

Overview of Our Business Activities in the 1st Half of 2020 & Key Efforts Moving Forward

August 6, 2020



SUMITOMO
RUBBER INDUSTRIES

Significant Decline in Demand for Tires & Sporting Goods in Q2

[Tire Business]

- Significant Decline in Global Demand for REP & OE Tires
- February/March: Demand Bottomed Out in China
- April/May: Demand Bottomed Out in Japan/Asia/Europe/Americas
- Since Then: Gradual Recovery in Demand (Still Below Last Year's Levels)

[Sports Business]

- Global Demand for Golf/Tennis Goods Vanished → Significant Decline in Sales
- Virtually All Sporting Tournaments/Events Cancelled
- Wellness Business (Sports Clubs): Protracted Closures Due to State of Emergency

[Industrial & Other Products Business]

- Booming Demand for Medical Rubber Products & Disposable Rubber Gloves (Strong Need for PPE)
- Industrial & Other Products Business Performing Well Overall Despite Decline in Demand for Precision Rubber Parts for Office Equipment Due to Drop in OE Production Levels

1. Thorough Measures to Protect Employees/Families from Infection

- Promoting Telework (Working from Home)

2. Sales/Promotional Activities to Meet the Needs of Quarantine & Working from Home

- Introduction & Active Utilization of Online Order System
- New Types of Sales Activities (Remote Business Talks, Drive-Through Tire Inspections, Etc.)

3. Emergency Measures to Improve Our Performance in Light of Decline in Demand

- Reducing Expenses & Reining in CAPEX
- Securing Cash on Hand
- Production Adjustments (Factory Shutdowns, Adjusting Operating Rates)

4. Focusing on Reinforcing Our Business Foundations & Organizational Framework

- Efforts to Overcome the Challenges of Our Mid-Term Plan
- Pushing Forward with Our “Be the Change Project”

Demand Still in Decline, Though Anticipated to Gradually Recover Through End of Year

[Tire Business]

- Anticipated Decline in YoY Sales Volume in 2nd Half of Year: Around 10%
- Current Situation: China and North America are leading the way when it comes to market recovery, while YoY demand is actually up in some regions.
- The market for replacement tires is recovering faster than the market for OE tires, so we are focusing our efforts on REP sales.

[Sports Business]

- Anticipated Decline in YoY Sales Revenues in 2nd Half of Year: Around 20% (Due to Continued Decline in Demand, Harsh Overall Business Environment)
- June/July Situation: Signs of Market Recovery Overseas (North America, Etc.)

Our entire group is working on concerted efforts to ensure that we not only achieve, but also surpass our announced (forecast) target figures.

Value Driver

1. Developing & Promoting Sales of Advanced Products
2. Creating New Value
3. Promoting ESG Management

Toward Further
Enhancing Our
Economic &
Societal Value

Groupwide Project to Reinforce the
Foundations of Our Business

“ Be the Change ”

Initiatives to Generate Profits

Initiatives to Reinforce Our
Organizational Framework

Challenges of New Markets

Entering New Business Fields

Maximizing Results from Our Global
Business Framework

Insatiable Drive for Innovation

SMART TYRE CONCEPT ▶

To the Next Level

2020

2025

[USA] Strong Sales of SUV Tires in Robust REP Market

- Our WILDPEAK Series of SUV Tires are proving quite popular in the US replacement market, where we have seen a 40% increase in sales compared with the same point in time last year.
- WILDPEAK has also been selected by Jeep and Toyota for OE fitment on SUVs and 4x4s in the North American market. Moving forward, we will continue to focus on expanding OE fitment in this region.



**WILDPEAK
A/T 3W**

[China] Strong Sales of Premium Tires in the First Market to Recover

- We edged out the competition in introducing and utilizing an online order system as an innovative new sales platform.
- Our SP SPORT MAXX 050 Series of tires for luxury vehicles sold well on the REP market.
- We expanded OE fitment of fuel-efficient tires in larger sizes.

[Europe] Increased Market Share Thanks to Prompt Implementation of Work from Home Sales System

- Strong Sales of Both Our AZENIS FK510 & Our New WILDPEAK A/T AT3WA (SUV Tires Released Last Fall)

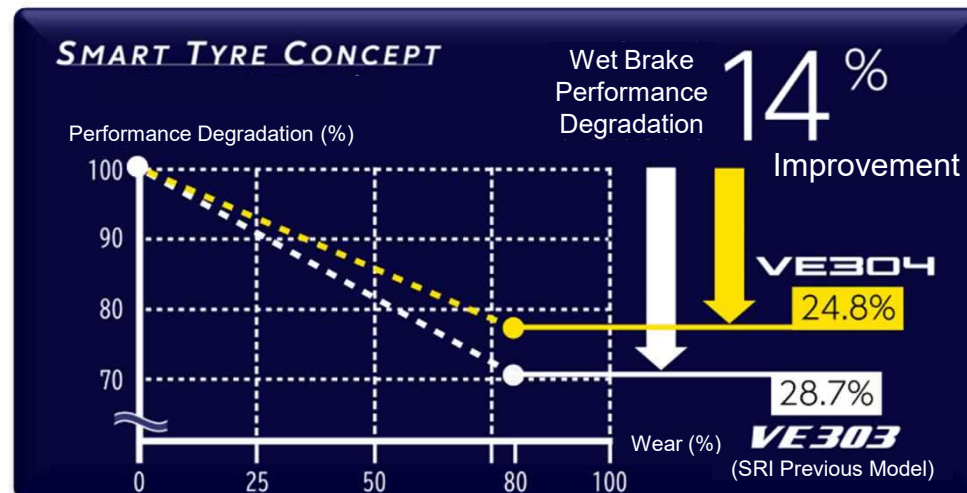
- Featuring (SMART TYRE CONCEPT) Performance Sustaining Technology - Our Newly Launched VEURO VE304 Premium Comfort Tires

- Since its launch in March, VEURO VE304 has already achieved sales far exceeding our initial plans.
- Indeed, VEURO Series sales volume has more than doubled compared with the same point in time last year.
- VEURO VE304 won the Gran Prix at the “33rd DAILY AUTOMOTIVE NEWS Car Parts Awards 2020”.

SMART TYRE CONCEPT

Performance Sustaining Technology

A New Technology That Suppresses Performance Degradation Due to Wear & the Passage of Time to Allow Tires to Maintain Like-New Performance for Longer



VEURO
VE304

Expanding Sales of XXIO Golf Clubs

- Expanding Sales of XXIO ELEVEN & XXIO X-eks-Golf Clubs
- Since launching in 2000, our XXIO Series has held the No. 1 share of the Japanese market for 20 consecutive years and also maintained the top spot in the 1st half of 2020.*

XXIO



*Based on surveys of major nationwide retailers (reporting actual in-store sales figures) conducted by Yano Research Institute, Ltd. for each year between 2000 and 2019 (and the 1st Half of 2020).

Focusing on Medical Rubber Products & Vibration Control Systems in Our Industrial Products Business

- Our Medical Rubber Products Business has successfully expanded sales, with especially strong sales in Japan. Meanwhile, with the start of operations at our new factory in Slovenia, we are now expanding our supply business with pharmaceutical companies in Europe.
- Our Vibration Control Business has also succeeded in expanding sales, driven by strong sales of our MIRAIE Vibration Control Units for Detached Housing.



Slovenia Factory

Contributing to the Achievement of SDGs Through the Promotion of ESG Management

[E: Environment]

- Newly Developed “Reduced Odor Natural Rubber” Suppresses Odor Emissions

[S: Social]

- Increasing Production of Thin Nitrile Rubber Gloves at Malaysia Factory
- Donating Rubber Gloves to Japanese Government to Support Efforts to Combat COVID-19
- One of 40 Companies Selected for “Health & Productivity Stock Selection” Program 2020 by Ministry of Economy, Trade & Industry (METI)
- Received “L-Star” (2 Stars) as an Outstanding Company for Compliance with the Act on the Promotion of Women's Participation & Advancement in the Workplace

[ESG Overall]

- First Company in the Rubber Industry to Sign “Positive Impact Finance*” Financing Agreement with Sumitomo Mitsui Trust Bank

*A financing arrangement that aims to support business activities that have a positive impact in terms of the environment, society and the economy by comprehensively analyzing and evaluating the impact (both positive and negative) of a company's business activities as the basis for making financing/investment decisions.



Reinforcing the Foundations of Our Business in Terms of Both Organizational Framework & Foundation for Profitability

**Reinforcing
Our Organizational Framework**



- Creating an Environment That Encourages Challenge-Taking & Promotes Leadership
- Promoting Various Measures to Enhance Productivity

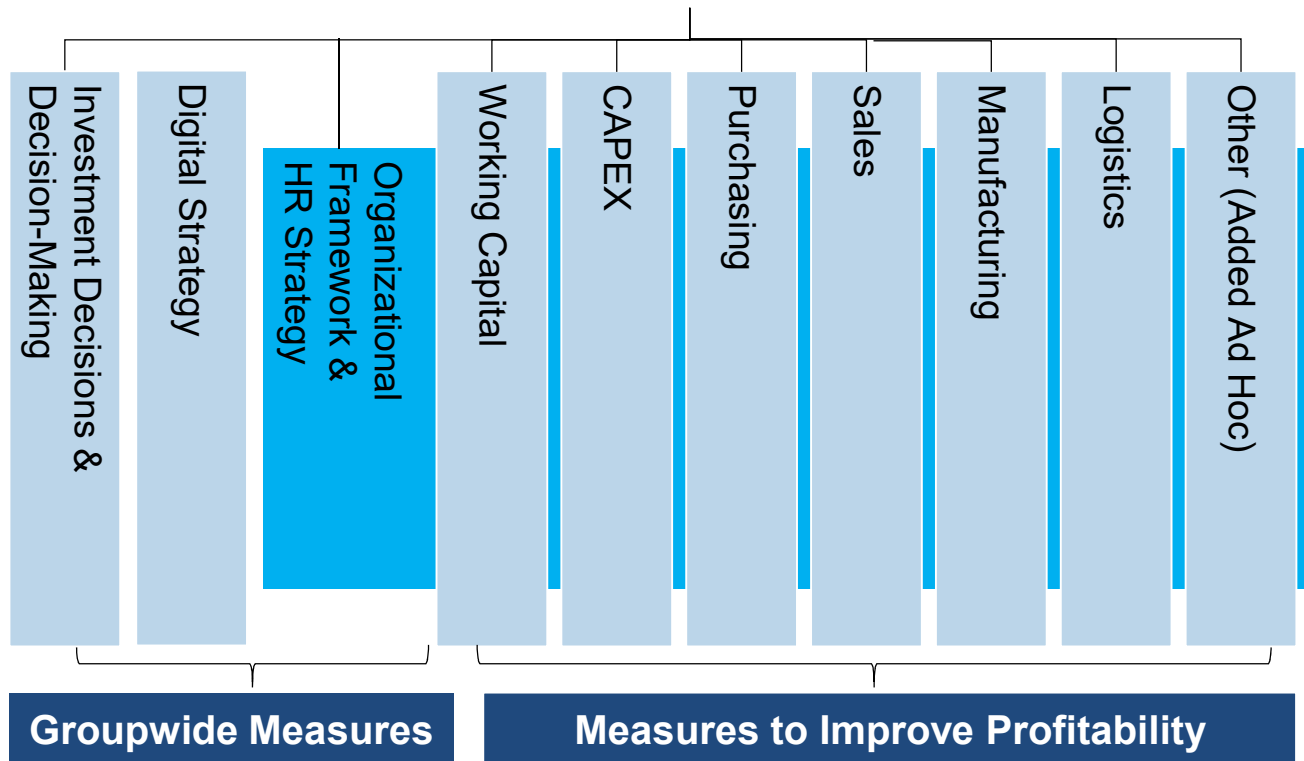
**Reinforcing
Our Foundation for Profitability**



- Generating Cash Holdings
- Reducing Costs
- Creating New Value

Bringing Improvements to Internal Processes & Systems

Making Steady Progress on Efforts to Reinforce the Foundations of Our Business



Workshops Transcending
Departmental Barriers



Kickoff Rally
(Early March)

[Bringing Changes to How Employees Think]

- Creating Opportunities to Have a Positive Impact on Others
- Taking on Major Theme Challenges Affecting Multiple Departments
- Expanding One's Range of Thinking Through Project Participation
- First-Hand Experience with Speedy (Weekly) PDCA Cycles

 **SUMITOMO RUBBER INDUSTRIES, LTD.**