

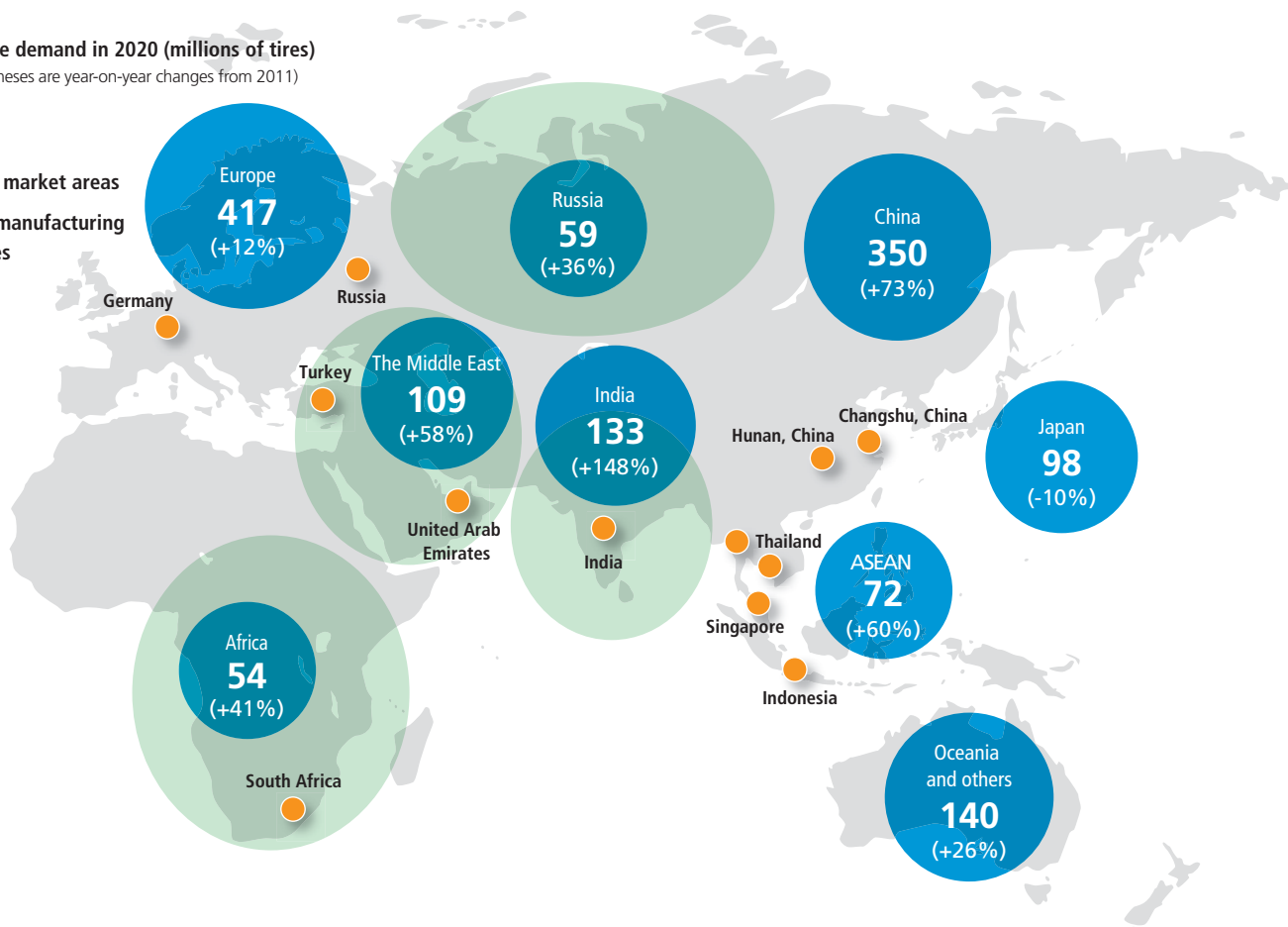
## Taking on the Challenges of New Markets

Sumitomo Rubber Industries anticipates that the global tire market will expand an average 4% per year and that by 2020 annual demand for tires will reach approximately two billion units. Therefore, we are strengthening our global supply system on a Groupwide basis.

● Forecast of tire demand in 2020 (millions of tires)  
(Figures in parentheses are year-on-year changes from 2011)

● Five emerging market areas  
● Overseas tire manufacturing and sales bases

(As of April 2014)



### “NEXT Market Expansion”; VISION 2020 Core Initiative

On the back of remarkable market growth in emerging nations, the Company considers its “NEXT Market Expansion” initiative, aimed at taking on the challenges of new markets, to be essential. Under this initiative, we are promoting the following three policies: “entering emerging markets,” “pursuing growth in the Chinese market” and “expanding into Asia with tires for agricultural machinery.”

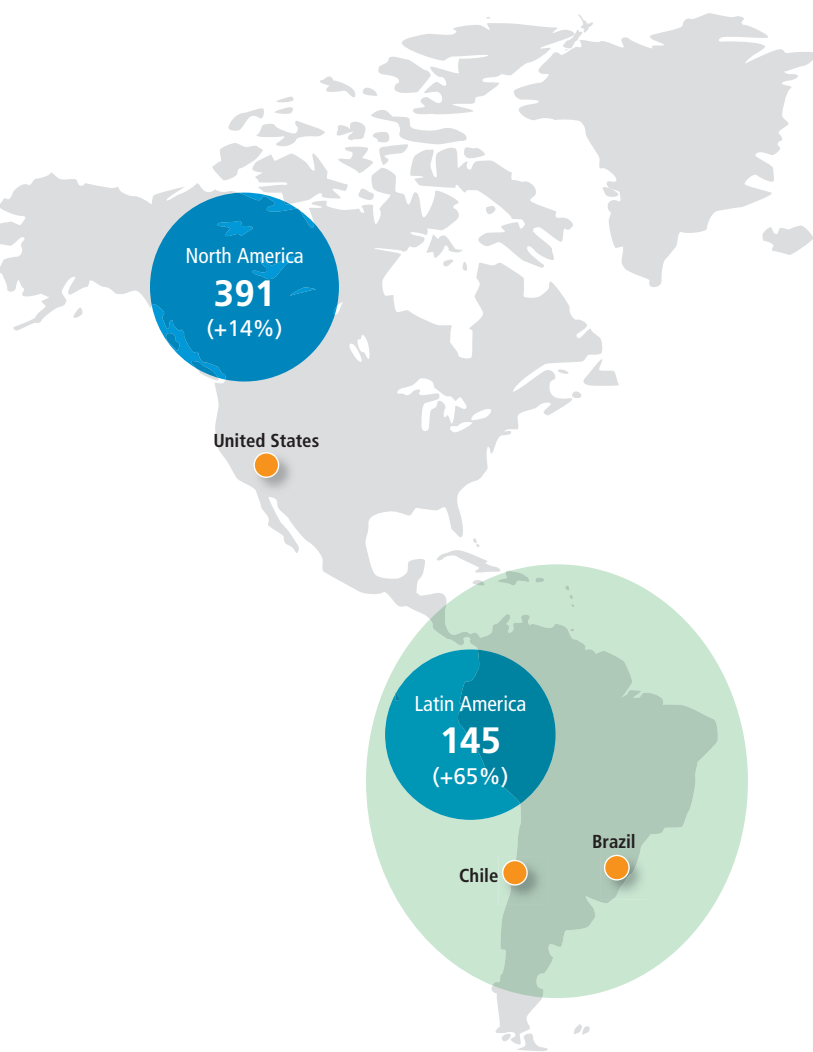
### Entering Emerging Markets: Actively Expanding Our Business Network across Five Key Areas

The Sumitomo Rubber Group expects that in Latin America, Russia, the Middle East, India and Africa—identified as the five

key emerging market areas in the world today—tire demand will surge considerably. The Group therefore aims to increase the ratio of its net sales accounted for by sales in these areas from the current 11% to 14% by 2015. To this end, the Group is actively expanding its network of overseas production and sales bases.

In April 2013, our Indian sales subsidiary Falken Tyre India Private Limited initiated operations, getting off to a strong start with the target of selling 680,000 tires under the Falken brand by the end of 2015.

In September 2013, the Group began constructing a new factory in Turkey and continues to steadily promote the project with an eye to production kickoff in July 2015. After building to a production capacity of 4,000 tires per day by the end of 2015, this



factory will work to raise its yield to 30,000 tires per day by the end of 2019. With the launch of this factory, the Group will be positioned to reinforce the supply system it has in place to serve the markets in the neighborhood of Turkey, namely, those of Europe, the Middle East, North Africa and Russia.

In October 2013, we initiated operations at a new factory in Brazil. In our VISION 2020 long-term vision, we made a growth forecast for the Latin American market in which it was anticipated that in 2020 the region's annual tire demand would reach 145 million units. This makes it potentially the largest among the five emerging market areas. By launching this factory, we will create an even stronger production and sales network in Latin America. In 2015, the factory's production capacity will reach 15,000 tires

per day and it will have an annual sales target of approximately 5.3 million tires.

In December 2013, the Group began operating a newly acquired factory in Ladysmith, South Africa, having taken over the factory's former operator, Apollo Tyres South Africa (Pty) Limited (ATSA). While improving factory management in the areas of safety, quality and productivity, we will raise the facility's daily production capacity from the current 9,600 to 12,200 tires by 2016. Moreover, we intend to further increase the figure to 14,500 tires by 2017, with special focus on augmenting the production capacity of high-performance tires. The acquisition of ATSA has enabled us to secure the rights to the Dunlop brand in countries throughout the African continent. In anticipation of considerable market growth, we will push forward with the further expansion of our Tire business in the region.

#### **Pursuing Growth in the Chinese Market: Improving Brand Value While Expanding Sales**

In China, we initiated operations at the Hunan factory in 2012, launching a second Chinese production base to join the Changshu factory. By shifting the burden to local production, this move helps ensure the more timely supply of high-value-added tires while creating a stronger retail channel, which will, in turn, help accelerate brand value improvement and sales expansion. In 2013, our regional annual sales volume was 13 million tires; the launch of the new factory should enable sales of 20 million tires in 2015.

#### **Expanding into Asia with Tires for Agricultural Machinery: Launching a New Thai Factory**

We completed the construction of a new Thai factory that produces tires for agricultural machinery, initiating operations in April 2014.

Although new, this factory will begin the development of tires for large-scale agricultural machinery, as we aim to augment the lineup in this category by 2015. In addition, the factory will produce rubber crawlers for combine harvesters, including high-performance crawlers made using the "spiral method," a new technique that wraps steel cords helically to realize superior durability and low vibration.