

**SUMITOMO RUBBER GROUP**



環境大臣認定  
エコ・ファースト企業

# Financial Report

(January 1 ~ June 30, 2016)

 **SUMITOMO RUBBER INDUSTRIES, LTD.**

## Key Subjects

SUMITOMO RUBBER GROUP

- 2016 2<sup>nd</sup> Quarter  
Financial Results Summary
  - Changes in Scope of Consolidation, Affiliated Companies
  - Financial Results Summary
- 2016 Annual Financial Results Projection
  - Annual Financial Results Projection Summary
  - Capex/Depreciation, Tire Production Capacity etc.

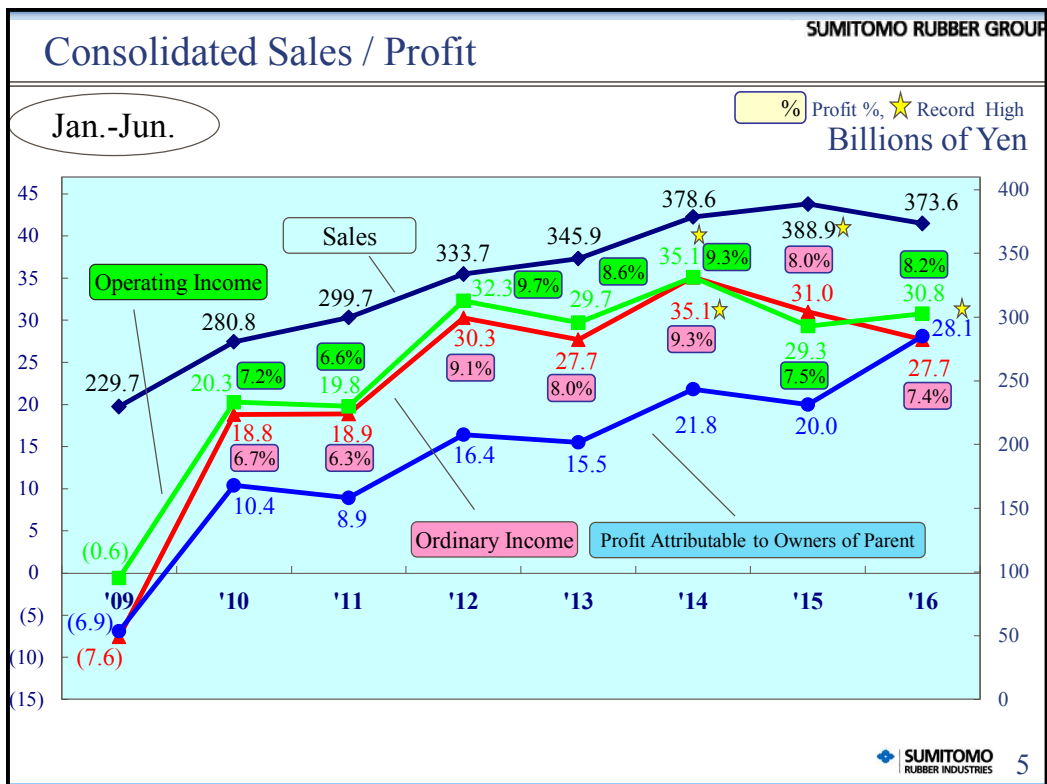
## Changes in Consolidated Subsidiaries

SUMITOMO RUBBER GROUP

Scope of Consolidation	Consolidated Subsidiaries 71 [(6)]		Equity-method Affiliates 4 [(1)]	
	Newly Included	Excluded (6)	Newly Included	Excluded (1)
# of changed Companies	-	(6)	-	(1)
	-	(6)	-	(1)
Tire		Dunlop Goodyear Tires, Ltd. (Japan/ Merged with Sumitomo Rubber Industries, Ltd.) ----- SRITP Limited Dunlop Tire Trading (Shanghai) Co.,Ltd. Dunlop Tire Trading (Tianjin) Co.,Ltd. Dunlop Tire Trading (Dalian) Co.,Ltd. Dunlop Tire Trading (Guangzhou) Co.,Ltd.		Aono Resort Co., Ltd.
Sports				
Industrial & Other				

				SUMITOMO RUBBER GROUP				
Affiliated Companies (Consolidated Subs: 71, Equity-method Affiliates: 4)								
	Manufacturing Companies			Sales Companies			Other Companies	
Tire	Domestic 1			Domestic 12			Domestic 7	
	Overseas 8			Overseas 14			Overseas 5	
	Asia Pacific	4		Asia Pacific	9		Asia Pacific	1
	Europe and Africa	2		Europe and Africa	3		Europe and Africa	2
	Americas	2		Americas	2		Americas	2
Sports	Domestic 2			Domestic 1			Domestic 5	
	Overseas 2			Overseas 9			Overseas —	
	Thailand, U.S.			Malaysia, U.K., Australia, Canada, China, Hong Kong, South Africa, South Korea, Thailand			—	
Industrial & Other	Domestic —			Domestic 3			Domestic —	
	Overseas 4			Overseas 1			Overseas 1	
	Malaysia, China, Vietnam, Switzerland			Hong Kong			Switzerland	

								SUMITOMO RUBBER GROUP			
Consolidated Financial Results											
Jan.-Jun.								Billions of Yen			
	Jan.-Mar.		Apr.-Jun.		Jan.-Jun.		May. 10 <sup>th</sup> Proj.	Feb. 12 <sup>th</sup> Proj.			
		'16 vs. '15		'16 vs. '15		'16 vs. '15					
Sales	182.7	99% (2.5)	190.9	94% (12.8)	373.6	96% (15.3)	390.0	390.0			
Operating Income (%)	13.7 (7.5%)	113% +1.6	17.1 (9.0%)	100% (0.0)	30.8 (8.2%)	105% +1.5	31.0 (7.9%)	31.0 (7.9%)			
Ordinary Income (%)	12.6 (6.9%)	105% +0.6	15.0 (7.9%)	79% (4.0)	27.7 (7.4%)	89% (3.4)	29.5 (7.6%)	29.5 (7.6%)			
Profit Attributable to Owners of Parent	16.8	218% +9.1	11.4	92% (1.0)	28.1	140% +8.1	25.0	25.0			
Equity Income	0.0	(1.1)	(0.0)	(0.9)	0.0	(2.0)	0.0	0.0			



### SUMITOMO RUBBER GROUP

## Net Sales / Operating Income by Industrial Segment

Jan.-Jun. Billions of Yen

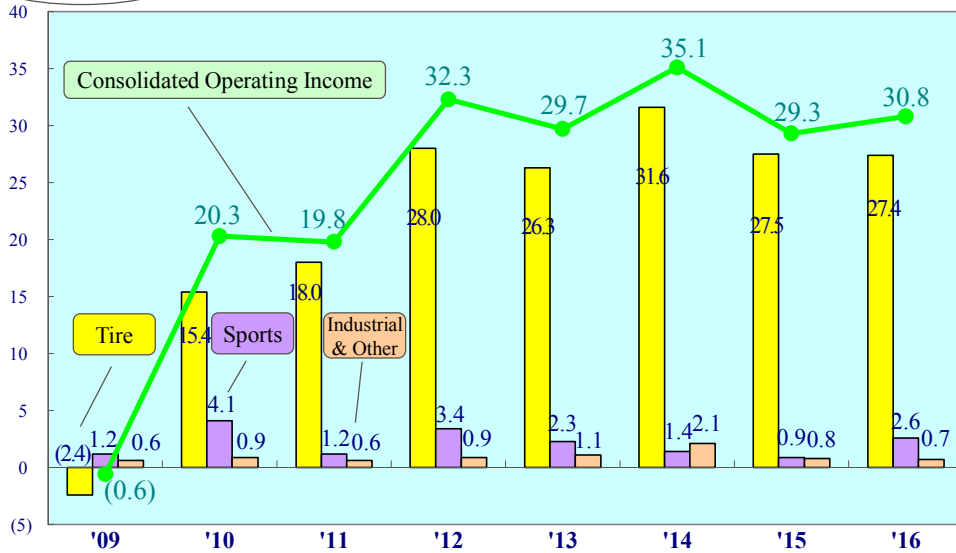
		Jan.-Mar.		Apr.-Jun.		Jan.-Jun.		May. 10 <sup>th</sup> Proj.	Feb. 12 <sup>th</sup> Proj.
		'16 vs. '15		'16 vs. '15		'16 vs. '15			
Sales	Tire	157.1	99%	163.3	94%	320.5	96%	334.0	334.0
	Sports	17.1	100%	19.4	93%	36.4	96%	37.0	37.0
	Industrial & Other	8.5	90%	8.2	87%	16.7	88%	19.0	19.0
	Consolidated	182.7	99%	190.9	94%	373.6	96%	390.0	390.0
Operating Income	Tire	12.5	105%	14.9	96%	27.4	100%	29.0	29.0
	Sports	0.9	-	1.7	153%	2.6	290%	1.0	1.0
	Industrial & Other	0.3	73%	0.4	107%	0.7	89%	1.0	1.0
	Consolidated	13.7	113%	17.1	100%	30.8	105%	31.0	31.0

SUMITOMO RUBBER INDUSTRIES 6

### Consolidated Operating Income by Industrial Segment

Jan.-Jun.

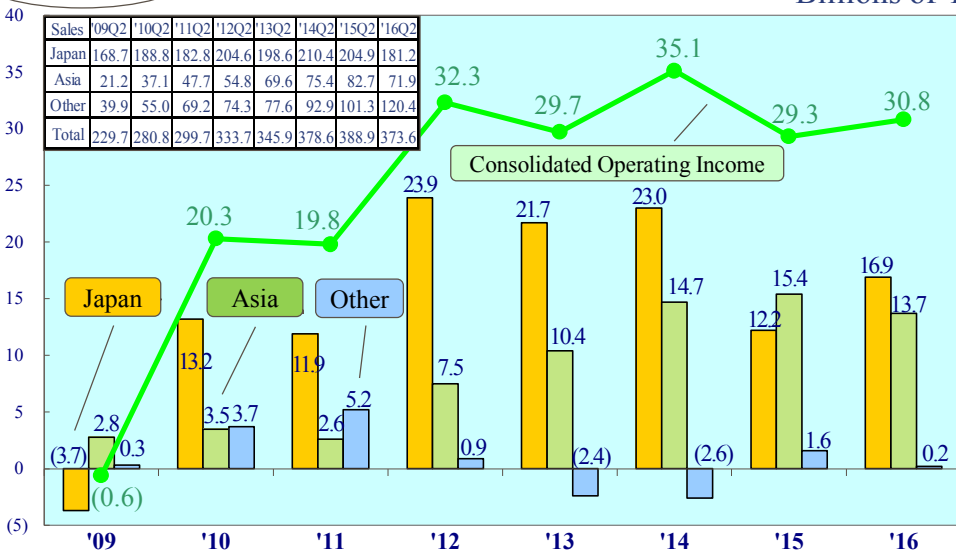
Billions of Yen

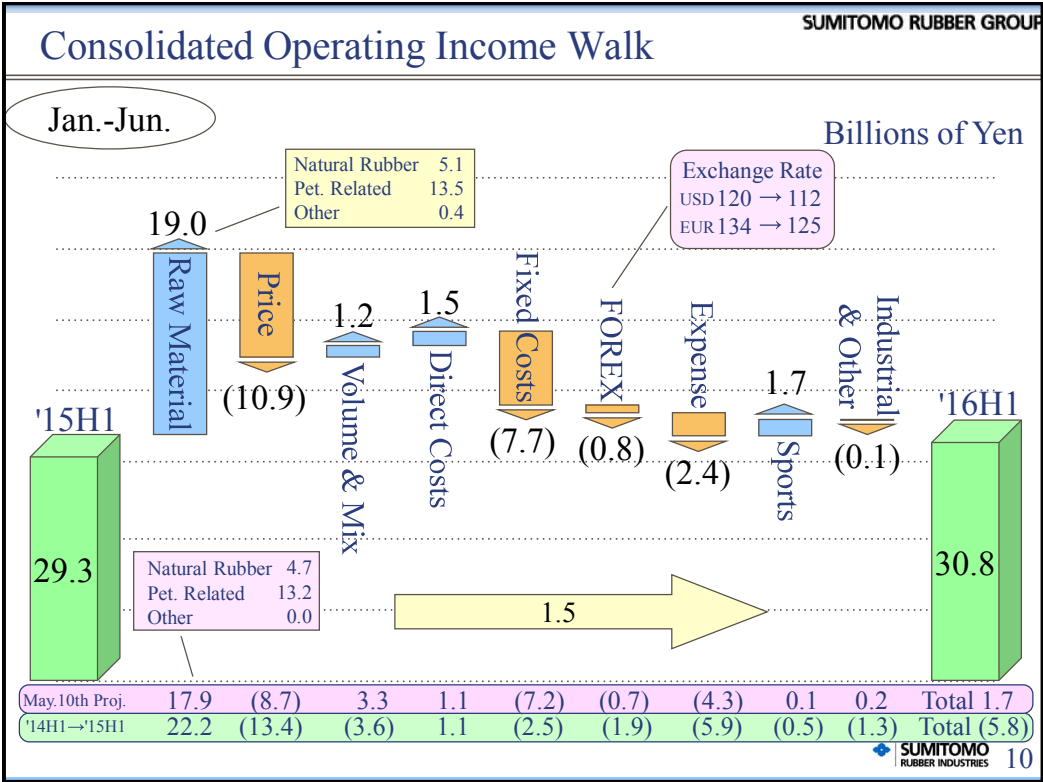
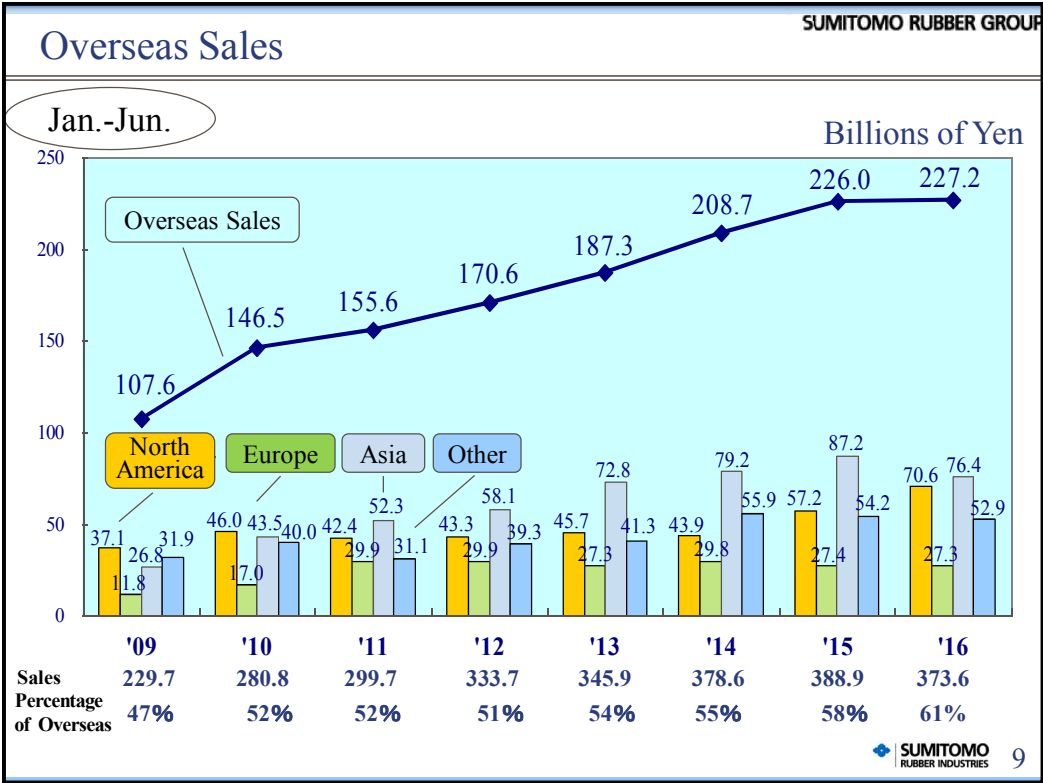


### Consolidated Operating Income by Geographic Area

Jan.-Jun.

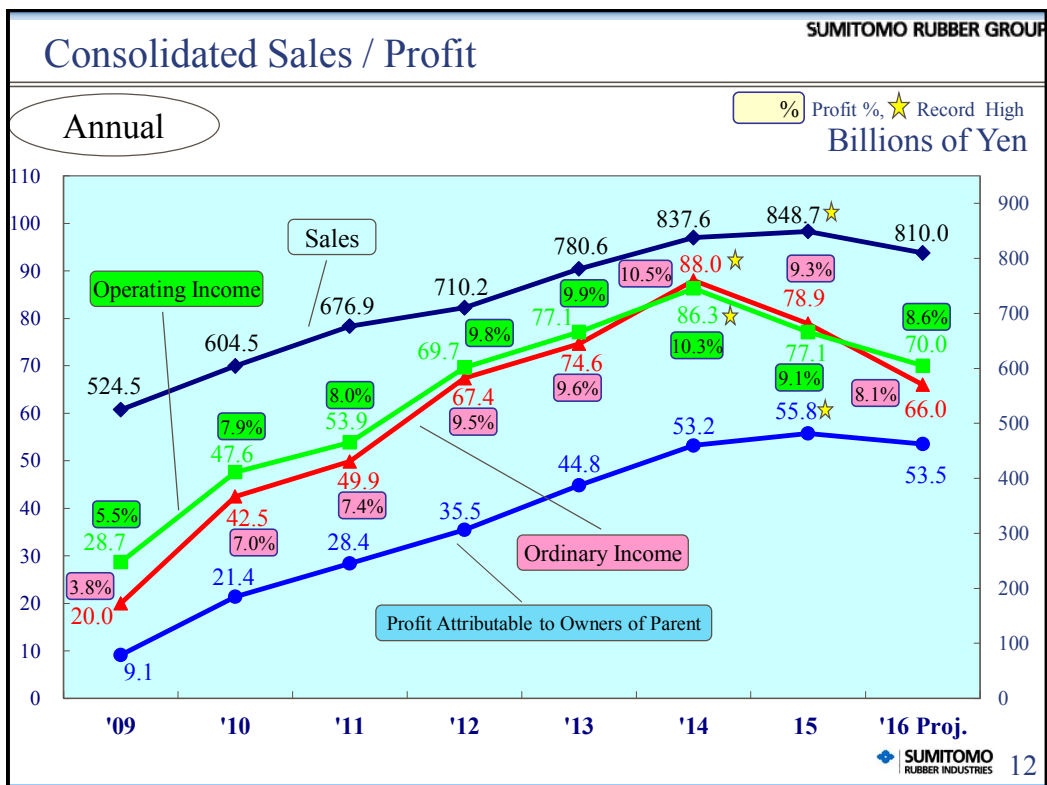
Billions of Yen





Consolidated Results Projection				SUMITOMO RUBBER GROUP		
Annual	Billions of Yen					
	Annual Proj. 2016	Actual 2015	'16 vs. '15	May. 10 <sup>th</sup> Proj.	Jul.-Dec. Proj. Aug. 8 <sup>th</sup>	'16 vs. '15
Sales	810.0	848.7	95%	860.0	436.4	95%
Operating Income (%)	70.0 (8.6%)	77.1 (9.1%)	91%	80.0 (9.3%)	39.2 (9.0%)	82%
Ordinary Income (%)	66.0 (8.1%)	78.9 (9.3%)	84%	77.0 (9.0%)	38.3 (8.8%)	80%
Profit Attributable to Owners of Parent	53.5	55.8	96%	57.0	25.4	71%
Equity Income	0.0	5.6	(5.6)	0.0	0.0	(3.5)
ROE	13.5%	13.3%		14.0%		
d/e Ratio	0.5	0.6		0.6		

SUMITOMO RUBBER INDUSTRIES 11



**SUMITOMO RUBBER GROUP**

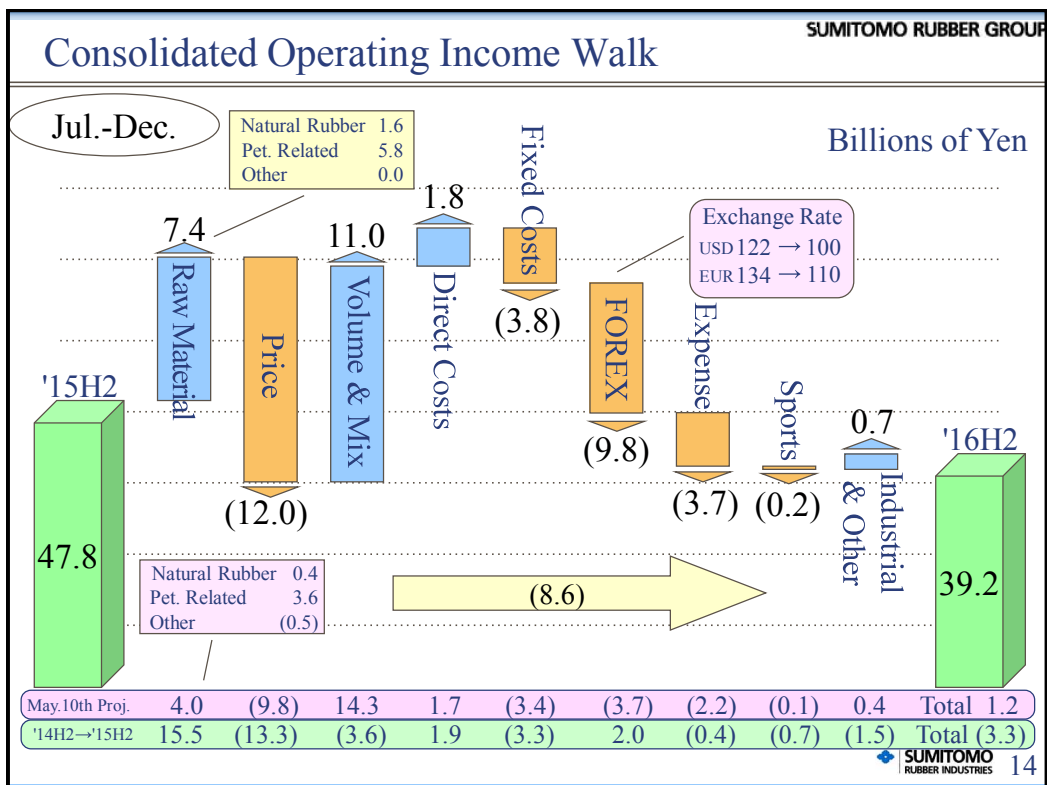
## Net Sales / Operating Income by Industrial Segment

Annual

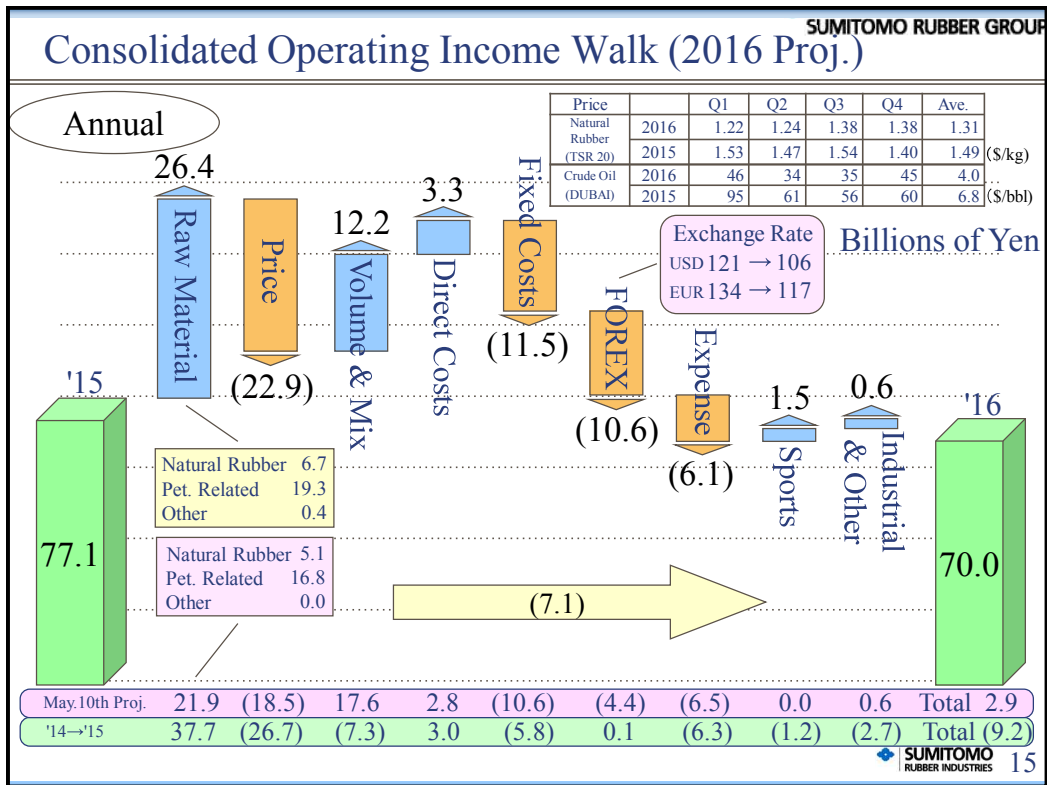
Billions of Yen

		Annual Proj. 2016	Actual 2015	'16 vs. '15	May. 10 <sup>th</sup> Proj.	Jul.-Dec. Proj. Aug. 8 <sup>th</sup>	'16 vs. '15
Sales	Tire	695.0	732.2	95%	740.0	374.5	94%
	Sports	76.0	77.6	98%	78.0	39.6	99%
	Industrial & Other	39.0	38.9	100%	42.0	22.3	112%
	Consolidated	810.0	848.7	95%	860.0	436.4	95%
Operating Income	Tire	64.0	73.1	88%	75.5	36.6	80%
	Sports	3.5	2.0	174%	2.0	0.9	81%
	Industrial & Other	2.5	1.9	129%	2.5	1.8	159%
	Consolidated	70.0	77.1	91%	80.0	39.2	82%

**SUMITOMO RUBBER INDUSTRIES** 13







### SUMITOMO RUBBER GROUP

## Consolidated Operating Income Analysis

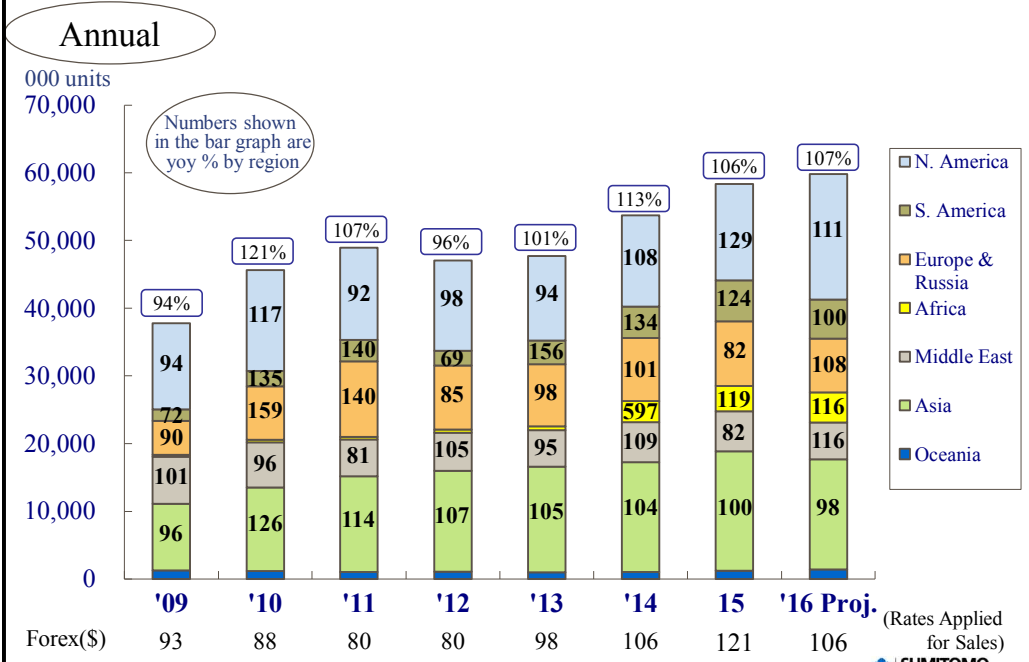
Period	Operating Income		Factor									Billions of Yen	
			Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	FOREX	Expense	Sports	Industrial & Other		
		vs. Pre. Year											
'15	Q1	12.1	(6.4)	8.3	(6.0)	(3.1)	0.3	(0.9)	(2.0)	(1.2)	(0.9)	(0.9)	
	Q2	17.1	0.5	13.9	(7.4)	(0.5)	0.8	(1.6)	0.1	(4.7)	0.4	(0.4)	
	H2	47.8	(3.3)	15.5	(13.3)	(3.6)	1.9	(3.3)	2.0	(0.4)	(0.7)	(1.4)	
	Annual	77.1	(9.2)	37.7	(26.7)	(7.3)	3.0	(5.8)	0.1	(6.3)	(1.2)	(2.7)	
'16	Q1	13.7	1.6	11.3	(4.7)	(0.1)	0.7	(3.6)	(0.4)	(2.6)	1.1	(0.1)	
	Q2	17.1	0.0	7.7	(6.2)	1.3	0.8	(4.1)	(0.4)	0.2	0.6	0.0	
	H2	39.2	(8.6)	7.4	(12.0)	11.0	1.8	(3.8)	(9.8)	(3.7)	(0.2)	0.7	
	Annual	70.0	(7.1)	26.4	(22.9)	12.2	3.3	(11.5)	(10.6)	(6.1)	1.5	0.6	
vs. May 10 <sup>th</sup> Proj.	H1	—	(0.2)	1.1	(2.2)	(2.1)	0.4	(0.5)	(0.1)	1.9	1.6	(0.3)	
	H2	—	(9.8)	3.4	(2.2)	(3.3)	0.1	(0.4)	(6.1)	(1.5)	(0.1)	0.3	
	Annual	—	(10.0)	4.5	(4.4)	(5.4)	0.5	(0.9)	(6.2)	0.4	1.5	0.0	

**SUMITOMO RUBBER INDUSTRIES 16**

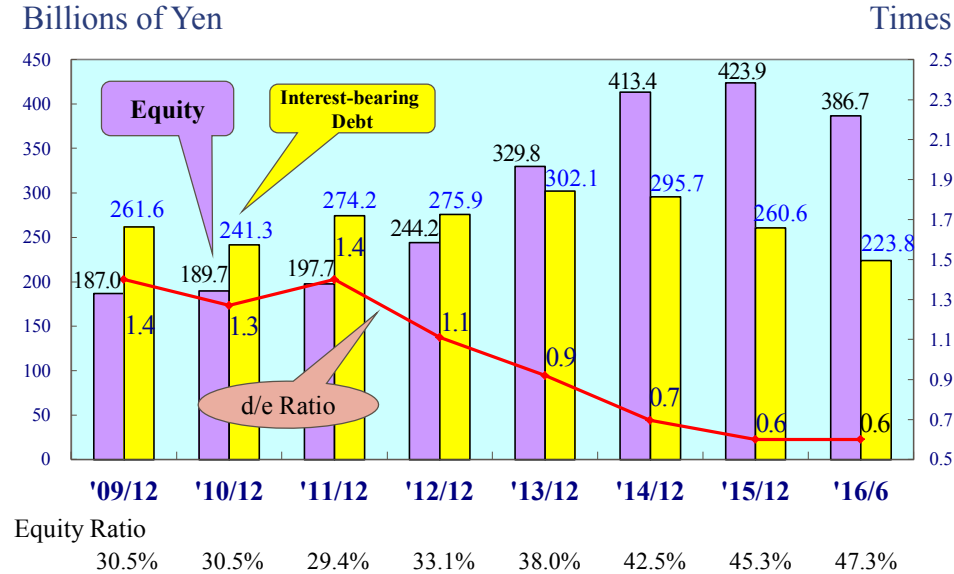
### Tire Sales Volume (Comparison %)

	2015 ACT					2016 Jan.-Jun.ACT, Jul.-Dec.Proj.					2016 May.10th Proj.			
	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.	98%	89%	89%	92%	92%	87%	<b>92%</b>	100%	112%	98%	91%	103%	97%	
Overseas O.E.	104%	99%	90%	111%	101%	106%	<b>101%</b>	117%	104%	106%	104%	111%	107%	
Domestic Rep.	81%	107%	101%	89%	93%	101%	<b>101%</b>	104%	106%	103%	103%	107%	105%	
Overseas Rep.	101%	105%	107%	110%	106%	109%	<b>106%</b>	110%	103%	107%	108%	103%	105%	
<b>Total</b>	<b>97%</b>	<b>102%</b>	<b>101%</b>	<b>102%</b>	<b>100%</b>	<b>104%</b>	<b>102%</b>	<b>108%</b>	<b>105%</b>	<b>105%</b>	<b>104%</b>	<b>105%</b>	<b>104%</b>	
Total Tire Sales(000units)	24,640	26,150	27,250	31,580	109,620	25,510	<b>26,780</b>	29,530	33,050	114,860	52,720	61,730	114,450	
<i>Overseas Rep.</i>	North America	104%	127%	131%	154%	129%	118%	<b>108%</b>	113%	106%	111%	114%	100%	106%
	Asia	104%	98%	103%	97%	100%	99%	<b>94%</b>	99%	100%	98%	97%	102%	99%
	Middle East	85%	73%	76%	96%	82%	104%	<b>133%</b>	139%	91%	116%	117%	109%	113%
	Europe & Russia	98%	81%	74%	78%	82%	97%	<b>114%</b>	115%	108%	108%	105%	103%	104%

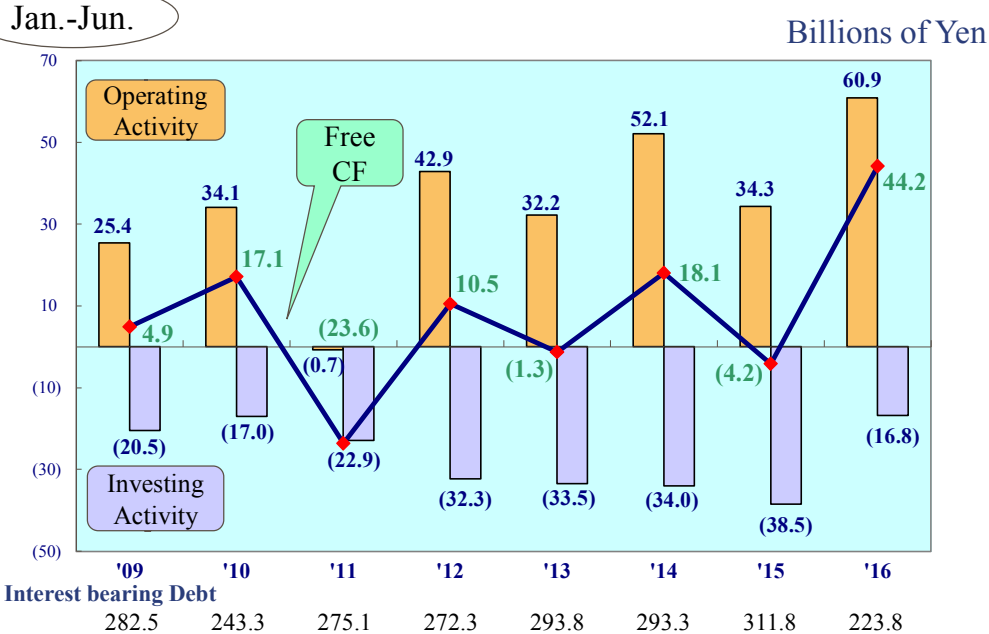
### Tire Overseas Rep. Volume by Regional Segment



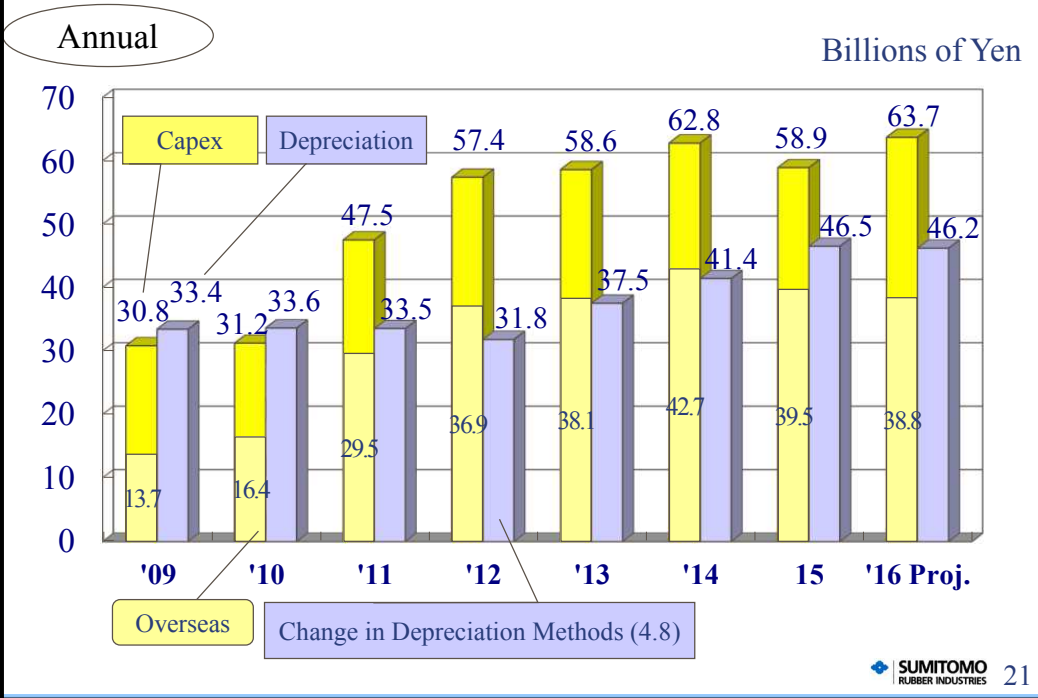
### Equity / Interest-bearing Debt



### Cash Flow

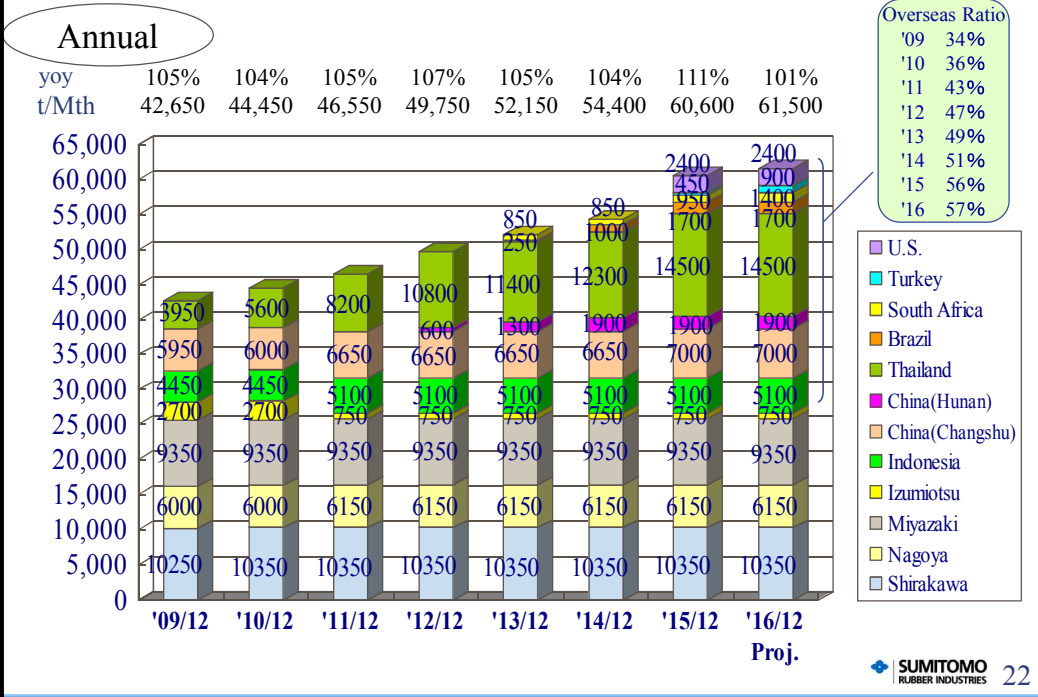


### Capex and Depreciation (Tangible Assets Only)

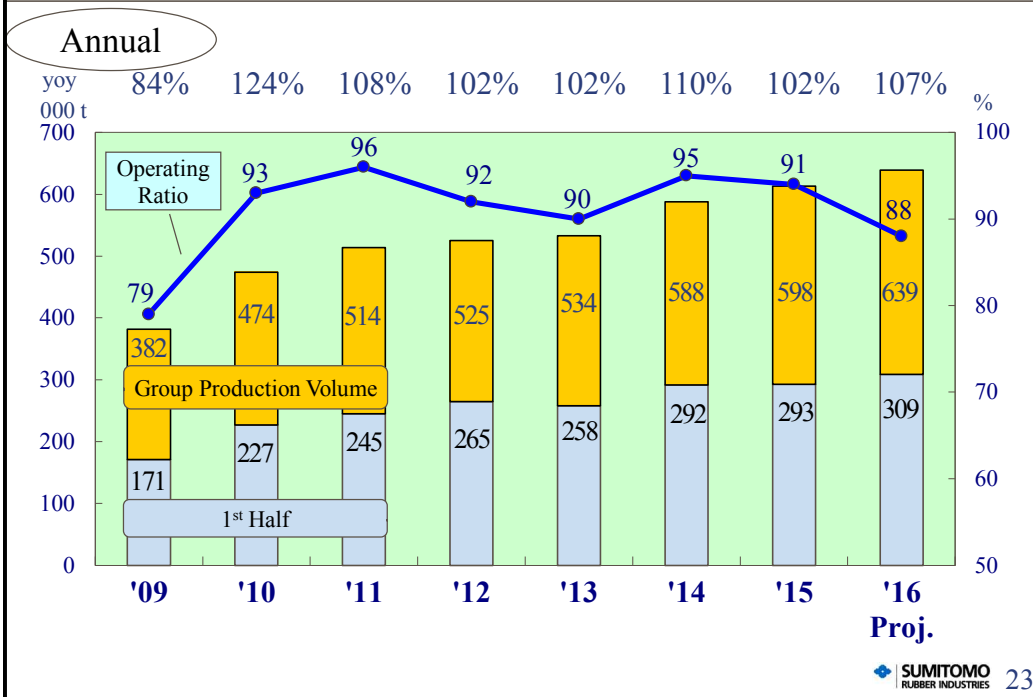


### Tire Production Capacity

No change



### Tire Production Volume and Operating Ratio



### Sales in the Sports Business Results

Billions of Yen

	2016 Q2 Jan.-Jun.	2015 Q2 Jan.-Jun.	'16 vs. '15	Annual Proj. 2016
Golf Clubs	16.3	17.1	95%	34.8
Golf Balls	7.3	7.9	93%	14.5
Golf Shoes, Accessories & Others	3.8	4.0	96%	7.2
Golf Goods	27.5	29.0	95%	56.4
Tennis Goods	3.4	3.3	102%	6.4
Licensing Income	0.2	0.2	117%	0.5
Sports Goods Business	31.1	32.5	95%	63.3
Other Business	5.3	5.4	98%	12.7
Total	36.4	37.8	96%	76.0

# Adoption of IFRS

- SRI decided to adopt International Financial Reporting Standards (IFRS) from the fiscal year ending December 31, 2016.
  - To enhance the international comparability of financial information in capital markets.
  - To improve the quality of business management of the Group companies.

## Annual Projection 2016

Billions of Yen

	IFRS (Aug. 8 <sup>th</sup> Proj.)	J GAAP	Difference	IFRS May. 10 <sup>th</sup> Proj.
<b>Sales</b>	760.0	810.0	(50.0)	810.0
<b>Operating Income (%)</b>	70.0 (9.2%)	70.0 (8.6%)	—	80.0 (9.9%)
<b>Profit Attributable to Owners of Parent</b>	46.5	53.5	(7.0)	54.0

# New Products / New Technology




LE MANS 4    WINTER MAXX 02    ZIEX ZE914E




Hybrid-Turf EVO






XXIO 9



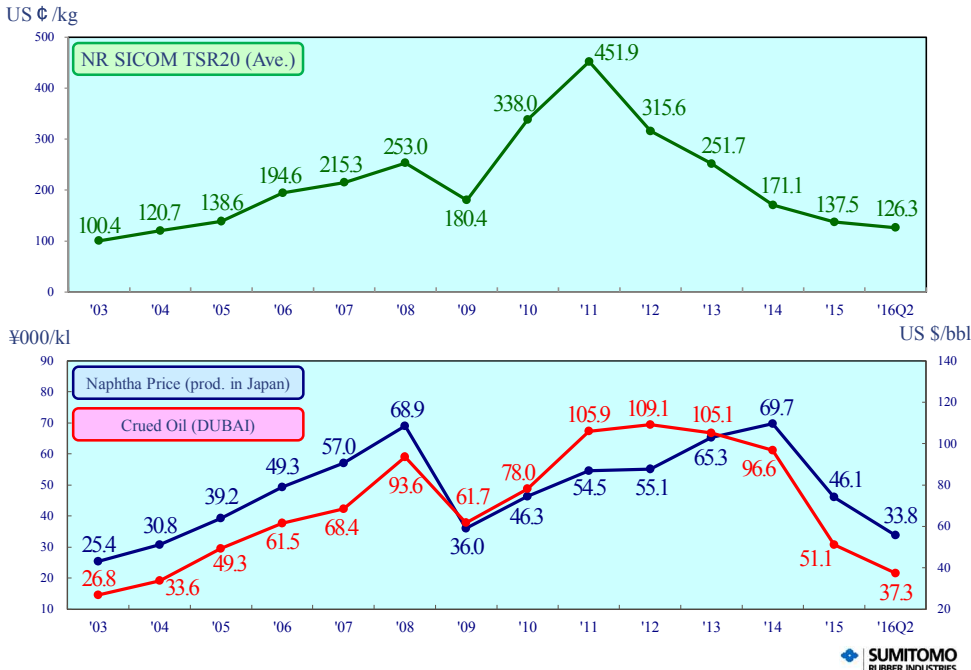

XXIO UX-AERO




SRIXON REVO CV Series

SUMITOMO RUBBER INDUSTRIES 26

Market Price: Natural Rubber • Naphtha



END

*for you, for the earth*

**SUMITOMO RUBBER GROUP**