

Financial Report

(January 1 ~ June 30, 2017)

August 8, 2017



SUMITOMO
RUBBER INDUSTRIES

Key Subjects

- 2017 2nd Quarter
Financial Results Summary
 - Changes in Scope of Consolidation,
Affiliated Companies
 - Financial Results Summary

- 2017 Annual Financial Results Forecast
 - Financial Results Forecast Summary
 - Capex / Depreciation,
Tire Production Capacity etc.

	Consolidated Subsidiaries 88 (vs 2016 year-end : +15)		Equity-method Affiliates 3 (vs 2016 year-end : -)	
	Newly Included +17	Excluded (2)	Newly Included -	Excluded -
Tires	Micheldever Group Ltd. Micheldever Tyre Services Ltd. Fleet Tyre Network Ltd. (U.K./Sales company of tires)			
Sports	Dunlop International Co. Ltd. (Japan/ Sporting goods business) Dunlop International 1902 Limited and 12 consolidated subsidiaries (U.K. and other/Sporting goods business)	Cleveland Golf Korea Co., Ltd. (Merged with Dunlop Sports Korea Co., Ltd.)		
Industrial & Other		Lonstroff Holding AG (Merged with Lonstroff AG)		

Affiliated Companies (Consolidated Subs: 88, Equity-method Affiliates : 3)

	Manufacturing Companies	Sales Companies	Other Companies
Tires	Domestic 1	Domestic 11	Domestic 7
	Overseas 8	Overseas 18	Overseas 5
	Asia Pacific 4	Asia Pacific 10	Asia Pacific 1
	Europe and Africa 2	Europe and Africa 6	Europe and Africa 2
	Americas 2	Americas 2	Americas 2
Sports	Domestic 2	Domestic 2	Domestic 5
	Overseas 3	Overseas 14	Overseas 7
	Thailand, U.S., Philippines	Malaysia, U.K., Australia, Canada, China, Hong Kong, South Africa, South Korea, Thailand, France, Germany	U.K.
Industrial & Other	Domestic -	Domestic 3	Domestic -
	Overseas 4	Overseas 1	Overseas -
	Malaysia, China, Vietnam, Switzerland	Hong Kong	

TOTAL 91
Domestic 31
Overseas 60

IFRS

Billions of Yen

	2017		2017		2017		Feb. 14 th & May 10 th 2017 Forecast 2017 Jan.-Jun.	2016 Jan.-Jun.
	Jan.-Mar.	vs 2016	Apr.-Jun.	vs 2016	Jan.-Jun.	vs 2016		
Sales Revenue	192.1	108% 13.7	211.3	117% 30.7	403.4	112% 44.5	385.0	358.9
Business Profit (%) <small>※1</small>	12.2 (6.3%)	86% (2.0)	9.7 (4.6%)	60% (6.5)	21.8 (5.4%)	72% (8.5)	15.0 (3.9%)	30.4 (8.5%)
Operating Profit (%)	11.8 (6.2%)	88% (1.6)	9.4 (4.4%)	60% (6.3)	21.2 (5.3%)	73% (7.9)	15.0 (3.9%)	29.1 (8.1%)
Profit <small>※2</small>	8.6	105% 0.4	3.9	39% (5.9)	12.4	69% (5.6)	10.0	18.0

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

※2. Profit : Profit attributable to owners of parent

The above notes apply throughout this report.

Impact from Adoption of IFRS on Consolidated Statements of Income (2016 Jan.-Jun.)

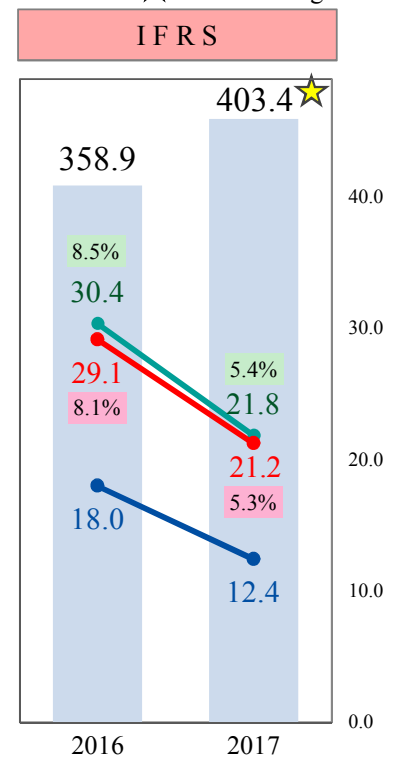
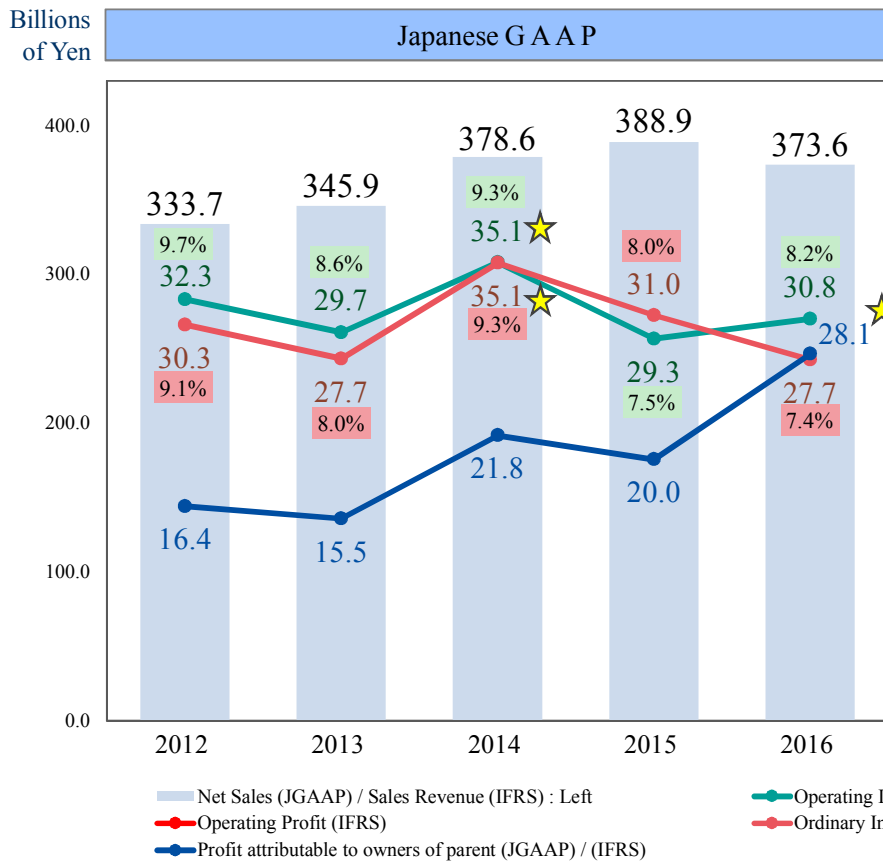
IFRS
Japanese G A A P

Billions of Yen

	2016 Jan.-Jun.		2016 Jan.-Jun.	Impact	Main Factors
Sales Revenue	358.9	Net Sales	373.6	(14.7)	Offset of Sales revenue and Incentive bonus (16.5) Provisions for sales return +2.4
Business Profit (%) (8.5%)	30.4 (8.5%)	Operating Income (%)	30.8 (8.2%)	(0.4)	Cessation of amortization of Goodwill (0.4)
Operating Profit (%) (8.1%)	29.1 (8.1%)				
Profit	18.0	Profit	28.1	(10.1)	Recognize Gain on sales of investment securities as Other comprehensive income (8.0) (Non-recognition in P/L)

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

% : Profit % ★ : Record High

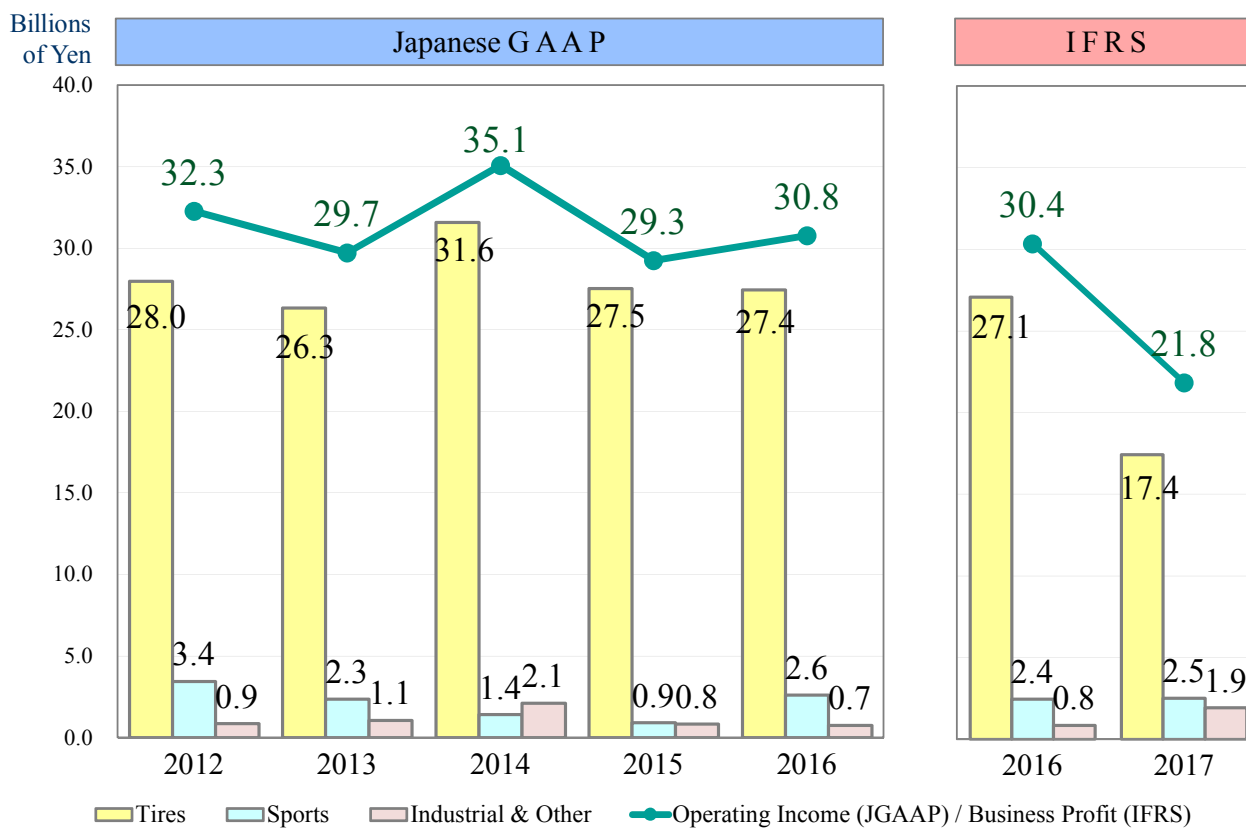


Consolidated Sales Revenue / Business Profit by Reportable Segment (2017 Jan.-Jun.)

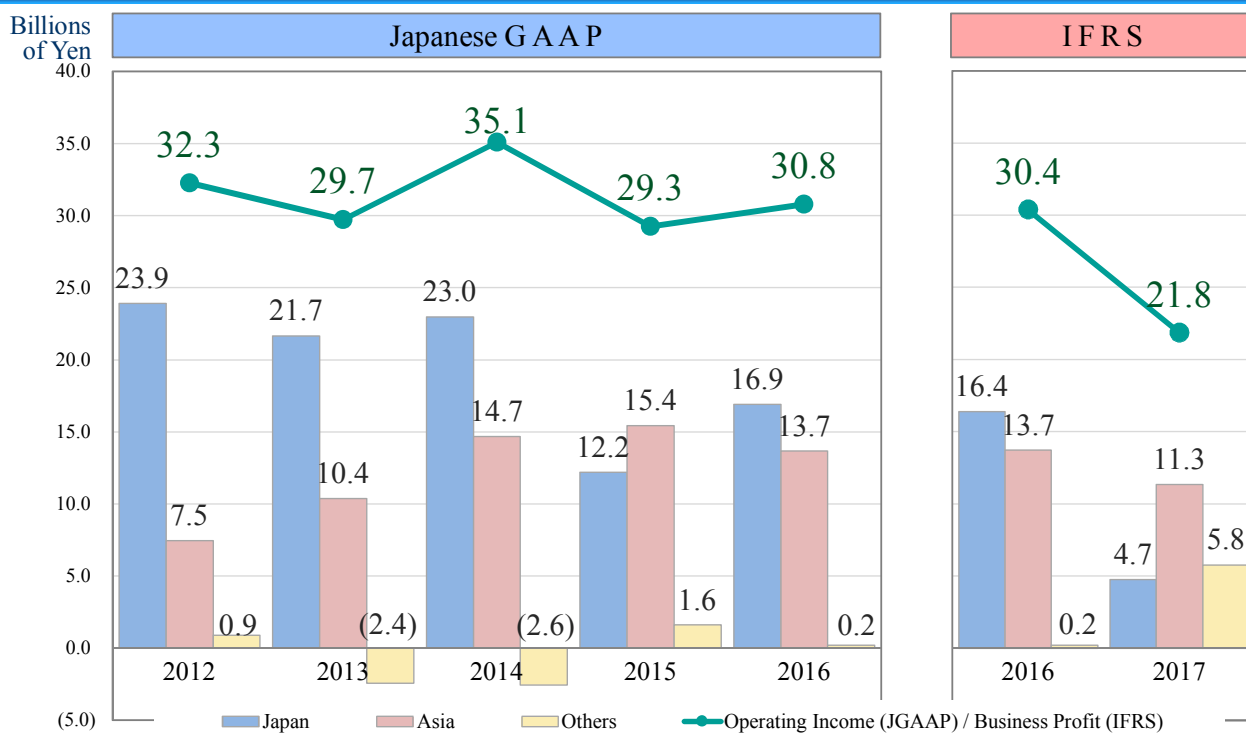
IFRS

Billions of Yen

		2017		2017		2017		Feb. 14 th & May 10 th 2017 Forecast 2017 Jan.-Jun.	2016 Jan.-Jun.
		Jan.-Mar.	vs 2016	Apr.-Jun.	vs 2016	Jan.-Jun.	vs 2016		
Sales Revenue	Tires	165.6	108%	180.7	118%	346.2	113%	330.0	306.2
	Sports	16.8	100%	21.1	108%	37.9	105%	38.0	36.3
	Industrial & Other	9.7	116%	9.6	118%	19.3	117%	17.0	16.5
	Total	192.1	108%	211.3	117%	403.4	112%	385.0	358.9
Business Profit	Tires	10.1	77%	7.4	52%	17.4	64%	12.5	27.1
	Sports	1.1	151%	1.4	82%	2.5	102%	1.5	2.4
	Industrial & Other	1.0	222%	0.9	236%	1.9	229%	1.0	0.8
	Total	12.2	86%	9.7	60%	21.8	72%	15.0	30.4



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

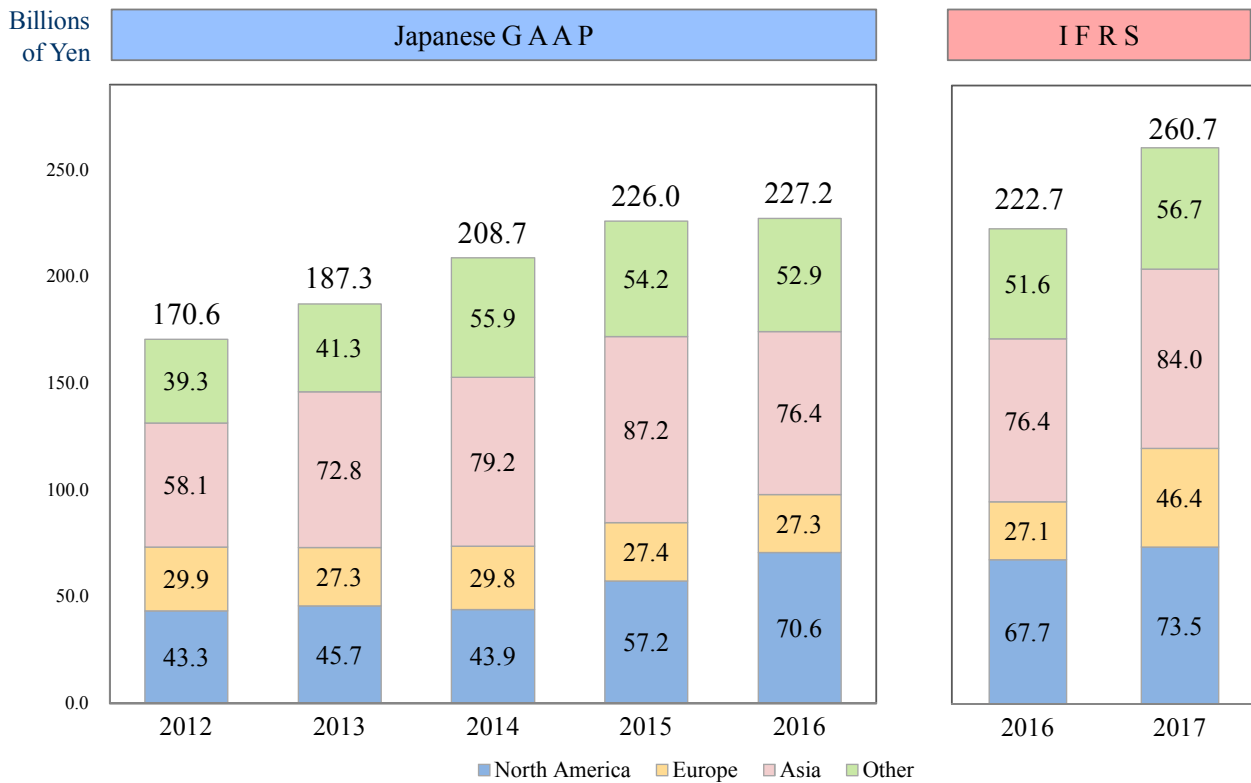


Sales

Japan	204.6	198.6	210.4	204.9	181.2	167.7	175.9
Asia	54.8	69.6	75.4	82.7	71.9	71.9	80.8
Others	74.3	77.6	92.9	101.3	120.4	119.3	146.7
Total	333.7	345.9	378.6	388.9	373.6	358.9	403.4

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

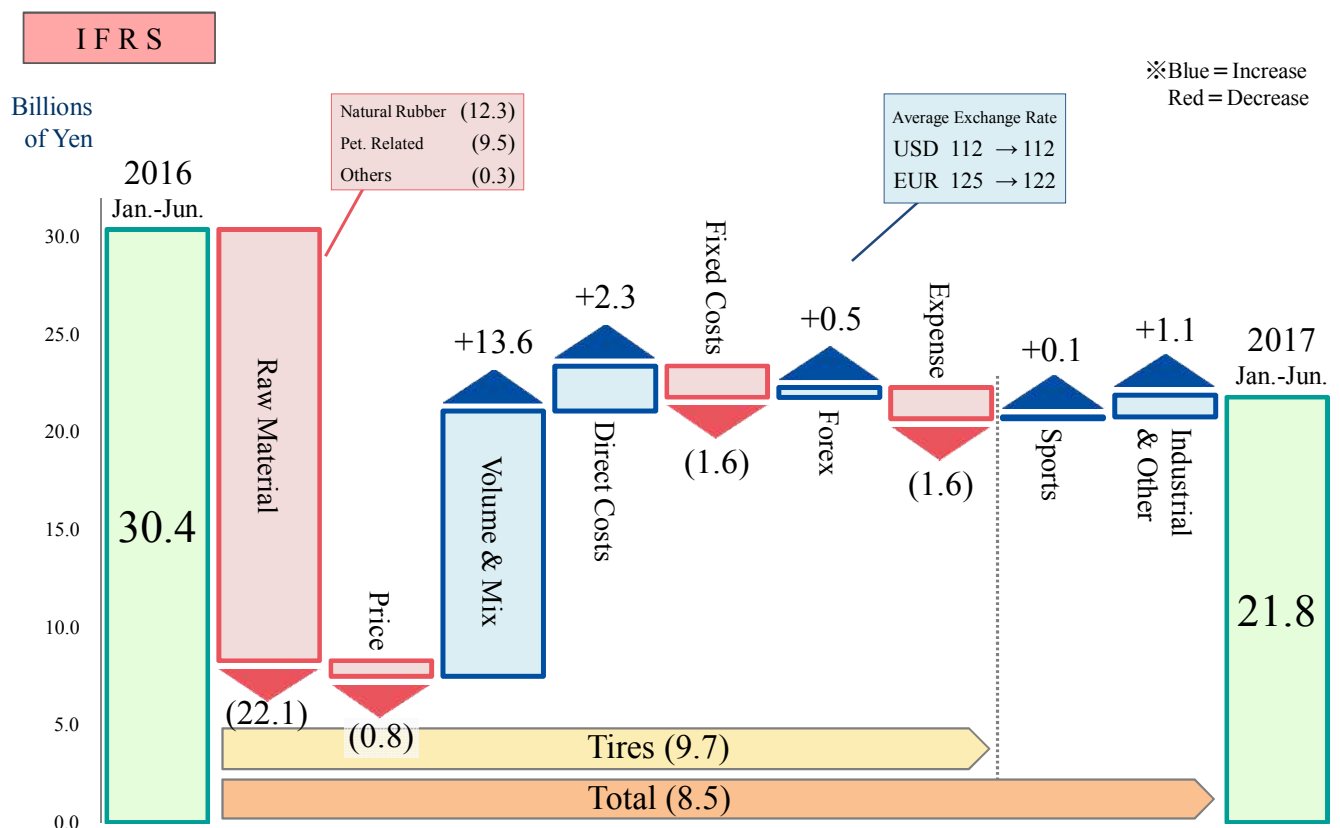
Overseas Sales Revenue (Jan.-Jun.)



Consolidated Sales	333.7	345.9	378.6	388.9	373.6	358.9	403.4
% of Overseas	51%	54%	55%	58%	61%	62%	65%

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

Consolidated Business Profit Walk (2017 Jan.-Jun.)



[Forecast] Consolidated Financial Results

IFRS

Billions of Yen

	Revised Forecast 2017	Actual 2016	YOY	Feb. 14 th & May 10 th 2017 Annual Forecast 2017	Revised Forecast 2017 Jul.-Dec.	vs 2016
Sales Revenue	860.0	756.7	114%	850.0	456.6	115%
Business Profit (%)	63.0 (7.3%)	74.9 (9.9%)	84%	50.0 (5.9%)	41.2 (9.0%)	92%
Operating Profit (%)	63.0 (7.3%)	73.3 (9.7%)	86%	50.0 (5.9%)	41.8 (9.1%)	95%
Profit	41.0	41.4	99%	33.0	28.6	122%
ROE	9.0%	9.7%		8.0%		
ROA※	6.5%	8.2%		5.5%		
D/E Ratio	0.6	0.5		0.6		

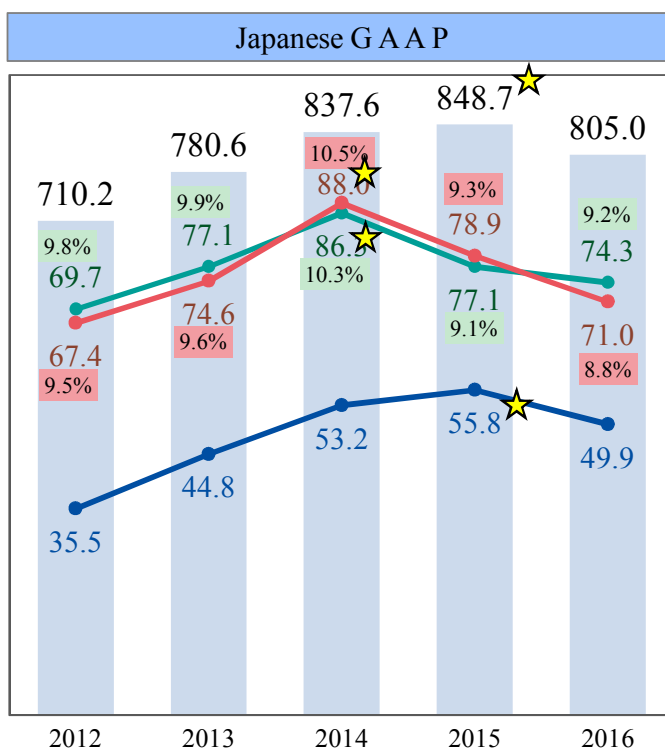
※ROA :
“Business Profit” / “Total Assets”

[Forecast] Consolidated Sales Revenue / Profit

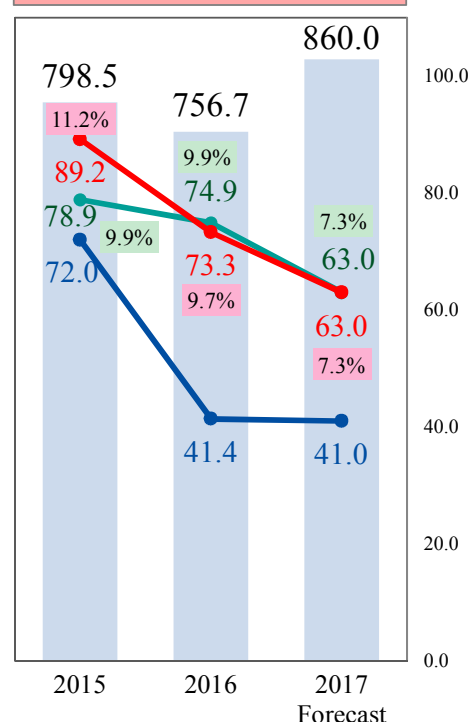
Billions of Yen

Japanese GAAP

% : Profit % ★ : Record High



IFRS

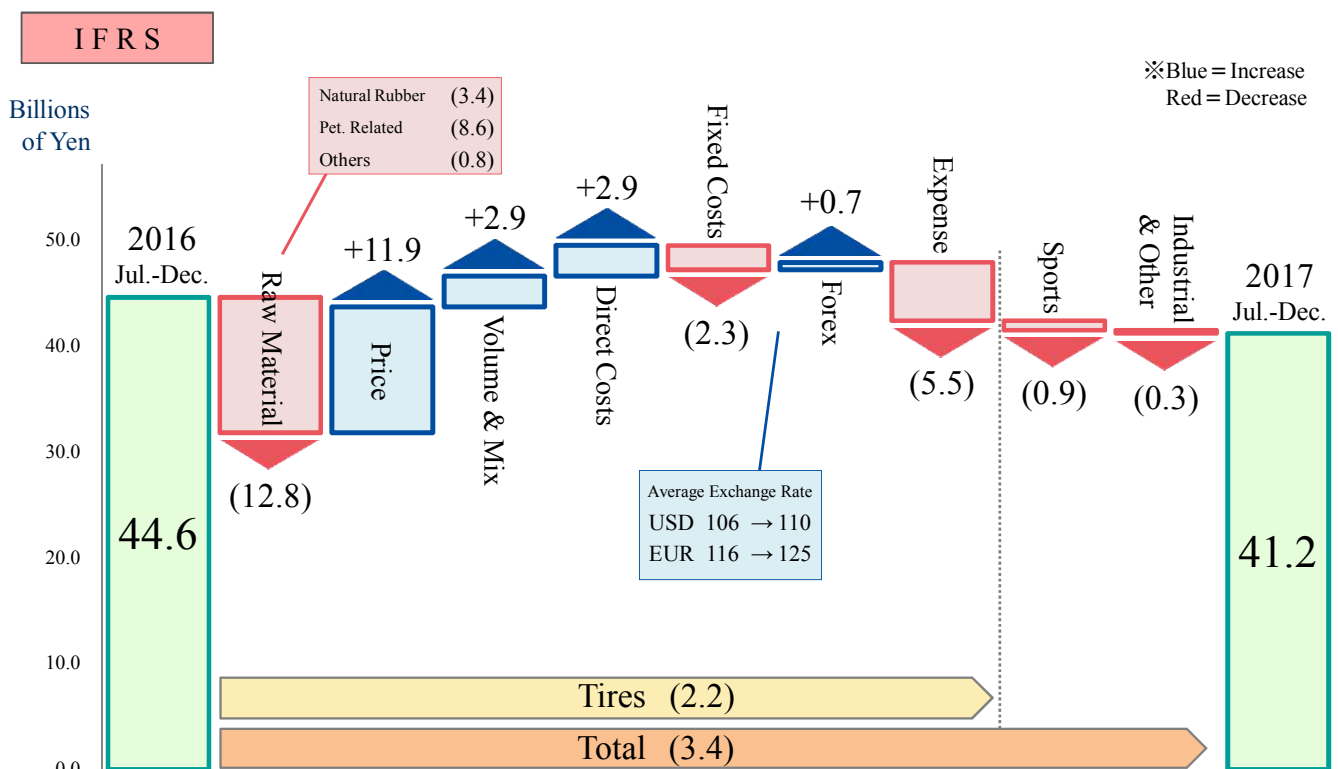


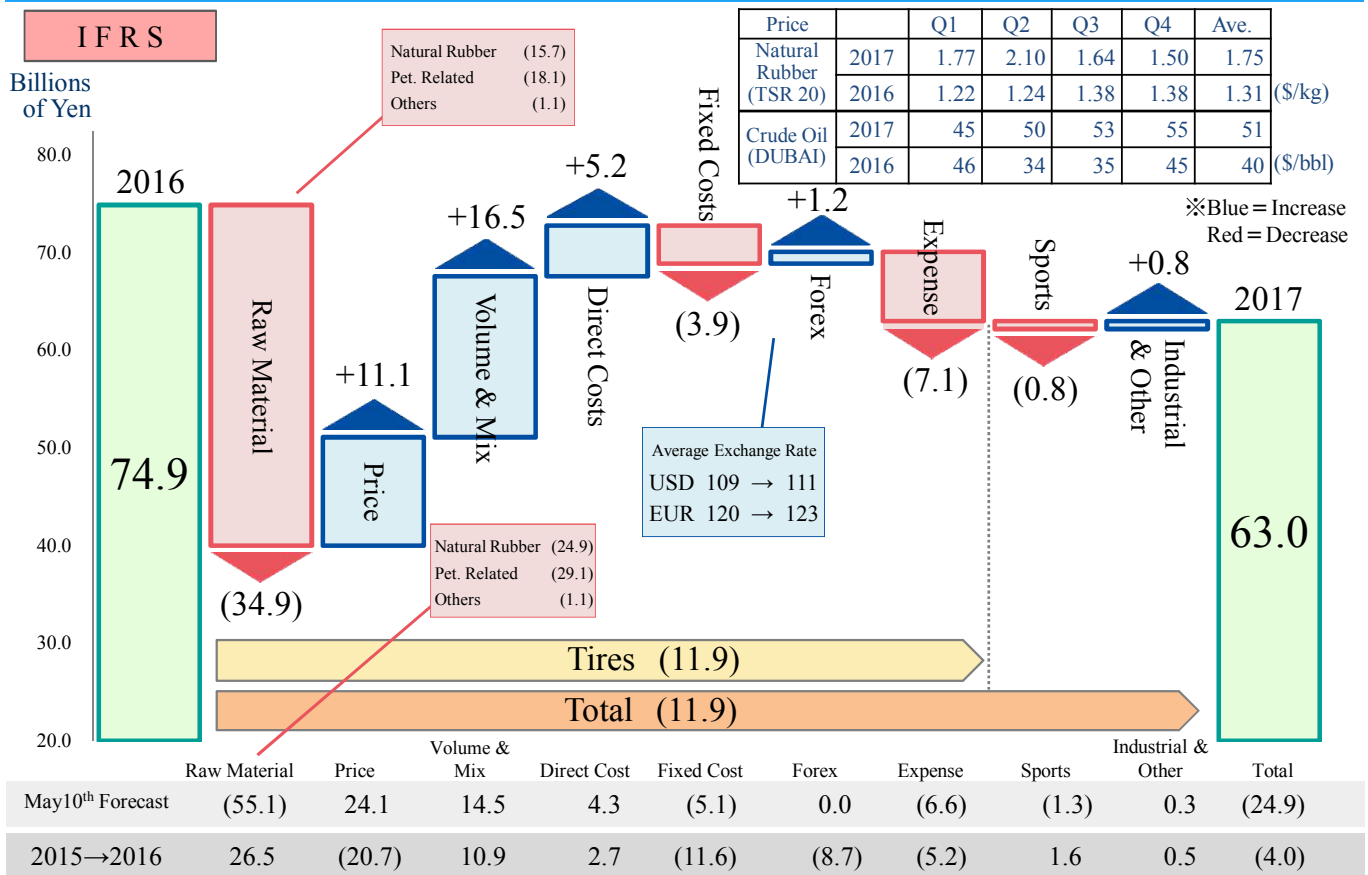
— Net Sales (JGAAP) / Sales Revenue (IFRS) : Left
— Operating Profit (IFRS)
— Profit attributable to owners of parent (JGAAP) / (IFRS)

— Operating Income (JGAAP) / Business Profit (IFRS)
— Ordinary Income (JGAAP)

IFRS		Billions of Yen					
		Revised Forecast 2017	Actual 2016	YOY	Feb. 14 th & May 10 th 2017 Annual Forecast 2017	Revised Forecast 2017 Jul.-Dec.	vs 2016
Sales Revenue	Tires	741.0	648.4	114%	732.0	394.8	115%
	Sports	80.0	72.8	110%	80.0	42.1	115%
	Industrial & Other	39.0	35.5	110%	38.0	19.7	104%
	Total	860.0	756.7	114%	850.0	456.6	115%
Business Profit	Tires	56.0	67.9	82%	44.0	38.6	94%
	Sports	3.5	4.3	81%	3.0	1.0	54%
	Industrial & Other	3.5	2.7	130%	3.0	1.6	85%
	Total	63.0	74.9	84%	50.0	41.2	92%

[Forecast] Consolidated Business Profit Walk (2017 Jul.-Dec.)





Consolidated Business Profit Analysis by Factors

IFRS

Billions of Yen

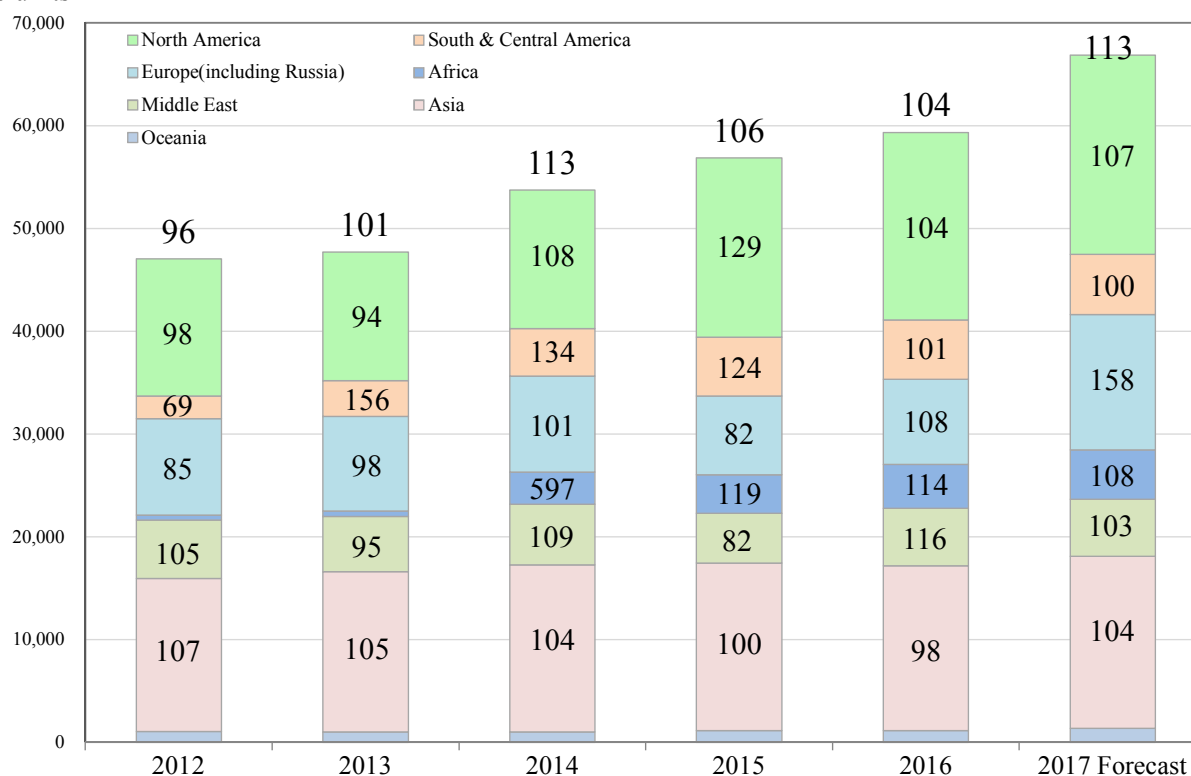
Period	Business Profit		Factors									
		vs previous year	Raw Material	Price	Volume & Mix	Direct Cost	Fixed Cost	Forex	Expense	Sports	Industrial & Other	
2016	Jan.-Mar.	14.2	-	-	-	-	-	-	-	-	-	
	Apr.-Jun.	16.2	-	-	-	-	-	-	-	-	-	
	Jul.-Dec.	44.6	-	-	-	-	-	-	-	-	-	
	Annual	74.9	(4.0)	26.5	(20.7)	10.9	2.7	(11.6)	(8.7)	(5.2)	1.6	0.5
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.	41.2	(3.4)	(12.8)	11.9	2.9	2.9	(2.3)	0.7	(5.5)	(0.9)	(0.3)
	Annual	63.0	(11.9)	(34.9)	11.1	16.5	5.2	(3.9)	1.2	(7.1)	(0.8)	0.8
vs May 10 th 2017 Forecast	13.0	13.0	20.2	(13.0)	2.0	0.9	1.2	1.2	(0.5)	0.5	0.5	

	2016 Actual					2017 Jan.-Jun. Actual, Jul.-Dec. Forecast					2017 May.10th 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.	87%	92%	100%	108%	96%	113%	111%	107%	107%	109%	109%	103%	106%	
Domestic Rep.	101%	101%	100%	101%	101%	103%	114%	93%	101%	102%	102%	102%	102%	
Overseas O.E.	106%	101%	114%	102%	105%	114%	107%	110%	105%	109%	110%	107%	108%	
Overseas Rep.	109%	106%	106%	98%	104%	112%	112%	115%	111%	113%	112%	113%	113%	
Details	North America	118%	108%	105%	91%	104%	121%	102%	102%	105%	107%	112%	101%	106%
	Europe	97%	114%	105%	118%	108%	130%	182%	180%	147%	158%	150%	167%	159%
	Asia	99%	94%	101%	99%	98%	106%	102%	104%	105%	104%	104%	105%	105%
	Others	119%	112%	113%	96%	109%	98%	105%	107%	104%	104%	102%	107%	104%
Total	104%	102%	105%	100%	103%	111%	112%	109%	107%	110%	109%	109%	109%	

Total Tire Sales (000 Units) 25,510 26,780 28,620 31,740 112,640 28,230 **29,920** 31,160 34,030 123,350 57,170 65,650 122,830

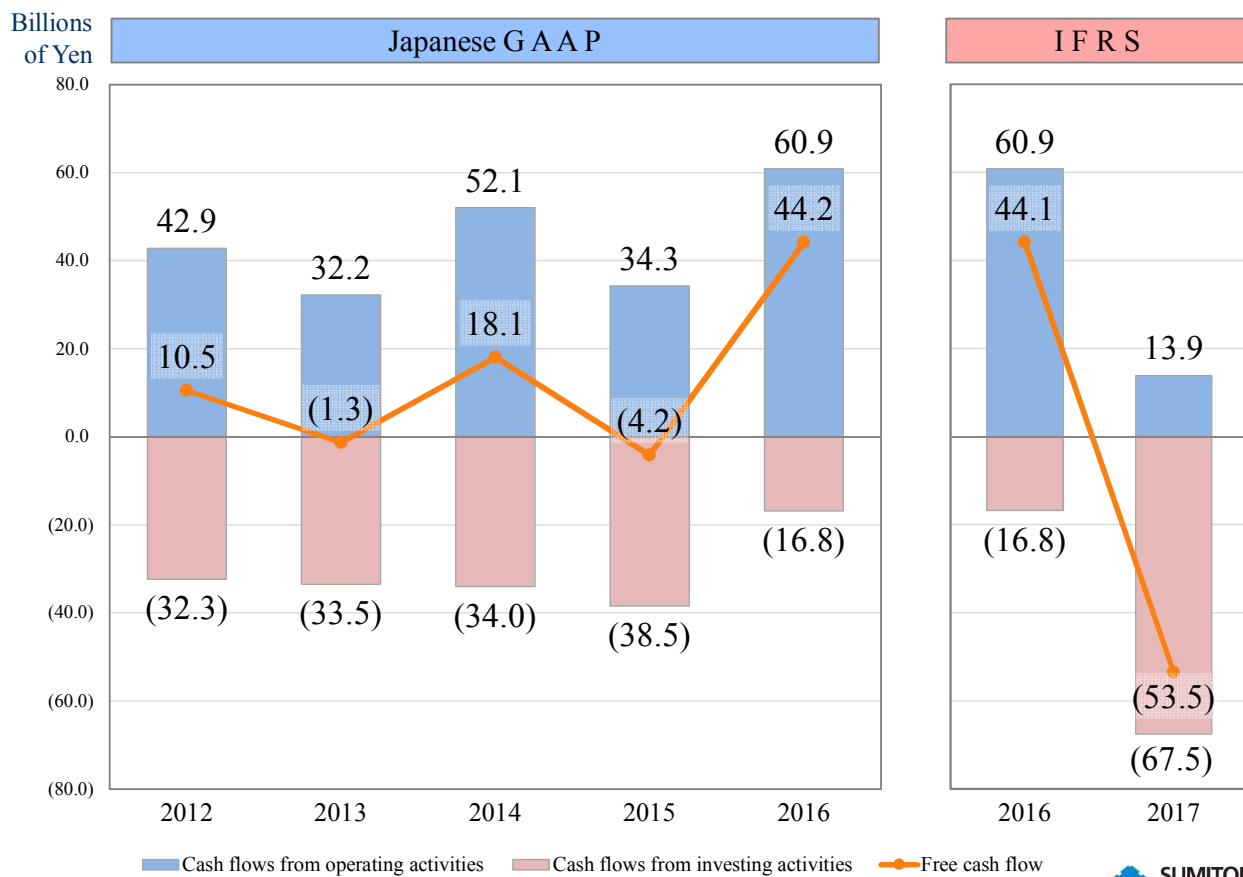
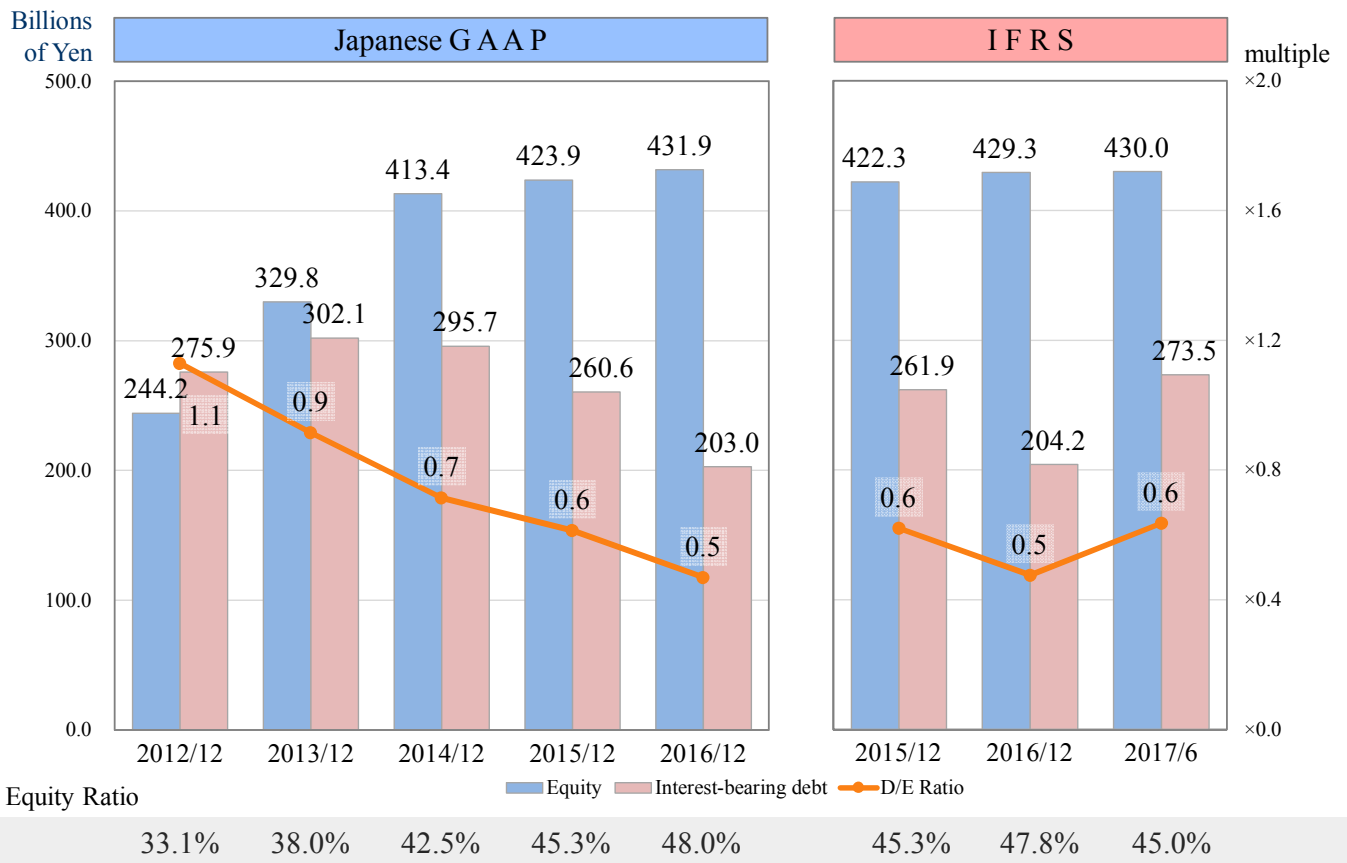
Tire Overseas Rep. Volume by Regional Segment

000 units



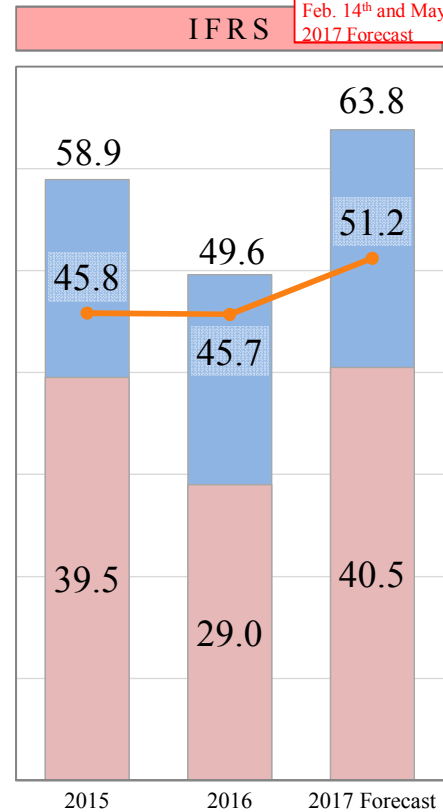
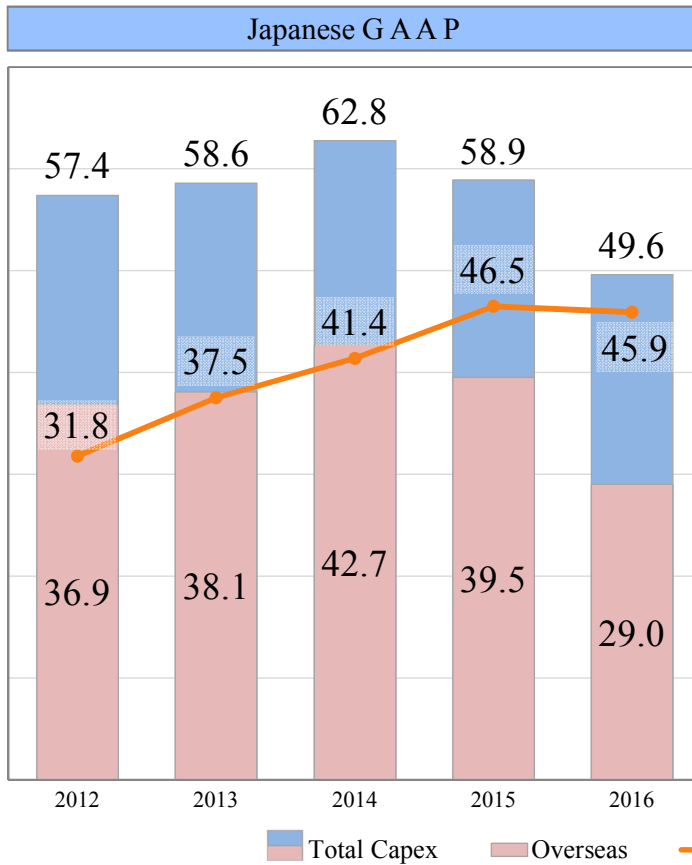
Forex (USD) 80 98 106 121 109 111

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

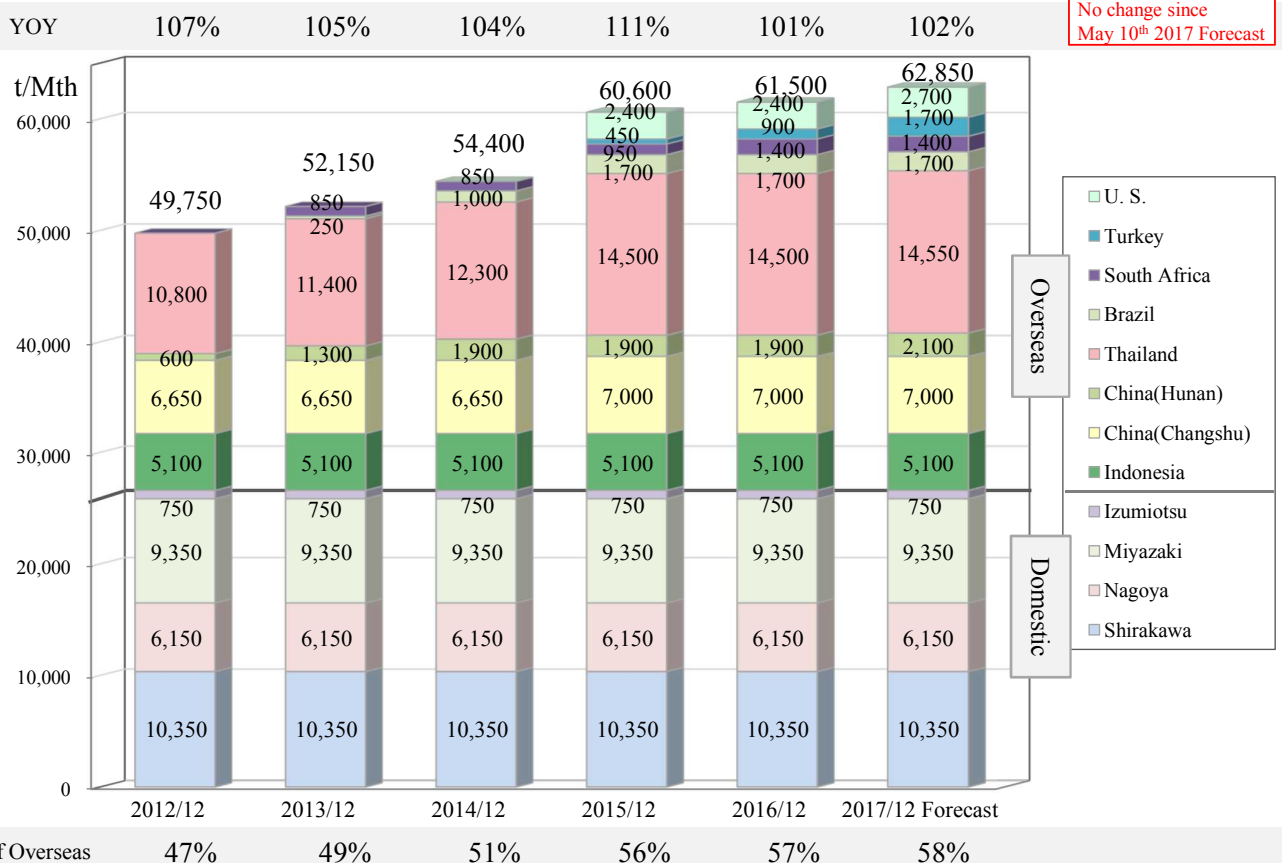


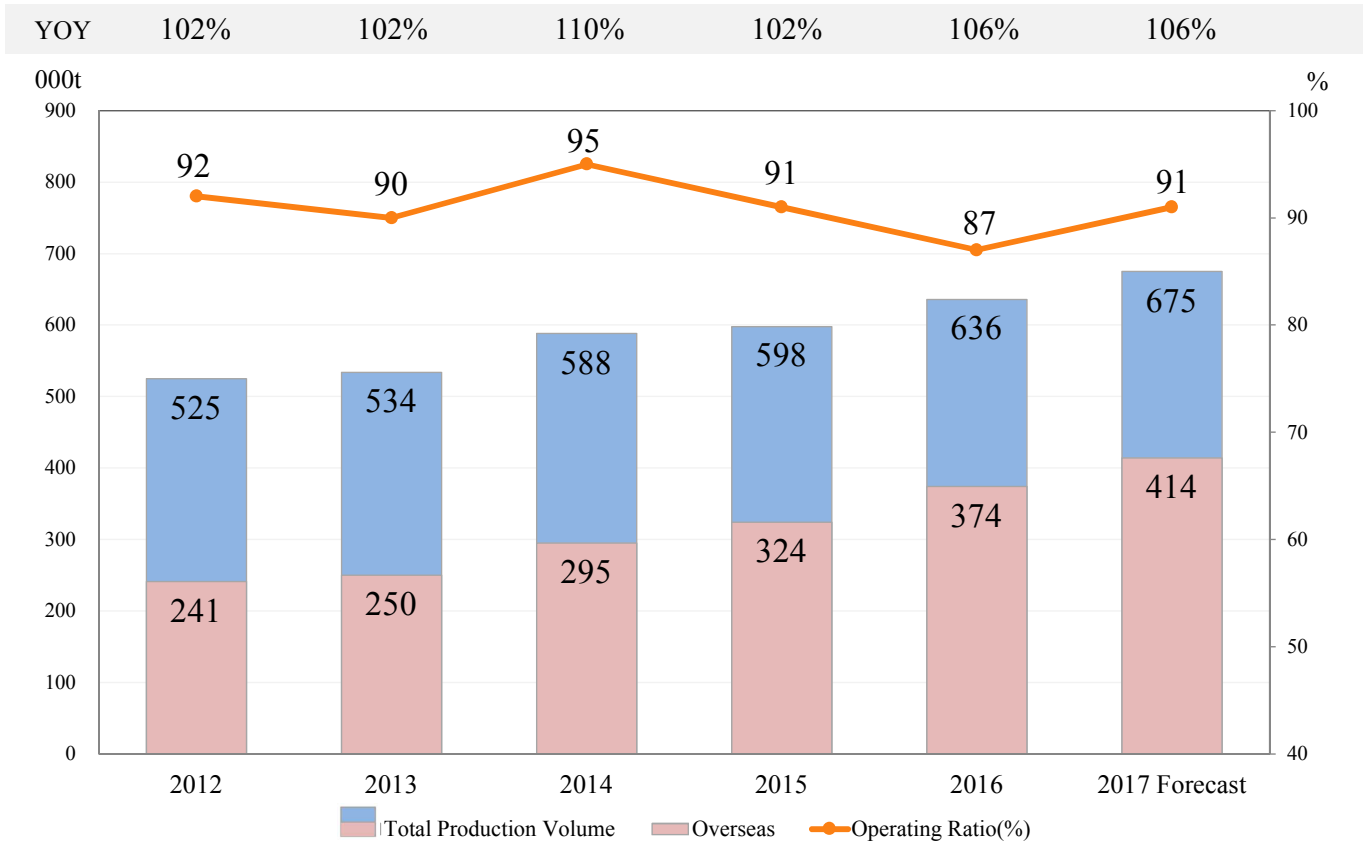
Capex and Depreciation (Tangible Assets Only)

Billions of Yen



Tire Production Capacity








LE MANS V




WINTER MAXX 02



AZENIS FK453




Cleveland 「RTX-3」



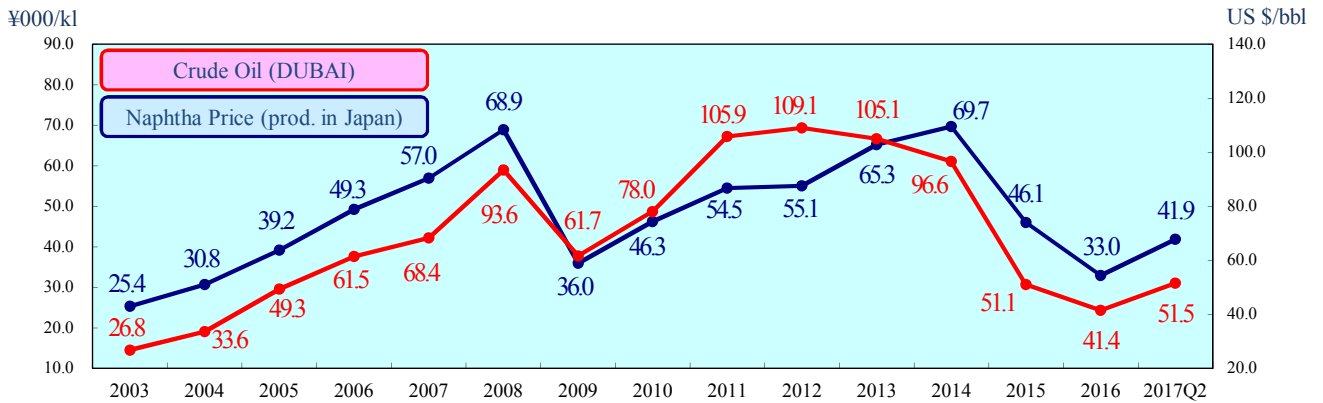
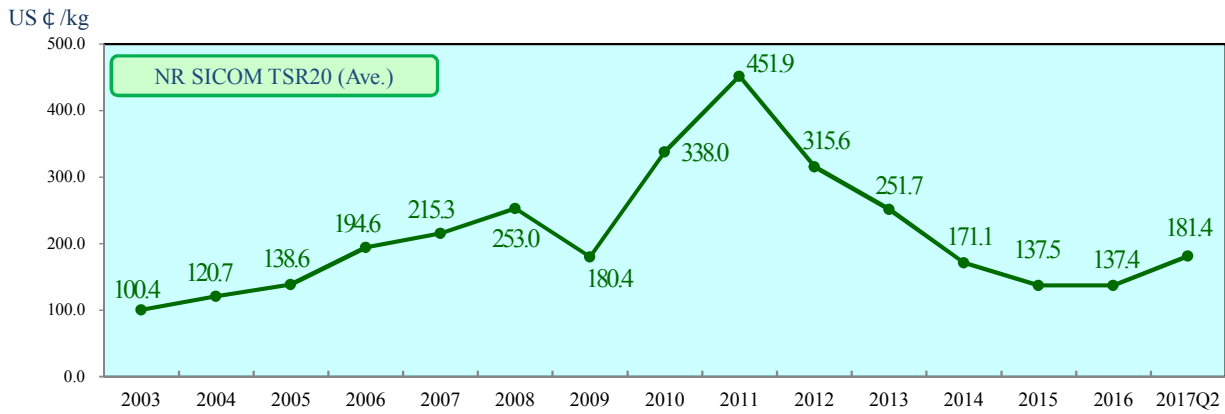

XXIO 「SUPER SOFT X」




SRIXON 「REVO CX」



Soft tennis ball 「SRIXON」



for you, for the earth

SUMITOMO RUBBER GROUP