

Initiatives Aimed at Achieving VISION 2020

In October 2015, the Sumitomo Rubber Group dissolved an alliance agreement regarding its Tire business and associated joint ventures with The Goodyear Tire & Rubber Company. The agreement had somewhat restricted the Group's European and U.S. operations, and with its dissolution the Group is now able to pursue even greater business opportunities in markets worldwide. Accordingly, we have initiated new strategies to achieve further business expansion in Europe and North America, pursuing greater success in these two regions in addition to promoting our ongoing initiatives under three growth engines aimed at achieving VISION 2020. Furthermore, to ensure the more efficient execution of these growth engine strategies, the Group transitioned from a conventional centrally controlled system headquartered in Japan to a flexible global management structure with officers in three major regions: Asia and Oceania, Europe and Africa, and the Americas. In this way, we will realize speedier decision making consistent with the operational needs of each region while strengthening our development and sales capabilities.

VISION 2020 Three Growth Engines

1 **NEXT Market Expansion** Taking on the Challenges of New Markets

- Entry into Emerging Markets
- Growth in the Chinese Market
- Expansion of Agricultural Tire Business in Asia
- **Business Expansion in Europe and North America**

Business Expansion in Europe and North America

North America (the United States, Canada, Mexico)

1. Fully leverage the production capacity (4.6-million-tires-a-year) of our New York State-based U.S. factory, which was acquired with the dissolution of the alliance
2. Strengthen our Falken brand business
 - Expand our product lineup
 - Obtain more orders from non-Japanese automakers for original equipment tires
 - Step up promotional activities
3. Reinforce the Dunlop brand
 - Obtain more orders from Japanese automakers for original equipment tires
 - Expand operations related to motorcycle tires
4. Consider the full-scale launch of a technical center in 2017

➔ Raise sales volume **60%*** by 2020 *compared with 2015

2 **NEXT Technology Evolution**

An Insatiable Drive for Innovation

- Developing Products to Support Our Growth
- “Second-to-None” Technologies
- Environmentally Friendly Products
- Breakthroughs in Golf Clubs/Ball Fly Distance

3 **NEXT Category Innovation**

Entering New Business Fields

- Supplying to Overseas Car Makers
- Promoting Vibration Control Technologies
- Developing the Health Care Business

Europe

1. Augment our high-performance-tire supply capability in Europe, with the Turkish factory, launched in June 2015, serving as a key production base
2. Strengthen our Falken brand business
 - Expand our product lineup
 - Shift away from a conventional sales network structure centered on Germany to a marketing channel model, pursuing expansion by applying country-specific sales strategies across Europe
 - Step up promotional activities
3. Consider the full-scale launch of a technical center in 2017

➔ Achieve **40%*** growth in sales volume by 2020

*compared with 2015

Establishing a Flexible Global Management Structure

Transition to a 3-Pronged Organizational Structure

Realize Speedier Decision Making

- Allocate oversight officers for each major region
- Facilitate the global flow of information
- Swiftly assess business status in each region



Europe and Africa

Asia and Oceania

The Americas

Strengthen Our Development and Sales Capabilities around the World