

Supplementary Information of 2016 1Q

1. Financial Highlights

(1) Quarter of the year

(Yen in billions)

		Unit	2015					2016		
			1H		FY		1Q	vs.PY		
			1Q	2Q	3Q	4Q				
Consolidated Results										
Statements of Income	Net Sales		893.6	961.8	1,855.4	961.8	972.9	3,790.2	825.7	92
	Operating Income		116.2	121.5	237.7	140.8	138.6	517.2	108.4	93
	OP Margin	%	13.0	12.6	12.8	14.6	14.2	13.6	13.1	+0.1
	Ordinary Income		115.7	117.2	232.9	132.6	141.6	507.3	103.4	89
	Profit Attributable to Owners of Parent (*1)		71.5	73.0	144.6	50.4	89.1	284.2	56.7	79
Exchange Rate	US \$	Yen/\$	119	121	120	122	121	121	115	97
	Euro	Yen/€	134	134	134	136	133	134	127	95
Analysis of Net Sales and Operating Income vs. PY										
Net Sales	Forex		+74.0	+95.0	+169.0	+83.0	+12.0	+264.0	(38.0)	
	Price, Mix, Volume etc.		(44.0)	(19.8)	(63.8)	(36.1)	(47.9)	(147.8)	(29.8)	
	Total		+30.0	+75.2	+105.2	+46.9	(35.9)	+116.2	(67.8)	
Operating Income	Forex		+15.0	+20.0	+35.0	+18.0	+2.0	+55.0	(6.0)	
	Raw Materials		+31.0	+33.0	+64.0	+22.0	+35.0	+121.0	+32.0	
	Depreciation		+0.0	(1.0)	(1.0)	(1.0)	+1.0	(1.0)	(1.0)	
	SGA		(7.0)	(2.0)	(9.0)	(4.0)	+1.0	(12.0)	(3.0)	
	Strategic Products		+1.0	+1.0	+2.0	+3.0	+0.0	+5.0	+1.0	
	Price, Mix, Volume etc.		(40.1)	(36.3)	(76.4)	(16.5)	(36.0)	(128.8)	(30.7)	
Total		(0.1)	+14.7	+14.6	+21.5	+3.0	+39.2	(7.7)		
Segment Information (*2)										
Business Segment	Tires	Net Sales	751.7	803.5	1,555.2	803.1	816.0	3,174.4	679.7	90
		OP	109.4	107.6	217.0	128.8	126.8	472.7	100.4	92
		OP Margin	%	14.6	13.4	14.0	16.0	15.5	14.9	14.8
	Diversified Products	Net Sales	147.1	164.5	311.6	162.7	160.6	635.0	149.6	102
		OP	6.8	13.8	20.6	12.0	11.7	44.5	8.0	118
		OP Margin	%	4.6	8.4	6.6	7.4	7.3	7.0	5.4
Geographic Segment	Japan	Net Sales	283.9	293.4	577.3	279.0	331.4	1,187.8	260.4	92
		OP	44.9	48.4	93.4	45.1	58.7	197.4	34.8	77
		OP Margin	%	15.8	16.5	16.2	16.2	17.7	16.6	13.4
	Americas	Net Sales	450.8	507.3	958.2	512.7	470.7	1,941.6	409.5	91
		OP	43.8	65.0	108.8	61.9	51.7	222.5	45.8	105
		OP Margin	%	9.7	12.8	11.4	12.1	11.0	11.5	11.2
	EMEA (*3)	Net Sales	104.3	107.0	211.4	108.8	101.4	421.7	121.6	
		OP	5.2	3.2	8.5	8.1	4.8	21.4	8.4	
		OP Margin	%	5.0	3.1	4.0	7.5	4.8	5.1	7.0
	Other (*4)	Net Sales	212.0	214.6	426.7	210.7	200.5	838.0	154.9	
		OP	20.7	12.7	33.5	20.8	13.9	68.2	15.4	
		OP Margin	%	9.8	6.0	7.9	9.9	7.0	8.1	10.0
Market	Net Sales	Domestic	150.0	150.1	300.2	145.7	215.8	661.9	153.6	102
		Overseas	743.5	811.7	1,555.2	816.0	757.0	3,128.3	672.1	90
		Americas	444.1	502.3	946.4	506.7	466.3	1,919.5	403.5	91
		EMEA (*3)	104.4	106.7	211.2	108.1	100.5	419.8	127.3	
		Other (*4)	194.9	202.5	397.5	201.1	190.1	788.9	141.2	
Investment	Capital Expenditure			103.9			253.5			
Costs & Expenses	Depreciation			98.5			202.3			
	R&D Expenses			46.5			94.9			
	Interest Expense			(2.7)			(2.1)			
Liabilities	Interest-Bearing Debt		531.2	524.0	494.4		441.5	425.2	80	
Tire Production (tonnage of rubber)	Domestic	10,000t	12	12	24	12	11	48	11	
	Americas	10,000t	15	14	29	14	13	56	14	
		EMEA (*3)	10,000t	6	6	11	5	6	22	6
		Other (*4)	10,000t	14	13	27	14	13	54	13
	Overseas Total	10,000t	34	33	67	33	32	132	33	
	Total	10,000t	46	45	91	45	44	179	45	
	Overseas Prod. Ratio	%	74	73	73	73	74	73	74	

(*1) Since 2016, the presentation of "Net Income" has been changed to "Profit Attributable to Owners of Parent"

(*2) Segment Information (Business, Geographic): including transactions caused by businesses among segments

(*3) Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBU
Until 2015 Europe ; Since 2016 Europe, Middle East & Africa(*4) Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs
Until 2015 Asia & Oceania, Middle East & Africa, Russia ; Since 2016 Asia & Oceania, Russia

(2) Full Year

	Unit	2012			2013			2014			2015			2016					
		Actual	%	vs.PY	Actual	%	vs.PY	Actual	%	vs.PY	Actual	%	vs.PY	1H Fcst.	vs.PY	FY Fcst.	%	vs.PY	
Consolidated Results																			
Statements of Income	Net Sales	3,039.7	100	101	3,568.0	100	117	3,673.9	100	103	3,790.2	100	103	1,770.0	95	3,750.0	100	99	
	Operating Income	285.9	9.4	149	438.1	12.3	153	478.0	13.0	109	517.2	13.6	108	237.0	100	520.0	13.9	101	
	Ordinary Income	285.0	9.4	159	434.7	12.2	153	463.2	12.6	107	507.3	13.4	110	214.0	92	487.0	13.0	96	
	Extra Loss (Gain)	16.9	0.6		94.6	2.7		(14.5)	(0.4)		29.1	0.8							
	Profit Attributable to Owners of Parent (*1)	171.6	5.6	167	202.0	5.7	118	300.5	8.2	149	284.2	7.5	95	128.0	88	309.0	8.2	109	
Exchange Rate	US \$	Yen/\$	80	100	98	123	106	108	121	114	115	96	115	96	115	95	95		
	Euro	Yen/€	103	93	130	126	140	108	134	96	127	95	127	95	127	95	95		
Analysis of Net Sales and Operating Income vs. PY																			
Net Sales	Forex	(41.0)			+529.0			+196.0			+264.0			(100.0)		(204.0)			
	Price, Mix, Volume etc.	+56.3			(0.7)			(90.2)			(147.8)			+14.6		+163.8			
	Total	+15.3			+528.3			+105.8			+116.2			(85.4)		(40.2)			
Operating Income	Forex	(12.0)			+114.0			+45.0			+55.0			(17.0)		(41.0)			
	Raw Materials	+92.0			+100.0			+77.0			+121.0			+42.0		+62.0			
	Depreciation	+1.0			(1.0)			(4.0)			(1.0)			(7.0)		(19.0)			
	SGA	(4.0)			(13.0)			0.0			(12.0)			(14.0)		(40.0)			
	Strategic Products(*2)	(5.0)			+15.0			(5.0)			+5.0			+7.0		+24.0			
	Price, Mix, Volume etc.	+22.6			(62.9)			(73.1)			(128.8)			(11.7)		+16.7			
	Total	+94.6			+152.1			+39.9			+39.2			(0.7)		+2.7			
Segment Information(*3)																			
Business Segment	Tires (*4)	Net Sales	2,557.2	101	3,036.9	119	3,093.3	102	3,174.4	103	1,460.0	94	3,100.0	98					
		OP	260.4	140	399.4	153	435.8	109	472.7	108	216.0	99	469.0	99					
		OP Margin %	10.2	+2.9	13.2	+3.0	14.1	+0.9	14.9	+0.8	14.8	+0.8	15.1	+0.2					
	Diversified Products (*5)	Net Sales	499.0	100	546.2	109	601.8	110	635.0	106	315.0	101	650.0	102					
		OP	25.5	439	38.5	151	42.1	109	44.5	106	21.0	101	51.0	115					
		OP Margin %	5.1	+4.0	7.1	+1.9	7.0	(0.1)	7.0	+0.0	6.7	+0.0	7.8	+0.8					
Geographic Segment	Japan	Net Sales	1,218.7	99	1,270.3	104	1,264.9	100	1,187.8	94	540.0	94	1,180.0	99					
		OP	158.4	228	219.5	139	210.1	96	197.4	94	70.0	75	175.0	89					
		OP Margin %	13.0	+7.3	17.3	+4.3	16.6	(0.7)	16.6	+0.0	13.0	(3.2)	14.8	(1.8)					
	Americas	Net Sales	1,330.9	103	1,651.9	124	1,768.1	107	1,941.6	110	900.0	94	1,870.0	96					
		OP	92.3	149	156.4	169	180.2	115	222.5	123	119.0	109	241.0	108					
		OP Margin %	6.9	+2.1	9.5	+2.5	10.2	+0.7	11.5	+1.3	13.2	+1.9	12.9	+1.4					
	EMEA (*6)	Net Sales	348.8	84	423.3	121	439.2	104	421.7	96	260.0	86	530.0	123					
		OP	1.8	16	2.0	111	20.3	995	21.4	105	14.0	105	32.0	105					
		OP Margin %	0.5	(2.2)	0.5	(0.0)	4.6	+4.2	5.1	+0.4	5.4	+0.4	6.0	6.0					
	Other (*7,8)	Net Sales	699.9	100	862.7	123	841.5	98	838.0	100	330.0	100	710.0	100					
		OP	55.7	116	80.2	144	66.8	83	68.2	102	34.0	102	81.0	102					
		OP Margin %	8.0	+1.1	9.3	+1.3	7.9	(1.4)	8.1	+0.2	10.3	+0.2	11.4	11.4					
Market	Net Sales	Domestic	696.1	23	100	674.8	19	97	694.0	19	103	661.9	17	95					
		Overseas	2,343.5	77	101	2,893.2	81	123	2,979.9	81	103	3,128.3	83	105					
		Americas(*9)	1,321.2	104	1,628.6	123	1,746.3	107	1,919.5	110									
		Europe	348.1	83	425.0	122	434.1	102	419.8	97									
		Other	674.1	106	839.6	125	799.4	95	788.9	99									
Balance Sheet	Total Assets	3,039.7			3,577.0			3,960.9			3,795.8								
	ROA %	6.0			6.1			8.0			7.3								
	Net Assets	1,417.3			1,862.9			2,146.6			2,282.0								
	ROE %	13.7			12.7			15.5			13.3								
	Ratio of total equity to total assets %	45.2			50.5			52.4			58.2								
	Interest-Bearing Debt	620.0		103	564.2		91	592.9		105	441.5		74	415.0	94				
Cash Flows	Operating Cashflow	404.4			471.7			428.6			553.9								
	Investing Cashflow	(237.9)			(265.2)			(305.6)			(233.3)								
	Free Cashflow	166.5			206.5			122.9			320.5								
Investment	Capital Expenditure	223.6		128	255.9		114	268.3		105	229.8		86	250.0	109				
	Diversified	21.9		82	19.0		87	28.0		147	23.6		84	27.0	114				
	Total	245.6		122	274.9		112	296.3		108	253.5		86	277.0	109				
Costs & Expenses	Depreciation	155.0	5.1	98	176.1	4.9	114	188.3	5.1	107	202.3	5.3	107	209.0	5.6	103			
	R&D Expenses	82.8	2.7	99	89.0	2.5	108	94.1	2.6	106	94.9	2.5	101	104.0	2.8	109			
	Interest Expense	7.5	0.2	91	2.3	0.1	31	0.3	0.0	15	(2.1)	(0.1)	—						
Dividends	Dividend per Share	Yen	32.0		57.0			100.0			130.0			70.0	140.0				
Tire Production (tonnage of rubber)	Domestic	10,000t	54		52			51			48			23	47				
	Americas	10,000t	55		57			57			56			30	60				
	EMEA(*6)	10,000t	20		20			21			22			14	27				
	Other(*7)	10,000t	46		53			53			54			27	56				
	Overseas Total	10,000t	122		130			131			132			72	143				
	Total	10,000t	176		182			182			179			95	190				
	Overseas Prod. Ratio	%	69		71			72			73			75	75				

(*1) Since 2016, the presentation of "Net Income" has been changed to "Profit Attributable to Owners of Parent"

(*2) The category & scope of Strategic Products is renewed in 2014

(*3) Segment Information (Business, Geographic): including transactions caused by businesses among segments

(*4) Net sales of "Specialty Tires" business accounts for less than 10% of "Tires" business in 2015

(*5) Net sales composition of "Diversified Products" segment in 2015 is as follows

Chemical and Industrial Products : Less than 50% , BSAM Diversified Products : Less than 40% , Sporting goods, bicycles : More than 10%

(*6) Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 Europe ; Since 2016 Europe, Middle East & Africa

(*7) Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 Asia & Oceania, Middle East & Africa, Russia ; Since 2016 Asia & Oceania, Russia

(*8) Net sales composition of "Other" segment in 2015 is as follows

Asia & Oceania : Less than 60% , China : More than 20% , Middle East & Africa, Russia : Less than 20%

(*9) "United States" in 2015 : ¥1,543.9 billion

2. Additional Information

(1) Year-on-Year Replacement Tire Demand Growth (unit base, %)

		2014	2015	2016
		FY	FY	1Q
Japan	PSR/LTR	102	96	101
	TBR	106	95	103
N.America	PSR/LTR	105	101	105
	TBR	110	105	104
Europe	PSR/LTR	102	103	102
	TBR	104	104	105

(2) Year-on-Year Sales Growth (unit base, %)

			2014	2015	2016	2015FY
			FY	FY	1Q	Component ratio (Approx.)
Japan	PSR/LTR	REP	103	97	104	70%
		OE	103	96	100	30%
		Total	103	97	102	
	TBR	REP	107	97	103	70%
		OE	115	102	110	30%
		Total	109	99	105	
N.America	PSR/LTR	REP	104	99	103	70%
		OE	110	107	104	30%
		Total	105	102	104	
	TBR	REP	107	107	104	70%
		OE	112	102	78	30%
		Total	109	105	93	
Europe	PSR/CVR	REP	96	109	108	70%
		OE	99	100	100	30%
		Total	97	106	105	
	TBR	REP	102	106	105	70%
		OE	98	104	107	30%
		Total	101	106	106	
Asia Pacific	PSR/LTR	REP	108	101	105	60%
		OE	88	97	93	40%
		Total	99	99	100	
	TBR	REP	110	105	102	90%
		OE	64	130	100	10%
		Total	105	107	102	
China	PSR/LTR	REP	100	118	104	50%
		OE	111	129	151	50%
		Total	105	123	124	
	TBR	REP	85	102	103	100%
		Total	85	104	102	

(3) Year-on-Year Sales Growth of Strategic Products (unit base, %)

		2014	2015	2016
		FY	FY	1Q
PSR-REP	RFT	125	105	115
	Premium Summer(*1)	100	105	100
	Premium Winter(*2)	100	95	105

(*1) POTENZA, TURANZA/REGNO, DUELER brand tires (including ECOPIA sub name brand tires)

(*2) BLIZZAK brand tires

PSR-REP	Eco-friendly Strategic Products(*3)	120	100	110
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(*3) ECOPIA, ECOPIA sub name brand tires and equivalent products

TBR-REP	Eco-friendly Strategic Products(*4)	130	120	120
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(*4) ECOPIA brand tires and equivalent products

Specialty Tires	Ultra-Large ORR(*5)	90	95	95
	Large ORR(*5)	90	100	95

(*5) Based on rubber weight for Ultra-Large and Large ORR