



ANNIVERSARY

Yokohama is getting a hundred years old

The Japanese tyre manufacturer is celebrating a special anniversary this year: The Yokohama Rubber Company Ltd was founded in Yokohama/Japan on 13th October 1917.

During its 100-year-old history, Yokohama has become a global company with several business interests: 80 per cent refer to tyre production. According to company information, Yokohama is the second biggest tyre manufacturer in Japan and the eighth biggest worldwide. Furthermore, the company manufactures industrial products for marine and aviation industry as well as golf products. Among others the portfolio consists of fenders for big ships, hoses for the high sea, high-pressure hoses, conveyer belts and aircraft toilets.

Yokohama offers tyres for different vehicle segments reaching from compact, middle and luxury class as well as SUV, van, truck and bus to even OTR tyres. Since 2005, Yokohama has been technological partner of the vehicle tuner Brabus celebrating its 40th anniversary this year. Lorinser and Piecher are further vehicle tuners, which have trusted the high performance tyres of the brand for years. The ADVAN Sport V105 can e.g. be found in many passenger cars as original equipment. The tyre manufacturer has been maintaining OE activities with Audi, Mercedes, Porsche, Smart etc. for many years.

Yokohama spreads its activities worldwide. Tyre tests take place all over the world; RADIC is an extremely important research and development centre in Japan. In the 1980s, Yokohama came to Germany and has been selling tyres there since then, first of all motorsport tyres and later also tyres for passenger cars, SUVs and trucks. In the meantime, Yokohama has set up a broad dealer network worldwide. Yokohama Reifen GmbH, the German subsidiary, coordinates a national network with numerous authorized dealers.

BluEarth technology

Many of the current tyres are based on the so-called BluEarth technology, which represents more than a technology, as it stands for the "Yokohama philosophy". The tyre manufacturer focuses on an environmentally friendly production and tyre products. According to company information, the so-called BluEarth tyres are supposed to be especially environmentally friendly, because orange oil,



RADIC is a research and development centre in Japan.

a renewable raw material, is used and thus reduces the amount of crude oil in the tyre compound. As a consequence, it is said to be particularly aerodynamic and silent. The summer tyres BluEarth AE-01 and BluEarth A AE-50, ADVAN Sport V105, ADVAN NEOVA ADo8R, A052, ADVAN Fleva V701, the off-road tyres GEOLANDAR SUV Go55, GEOLANDAR H/T Go56, GEOLANDAR A/T Go15 and as well the winter tyre W.drive V905 belong to these environmentally friendly tyres, for which orange oil is used.

The tyre manufacturer continually develops its technologies and tests the tyres on many racing tracks in the world. Since the 80s and until now several VLN teams have been driving the development tyres so that Yokohama is able to transfer experiences from motorsports to passenger car tyres. For 10 years, Yokohama has been active as sponsor of WTTTC (World Touring Car Championship). Since 2015, Yokohama Rubber has been jersey sponsor and partner of Chelsea FC in order to build up its international presence. Since August last year, Yokohama has been active in German ice hockey as team partner of Düsseldorfer EG (DEG) and supporter of Eisbären Berlin. Moreover, Yokohama is member of the business club of EHC Red Bull München.

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The Yokohama headquarters are in Tokyo.



Continental is looking back at a satisfactory fiscal year in 2016.

CONTINENTAL

Annual targets achieved

Das internationale Technologieunternehmen Continental veröffentlicht die vorläufigen Eckdaten zum Geschäftsjahr 2016. Der Umsatz stieg im Vergleich zum Vorjahr um drei Prozent auf rund 40,5 Milliarden Euro – bei einer bereinigten EBIT-Marge von rund 10,7 Prozent. Damit erreichte das Unternehmen die im Oktober 2016 angepassten Jahresziele. Das Nettoergebnis liegt trotz mehrerer Einzelereignisse, die das Ergebnis des abgelaufenen Geschäftsjahres negativ belasteten, knapp über dem des Vorjahrs.

The international technology company Continental published preliminary key data for fiscal 2016. Based on an increase in reported sales of 3 per cent compared to the previous year to around €40.5 billion and an adjusted EBIT margin of around 10.7 per cent, the company achieved its annual targets as adjusted in October 2016. In spite of several isolated circumstances having a negative impact on earnings in the past fiscal year, net income slightly surpassed last year's level.

In October 2016, Continental adjusted the forecast for the fiscal year 2016 because of "a combination of isolated circumstances in the three Automotive Divisions (Automotive Group) of the technology company during the past days". There were predominately warranty claims concerning products delivered by the two divisions Chassis & Safety and Interior during the period from 2004 to 2010 and possible expenses for pending anti-trust

proceedings. Moreover, at the end of August, a third earthquake in the region of Kumamoto/Japan further deteriorated the situation of an important supplier for micro control units being based in this area. Additionally, a partly short-term increase of 60 million euros was necessary for research and development in the divisions Interior und Powertrain.

Quarter with strong sales

According to Continental, the fourth quarter of the past fiscal year had strong sales and earnings as expected. This was partly caused by the growth of the Automotive Group as well as by the business with winter tyres, which exceeded the strong sales volume year-on-year. "In 2016, we were able to continue our growth course once again. We sold a record number of 150 million tyres in our Rubber Group. In spite of a continuously weak demand in the oil and mining business, ContiTech's adjusted EBIT margin almost achieved the double-digit level at the end of

the year, thus being considerably higher than the previous year's figure. In the Automotive Group, we raised incoming orders by 10 per cent to more than €33 billion in 2016", explained Dr. Elmar Degenhart, Executive Board Chairman. "In addition to orders for advanced driver assistance products, which rose to more than €3 billion, orders for products and systems for hybrid and electric vehicles increased by 17 per cent to €1.2 billion as well".

For 2017, Continental is anticipating an increase in sales of over 6 per cent to more than €43 billion. "Our main target will consist of achieving an adjusted EBIT margin of more than 10.5 per cent in a comfortable way. Thus, we are anticipating a slight increase in global production of passenger cars and light commercial vehicles with a total weight of up to six metric tons of 1 per cent from 92 million vehicles to around 93 million," said Degenhart. (aki)



DUNLOP

Drift Experience Obertauern

Sub-zero temperatures in the two-digit range, a snow-covered winter landscape and a demanding drift course offered first-class conditions to put the performance promises of the Dunlop Winter Sport 5 to the test. The invited dealers were supposed to start action with powerful rally vehicles under the watchful eye of drift expert Werner Gusenbauer: Bending, drifting, go!

At the beginning of the Dunlop Drift Experience only a small number of participants was able to imagine this, but at the end of a rather intensive test day in Obertauern/Austria it came true: Sitting behind the steering wheel of a 400 HP Mitsubishi bolide they were successfully pushing the Dunlop Winter Sport 5 in drift mode over ice and snow. Nonetheless, skilful transverse driving is

not only one of the most exceptional methods of driving a car, but also one of the most difficult. Thus, host Dunlop invited Werner Gusenbauer as one of the most experienced drift professionals in Germany to the event.

Coldness-experienced dynamics expert

The Dunlop Winter Sport 5 was in the centre of the wild drift event: "Whether snow-covered

ground, wet road or dry road conditions – our high performance winter tyre is characterized by balanced performance at the highest level and reduced rolling resistance", says Jürgen Wiedemann, Team Leader Product PR at Goodyear Dunlop. "Thanks to an optimized tread design, it offers dynamic driving features in all wintry conditions." Several test wins by well-known automotive magazines like Auto Bild sportscars, Auto Bild allrad and ADAC confirmed this concerning the Dunlop Winter Sport 5. The winter tyre is available in all the popular sizes between 15 and 19 inches. Furthermore, there is also a version for Sport Utility Vehicles (SUV) and 4x4 vehicles. More than 90 per cent of all tyre sizes of the Dunlop Winter Sport 5 have grade "B" in the category wet grip and "C" for rolling resis-



The participants of the Dunlop Drift Challenge were absolutely thrilled.

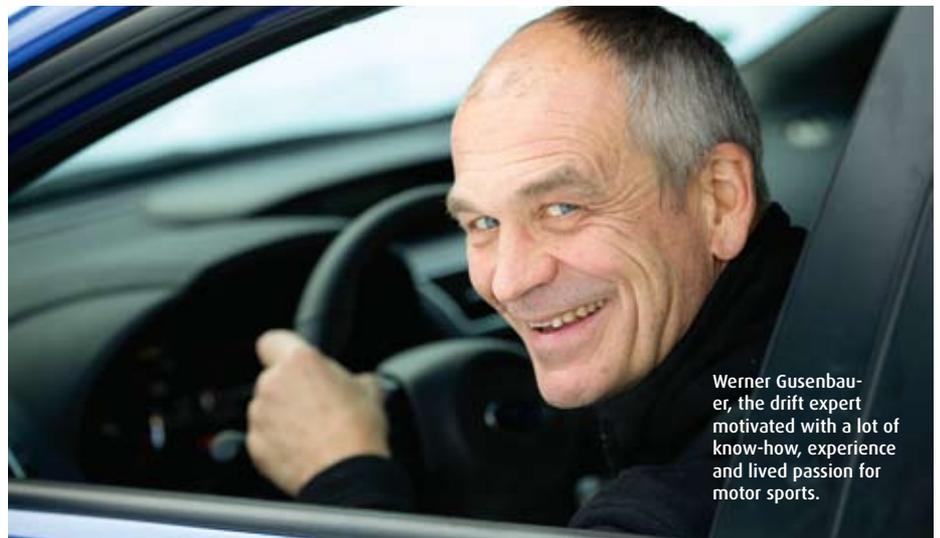
The Ice Park Obertauern provided a lot of change and constantly new drift challenges because of its three test courses.



tance according to the tyre label. A high performance product based on a huge amount of development work. "There is normally an average period of two years from the first thought to industrialization", explains Product Manager Michael Fett in the framework of the Drift Challenge. "Moreover, we succeeded in optimizing efficiency without having a negative impact on other important performance features like e.g. a high winter performance". For extremely good handling and reliable grip, the Dunlop tyre disposes of a high number of angled centre sipes parallel to block edges, which enable more grip edges in transverse direction. As a consequence, they counteract centrifugal forces when bending and also provide more lateral grip. The performance portfolio is also supplemented by safe control in bends and stable handling during straight driving on snow, ice and wet roads. Dunlop tests its latest tyre developments on different test courses both in Germany and Austria but also in Scandinavia and New Zealand.

Understeering kills the all-wheel vehicle

Promising key data, which the participants of the Dunlop Drift Challenge in Austria were able to check personally. While vehicles with



Werner Gusenbauer, the drift expert motivated with a lot of know-how, experience and lived passion for motor sports.

rear drive are more suitable for drifting on dry ground, transverse driving on snow-covered roads makes more fun with all-wheel vehicles as far more propulsion is generated and less steering is necessary. "At the beginning, we start with about 30km/h to 50 km/h when bending. After respective acceleration, the weight is transferred from the back axle to the front wheels by short braking activities. Then, it is followed by clear and fast steering so that the back of the car really gets going", explains Werner Gusenbauer during the instruction period. He also reminds people beforehand: "Eye movement is one of the most frequent beginners' mistake when drifting. The basic rule runs as follows: I will arrive at the point I look at." Moreover, concerning all-wheel vehicles it is important to make skilful use of the power of the four wheels. The drift expert and three-time class winner of the 24-hour race knows: "People frequently accelerate with turned steering wheel and then abruptly decelerate. As a consequence, the vehicle rotates. Drifting is a little bit like figure skating. Thus, I recommend: Only as much as necessary and mostly less is more. It is better to reach the limits from the bottom." Compared to rear-drive vehicles, the all-wheel vehicle is steered via impulse technology from the back axle and you hardly work with your steering. "That means, we kind of throw the car into the curve by shortly beforehand provoking fast accelerating changes and a strong steering impulse directing at the inner side." All the participants of the training day were of the same opinion that the Dunlop Winter Sport 5 passed the endurance test with excellence. "Two realizations were extremely exciting for me in this Drift Experience by Dunlop", Irena Buschert, Reifen Ihle Baden-Baden, concludes her personal experiences. "First of all, I did not expect such a skilful driving technique to be necessary for this dynamic winter training. Furthermore, the high grip

level of the Dunlop Winter Sport 5 – even under extreme road conditions on snow and ice – left a lasting impression on me."

High stability also on dry roads

Nonetheless, the Dunlop Winter Sport 5 does not only show an impressive performance under wintry conditions. "The tread and tyre shoulder of our new tyre dispose of a special sipe geometry with 3d characteristics in the upper area. Moreover, the underlying 2d sipes are able to mutually lock each other under force pressure", adds Michael Fett. "Because of this construction principle, the tyre also has sufficient stability on dry roads, which is essential for a sportive way of driving – like e.g. a precise steering behaviour." The high number of tread blocks enables several sipes and thus a connected maximum length of the grip edges, which automatically interlock with the snow and thus build up optimum grip. Furthermore, the deep tread grooves guarantee that water is quickly channelled away.

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Everything was turning around it in the true sense of the words: the Dunlop Winter Sport 5. You were always able to fully rely on the new winter tyre even in the most daring drifting manoeuvres.



TYRE TRADE 2017

Positive framework conditions form expandable business basis

Specialized tyre trade depends on the automotive industry like all the other companies of the motor trade. If everything runs smoothly, then there will be a bright future.

Nonetheless, it is not as easy as that. Apart from good automotive business, the other framework conditions have to fit too. This year, the automotive industry announced 150 novelties, distributed over the whole year and for all the different classes. For 2017, some experts expect about 3.36 million new vehicle registrations. The Zentralverband Deutsches Kraftfahrzeuggewerbe (German Federation for Motor Trade and Repairs - ZDK) calculates only about 3.2 million new vehicle registrations.

When looking back at 2016, it can be noticed that the number of new vehicle registrations achieved a plus of 4.5 per cent with 3.35 million motor vehicles compared with 2015. Nearly all the German brands had positive results in the balance of new vehicle registrations. In 2016, the share of private new vehicle registrations rose to 35.0 per cent (2015: 34.2 per cent). Nearly two thirds of all the new vehicle registrations referred to the segments compact class (25.2 per cent), small vehicles (14.5 per cent), middle class (12.8 per cent) and SUVs (12.7 per cent), which means that

the compact class covered again the biggest share with about one quarter. SUVs had the most significant increase with +25.2 per cent followed by caravans with +23.9 per cent.

Concerning title transfer, 7.4 million passenger cars changed the owner in the course of the year. The annual balance of 2016 finished with a total of 8.37 million (+1 per cent) transferred motor vehicles and about 374,084 trailers (+2.6 per cent).

The statistics of new vehicle registrations showed a two-digit increase for Mini (+10.8 per cent). There was a one-digit growth for



A broad range of automobile services will be a solid turnover basis for specialized tyre trade.

Mercedes (+8.5 per cent), Audi (+7.6 per cent), Ford (+6.8 per cent), Opel (+6.3 per cent), Porsche (+5.8 per cent) and BMW (+5.4 per cent). Smart achieved nearly last year's result (-1.3 per cent). In spite of a decrease (-4.3 per cent), VW was still market leader with a share of 19.6 per cent.

With regard to import brands, Skoda led with a share of 5.6 per cent, followed by Renault (3.7 per cent) and Hyundai (3.2 per cent). The most significant rises were noticed for Jaguar (+74.7 per cent), Alpha Romeo (+53.3 per cent) and Lexus (+46.0 per cent). DS suffered from a two-digit loss (-19.5 per cent).

Passenger cars with petrol engine (52.1 per cent) and diesel engine (45.9 per cent) had both positive shares in the annual balance of 2016. The share of new cars with alternative drives was at 2.0 per cent including 47,996 hybrids (among them 13,744 plug-in-hybrids) and 11,410 electric vehicles. Vehicles powered with natural gas and liquefied gas were represented with a share of 0.2 per cent. In 2016, CO₂ emissions of passenger cars were further reduced, on average to 127.4 g/km (previous year 128.8 g/km).

Concerning the commercial vehicle market, only towing vehicles were below the level of the previous year (-2.8 per cent). At the end of the year, there was a plus for buses (+8.9 per cent), trucks (+7.6 per cent), tractor units (+1.2 per cent) as well as further motor vehicles (+9.7 per cent). Motorbikes surpassed the result in 2015 (158,457) with 182,066 new vehicle registrations in 2016. A total of 3.93 million motor vehicles and 294,369 trailers were newly registered for the traffic.

Situation in Germany

The German economy is doing much better than many others in the euro zone. The ifo-Institut (ifo Institute for Economic Research) forecasts that the German economy, which has been characterized by a robust upswing since 2013, will continue to grow. Several institutes expect different amounts of increase for the real gross domestic product. The figures are fluctuating between 1.2 per cent and 1.8 per cent. According to ifo-Institut, there will be 1.5 per cent based on the lower number of working days compared to 2016. In 2018, however, the gross domestic product is supposed to rise by 1.7 per cent.

Nevertheless, there will be some risks any forecast has to cope with. The Brexit referendum, the failed constitutional reform in

Italy, the impact of the new US president and some elections in European countries could have further uncertain consequences.

There will only be a moderate upswing, as the average growth rates of the real gross domestic product are comparably low and only scarcely above the potential growth rate. Although private consumption is considerably developing, this was mostly caused by the significant increase in population during the past years. When calculating per inhabitant, private consumer spending has been rising as moderately as never before during any of the upswings in the past four decades. Nonetheless, there has been a huge increase in public consumption due to the increase in population caused by refugees. Compared with former upswings, the state has considerably been contributing to the macroeconomic expansion in Germany.

A glance at investments in the construction industry gives rise to hope. According to the German construction industry's own information, the highest volume of orders was achieved in 21 years. The orders are adding up to more than 36 billion euros in the order books. An increased demand for housing and the announcement of national projects for road construction are boosting this development. If these orders are realised, it will have a positive impact on the industry of commercial vehicles too.

An increase in the exportation of goods and services, which was not as low during any of the upswings in the past four decades, has been the main reason for the moderate macroeconomic pace. While former upswings always received important expansive impulses for the German economy from abroad and influenced national economy because of an expansion of company investment and increase in income, these world economic impulses have not happened so far.

In the year 2017, the moderate upswing will continue in similar economic ways, which means mostly boosted by national demand. Private consumption will considerably go on growing, fuelled by higher collectively agreed wages, increased transfer income and growing employment. Public consumption, however, which was mostly boosted by migration, will lose momentum.

Employment will further rise. Employees with contracts subject to social insurance contributions mostly cover the expansion of employment. An increase in the potential of employable people might be responsible

for a slight rise of about 15,000 unemployed people as annual average in 2017. The unemployment rate is supposed to remain in the same position at 6.4 per cent in 2017.

In the course of the year, consumer prices will rise because of a homemade upward trend of prices. Moreover, there will be no further downward impulses originating from oil prices. The consumer price level will probably increase by 1.5 per cent in Germany as an annual average in 2017. The core inflation rate (inflation rate without energy resources) is supposed to rise from 1.2 per cent in 2016 to 1.4 per cent in this year.

Situation in motor trade

Jürgen Karpinski, President of the German Federation for Motor Trade and Repairs (ZDK), expects less new vehicle registrations compared to the year before. Prof. Dr. Ferdinand Dudenhöffer, Director of CAR - Center Automotive Research at Duisburg-Essen University, is of the same opinion. He thinks that the most important markets in Europe, Germany included, will have to cope with less growth. All in all, Karpinski says that the profitability of motor trade will leave a lot to be desired. In 2015, the average turnover yield was at 1.4 per cent; the figures for 2016 have not yet been published. Although ZDK forecast three per cent as profit target for 2016, this will probably not be achieved by the industry. It remains to be seen how motor trade will develop this year.

On the whole, motor trade will have to deal with many self-made challenges. After dieselgate, the end-consumers' trust will have to be rebuilt. Moreover, the industry is discussing electromobility, autonomous driving and related digitalization of the industry. Additionally, data sovereignty will be a further topic. Who will be allowed to receive data, who will process them and who will mostly benefit from them? It remains to be hoped that associations fighting for free and unimpeded access will be taken into consideration in Brussels. Without these data it will be extremely difficult for the independent automobile service market to develop future-oriented business models.

Growth expectations for 2017 are challenging. This will be similar for specialized tyre trade. Only those running their companies in a flexible, cost-conscious and efficient way will be able to get satisfactory results for this year. Thus, courage, diligence and also a little bit of good luck will be inevitable. (oth)