

Message from the President



Greetings

My name is Ikuji Ikeda, and I took on the position of the president upon the approval of my appointment at the General Meeting of Shareholders held on March 30, 2011.

I would like to begin this message by expressing my deepest condolences for those who passed away in the Great East Japan Earthquake as well as my heartfelt sympathy for the survivors and their families.

The Sumitomo Rubber Group set up a crisis management headquarters on the very day of the earthquake, March 11, 2011, and has instituted countermeasures since then. Fortunately, none of our employees in the area was hurt. However, at the Shirakawa Factory in Fukushima Prefecture, some buildings and facilities were damaged and we had to suspend production. Owing to our recovery efforts, we were able to resume production on March 22, 2011, and, on April 27, 2011, operational status was restored to the pre-quake level.

The total amount of damage from the Great East Japan Earthquake and its possible impact on our fiscal 2011 results are currently being estimated. We will release the estimates to the public as early as possible, while doing our utmost to minimize impact on customers and the Group.

Future Management Policy

I came into office with a strong wish to see the Sumitomo Rubber

Group grow as a corporate group that brings innovation to business operations while realizing sustainable development both for society and for itself—to be a group that all employees can be proud of working for. The innovation I refer to is not only technological innovation, but innovation in such areas as production and marketing. In order to secure the high ground in today's competitive world, we need to accelerate our advance by two or three times.

Such an approach will entail no changes in direction or the numerical targets set out in the Long-Term Vision for fiscal 2006–2015. However, we will promote the following five themes as our management policy to achieve further business growth amid an environment that is changing at an unprecedented speed.

1. Structural Reform Based on a Long-Range Outlook

The structural reform we have been conducting since 2008 has been bringing consistent results. Building on our achievements to date, we will promote more “aggressive” structural reform to strengthen our corporate constitution. To this end, we will proactively concentrate management resources in businesses with growth potential. The most important thing, I believe, is to take prompt action whenever it is necessary. For example, by more efficiently utilizing IT we will speed managerial decision making while accelerating the rate of implementation at each department by raising the awareness of all employees regarding delivery deadlines. To this end, we will consider organizational restructuring that will smooth operations.

The Sumitomo Rubber Group Is Accelerating Decision Making and Taking Action to Address Changing Conditions as It Aims for Further Growth.



Ikuji Ikeda
President and Representative Director

2. Establishment of International Business Structure

In the Tire business, the issue we are facing now is that our supply capacity cannot satisfy the level of robust demand in emerging markets, despite our steady sales growth overseas. Addressing this, our factory in Thailand is being expanded to give it the world's largest production capacity and we are constructing a new factory in China. Moreover, we will establish a production base in the high economic growth market of Brazil and are investigating the possibility of production in India.

Regarding the business alliance with The Goodyear Tire & Rubber Company, as part of our global strategy we will further strengthen each department's collaborative activities with Goodyear to optimize purchasing, development and productivity.

In the Sports business, we will further accelerate growth in the U.S. market on the back of the acquisition of Cleveland and spread such positive effects to emerging markets. In the Industrial and Other Products business, we will aim for international business growth by expanding sales of such value-added products as medical rubber parts and high damping rubber in Europe and emerging Asian markets.

3. Consolidation of Earnings and Financial Foundations to Support Growth Path

In 2015, the final year of the Long-Term Vision, we set targets of operating income ratio in excess of 10%, ROA of over 10% and ROE of more than 15%. Given the changes in the competitive environment, however, we need to consider these figures as milestones and to set higher goals. Therefore, we will commence "NEXT" activities. The aim of NEXT is to secure "New Earnings" and promote "Total Optimization" for the next stage of business growth. Specifically, we will:

(1) Boost our competitive edge in the eco-friendly tire market

We will engage in development with the aim of releasing tires that are 100% free of fossil resources in 2013, and tires featuring a 50% reduction in rolling resistance in 2015.

(2) Enhance cost-competitiveness

We will thoroughly optimize business operations by improving productivity and reducing fixed costs at both the production and sales fronts while further pursuing overall cost reductions from the viewpoint of total optimization. By doing so, we will achieve a cost structure tolerant of radical changes.

(3) Increase our advantage in technological development

By making maximum use of our next-generation supercomputers, we will further advance simulation technology to create new technologies, materials and products.

4. Value Sharing

Since 2007, we have been engaged in the "Love Your Work Project" to nurture better teamwork among employees while boosting motivation and creativity. While further upgrading this project, we will promote the four "The Sumitomo Rubber Way" values—"Integrity and Soundness," "Communication," "Dedication to Greater Goals" and "Personal Development"—among all Sumitomo Rubber Group employees in Japan and overseas.

5. Nurturing Next-Generation Top Management

As it strives toward further global business expansion, the Sumitomo Rubber Group will eventually come to need a number of employees who excel at management at each base. To that end, we promote global training that nurtures personnel who can inspire others to aim higher and who demonstrate the kind of leadership that rallies together individual capabilities to the greater advantage of the corporate group.

We will exert our utmost efforts to live up to stakeholders' expectations. We gratefully ask for your continued support and understanding.