



# Financial Report

(January 1 ~ December 31, 2016)

February 14, 2017



**SUMITOMO**  
**RUBBER INDUSTRIES**

- 2016 Annual Financial Results Summary
  - Changes in Scope of Consolidation, Affiliated Companies
  - Financial Results Summary
  - Impact from Adoption of IFRS  
(International Financial Reporting Standards)
  
- 2017 Annual Financial Results Forecast
  - Financial Results Forecast Summary
  - Capex / Depreciation, Tire Production Capacity etc.

## Sumitomo Rubber Industries, Ltd. adopted IFRS from this fiscal year ended December 31, 2016

- Purpose
  - To enhance the international comparability of financial information in capital markets
  - To improve the quality of business management of the Group companies
  
- Notes on Disclosure
  - Established “Business Profit” as original indicator to manage business performance (※Business Profit is Sales Revenue subtracted by COS and SGA)
  - “Sales Revenue” and “Business Profit” shown in Japanese GAAP tables and graphs in this presentation are equal to “Net Sales” and “Operating Income” in previous reporting

	Consolidated Subsidiaries 73 (YOY (4))		Equity-method Affiliates 3 (YOY (2))	
	Newly Included +2	Excluded (6)	Newly Included -	Excluded (2)
Tire	Kuo-chu Rubber Co., Ltd. (Taiwan/Sales company of tires)	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. Dunlop Motor Cycle Retail, Ltd.
Sports	Cleveland Golf Korea Co., Ltd. (South Korea/ Sales company of golf goods)			
Industrial & Other				

## Affiliated Companies (Consolidated Subs: 73, Equity-method Affiliates : 3)

	Manufacturing Companies	Sales Companies	Other Companies
Tire	Domestic 1	Domestic 11	Domestic 7
	Overseas 8	Overseas 15	Overseas 5
	Asia Pacific 4	Asia Pacific 10	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 10	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

**TOTAL 76**  
Domestic 30  
Overseas 46



Billions of Yen

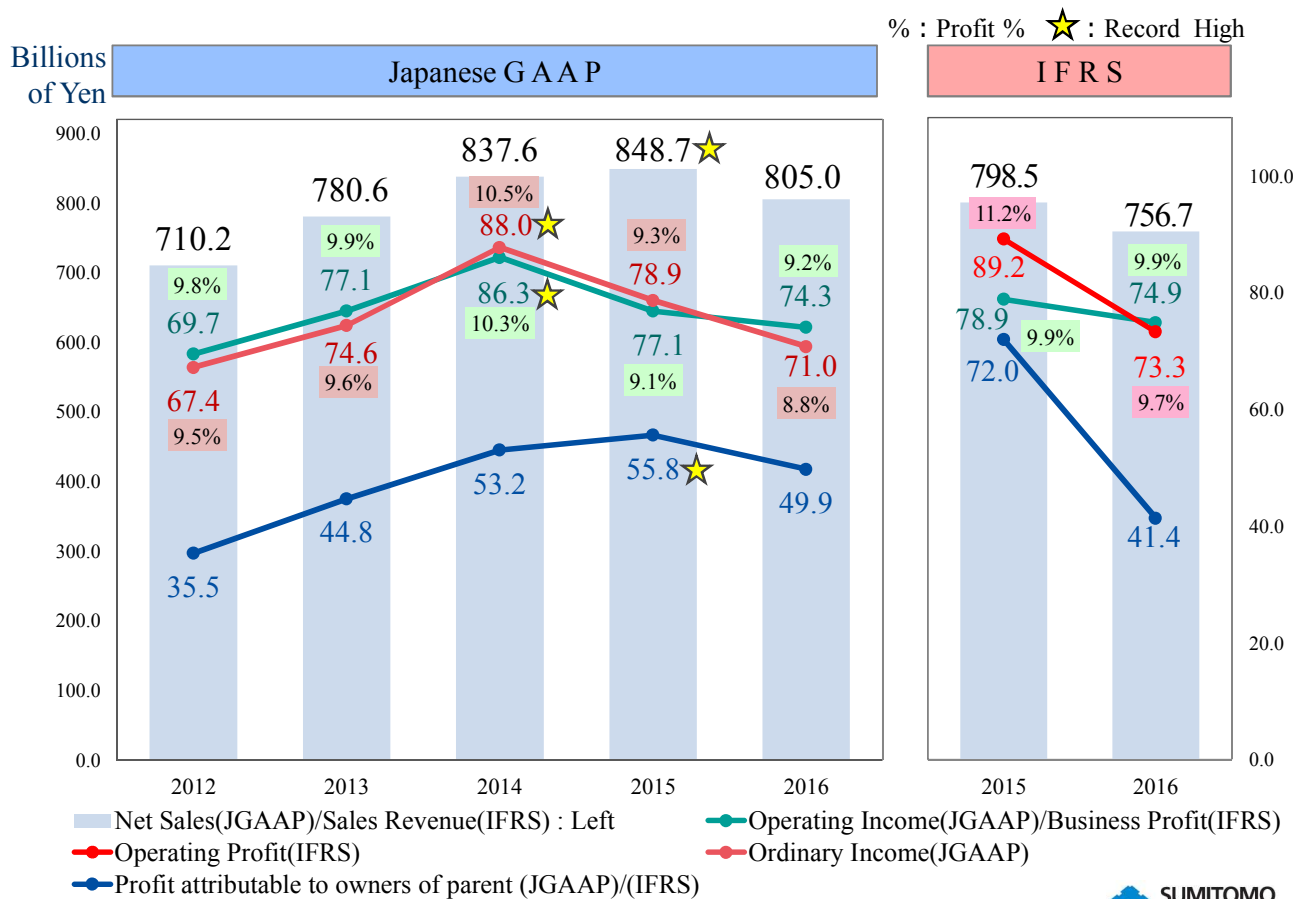
I F R S		Japanese G A A P		Impact	Main Factors
Sales Revenue	756.7	Net Sales	805.0	(48.3)	Offset of Sales revenue and Incentive bonus (46.8)
Business Profit (%)	74.9 (9.9%)	Operating Income (%)	74.3 (9.2%)	+0.6	Cessation of amortization of Goodwill +1.4
Operating Profit (%)	73.3 (9.7%)				
Profit	41.4	Profit	49.9	(8.6)	Recognize Gain on sales of investment securities as Other comprehensive income (Non-recognition in P/L) (8.3)

## Consolidated Financial Results by Quarter

Japanese G A A P

Billions of Yen

	Jan.-Mar.		Apr.-Jun.		Jul.-Sep.		Oct.-Dec.		Actual 2016	
		YOY		YOY		YOY		YOY		YOY
Net Sales	182.7	99% (2.5)	190.9	94% (12.8)	186.9	93% (14.3)	244.5	95% (14.1)	805.0	95% (43.7)
Operating Income (%)	13.7 (7.5%)	113% +1.6	17.1 (9.0%)	100% (0.0)	11.7 (6.3%)	88% (1.6)	31.9 (13.0%)	92% (2.7)	74.3 (9.2%)	96% (2.7)
Ordinary Income (%)	12.6 (6.9%)	105% +0.6	15.0 (7.9%)	79% (4.0)	12.0 (6.4%)	96% (0.5)	31.3 (12.8%)	89% (4.0)	71.0 (8.8%)	90% (7.9)
Profit	16.8	218% +9.1	11.4	92% (1.0)	9.5	51% (9.2)	12.3	72% (4.8)	49.9	89% (5.9)
Equity Income	0.0	(1.1)	(0.0)	(0.9)	0.0	(3.1)	(0.0)	(0.4)	0.0	(5.5)



## Consolidated Net Sales / Operating Income by Reportable Segment

Japanese G A A P

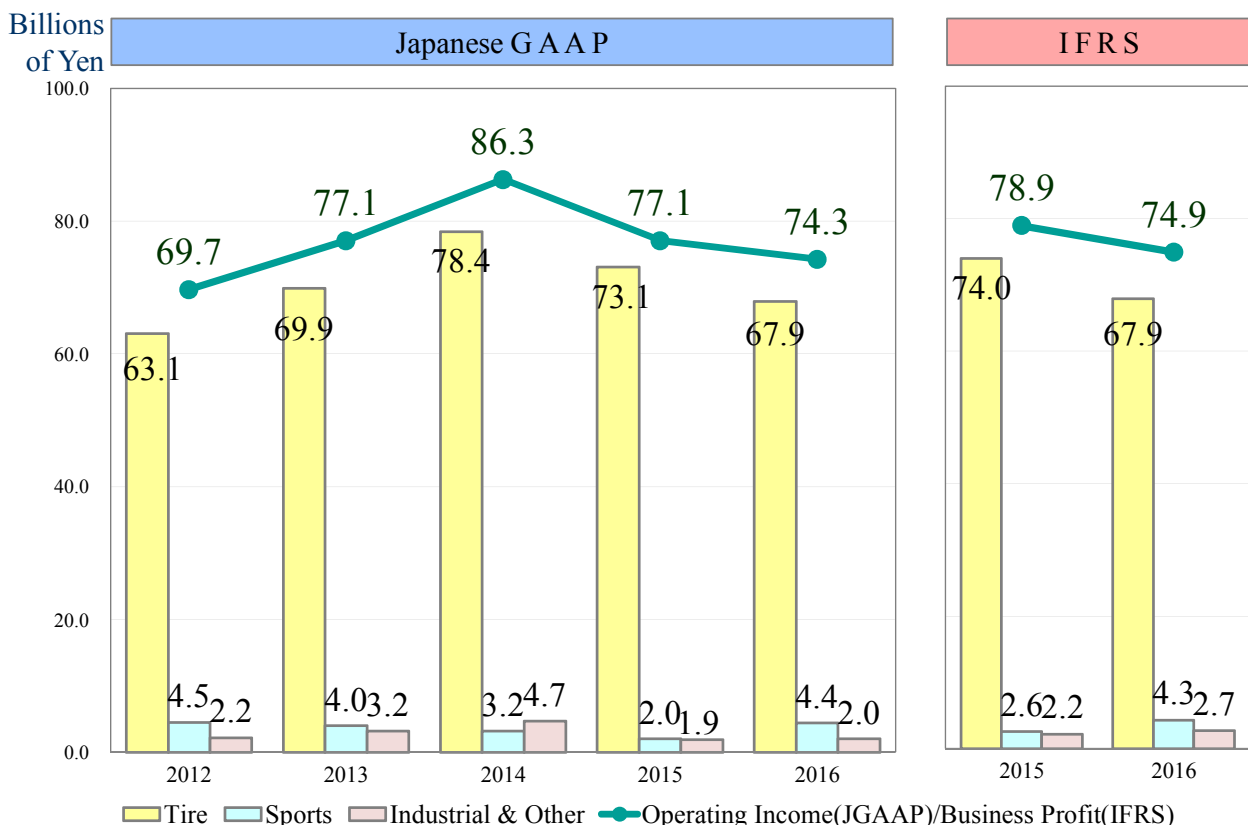
Billions of Yen

		Jan.-Sep.		Oct.-Dec.		Actual 2016	Actual 2015	YOY
			YOY		YOY			
Net Sales	Tire	480.7	95%	215.6	95%	696.3	732.2	95%
	Sports	54.5	97%	18.4	85%	72.9	77.6	94%
	Industrial & Other	25.2	90%	10.5	97%	35.7	38.9	92%
	Total	560.5	95%	244.5	95%	805.0	848.7	95%
Operating Income	Tire	37.7	92%	30.2	94%	67.9	73.1	93%
	Sports	3.5	794%	0.9	57%	4.4	2.0	218%
	Industrial & Other	1.3	110%	0.7	93%	2.0	1.9	103%
	Total	42.5	100%	31.9	92%	74.3	77.1	96%

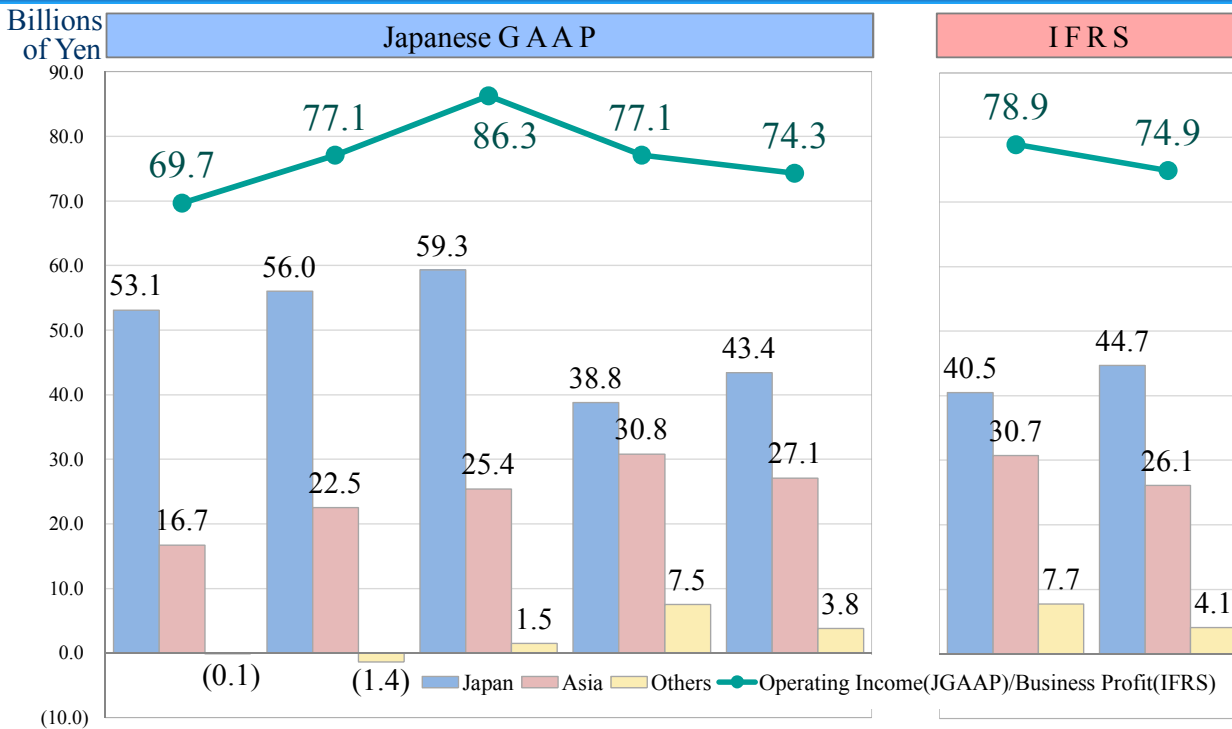
Billions of Yen

		I F R S			Japanese G A A P		
		Actual 2016	Actual 2015	YOY	Actual 2016	Actual 2015	YOY
Sales Revenue	Tire	648.4	682.2	95%	696.3	732.2	95%
	Sports	72.8	77.8	94%	72.9	77.6	94%
	Industrial & Other	35.5	38.5	92%	35.7	38.9	92%
	Total	756.7	798.5	95%	805.0	848.7	95%
Business Profit	Tire	67.9	74.0	92%	67.9	73.1	93%
	Sports	4.3	2.6	163%	4.4	2.0	218%
	Industrial & Other	2.7	2.2	122%	2.0	1.9	103%
	Total	74.9	78.9	95%	74.3	77.1	96%

Consolidated Business Profit by Reportable Segment

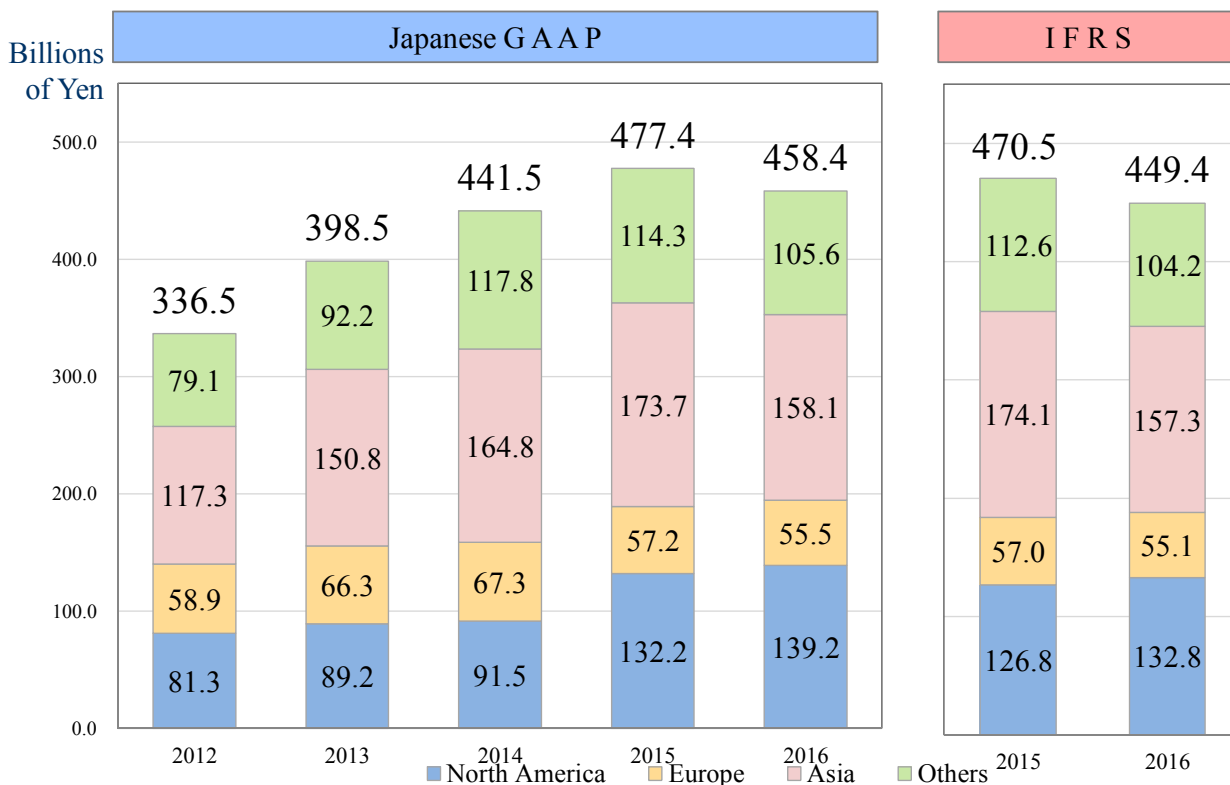


# Consolidated Business Profit by Geographic Areas



Sales Revenue	2012	2013	2014	2015	2016	2015	2016
Japan	456.4	466.6	484.1	466.4	421.1	417.7	375.3
Asia	112.3	144.7	156.7	163.7	149.0	164.2	148.5
Others	141.5	169.3	196.9	218.5	234.9	216.6	232.9
<b>Total</b>	<b>710.2</b>	<b>780.6</b>	<b>837.6</b>	<b>848.7</b>	<b>805.0</b>	<b>798.5</b>	<b>756.7</b>

# Overseas Sales Revenue



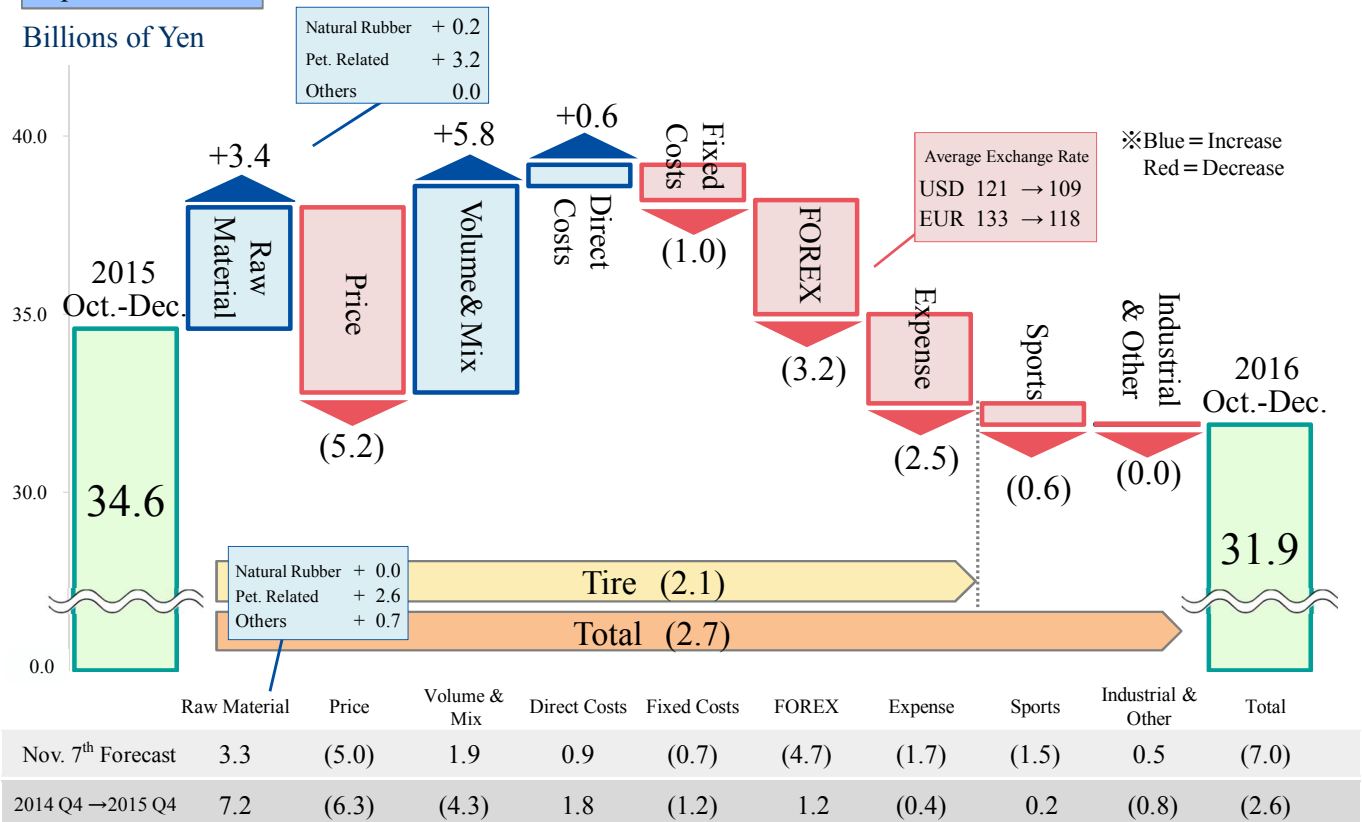
Consolidated Sales Revenue	710.2	780.6	837.6	848.7	805.0	798.5	756.7
% of Overseas	47%	51%	53%	56%	57%	59%	59%



# Consolidated Operating Income Walk (2016 Oct.-Dec.)

Japanese G A A P

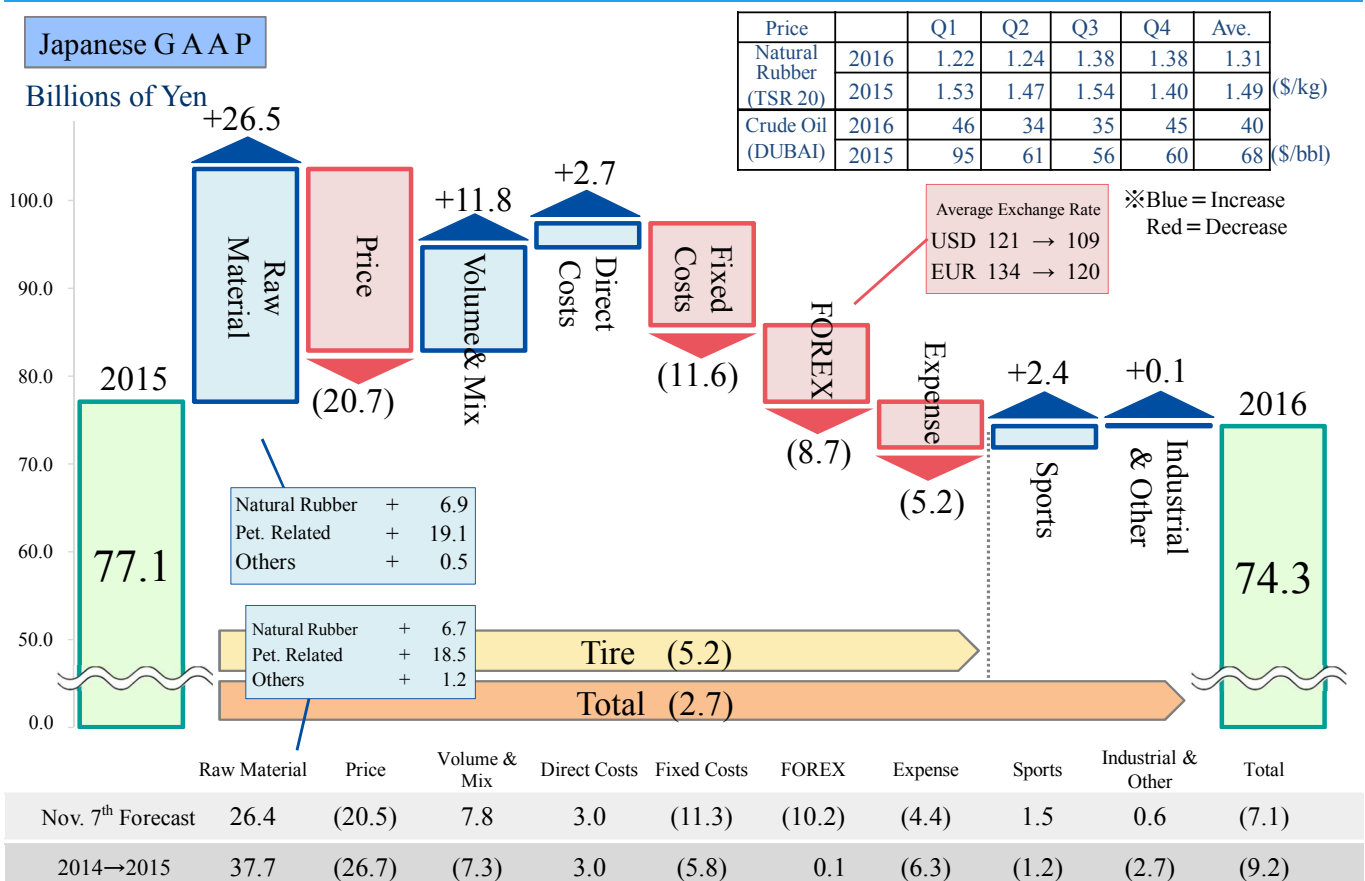
Billions of Yen

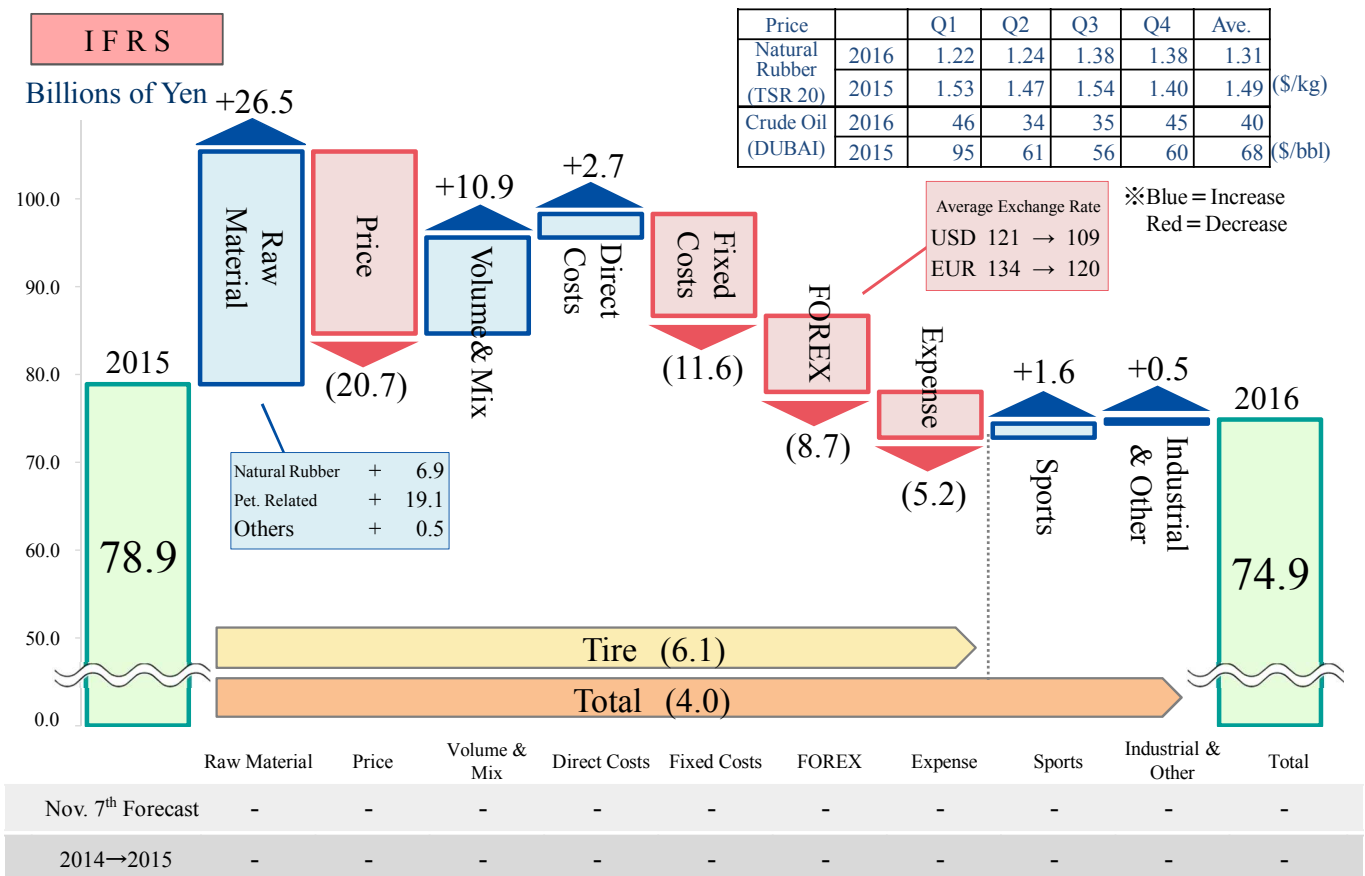


# Consolidated Operating Income Walk (2016 Annual)

Japanese G A A P

Billions of Yen





## Consolidated Operating Income Analysis by Factors

Japanese G A A P

Billions of Yen

Period	Operating Income	YOY	Factors									
			Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	FOREX	Expense	Sports	Industrial & Other	
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)
	Q3	13.2	(0.7)	8.3	(7.0)	0.7	0.1	(2.1)	0.8	0.0	(0.9)	(0.7)
	Q4	34.6	(2.6)	7.2	(6.3)	(4.3)	1.8	(1.2)	1.2	(0.4)	0.2	(0.8)
	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
	Q3	11.7	(1.6)	4.1	(4.6)	4.7	0.6	(2.9)	(4.7)	(0.3)	1.3	0.2
	Q4	31.9	(2.7)	3.4	(5.2)	5.8	0.6	(1.0)	(3.2)	(2.5)	(0.6)	(0.0)
	Annual	74.3	(2.7)	26.5	(20.7)	11.8	2.7	(11.6)	(8.7)	(5.2)	2.4	0.1
		(vs Nov. 7 <sup>th</sup> Forecast)	+4.4	0.1	(0.2)	4.0	(0.3)	(0.3)	1.5	(0.8)	0.9	(0.5)

# Consolidated Statement of Financial Position

SUMITOMO  
RUBBER GROUP

IFRS

Billions of Yen

	Actual 2016	Actual 2015	YOY
Current assets	412.6	421.4	(8.8)
Non-current assets	485.1	511.1	(26.0)
<b>Total assets</b>	<b>897.6</b>	<b>932.4</b>	<b>(34.8)</b>
Current liabilities	252.0	285.2	(33.2)
Non-current liabilities	186.1	195.4	(9.4)
<b>Total liabilities</b>	<b>438.1</b>	<b>480.6</b>	<b>(42.5)</b>
Shareholders' equity	429.3	422.3	+7.0
Non-controlling interest	30.2	29.6	+0.7
<b>Total equity</b>	<b>459.5</b>	<b>451.8</b>	<b>+7.7</b>
<b>Total liabilities and equity</b>	<b>897.6</b>	<b>932.4</b>	<b>(34.8)</b>
Equity Ratio	47.8%	45.3%	+2.5P

## Main Factors

Cash and cash equivalents	+ 12.9
Trade and other receivables	(7.1)
Inventories	(5.5)
Other current assets	(7.5)

Property, plant and equipment	(7.8)
Intangible assets (including Goodwill)	(0.1)
Other financial assets	(15.5)
Net defined benefit asset	(3.5)

Interest-bearing debt (204.2 ← 261.9)	(57.6)
Trade and other payables	+ 0.5
Income tax payable	+ 6.4
Net defined benefit liability	(0.6)

Profit	+ 41.4
Dividends paid	(15.7)
Currency translation differences of foreign operations	(17.4)

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# 【Forecast】 Consolidated Financial Results

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RUBBER GROUP

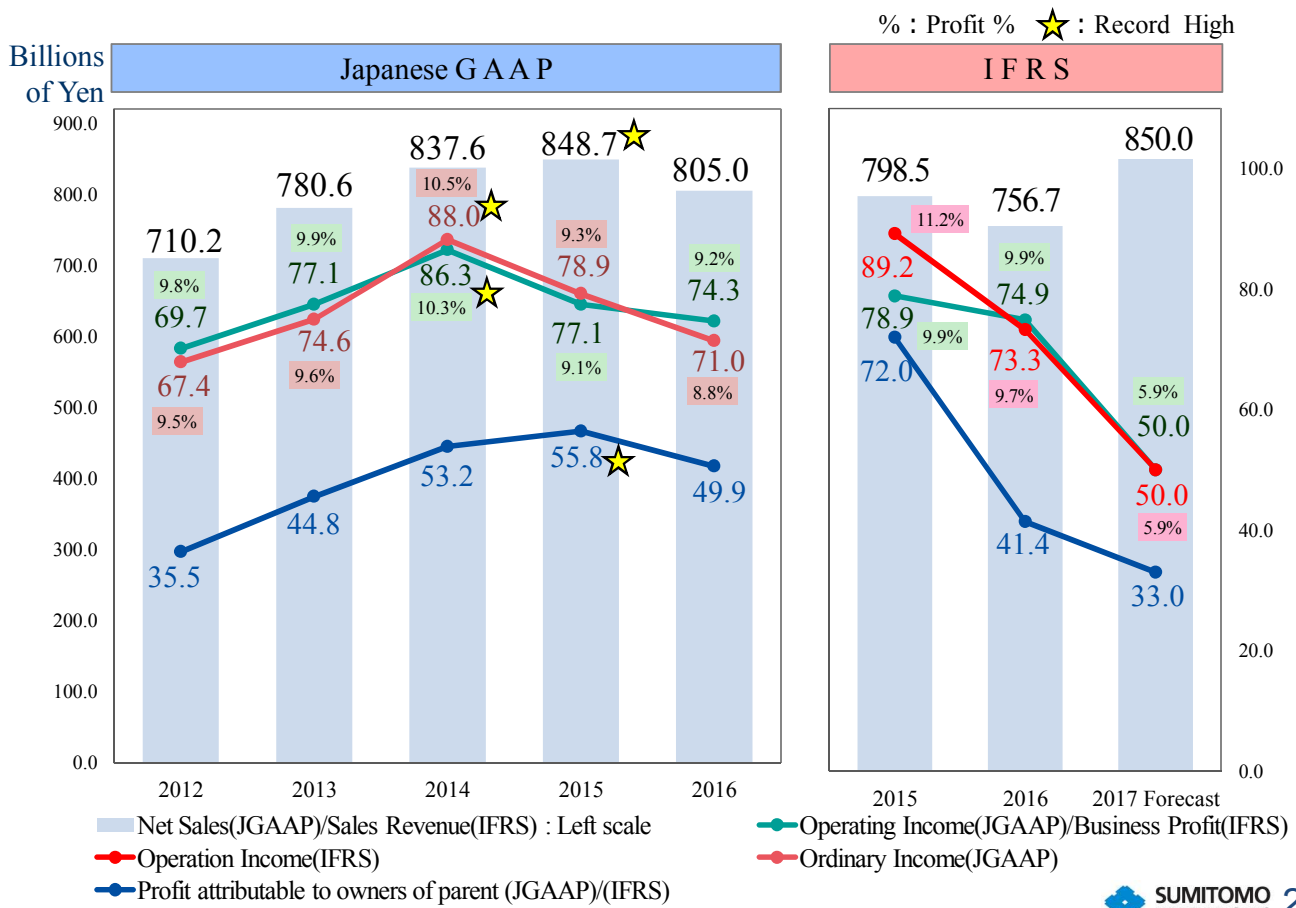
IFRS

Billions of Yen

	Annual Forecast 2017	Actual 2016	YOY	First half Forecast 2017
Sales Revenue	850.0	756.7	112%	385.0
Business Profit (%)	50.0 (5.9%)	74.9 (9.9%)	67%	15.0 (3.9%)
Operating Profit (%)	50.0 (5.9%)	73.3 (9.7%)	68%	15.0 (3.9%)
Profit	33.0	41.4	80%	10.0
ROE	8.0%	9.7%		
ROA ※	5.5%	8.2%		
D/E Ratio	0.6	0.5		

※ROA : "Business Profit" / "Total Assets"

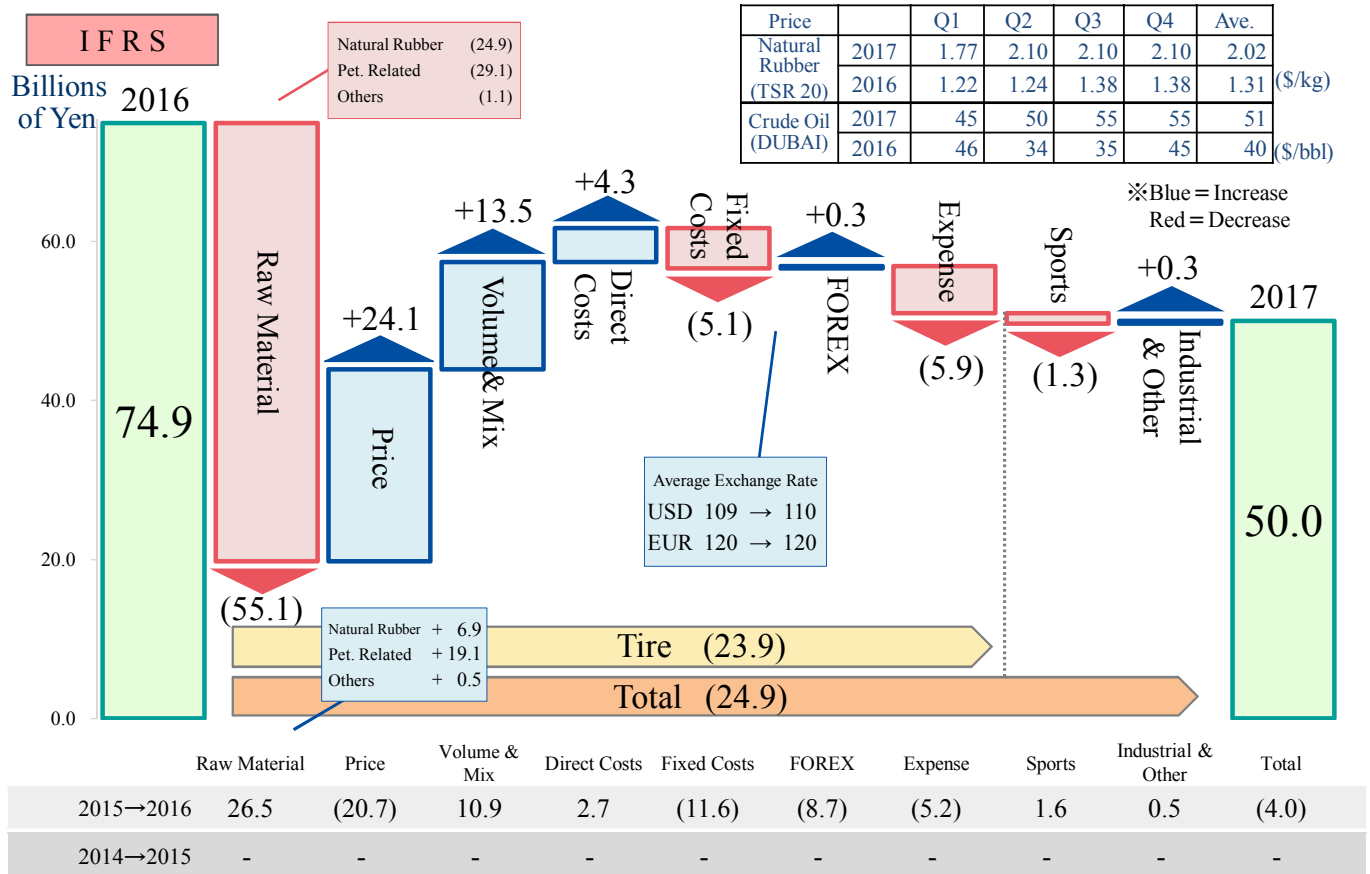
 SUMITOMO RUBBER INDUSTRIES 20



IFRS

Billions of Yen

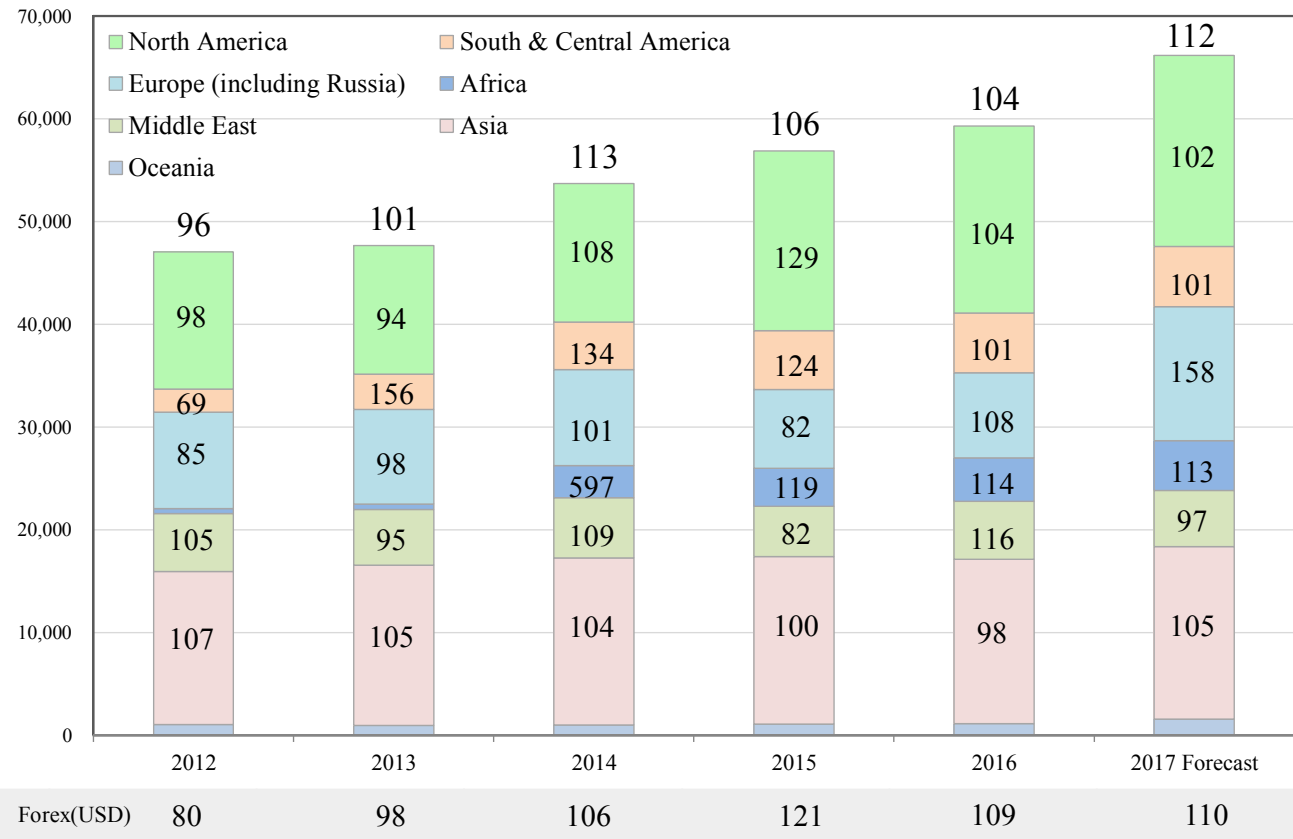
		Annual Forecast 2017	Actual 2016	YOY	First half Forecast 2017
Sales Revenue	Tire	732.0	648.4	113%	330.0
	Sports	80.0	72.8	110%	38.0
	Industrial & Other	38.0	35.5	107%	17.0
	Total	850.0	756.7	112%	385.0
Business Profit	Tire	44.0	67.9	65%	12.5
	Sports	3.0	4.3	70%	1.5
	Industrial & Other	3.0	2.7	112%	1.0
	Total	50.0	74.9	67%	15.0



## Tire Sales Volume (Comparison %)

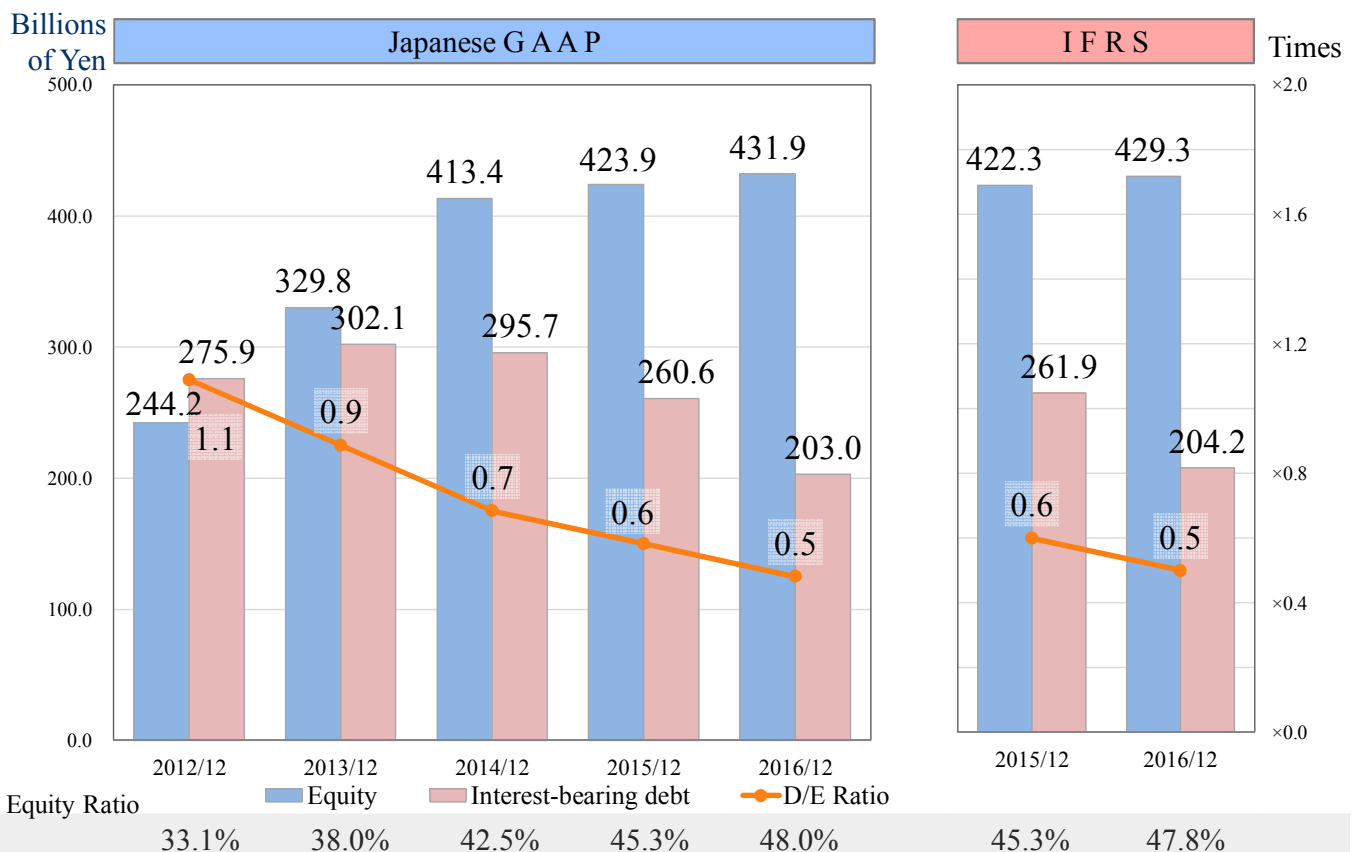
	2015 Actual					2016 Actual					2017 Forecast		
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Annual	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Annual	Jan-Jun	Jul-Dec	Annual
Domestic O.E.	98%	89%	89%	92%	92%	87%	92%	100%	<b>108%</b>	96%	106%	101%	103%
Domestic Rep.	81%	107%	101%	89%	93%	101%	101%	100%	<b>101%</b>	101%	102%	103%	103%
Overseas O.E.	104%	99%	90%	111%	101%	106%	101%	114%	<b>102%</b>	105%	102%	111%	107%
Overseas Rep.	101%	105%	107%	110%	106%	109%	106%	106%	<b>98%</b>	104%	108%	114%	112%
North America	104%	127%	131%	154%	129%	118%	108%	105%	<b>91%</b>	104%	105%	99%	102%
Europe	98%	81%	74%	78%	82%	97%	114%	105%	<b>118%</b>	108%	139%	174%	158%
Asia	104%	98%	103%	97%	100%	99%	94%	101%	<b>99%</b>	98%	103%	106%	105%
Others	97%	105%	113%	106%	105%	119%	112%	113%	<b>96%</b>	109%	102%	109%	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>105%</b>	<b>100%</b>	<b>103%</b>	<b>106%</b>	<b>110%</b>	<b>108%</b>
Total Tire Sales (000 Units)	24,640	26,150	27,250	31,580	109,620	25,510	26,780	28,620	<b>31,740</b>	112,640	55,420	66,280	121,700

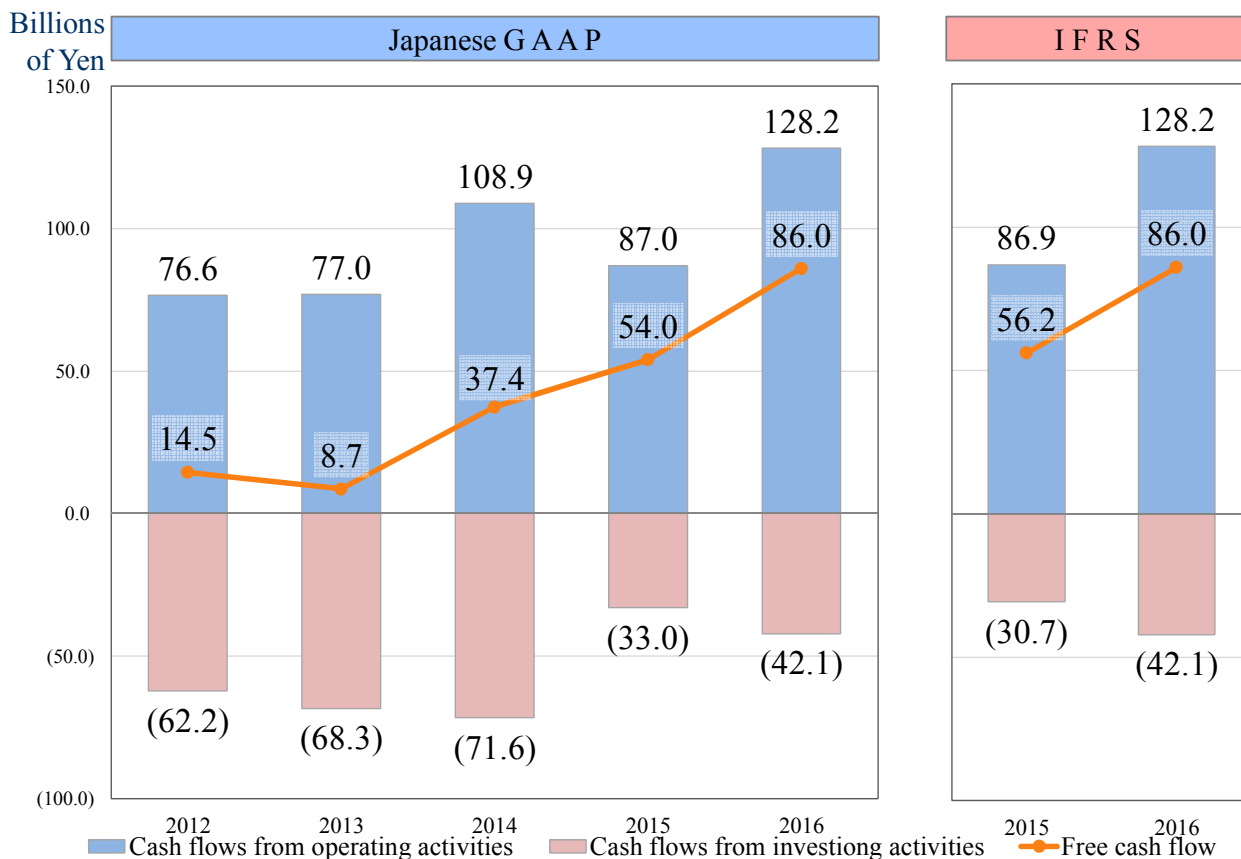
000 units



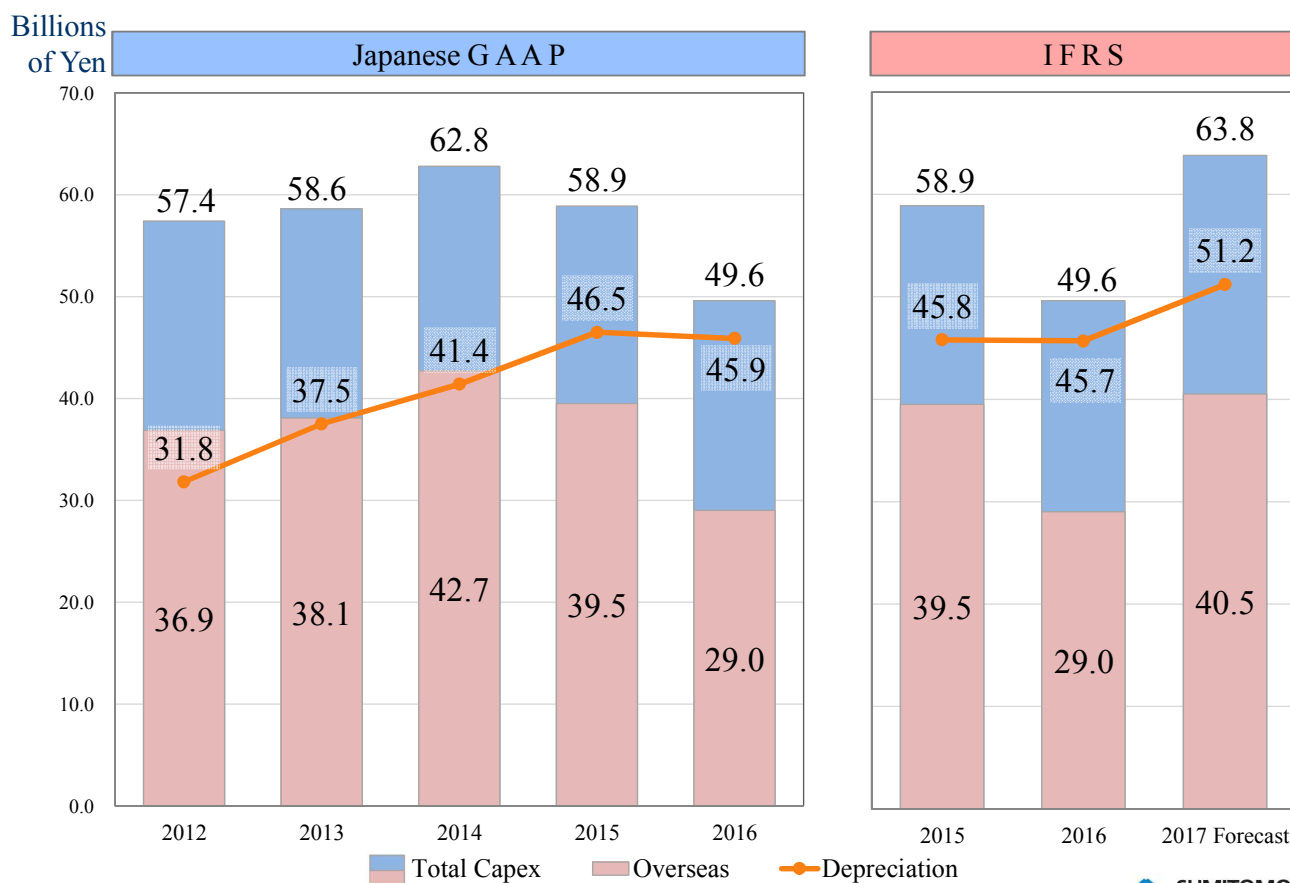
※Numbers shown in the bar graph are yoy % by region

## Equity / Interest-Bearing Debt

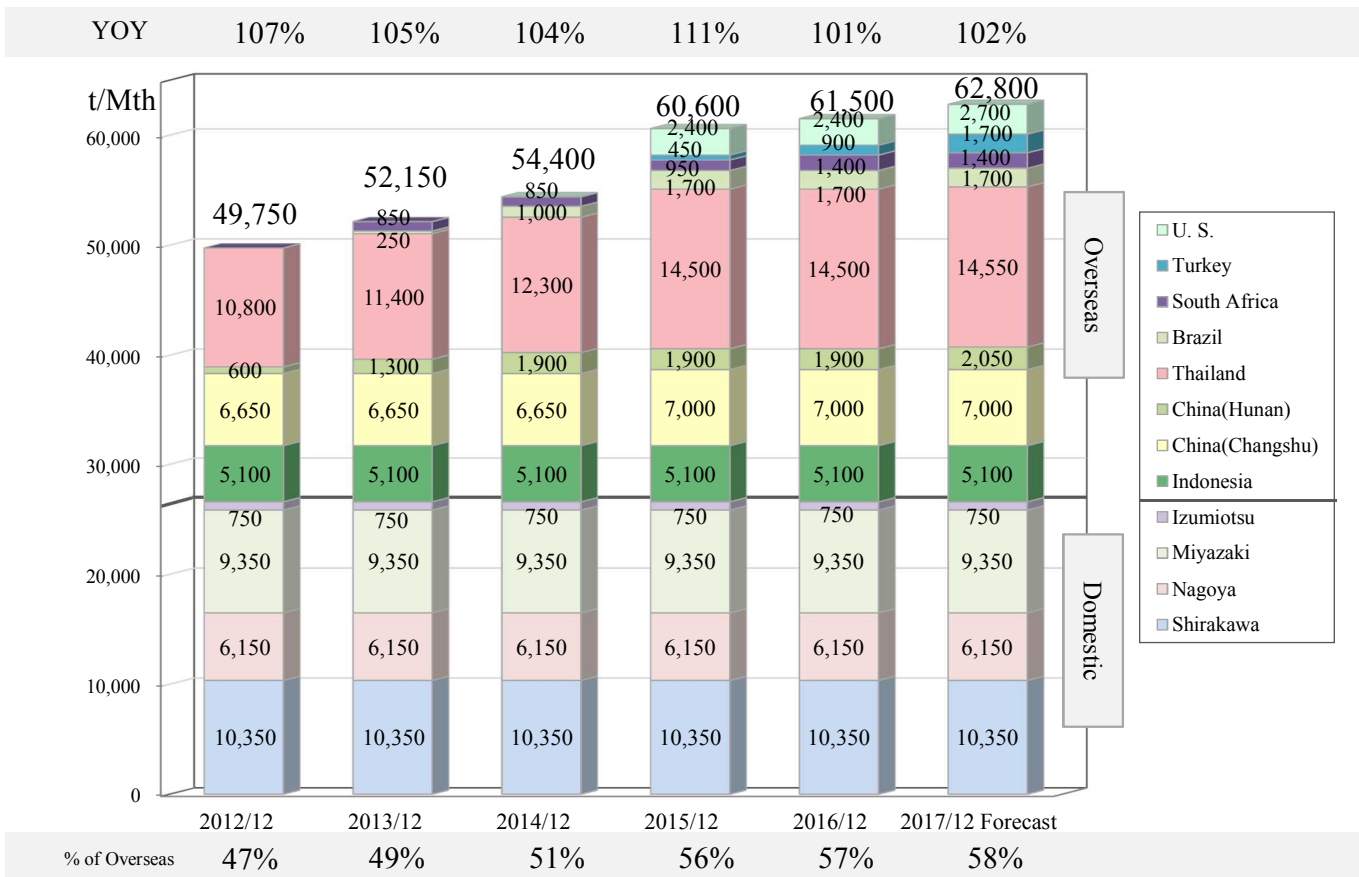




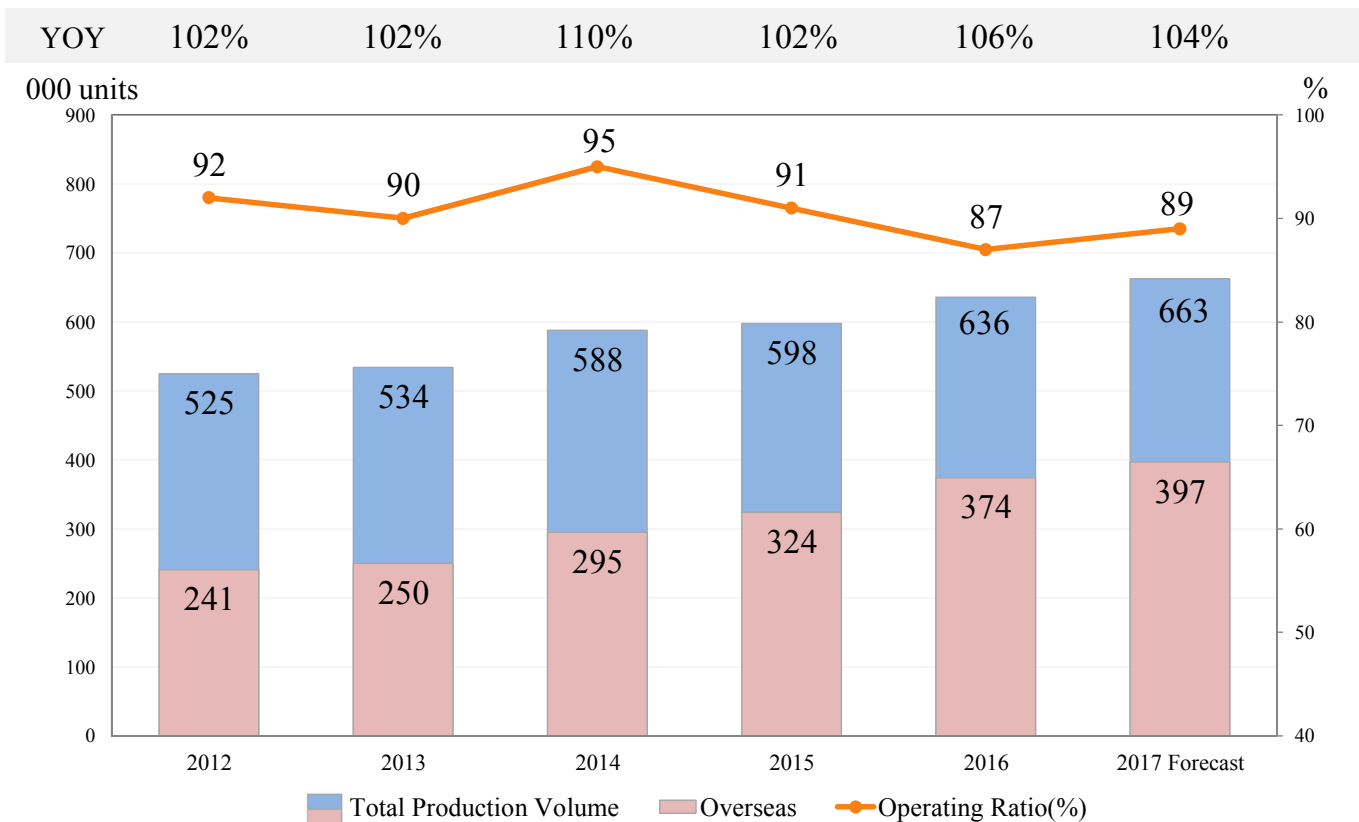
# Capex and Depreciation (Tangible Assets Only)



# Tire Production Capacity



# Tire Production Volume and Operating Ratio







LE MANS V



WINTER MAXX 02



ZE914 F



NEW XXIO PRIME



NEW SRIXON Z-STAR

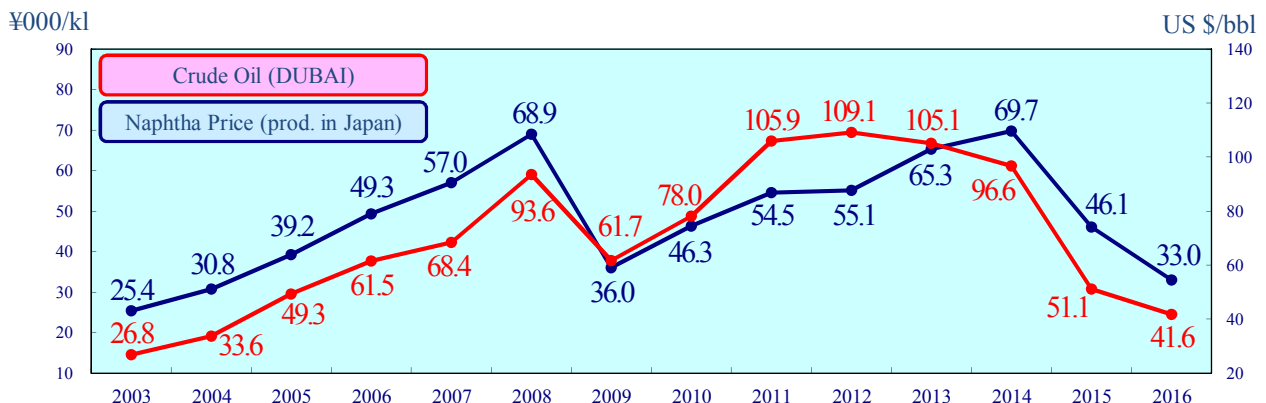
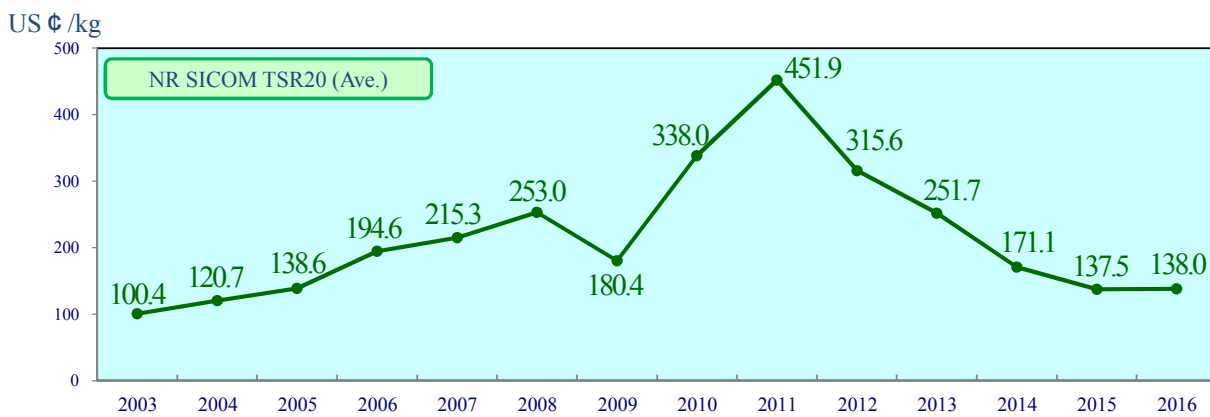


SRIXON [REVO CX]



SRIXON [Soft tennis ball]

Market Price : Natural Rubber / Crude Oil / Naphtha



*for you, for the earth*

**SUMITOMO RUBBER GROUP**