

## Supplementary Information of FY2016

### 1. Financial Highlights

#### (1) Quarter of the year

(Yen in billions)

		Unit	2015					2016					vs.PY			
			1Q	2Q	1H	3Q	4Q	FY	1Q	2Q	1H	3Q		4Q	FY	
<b>Consolidated Results</b>																
Statements of Income	Net Sales		893.6	961.8	1,855.4	961.8	972.9	3,790.2	825.7	820.7	1,646.5	798.2	892.2	3,337.0	88	
	Operating Income		116.2	121.5	237.7	140.8	138.6	517.2	108.4	109.7	218.2	111.1	120.1	449.5	87	
	OP Margin	%	13.0	12.6	12.8	14.6	14.2	13.6	13.1	13.4	13.3	13.9	13.5	13.5	(0.2)	
	Ordinary Income		115.7	117.2	232.9	132.6	141.6	507.3	103.4	110.4	213.9	106.4	112.1	432.5	85	
	Profit Attributable to Owners of Parent		71.5	73.0	144.6	50.4	89.1	284.2	56.7	66.6	123.3	59.7	82.4	265.5	93	
Exchange Rate	US \$	Yen/\$	119	121	120	122	121	121	115	108	111	102	109	109	90	
	Euro	Yen/€	134	134	134	136	133	134	127	122	124	114	117	120	90	
<b>Analysis of Net Sales and Operating Income vs. PY</b>																
Net Sales	Forex		+74.0	+95.0	+169.0	+83.0	+12.0	+264.0	(38.0)	(101.0)	(139.0)	(126.0)	(77.0)	(342.0)		
	Price, Mix, Volume etc.		(44.0)	(19.8)	(63.8)	(36.1)	(47.9)	(147.8)	(29.8)	(40.0)	(69.9)	(37.6)	(3.7)	(111.2)		
	Total		+30.0	+75.2	+105.2	+46.9	(35.9)	+116.2	(67.8)	(141.0)	(208.9)	(163.6)	(80.7)	(453.2)		
Operating Income	Forex		+15.0	+20.0	+35.0	+18.0	+2.0	+55.0	(6.0)	(17.0)	(23.0)	(25.0)	(20.0)	(68.0)		
	Raw Materials		+31.0	+33.0	+64.0	+22.0	+35.0	+121.0	+32.0	+25.0	+57.0	+22.0	+12.0	+91.0		
	Depreciation		+0.0	(1.0)	(1.0)	(1.0)	+1.0	(1.0)	(1.0)	(1.0)	(2.0)	(1.0)	+1.0	(2.0)		
	SGA		(7.0)	(2.0)	(9.0)	(4.0)	+1.0	(12.0)	(3.0)	(2.0)	(5.0)	(3.0)	(6.0)	(14.0)		
	Strategic Products		+1.0	+1.0	+2.0	+3.0	+0.0	+5.0	+1.0	+2.0	+3.0	+0.0	+9.0	+12.0		
	Price, Mix, Volume etc.		(40.1)	(36.3)	(76.4)	(16.5)	(36.0)	(128.8)	(30.7)	(18.7)	(49.5)	(22.6)	(14.4)	(86.6)		
	Total		(0.1)	+14.7	+14.6	+21.5	+3.0	+39.2	(7.7)	(11.7)	(19.5)	(29.6)	(18.4)	(67.6)		
<b>Segment Information (*1)</b>																
Business Segment	Tires	Net Sales	751.7	803.5	1,555.2	803.1	816.0	3,174.4	679.7	673.0	1,352.7	660.2	752.7	2,765.7	87	
		OP	109.4	107.6	217.0	128.8	126.8	472.7	100.4	98.2	198.6	101.7	114.3	414.7	88	
		OP Margin	%	14.6	13.4	14.0	16.0	15.5	14.9	14.8	14.6	14.7	15.4	15.2	15.0	+0.1
	Diversified Products	Net Sales	147.1	164.5	311.6	162.7	160.6	635.0	149.6	151.4	301.0	141.4	143.1	585.7	92	
		OP	6.8	13.8	20.6	12.0	11.7	44.5	8.0	11.5	19.5	9.4	5.8	34.8	78	
		OP Margin	%	4.6	8.4	6.6	7.4	7.3	7.0	5.4	7.6	6.5	6.7	4.1	5.9	(1.1)
Geographic Segment	Japan	Net Sales	283.9	293.4	577.3	279.0	331.4	1,187.8	260.4	259.4	519.8	242.3	318.4	1,080.6	91	
		OP	44.9	48.4	93.4	45.1	58.7	197.4	34.8	32.9	67.7	26.7	56.1	150.6	76	
		OP Margin	%	15.8	16.5	16.2	16.2	17.7	16.6	13.4	12.7	13.0	11.0	17.6	13.9	(2.7)
	Americas	Net Sales	450.8	507.3	958.2	512.7	470.7	1,941.6	409.5	412.6	822.2	406.2	416.8	1,645.3	85	
		OP	43.8	65.0	108.8	61.9	51.7	222.5	45.8	55.5	101.4	48.4	53.2	203.1	91	
		OP Margin	%	9.7	12.8	11.4	12.1	11.0	11.5	11.2	13.5	12.3	11.9	12.8	12.3	+0.9
	EMEA (*2)	Net Sales	104.3	107.0	211.4	108.8	101.4	421.7	121.6	122.3	243.9	116.7	116.5	477.1		
		OP	5.2	3.2	8.5	8.1	4.8	21.4	8.4	5.4	13.9	10.4	3.3	27.7		
		OP Margin	%	5.0	3.1	4.0	7.5	4.8	5.1	7.0	4.5	5.7	8.9	2.9	5.8	
	Other (*3)	Net Sales	212.0	214.6	426.7	210.7	200.5	838.0	154.9	156.9	311.8	149.5	160.3	621.7		
		OP	20.7	12.7	33.5	20.8	13.9	68.2	15.4	16.4	31.9	17.5	13.0	62.5		
		OP Margin	%	9.8	6.0	7.9	9.9	7.0	8.1	10.0	10.5	10.2	11.7	8.1	10.1	
Market	Net Sales	Domestic	150.0	150.1	300.2	145.7	215.8	661.9	153.6	143.8	297.4	142.9	213.0	653.5	99	
		Overseas	743.5	811.7	1,555.2	816.0	757.0	3,128.3	672.1	676.8	1,349.0	655.2	679.1	2,683.4	86	
		Americas	444.1	502.3	946.4	506.7	466.3	1,919.5	403.5	407.8	811.3	400.9	413.3	1,625.7	85	
		EMEA (*2)	104.4	106.7	211.2	108.1	100.5	419.8	127.3	126.4	253.7	121.3	119.2	494.3		
		Other (*3)	194.9	202.5	397.5	201.1	190.1	788.9	141.2	142.6	283.9	132.9	146.5	563.4		
Investment	Capital Expenditure			103.9			253.5			74.6			194.1	77		
Costs & Expenses	Depreciation			98.5			202.3			93.0			188.0	93		
	R&D Expenses			46.5			94.9			48.1			95.4	100		
	Interest Expense			(2.7)			(2.1)			(2.8)			(2.9)	141		
Liabilities	Interest-Bearing Debt		531.2	524.0	494.4		441.5	425.2		355.1	338.3		342.7	78		
Tire Production (tonnage of rubber)	Domestic	10,000t	12	12	24	12	11	48	11	12	23	12	12	47		
		Americas	10,000t	15	14	29	14	13	56	14	14	28	14	14	57	
		EMEA (*2)	10,000t	6	6	11	5	6	22	6	7	13	6	6	25	
		Other (*3)	10,000t	14	13	27	14	13	54	13	13	25	12	13	51	
	Overseas Total	10,000t	34	33	67	33	32	132	33	33	67	33	34	133		
	Total	10,000t	46	45	91	45	44	179	45	45	90	44	46	180		
	Overseas Prod. Ratio	%	74	73	73	73	74	73	74	74	74	74	74	74	74	

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

(\*2)Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBU

Until 2015 Europe ; In 2016 Europe, Middle East &amp; Africa

(\*3)Scope of Geographic segment is renewed in 2016 as a result of the restructuring of the Tire business SBUs

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

## (2) Full Year

(Yen in billions)

	Unit	2013			2014			2015			2016			2017					
		Actual	%	vs.PY	Actual	%	vs.PY	Actual	%	vs.PY	Actual	%	vs.PY	1H Fcst.		FY Fcst.	%	vs.PY	
<b>Consolidated Results</b>																			
Statements of Income	Net Sales	3,568.0	100	117	3,673.9	100	103	3,790.2	100	103	3,337.0	100	88	1,710.0	104	3,630.0	100	109	
	Operating Income	438.1	12.3	153	478.0	13.0	109	517.2	13.6	108	449.5	13.5	87	211.0	97	452.0	12.5	101	
	Ordinary Income	434.7	12.2	153	463.2	12.6	107	507.3	13.4	110	432.5	13.0	85	204.0	95	433.0	11.9	100	
	Extra Loss (Gain)	94.6	2.7		(14.5)	(0.4)		29.1	0.8		10.9	0.3							
	Profit Attributable to Owners of Parent	202.0	5.7	118	300.5	8.2	149	284.2	7.5	95	265.5	8.0	93	130.0	105	280.0	7.7	105	
Exchange Rate	US \$	Yen/\$	98		123		106		108		121		114		109		90		
	Euro	Yen/€	130		126		140		108		134		96		120		90		
<b>Analysis of Net Sales and Operating Income vs. PY</b>																			
Net Sales	Forex	+529.0			+196.0			+264.0			(342.0)			(29.0)		+11.0			
	Price, Mix, Volume etc.	(0.7)			(90.2)			(147.8)			(111.2)			+92.4		+281.9			
	Total	+528.3			+105.8			+116.2			(453.2)			+63.4		+292.9			
Operating Income	Forex	+114.0			+45.0			+55.0			(68.0)			(11.0)		(1.0)			
	Raw Materials	+100.0			+77.0			+121.0			+91.0			(60.0)		(137.0)			
	Depreciation	(1.0)			(4.0)			(1.0)			(2.0)			(5.0)		(13.0)			
	SGA	(13.0)			0.0			(12.0)			(14.0)			(19.0)		(39.0)			
	Strategic Products	+15.0			(5.0)			+5.0			+12.0			+14.0		+26.0			
	Price, Mix, Volume etc.	(62.9)			(73.1)			(128.8)			(86.6)			+73.8		+166.4			
	Total	+152.1			+39.9			+39.2			(67.6)			(7.2)		+2.4			
<b>Segment Information(*1)</b>																			
Business Segment	Tires (*2)	Net Sales	3,036.9		119	3,093.3		102	3,174.4		103	2,765.7		87	1,420.0	105	3,040.0		110
		OP	399.4		153	435.8		109	472.7		108	414.7		88	196.0	99	417.0		101
		OP Margin	%	13.2		+3.0	14.1		+0.9	14.9		+0.8	15.0		+0.1	13.8	(0.9)	13.7	
	Diversified Products (*3)	Net Sales	546.2		109	601.8		110	635.0		106	585.7		92	290.0	96	600.0		102
		OP	38.5		151	42.1		109	44.5		106	34.8		78	15.0	77	35.0		101
		OP Margin	%	7.1		+1.9	7.0		(0.1)	7.0		+0.0	5.9		(1.1)	5.2	(1.3)	5.8	
Geographic Segment	Japan	Net Sales	1,270.3		104	1,264.9		100	1,187.8		94	1,080.6		91	520.0	100	1,120.0		104
		OP	219.5		139	210.1		96	197.4		94	150.6		76	54.0	80	137.0		91
		OP Margin	%	17.3		+4.3	16.6		(0.7)	16.6		+0.0	13.9		(2.7)	10.4	(2.6)	12.2	
	Americas	Net Sales	1,651.9		124	1,768.1		107	1,941.6		110	1,645.3		85	860.0	105	1,790.0		109
		OP	156.4		169	180.2		115	222.5		123	203.1		91	115.0	113	239.0		118
		OP Margin	%	9.5		+2.5	10.2		+0.7	11.5		+1.3	12.3		+0.9	13.4	+1.0	13.4	
	EMEA (*4)	Net Sales	423.3		121	439.2		104	421.7		96	477.1		96	260.0	99	550.0		101
		OP	2.0		111	20.3		995	21.4		105	27.7		105	9.0	99	19.0		101
		OP Margin	%	0.5		(0.0)	4.6		+4.2	5.1		+0.4	5.8		3.5	3.5	3.5		3.5
	China, Asia Pacific (*5,6)	Net Sales	862.7		123	841.5		98	838.0		100	621.7		91	290.0	100	620.0		100
		OP	80.2		144	66.8		83	68.2		102	62.5		91	30.0	100	70.0		100
		OP Margin	%	9.3		+1.3	7.9		(1.4)	8.1		+0.2	10.1		10.3	11.3	11.3		11.3
Market	Net Sales	Domestic	674.8	19	97	694.0	19	103	661.9	17	95	653.5	20	99					
		Overseas	2,893.2	81	123	2,979.9	81	103	3,128.3	83	105	2,683.4	80	86					
		Americas(*7)	1,628.6		123	1,746.3		107	1,919.5		110	1,625.7		85					
		EMEA(*4)	425.0		122	434.1		102	419.8		97	494.3							
		China, Asia Pacific(*5)	839.6		125	799.4		95	788.9		99	563.4							
Balance Sheet	Total Assets	3,577.0			3,960.9			3,795.8			3,720.2								
	ROA	%	6.1		8.0			7.3			7.1								
	Net Assets	1,862.9			2,146.6			2,282.0			2,345.4								
	ROE	%	12.7		15.5			13.3			11.8								
	Ratio of total equity to total assets	%	50.5			52.4			58.2			61.4							
Cash Flows	Interest-Bearing Debt	564.2		91	592.9		105	441.5		74	342.7		78			510.0		149	
	Operating Cashflow	471.7			428.6			553.9			444.5								
	Investing Cashflow	(265.2)			(305.6)			(233.3)			(178.2)								
Investment	Free Cashflow	206.5			122.9			320.5			266.2								
	Capital Expenditure	255.9		114	268.3		105	229.8		86	178.0		77			274.0		154	
	Diversified Total	19.0		87	28.0		147	23.6		84	16.0		68			26.0		163	
Costs & Expenses	Depreciation	176.1	4.9	114	188.3	5.1	107	202.3	5.3	107	188.0	5.6	93			202.0	5.6	107	
	R&D Expenses	89.0	2.5	108	94.1	2.6	106	94.9	2.5	101	95.4	2.9	100			99.0	2.7	104	
	Interest Expense	2.3	0.1	31	0.3	0.0	15	(2.1)	(0.1)	-	(2.9)	(0.6)	141						
Dividends	Dividend per Share	Yen	57		100			130			140			70		140			
Tire Production (tonnage of rubber)	Domestic	10,000t	52		51			48			47			23		48			
		Americas	10,000t	57		57			56			57			30		60		
		EMEA(*4)	10,000t	20		21			22			25			14		29		
		China, Asia Pacific(*5)	10,000t	53		53			54			51			23		48		
		Overseas Total	10,000t	130		131			132			133			71		144		
	Total	10,000t	182		182			179			180			95		192			
	Overseas Prod. Ratio	%	71		72			73			74			75		75			

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

(\*2)Net sales of "Specialty Tires"business accounts for less than 10% of "Tires" business in 2016

(\*3)Net sales composition of "Diversified Products" segment in 2016 is as follows

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

(\*4)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 &amp; Africa ; Since 2017 Europe, Russian, Middle East &amp; Africa

(\*5)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 &amp; Africa, Russia ; In 2016 China, Asia Pacific, Russia ; Since 2017 China, Asia Pacific

(\*6)Net sales composition in 2016 is as follows

Asia &amp; Oceania : Less than 70% , China : Less than 30%

(\*7) "United States" in 2016 : ¥1,338.0 billion

## 2. Additional Information

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

		2015	2016	2017
		FY	FY	FY Fcst.
Japan	PSR/LTR	96	100	98
	TBR	95	102	101
N.America	PSR/LTR	101	101	100
	TBR	105	101	98
Europe	PSR/LTR	103	102	98
	TBR	104	103	100
Thailand	PSR/LTR	111	104	103
	TBR	114	111	106
Indonesia	PSR/LTR	89	106	103
	TBR	95	91	104
India	PSR/LTR	105	104	108
	TBR	124	114	113
China	PSR/LTR	104	113	112
	TBR	100	91	100
Asia	PSR/LTR	103	111	110
( The above 4 countries total)	TBR	103	96	103

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

			2015	2016	2017		2016FY Component ratio (Approx. )
			FY	FY	1H Fcst.	FY Fcst.	
Japan	PSR/LTR	REP	97	101	~+5%	~+5%	70%
		OE	96	99	+11%~+15%	+6%~+10%	30%
		Total	97	101	+6%~+10%	~+5%	
	TBR	REP	97	102	~+5%	~+5%	70%
		OE	102	102	around ±0%	around ±0%	30%
		Total	99	102	~+5%	~+5%	
N.America	PSR/LTR	REP	99	100	~+5%	~+5%	70%
		OE	107	103	around ±0%	around ±0%	30%
		Total	102	101	~+5%	~+5%	
	TBR	REP	107	102	around ±0%	~+5%	70%
		OE	102	81	-6%~-10%	-6%~-10%	30%
		Total	105	95	around ±0%	~+5%	
Europe	PSR/CVR	REP	109	105	~+5%	~+5%	70%
		OE	100	110	+6%~+10%	~+5%	30%
		Total	106	107	~+5%	~+5%	
	TBR	REP	106	105	+6%~+10%	+6%~+10%	70%
		OE	104	103	~+5%	+6%~+10%	30%
		Total	106	104	+6%~+10%	+6%~+10%	
Asia Pacific	PSR/LTR	REP	101	107	+6%~+10%	+6%~+10%	60%
		OE	97	104	+11%~+15%	+11%~+15%	40%
		Total	99	106	+6%~+10%	+11%~+15%	
	TBR	REP	105	102	+11%~+15%	+11%~+15%	90%
		OE	130	133	+56%~+60%	+36%~+40%	10%
		Total	107	105	+16%~+20%	+16%~+20%	
China	PSR/LTR	REP	118	102	+16%~+20%	+21%~+25%	50%
		OE	129	120	-6%~-10%	~-5%	50%
		Total	123	111	~+5%	+6%~+10%	
	TBR	REP	102	97	~+5%	+16%~+20%	100%
		OE	102	97	~+5%	+16%~+20%	
		Total	104	100	~+5%	+11%~+15%	

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

		2015	2016	2017	
		FY	FY	1H Fcst.	FY Fcst.
PSR-REP	RFT	105	120	120	120
	Premium Summer(*1)	105	100	110	110
	Premium Winter(*2)	95	100	105	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)	100	105	105	115
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(\*3)ECOPIA, ECOPIA sub name brand tires and equivalent products

TBR-REP	Eco-friendly Strategic Products(*4)	120	105	105	110
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(\*4)ECOPIA brand tires and equivalent products

Specialty Tires	Ultra-Large ORR(*5)	95	100	105	105
	Large ORR(*5)	100	100	120	115

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