

# Sports Business

- Dunlop Sports Co. Ltd., a company spun off from Sumitomo Rubber Industries in 2003, plays a central role in the manufacturing and marketing of such items as golf clubs and golf balls. In the area of tennis equipment, the company offers several products, including rackets and balls.
- In its mainstay golf product lineups, Dunlop Sports has introduced the XXIO, SRIXON and Cleveland Golf brands on a global scale.
- Tennis equipment is manufactured and marketed under the Dunlop and SRIXON brands. In addition, a sales agency contract has been signed with the French company BABOLAT VS S.A.
- Dunlop Sports launched a wellness promotion business, comprising a fitness club business and a golf and tennis school businesses, expanding it to create a third business pillar for the segment.
- Dunlop Sports is listed on the first section of the Tokyo Stock Exchange.



XXIO9



SRIXON Z545



CLEVELAND 588 RTX 2.0



SRIXON Z-STAR



**DUNLOP SPORTS CLUB**



**DUNLOP SPORTS CLUB**  
GYM STYLE 24

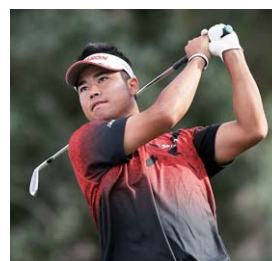
## No.1 ranking in terms of value of domestic shipments in 2015 for

- Golf clubs
- Golf balls
- Tennis rackets
- Tennis balls

These 2015 market share estimates are based on data in the Sports Goods Industry 2016 report compiled by Yano Research Institute Ltd.

## 233 golfers worldwide

The number of leading professional golfers who have entered into equipment sponsorship agreements with Dunlop Sports in Japan and overseas, encompassing 28 countries. (As of March 1, 2016)



Professional golfer,  
Hideki Matsuyama

## YOUR PRESTIGE PARTNER

Reliable and **professional quality**, capable of helping players advance their golf skills

## DEDICATED TO IMPROVING YOUR GAME

The culmination of a wealth of proprietary Dunlop technologies that benefits all golfers from beginners to professionals

## WHERE SCORING MATTERS

Cleveland Golf's distinct short game strengths come to the fore for all players



SRIXON REVO CX 2.0



DUNLOP FORT / SRIXON

### Fiscal 2015 Results

Sales in the Sports business increased 10.2% year on year to ¥77,631 million, while operating income fell 36.6% to ¥2,011 million.

Against a backdrop of firm demand for golf goods due to relatively fair weather conditions in Japan and the United States, Dunlop Sports' flagship XXIO8 golf clubs continued to enjoy steady domestic sales. Moreover, XXIO9 golf clubs have made a strong start since their introduction in December 2015. As a result, the company's golf clubs and balls captured top market share in terms of domestic storefront sales in 2015.\* Overseas, Dunlop Sports promoted the mainstay XXIO, SRIXON and Cleveland Golf brands strategically, with an eye to securing greater market share worldwide.

In the domestic tennis equipment market, market conditions were favorable thanks in part to the popularity of tennis star Kei Nishikori. Sales of SRIXON and BABOLAT VS brand products expanded, capturing the No.1 share of the tennis racket market.

In addition, in its wellness promotion business—the segment's third business pillar next to golf and tennis equipment—the Group began rolling out Gym Style 24, a chain of 24-hour compact workout facilities.

This new business contributed to the increase in sales.

Despite the rise in sales in the Sports business segment, operating income fell largely because of increased stocking costs due to the depreciation of the yen.

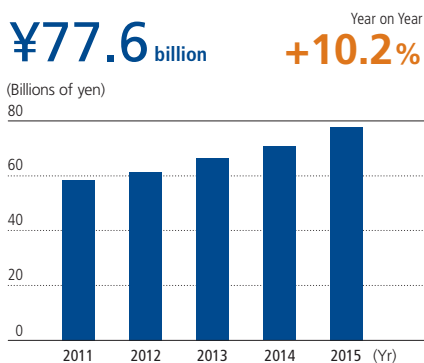
\* Market share survey conducted by Yano Research Institute Ltd.

### Fiscal 2016 Outlook

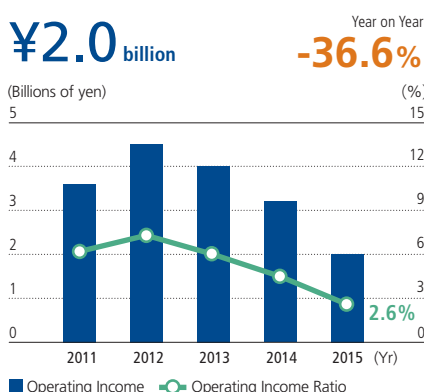
To remain the top in golf goods in terms of domestic market share, Dunlop Sports will strive to expand sales of its mainstay XXIO9 brand golf clubs as well as the SRIXON and Cleveland Golf brands. The company will also introduce new golf ball products, including XXIO UX-AERO premium golf balls. Just as it does in the domestic market, Dunlop Sports will continue to promote XXIO and SRIXON golf clubs overseas while steadily working to penetrate and capture a greater share of golf ball markets with the SRIXON brand.

Targeting the domestic tennis equipment market, the company will proactively introduce new tennis rackets under the SRIXON brand's REVO CV series while stepping up the marketing of tennis balls. In addition, Dunlop Sports will work to expand its chain of compact gyms.

### Net Sales



### Operating Income and Operating Income Ratio



### Sales Breakdown

(Billions of yen)

	2014	2015	Year on Year
Clubs	34.5	36.3	+5%
Balls	14.5	14.9	+3%
Shoes and accessories	7.9	7.7	-2%
Golf goods	56.9	58.9	+4%
Tennis goods	6.3	6.5	+3%
Licensing revenue	0.4	0.4	-2%
Sports goods	63.7	65.9	+3%
Other	6.8	11.7	+72%
<b>Total</b>	<b>70.9</b>	<b>77.6</b>	<b>+10%</b>

Figures are rounded to the nearest ¥0.1 billion. Percentage figures are rounded to the nearest whole number