SUMITOMO RUBBER GROUP

環境大臣認定
エコ・ファースト企業

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

Changes in Scope of Consolidation

SUMITOMO RUBBER GROUP

	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)

SUMITOMO RUBBER GROUP

	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

Consolidated Financial Results

SUMITOMO RUBBER GROUP

Billions of Yen

Japanese G A A P

	Actual 2016	Actual 2015	YOY	Nov. 7th Forecast
Net Sales	805.0	848.7	95%	810.0
Operating Income (%)	74.3 (9.2%)	77.1 (9.1%)	96%	70.0 (8.6%)
Ordinary Income (%)	71.0 (8.8%)	78.9 (9.3%)	90%	66.0 (8.1%)
Profit ※1	49.9	55.8	89%	53.5
Equity Income	0.0	5.6	(5.5)	0.1
ROE	11.7%	13.3%		13.5%
D/E Ratio	0.5	0.6		0.5

	Japanese GAAP 2016 Forecast			
	Feb. 12th	May. 10th	Aug. 8th	Nov. 7th
Net Sales	860.0	860.0	810.0	810.0
Operating income	80.0	80.0	70.0	70.0
Ordinary income	77.0	77.0	66.0	66.0
Profit ※1	57.0	57.0	53.5	53.5

I F R S

	Actual 2016	Actual 2015	YOY
Sales Revenue	756.7	798.5	95%
Business Profit (%)	74.9 (9.9%)	78.9 (9.9%)	95%
Operating Profit (%)	73.3 (9.7%)	89.2 (11.2%)	82%
Profit ※1	41.4	72.0	57%
Equity Income	0.1	5.6	(5.6)
ROE	9.7%	17.5%	
D/E Ratio	0.5	0.6	

※1. Profit : Profit attributable to owners of parent
The above note applies throughout this report

Major Differences between Japanese GAAP and IFRS

SUMITOMO RUBBER GROUP

Billions of Yen

Japanese G A A P				IFRS		
Operating Income				Business Profit		
2016	2015	Increase (Decrease)		Increase (Decrease)	2016	2015
74.3	77.1	(2.7)	← (1.2) →	(4.0)	74.9	78.9
		(5.5)	Decrease of Equity in earnings of affiliates	(5.6)		
		(11.0)	Increase of tax burden	(12.7)		
		8.3	**Dissolution of the alliance with GY** (2015's profit under IFRS) / **Gain on sales of GY and other companies' investment securities** (2016's profit under Japanese GAAP) / **One-time amortization of Goodwill** (2015's loss under Japanese GAAP)	**(9.6)**		
		3.9				
		1.1	Others	1.3		
49.9	55.8	(5.9)	← (24.7) →	(30.6)	41.4	72.0
2016	2015	Increase (Decrease)		Increase (Decrease)	2016	2015
Profit				Profit		

Impact relating to dissolution of the alliance with GY

Significant differences between Japanese GAAP and IFRS
21.9 Billion Yen

Impact from Adoption of IFRS on Consolidated Statements of Income

SUMITOMO RUBBER GROUP

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

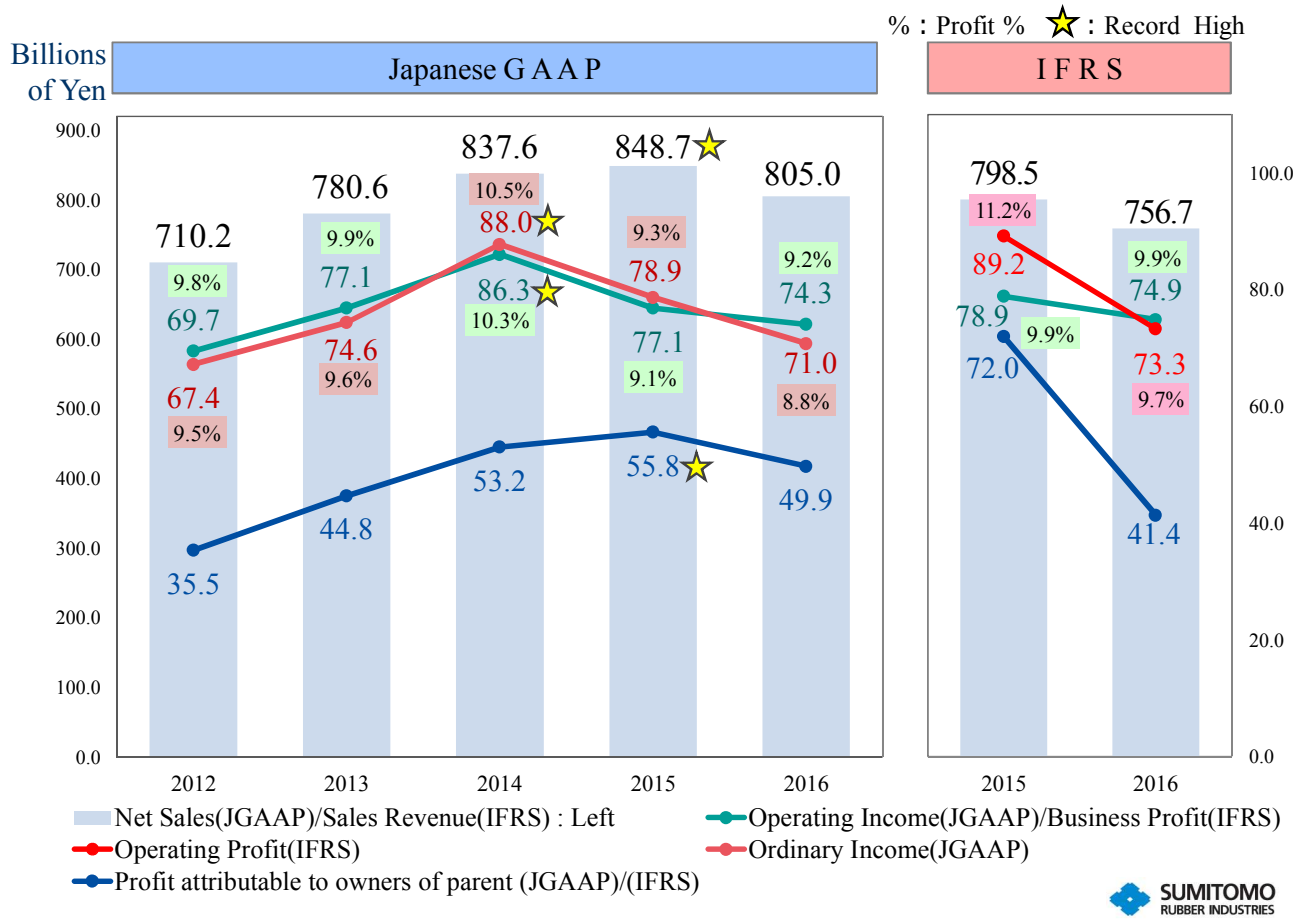
SUMITOMO RUBBER GROUP

Japanese G A A P

Billions of Yen

	Jan.-Mar.	YOY	Apr.-Jun.	YOY	Jul.-Sep.	YOY	Oct.-Dec.	YOY	Actual 2016	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 Sales Revenue / Profit



Consolidated Net Sales / Operating Income by Reportable Segment

Japanese G A A P

Billions of Yen

		Jan.-Sep.	YOY	Oct.-Dec.	YOY	Actual 2016	Actual 2015	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%

Consolidated Sales Revenue / Business Profit by Reportable Segment

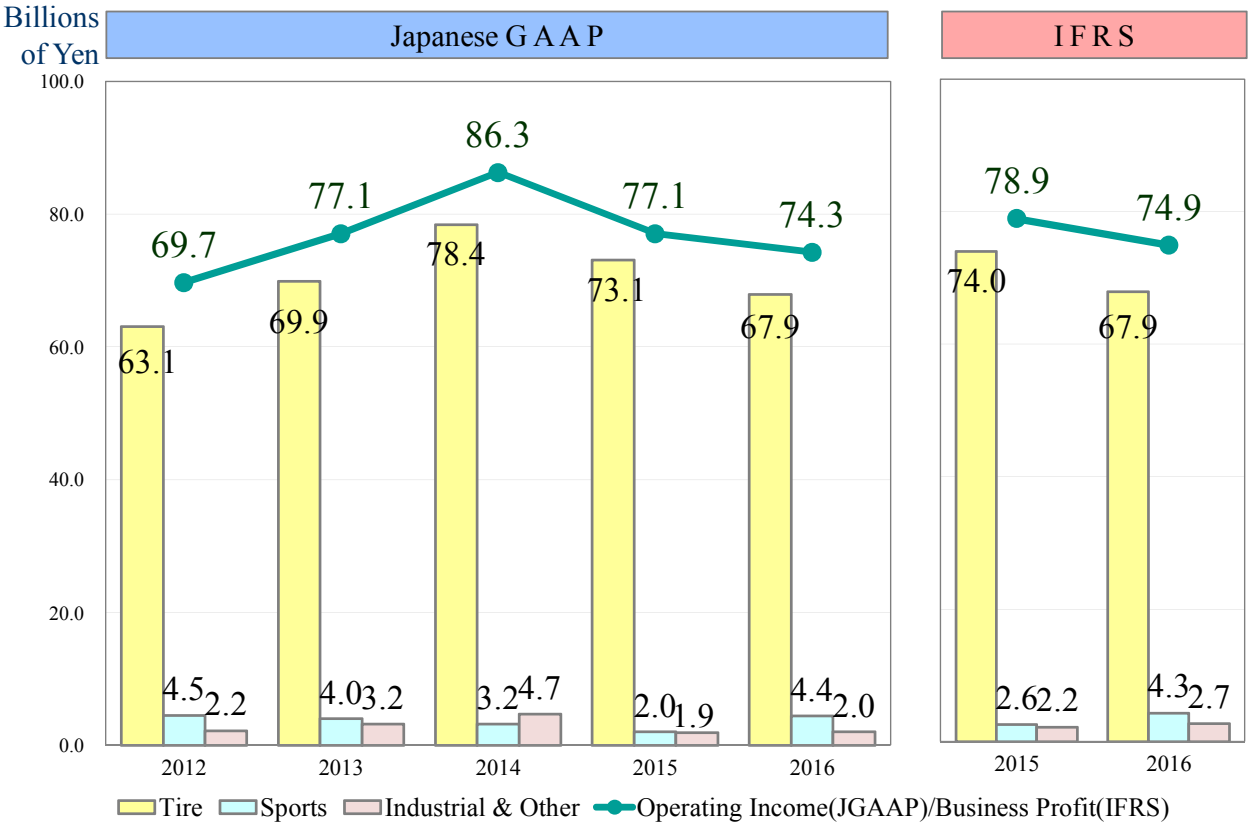
SUMITOMO RUBBER GROUP

Billions of Yen

		IFRS			Japanese GAAP		
		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%

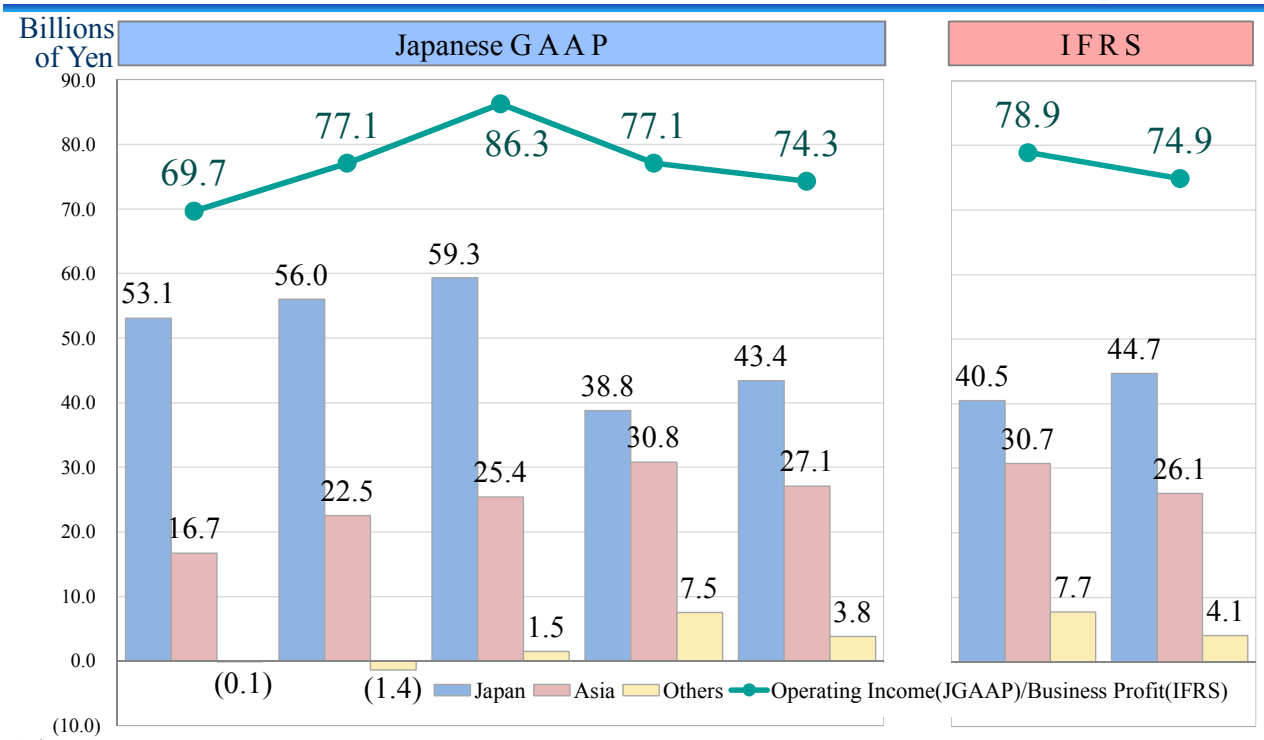
Consolidated Business Profit by Reportable Segment

SUMITOMO RUBBER GROUP



Consolidated Business Profit by Geographic Areas

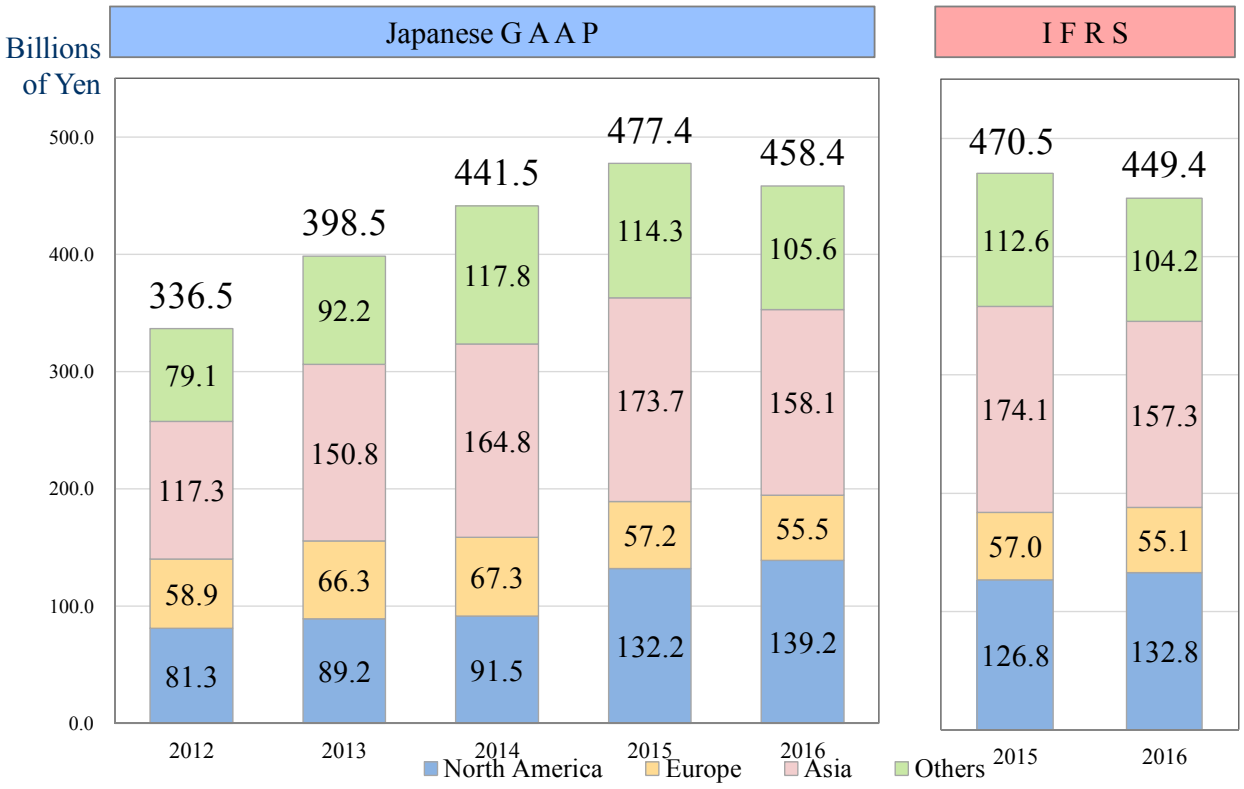
SUMITOMO RUBBER GROUP



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
Total	710.2	780.6	837.6	848.7	805.0	798.5	756.7

Overseas Sales Revenue

SUMITOMO RUBBER GROUP



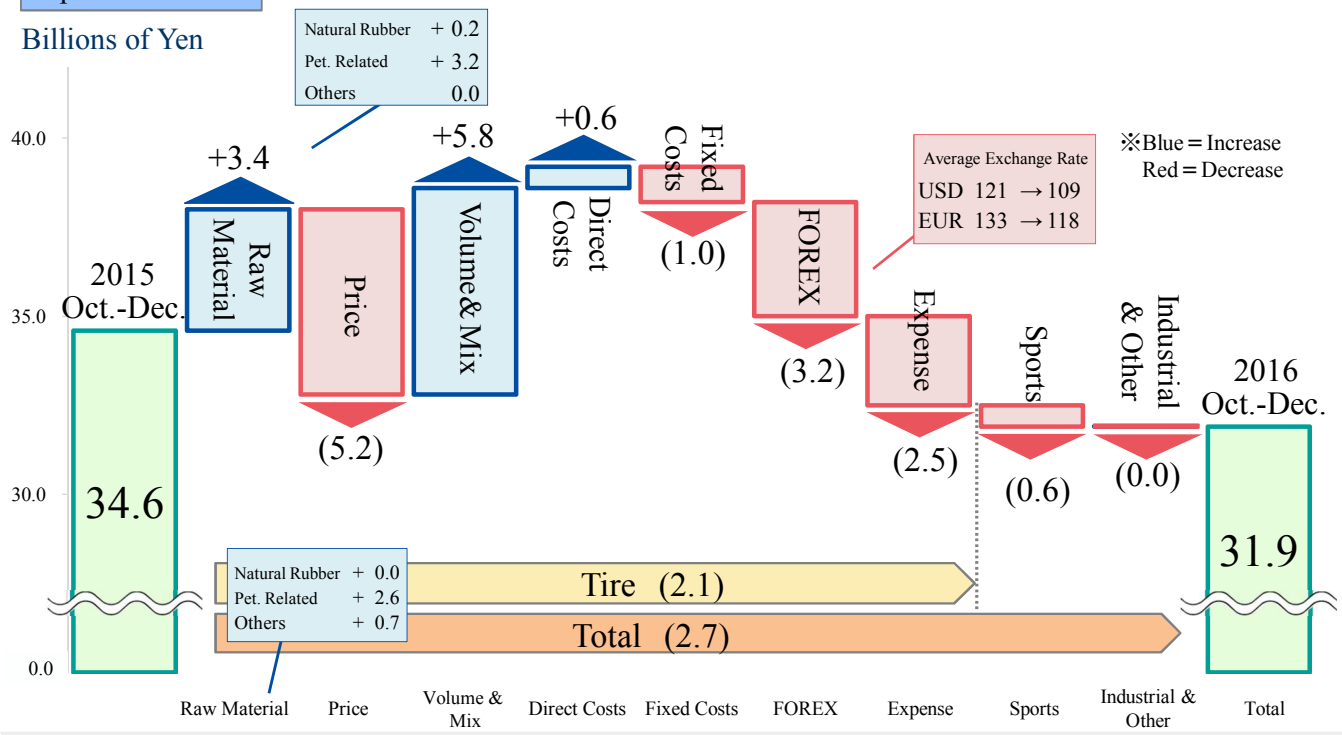
Consolidated Sales Revenue	710.2	780.6	837.6	848.7	805.0	798.5	756.7
% of Overseas	47%	51%	53%	56%	57%	59%	59%

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

SUMITOMO RUBBER GROUP

Japanese G A A P

Billions of Yen



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	FOREX	Expense	Sports	Industrial & Other	Total
Nov. 7th Forecast	3.3	(5.0)	1.9	0.9	(0.7)	(4.7)	(1.7)	(1.5)	0.5	(7.0)
2014 Q4 →2015 Q4	7.2	(6.3)	(4.3)	1.8	(1.2)	1.2	(0.4)	0.2	(0.8)	(2.6)

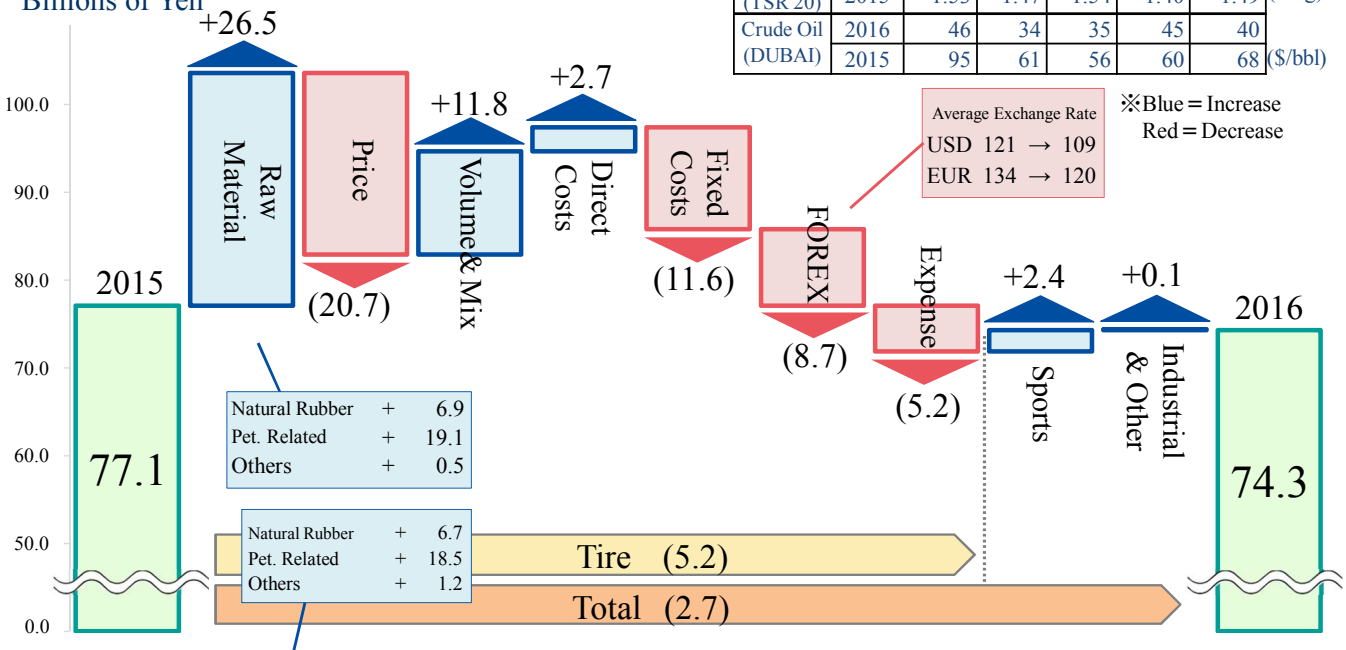
Consolidated Operating Income Walk (2016 Annual)

SUMITOMO RUBBER GROUP

Japanese G A A P

Billions of Yen

Price		Q1	Q2	Q3	Q4	Ave.	
Natural Rubber (TSR 20)	2016	1.22	1.24	1.38	1.38	1.31	($/kg)
	2015	1.53	1.47	1.54	1.40	1.49	
Crude Oil (DUBAI)	2016	46	34	35	45	40	($/bbl)
	2015	95	61	56	60	68	



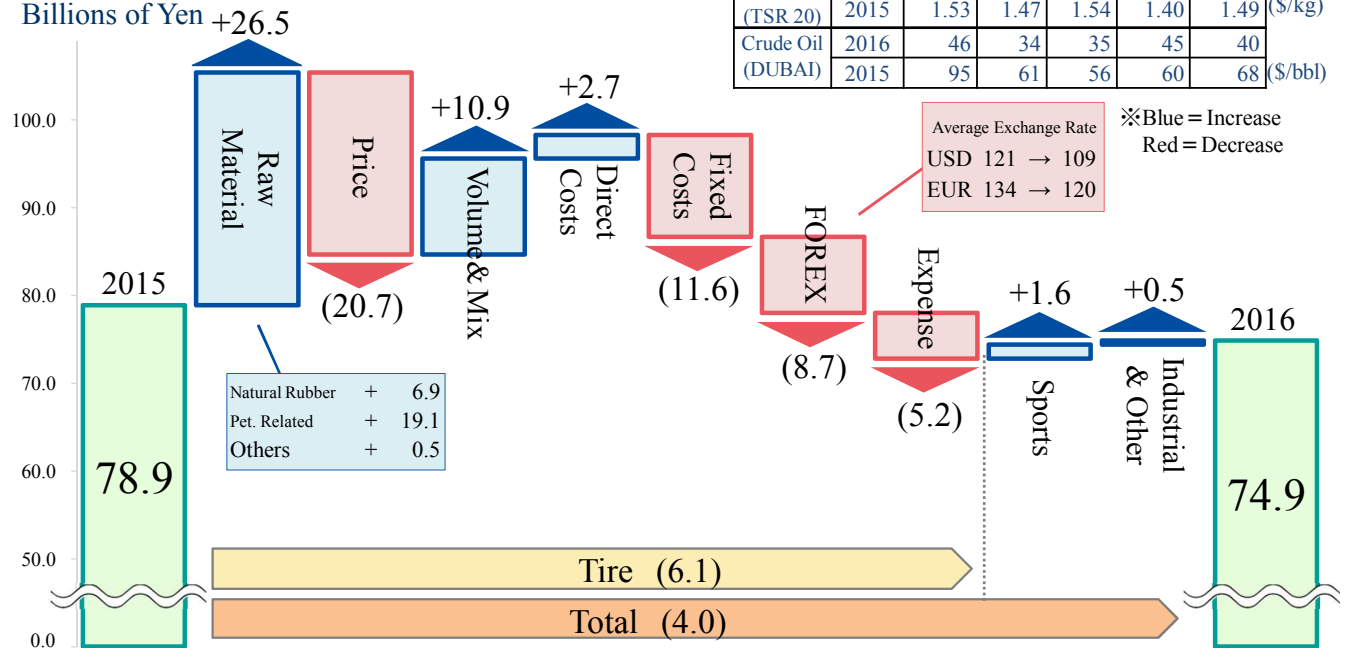
	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	FOREX	Expense	Sports	Industrial & Other	Total
Nov. 7th Forecast	26.4	(20.5)	7.8	3.0	(11.3)	(10.2)	(4.4)	1.5	0.6	(7.1)
2014→2015	37.7	(26.7)	(7.3)	3.0	(5.8)	0.1	(6.3)	(1.2)	(2.7)	(9.2)

Consolidated Business Profit Walk (2016 Annual)

SUMITOMO RUBBER GROUP

IFRS

Price		Q1	Q2	Q3	Q4	Ave.	
Natural Rubber (TSR 20)	2016	1.22	1.24	1.38	1.38	1.31	($/kg)
	2015	1.53	1.47	1.54	1.40	1.49	
Crude Oil (DUBAI)	2016	46	34	35	45	40	($/bbl)
	2015	95	61	56	60	68	



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	FOREX	Expense	Sports	Industrial & Other	Total
Nov. 7th Forecast	-	-	-	-	-	-	-	-	-	-
2014→2015	-	-	-	-	-	-	-	-	-	-

Consolidated Operating Income Analysis by Factors

SUMITOMO RUBBER GROUP

Japanese GAAP

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. 7th 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)
Total assets	897.6	932.4	(34.8)
Current liabilities	252.0	285.2	(33.2)
Non-current liabilities	186.1	195.4	(9.4)
Total liabilities	438.1	480.6	(42.5)
Shareholders' equity	429.3	422.3	+7.0
Non-controlling interest	30.2	29.6	+0.7
Total equity	459.5	451.8	+7.7
Total liabilities and equity	897.6	932.4	(34.8)
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)

【Forecast】Consolidated Financial Results

SUMITOMO RUBBER GROUP

IFRS

Billions of Yen

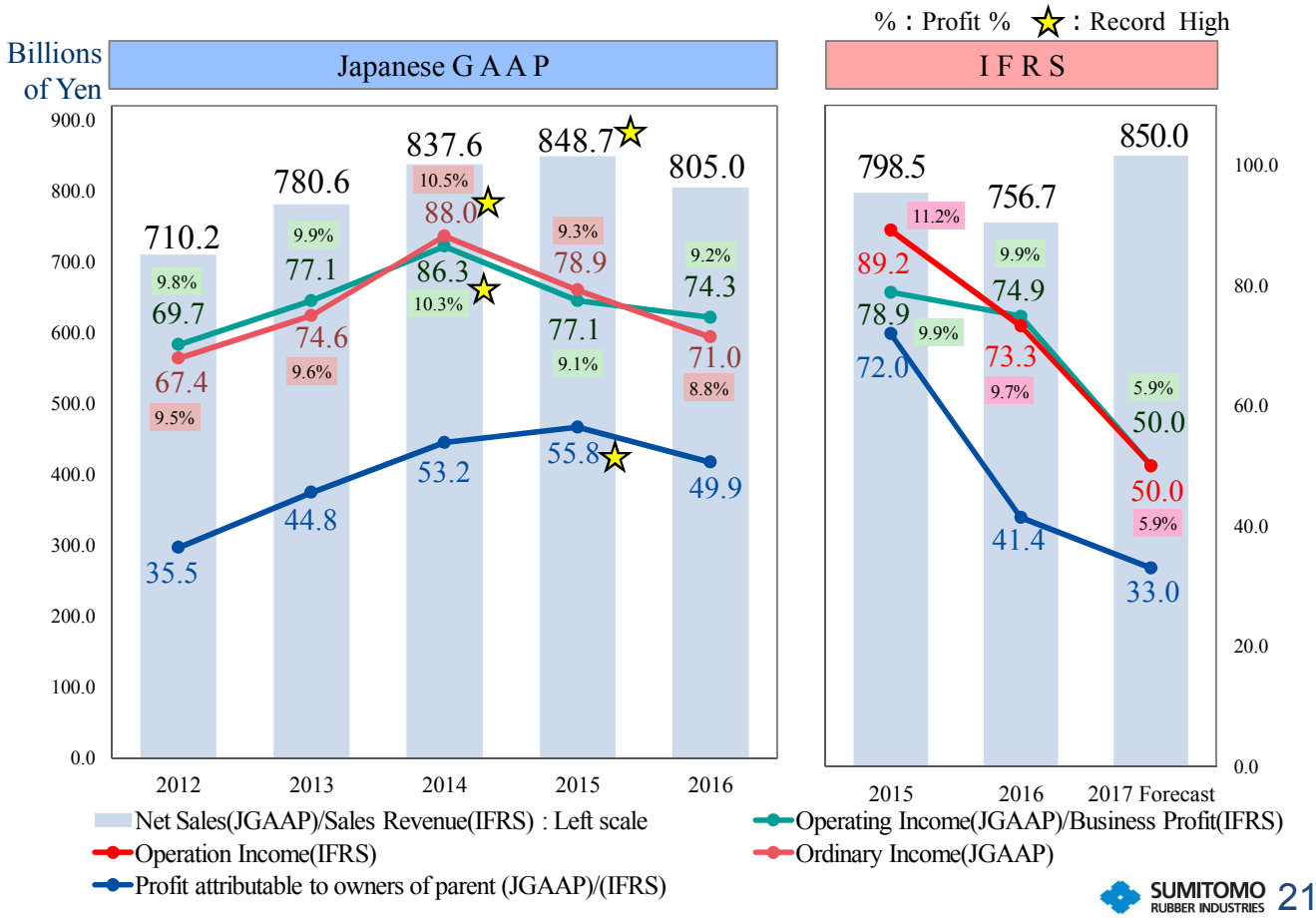
	Annual Forecast 2017	Actual 2016	YOY	First half Forecast 2017
Sales Revenue	850.0	756.7	112%	385.0
Business Profit (%)	50.0 (5.9%)	74.9 (9.9%)	67%	15.0 (3.9%)
Operating Profit (%)	50.0 (5.9%)	73.3 (9.7%)	68%	15.0 (3.9%)
Profit	33.0	41.4	80%	10.0

ROE	8.0%	9.7%
ROA ※	5.5%	8.2%
D/E Ratio	0.6	0.5

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

【Forecast】Consolidated Sales Revenue / Profit

SUMITOMO RUBBER GROUP



【Forecast】Consolidated Sales Revenue / Business Profit by Reportable Segment

SUMITOMO RUBBER GROUP

I F R S

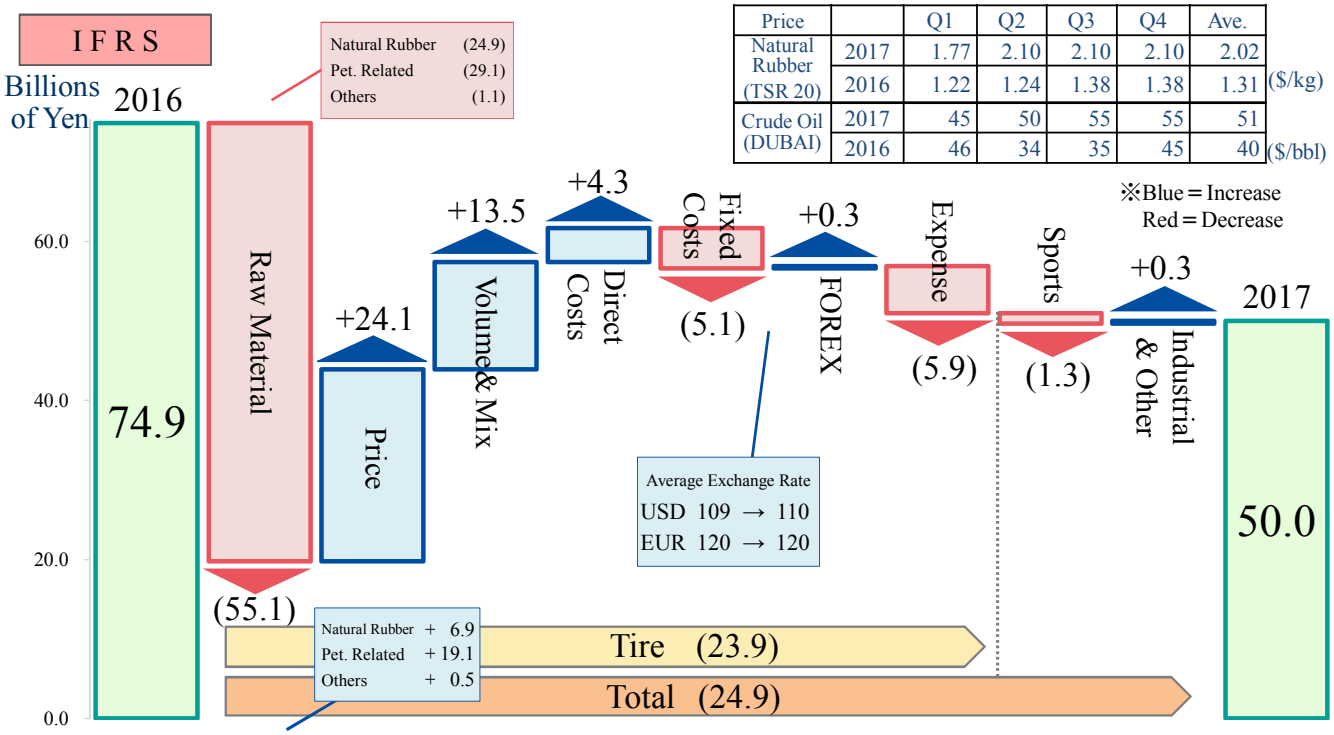
Billions of Yen

		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

【Forecast】Consolidated Business Profit Walk (2017 Annual)

SUMITOMO RUBBER GROUP

Price		Q1	Q2	Q3	Q4	Ave.	
Natural Rubber (TSR 20)	2017	1.77	2.10	2.10	2.10	2.02	($/kg)
	2016	1.22	1.24	1.38	1.38	1.31	
Crude Oil (DUBAI)	2017	45	50	55	55	51	($/bbl)
	2016	46	34	35	45	40	



	Raw Material	Price	Volume & Mix	Direct Costs	Fixed Costs	FOREX	Expense	Sports	Industrial & Other	Total
2015→2016	26.5	(20.7)	10.9	2.7	(11.6)	(8.7)	(5.2)	1.6	0.5	(4.0)
2014→2015	-	-	-	-	-	-	-	-	-	-

Tire Sales Volume (Comparison %)

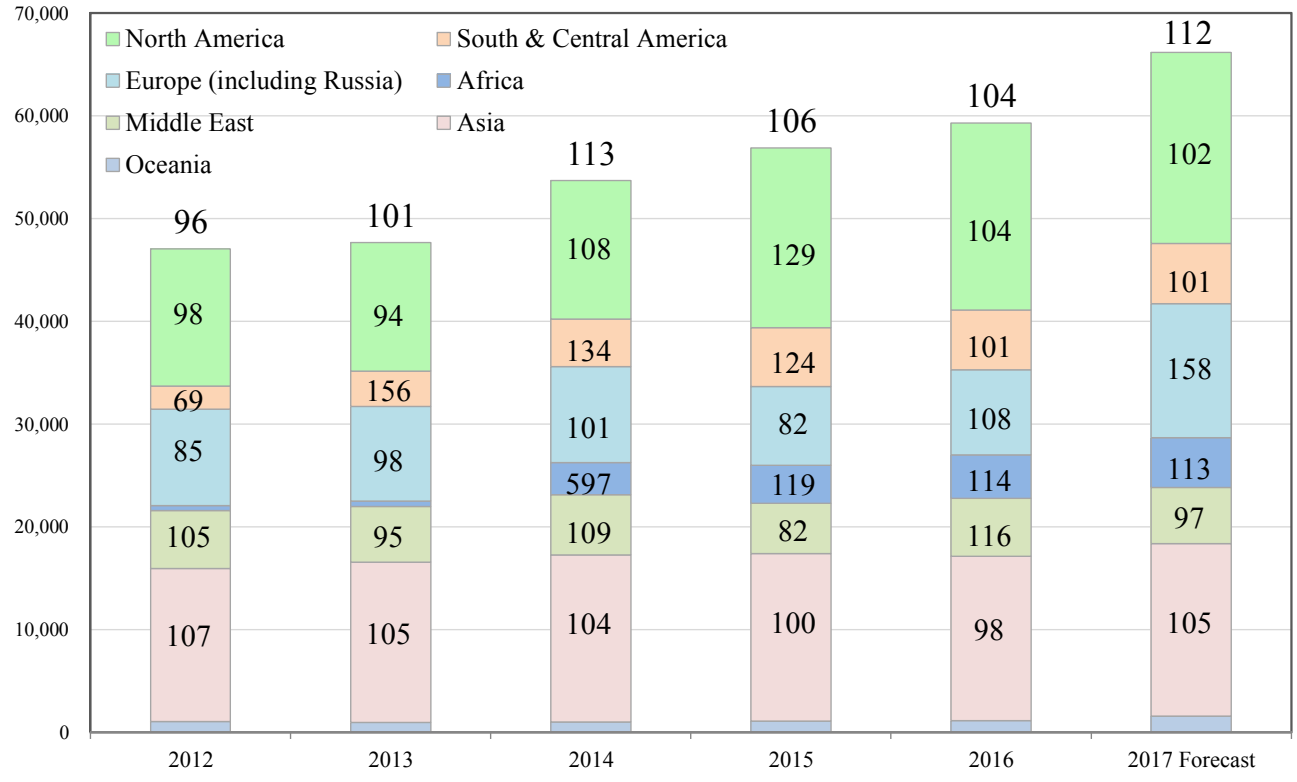
SUMITOMO RUBBER GROUP

	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%	**108%**	96%	106%	101%	103%
Domestic Rep.	81%	107%	101%	89%	93%	101%	101%	100%	**101%**	101%	102%	103%	103%
Overseas O.E.	104%	99%	90%	111%	101%	106%	101%	114%	**102%**	105%	102%	111%	107%
Overseas Rep.	101%	105%	107%	110%	106%	109%	106%	106%	**98%**	104%	108%	114%	112%
North America	104%	127%	131%	154%	129%	118%	108%	105%	**91%**	104%	105%	99%	102%
Europe	98%	81%	74%	78%	82%	97%	114%	105%	**118%**	108%	139%	174%	158%
Asia	104%	98%	103%	97%	100%	99%	94%	101%	**99%**	98%	103%	106%	105%
Others	97%	105%	113%	106%	105%	119%	112%	113%	**96%**	109%	102%	109%	105%
Total	97%	102%	101%	102%	100%	104%	102%	105%	**100%**	103%	106%	110%	108%
Total Tire Sales (000 Units)	24,640	26,150	27,250	31,580	109,620	25,510	26,780	28,620	**31,740**	112,640	55,420	66,280	121,700

Tire Overseas Rep. Volume by Regional Segment

SUMITOMO RUBBER GROUP

000 units

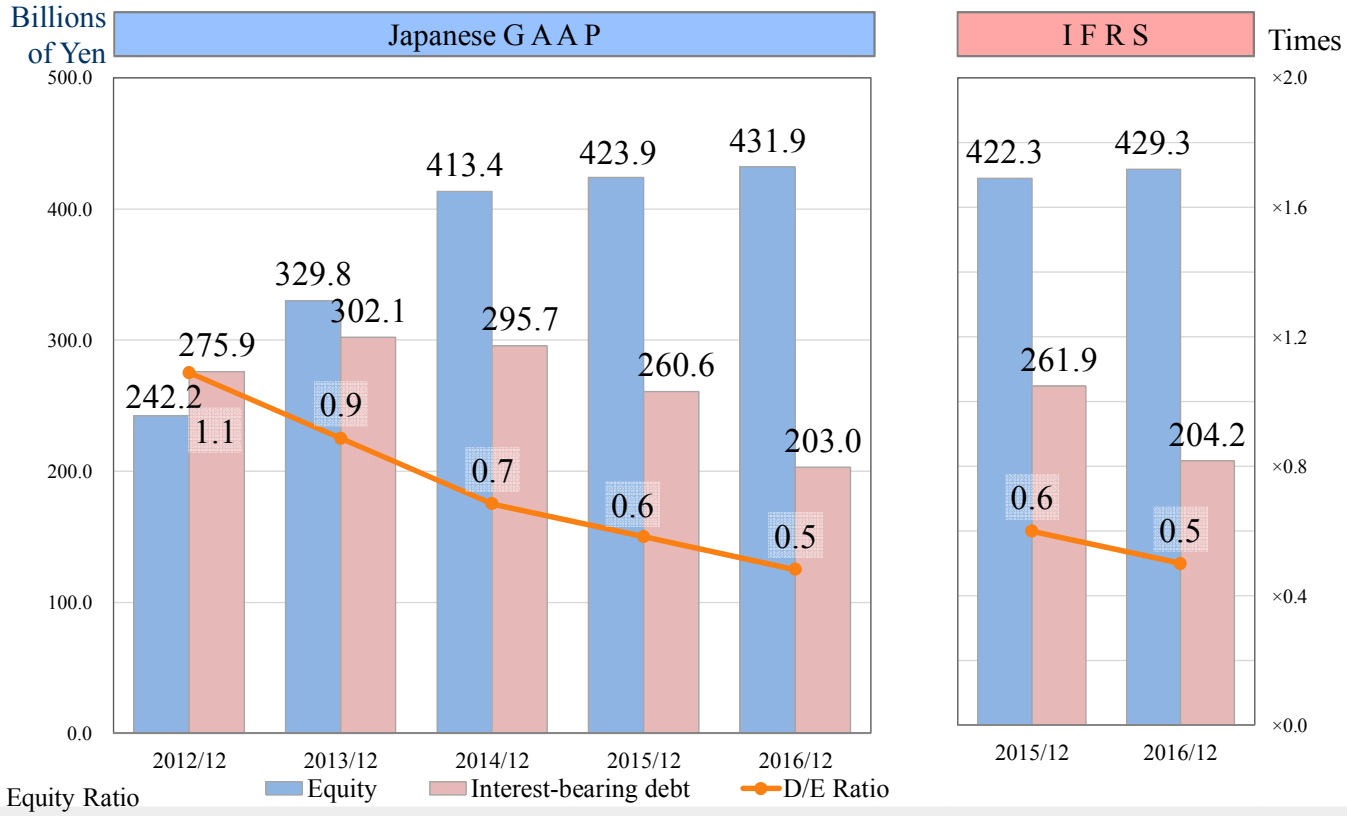


	2012	2013	2014	2015	2016	2017 Forecast
Forex(USD)	80	98	106	121	109	110

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

Equity / Interest-Bearing Debt

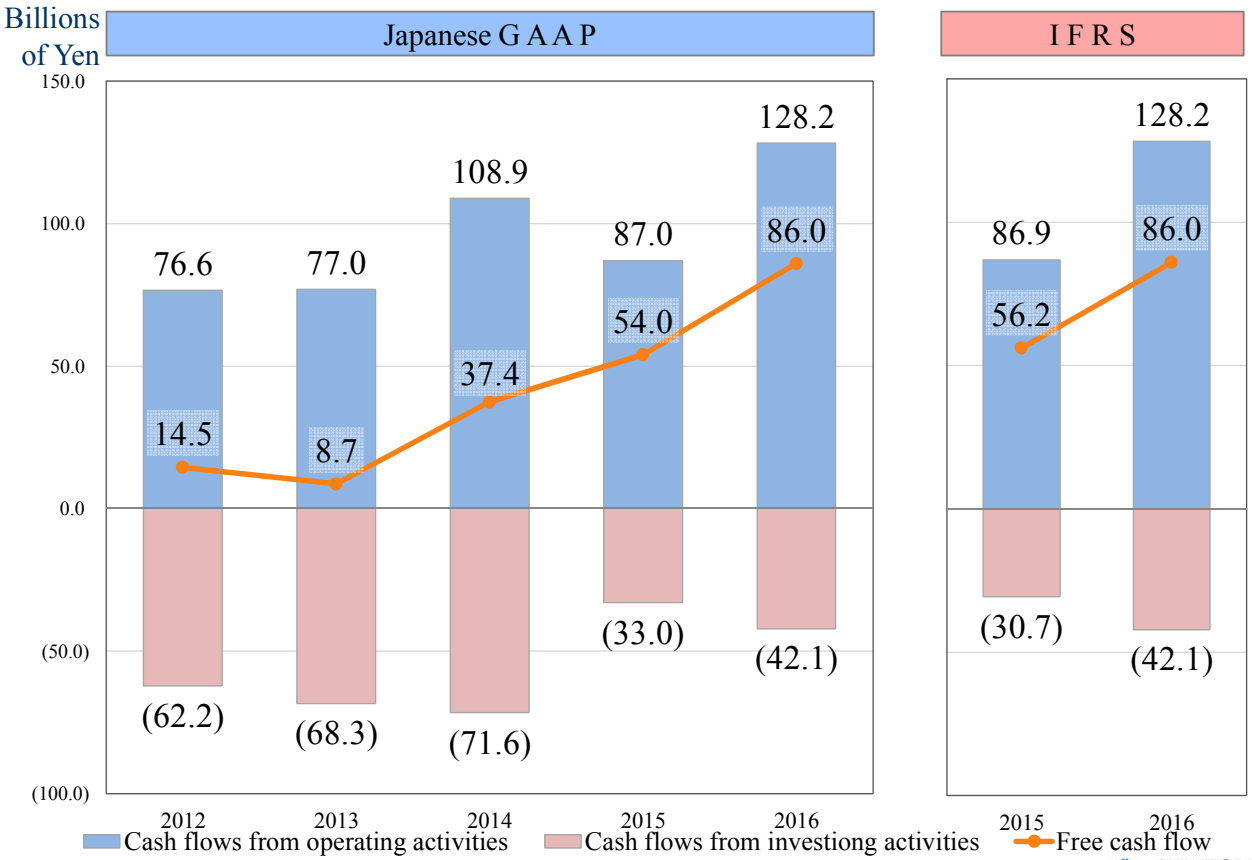
SUMITOMO RUBBER GROUP



Equity Ratio	33.1%	38.0%	42.5%	45.3%	48.0%	45.3%	47.8%

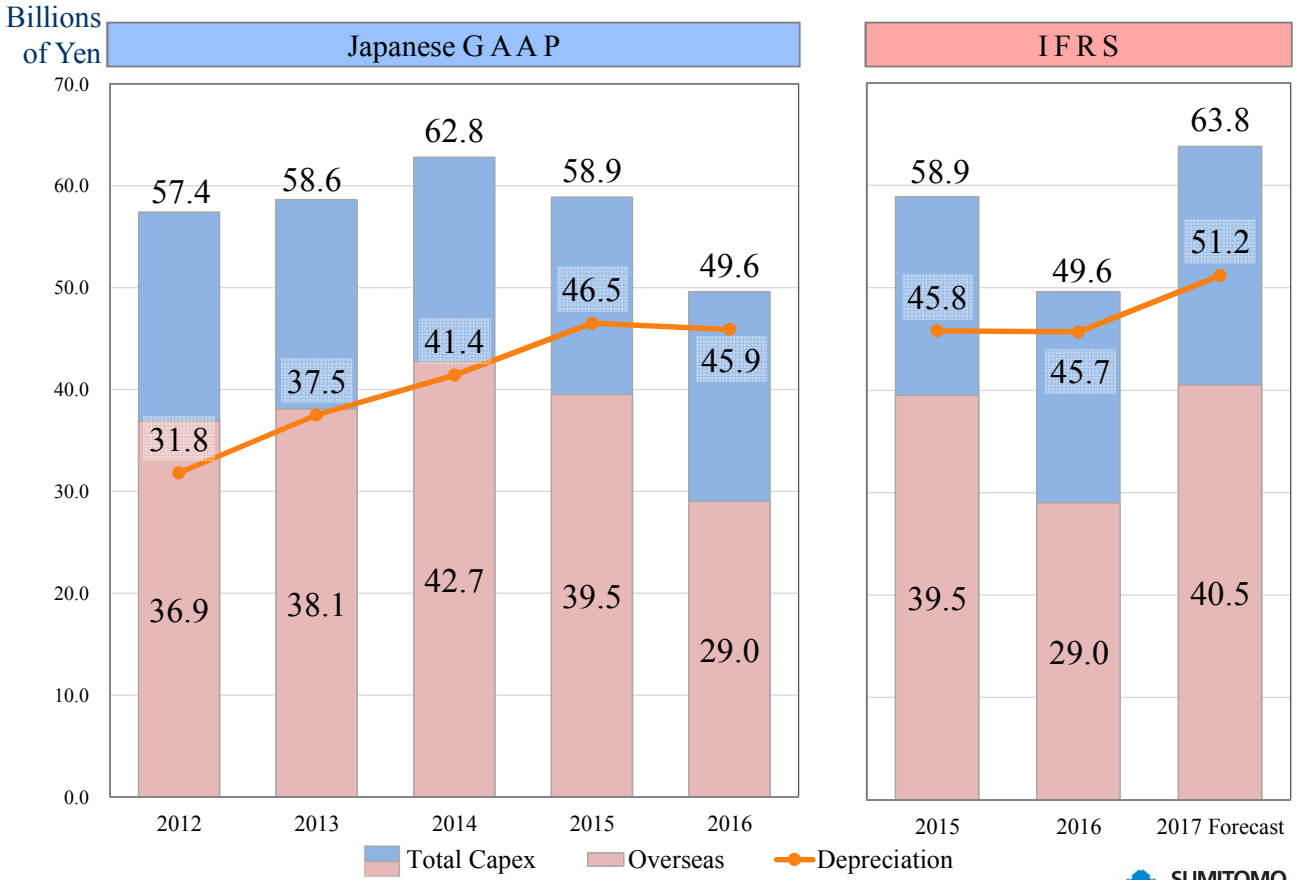
Cash Flows

SUMITOMO RUBBER GROUP



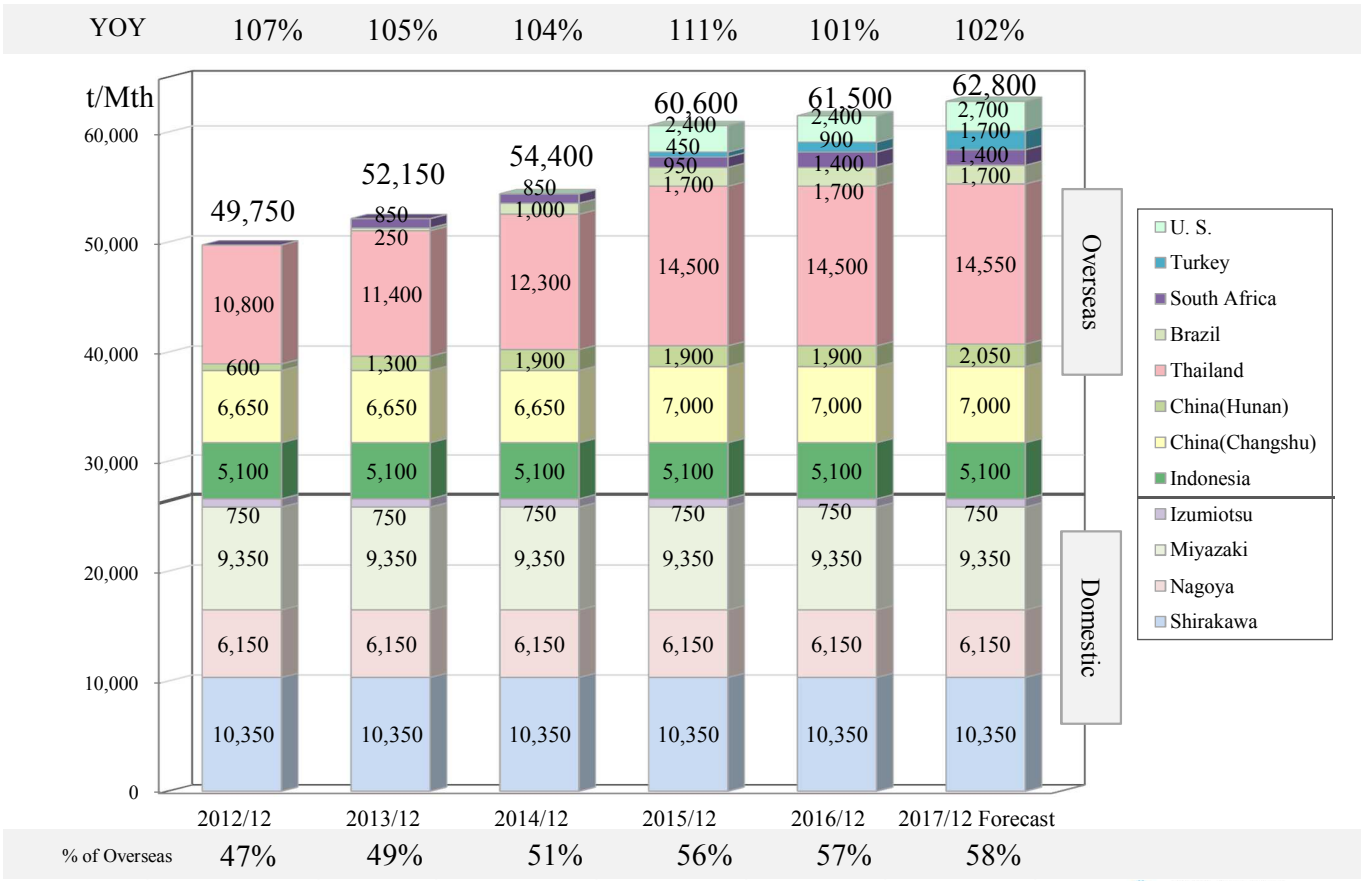
Capex and Depreciation (Tangible Assets Only)

SUMITOMO RUBBER GROUP



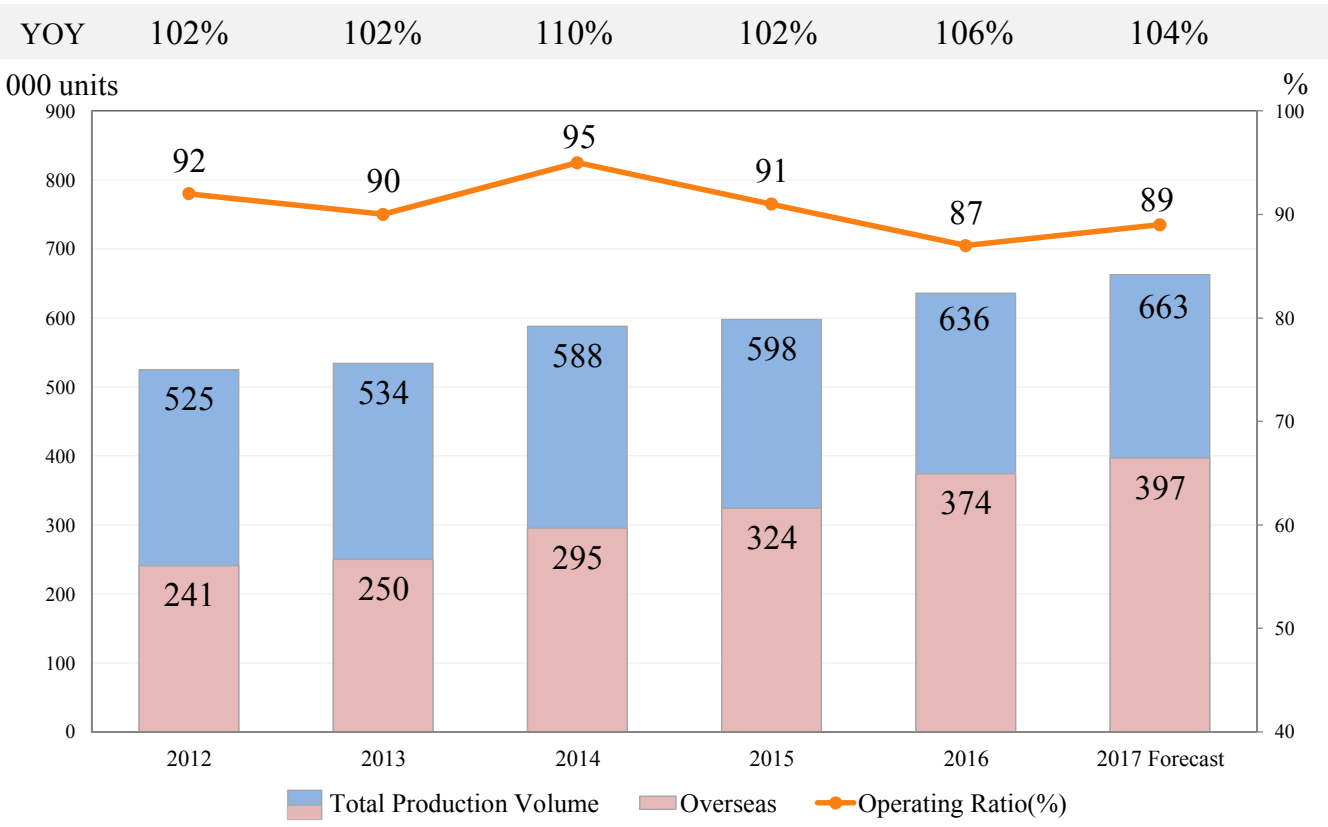
Tire Production Capacity

SUMITOMO RUBBER GROUP



Tire Production Volume and Operating Ratio

SUMITOMO RUBBER GROUP



New Products / New Technologies

SUMITOMO RUBBER GROUP

DUNLOP

LE MANS V

WINTER MAXX 02

FALKEN

ZIEX ZE914F

XXIO YOUR PRESTIGE PARTNER

NEW XXIO PRIME

SRIXON

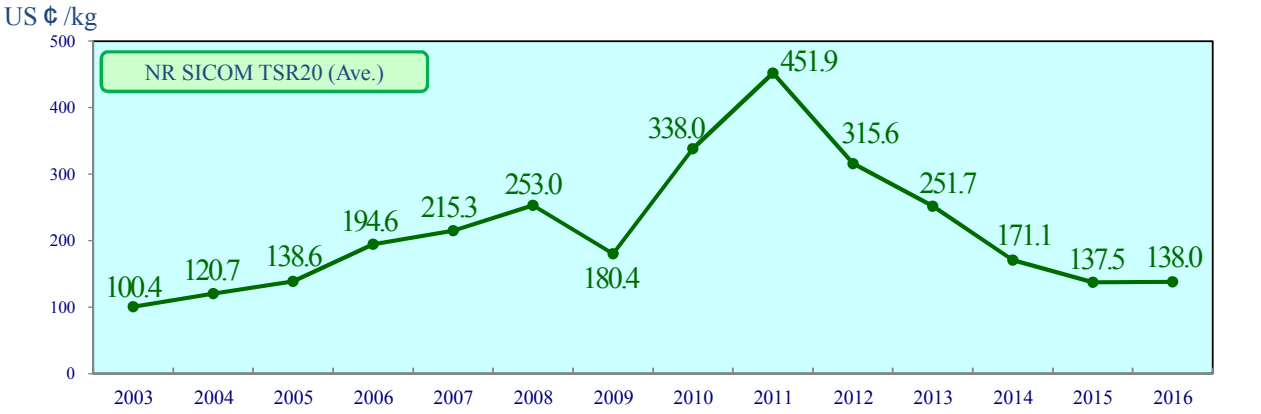
NEW SRIXON Z-STAR

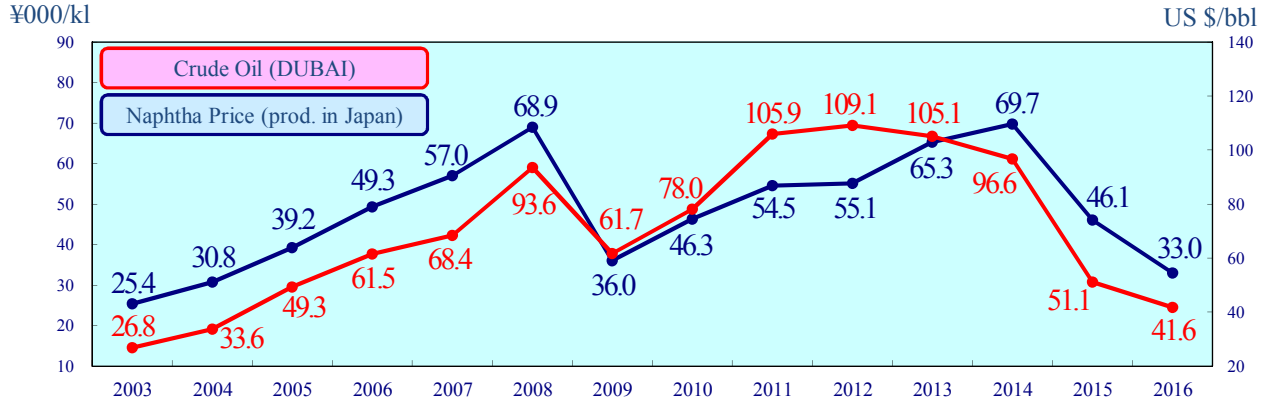
SRIXON「REVO CX」

SRIXON「Soft tennis ball」

Market Price : Natural Rubber / Crude Oil / Naphtha

SUMITOMO RUBBER GROUP





for you, for the earth

SUMITOMO RUBBER GROUP