



Financial Report

(January 1 ~ September 30, 2018)

November 7, 2018



SUMITOMO
RUBBER INDUSTRIES

- 2018 3rd 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.

Changes in Scope of Consolidation

	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)			

	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		2018		2017 Jan.-Sep.
	Jan.-Mar.	vs 2017	Apr.-Jun.	vs 2017	Jul.-Sep.	vs 2017	Jan.-Sep.	vs 2017	
Sales Revenue	212.7	111% 20.6	212.7	101% 1.4	210.6	98% (4.3)	636.0	103% 17.7	618.3
Business Profit (%) ※1	14.3 (6.7%)	117% 2.1	12.6 (5.9%)	131% 3.0	7.7 (3.7%)	92% (0.7)	34.6 (5.4%)	114% 4.4	30.3 (4.9%)
Operating Profit (%)	14.0 (6.6%)	118% 2.2	13.0 (6.1%)	139% 3.6	6.6 (3.2%)	75% (2.2)	33.7 (5.3%)	112% 3.6	30.0 (4.9%)
Profit ※2	7.7	90% (0.9)	6.6	169% 2.7	2.9	64% (1.6)	17.1	101% 0.2	17.0

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

※2. Profit : Profit attributable to owners of parent

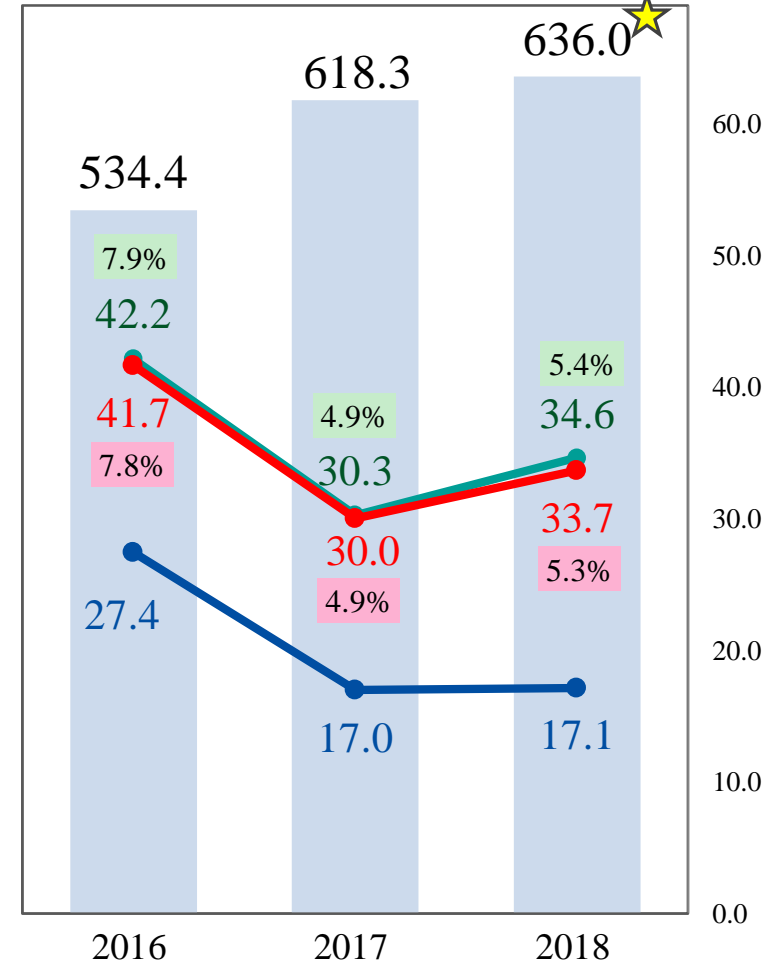
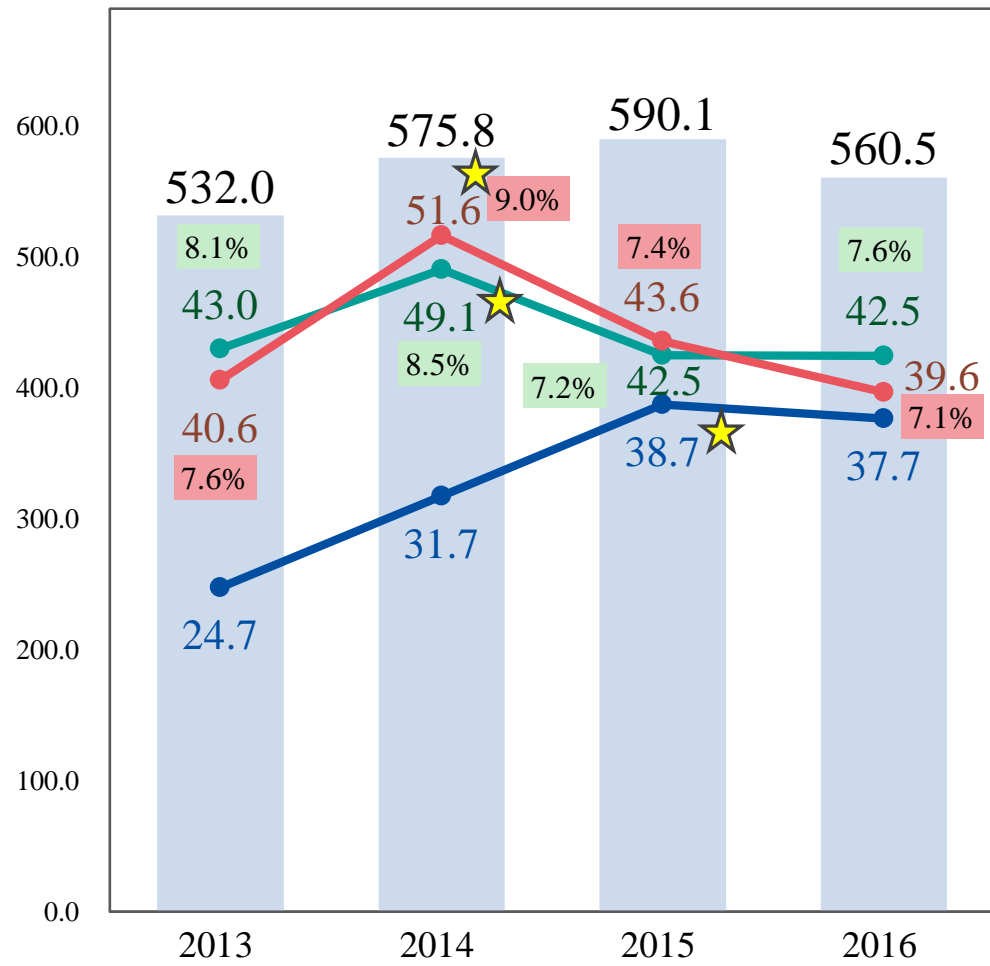
The above notes apply throughout this report.

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

% : Profit % ★ : Record High

Japanese G A A P

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■ Net Sales (JGAAP) / Sales Revenue(IFRS) : Left
● Ordinary Income (JGAAP)
● Profit attributable to owners of parent (JGAAP) / (IFRS)

● Operating Income (JGAAP) / Business Profit (IFRS)
● Operating Profit (IFRS)

Consolidated Sales Revenue / Business Profit by Reportable Segment (2018 Jan.-Sep.)

Billions of Yen

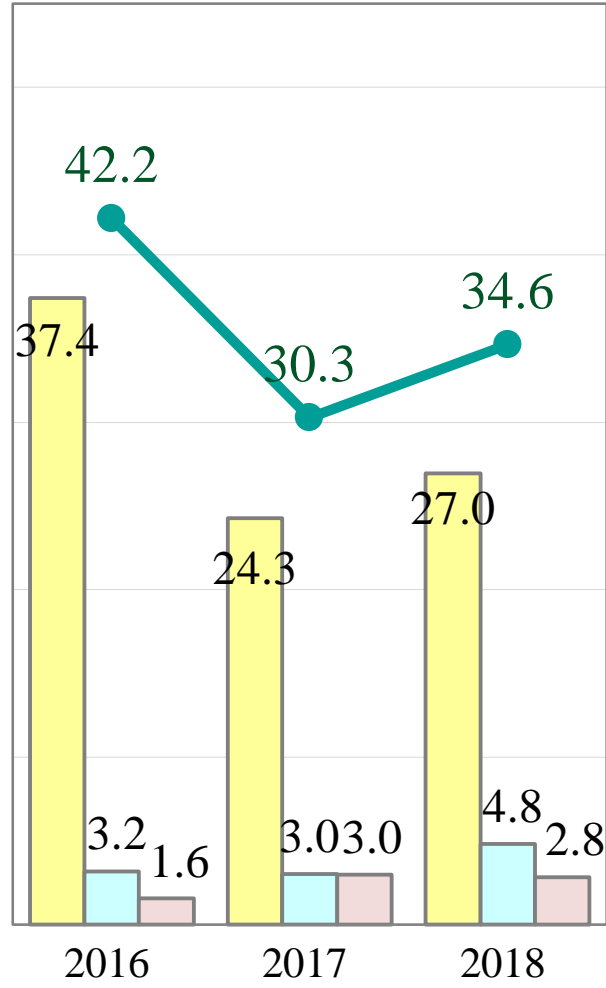
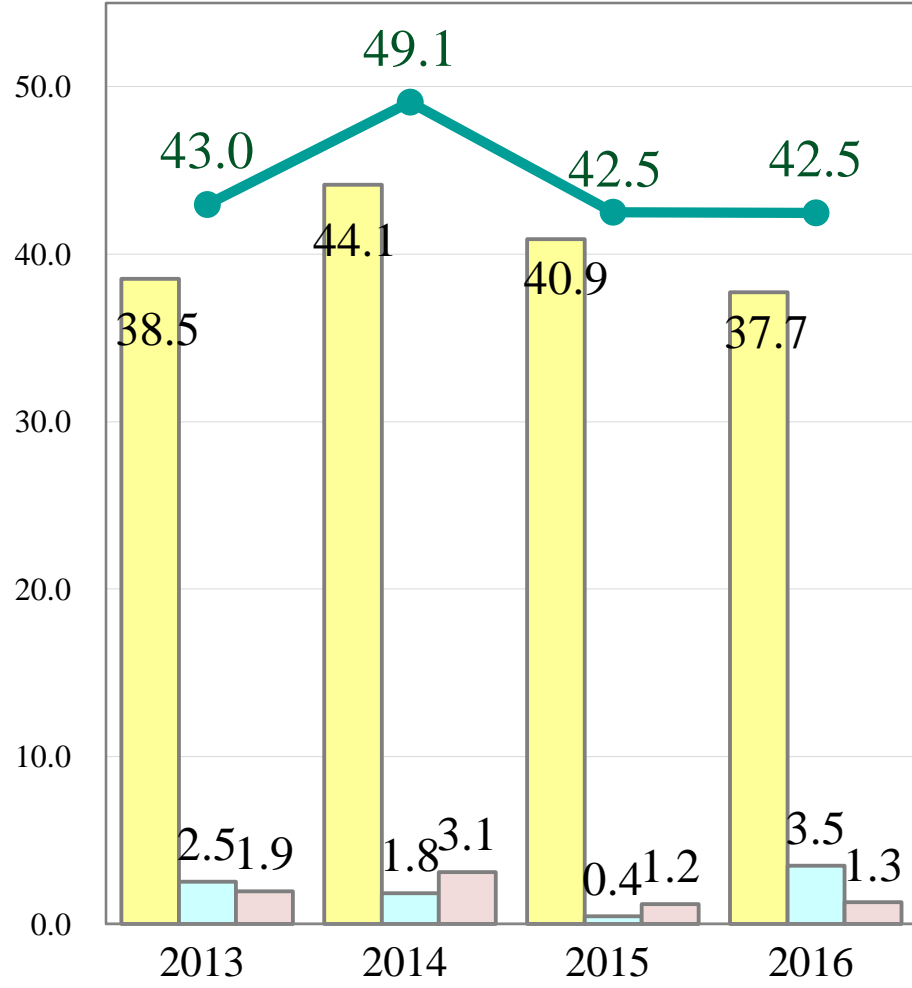
		2018		2018		2018		2018		2017
		Jan.-Mar.	vs 2017	Apr.-Jun.	vs 2017	Jul.-Sep.	vs 2017	Jan.-Sep.	vs 2017	Jan.-Sep.
Sales Revenue	Tires	181.3	109%	179.5	99%	180.0	98%	540.8	102%	530.7
	Sports	20.8	123%	23.0	109%	20.8	100%	64.6	110%	58.7
	Industrial & Other	10.6	110%	10.1	106%	9.9	102%	30.6	106%	28.9
	Total	212.7	111%	212.7	101%	210.6	98%	636.0	103%	618.3
Business Profit	Tires	11.4	114%	9.2	125%	6.3	92%	27.0	111%	24.3
	Sports	1.8	166%	2.4	167%	0.7	126%	4.8	160%	3.0
	Industrial & Other	1.0	99%	1.0	115%	0.8	75%	2.8	95%	3.0
	Total	14.3	117%	12.6	131%	7.7	92%	34.6	114%	30.3

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

Billions of Yen

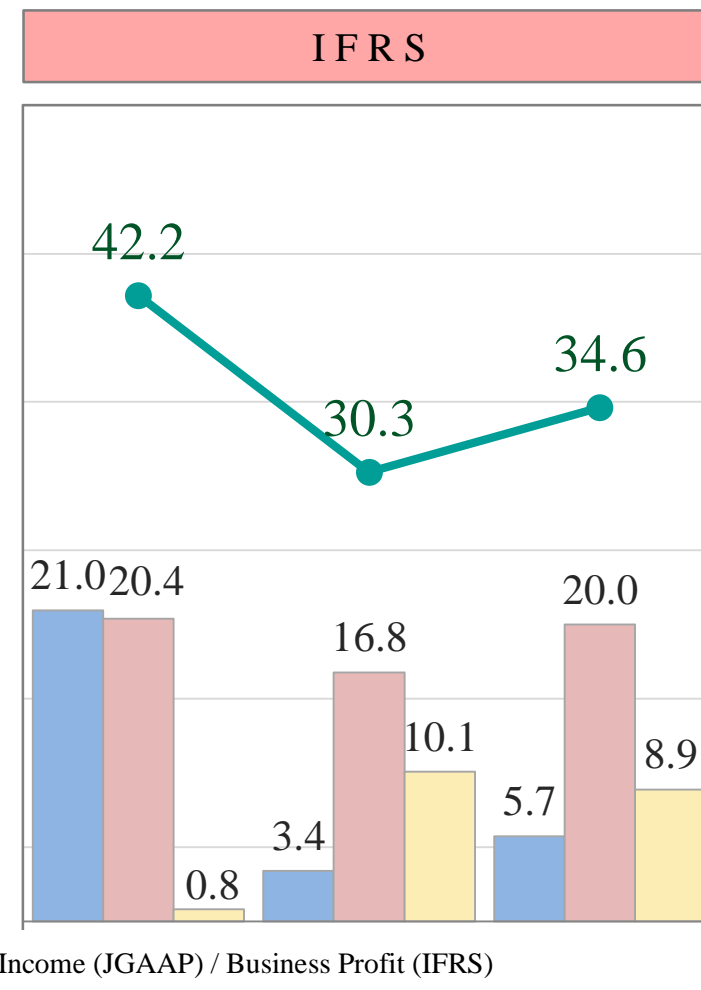
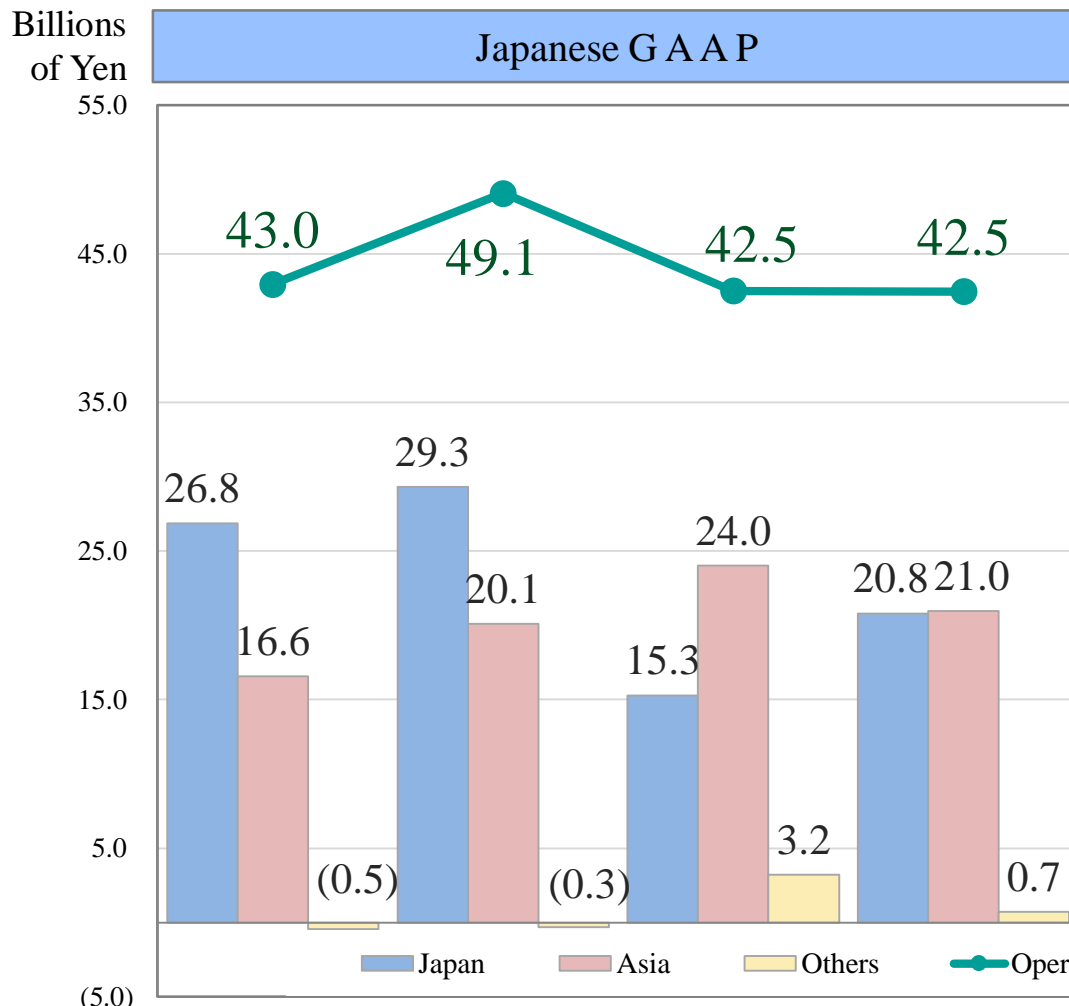
Japanese G A A P

I F R S



■ Tires
 ■ Sports
 ■ Industrial & Other
 ● Operating Income (JGAAP) / Business Profit(IFRS)

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

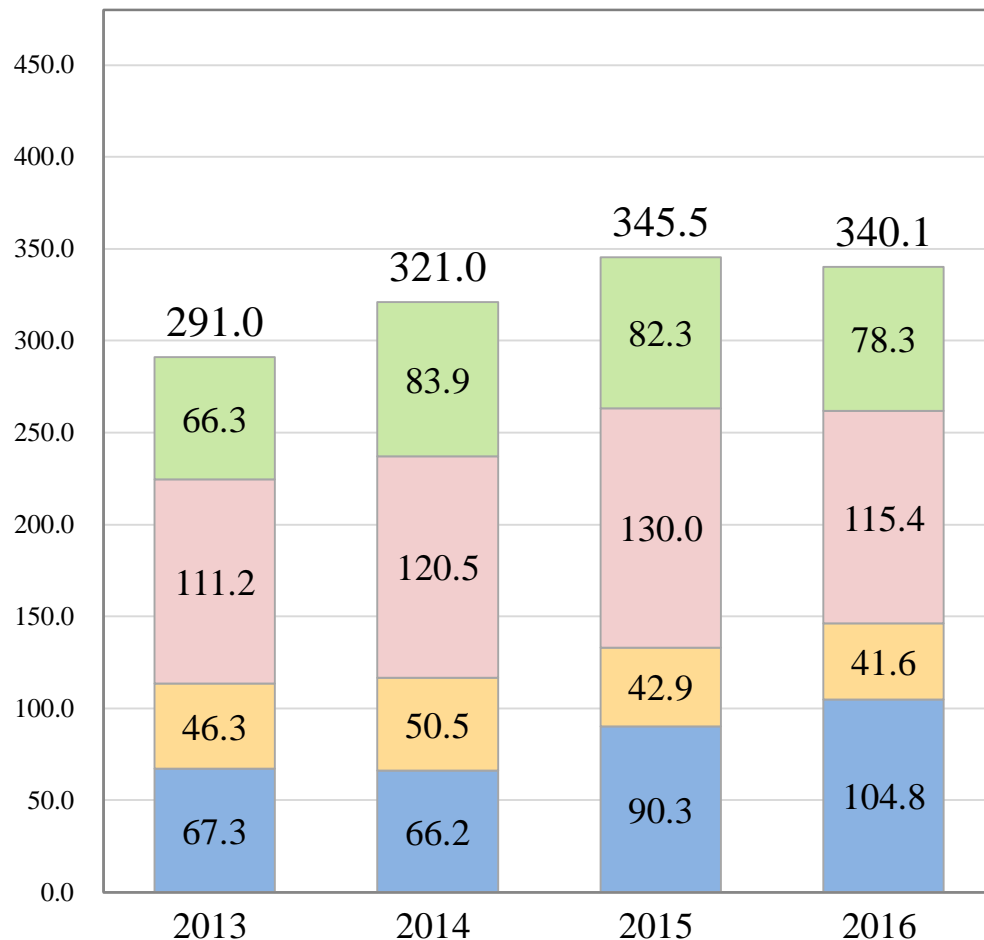


Sales Revenue	2013	2014	2015	2016	2016	2017	2018
Japan	301.7	317.0	312.2	274.7	250.3	264.2	269.7
Asia	106.3	114.2	122.7	107.9	107.8	124.6	124.7
Others	124.0	144.6	155.2	177.9	176.3	229.5	241.6
Total	532.0	575.8	590.1	560.5	534.4	618.3	636.0

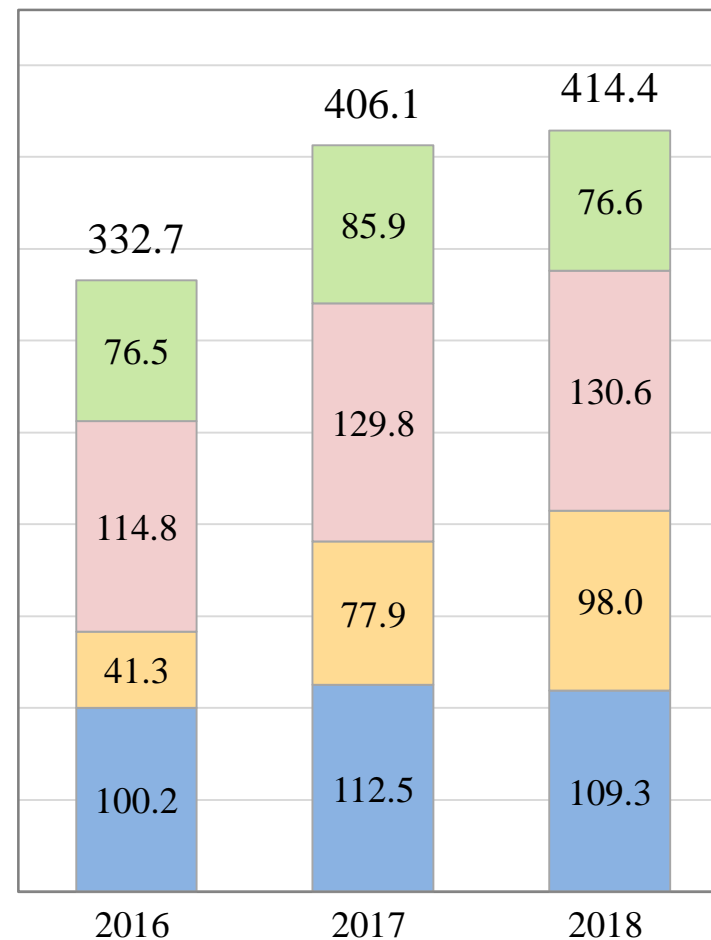
※Sales and Profit for geographic areas on this page are based on sales company's location.

Overseas Sales Revenue (Jan.-Sep.)

Billions of Yen **Japanese G A A P**



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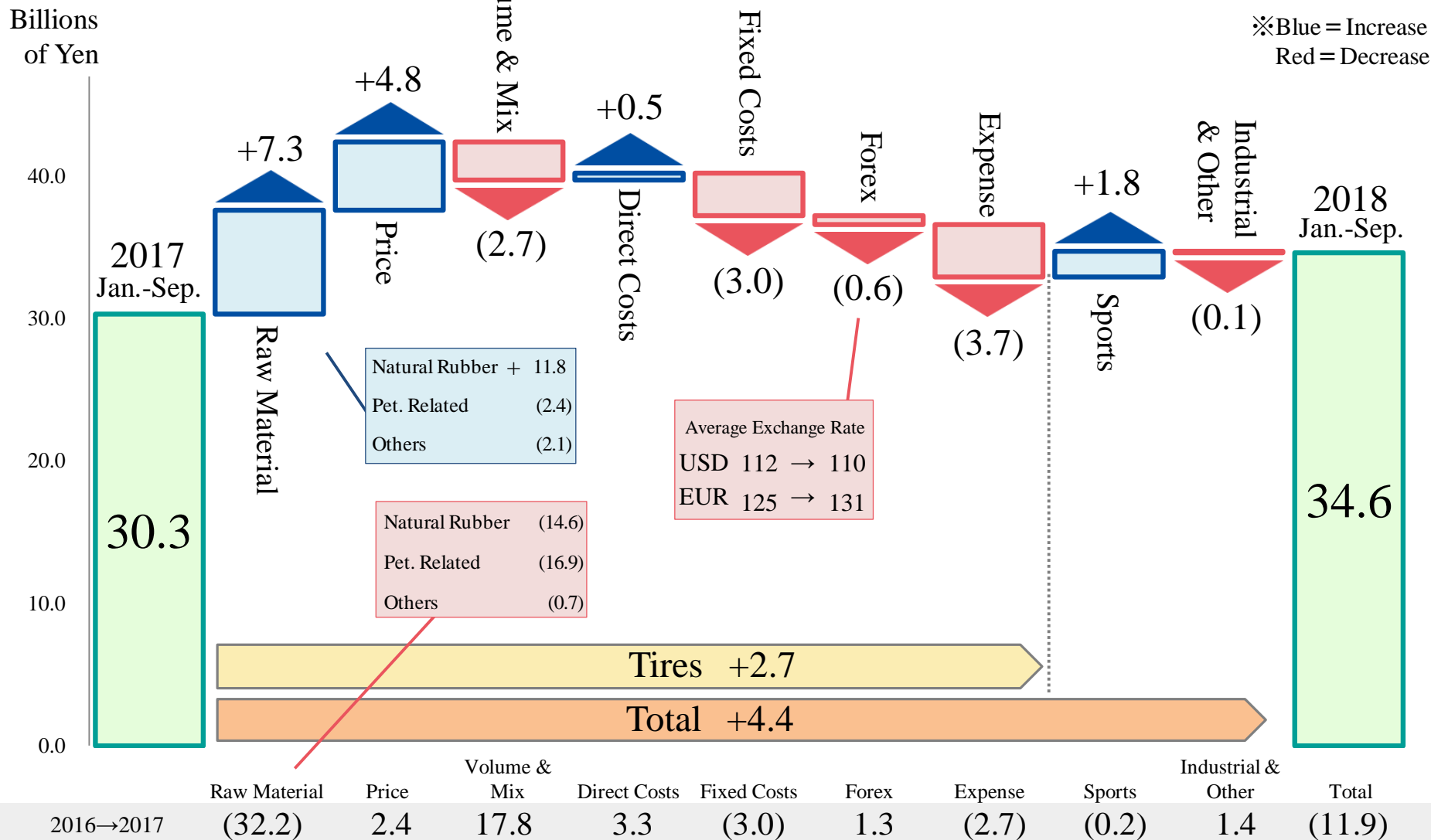


■ North America ■ Europe ■ Asia ■ Other

Consolidated Sales Revenue	532.0	575.8	590.1	560.5	534.4	618.3	636.0
% of Overseas	55%	56%	59%	61%	62%	66%	65%

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

Consolidated Business Profit Walk (2018 Jan.-Sep.)



Billions of Yen

	Revised Annual Forecast 2018	Actual 2017	YOY
Sales Revenue	885.0	877.9	101%
Business Profit (%)	60.0 (6.8%)	67.0 (7.6%)	90%
Operating Profit (%)	60.0 (6.8%)	67.4 (7.7%)	89%
Profit	35.5	47.0	76%

Aug. 7 th 2018 Annual Forecast 2018
900.0
68.0 (7.6%)
68.0 (7.6%)
43.0

Feb. 14 th & May 8 th 2018 Annual Forecast 2018
910.0
73.0 (8.0%)
73.0 (8.0%)
48.0

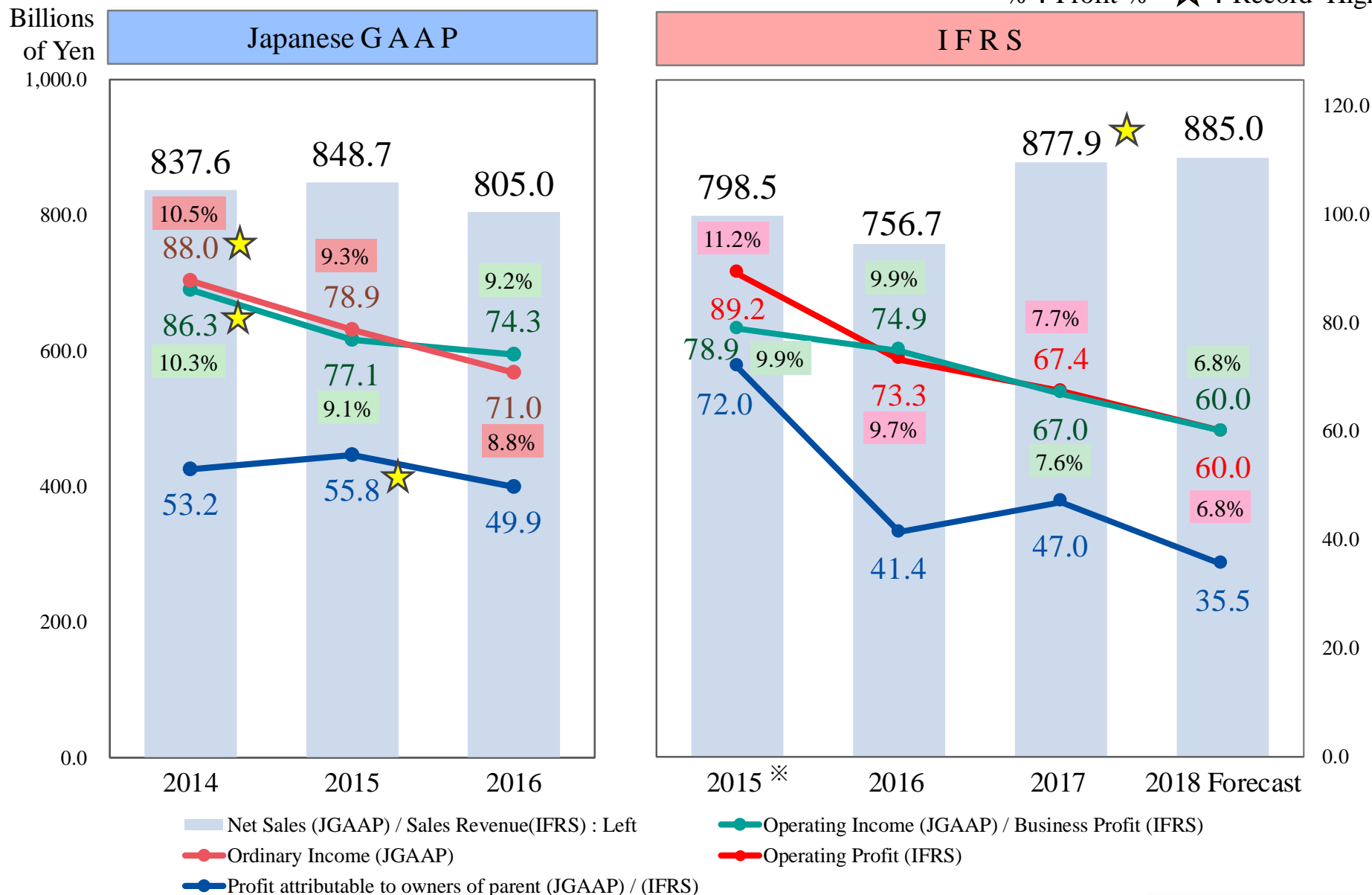
ROE	7.7%	10.6%
ROA ※	5.9%	7.0%
D/E Ratio	0.6	0.6

9.1%
6.6%
0.5

10.1%
7.2%
0.5

【Forecast】 Consolidated Sales Revenue / Profit

% : Profit % ★ : Record High

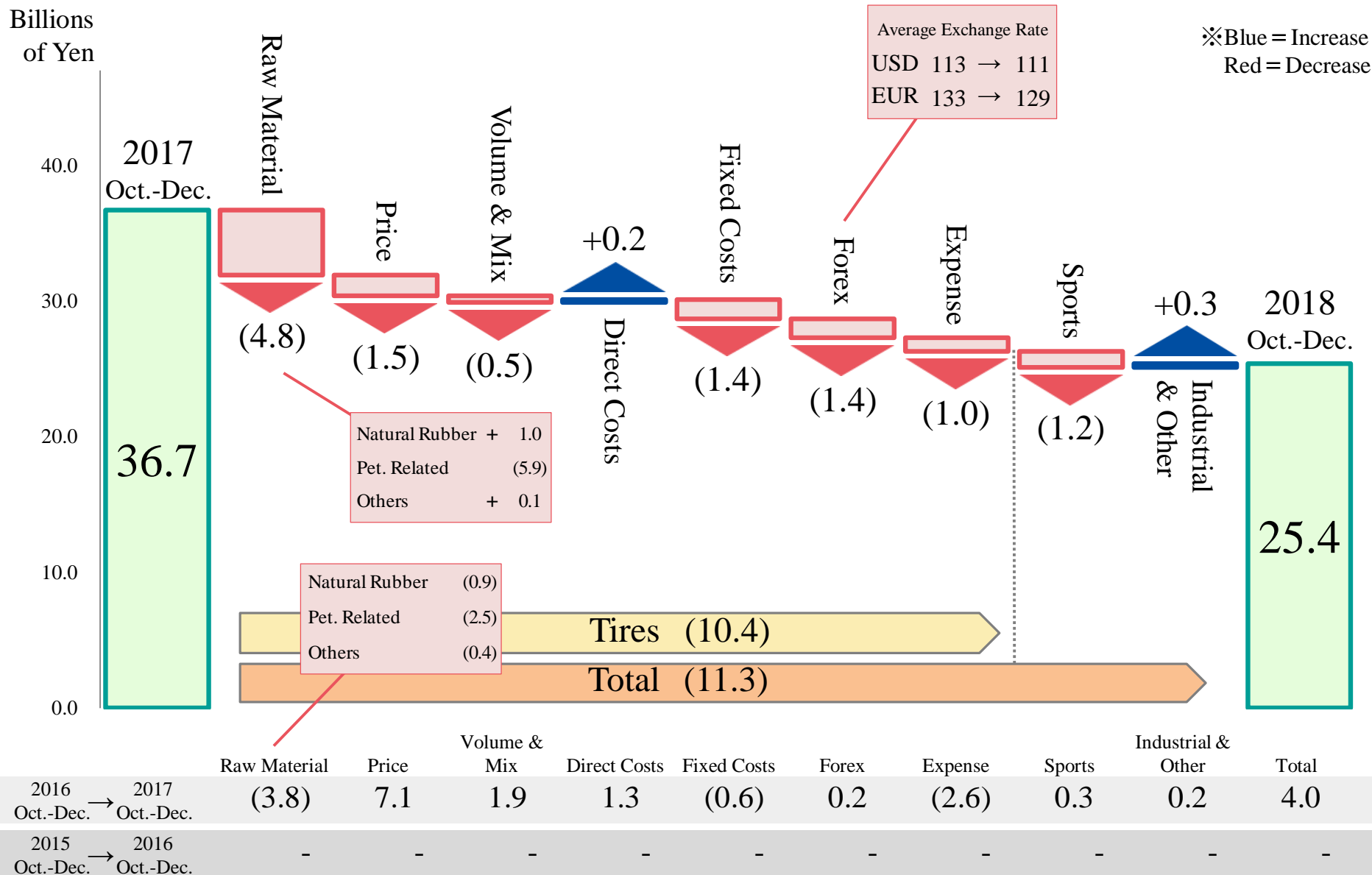


※ IFRS values for 2015 are outside the scope of audit and are only for reference. This note applies throughout this report.

Billions of Yen

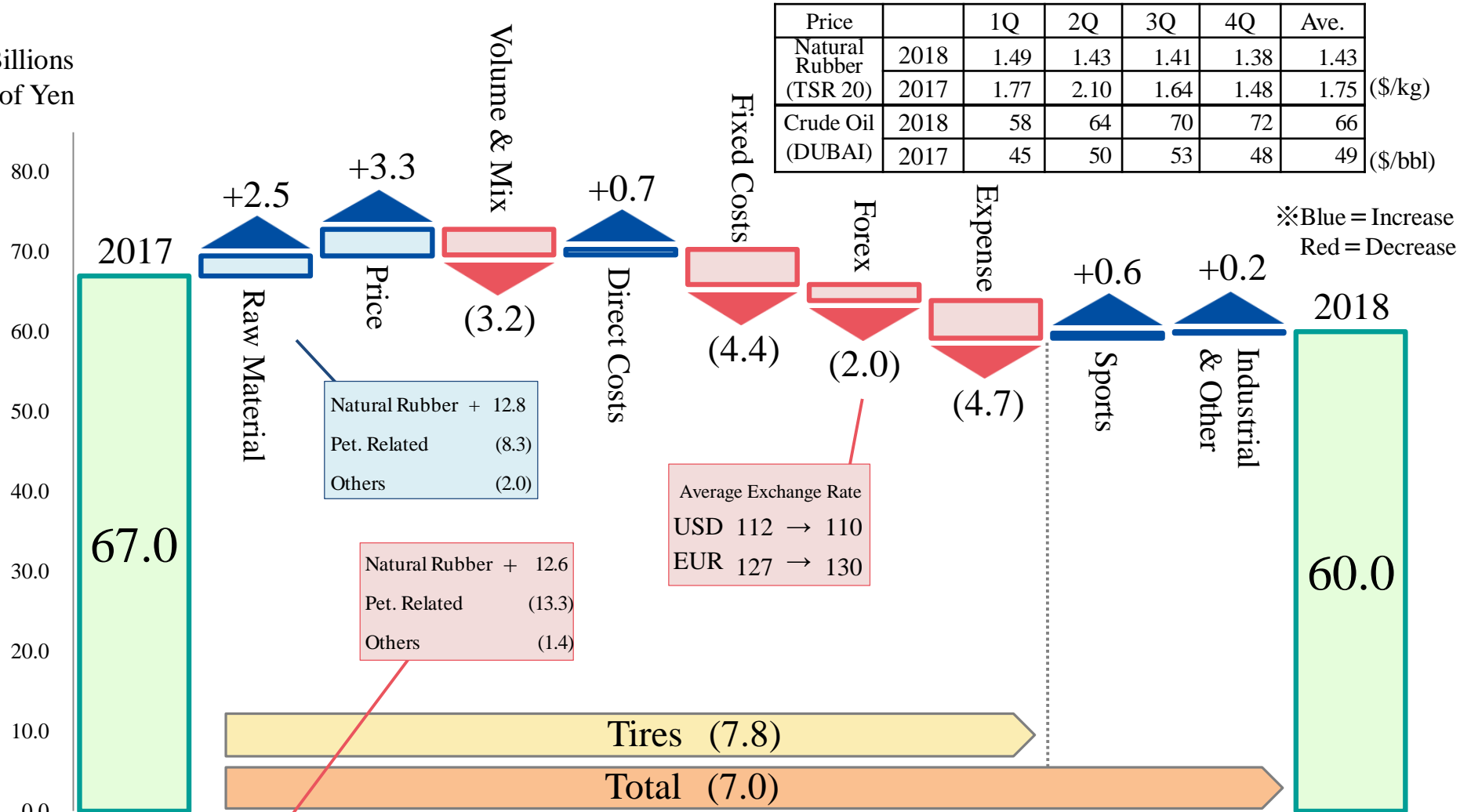
		Revised Annual Forecast 2018	Actual 2017	YOY	Aug. 7 th 2018 Annual Forecast 2018	Feb. 14 th & May 8 th 2018 Annual Forecast 2018
Sales Revenue	Tires	760.0	756.6	100%	775.0	785.0
	Sports	85.0	81.7	104%	85.0	85.0
	Industrial & Other	40.0	39.6	101%	40.0	40.0
	Total	885.0	877.9	101%	900.0	910.0
Business Profit	Tires	50.5	58.3	87%	59.0	65.0
	Sports	5.0	4.4	114%	4.5	4.0
	Industrial & Other	4.5	4.3	106%	4.5	4.0
	Total	60.0	67.0	90%	68.0	73.0

【Forecast】 Consolidated Business Profit Walk (2018 Oct.-Dec.)



【Forecast】 Consolidated Business Profit Walk (2018 Annual)

Billions of Yen



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
Aug. 7 th Forecast	(2.1)	5.9	4.0	3.6	(5.0)	0.0	(5.7)	0.1	0.2	1.0
2016→2017	(36.0)	9.5	19.7	4.6	(3.6)	1.5	(5.3)	0.1	1.6	(7.9)

Billions of Yen

Period		Business Profit		Factors								
				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.-Sep.	8.4	(3.4)	(10.1)	3.2	4.2	1.0	(1.4)	0.8	(1.1)	(0.3)	0.3
	Oct.-Dec.	36.7	4.0	(3.8)	7.1	1.9	1.3	(0.6)	0.2	(2.6)	0.3	0.2
	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.-Sep.	7.7	(0.7)	1.9	(0.9)	0.2	0.1	(0.7)	(0.7)	(0.5)	0.1	(0.2)
	Oct.-Dec.	25.4	(11.3)	(4.8)	(1.5)	(0.5)	0.2	(1.4)	(1.4)	(1.0)	(1.2)	0.3
	Annual	60.0	(7.0)	2.5	3.3	(3.2)	0.7	(4.4)	(2.0)	(4.7)	0.6	0.2
(vs August 7 th Forecast)		(8.0)		4.6	(2.6)	(7.2)	(2.9)	0.6	(2.0)	1.0	0.5	0.0

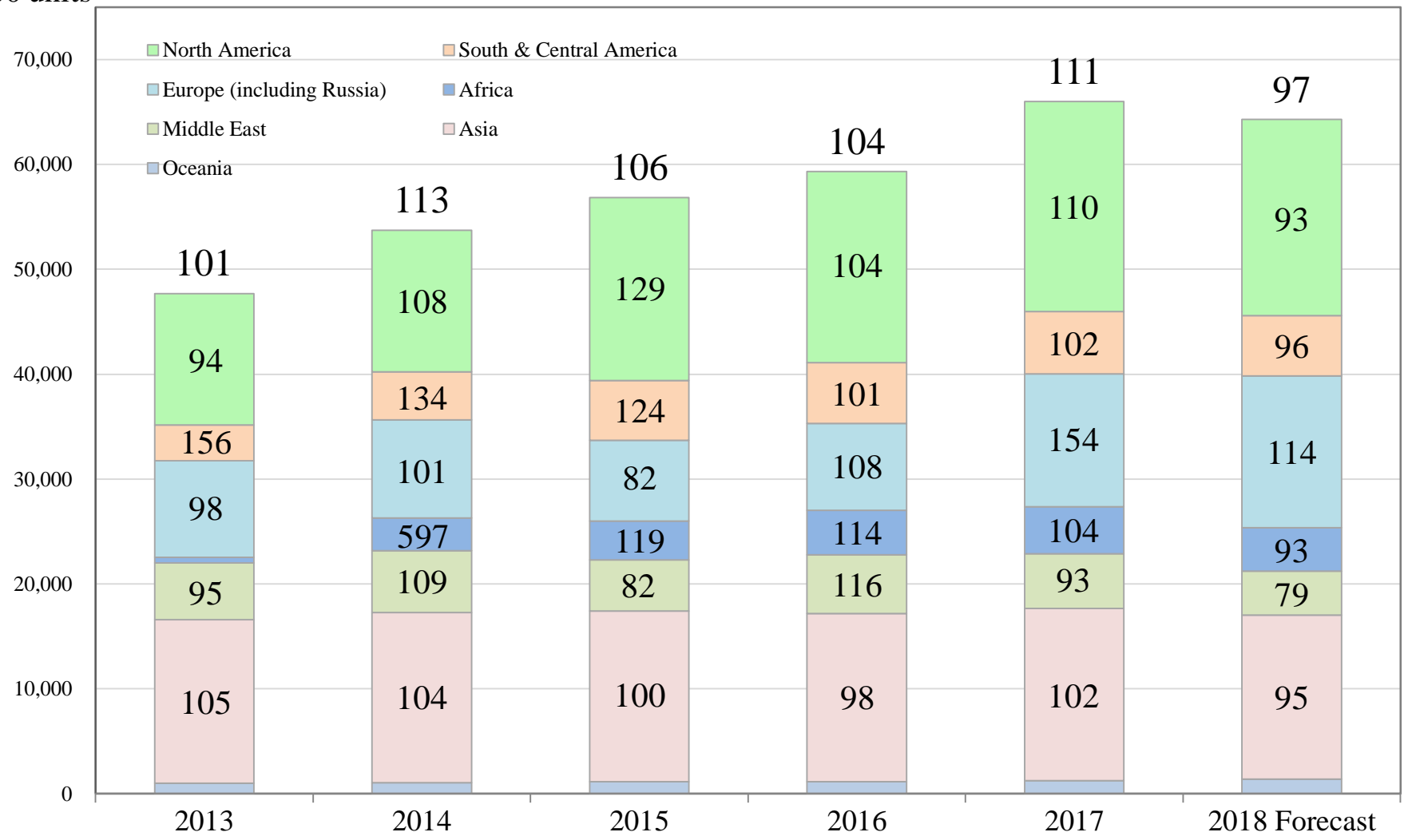
Tire Sales Volume (Comparison %)

	2017 Actual					2018 Jan.-Sep. Actual, Oct.-Dec. Forecast					2018 Aug.7th 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%	101%	103%	103%	105%	101%	103%	
Domestic Rep.	103%	114%	106%	100%	105%	102%	95%	96%	104%	100%	98%	102%	100%	
Overseas O.E.	114%	107%	113%	104%	109%	100%	112%	111%	120%	111%	106%	127%	117%	
Overseas Rep.	112%	112%	112%	109%	111%	103%	93%	95%	99%	97%	98%	100%	99%	
Details	North America	121%	102%	107%	112%	110%	87%	94%	94%	98%	93%	91%	99%	95%
	Europe	130%	182%	173%	137%	154%	142%	109%	105%	105%	114%	125%	107%	115%
	Asia	106%	102%	104%	98%	102%	97%	97%	89%	99%	95%	97%	104%	101%
	Others	98%	105%	97%	101%	100%	99%	79%	92%	97%	92%	88%	93%	91%
Total	111%	112%	111%	106%	110%	102%	98%	98%	104%	100%	100%	104%	102%	

Total Tire Sales (000 Units)	28,230	29,920	31,810	33,510	123,470	28,880	29,290	31,120	34,760	124,050	58,170	68,250	126,430
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Tire Overseas Rep. Volume by Regional Segment

000 units

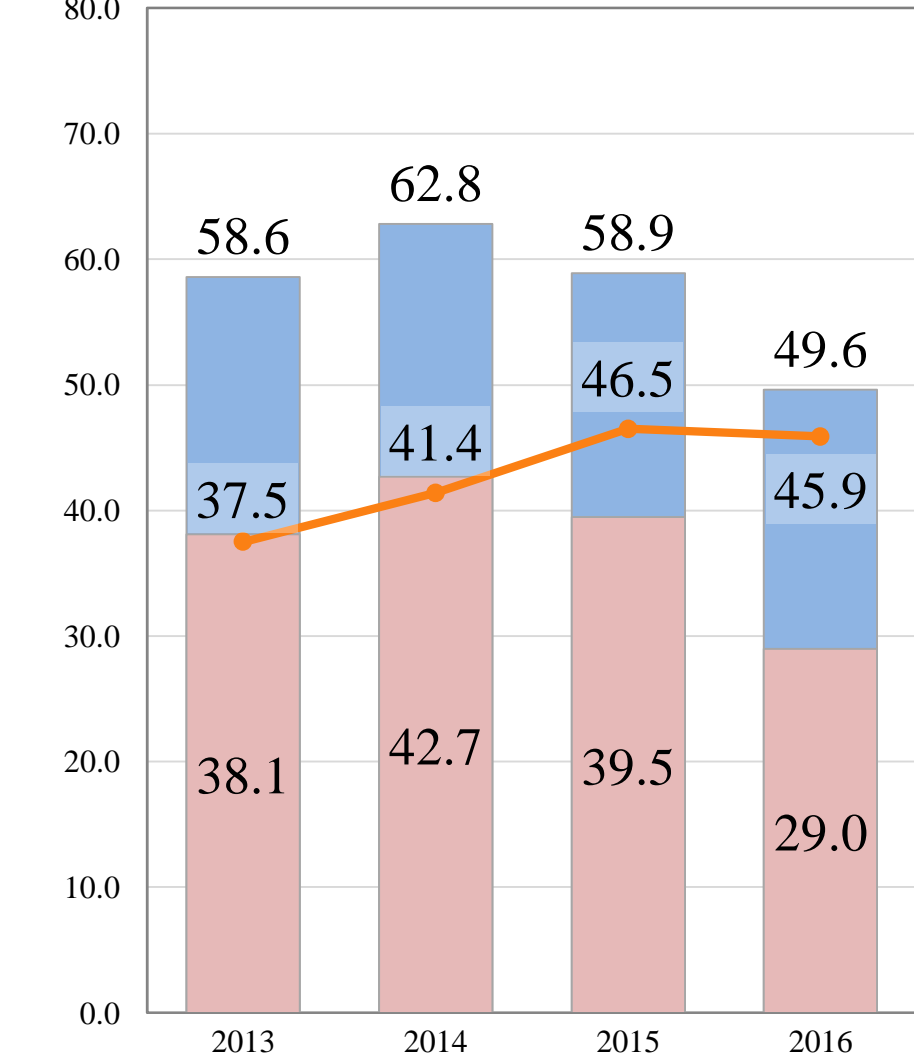


Forex(USD) 98 106 121 109 112 110

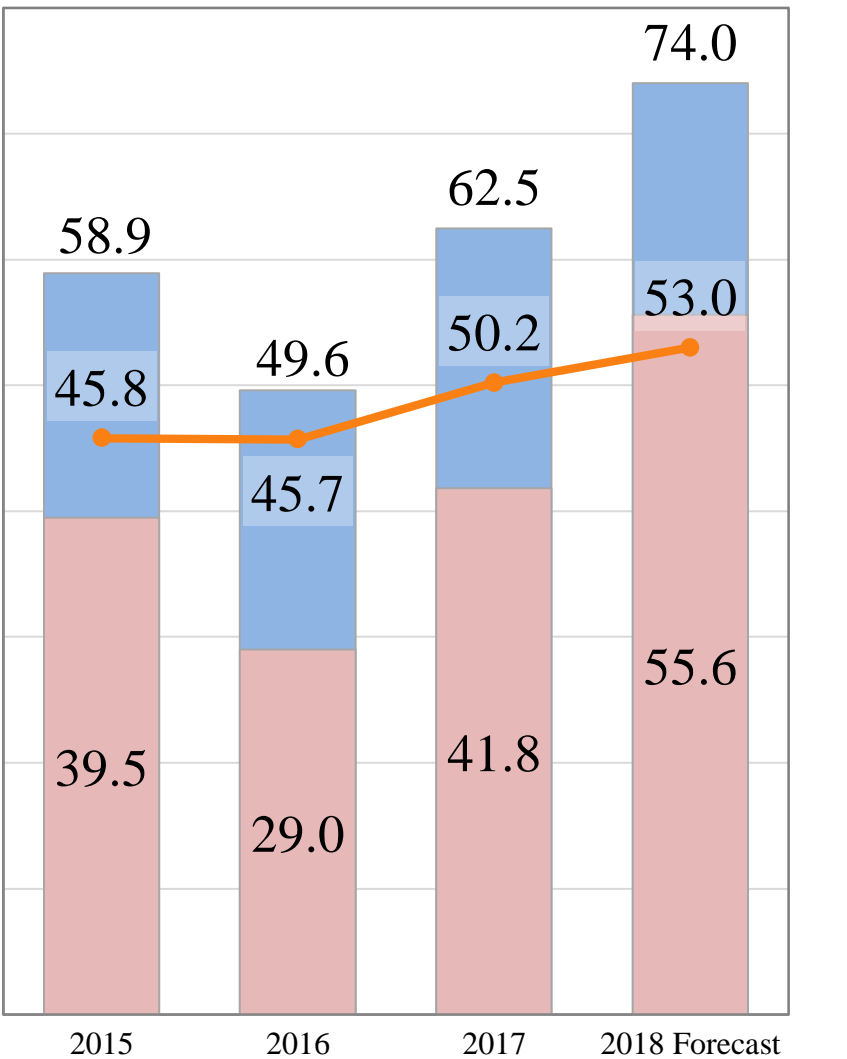
※Numbers shown in the bar graph are yoy% by region.

Capex and Depreciation (Tangible Assets Only)

Billions of Yen **Japanese G A A P**



IFRS No change since Feb. 14th 2018 Forecast



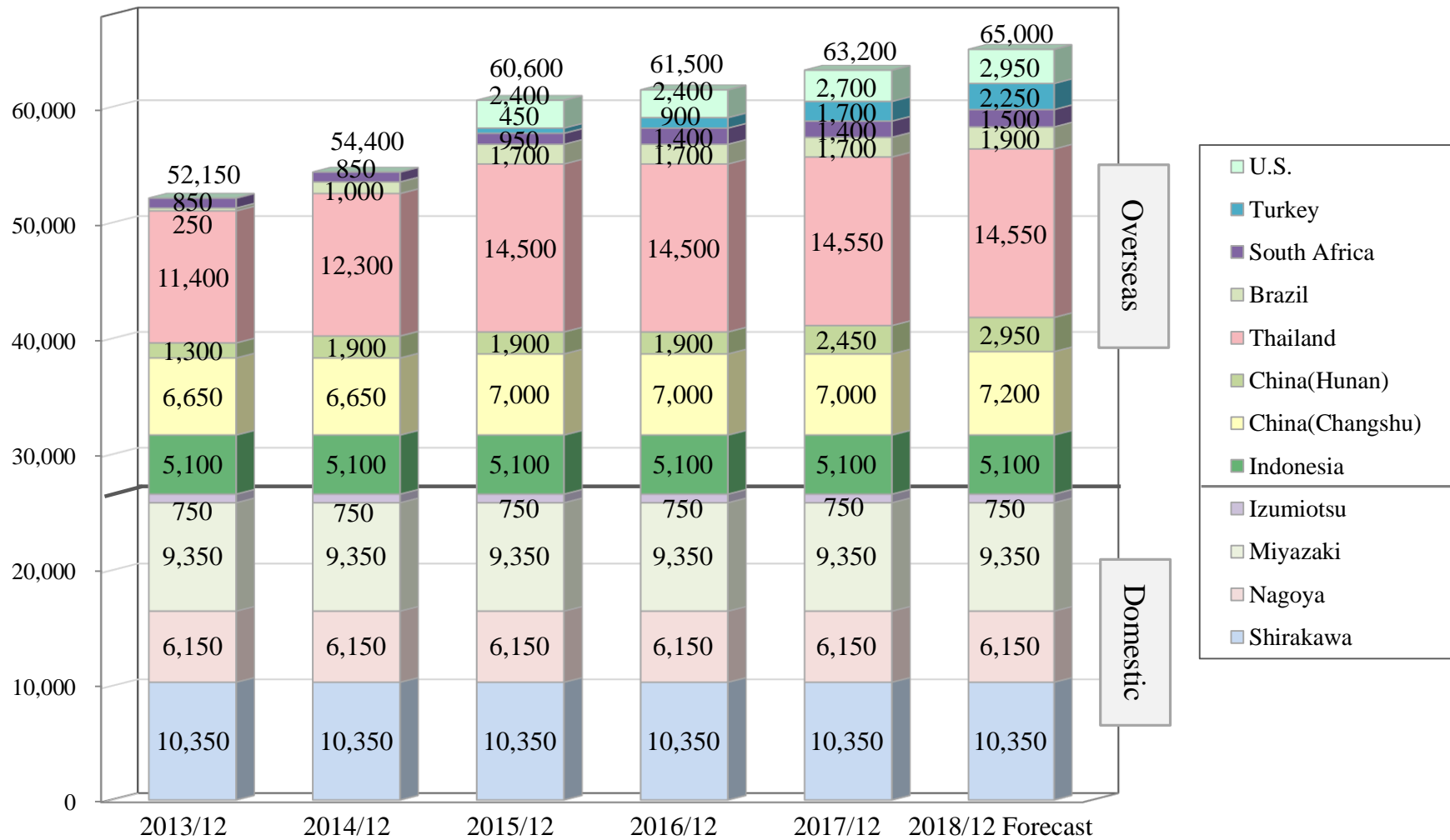
■ Total Capex
 ■ Overseas
 —●— Depreciation

Tire Production Capacity

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

No change since Feb. 14th 2018 Forecast

t/Mth

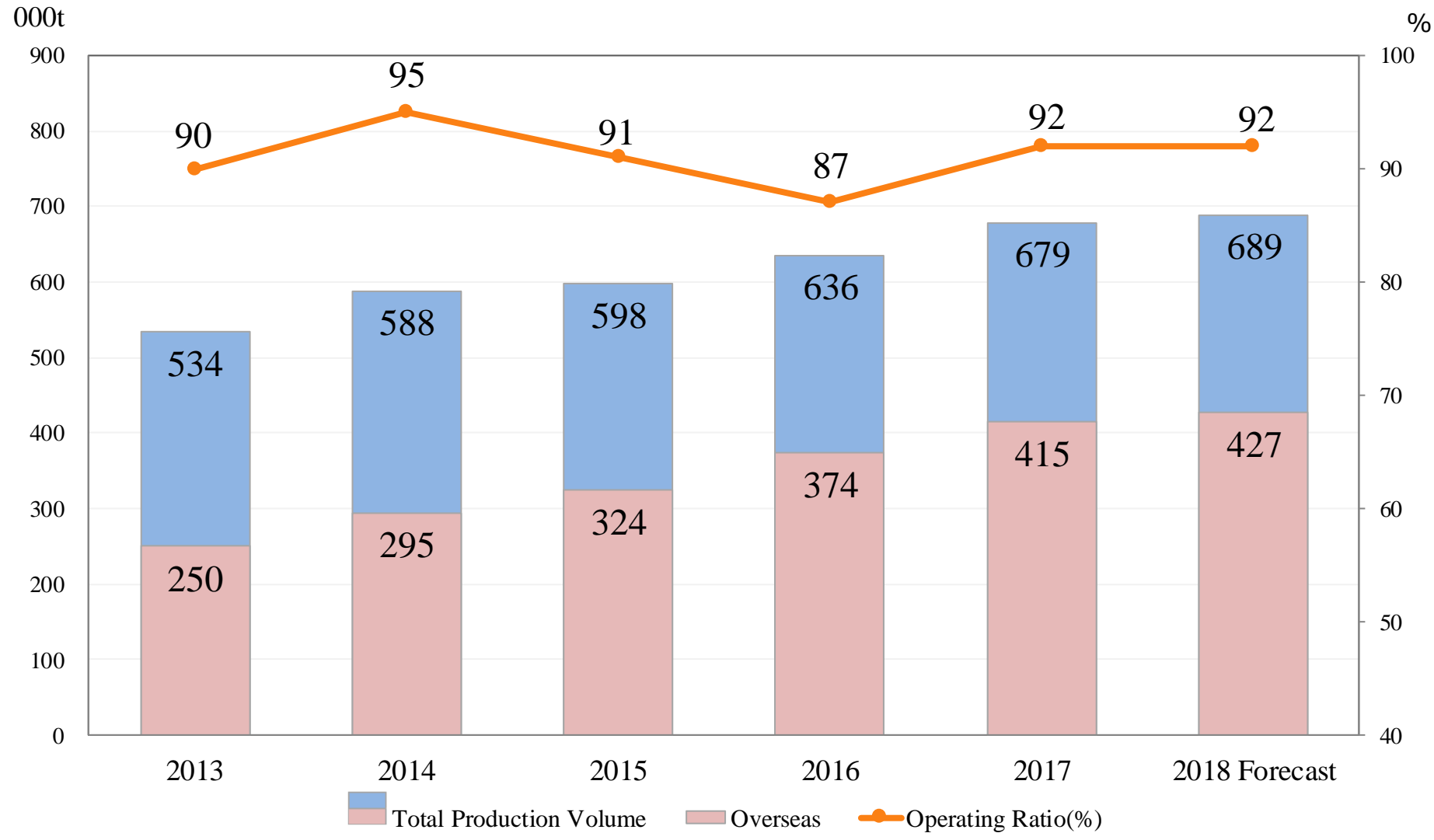


% of Overseas

49% 51% 56% 57% 58% 59%

Tire Production Volume and Operating Ratio

YOY 102% 110% 102% 106% 107% 101%





LE MANS V



**WINTER
MAXX 02**



ESPIA W-ACE



“NEW SRIXON Z” Series

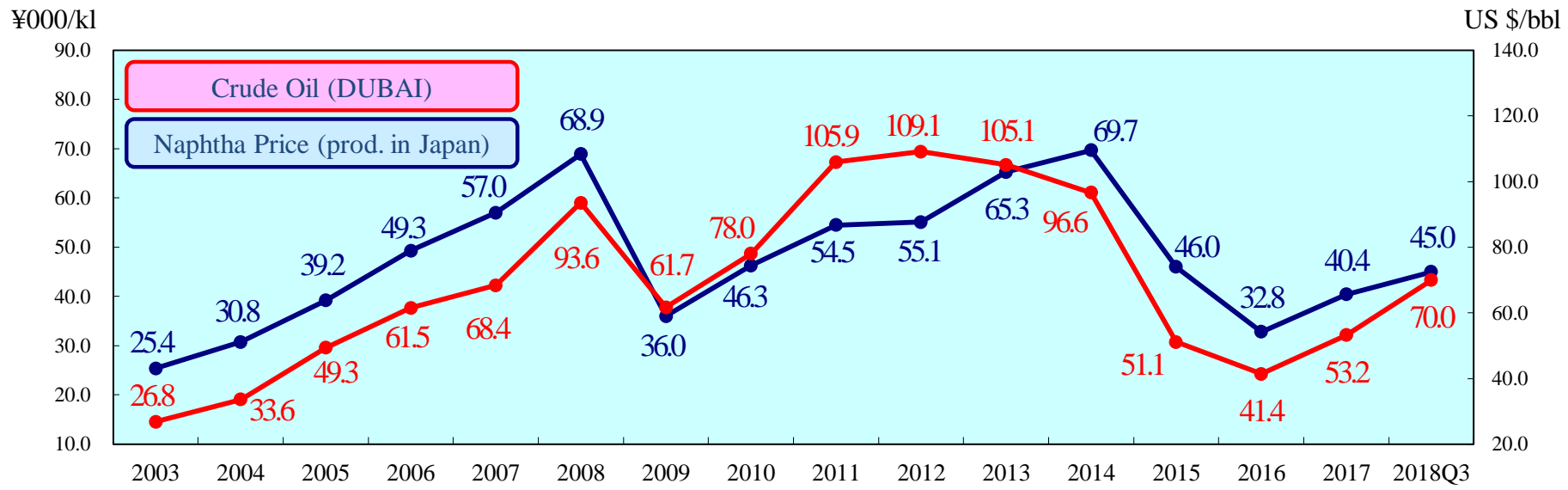
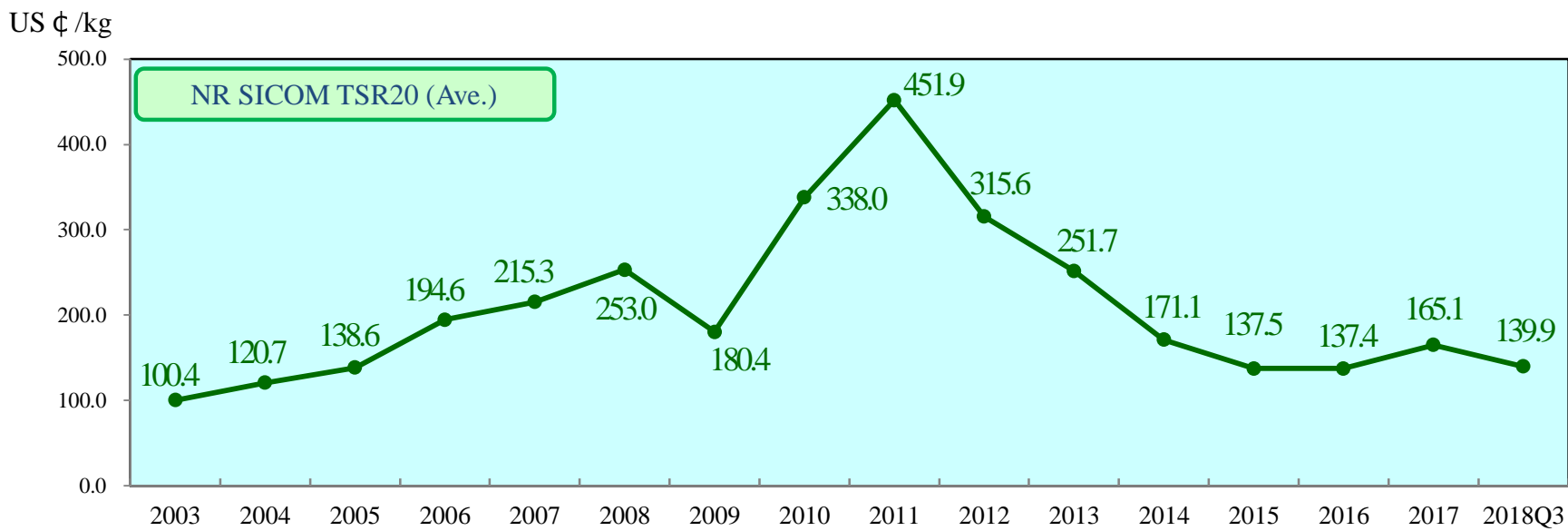


SRIXON “REVO CV” Series



Babolat NEW “Pure Drive”

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



SUMITOMO RUBBER GROUP