

Financial Report

(January 1 ~ June 30, 2018)

August 7, 2018



SUMITOMO
RUBBER INDUSTRIES

Key Subjects

- 2018 2nd Quarter
Financial Results Summary
 - Changes in Scope of Consolidation,
Affiliated Companies
 - Financial Results Summary

- 2018 Annual Financial Results Forecast
 - Financial Results Forecast Summary
 - Capex / Depreciation,
Tire Production Capacity etc.

	Consolidated Subsidiaries 93 (vs 2017 year-end : +3)		Equity-method Affiliates 3 (vs 2017 year-end : -)	
	Newly Included +5	Excluded (2)	Newly Included -	Excluded -
Tires	Chengdu D Guard Automotive Services Co., Ltd. (China/ Sales company of tires)			
Sports	DIEL Pension Funding GP Limited DIEL Pension Funding Limited Partnership Dunlop International Pension Scheme Trustees Limited (UK/ Pension management company of Dunlop International Europe Limited)	Dunlop Sports Co. Ltd. Dunlop International Co. Ltd. (Merged with Sumitomo Rubber Industries, Ltd.)		
Industrial & Other	Sports Surface Co., Ltd. (Japan/ Design and construction company of tennis courts)			

Affiliated Companies (Consolidated Subs: 93, Equity-method Affiliates : 3)

	Manufacturing Companies	Sales Companies	Other Companies
Tires	Domestic 1	Domestic 11	Domestic 7
	Overseas 8	Overseas 19	Overseas 5
	Asia Pacific 4	Asia Pacific 11	Asia Pacific 1
	Europe and Africa 2	Europe and Africa 6	Europe and Africa 2
	Americas 2	Americas 2	Americas 2
Sports	Domestic 1	Domestic 1	Domestic 5
	Overseas 3	Overseas 15	Overseas 10
	Thailand, U.S., Philippines	Malaysia, U.K., Australia, Canada, China, Hong Kong, South Africa, South Korea, Thailand, France, Germany	U.K.
Industrial & Other	Domestic 1	Domestic 3	Domestic -
	Overseas 5	Overseas 1	Overseas -
	Malaysia, China, Vietnam, Switzerland, Slovenia	Hong Kong	-

TOTAL 96
Domestic 30
Overseas 66

Billions of Yen

	2018		2018		2018		Feb. 14 th & May 8 th 2018 Forecast 2018 Jan.-Jun.	2017 Jan.-Jun.
	Jan.-Mar.	vs 2017	Apr.-Jun.	vs 2017	Jan.-Jun.	vs 2017		
Sales Revenue	212.7	111% 20.6	212.7	101% 1.4	425.4	105% 22.0	430.0	403.4
Business Profit (%) ※1	14.3 (6.7%)	117% 2.1	12.6 (5.9%)	131% 3.0	26.9 (6.3%)	123% 5.0	26.5 (6.2%)	21.8 (5.4%)
Operating Profit (%)	14.0 (6.6%)	118% 2.2	13.0 (6.1%)	139% 3.6	27.0 (6.4%)	127% 5.8	26.5 (6.2%)	21.2 (5.3%)
Profit ※2	7.7	90% (0.9)	6.6	169% 2.7	14.2	114% 1.8	16.5	12.4

※1. Business Profit : Sales Revenue – (COS + SGA)

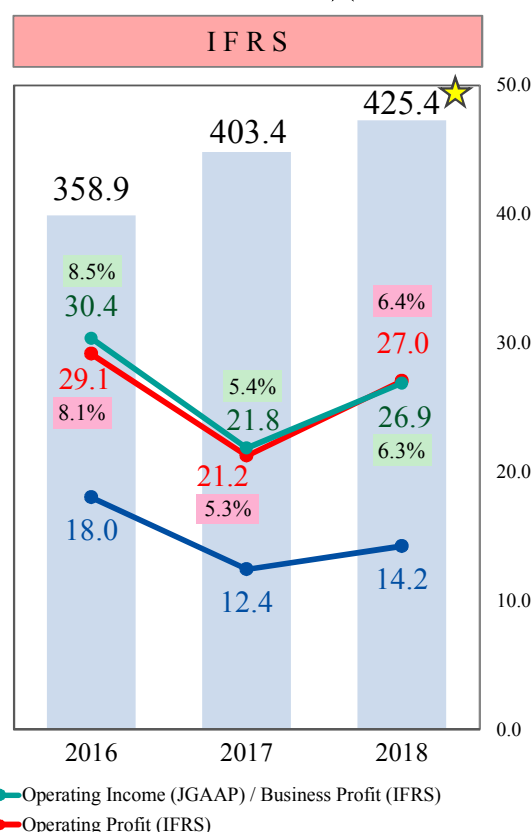
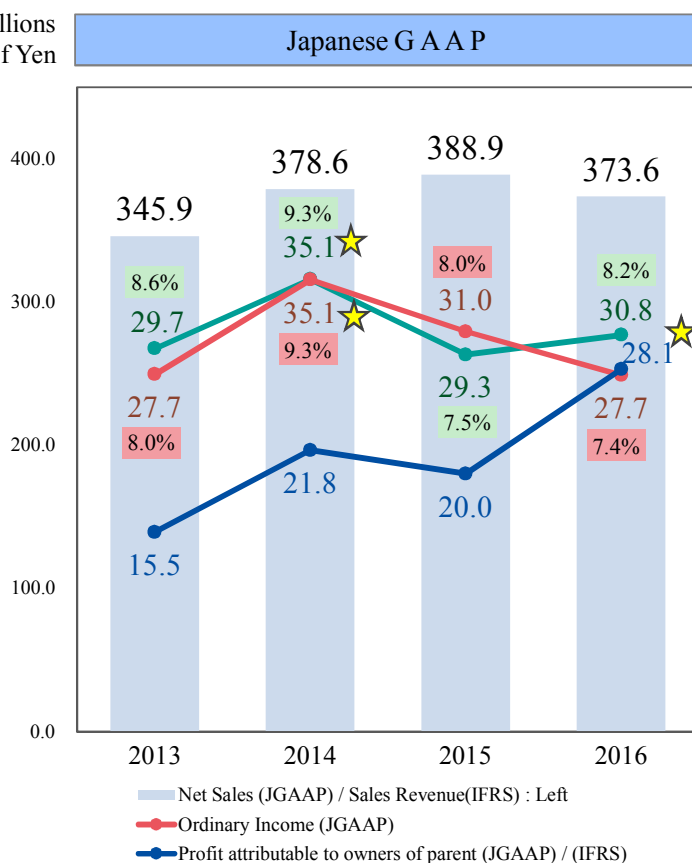
※2. Profit : Profit attributable to owners of parent

The above notes apply throughout this report.

Consolidated Sales Revenue / Profit (Jan.-Jun.)

% : Profit % ★ : Record High

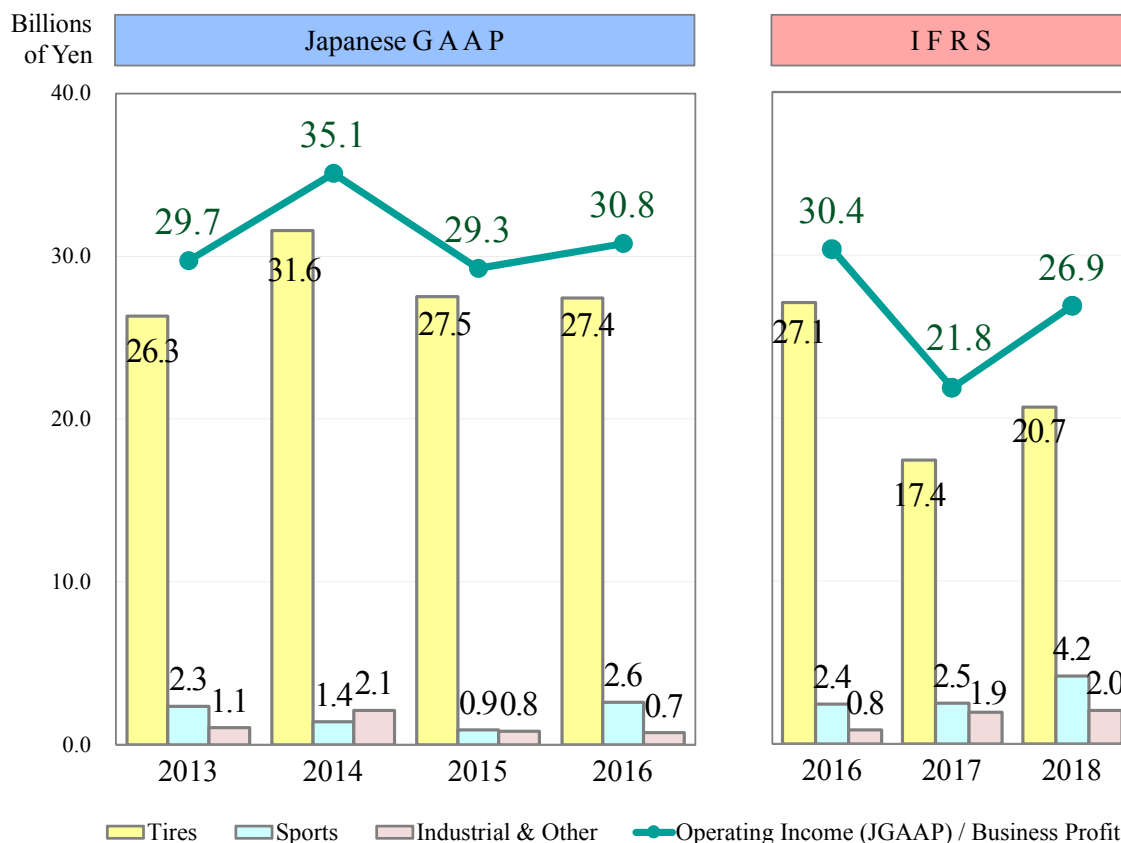
Billions of Yen



Billions of Yen

		2018		2018		2018		Feb. 14 th & May 8 th 2018 Forecast 2018 Jan.-Jun.	2017 Jan.-Jun.
		Jan.-Mar.	vs 2017	Apr.-Jun.	vs 2017	Jan.-Jun.	vs 2017		
Sales Revenue	Tires	181.3	109%	179.5	99%	360.8	104%	367.0	346.2
	Sports	20.8	123%	23.0	109%	43.8	116%	44.0	37.9
	Industrial & Other	10.6	110%	10.1	106%	20.7	108%	19.0	19.3
	Total	212.7	111%	212.7	101%	425.4	105%	430.0	403.4
Business Profit	Tires	11.4	114%	9.2	125%	20.7	119%	22.0	17.4
	Sports	1.8	166%	2.4	167%	4.2	167%	3.0	2.5
	Industrial & Other	1.0	99%	1.0	115%	2.0	106%	1.5	1.9
	Total	14.3	117%	12.6	131%	26.9	123%	26.5	21.8

Consolidated Business Profit by Reportable Segment (Jan.-Jun.)

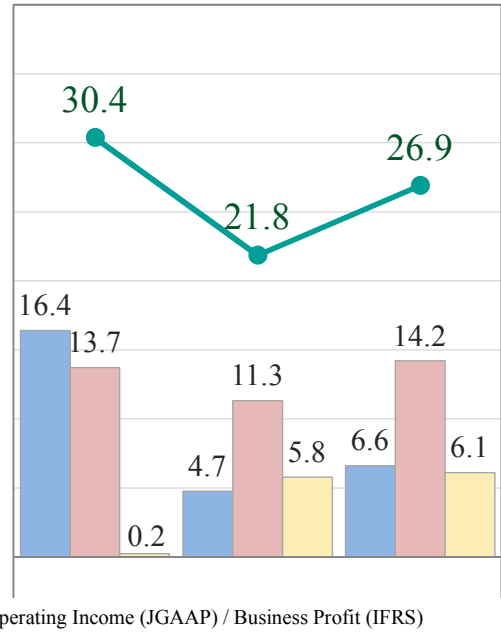
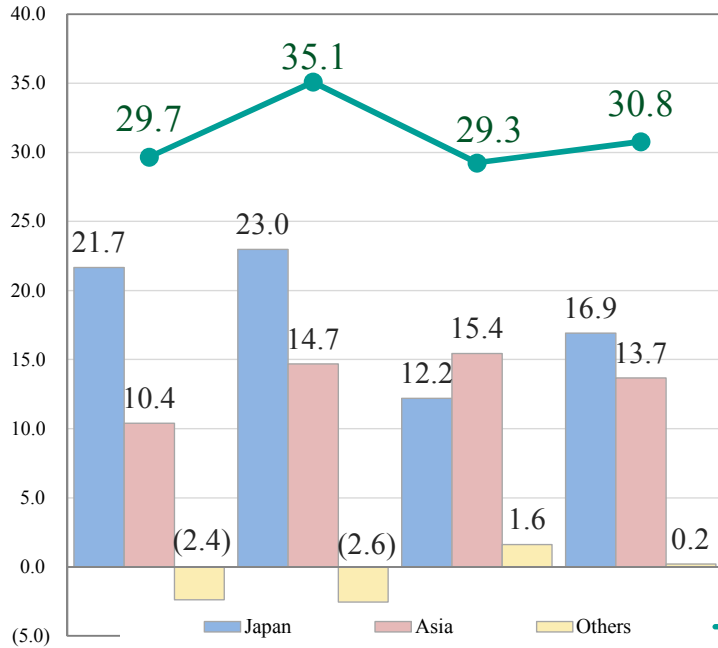


Consolidated Business Profit by Geographic Areas (Jan.-Jun.)

Billions of Yen

Japanese G A A P

I F R S



Sales Revenue	2013	2014	2015	2016	2016	2017	2018
Japan	198.6	210.4	204.9	181.2	167.7	175.9	182.7
Asia	69.6	75.4	82.7	71.9	71.9	80.8	83.7
Others	77.6	92.9	101.3	120.4	119.3	146.7	159.0
Total	345.9	378.6	388.9	373.6	358.9	403.4	425.4

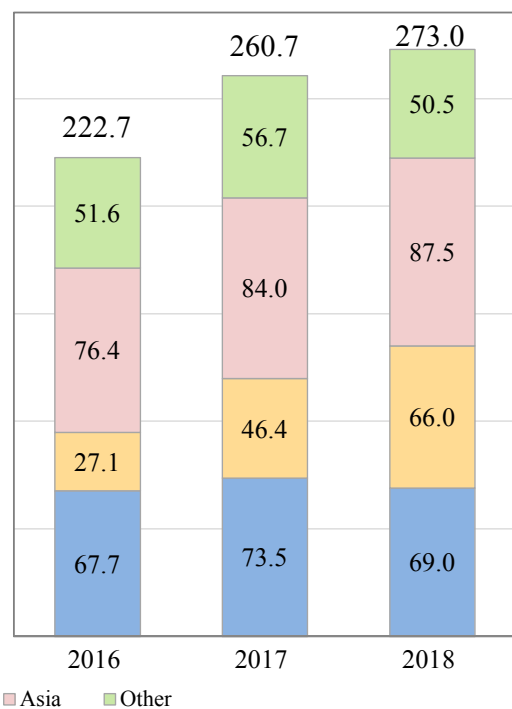
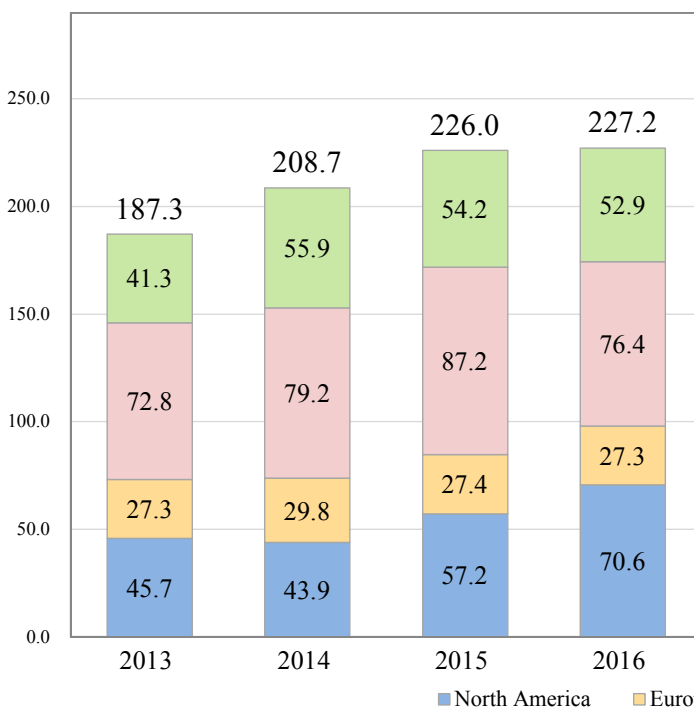
※Sales and Profit for geographic areas on this page are based on sales company's location.

Overseas Sales Revenue (Jan.-Jun.)

Billions of Yen

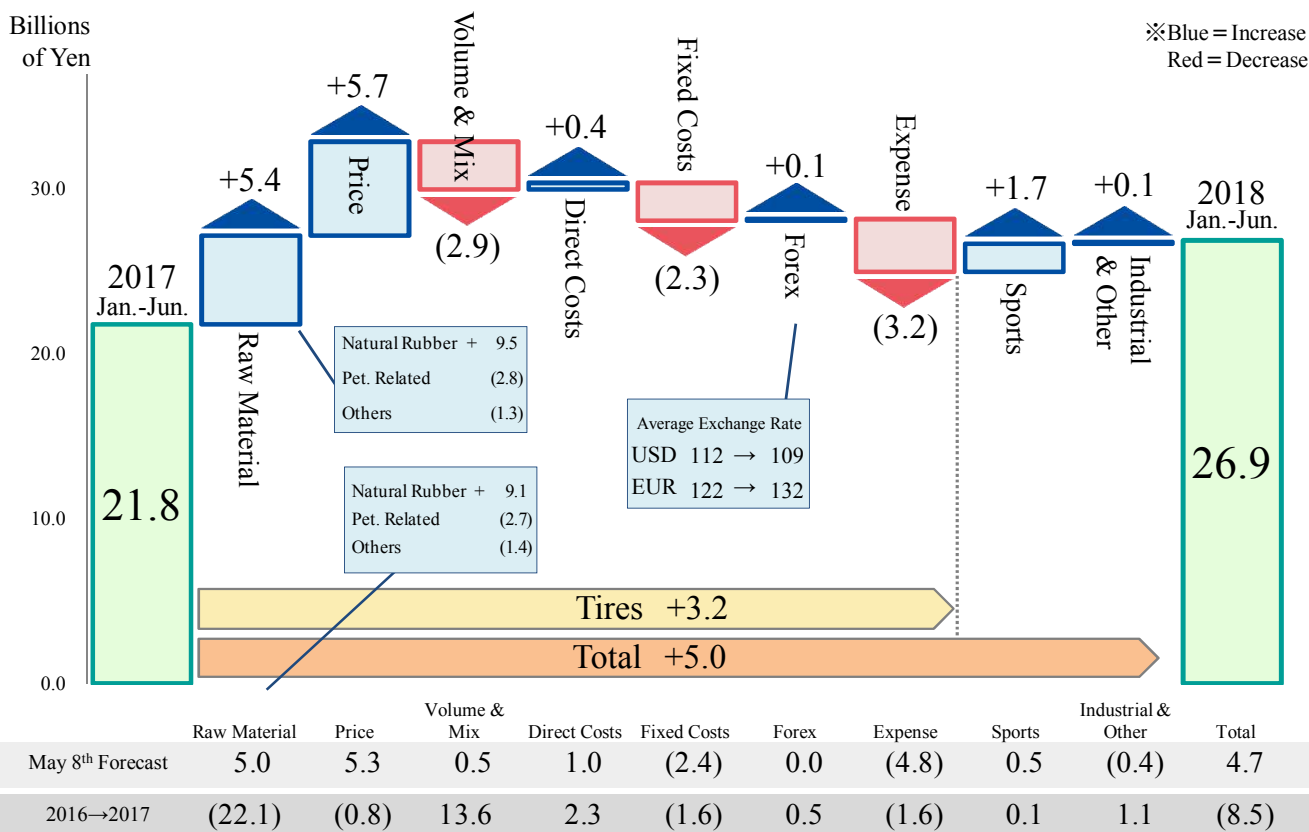
Japanese G A A P

I F R S



Consolidated Sales Revenue	345.9	378.6	388.9	373.6	358.9	403.4	425.4
% of Overseas	54%	55%	58%	61%	62%	65%	64%

※Overseas Sales on this page are based on customer's location.

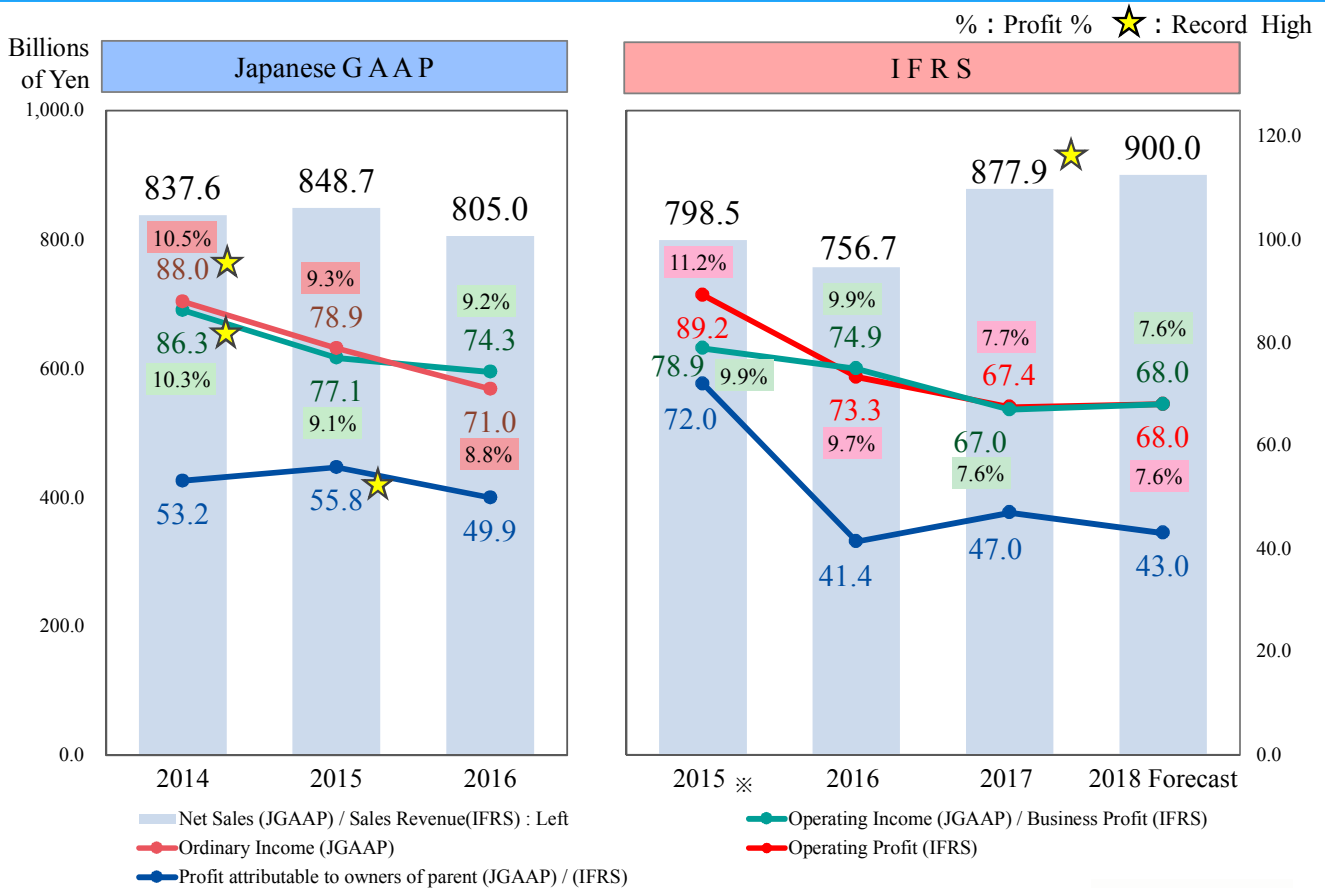


[Forecast] Consolidated Financial Results

Billions of Yen

	Revised Forecast 2018	Actual 2017	YOY	Feb. 14 th & May 8 th 2018 Annual Forecast 2018	Revised Forecast 2018 Jul.-Dec.	vs 2017
Sales Revenue	900.0	877.9	103%	910.0	474.6	100%
Business Profit (%)	68.0 (7.6%)	67.0 (7.6%)	102%	73.0 (8.0%)	41.1 (8.7%)	91%
Operating Profit (%)	68.0 (7.6%)	67.4 (7.7%)	101%	73.0 (8.0%)	41.0 (8.6%)	89%
Profit	43.0	47.0	92%	48.0	28.8	83%
ROE	9.1%	10.6%		10.1%		
ROA ※	6.6%	7.0%		7.2%		
D/E Ratio	0.5	0.6		0.5		

[Forecast] Consolidated Sales Revenue / Profit



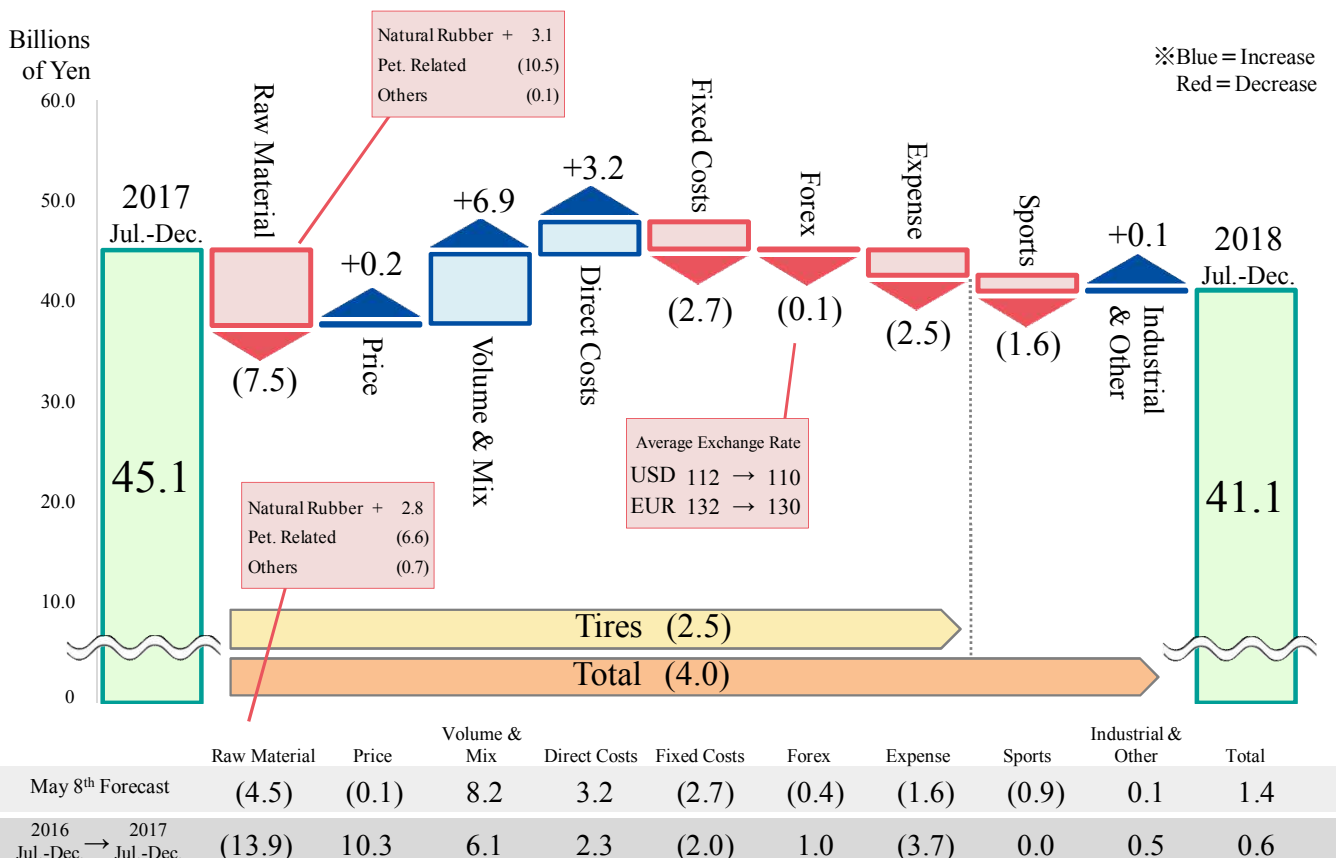
* IFRS values for 2015 are outside the scope of audit and are only for reference. This note applies throughout this report.

[Forecast] Consolidated Sales Revenue / Business Profit by Reportable Segment

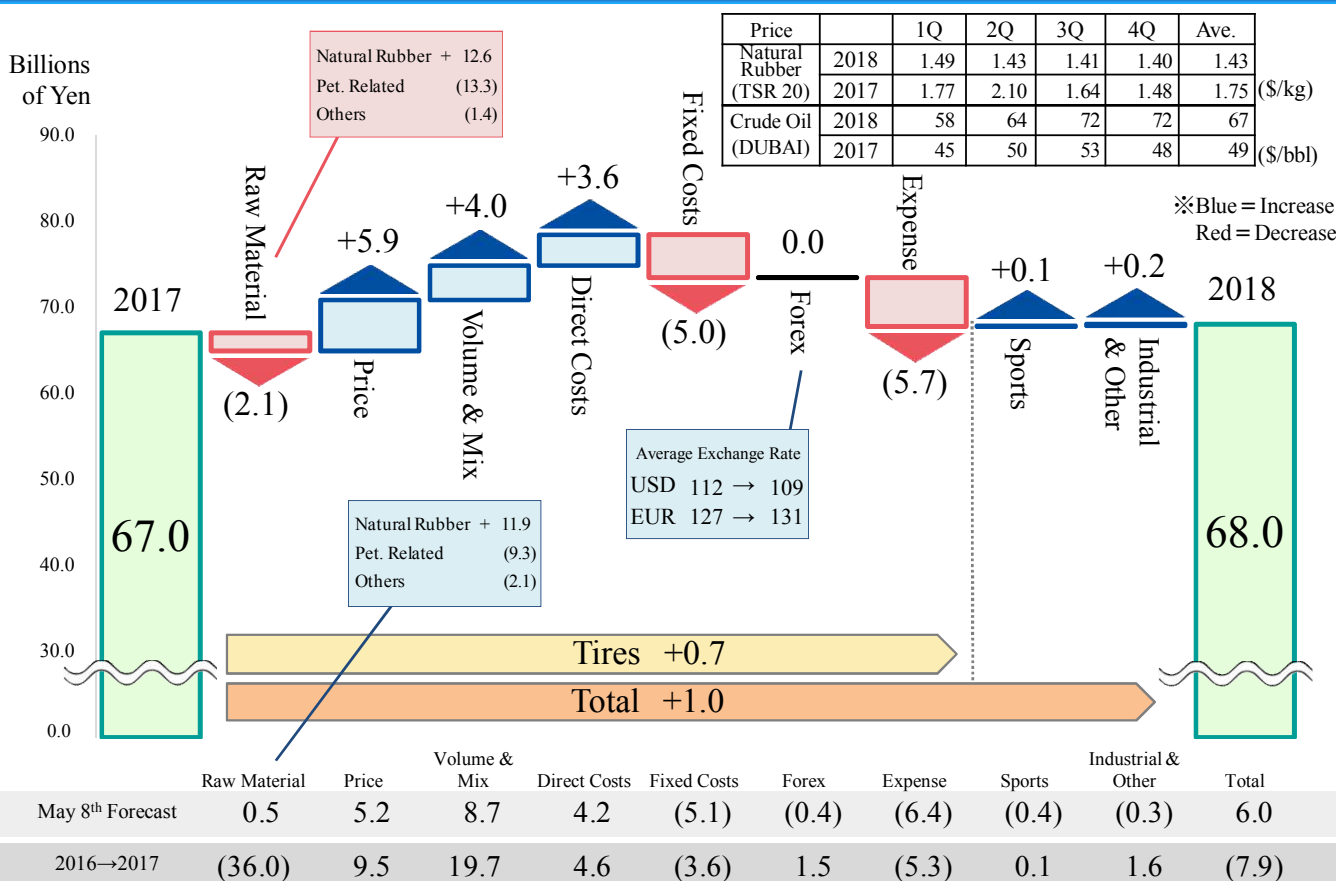
Billions of Yen

		Revised Forecast 2018	Actual 2017	YOY	Feb. 14 th & May 8 th 2018 Annual Forecast 2018	Revised Forecast 2018 Jul.-Dec.	vs 2017
Sales Revenue	Tires	775.0	756.6	102%	785.0	414.2	101%
	Sports	85.0	81.7	104%	85.0	41.2	94%
	Industrial & Other	40.0	39.6	101%	40.0	19.3	95%
	Total	900.0	877.9	103%	910.0	474.6	100%
Business Profit	Tires	59.0	58.3	101%	65.0	38.3	94%
	Sports	4.5	4.4	103%	4.0	0.3	18%
	Industrial & Other	4.5	4.3	106%	4.0	2.5	105%
	Total	68.0	67.0	102%	73.0	41.1	91%

[Forecast] Consolidated Business Profit Walk (2018 Jul.-Dec.)



[Forecast] Consolidated Business Profit Walk (2018 Annual)



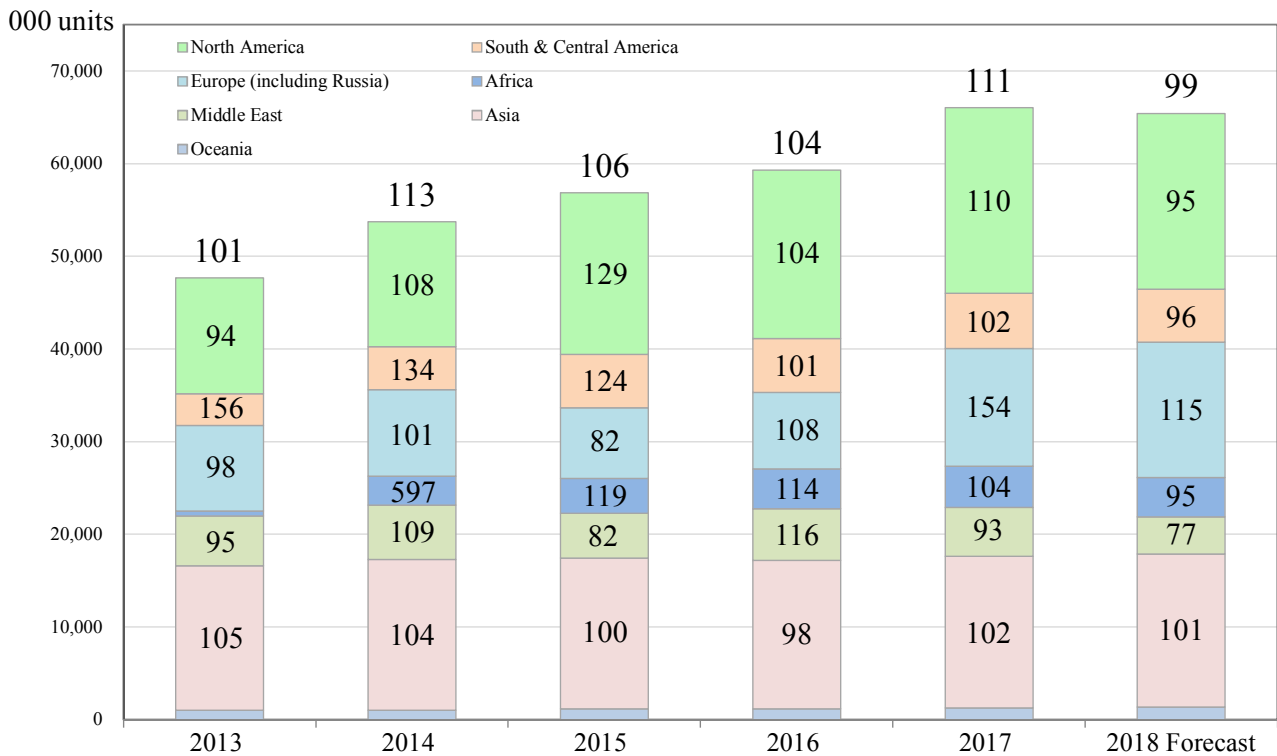
Billions of Yen

Period	Business Profit		Factors									
		vs previous year	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	
2017	Jan.-Mar.	12.2	(2.0)	(6.9)	(2.0)	6.3	1.3	(1.0)	(0.3)	(0.4)	0.4	0.6
	Apr.-Jun.	9.7	(6.5)	(15.2)	1.2	7.3	1.0	(0.6)	0.8	(1.2)	(0.3)	0.5
	Jul.-Dec.	45.1	0.6	(13.9)	10.3	6.1	2.3	(2.0)	1.0	(3.7)	0.0	0.5
	Annual	67.0	(7.9)	(36.0)	9.5	19.7	4.6	(3.6)	1.5	(5.3)	0.1	1.6
2018	Jan.-Mar.	14.3	2.1	(2.2)	5.5	0.9	0.4	(1.5)	0.2	(1.9)	0.7	0.0
	Apr.-Jun.	12.6	3.0	7.6	0.2	(3.8)	0.0	(0.8)	(0.1)	(1.3)	1.0	0.1
	Jul.-Dec.	41.1	(4.0)	(7.5)	0.2	6.9	3.2	(2.7)	(0.1)	(2.5)	(1.6)	0.1
	Annual	68.0	1.0	(2.1)	5.9	4.0	3.6	(5.0)	0.0	(5.7)	0.1	0.2
(vs May 8 th Forecast)			(5.0)	(2.6)	0.7	(4.7)	(0.6)	0.1	0.4	0.7	0.5	0.5

Tire Sales Volume (Comparison %)

	2017 Actual					2018 Jan.-Jun. Actual, Jul.-Dec. Forecast					2018 May.9th Forecast			
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Jun.	Jul.-Dec.	Annual	
Domestic O.E.	113%	111%	111%	107%	110%	103%	108%	103%	99%	103%	104%	97%	100%	
Domestic Rep.	103%	114%	106%	100%	105%	102%	95%	97%	106%	100%	99%	101%	100%	
Overseas O.E.	114%	107%	113%	104%	109%	100%	112%	124%	130%	117%	106%	131%	119%	
Overseas Rep.	112%	112%	112%	109%	111%	103%	93%	99%	101%	99%	102%	106%	104%	
Details	North America	121%	102%	107%	112%	110%	87%	94%	96%	101%	95%	93%	102%	98%
	Europe	130%	182%	173%	137%	154%	142%	109%	109%	105%	115%	123%	106%	114%
	Asia	106%	102%	104%	98%	102%	97%	97%	102%	105%	101%	104%	110%	107%
	Others	98%	105%	97%	101%	100%	99%	79%	91%	96%	91%	95%	106%	101%
Total	111%	112%	111%	106%	110%	102%	98%	103%	106%	102%	102%	107%	105%	

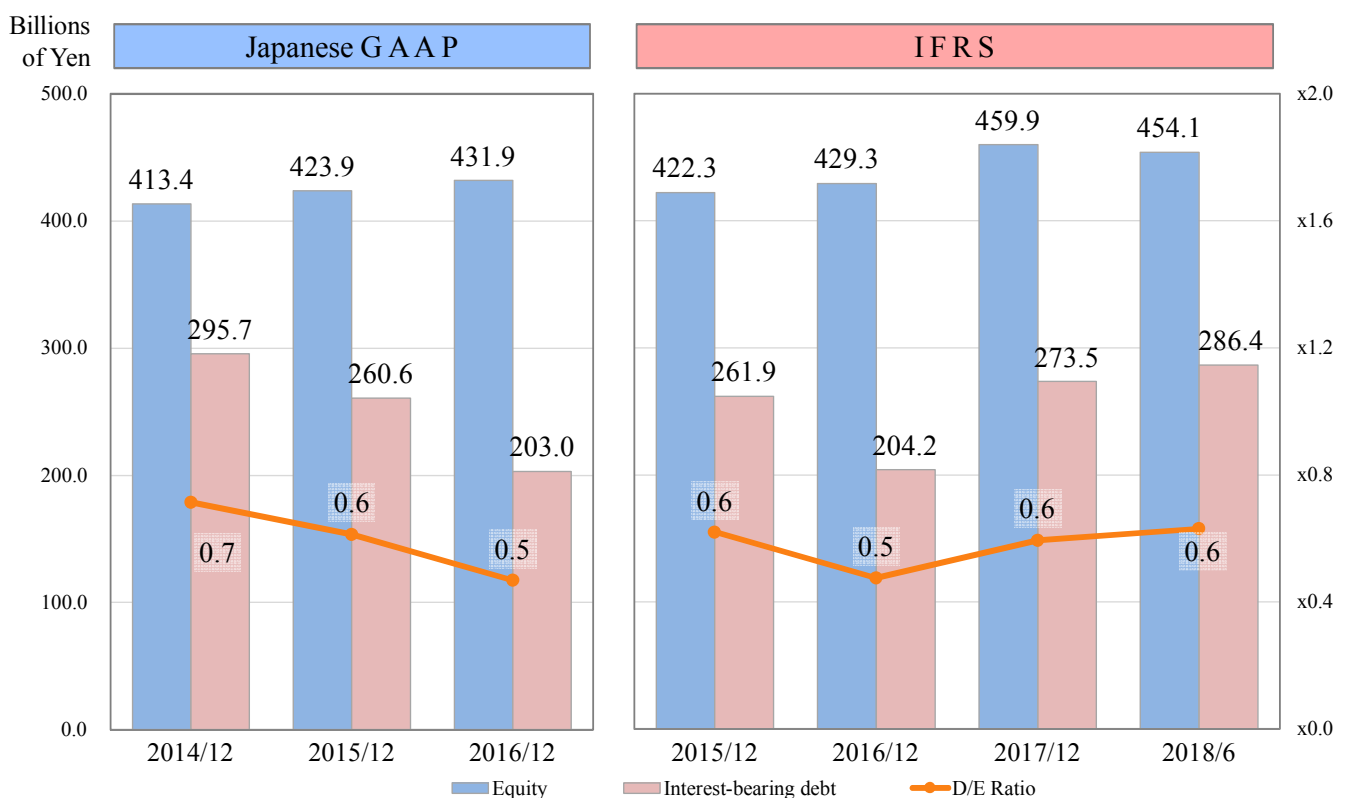
Total Tire Sales (000 Units) 28,230 29,920 31,810 33,510 123,470 28,880 **29,290** 32,660 35,600 126,430 59,390 70,080 129,480



Forex(USD)	2013	2014	2015	2016	2017	2018 Forecast
	98	106	121	109	112	109

※Numbers shown in the bar graph are yoy% by region.

Equity / Interest-Bearing Debt



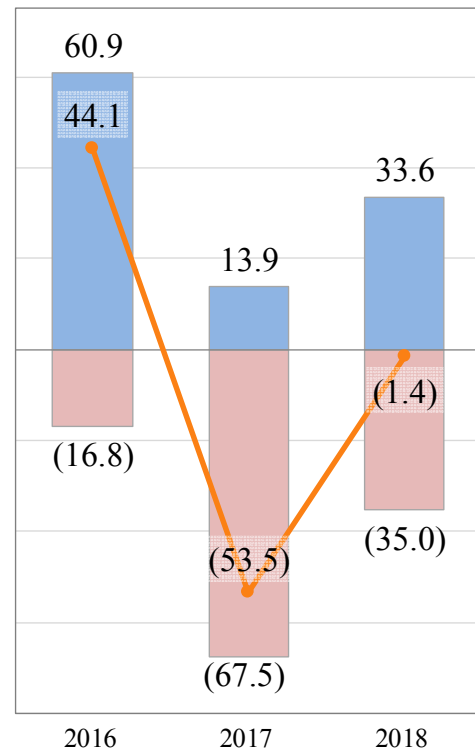
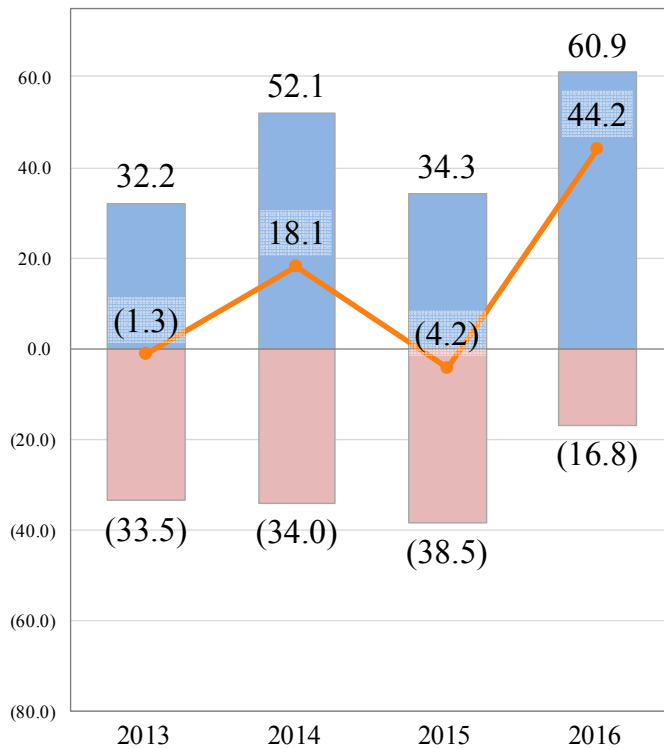
Equity Ratio

42.5%	45.3%	48.0%	45.3%	47.8%	45.2%	46.1%
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Billions of Yen

Japanese G A P

IFRS



■ Cash flows from operating activities
 ■ Cash flows from investing activities
 —●— Free cash flow
 SUMITOMO RUBBER INDUSTRIES 21

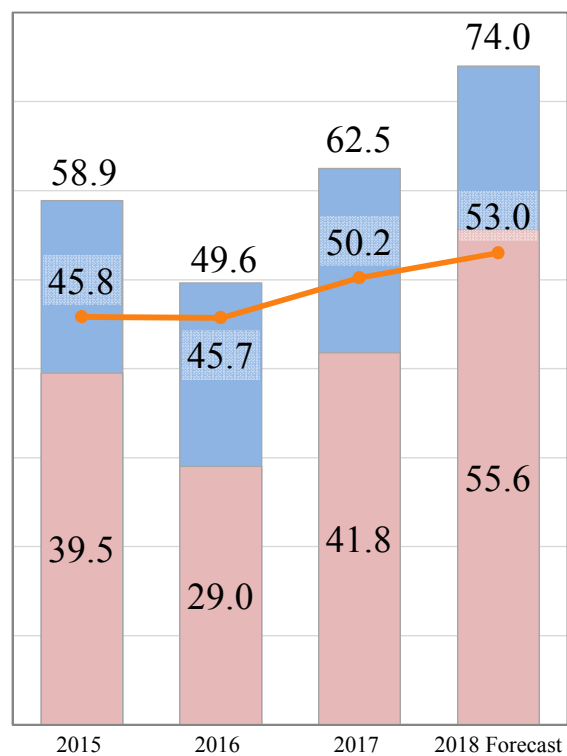
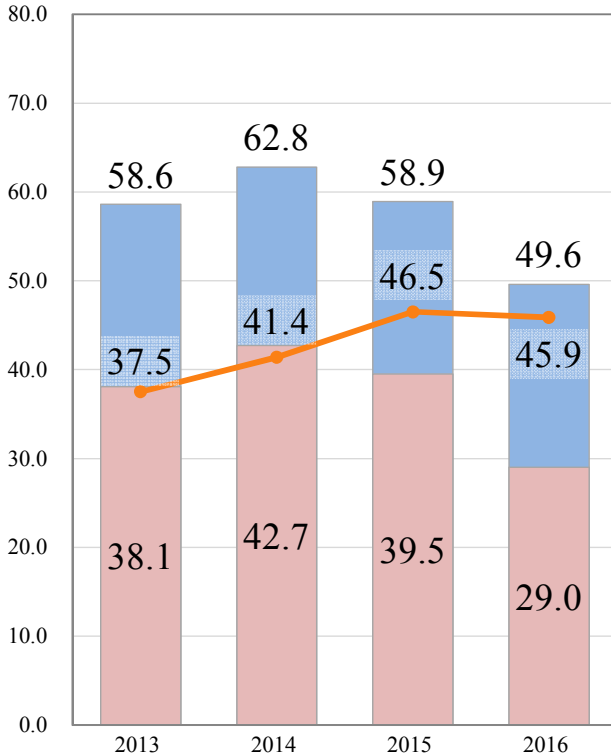
Capex and Depreciation (Tangible Assets Only)

Billions of Yen

Japanese G A P

IFRS

No change since Feb. 14th 2018 Forecast



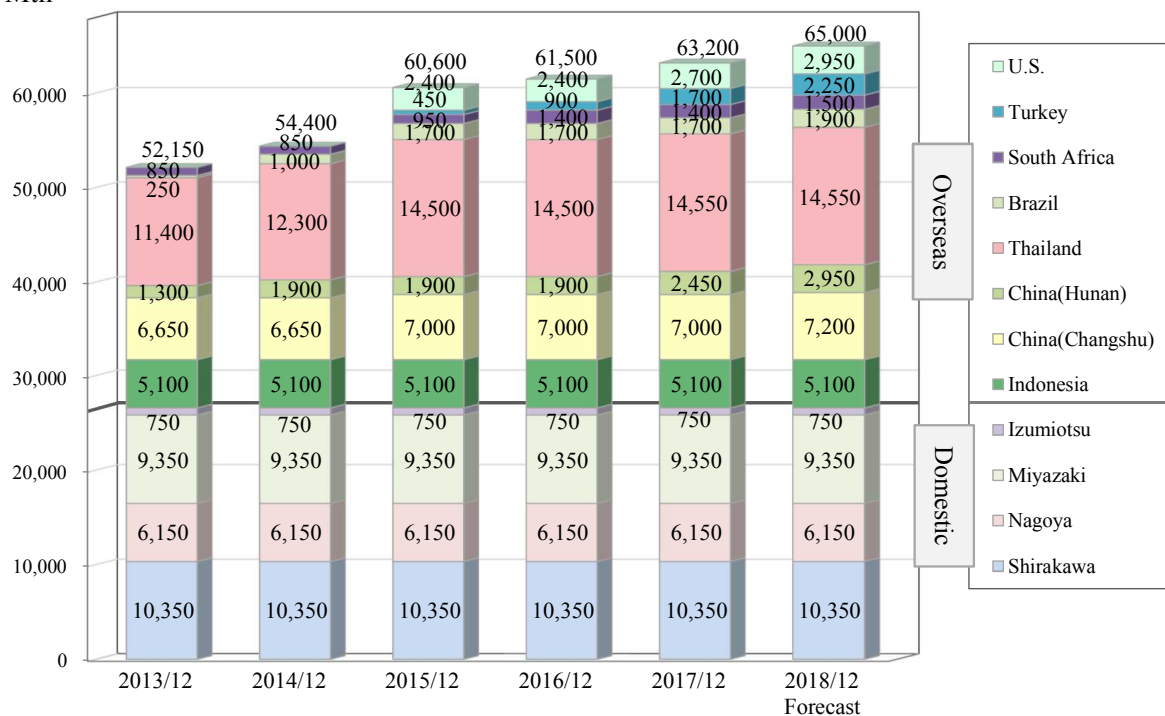
■ Total Capex
 ■ Overseas
 —●— Depreciation
 SUMITOMO RUBBER INDUSTRIES 22

Tire Production Capacity

No change since Feb. 14th 2018 Forecast

YOY 105% 104% 111% 101% 103% 103%

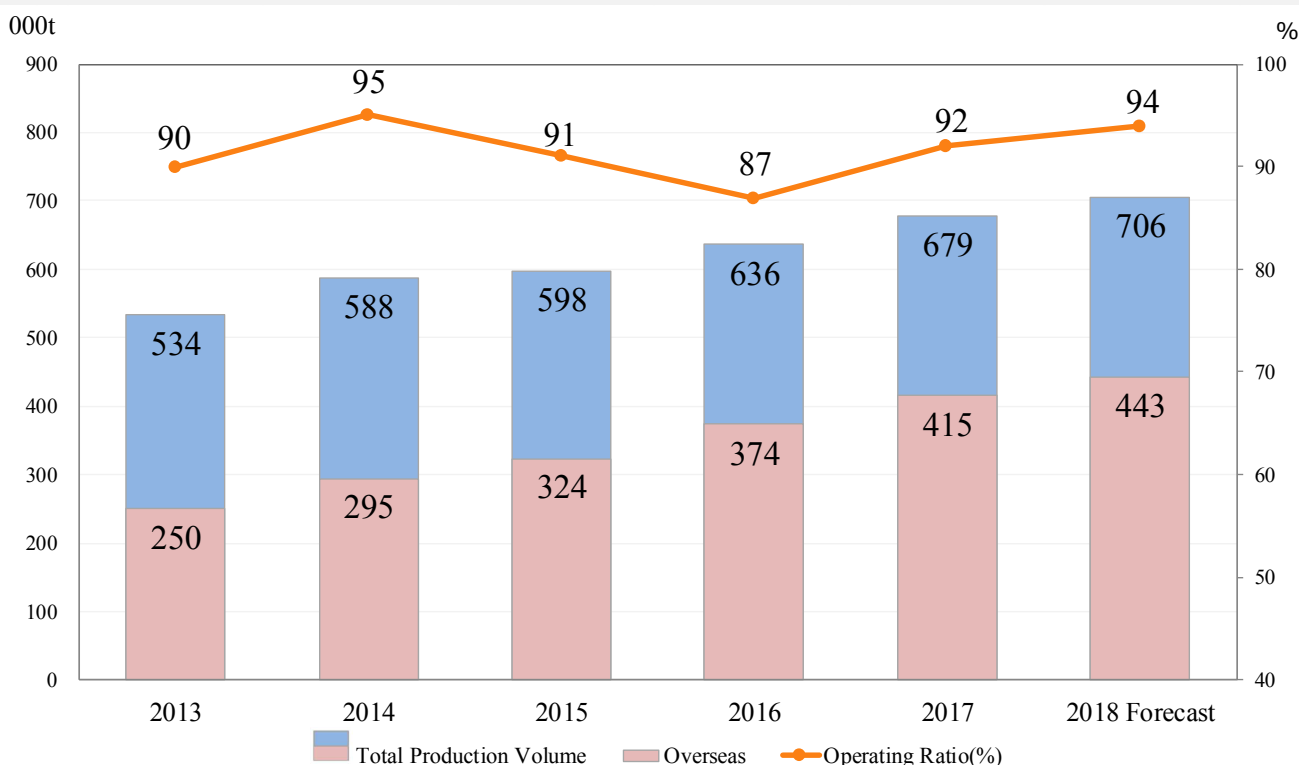
t/Mth



% of Overseas 49% 51% 56% 57% 58% 59%

Tire Production Volume and Operating Ratio

YOY 102% 110% 102% 106% 107% 104%





“NEW SRIXON” Series



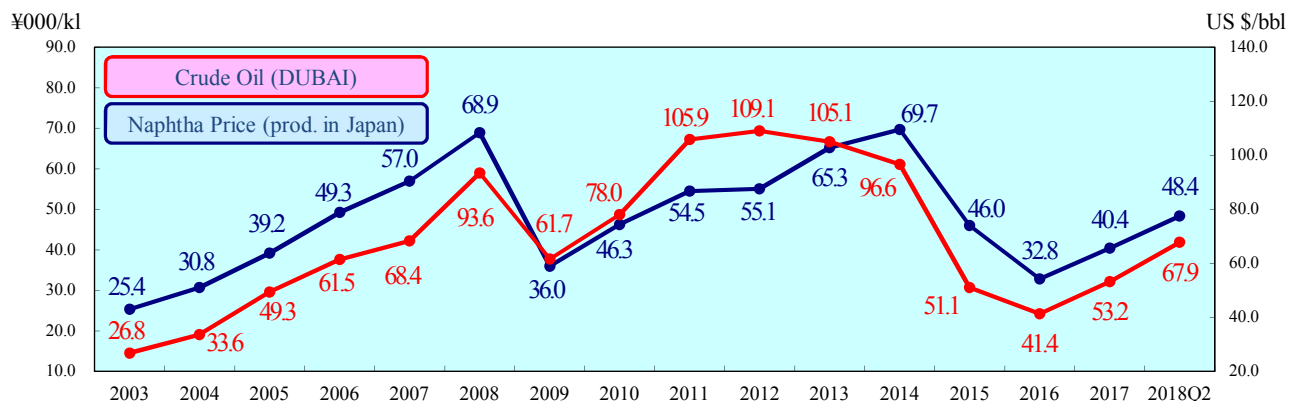
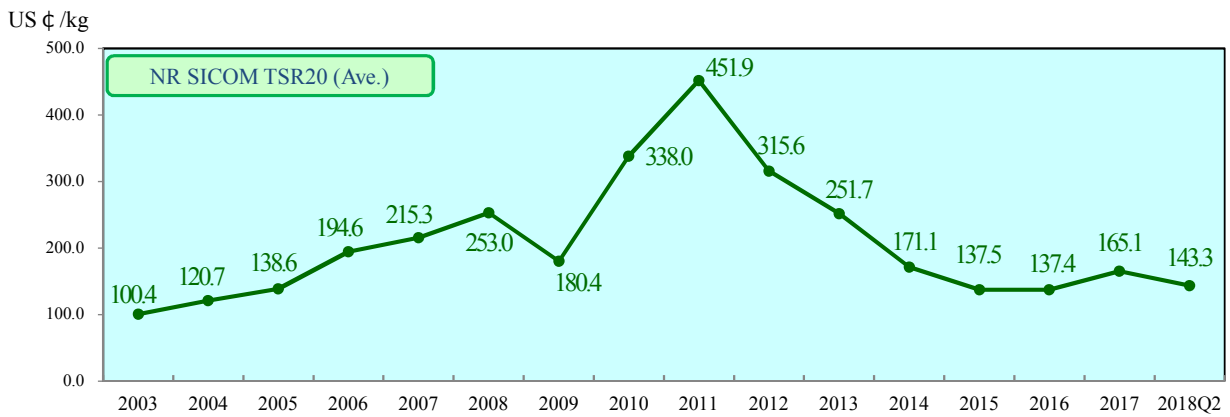
SRIXON “REVO CX”



Babolat NEW “Pure Drive”

※Dunlop Sports Marketing Co. Ltd. is the sole selling agent of Babolat in Japan.

Market Price : Natural Rubber / Crude Oil / Naphtha



SUMITOMO RUBBER GROUP