

Supplementary Information of 2019 Q2

1. Financial Highlights

(1) Quarter of the year

(Yen in billions)

		Unit	2018					2019							
			H1		FY			H1		vs.PY	FY	vs.PY			
			Q1	Q2	Q3	Q4	FY	Q1	Q2	Fcst.(*3)					
Consolidated Results															
Statements of Income	Net Sales		859.8	915.5	1,775.4	898.7	975.9	3,650.1	848.2	896.3	1,744.6	98	3,620.0	99	
	Operating Income		99.8	99.5	199.4	91.4	111.8	402.7	77.1	81.2	158.4	79	375.0	93	
	OP Margin	%	11.6	10.9	11.2	10.2	11.5	11.0	9.1	9.1	9.1	(2.2)	10.4	(0.7)	
	Ordinary Income		92.7	97.9	190.7	85.7	104.5	381.1	83.8	70.5	154.4	81	355.0	93	
	Profit Attributable to Owners of Parent		63.4	71.2	134.6	84.8	72.1	291.6	60.3	58.4	118.7	88	290.0	99	
Exchange Rate	US \$	Yen/\$	108	109	109	112	113	110	110	110	110	101	107	97	
	Euro	Yen/€	133	130	131	130	129	130	125	123	124	95	122	94	
Analysis of Net Sales and Operating Income vs. PY															
Net Sales	Forex		(16.0)	(4.0)	(20.0)	+0.0	(9.0)	(29.0)	(1.0)	(6.0)	(7.0)		(114.0)		
	Price, Mix, Volume etc.		+23.9	+28.5	+52.5	(21.4)	+4.6	+35.6	(10.5)	(13.1)	(23.7)		+83.9		
	Total		+7.9	+24.5	+32.5	(21.4)	(4.4)	+6.6	(11.5)	(19.1)	(30.7)		(30.1)		
Operating Income	Forex		+2.0	(2.0)	+0.0	+0.0	(2.0)	(2.0)	(2.0)	(2.0)	(4.0)		(22.0)		
	Raw Materials		(4.0)	+21.0	+17.0	+1.0	(18.0)	+0.0	(7.0)	(5.0)	(12.0)		(10.0)		
	Depreciation		(2.0)	(1.0)	(3.0)	(2.0)	+4.0	(1.0)	(4.0)	(6.0)	(10.0)		(23.0)		
	SGA		(9.0)	(7.0)	(16.0)	(1.0)	(3.0)	(20.0)	(7.0)	(6.0)	(13.0)		(44.0)		
	Price, Mix, Volume etc.		+9.9	(10.8)	(0.9)	(3.9)	+11.6	+6.7	(2.7)	+0.8	(2.0)		+71.3		
Total		(3.1)	+0.2	(2.9)	(5.9)	(7.4)	(16.3)	(22.7)	(18.2)	(41.0)		(27.7)			
Segment Information (*1)															
Business Segment	Tires	Net Sales	715.0	758.9	1,474.0	749.5	827.8	3,051.4	710.6	745.3	1,456.0	99	3,030.0	99	
		OP	96.3	94.2	190.6	89.5	113.8	393.9	79.5	78.9	158.5	83	373.0	95	
		OP Margin	%	13.5	12.4	12.9	11.9	13.7	12.9	11.2	10.6	10.9	(2.0)	12.3	(0.6)
	Diversified Products	Net Sales	149.7	161.9	311.6	154.2	152.8	618.7	141.6	155.1	296.8	95	590.0	95	
		OP	3.7	5.2	8.9	1.9	(1.9)	8.9	(2.4)	2.2	(0.1)	-	2.0	22	
		OP Margin	%	2.5	3.2	2.9	1.3	(1.3)	1.4	(1.7)	1.5	(0.0)	(2.9)	0.3	(1.1)
Geographic Segment	Japan	Net Sales	268.5	280.8	549.4	263.7	357.3	1,170.5	270.6	283.1	553.8	101	1,180.0	101	
		OP	38.0	34.0	72.1	26.4	54.9	153.5	27.9	26.6	54.6	76	126.0	82	
		OP Margin	%	14.2	12.1	13.1	10.0	15.4	13.1	10.3	9.4	9.9	(3.3)	10.7	(2.4)
	Americas	Net Sales	408.9	452.1	861.0	455.1	442.0	1,758.2	410.0	445.5	855.5	99	1,690.0	96	
		OP	42.5	46.8	89.3	42.0	46.4	177.8	33.4	44.1	77.5	87	170.0	96	
		OP Margin	%	10.4	10.4	10.4	9.2	10.5	10.1	8.2	9.9	9.1	(1.3)	10.1	(0.1)
	EMEA	Net Sales	142.8	152.2	295.1	149.7	151.2	596.1	142.7	152.3	295.1	100	610.0	102	
		OP	(0.6)	6.3	5.6	4.5	0.8	11.0	2.4	4.0	6.4	114	19.0	172	
		OP Margin	%	(0.5)	4.2	1.9	3.0	0.6	1.9	1.7	2.6	2.2	+0.3	3.1	+1.3
	China, Asia-Pacific	Net Sales	160.0	160.8	320.9	154.2	158.5	633.8	153.7	150.8	304.6	95	630.0	99	
		OP	17.3	15.1	32.5	12.9	11.2	56.7	12.6	10.9	23.6	73	54.0	95	
		OP Margin	%	10.9	9.4	10.1	8.4	7.1	9.0	8.2	7.3	7.8	(2.4)	8.6	(0.4)
Market	Net Sales	Domestic	156.5	150.2	306.8	146.0	229.0	681.9	152.9	151.4	304.4	99			
		Overseas	703.2	765.2	1,468.5	752.7	746.8	2,968.1	695.2	744.9	1,440.2	98			
		Americas	403.6	446.9	850.5	448.7	438.3	1,737.6	396.9	433.4	830.4	98			
		EMEA	153.0	166.3	319.4	161.5	162.9	643.9	161.0	173.4	334.5	105			
		China, Asia-Pacific	146.5	151.9	298.5	142.4	145.4	586.5	137.2	137.9	275.2	92			
Investment	Capital Expenditure			109.8			268.4			109.2	100	316.0	118		
Costs & Expenses	Depreciation			98.0			200.4			107.6	110	217.0	108		
	R&D Expenses			49.3			103.5			51.3	104	107.0	103		
Liabilities	Interest-Bearing Debt		471.2		435.7	452.7	408.4	486.8		679.7	156	635.0	155		
Tire Production (tonnage of rubber) (*2)	Domestic	10,000t	12	13	25	12	13	51	13	13	26		52		
		Americas	10,000t	15	15	30	15	15	60	15	16	31		62	
		EMEA	10,000t	7	8	15	6	7	29	8	8	15		31	
		China, Asia-Pacific	10,000t	12	12	23	12	11	47	11	11	23		47	
		Overseas Total	10,000t	34	35	68	33	34	136	35	35	69		140	
	Total	10,000t	46	47	93	46	47	186	47	48	96		192		
	Overseas Prod. Ratio	%	74	73	73	73	72	73	73	72		73			

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

(*2)Scope of aggregated segment has been changed since 2018

(*3)Revised as of Aug 9th, 2019.

(2) Full Year

(Yen in billions)

	Unit	2015		2016		2017		2018		2019		
		Actual	vs.PY	Actual	vs.PY	Actual	vs.PY	Actual	vs.PY	Fcst.(*8)	vs.PY	
Consolidated Results												
Statements of Income	Net Sales	3,790.2	103	3,337.0	88	3,643.4	109	3,650.1	100	3,620.0	99	
	Operating Income	517.2	108	449.5	87	419.0	93	402.7	96	375.0	93	
	OP Margin	13.6	+0.6	13.5	(0.2)	11.5	(2.0)	11.0	(0.5)	10.4	(0.7)	
	Ordinary Income	507.3	110	432.5	85	400.5	93	381.1	95	355.0	93	
	Extra Loss (Gain)	29.1		10.9		(19.8)		(46.6)				
	Profit Attributable to Owners of Parent	284.2	95	265.5	93	288.2	109	291.6	101	290.0	99	
Exchange Rate	US \$	Yen/\$	121	114	109	90	112	103	110	98	107	97
	Euro	Yen/€	134	96	120	90	127	107	130	102	122	94
Analysis of Net Sales and Operating Income vs. PY												
Net Sales	Forex		+264.0		(342.0)		+113.0		(29.0)		(114.0)	
	Price, Mix, Volume etc.		(147.8)		(111.2)		+193.4		+35.6		+83.9	
	Total		+116.2		(453.2)		+306.4		+6.6		(30.1)	
Operating Income	Forex		+55.0		(68.0)		+15.0		(2.0)		(22.0)	
	Raw Materials		+121.0		+91.0		(120.0)		+0.0		(10.0)	
	Depreciation		(1.0)		(2.0)		(7.0)		(1.0)		(23.0)	
	SGA		(12.0)		(14.0)		(19.0)		(20.0)		(44.0)	
	Price, Mix, Volume etc.		(123.8)		(74.6)		+100.5		+6.7		+71.3	
	Total		+39.2		(67.6)		(30.5)		(16.3)		(27.7)	
Segment Information(*1)												
Business Segment	Tires	Net Sales	3,174.4	103	2,765.7	87	3,031.1	110	3,051.4	101	3,030.0	99
		OP	472.7	108	414.7	88	387.1	93	393.9	102	373.0	95
		OP Margin	14.9	+0.8	15.0	+0.1	12.8	(2.2)	12.9	+0.1	12.3	(0.6)
	Diversified Products (*2)	Net Sales	635.0	106	585.7	92	627.8	107	618.7	99	590.0	95
		OP	44.5	106	34.8	78	31.8	92	8.9	28	2.0	22
		OP Margin	7.0	0.0	5.9	(1.1)	5.1	(0.9)	1.4	(3.6)	0.3	(1.1)
Geographic Segment	Japan	Net Sales	1,187.8	94	1,080.6	91	1,147.8	106	1,170.5	102	1,180.0	101
		OP	197.4	94	150.6	76	160.2	106	153.5	96	126.0	82
		OP Margin	16.6	0.0	13.9	(2.7)	14.0	0.0	13.1	(0.8)	10.7	(2.4)
	Americas	Net Sales	1,941.6	110	1,645.3	85	1,776.5	108	1,758.2	99	1,690.0	96
		OP	222.5	123	203.1	91	187.5	92	177.8	95	170.0	96
		OP Margin	11.5	+1.3	12.3	+0.9	10.6	(1.8)	10.1	(0.4)	10.1	(0.1)
	EMEA (*3)	Net Sales	421.7	96	477.1		559.8		596.1	106	610.0	102
		OP	21.4	105	27.7		13.6		11.0	81	19.0	172
		OP Margin	5.1	+0.4	5.8		2.4		1.9	(0.6)	3.1	+1.3
	China, Asia Pacific (*4,5)	Net Sales	838.0	100	621.7		648.8		633.8	98	630.0	99
		OP	68.2	102	62.5		62.9		56.7	90	54.0	95
		OP Margin	8.1	+0.2	10.1		9.7		9.0	(0.8)	8.6	(0.4)
Market	Net Sales	Domestic	661.9	95	653.5	99	684.3	105	681.9	100		
		Overseas	3,128.3	105	2,683.4	86	2,959.0	110	2,968.1	100		
			1,919.5	110	1,625.7	85	1,755.0	108	1,737.6	99		
			419.8	97	494.3		603.8		643.9	106		
			788.9	99	563.4		600.1		586.5	98		
Balance Sheet (*9)	Total Assets		3,795.8		3,716.0		3,959.0		3,840.2			
	ROA	%	7.3		7.1		7.5		7.5			
	Net Assets		2,282.0		2,345.8		2,402.7		2,436.1			
	ROE	%	13.3		11.8		12.5		12.4			
	Ratio of total equity to total assets	%	58.2		61.5		59.2		61.9			
Cash Flows	Interest-Bearing Debt		441.5	74	342.7	78	459.0	134	408.4	89	635.0	155
	Operating Cashflow		553.9		444.5		418.1		360.9			
	Investing Cashflow		(233.3)		(178.2)		(200.7)		(243.0)			
Investment	Free Cashflow		320.5		266.2		217.3		117.8			
	Capital Expenditure	Tires	229.8	86	178.0	77	214.9	121	236.5	110	285.0	121
		Diversified	23.6	84	16.0	68	19.9	124	31.8	160	31.0	97
Total		253.5	86	194.1	77	234.8	121	268.4	114	316.0	118	
Costs & Expenses	Depreciation		202.3	107	188.0	93	200.3	107	200.4	100	217.0	108
	R&D Expenses		94.9	101	95.4	100	99.7	105	103.5	104	107.0	103
Dividends	Dividend per Share		Yen	130	140	150	160	160				
Tire Production (tonnage of rubber) (*7)	Domestic		10,000t	48	47	47	51	52				
		Americas	10,000t	56	57	59	60	62				
		EMEA(*3)	10,000t	22	25	27	29	31				
		China, Asia Pacific(*4)	10,000t	54	51	47	47	47				
		Overseas Total	10,000t	132	133	141	136	140				
	Total		10,000t	179	180	188	186	192				
	Overseas Prod. Ratio		%	73	74	75	73	73				

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

(*2)Net sales composition of "Diversified Products" segment in 2018 is as follows

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

(*3)Scope of Geographic segment has been renewed since 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 Europe ; In 2016 Europe, Middle East & Africa ; Since 2017 Europe, Russian, Middle East & Africa

(*4)Scope of Geographic segment has been renewed since 2016 as a result of the restructuring of the Tire business SBUs

Until 2015 China, Asia Pacific, Middle East & Africa, Russia ; In 2016 China, Asia Pacific, Russia ; Since 2017 China, Asia Pacific

(*5)Net sales composition in 2018 is as follows

Asia & Pacific: More than 70%, China: Less than 30%

(*6) "United States" in 2018 : ¥1,420.3 billion

(*7)Scope of aggregated segment has been changed since 2018

(*8)Revised as of Aug 9th, 2019.

(*9)Total Assets and Ratio of total equity to total assets in 2018 has been updated due to application of "Partial Amendments to Accounting Standard for Tax Effect Accounting".

2. Additional Information

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

			2017	2018	2019	
			FY	FY	H1 Actual	FY Fcst.
Japan	PSR/LTR	REP	102	99	99	99
		OE	105	100	102	102
	TBR	REP	104	99	103	102
		OE	102	99	96	97
N.America	PSR/LTR	REP	100	103	103	103
		OE	91	100	92	93
	TBR	REP	105	107	90	95
		OE	110	120	110	99
Europe	PSR/LTR	REP	99	101	96	98
		OE	101	101	92	94
	TBR	REP	100	109	105	100
		OE	107	105	98	95
Asia (Thailand, India, China Indonesia Total)	PSR/LTR	REP	103	102		101
		OE	101	96		100
	TBR	REP	100	97		98
		OE	129	96		98

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

			2017	2018	2019		2018FY Component ratio
			FY	FY	H1 Actual	FY Fcst.	
Japan	PSR/LTR	REP	100	101	99	around ±0%	60%
		OE	112	105	104	~+5%	40%
		Total	104	102	101	~+5%	
	TBR	REP	104	98	104	~+5%	70%
		OE	103	100	95	~-5%	30%
		Total	104	99	101	~+5%	
N.America	PSR/LTR	REP	96	94	99	around ±0%	70%
		OE	98	111	89	-6%~-10%	30%
		Total	97	100	95	~-5%	
	TBR	REP	101	99	91	-6%~-10%	60%
		OE	119	129	108	~+5%	40%
		Total	106	109	98	~-5%	
Europe	PSR/CVR	REP	100	101	93	around ±0%	70%
		OE	110	102	101	~+5%	30%
		Total	103	102	96	around ±0%	
	TBR	REP	103	104	100	~+5%	70%
		OE	107	122	100	~-5%	30%
		Total	104	109	100	around ±0%	
China, Asia Pacific	PSR/LTR	REP	101	90	89	around ±0%	50%
		OE	106	105	98	~-5%	50%
		Total	103	96	93	around ±0%	
	TBR	REP	108	93	91	~-5%	80%
		OE	154	110	98	+6%~+10%	20%
		Total	113	96	92	around ±0%	
Global (REP&OE)	PSR/LTR		101	100	97	around ±0%	
	TBR		107	104	99	around ±0%	

Key Products:

		2017	2018	2019	
		FY	FY	H1 Actual	FY Fcst.
PSR-REP	RFT	95	105	100	105
	Premium Winter (*1)	105	105	110	105
	HRD (≥18") (*2)	115	115	105	110
ORR(*3)	Ultra-Large	115	115	105	110
	Large	135	105	105	115

(*1)BLIZZAK brand tires

(*2)Sales growth only for REP in H1, 2019 is 110 (unit base, %)

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