

# Financial Report

(January 1 ~ December 31, 2017)

February 14, 2018



## Key Subjects

- 2017 Annual 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 90 (vs 2016 year-end : +17)		Equity-method Affiliates 3 (vs 2016 year-end : - )	
	Newly Included +19	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 13 consolidated subsidiaries (U.K. and other/Sporting goods business)	Cleveland Golf Korea Co., Ltd. (Merged with Dunlop Sports Korea Co., Ltd.)		
Industrial & Other	Lonstroff Medical Elastomer d.o.o. (Slovenia/ Manufacturing company of medical rubber parts)	Lonstroff Holding AG (Merged with Lonstroff AG)		

## Affiliated Companies (Consolidated Subs: 90, 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 15	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 5	Overseas 1	Overseas -
	Malaysia, China, Vietnam, Switzerland, Slovenia	Hong Kong	-

**TOTAL 93**  
Domestic 31  
Overseas 62

Billions of Yen

	Actual 2017	Actual 2016	YOY	Nov. 8 <sup>th</sup> Forecast	Actual 2015
Sales Revenue	877.9	756.7	116%	860.0	798.5
Business Profit (%) ※1	67.0 (7.6%)	74.9 (9.9%)	89%	63.0 (7.3%)	78.9 (9.9%)
Operating Profit (%)	67.4 (7.7%)	73.3 (9.7%)	92%	63.0 (7.3%)	89.2 (11.2%)
Profit ※2	47.0	41.4	114%	41.0	72.0
ROE	10.6%	9.7%		9.0%	17.5%
ROA ※3	7.0%	8.2%		6.5%	8.4%
D/E Ratio	0.6	0.5		0.6	0.6

	2017 Forecast			
	Feb. 14 <sup>th</sup>	May 10 <sup>th</sup>	Aug. 8 <sup>th</sup>	Nov. 8 <sup>th</sup>
Sales Revenue	850.0	850.0	860.0	860.0
Business Profit	50.0	50.0	63.0	63.0
Operating Profit	50.0	50.0	63.0	63.0
Profit	33.0	33.0	41.0	41.0

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

※2. Profit : Profit attributable to owners of parent

※3. ROA : Business Profit /Net Assets

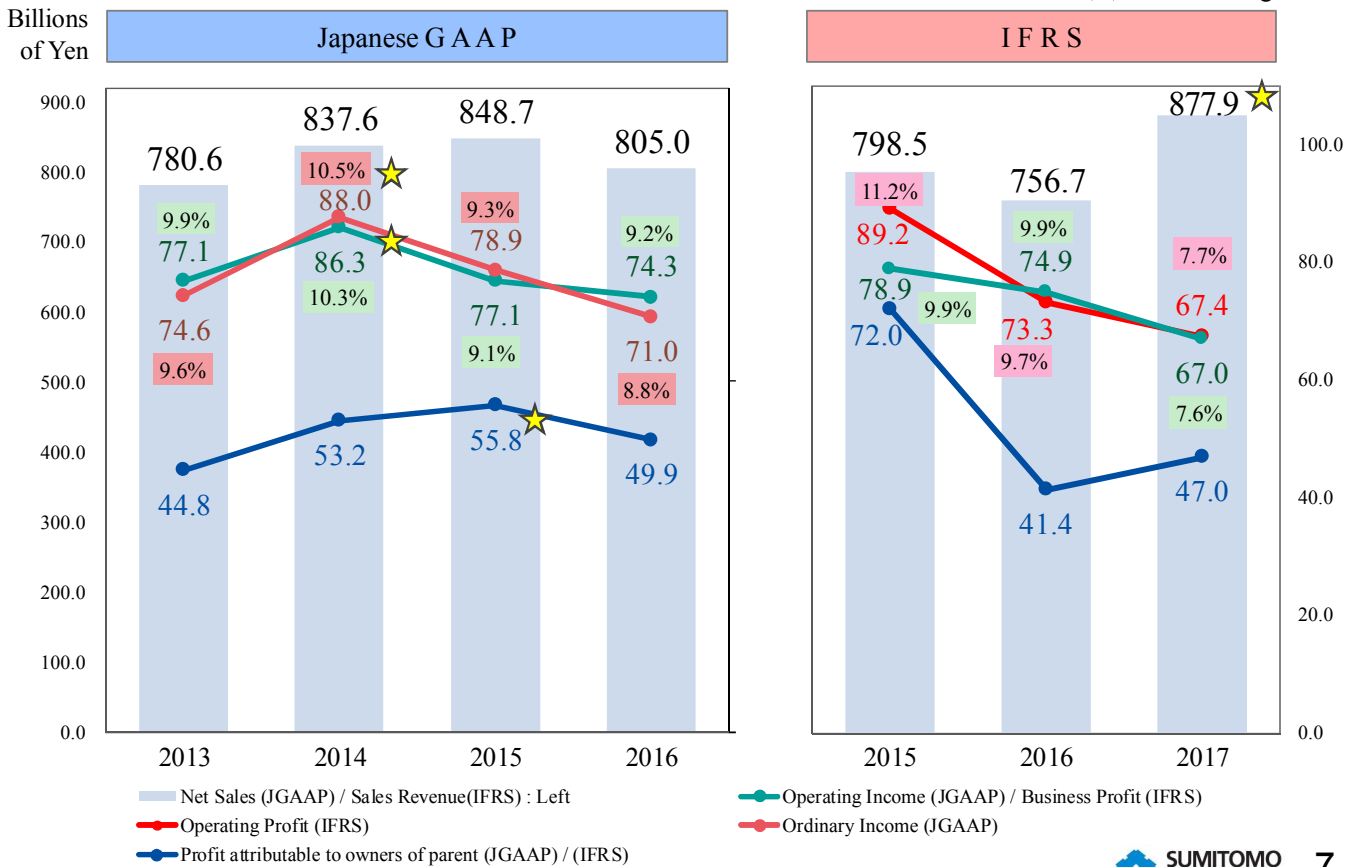
The above notes apply throughout this report.

# Consolidated Financial Results by Quarter

Billions of Yen

	2017		2017		2017		2017		Actual	
	Jan.-Mar.	vs 2016	Apr.-Jun.	vs 2016	Jul.-Sep.	vs 2016	Oct.-Dec.	vs 2016	2017	vs 2016
Sales Revenue	192.1	108% 13.7	211.3	117% 30.7	214.9	122% 39.4	259.6	117% 37.3	877.9	116% 121.2
Business Profit (%)	12.2 (6.3%)	86% (2.0)	9.7 (4.6%)	60% (6.5)	8.4 (3.9%)	71% (3.4)	36.7 (14.1%)	112% 4.0	67.0 (7.6%)	89% (7.9)
Operating Profit (%)	11.8 (6.2%)	88% (1.6)	9.4 (4.4%)	60% (6.3)	8.8 (4.1%)	70% (3.7)	37.4 (14.4%)	118% 5.8	67.4 (7.7%)	92% (5.8)
Profit	8.6	105% 0.4	3.9	39% (5.9)	4.6	48% (4.9)	30.0	215% 16.1	47.0	114% 5.6

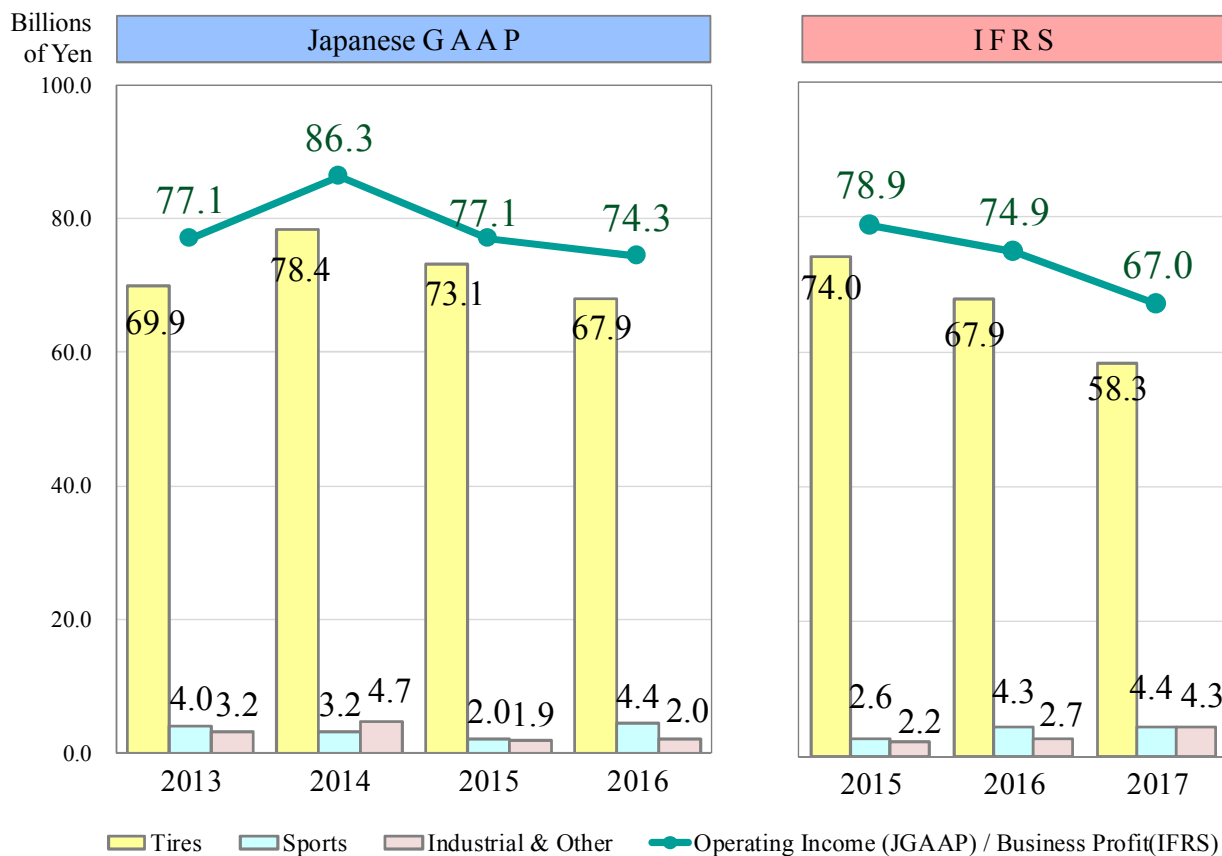
% : Profit % ★ : Record High



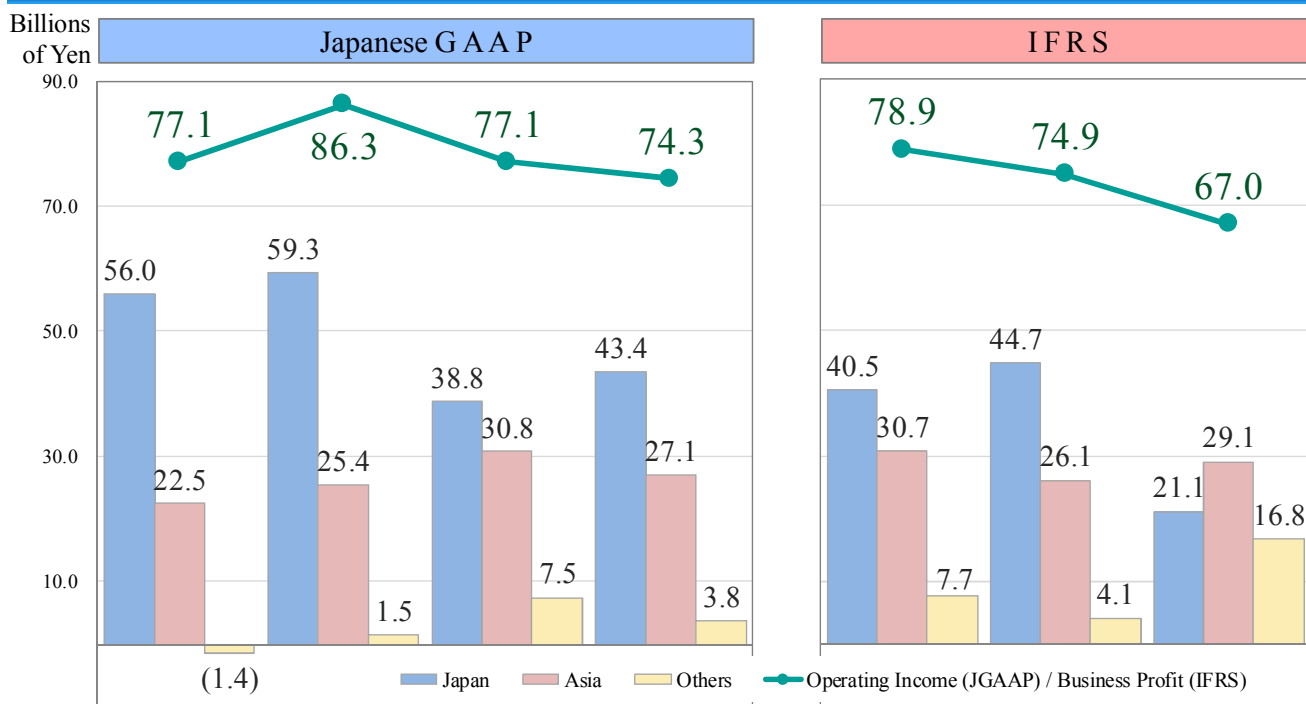
Billions of Yen

		2017		2017		Actual 2017	Actual 2016	YOY
		Jan.-Sep.	vs 2016	Oct.-Dec.	vs 2016			
Sales Revenue	Tires	530.7	117%	225.9	117%	756.6	648.4	117%
	Sports	58.7	108%	23.0	124%	81.7	72.8	112%
	Industrial & Other	28.9	116%	10.6	101%	39.6	35.5	111%
	Total	618.3	116%	259.6	117%	877.9	756.7	116%
Business Profit	Tires	24.3	65%	34.1	112%	58.3	67.9	86%
	Sports	3.0	94%	1.4	123%	4.4	4.3	102%
	Industrial & Other	3.0	191%	1.3	113%	4.3	2.7	159%
	Total	30.3	72%	36.7	112%	67.0	74.9	89%

# Consolidated Business Profit by Reportable Segment

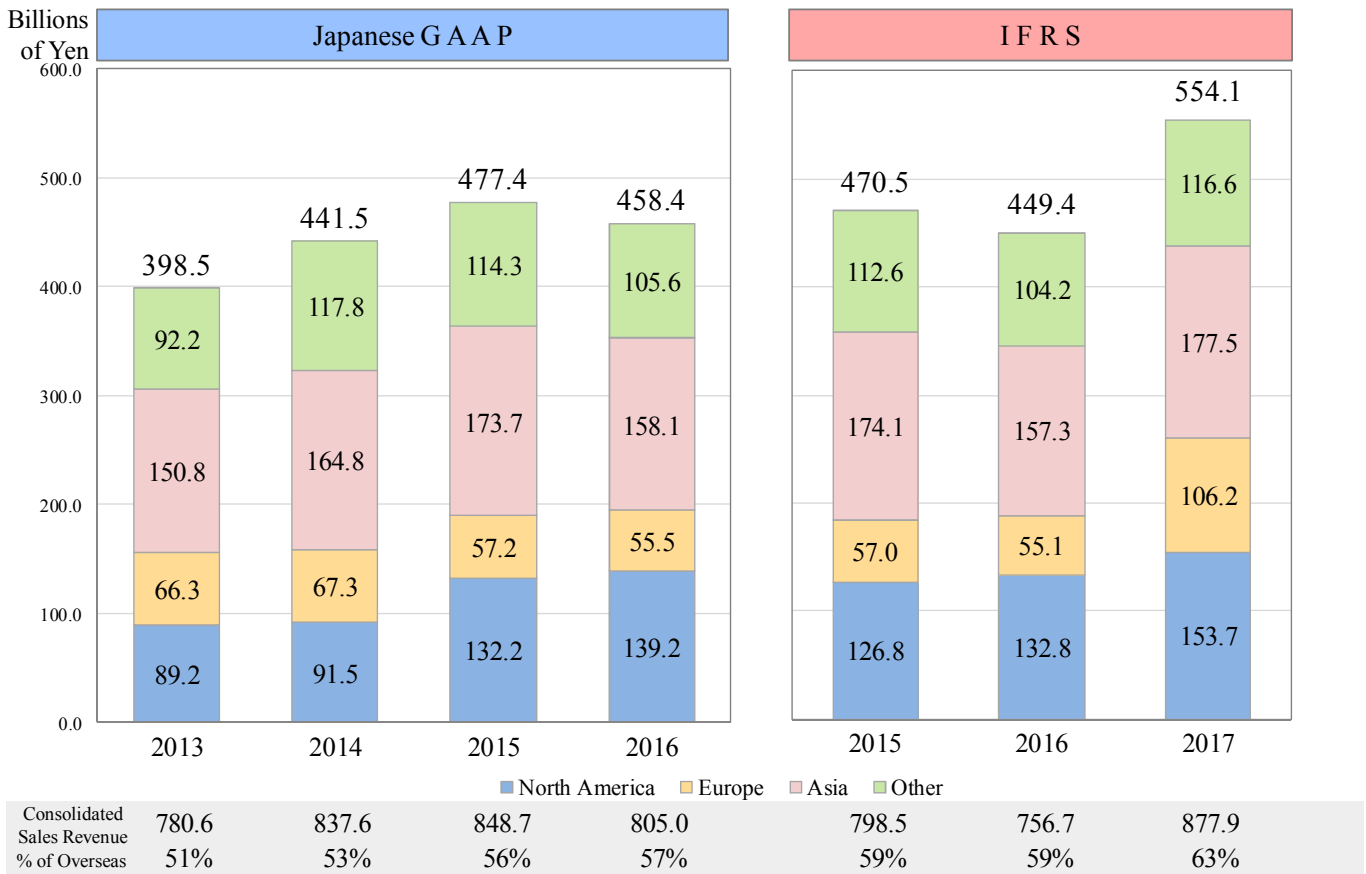


# Consolidated Business Profit by Geographic Areas



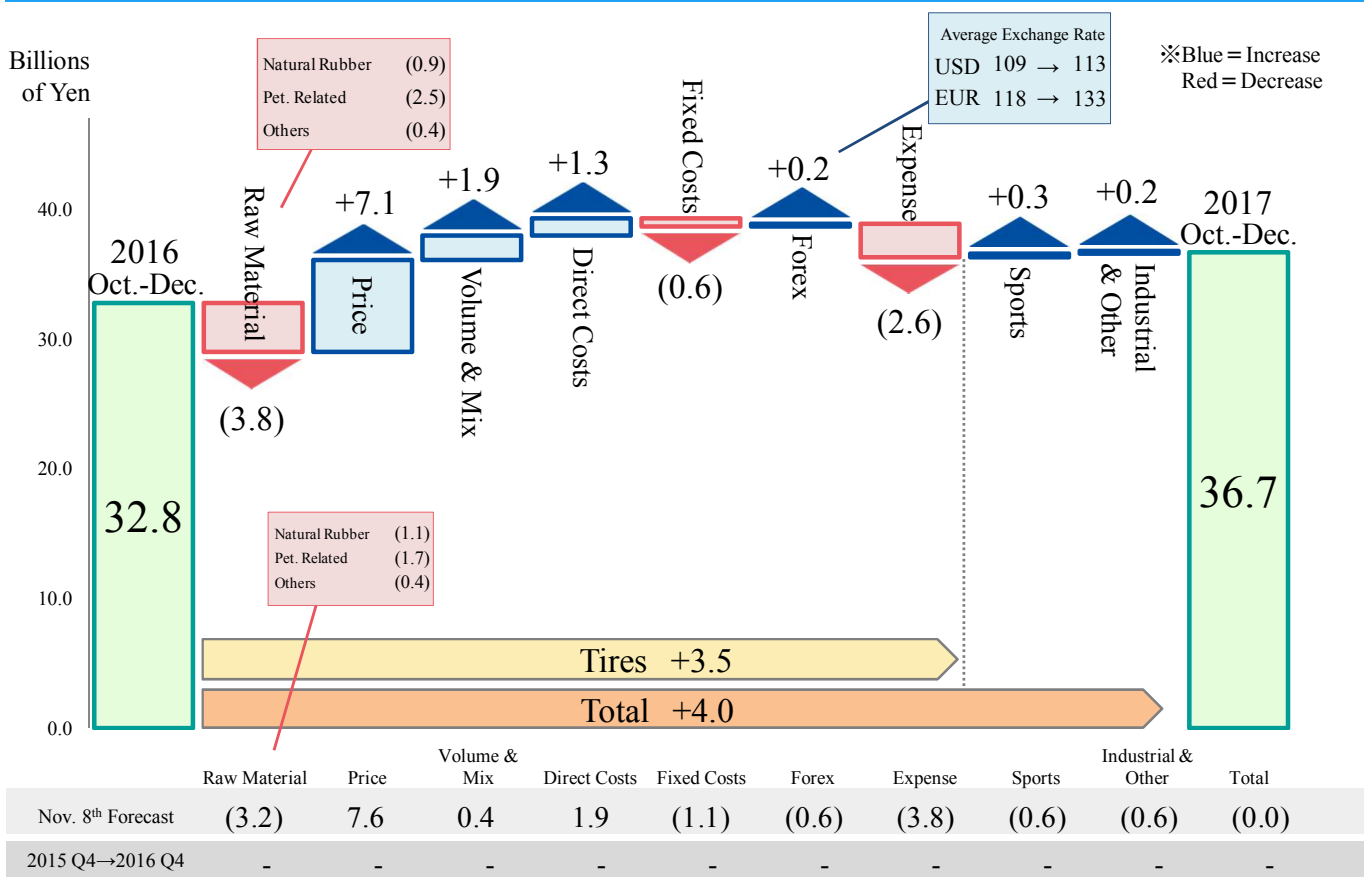
Sales Revenue	2013	2014	2015	2016	2015	2016	2017
Japan	466.6	484.1	466.4	421.1	417.7	375.3	400.4
Asia	144.7	156.7	163.7	149.0	164.2	148.5	169.5
Others	169.3	196.9	218.5	234.9	216.6	232.9	308.1
Total	780.6	837.6	848.7	805.0	798.5	756.7	877.9

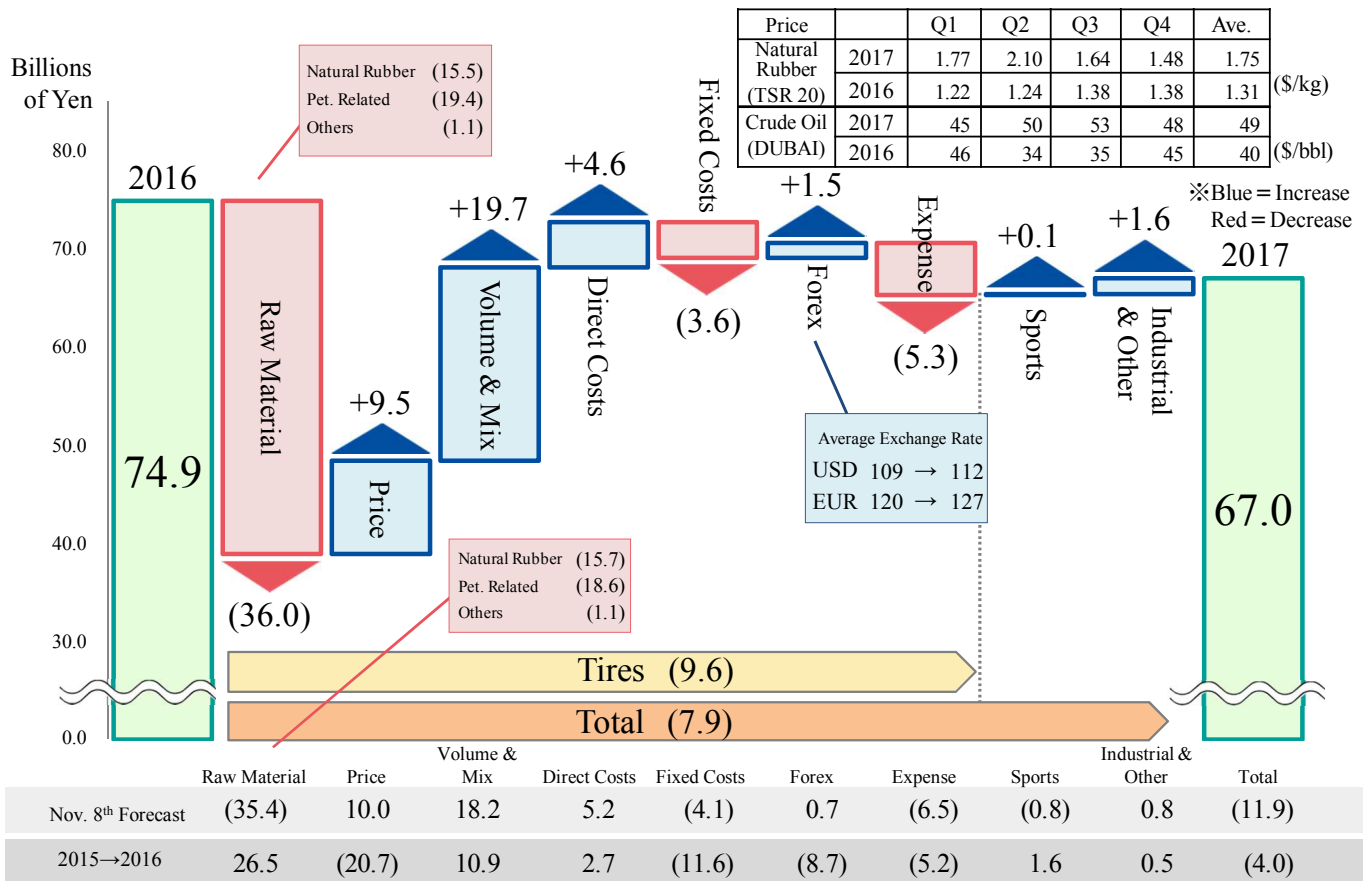
※Sales and Profit for geographic areas on this page are based on sales company's location.



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

# Consolidated Business Profit Walk (2017 Oct.-Dec.)





## Consolidated Business Profit Analysis by Factors

Billions of Yen

Period	Business Profit	Factors										
		Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	Forex	Expense	Sports	Industrial & Other		
2016	Jan.-Mar.	14.2	-	-	-	-	-	-	-	-	-	
	Apr.-Jun.	16.2	-	-	-	-	-	-	-	-	-	
	Jul.-Sep.	11.8	-	-	-	-	-	-	-	-	-	
	Oct.-Dec.	32.8	-	-	-	-	-	-	-	-	-	
	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.-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

(vs Nov. 8 <sup>th</sup> Forecast)	4.0	(0.6)	(0.5)	1.5	(0.6)	0.5	0.8	1.2	0.9	0.8
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	Actual 2017 year-end	Actual 2016 year-end	YOY	Billions of Yen	
				<b>Main Factors</b>	
Current assets	466.0	412.6	+53.4	Trade and other receivables	+ 26.5
Non-current assets	552.3	485.1	+67.2	Inventories	+ 20.0
<b>Total assets</b>	<b>1,018.3</b>	<b>897.6</b>	<b>+120.6</b>	Property, plant and equipment	+ 16.5
Current liabilities	303.3	252.0	+51.3	Intangible assets (including Goodwill)	+ 48.4
Non-current liabilities	224.1	186.1	+38.0	Net defined benefit asset	+ 4.7
<b>Total liabilities</b>	<b>527.4</b>	<b>438.1</b>	<b>+89.3</b>	Interest-bearing debt	+ 69.2
Total equity attributable to owners of parent	459.9	429.3	+30.6	(273.5 ← 204.2)	
Non-controlling interest	31.0	30.2	+0.8	Trade and other payables	+ 15.9
<b>Total equity</b>	<b>490.9</b>	<b>459.5</b>	<b>+31.3</b>	Profit	+ 47.0
Total liabilities and equity	1,018.3	897.6	+120.6	Dividends paid	(13.1)
Equity ratio	45.2%	47.8%	(2.6)P	Treasury stock	(17.1) ※
				Other components of equity	+ 8.9

※Common stock of SRI allotted to shareholders of Dunlop Sports Co. Ltd. effective January 1st 2018.

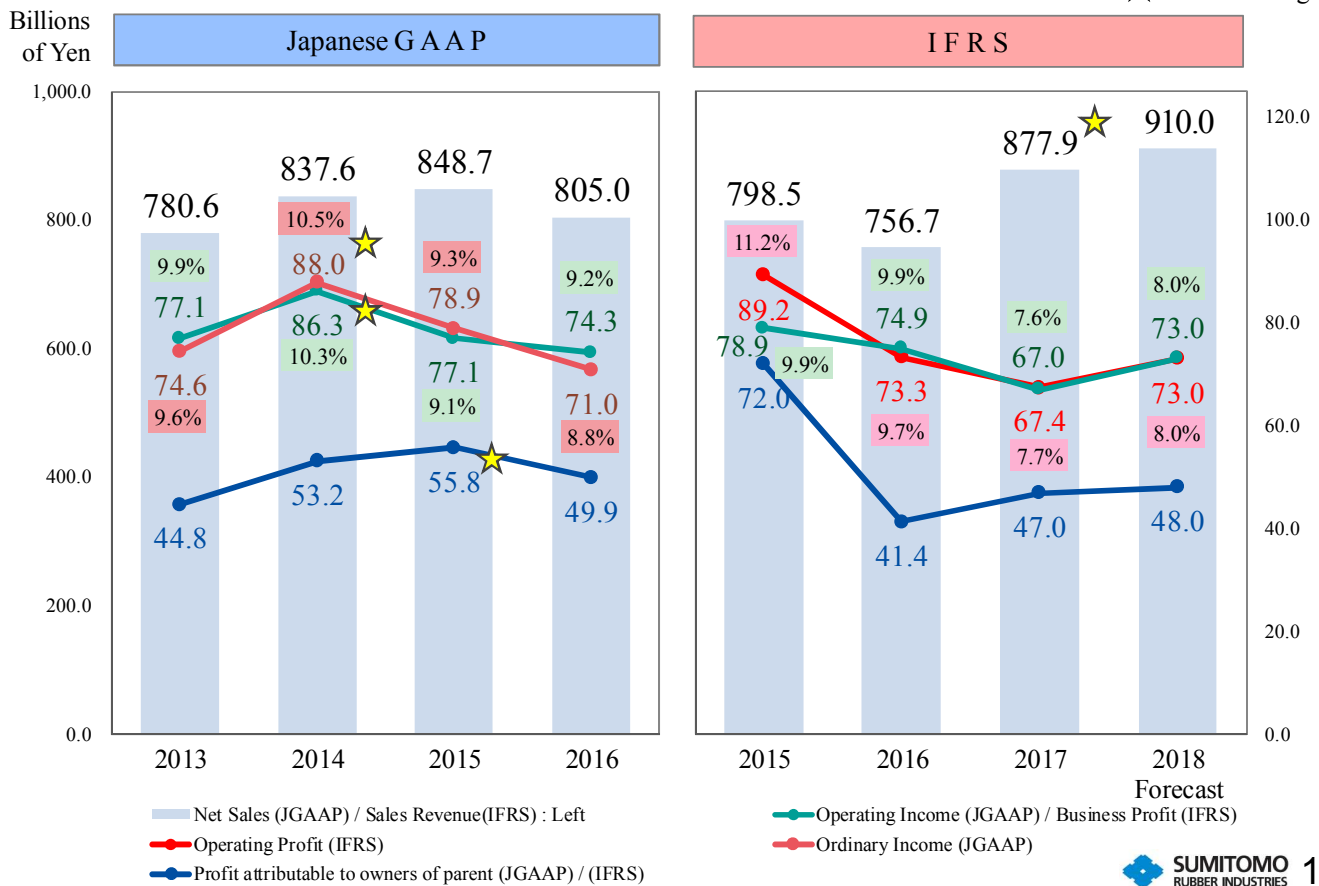
## 【Forecast】 Consolidated Financial Results

	Annual Forecast 2018	Actual 2017	YOY	Billions of Yen	
				First half Forecast 2018	vs 2017
Sales Revenue	910.0	877.9	104%	430.0	107%
Business Profit (%)	73.0 (8.0%)	67.0 (7.6%)	109%	26.5 (6.2%)	121%
Operating Profit (%)	73.0 (8.0%)	67.4 (7.7%)	108%	26.5 (6.2%)	125%
Profit	48.0	47.0	102%	16.5	133%
ROE	10.1%	10.6%			
ROA	7.2%	7.0%			
D/E Ratio	0.5	0.6			



# [Forecast] Consolidated Sales Revenue / Profit

% : Profit % ★ : Record High



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

Billions of Yen

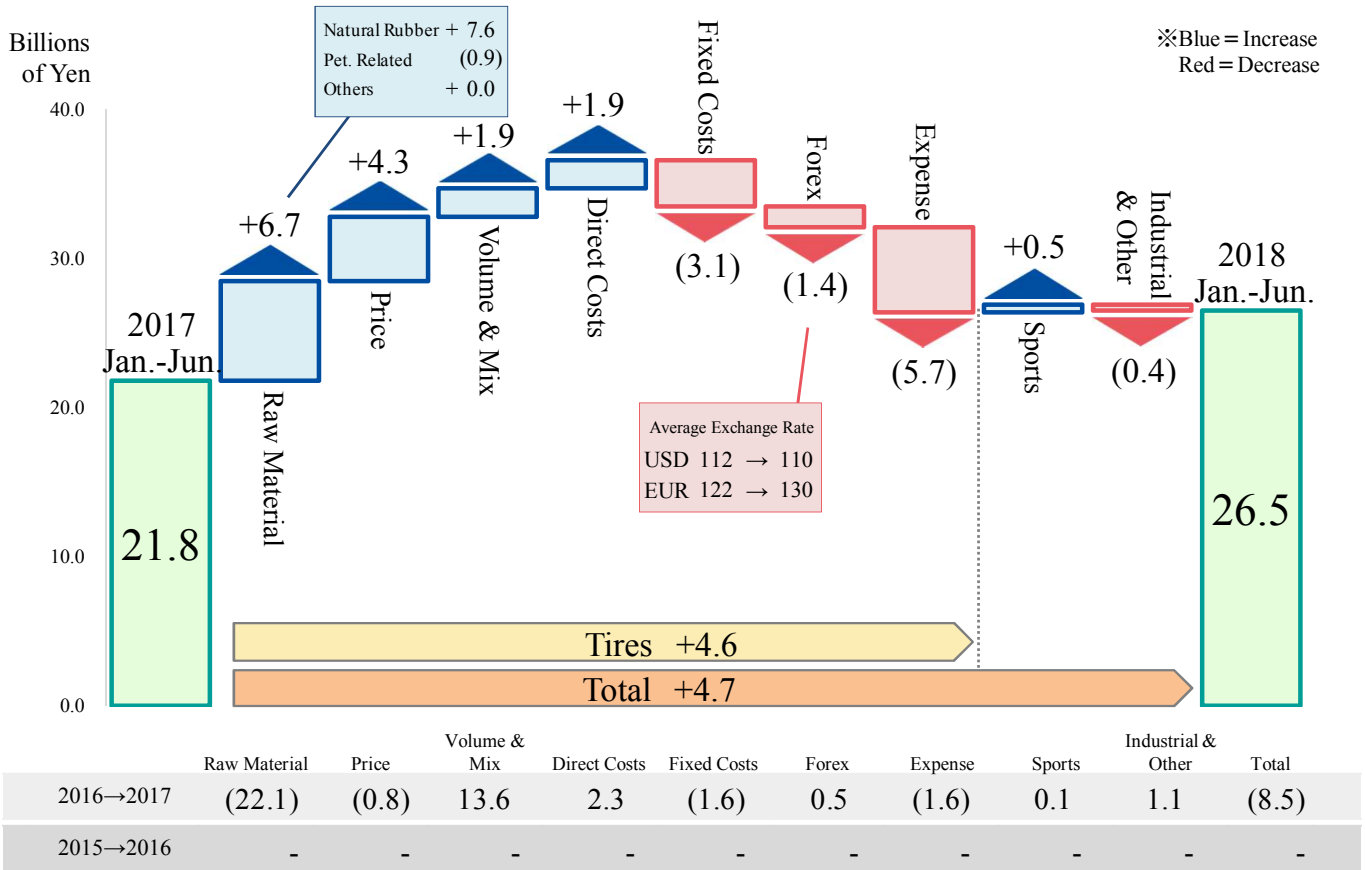
		Annual Forecast 2018	Actual 2017	YOY
Sales Revenue	Tires	785.0	756.6	104%
	Sports	85.0	81.7	104%
	Industrial & Other	40.0	39.6	101%
	Total	910.0	877.9	104%

First half Forecast 2018	vs 2017
367.0	106%
44.0	116%
19.0	99%
430.0	107%

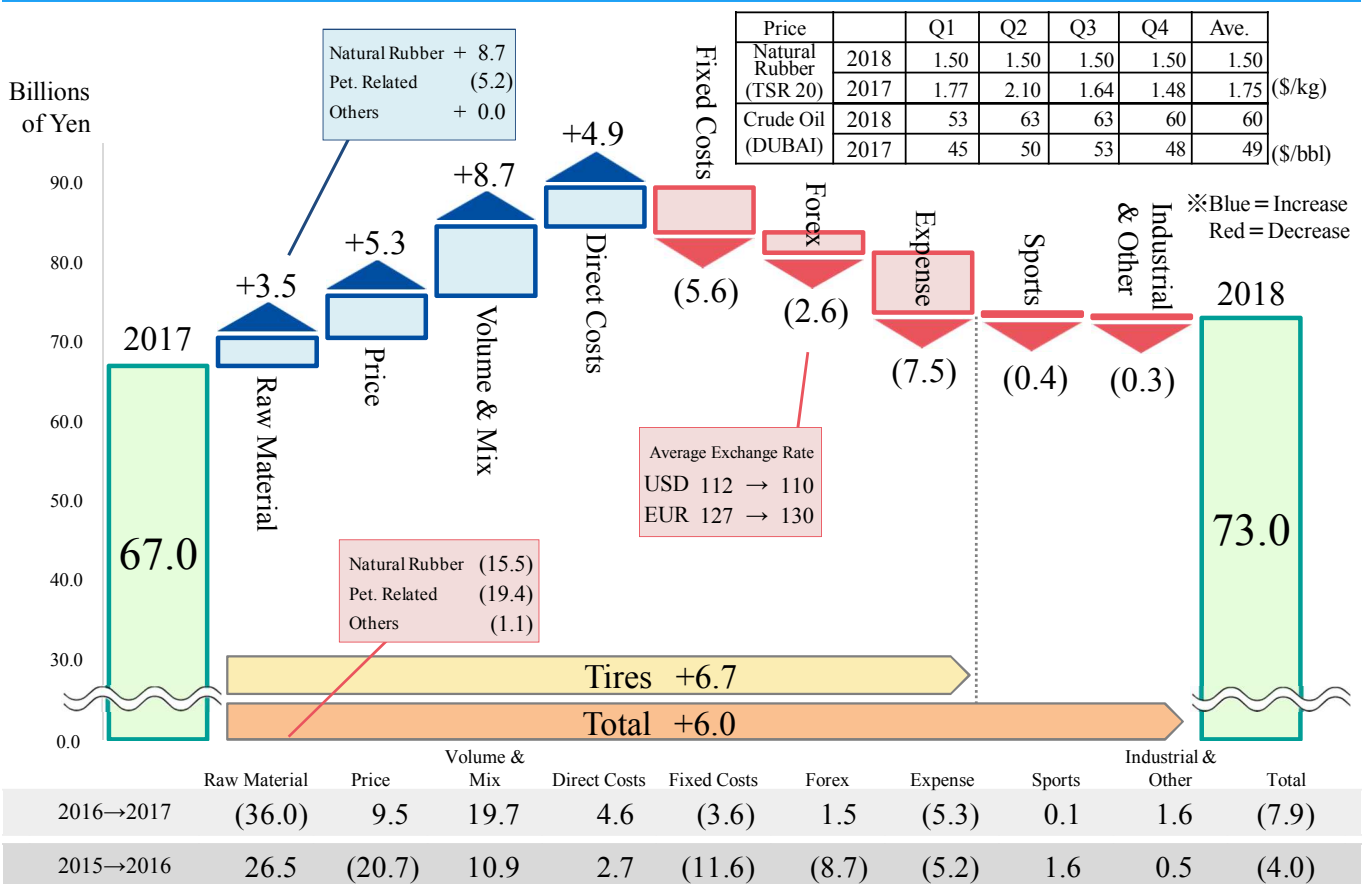
		Annual Forecast 2018	Actual 2017	YOY
Business Profit	Tires	65.0	58.3	111%
	Sports	4.0	4.4	91%
	Industrial & Other	4.0	4.3	94%
	Total	73.0	67.0	109%

First half Forecast 2018	vs 2017
22.0	126%
3.0	120%
1.5	78%
26.5	121%

# [Forecast] Consolidated Business Profit Walk (2018 1st half)



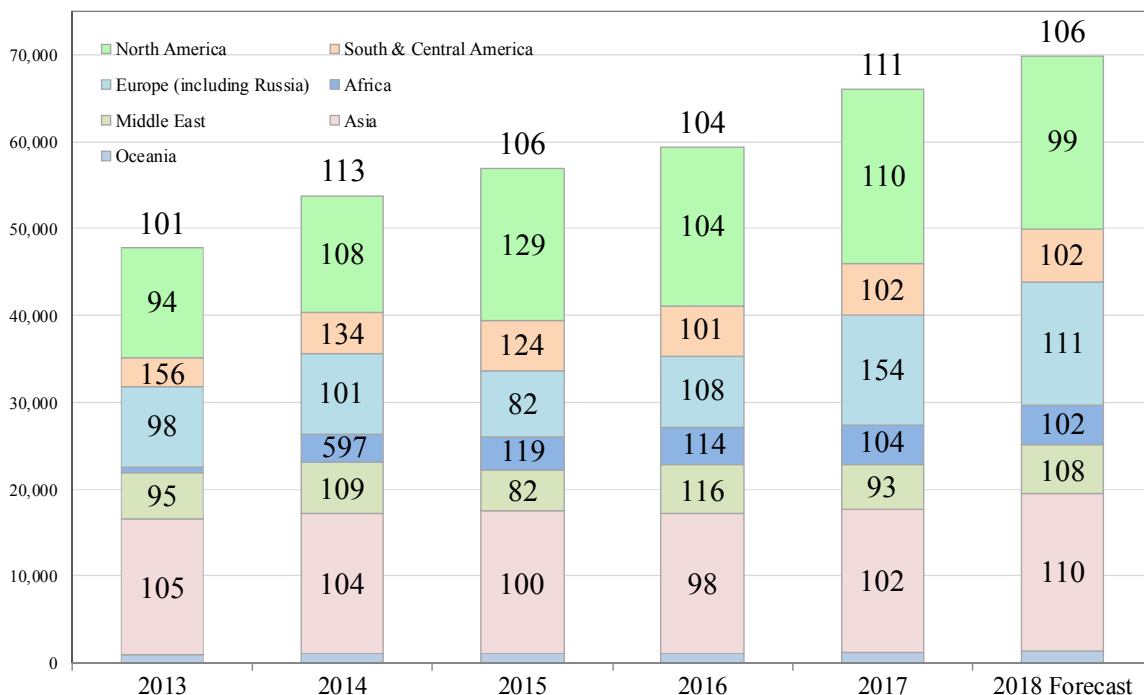
# [Forecast] Consolidated Business Profit Walk (2018 Annual)



	2016 Actual					2017 Actual					2018 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%	111%	<b>107%</b>	110%	105%	96%	100%	
Domestic Rep.	101%	101%	100%	101%	101%	103%	114%	106%	<b>100%</b>	105%	98%	99%	99%	
Overseas O.E.	106%	101%	114%	102%	105%	114%	107%	113%	<b>104%</b>	109%	105%	128%	117%	
Overseas Rep.	109%	106%	106%	98%	104%	112%	112%	112%	<b>109%</b>	111%	106%	105%	106%	
Details	North America	118%	108%	105%	91%	104%	121%	102%	107%	<b>112%</b>	110%	98%	101%	99%
	Europe	97%	114%	105%	118%	108%	130%	182%	173%	<b>137%</b>	154%	123%	101%	111%
	Asia	99%	94%	101%	99%	98%	106%	102%	104%	<b>98%</b>	102%	108%	112%	110%
	Others	119%	112%	113%	96%	109%	98%	105%	97%	<b>101%</b>	100%	103%	106%	105%
<b>Total</b>	<b>104%</b>	<b>102%</b>	<b>105%</b>	<b>100%</b>	<b>103%</b>	<b>111%</b>	<b>112%</b>	<b>111%</b>	<b>106%</b>	<b>110%</b>	<b>104%</b>	<b>106%</b>	<b>105%</b>	
Total Tire Sales (000 Units)	25,510	26,780	28,620	31,740	112,640	28,230	29,920	31,810	<b>33,510</b>	123,470	60,730	69,260	129,990	

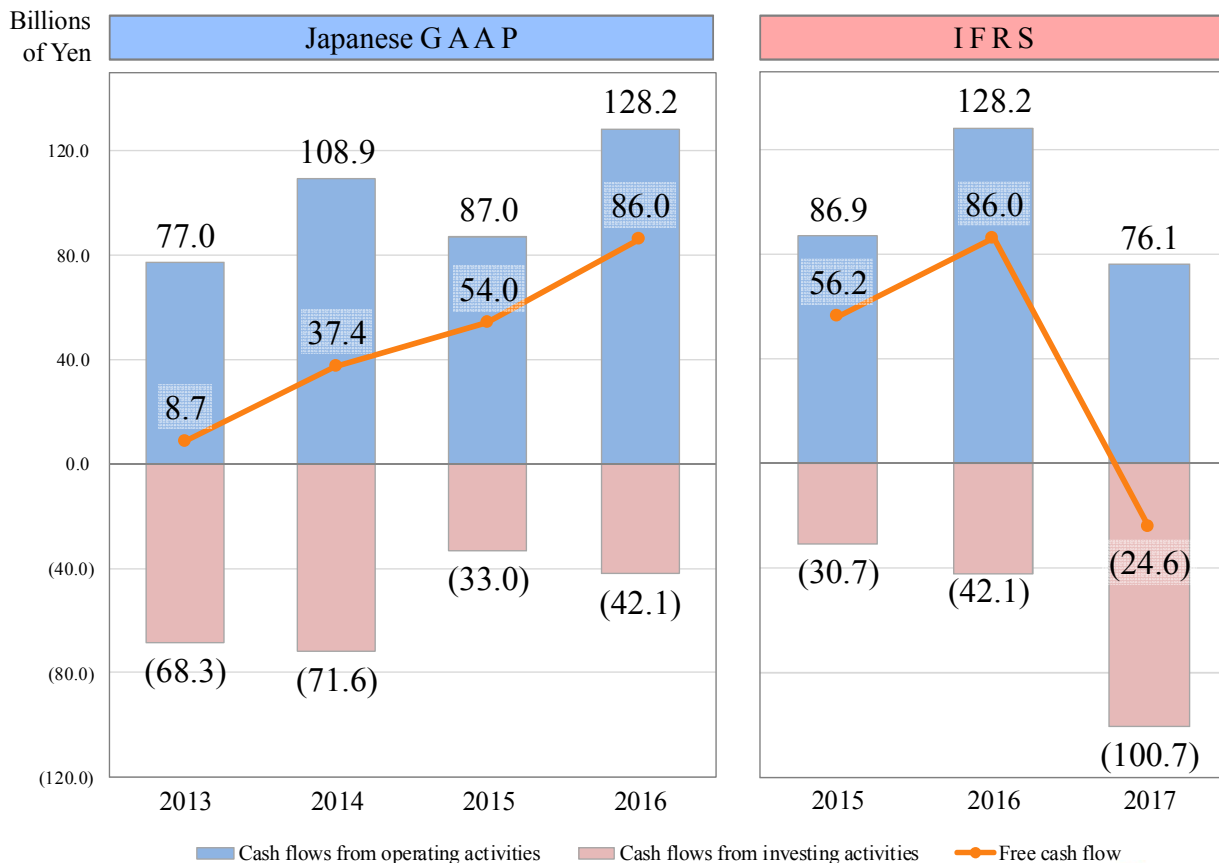
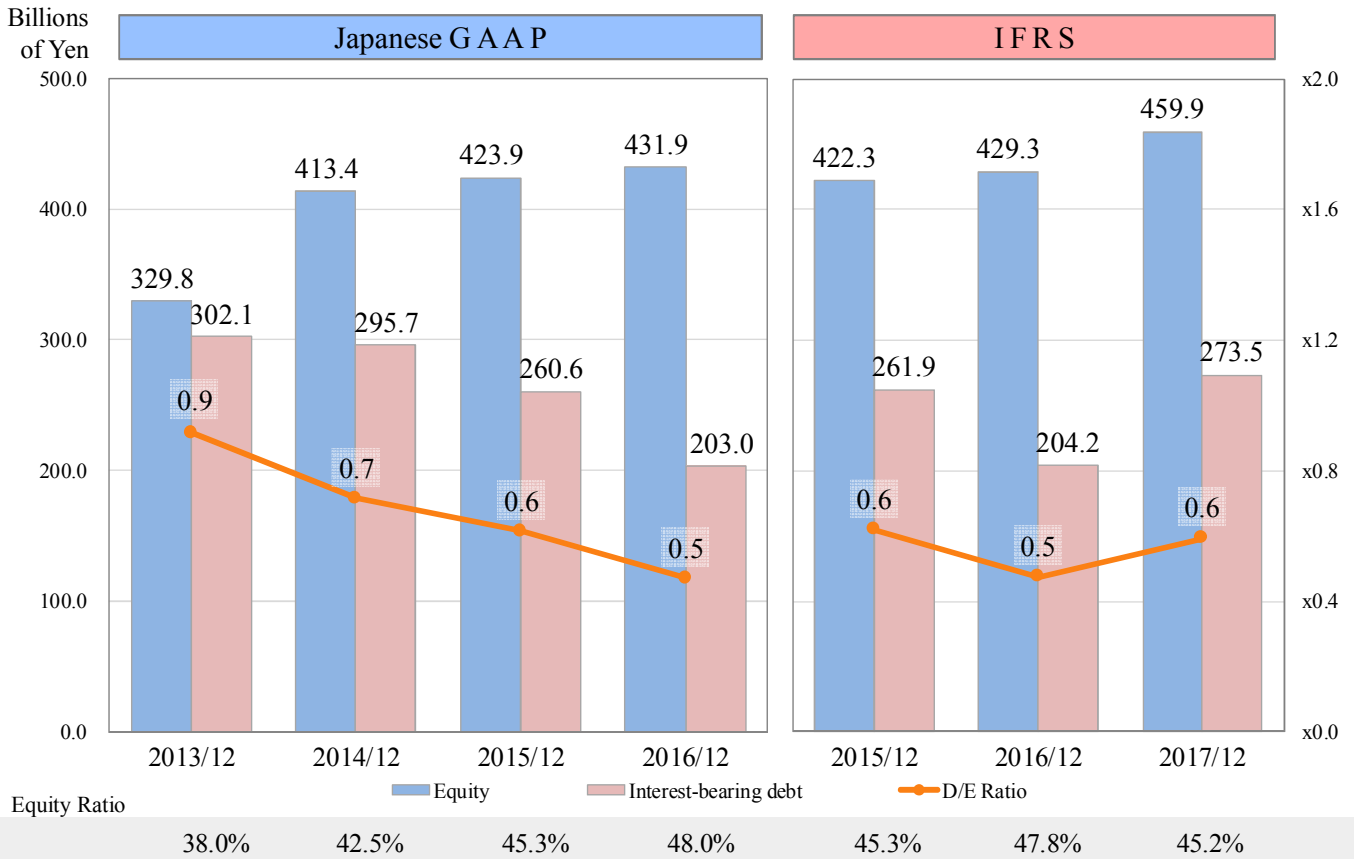
## Tire Overseas Rep. Volume by Regional Segment

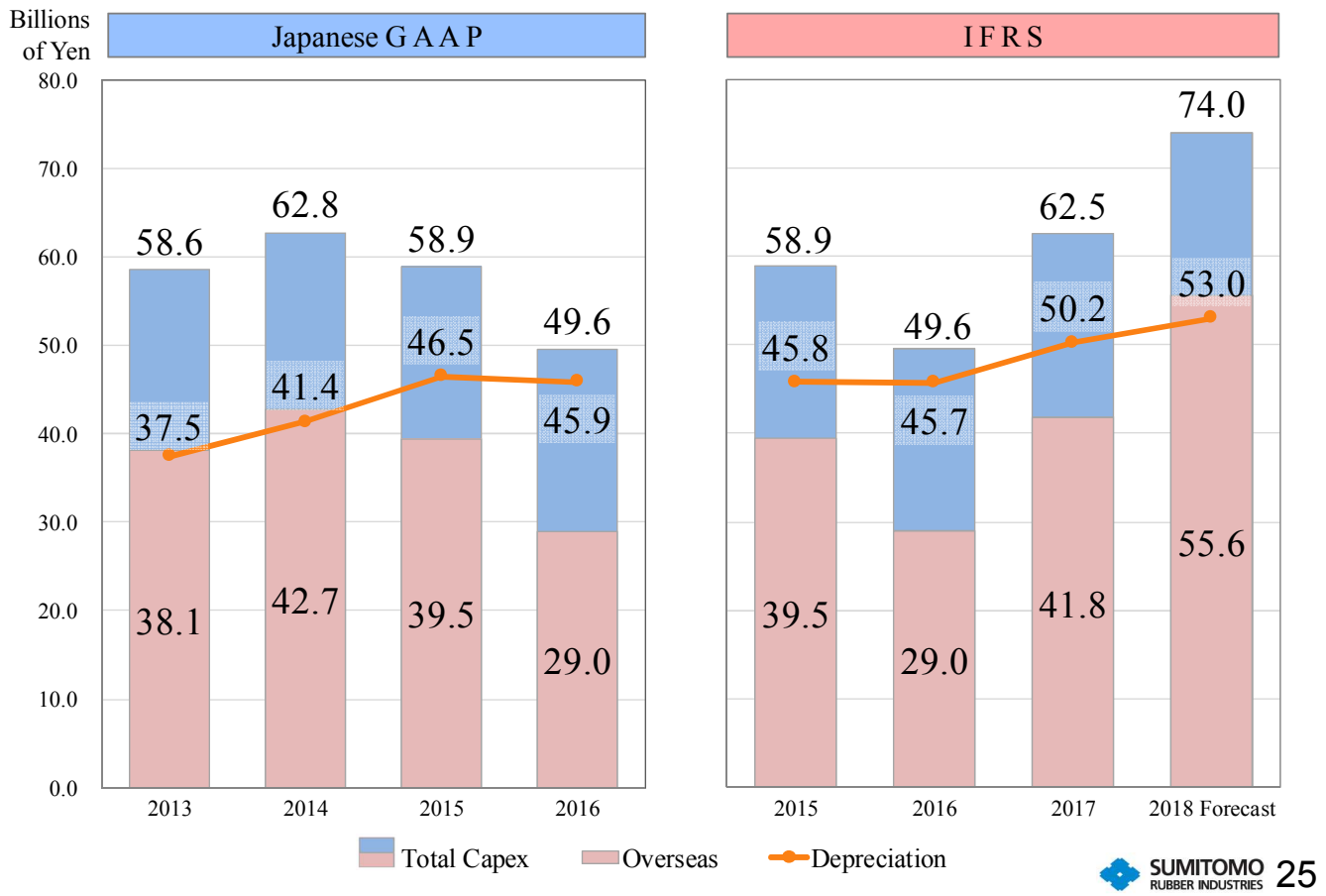
000 units



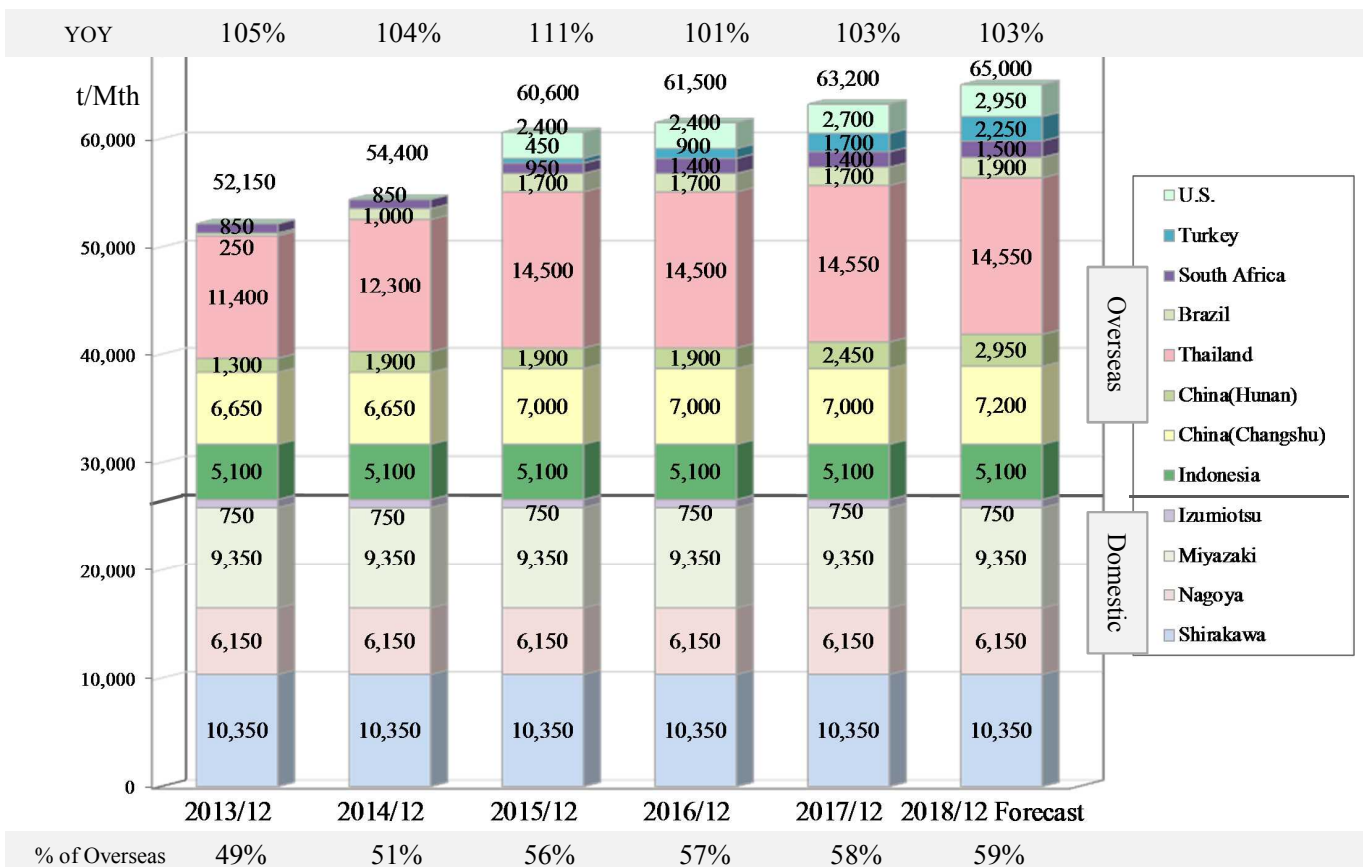
Forex(USD)      98      106      121      109      112      110

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

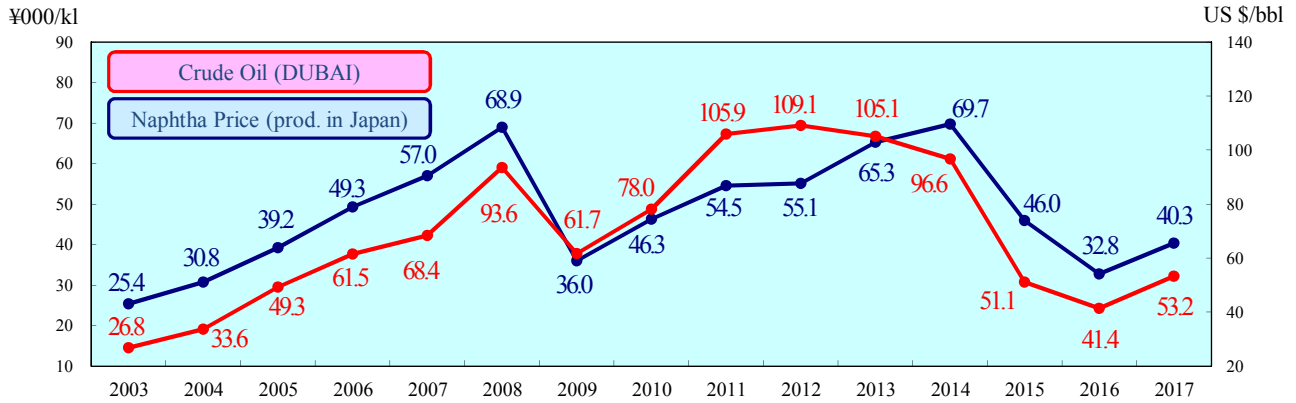
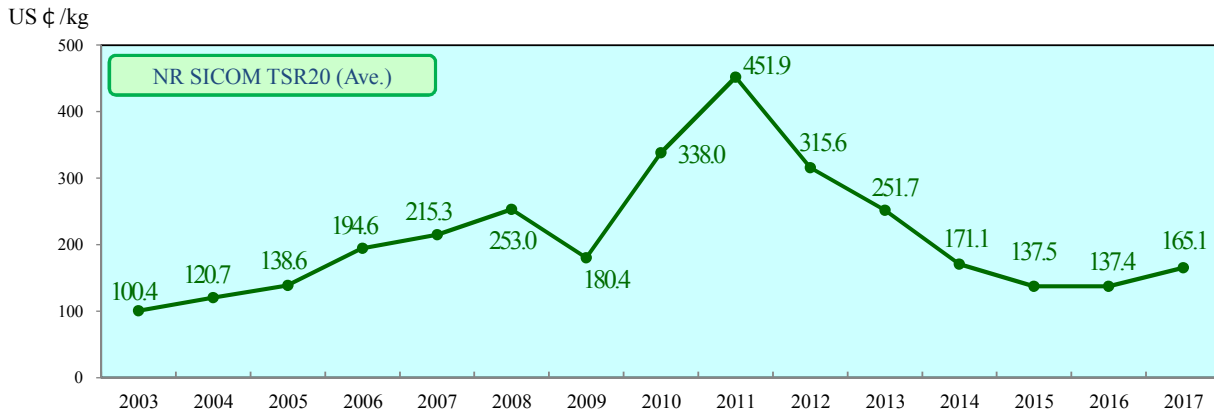




# Tire Production Capacity







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