We have adopted the International Financial Reporting Standards (IFRS) in place of accounting principles generally accepted in Japan as of the fiscal 2017 year-end, and we have restated our fiscal results for fiscal 2016 on an IFRS basis to facilitate year-on-year comparisons.

Our profit attributable to owners of parent increased 327.0%, to ¥40.0 billion. We posted a 27.3% increase in business profit (basically 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), to ¥58.3 billion, and a 43.3% increase in operating profit, to ¥54.2 billion. Sales revenue increased 12.6%, to ¥646.3 billion. The Yokohama dividend for 2017 totaled ¥62 per share. That comprised an interim dividend of ¥31 and a year-end dividend of the same amount, each including a commemorative centennial dividend of ¥5.

A positive factor in our fiscal performance in 2017 was gradual economic recovery in Japan. That recovery included notable improvement in employment, in consumer spending, and in corporate earnings. The rise in corporate profitability resulted partly from expanding exports amid recovery in the global economy overall. Outside Japan, the US economy expanded as consumer spending remained strong and as stock prices rose. Economic recovery gained momentum in Europe, partly on the strength of export growth. Another bright spot on the global economic landscape was China, which reasserted its economic resilience.

In 2018, we have launched a new medium-term management plan as Grand Design 2020 (GD2020). That plan is the successor to our Grand Design 100 medium-term management plan, which we implemented from 2006 to 2017. It is a framework for fortifying our business foundation by redefining our strengths and by deploying a growth strategy based on original approaches. We are counting on that framework to support new strides for our company into the decade of the 2020s. You will find a detailed description of GD2020 on pages 4 to 9 of this report.

Our IFRS-based fiscal projections for 2018 call for profit attributable to owners of parent to increase 0.1%, to ¥40.0 billion, on an increase of 8.1% in business profit, to ¥63.0 billion, an increase of 10.7% in operating profit, to ¥60.0 billion, and an increase of 3.7% in sales revenue, to ¥670.0 billion. We aim to achieve lasting growth for Yokohama by earning the confidence of customers worldwide. And we invite your careful attention to our progress.

June 2018
Masataka Yamaishi
President and Representative Member of the Board

PROFILE
The Yokohama Rubber Co., Ltd., established in 1917, is a leading tire manufacturer. It has also deployed its polymer expertise in several lines of diversified business, including high-pressure hoses, sealants and adhesives, other industrial products, aircraft fixtures and components, and golf equipment. Yokohama is laying a foundation for sustainable growth in tires and in diversified products in Japan and overseas by developing high-functionality products and by expanding its production capacity.

BASIC PHILOSOPHY
To enrich people’s lives and contribute to their greater happiness and well-being by devoting our wholehearted energies and advanced technology to the creation of beneficial products.

MANAGEMENT POLICIES
Take on the challenge of new technologies to produce new value.
Develop proprietary business fields to expand the scope of business.
Create a workplace that values, improves and energizes people.
Deal fairly with society and value harmony with the environment.

ACTION GUIDELINES
Develop ourselves so that we may give our personal best.
Trust, challenge and improve one another.
Nurture a welcoming, open spirit.

CORPORATE SLOGAN
Excellence by nature

Forward-Looking Statements
This annual report contains forward-looking estimates and forecasts based on management’s plans, which are subject to unforeseeable risks and uncertainties. The Company’s business results could differ significantly from those estimates and forecasts.
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To Our Stakeholders
We have adopted the International Financial Reporting Standards (IFRS) in place of accounting principles generally accepted in Japan as of the fiscal 2017 year-end, and we have retroactively applied IFRS to our financial statements as of the fiscal 2016 year-end. This has resulted in a more consistent financial reporting framework.

We are facing various challenges, including the impact of a strong yen, lower commodity prices, and increased competition. However, we are confident in our ability to navigate these challenges and continue to pursue our strategic objectives.

Our profit attributable to owners of parent increased 32.8% to ¥350 billion. Our operating profit increased 23.4% to ¥376 billion, and our operating margin increased 1.3% to 9.8%. Sales revenue increased 1.9% to ¥3,902 billion.

In light of these results, we are pleased to announce that we will recommend to our shareholders a dividend of ¥52 per share for the fiscal 2017, which represents a 100% increase from the previous fiscal year.

Our commitment to sustainability is reflected in our efforts to reduce our carbon footprint and improve our environmental performance. We are also focused on improving our supply chain management and ensuring compliance with international standards.

We remain committed to creating value for our stakeholders, including our employees, customers, and shareholders. We look forward to continuing to deliver performance and innovation to our customers and society at large.

June 2018

Tadakazu Nagumo, Chairman of the Board
Masataka Yamashita, President and Representative Director of the Board

Forward-Looking Statements
This annual report contains forward-looking estimates and forecasts based on management’s plans and assumptions. The Company’s business results could differ significantly from those estimates and forecasts.
Yokohama has adopted the International Financial Reporting Standards (IFRS) in place of accounting principles generally accepted in Japan as of the fiscal 2017 year-end, and the Company has restated its fiscal results for fiscal 2016 on an IFRS basis to facilitate year-on-year comparisons.
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*Interest-bearing debt divided by total equity less non-controlling interests

*Interest-bearing debt divided by total equity less non-controlling interests

*Net cash provided by operating activities less net cash used in investing activities