



Financial Report

(January 1 ~ December 31, 2018)

February 13, 2019



SUMITOMO
RUBBER INDUSTRIES

- 2018 Annual Financial Results Summary
 - Changes in Scope of Consolidation, Affiliated Companies
 - Financial Results Summary

- 2019 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)			

	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

	Actual 2018	Actual 2017	YOY
Sales Revenue	894.2	877.9	102%
Business Profit (%) ※1	60.7 (6.8%)	67.0 (7.6%)	91%
Operating Profit (%)	57.2 (6.4%)	67.4 (7.7%)	85%
Profit ※2	36.2	47.0	77%
ROE	7.9%	10.6%	
ROA ※3	6.0%	7.0%	
D/E Ratio	0.6	0.6	

Nov. 7 th Forecast
885.0
60.0 (6.8%)
60.0 (6.8%)
35.5
7.7%
5.9%
0.6

Actual 2016
756.7
74.9 (9.9%)
73.3 (9.7%)
41.4
9.7%
8.2%
0.5

	2018 Forecast			
	Feb. 14 th	May 8 th	Aug. 7 th	Nov. 7 th
Sales Revenue	910.0	910.0	900.0	885.0
Business Profit	73.0	73.0	68.0	60.0
Operating Profit	73.0	73.0	68.0	60.0
Profit	48.0	48.0	43.0	35.5

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

※2. Profit : Profit attributable to owners of parent

※3. ROA : Business Profit /Net Assets

The above notes apply throughout this report.

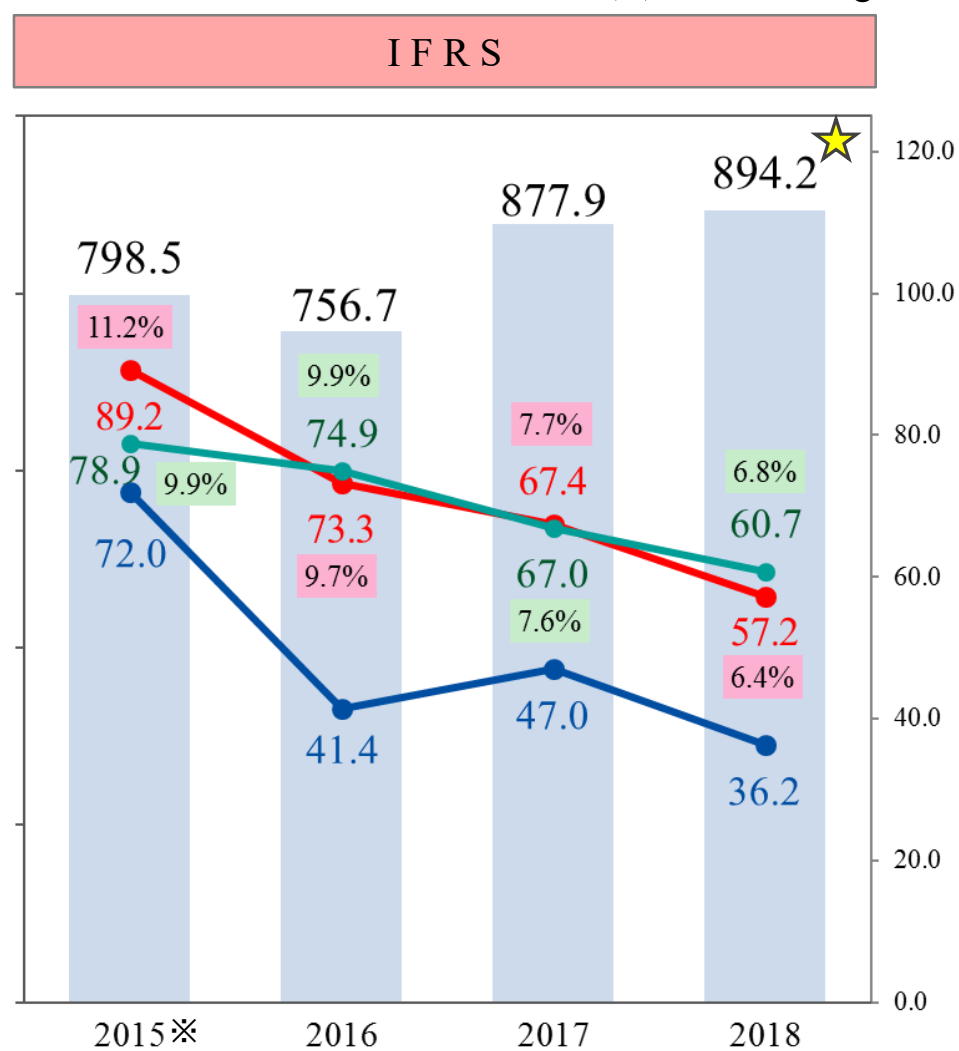
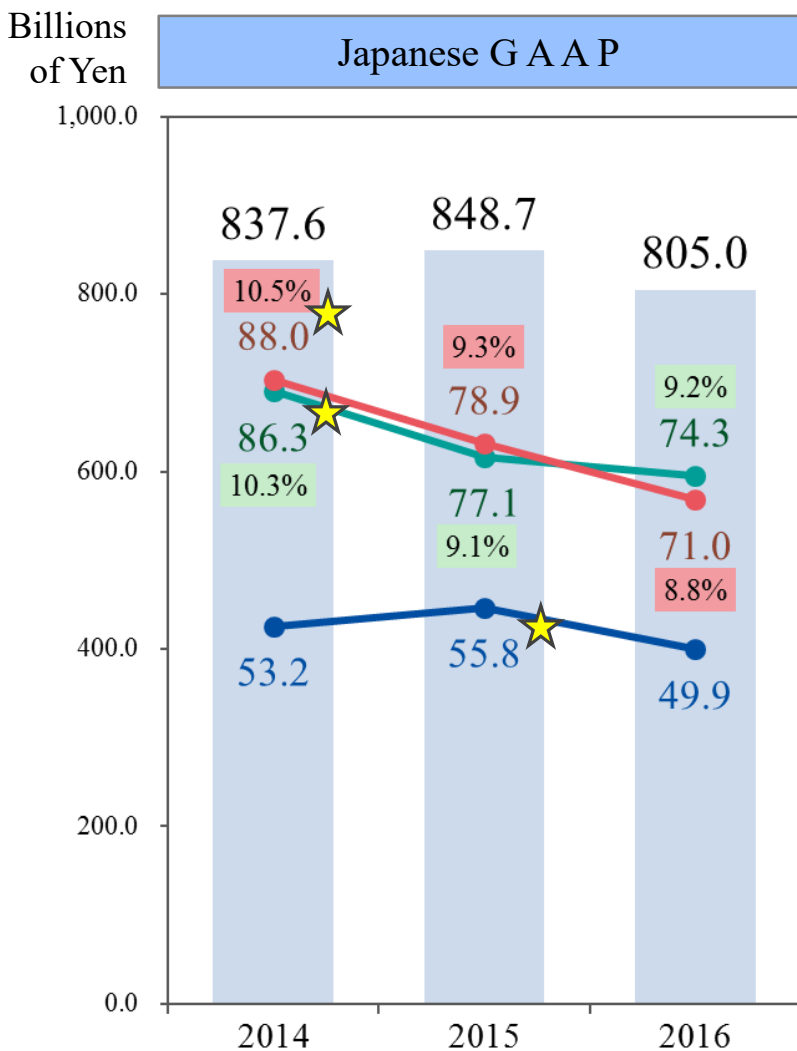
Consolidated Financial Results by Quarter

Billions of Yen

	2018		2018		2018		2018		Actual	
	Jan.-Mar.	vs 2017	Apr.-Jun.	vs 2017	Jul.-Sep.	vs 2017	Oct.-Dec.	vs 2017	2018	vs 2017
Sales Revenue	212.7	111% 20.6	212.7	101% 1.4	210.6	98% (4.3)	258.3	100% (1.3)	894.2	102% 16.4
Business Profit (%)	14.3 (6.7%)	117% 2.1	12.6 (5.9%)	131% 3.0	7.7 (3.7%)	92% (0.7)	26.1 (10.1%)	71% (10.6)	60.7 (6.8%)	91% (6.3)
Operating Profit (%)	14.0 (6.6%)	118% 2.2	13.0 (6.1%)	139% 3.6	6.6 (3.2%)	75% (2.2)	23.5 (9.1%)	63% (13.9)	57.2 (6.4%)	85% (10.3)
Profit	7.7	90% (0.9)	6.6	169% 2.7	2.9	64% (1.6)	19.1	64% (10.9)	36.2	77% (10.7)

Consolidated Sales Revenue / Profit

% : Profit % ★ : Record High



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

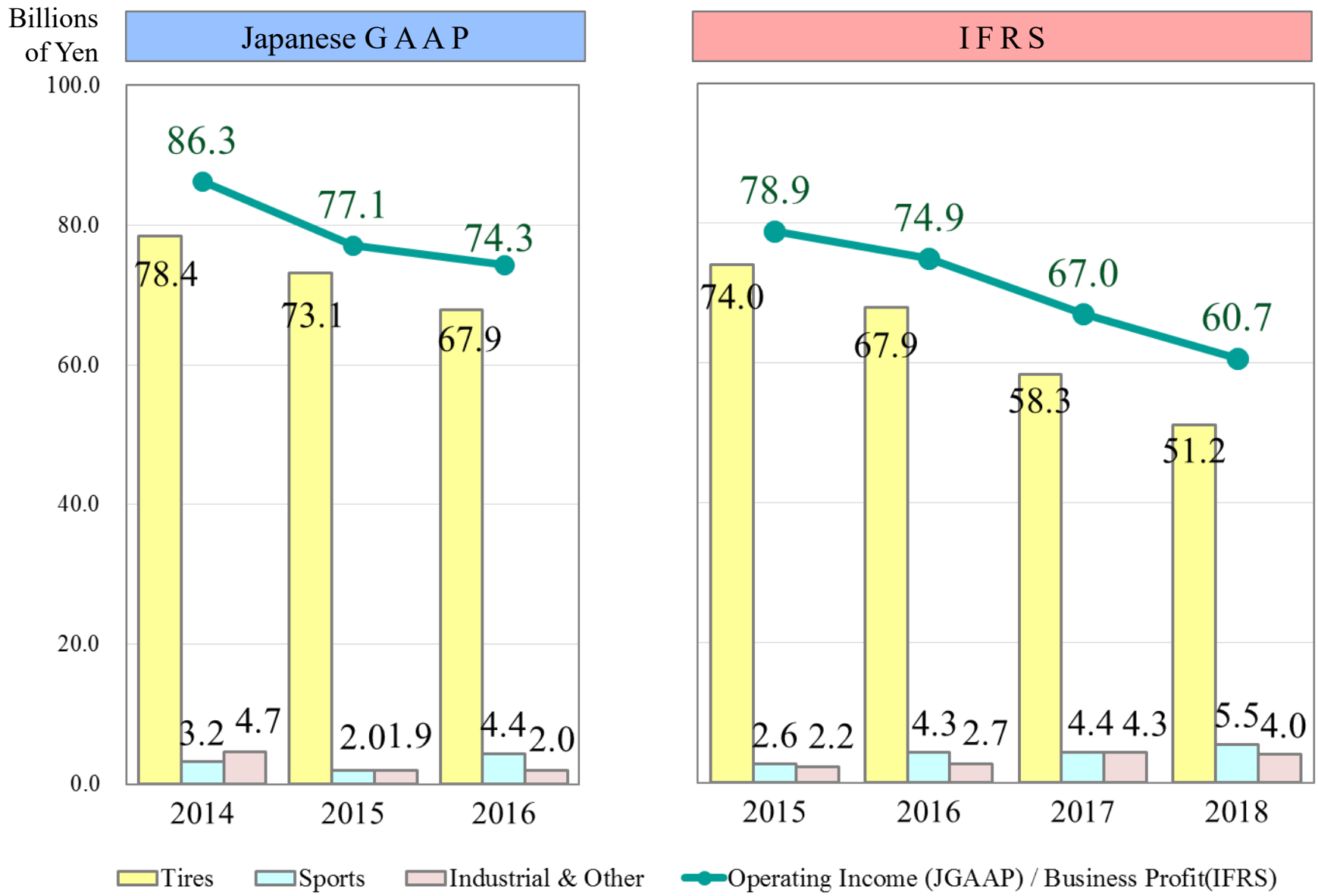
● Operating Income (JGAAP) / Business Profit (IFRS)
● Operating Profit (IFRS)

*IFRS 2015 numbers are not subject to audit and are for reference only.

Billions of Yen

		2018		2018		Actual 2018	Actual 2017	YOY
		Jan.-Sep.	vs 2017	Oct.-Dec.	vs 2017			
Sales Revenue	Tires	540.8	102%	227.2	101%	768.0	756.6	102%
	Sports	64.6	110%	19.9	86%	84.5	81.7	103%
	Industrial & Other	30.6	106%	11.1	105%	41.8	39.6	106%
	Total	636.0	103%	258.3	100%	894.2	877.9	102%
Business Profit	Tires	27.0	111%	24.2	71%	51.2	58.3	88%
	Sports	4.8	160%	0.7	49%	5.5	4.4	126%
	Industrial & Other	2.8	95%	1.2	91%	4.0	4.3	94%
	Total	34.6	114%	26.1	71%	60.7	67.0	91%

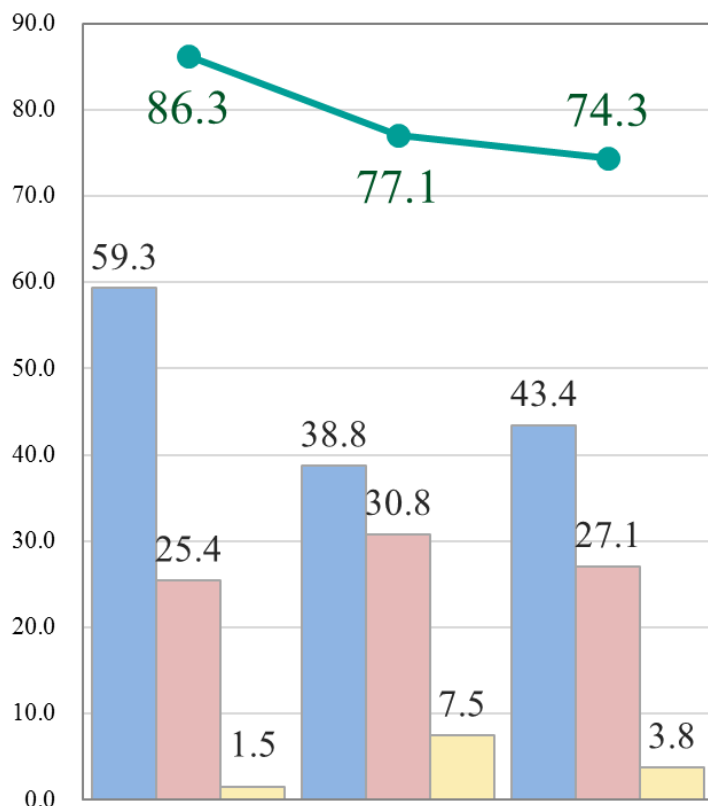
Consolidated Business Profit by Reportable Segment



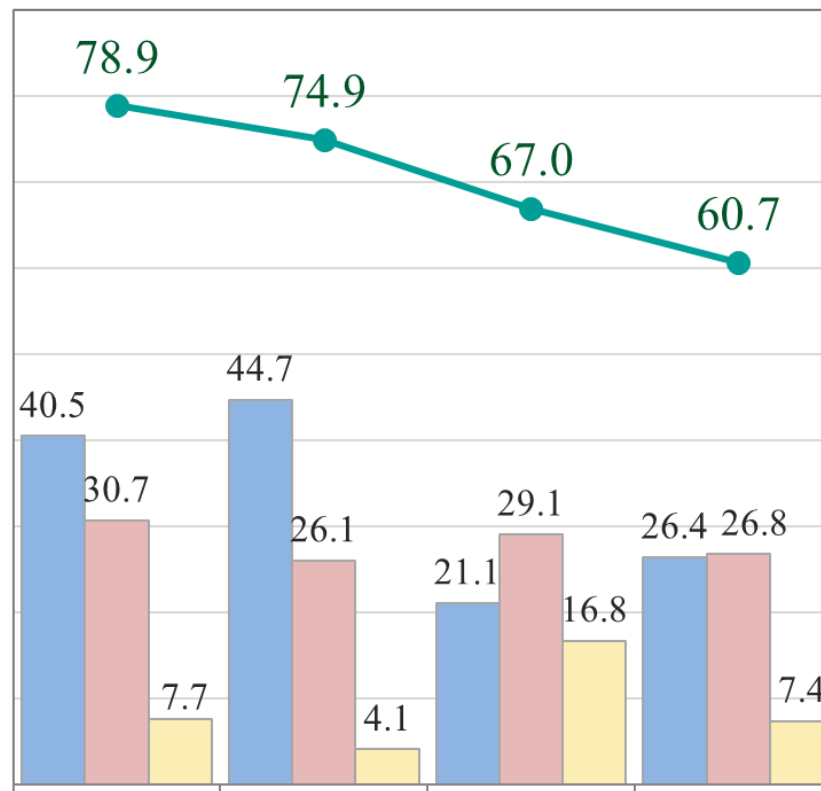
Consolidated Business Profit by Geographic Areas

Billions of Yen

Japanese G A A P



I F R S



Japan

Asia

Others

Operating Income (JGAAP) / Business Profit (IFRS)

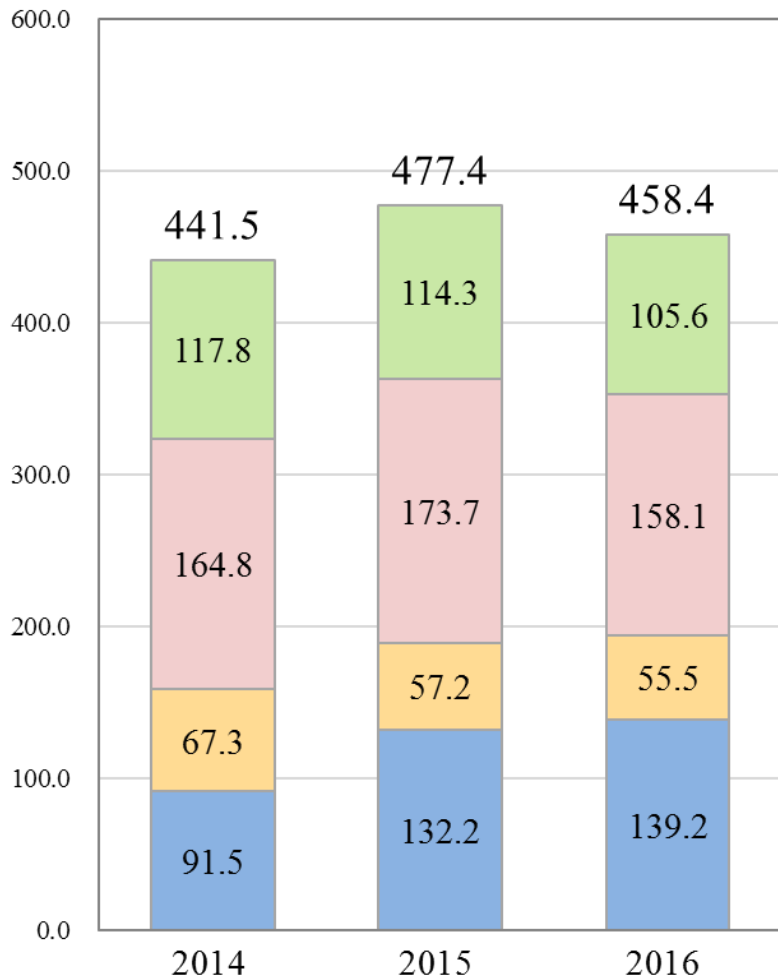
	2014	2015	2016	2015	2016	2017	2018
Sales Revenue							
Japan	484.1	466.4	421.1	417.7	375.3	400.4	404.2
Asia	156.7	163.7	149.0	164.2	148.5	169.5	167.8
Others	196.9	218.5	234.9	216.6	232.9	308.1	322.3
Total	837.6	848.7	805.0	798.5	756.7	877.9	894.2

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

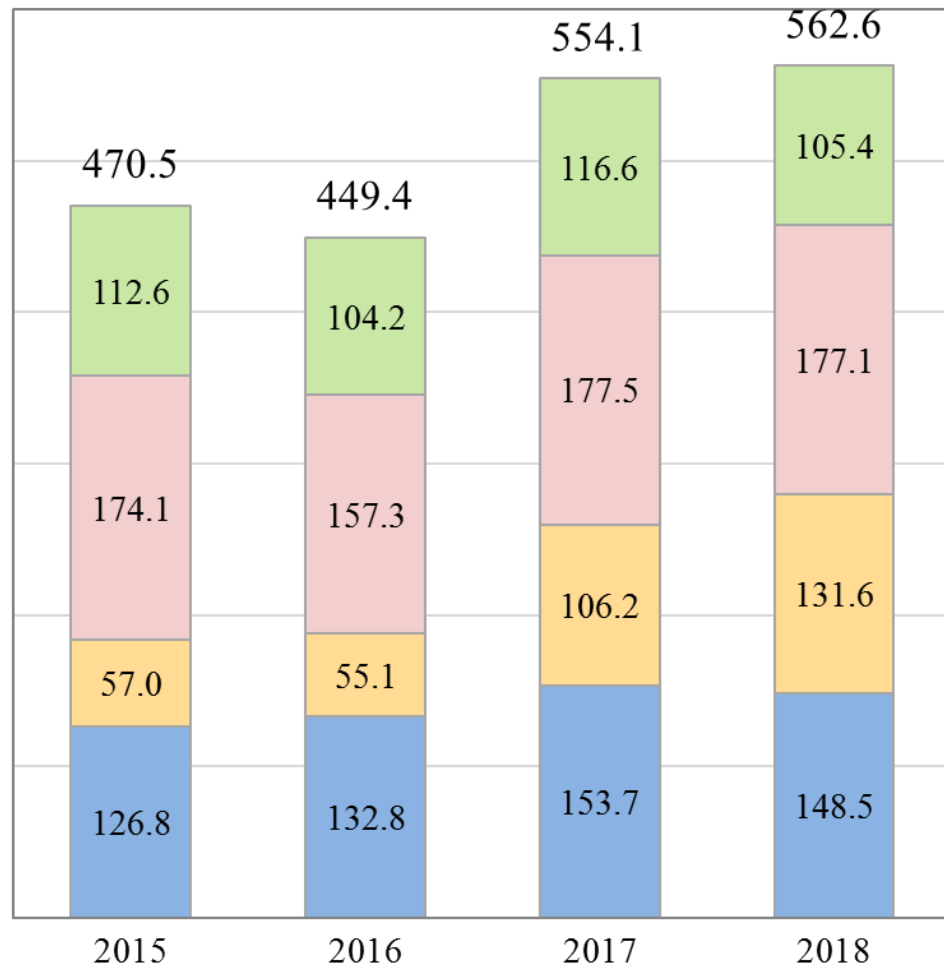
Overseas Sales Revenue

Billions
of Yen

Japanese G A A P



I F R S



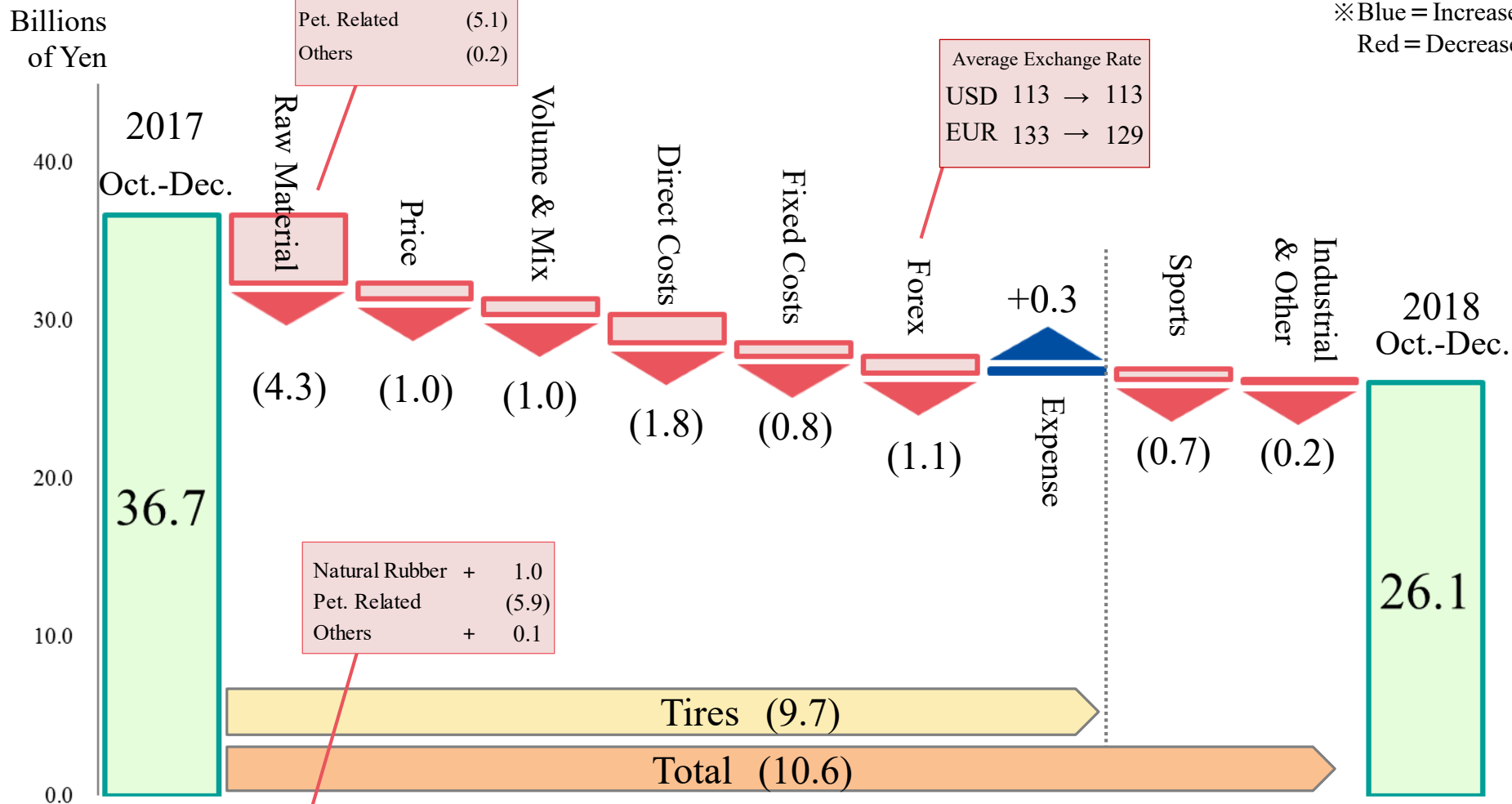
■ North America ■ Europe ■ Asia ■ Other

Consolidated Sales Revenue	837.6	848.7	805.0	798.5	756.7	877.9	894.2
% of Overseas	53%	56%	57%	59%	59%	63%	63%

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

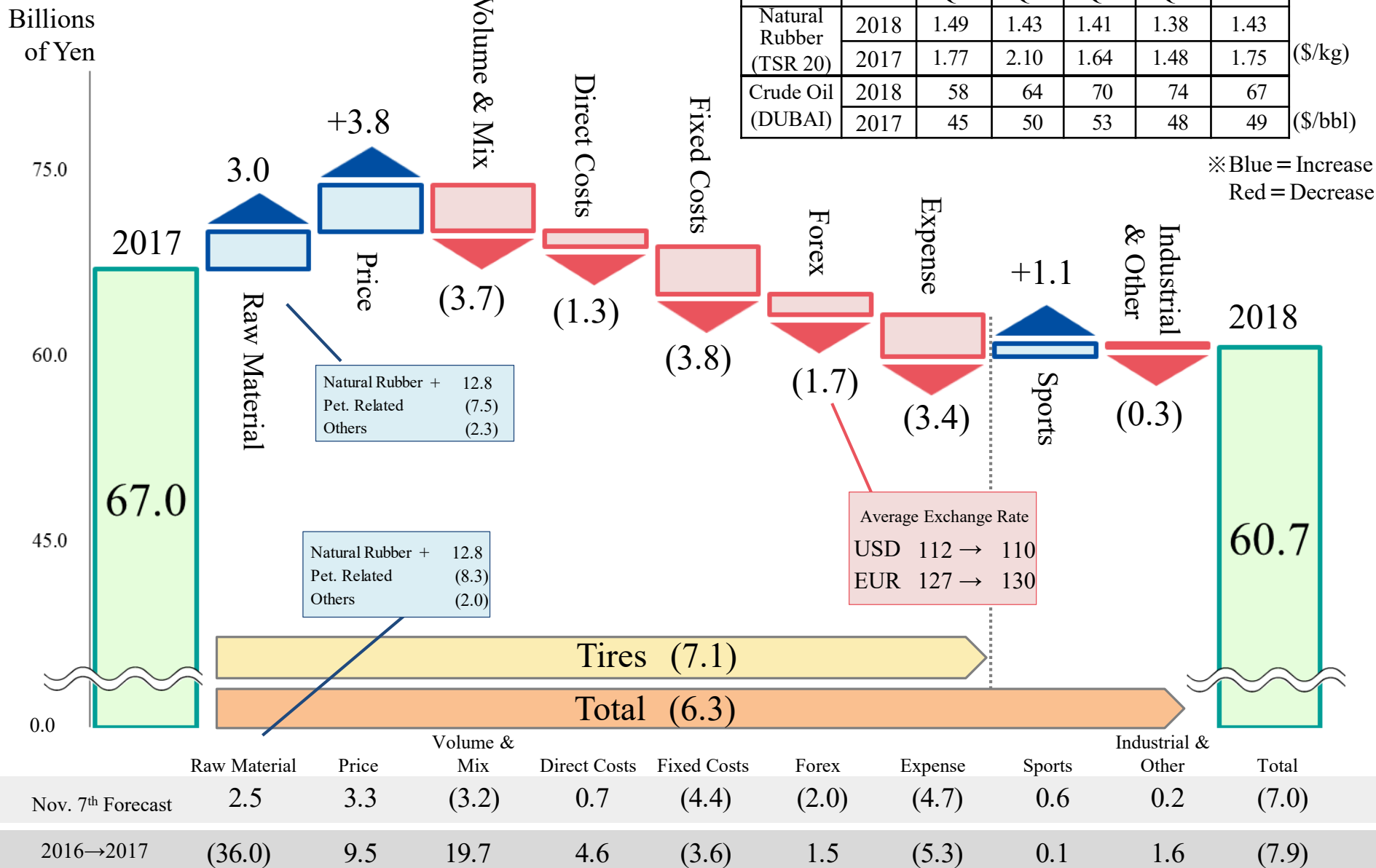
Consolidated Business Profit Walk (2018 Oct.-Dec.)

※ Blue = Increase
Red = Decrease



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
Nov. 7 th Forecast	(4.8)	(1.5)	(0.5)	0.2	(1.4)	(1.4)	(1.0)	(1.2)	0.3	(11.3)
2016 Q4→2017 Q4	(3.8)	7.1	1.9	1.3	(0.6)	0.2	(2.6)	0.3	0.2	4.0

Consolidated Business Profit Walk (2018 Annual)



Billions of Yen

Consolidated Business Profit Analysis by Factors

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.-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.	26.1	(10.6)	(4.3)	(1.0)	(1.0)	(1.8)	(0.8)	(1.1)	0.3	(0.7)	(0.2)
	Annual	60.7	(6.3)	3.0	3.8	(3.7)	(1.3)	(3.8)	(1.7)	(3.4)	1.1	(0.3)
(vs Nov. 7 th Forecast)			0.7	0.5	0.5	(0.5)	(2.0)	0.6	0.3	1.3	0.5	(0.5)

Billions of Yen

	Actual 2018 year-end	Actual 2017 year-end	YOY
Current assets	476.9	466.0	+10.9
Non-current assets	525.5	552.3	(26.8)
Total assets	1,002.4	1,018.3	(15.9)
Current liabilities	324.1	303.3	+20.8
Non-current liabilities	205.4	224.1	(18.6)
Total liabilities	529.6	527.4	+2.2
Total equity attributable to owners of parent	457.9	459.9	(2.0)
Non-controlling interest	14.9	31.0	(16.1)
Total equity	472.8	490.9	(18.1)
Total liabilities and equity	1,002.4	1,018.3	(15.9)
Equity ratio	45.7%	45.2%	+0.5P

Main Factors

Cash and cash equivalents	+ 10.0
Trade and other receivables	(6.7)
Inventories	+ 15.7
Other current assets	(8.1)

Property, plant and equipment	(8.2)
Intangible assets (including Goodwill)	(8.3)
Other financial assets	(4.5)
Net defined benefit asset	(4.6)

Interest-bearing debt (283.5←273.5)	+ 10.0
Deferred tax liabilities	(4.8)
Other non-current liabilities	(2.5)

Profit	+ 36.2
Dividends paid	(15.5)
Currency translation differences of foreign operations	(30.6)

Mostly due to impact of Dunlop Sports Co. Ltd. merger.

Billions of Yen

	Annual Forecast 2019	Actual 2018	YOY
Sales Revenue	920.0	894.2	103%
Business Profit (%)	56.0 (6.1%)	60.7 (6.8%)	92%
Operating Profit (%)	54.0 (5.9%)	57.2 (6.4%)	94%
Profit	34.0	36.2	94%

First half Forecast 2019	vs 2018
430.0	101%
15.5 (3.6%)	58%
15.0 (3.5%)	55%
9.5	67%

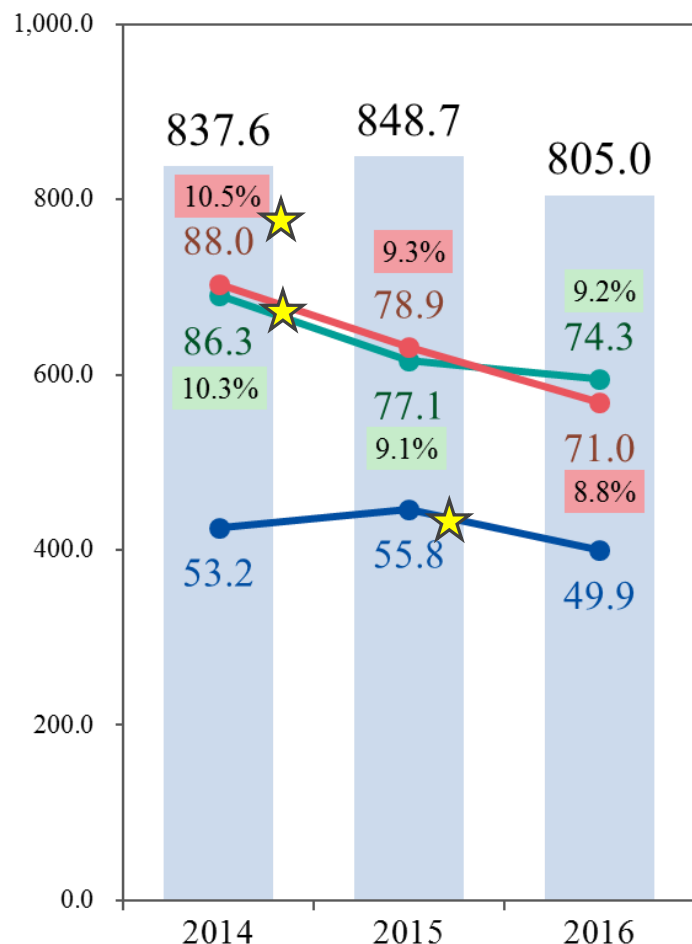
ROE	7.2%	7.9%
ROA	5.4%	6.0%
D/E Ratio	*0.7	0.6

※IFRS 16 (Lease) impact included.
(IFRS 16 impact excluded : 0.6)

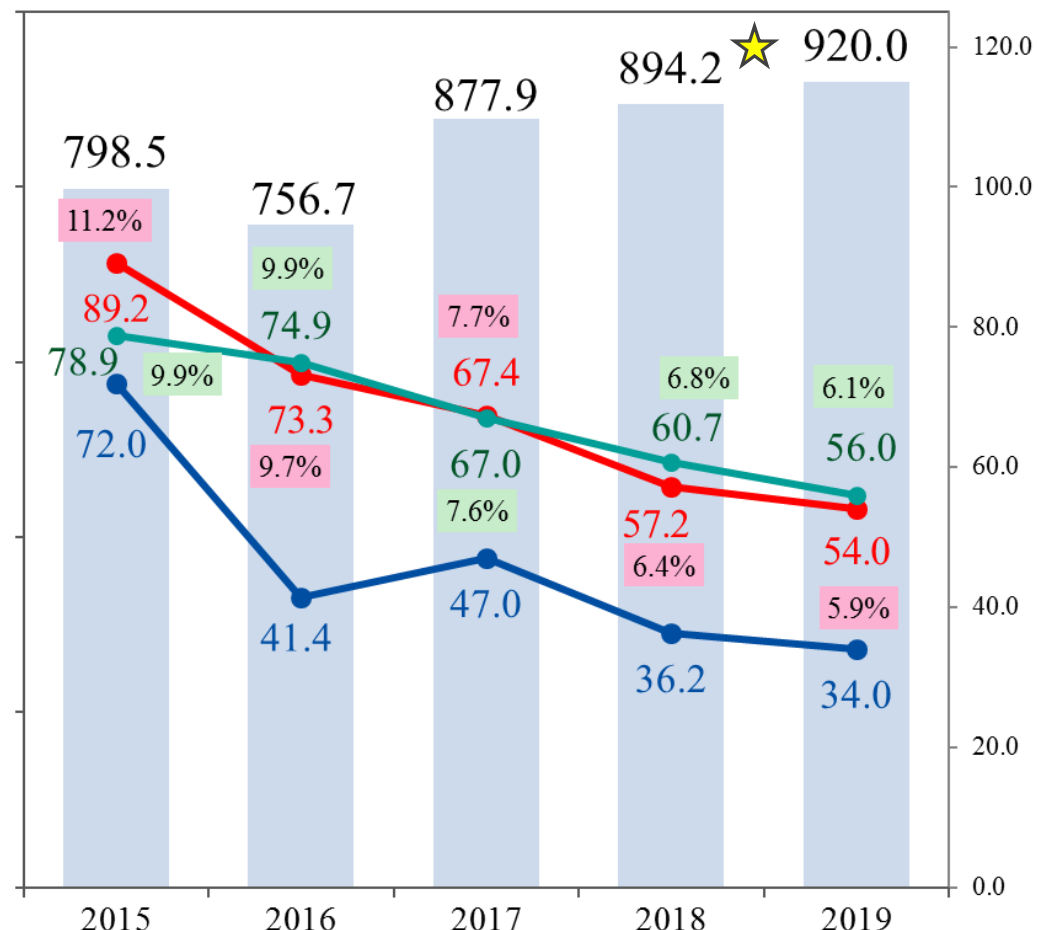
【Forecast】 Consolidated Sales Revenue / Profit

% : Profit % ★ : Record High

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



I F R S



■ 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)

Billions of Yen

		Annual Forecast 2019	Actual 2018	YOY
Sales Revenue	Tires	791.0	768.0	103%
	Sports	87.0	84.5	103%
	Industrial & Other	42.0	41.8	101%
	Total	920.0	894.2	103%

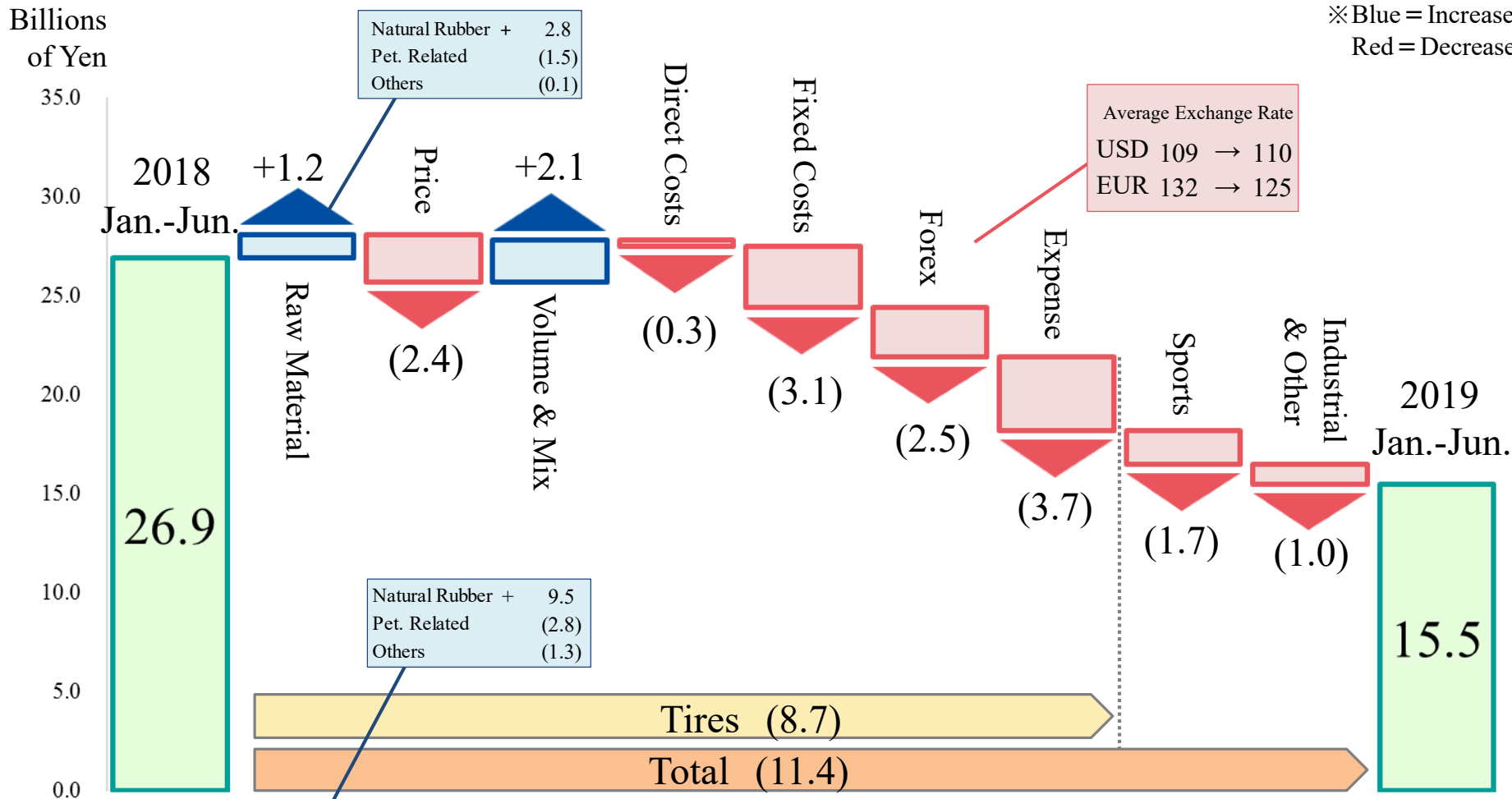
First half Forecast 2019	vs 2018
367.0	102%
44.0	100%
19.0	92%
430.0	101%

Business Profit	Tires	47.5	51.2	93%
	Sports	4.5	5.5	82%
	Industrial & Other	4.0	4.0	100%
	Total	56.0	60.7	92%

12.0	58%
2.5	60%
1.0	49%
15.5	58%

【Forecast】 Consolidated Business Profit Walk (2019 1st half)

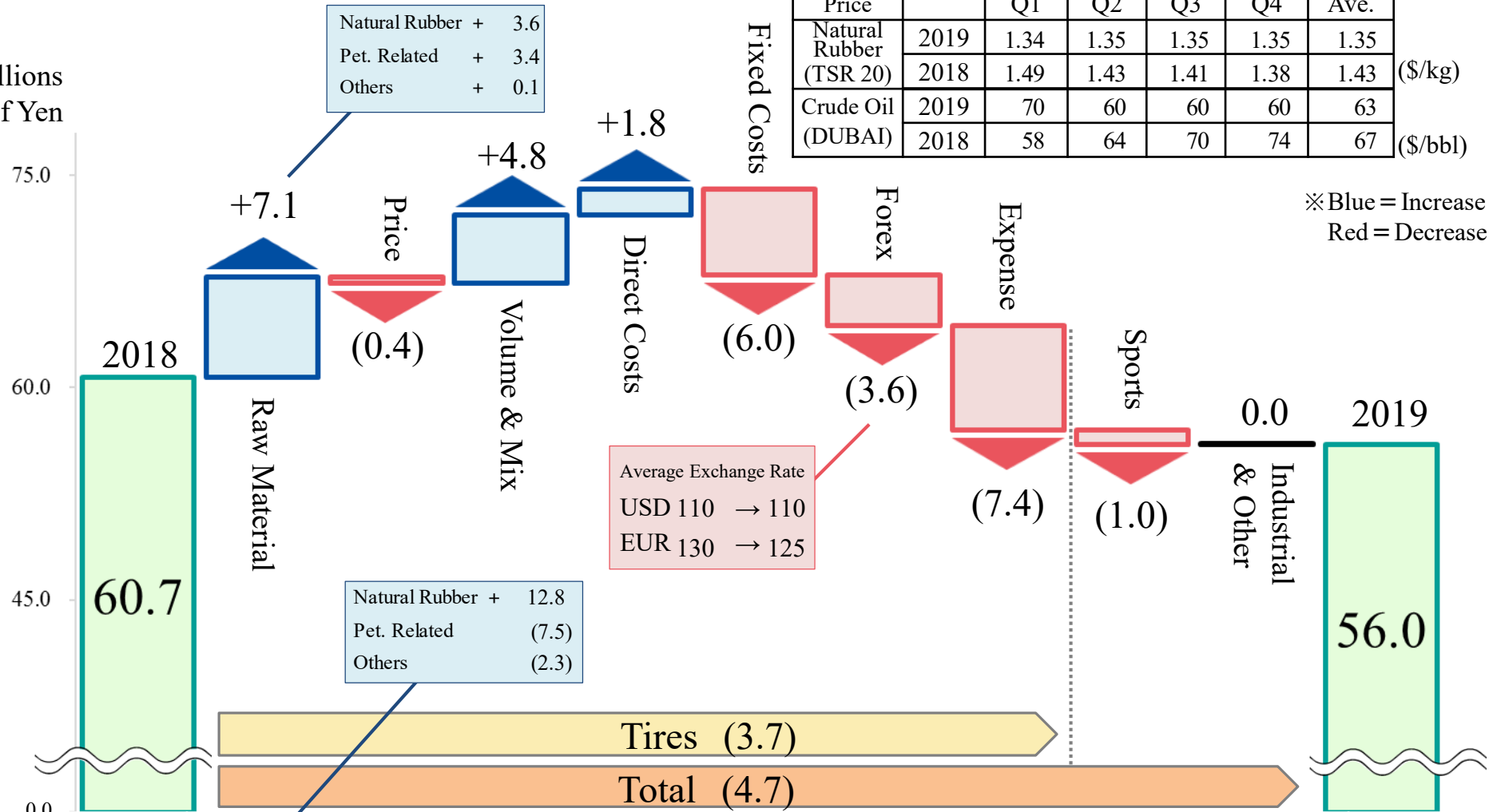
※ Blue = Increase
Red = Decrease



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
2017→2018	5.4	5.7	(2.9)	0.4	(2.3)	0.1	(3.2)	1.7	0.1	5.0
2016→2017	(22.1)	(0.8)	13.6	2.3	(1.6)	0.5	(1.6)	0.1	1.1	(8.5)

【Forecast】 Consolidated Business Profit Walk (2019 Annual)

Billions of Yen



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other	Total
2017→2018	3.0	3.8	(3.7)	(1.3)	(3.8)	(1.7)	(3.4)	1.1	(0.3)	(6.3)
2016→2017	(36.0)	9.5	19.7	4.6	(3.6)	1.5	(5.3)	0.1	1.6	(7.9)

Tire Sales Volume (Comparison %)

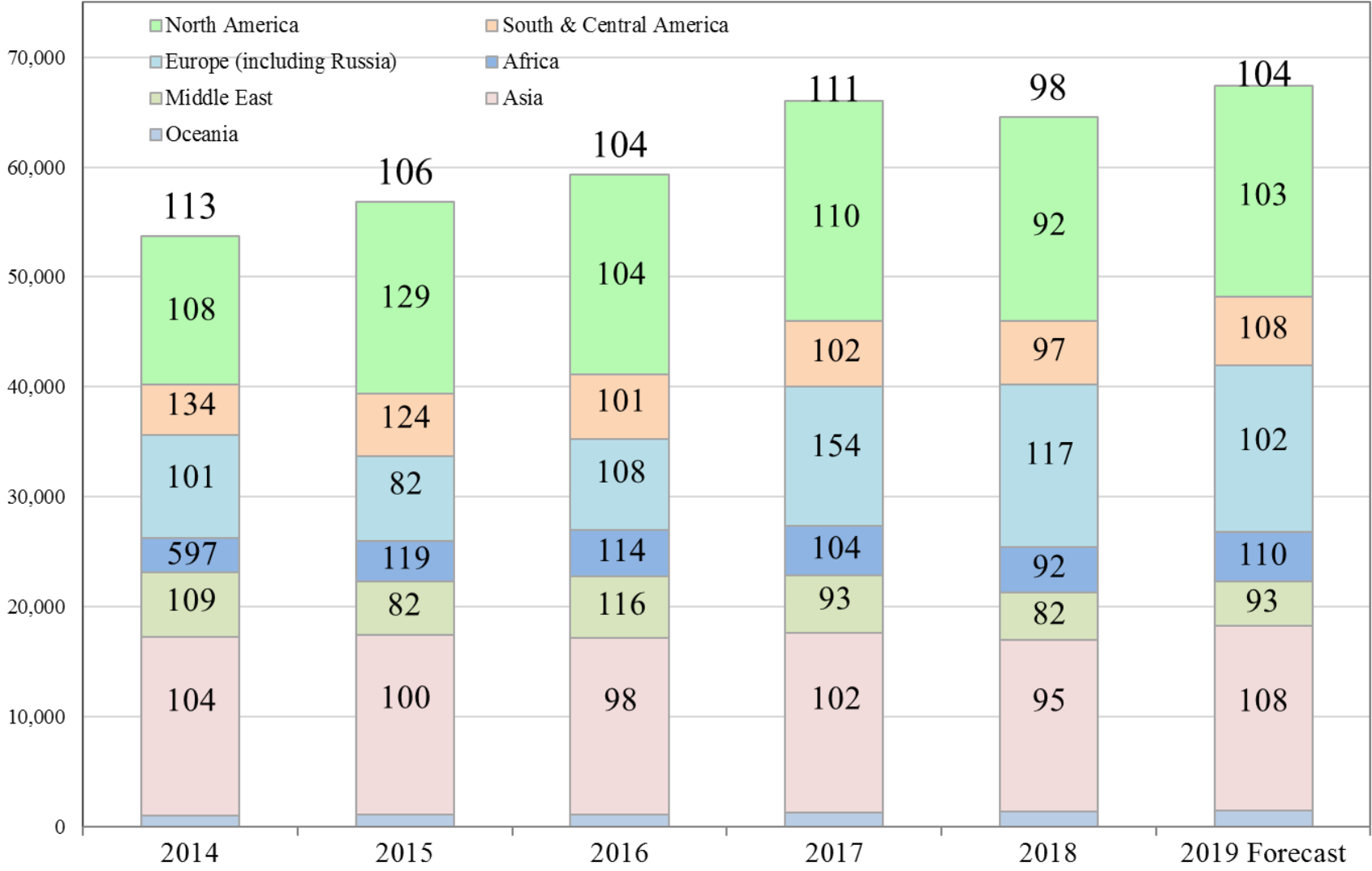
		2017 Actual					2018 Actual					2019 Forecast		
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Annual	Jan.-Jun.	Jul.-Dec.	Annual
Domestic O.E.		113%	111%	111%	107%	110%	103%	108%	101%	101%	103%	107%	98%	102%
Domestic Rep.		103%	114%	106%	100%	105%	102%	95%	96%	106%	100%	96%	100%	98%
Overseas O.E.		114%	107%	113%	104%	109%	100%	112%	111%	103%	106%	104%	109%	107%
Overseas Rep.		112%	112%	112%	109%	111%	103%	93%	95%	101%	98%	105%	104%	104%
Details	North America	121%	102%	107%	112%	110%	87%	94%	94%	94%	92%	107%	101%	103%
	Europe	130%	182%	173%	137%	154%	142%	109%	105%	116%	117%	104%	101%	102%
	Asia	106%	102%	104%	98%	102%	97%	97%	89%	100%	95%	104%	111%	108%
	Others	98%	105%	97%	101%	100%	99%	79%	92%	99%	92%	105%	103%	104%
Total		111%	112%	111%	106%	110%	102%	98%	98%	102%	100%	103%	103%	103%

Total Tire Sales
(000 Units)

28,230 29,920 31,810 33,510 123,470 28,880 29,290 31,120 **34,320** 123,610 60,190 67,470 127,670

Tire Overseas Rep. Volume by Regional Segment

000 units



Forex(USD)	2014	2015	2016	2017	2018	2019 Forecast
	106	121	109	112	110	110

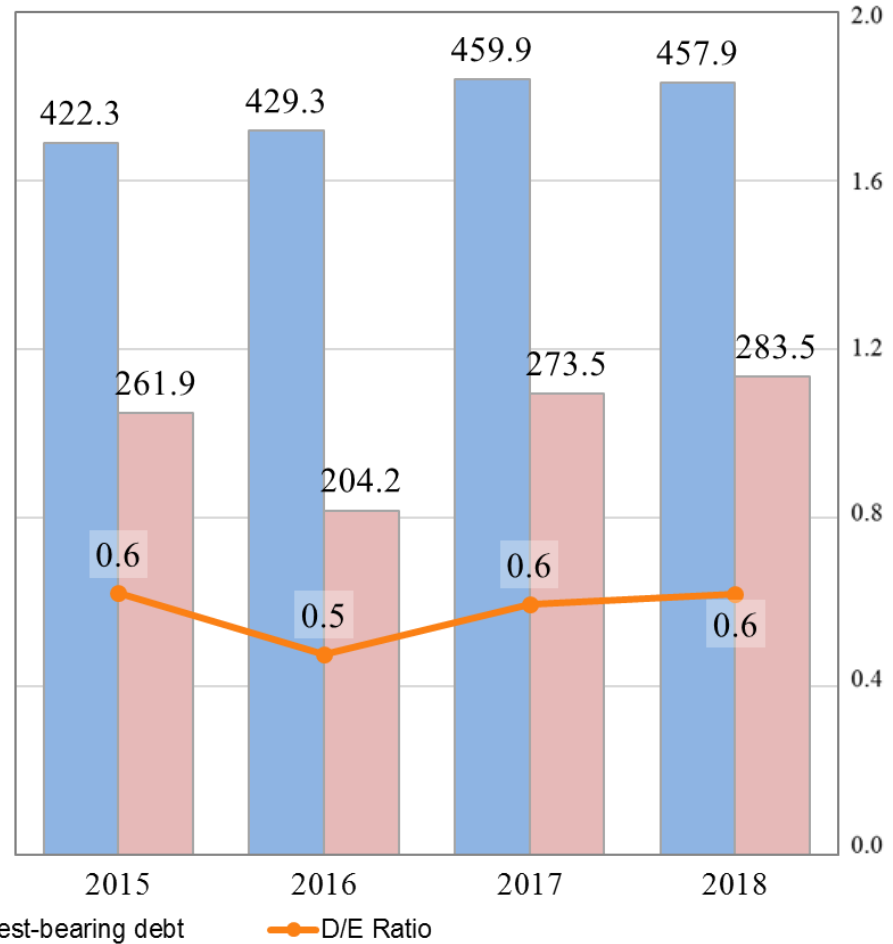
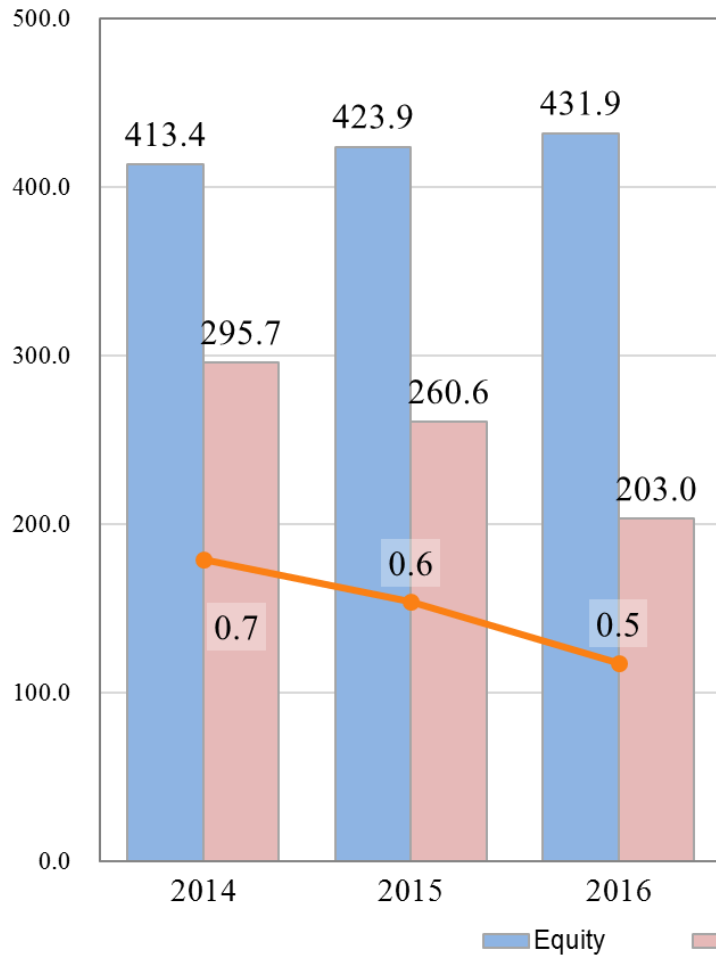
※Numbers shown in the bar graph are yoy% by region.

Equity / Interest-Bearing Debt

Billions of Yen

Japanese G A A P

I F R S



Equity Ratio

42.5%

45.3%

48.0%

45.3%

47.8%

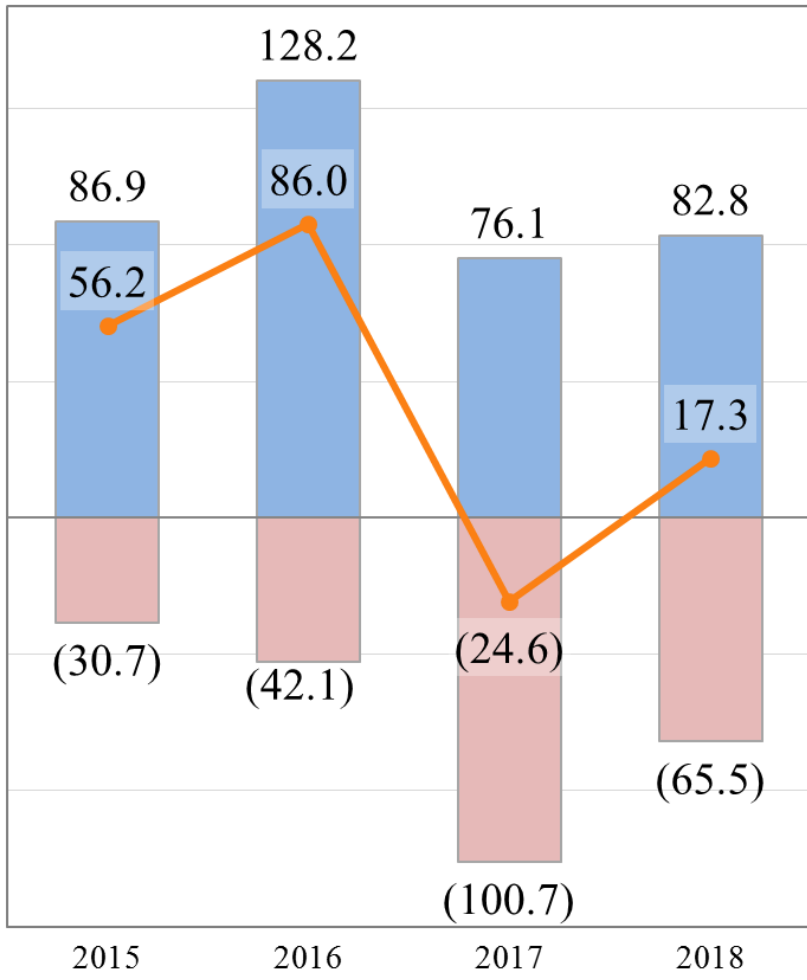
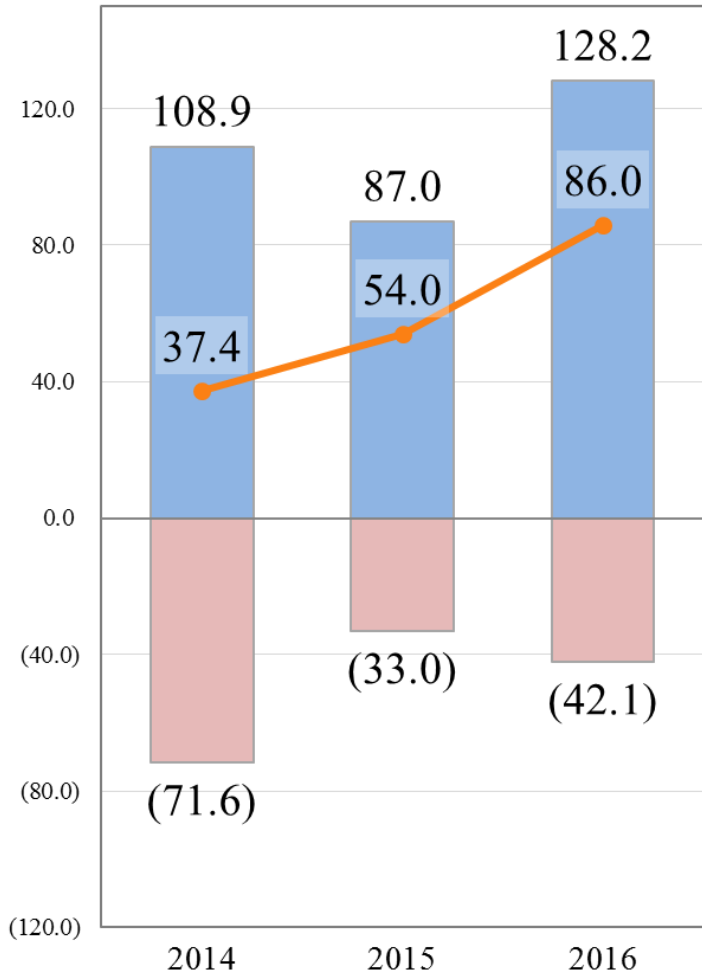
45.2%

45.7%

Billions
of Yen

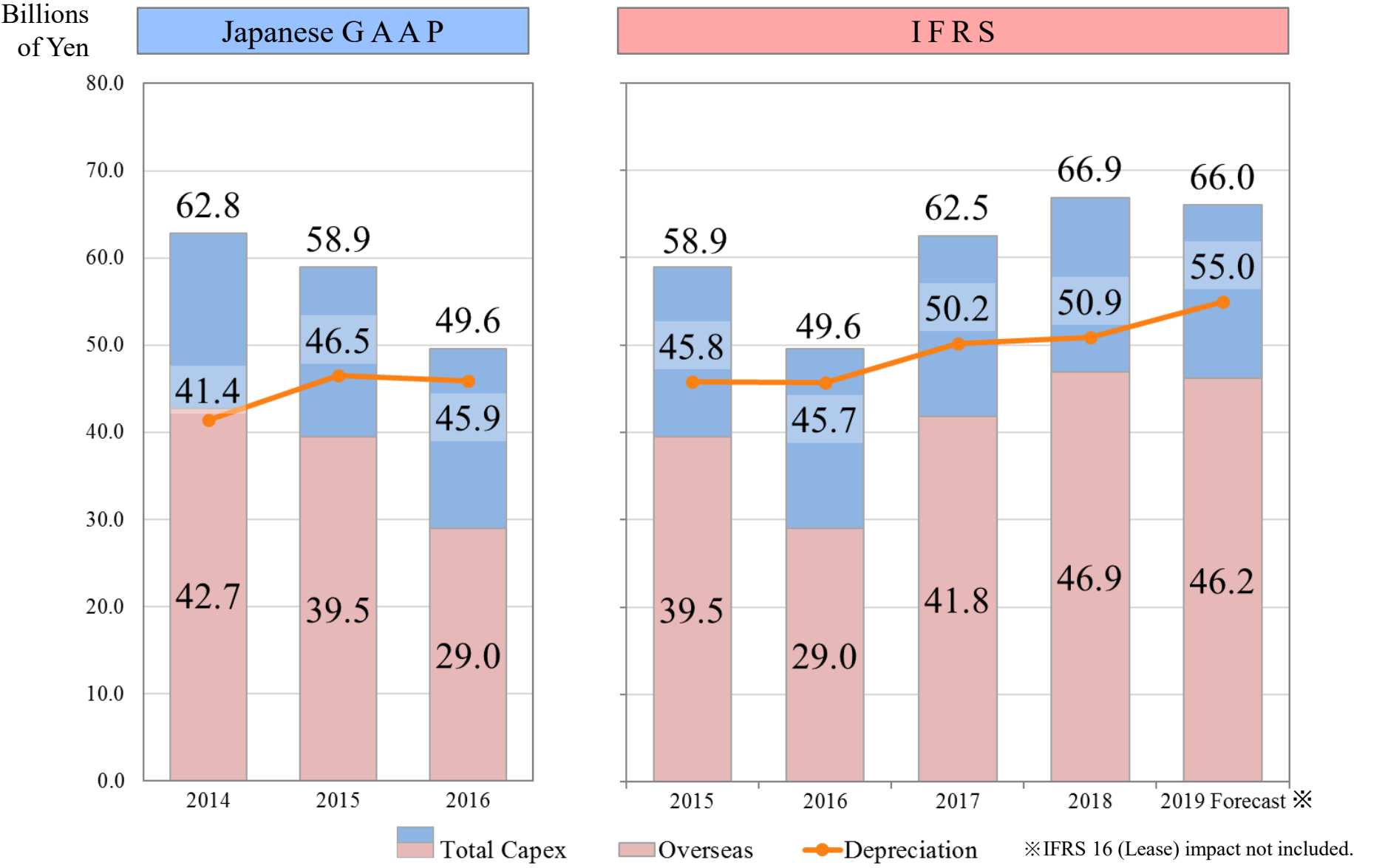
Japanese G A A P

I F R S



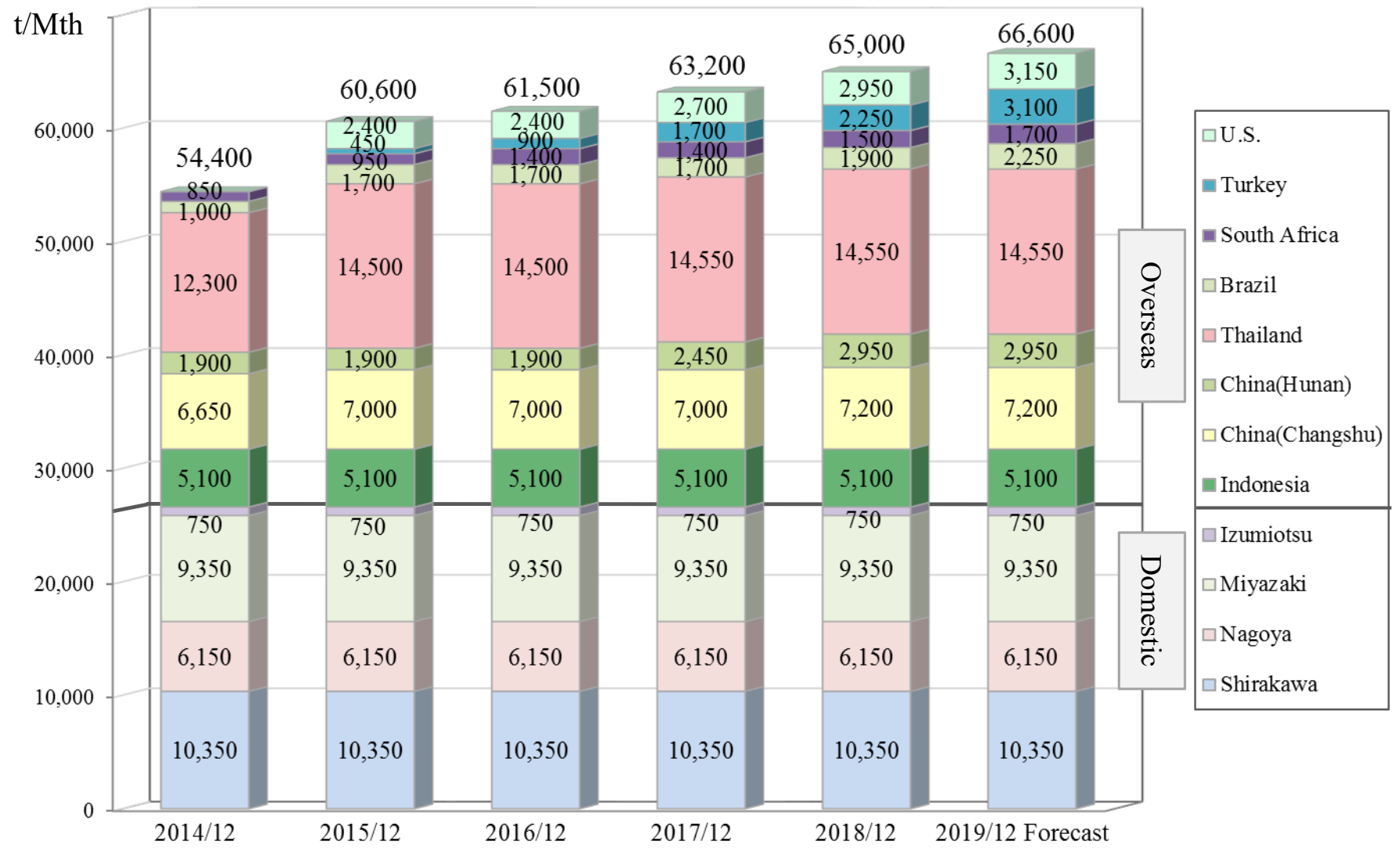
■ Cash flows from operating activities
 ■ Cash flows from investing activities
 —●— Free cash flow

Capex and Depreciation (Tangible Assets Only)



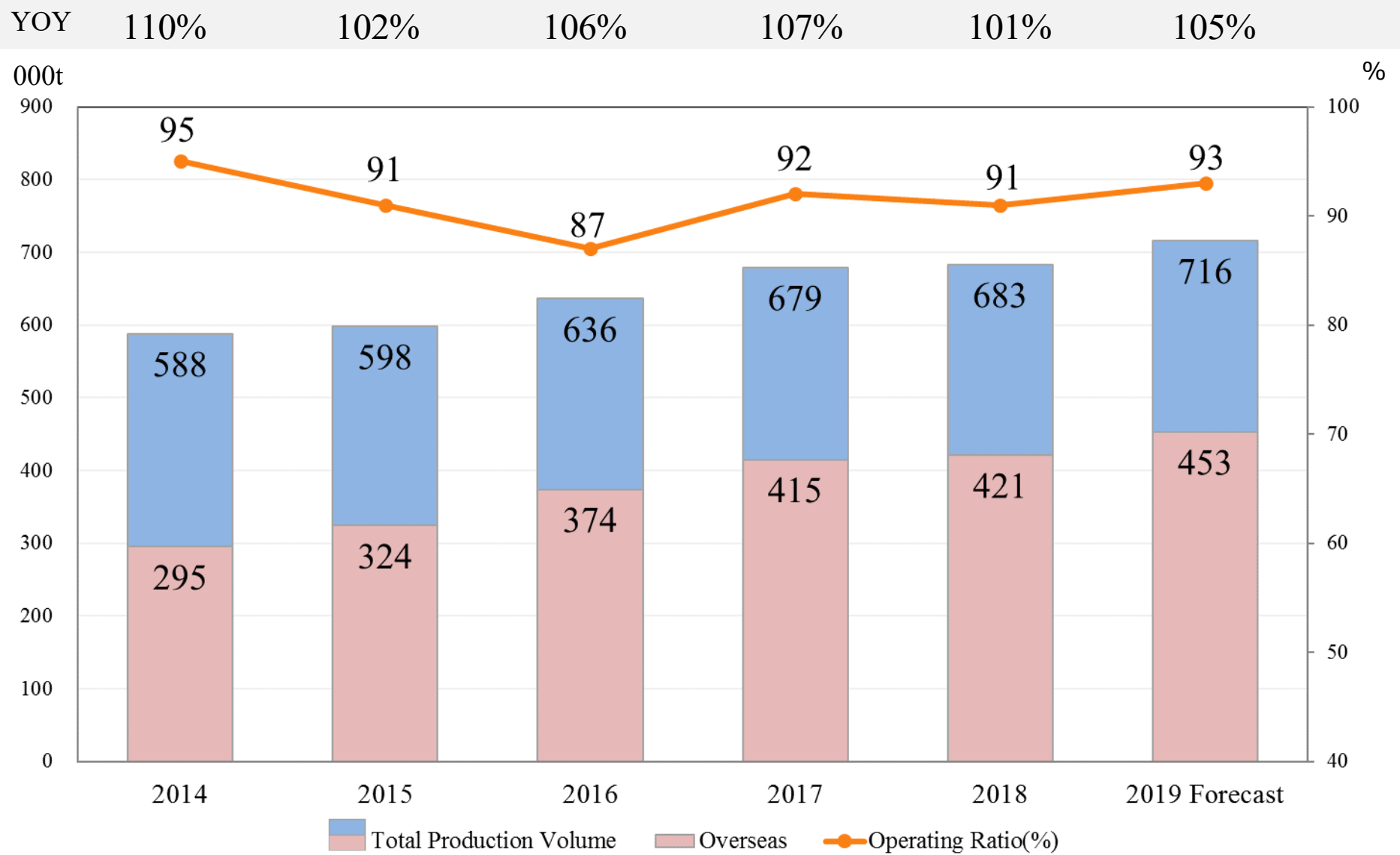
Tire Production Capacity

YOY 104% 111% 101% 103% 103% 102%



% of Overseas 51% 56% 57% 58% 59% 60%

Tire Production Volume and Operating Ratio





**エナセーブ
EC204**



**Q4
SPORTMAX**



CX Series



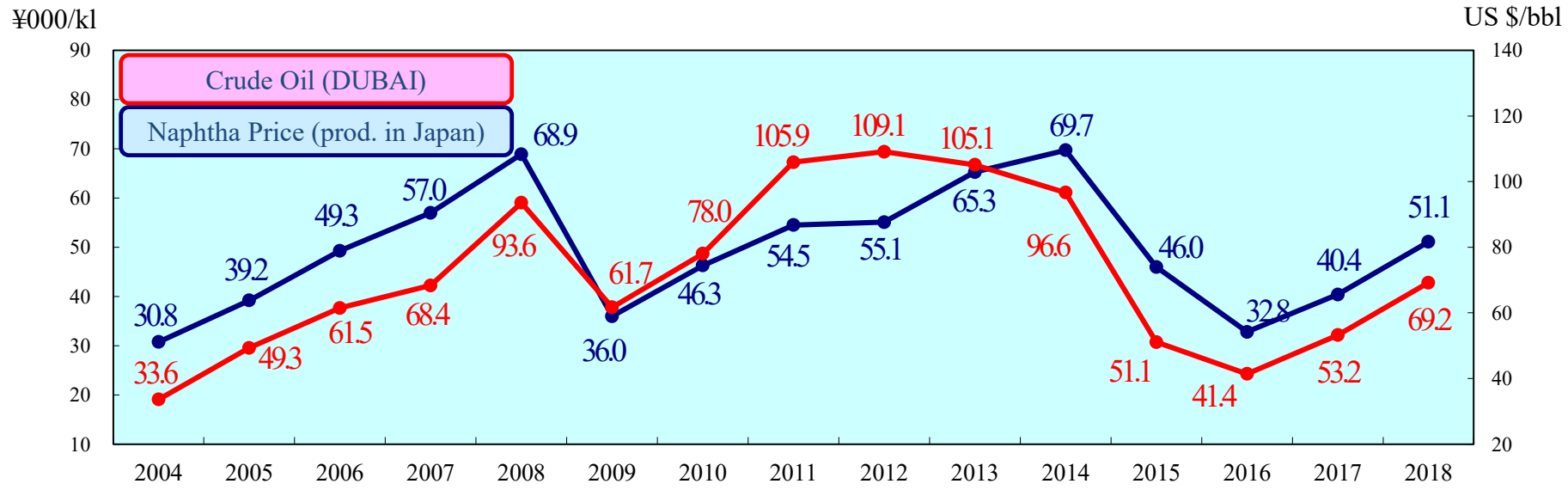
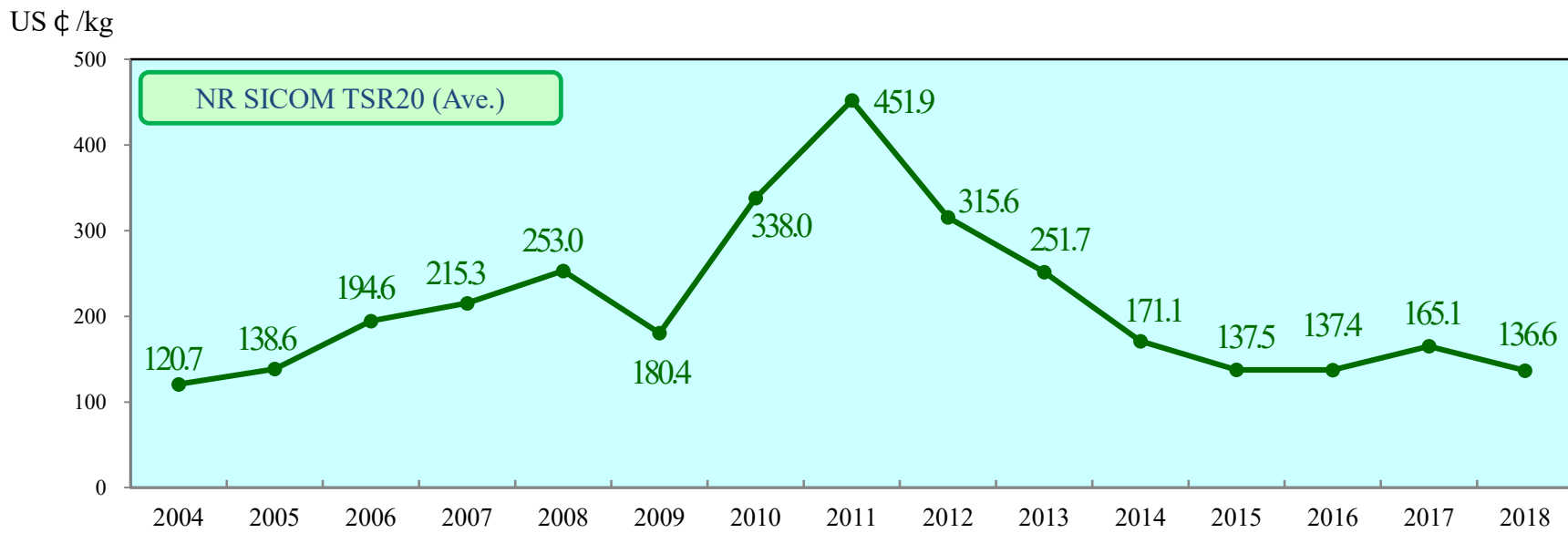
**WILDPEAK
A/T3W**



NEW SRIXON Z Series



NEW SRIXON Z-STAR Series



SUMITOMO RUBBER GROUP