



## Having Attained Record-High Sales and Profit in Fiscal 2012, We Will Accelerate Strategies toward the Next Growth Stage in Line with “VISION 2020”

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### Increasing Sales and Profit for the Third Consecutive Year

During the fiscal year ended December 31, 2012, the Sumitomo Rubber Group's operating environment saw a recovery in automobile production, which had fallen in the wake of the 2011 Great East Japan Earthquake, and a relatively stable market price for natural rubber. However, domestic and overseas demand remained stagnant, reflecting the decelerating global economy.

Addressing the situation, the Sumitomo Rubber Group worked to further enhance its earnings capabilities by expanding sales of such high-value-added products as fuel-efficient tires and making across-the-board efforts to improve productivity and reduce costs.

Thanks to these and other efforts to build on the achievements of the previous fiscal year, in fiscal 2012 the Group achieved a third consecutive year of growth in sales and profit. Consolidated net sales increased 4.9% year on year to ¥710,247 million, operating income rose 29.3% year on year to ¥69,723 million and net income grew 24.9% to ¥35,451 million, with all three figures representing new records.

### Long-Term Vision Interim Targets Achieved

In 2006, Sumitomo Rubber Industries formulated the Sumitomo Rubber Group Long-Term Vision, which set targets for fiscal 2015. In line with this vision, we strove to become a corporate group that provides the world's best value for all stakeholders through the

application of our proprietary competencies—namely, the world's best onsite operational skills, research and development capabilities and technical skills—as well as to become the industry leader in terms of earnings power. However, in the period following the formulation of this vision, harsh operating conditions continued to prevail, reflecting such factors as a drastic fall in demand after the Lehman Brothers' bankruptcy, a steep rise in raw material prices, including for crude oil and natural rubber, and the prolonged appreciation of the yen. Moreover, automobile production in Japan declined due to the effects of the Great East Japan Earthquake.

Amid these circumstances, we rallied Groupwide strengths to reinforce our technological capabilities and product competitiveness, develop and expand our business bases, nurture human resources and revitalize our organization. Thanks to these efforts, we succeeded in achieving the fiscal 2012 interim targets for sales and profit called for by the Sumitomo Rubber Group Long-Term Vision. Moreover, prospects are good for us meeting the fiscal 2015 targets. Given this, we concluded that we needed to formulate a new vision toward the next growth stage. “VISION 2020” is this new long-term vision and sets out targets for fiscal 2020.

### Overview of VISION 2020

Incorporated into VISION 2020 are a number of initiatives aimed at nurturing the development of a stronger corporate structure that

will enable us to sustainably grow under any market circumstances. The drawing up of these initiatives was based on assumptions regarding projected changes in diverse political, economical, social and technological areas that may take place in the future and that may affect operating conditions.

In line with the aforementioned initiatives, we have established the ideal of “becoming a true global player by achieving both high profitability and high growth” while “pursuing increased value for all stakeholders and greater happiness for all employees.” To ensure that we realize this ideal, in addition to pursuing the theme “the world’s best value” set forth in the previous vision, we identified three themes to guide new initiatives aimed at driving growth. First, we will take on the challenges of new markets in line with “NEXT Market Expansion”; second, we will maintain our insatiable drive for innovation in accordance with “NEXT Technology Evolution”; and, finally, we will enter new business fields under the banner “NEXT Category Innovation.”

Moreover, we coined the new slogan “Go for NEXT” with the aim of spreading enthusiasm for VISION 2020 among employees Groupwide. The slogan aims to elicit the “excitement associated with taking on something new” and the “desire to contribute to the next generation.”

As for numerical targets, we aim to achieve net sales of ¥1,200 billion and an operating income ratio of 12% or greater in fiscal 2020. For details of VISION 2020, please refer to pages 6 through 13 of this report.

### Increasing Annual Dividends Paid by ¥7 per Share

Sumitomo Rubber Industries regards the return of profits to shareholders to be a priority issue. Accordingly, the Company has established a basic policy to ensure long-term sustainable returns to shareholders while comprehensively reviewing the levels of dividend payout ratios on a consolidated basis, performance prospects and retained earnings. For fiscal 2012, we increased the year-end dividend ¥7 per share from the initial forecast of ¥13 per share to ¥20 per share. Combined with an interim dividend of ¥10 per share, annual cash dividends for the fiscal year under review thus total ¥30 per share, a ¥7 increase per share compared with the previous fiscal year. Accordingly, the consolidated payout ratio stood at 22.2%.

### Becoming a Corporate Group Delivering “Genuine Value”

The operating environment surrounding the Sumitomo Rubber Group remains unpredictable due to such factors as growing global economic uncertainty and intensifying competition. Nevertheless, we will move forward and strive to prevail despite current conditions by accelerating our strategies toward the next growth stage as set forth in VISION 2020.

We will also contribute to the realization of a sustainable society through ongoing efforts that include expanding our eco-friendly product lineup and promoting green initiatives. In doing so, we strive to become a corporate group that meets society’s expectations and wins its trust by delivering “genuine value.”

We sincerely ask for your continued understanding and support.

### Numerical Targets and Achievements under the Sumitomo Rubber Group Long-Term Vision (announced in 2006)

	2006	2009	2012	2012 Target	2015 Target
	(Billions of yen)				
Net sales	534.1	524.5	<b>710.2</b>	<b>700.0</b>	<b>800.0</b>
Operating income	36.8	28.7	<b>69.7</b>	<b>62.0</b>	<b>10%</b>
Operating income ratio	6.9%	5.5%	<b>9.8%</b>	<b>8.9%</b>	<b>or greater</b>
Net income	27.6	9.1	<b>35.5</b>	<b>28.0</b>	<b>5%</b>
Net income ratio	5.2%	1.7%	<b>5.0%</b>	<b>4.0%</b>	<b>or greater</b>
ROE	14.7%	4.9%	<b>16.0%</b>	<b>13.0%</b>	<b>15%</b>
					<b>or greater</b>
ROA (operating income base)	6.3%	4.6%	<b>9.9%</b>	<b>9.0%</b>	<b>10%</b>
					<b>or greater</b>
Interest-bearing debt	219.4	261.6	<b>275.9</b>	<b>260.0</b>	<b>200.0</b>
Equity ratio	33.3%	30.5%	<b>33.1%</b>	<b>35.0%</b>	<b>40.0%</b>
Debt-to-equity ratio	1.1 times	1.4 times	<b>1.1 times</b>	<b>1.1 times</b>	<b>0.7 times</b>

### Cash Dividends per Share and Consolidated Dividend Payout Ratio

