, to ¥475.0 billion.
The MB (Multiple Business) segment, established in 2015, comprises the operations formerly categorized as “Industrial Products” and the aircraft fixtures and components business formerly included in “Other Products.” We have restated our results by business segment for 2014 to reflect this change retroactively.

Sales and Earnings Performance in 2016
Operating income in the MB segment declined 28.9% in 2016, to ¥7.5 billion, on a 7.9% decline in sales, to ¥112.1 billion. The segment accounted for 17.7% of consolidated operating income and for 18.8% of consolidated net sales.

High-pressure Hoses
Sales in high-pressure hoses declined, reflecting a decline in Japanese production of construction equipment and weakening demand in the automotive sector.

Industrial Materials
Sales also declined in industrial materials amid a downturn in Japanese steel production and shrinking prices for natural resources.

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Hamatite-brand Sealants and Adhesives and Coatings for Electronic Equipment
Operating income increased in Hamatite-brand sealants and adhesives and in electronic equipment coatings, driven by North American sales gains in automotive sealants, but sales declined overall on account of shrinking Japanese demand.

Aircraft Fixtures and Components
Sales declined in aircraft fixtures and components as weaknesses in the commercial sector more than offset sales gains in the government sector.

Outlook for 2017
We project that operating income in the MB segment will increase 20.1% in 2017, to ¥9.0 billion, on a 4.3% increase in sales, to ¥117.0 billion.
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We have established the ATG segment to accommodate the operations of Alliance Tire Group, which we acquired and consolidated on July 1, 2016. Our consolidated results thus include the ATG segment for the six months from that date to December 31, 2016.

Sales and Earnings Performance in 2016
Sales in the ATG segment totaled ¥25.5 billion, accounting for 4.3% of net sales. ATG business in the agricultural sector suffered from a slump in grain prices, and price competition affected sales and earnings adversely across the entire ATG line of off-highway tires. Vigorous marketing succeeded, however, in achieving our expectations in regard to unit volume and sales value. We recorded an operating loss of ¥2.1 billion for the ATG segment in fiscal 2016. That loss reflects the inclusion of acquisition-related expenses under selling, general and administrative expenses and the amortization of goodwill.

Outlook for 2017
Our projections call for operating income of ¥1.2 billion in the ATG segment in 2017 on sales of ¥60.0 billion.

GOLF Equipment
We market golf clubs and other golf equipment under the PRGR brand. Our business in this product category centers on Asia. We are building a market presence in the Republic of Korea, in China, in Taiwan, and in Southeast Asian nations.

Highlights of 2016
The All-new RS Series
Our RS series of golf clubs debuted in August 2016 as the successor to the iD nabla RS series. The new clubs provide impressive advances in high initial speed, combining increased distance with easier handling. They are ideal for athletically oriented golfers and for golfers who are working seriously to improve their game. The RS series comprises drivers, irons, fairway woods, and utility clubs. It also includes golf balls and caddy bags.

A Tournament Win for a Yokohama-sponsored Golfer
Satoshi Kodaira, a professional golfer sponsored by Yokohama, won the Bridgestone Open Golf Tournament in October 2016. Kodaira ranked sixth in tour winnings for the year. His win at the Bridgestone Open was his fourth career victory on the Japanese tour.

Satoshi Kodaira

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Sales and Operating Loss

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<th>Sales</th>
<th>Operating Loss</th>
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<td>¥25.5 billion</td>
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In March 2016, we hosted the ninth Yokohama Tire Golf Tournament PRGR Ladies Cup. This annual stop on the Japanese pro tour focuses attention on our continuing contributions to golf through the PRGR brand.