

## Supplementary Information of 2018 2Q

### 1. Financial Highlights

#### (1) Quarter of the year

(Yen in billions)

		Unit	2017					2018							
			1H		FY			1H		vs.PY	Fcst.(*3)	vs.PY			
			1Q	2Q	3Q	4Q	FY	1Q	2Q						
Consolidated Results															
Statements of Income	Net Sales		851.8	890.9	1,742.8	920.2	980.3	3,643.4	859.8	915.5	1,775.4	102	3,700.0	102	
	Operating Income		103.0	99.2	202.3	97.3	119.3	419.0	99.8	99.5	199.4	99	430.0	103	
	OP Margin	%	12.1	11.1	11.6	10.6	12.2	11.5	11.6	10.9	11.2	(0.4)	11.6	+0.1	
	Ordinary Income		96.8	98.9	195.8	92.8	111.9	400.5	92.7	97.9	190.7	97	403.0	101	
	Profit Attributable to Owners of Parent		59.2	72.6	131.8	65.9	90.5	288.2	63.4	71.2	134.6	102	305.0	106	
Exchange Rate	US \$	Yen/\$	114	111	112	111	113	112	108	109	109	97	108	96	
	Euro	Yen/€	121	122	122	131	133	127	133	130	131	107	128	101	
Analysis of Net Sales and Operating Income vs. PY															
Net Sales	Forex		(11.0)	+27.0	+16.0	+60.0	+37.0	+113.0	(16.0)	(4.0)	(20.0)		(86.0)		
	Price, Mix, Volume etc.		+37.0	+43.1	+80.2	+61.9	+51.1	+193.4	+23.9	+28.5	+52.5		+142.5		
	Total		+26.0	+70.1	+96.2	+121.9	+88.1	+306.4	+7.9	+24.5	+32.5		+56.5		
Operating Income	Forex		(6.0)	+2.0	(4.0)	+9.0	+10.0	+15.0	+2.0	(2.0)	+0.0		(10.0)		
	Raw Materials		(19.0)	(49.0)	(68.0)	(31.0)	(21.0)	(120.0)	(4.0)	+21.0	+17.0		+7.0		
	Depreciation		(1.0)	(1.0)	(2.0)	(1.0)	(4.0)	(7.0)	(2.0)	(1.0)	(3.0)		(8.0)		
	SGA		(1.0)	(6.0)	(7.0)	(7.0)	(5.0)	(19.0)	(9.0)	(7.0)	(16.0)		(35.0)		
	Price, Mix, Volume etc.		+21.7	+43.5	+65.1	+16.3	+19.2	+100.5	+9.9	(10.8)	(0.9)		+56.9		
Total		(5.3)	(10.5)	(15.9)	(13.7)	(0.8)	(30.5)	(3.1)	+0.2	(2.9)		+10.9			
Segment Information (*1)															
Business Segment	Tires	Net Sales	707.9	731.8	1,439.7	767.6	823.7	3,031.1	715.0	758.9	1,474.0	102	3,080.0	102	
		OP	95.6	89.5	185.1	89.2	112.7	387.1	96.3	94.2	190.6	103	413.0	107	
		OP Margin	%	13.5	12.2	12.9	11.6	13.7	12.8	13.5	12.4	12.9	+0.1	13.4	+0.6
	Diversified Products	Net Sales	147.4	163.3	310.7	156.4	160.6	627.8	149.7	161.9	311.6	100	620.0	99	
		OP Margin	%	7.6	9.5	17.1	8.1	6.5	31.8	3.7	5.2	8.9	52	16.0	50
Geographic Segment	Japan	Net Sales	256.2	278.3	534.5	270.8	342.5	1,147.8	268.5	280.8	549.4	103	1,180.0	103	
		OP	33.0	32.0	65.0	31.1	64.0	160.2	38.0	34.0	72.1	111	156.0	97	
		OP Margin	%	12.9	11.5	12.2	11.5	18.7	14.0	14.2	12.1	13.1	+1.0	13.2	(0.7)
	Americas	Net Sales	416.5	446.8	863.3	456.3	456.9	1,776.5	408.9	452.1	861.0	100	1,750.0	99	
		OP	46.0	43.7	89.8	46.9	50.7	187.5	42.5	46.8	89.3	99	197.0	105	
		OP Margin	%	11.1	9.8	10.4	10.3	11.1	10.6	10.4	10.4	10.4	0.0	11.3	+0.7
	EMEA	Net Sales	134.5	136.4	270.9	143.8	145.0	559.8	142.8	152.2	295.1	109	590.0	105	
		OP	4.9	0.3	5.3	3.4	4.8	13.6	(0.6)	6.3	5.6	106	21.0	154	
		OP Margin	%	3.7	0.3	2.0	2.4	3.3	2.4	(0.5)	4.2	1.9	(0.1)	3.6	+1.1
	China, Asia-Pacific	Net Sales	158.0	152.4	310.5	170.6	167.7	648.8	160.0	160.8	320.9	103	670.0	103	
		OP	20.3	14.5	34.8	19.3	8.7	62.9	17.3	15.1	32.5	93	67.0	106	
		OP Margin	%	12.9	9.6	11.2	11.3	5.2	9.7	10.9	9.4	10.1	(1.1)	10.0	+0.3
	Market	Net Sales	Domestic	153.2	159.6	312.8	158.2	213.2	684.3	156.5	150.2	306.8	98		
Overseas			698.5	731.5	1,430.0	761.9	767.0	2,959.0	703.2	765.2	1,468.5	103			
Americas			410.5	440.3	850.8	450.5	453.6	1,755.0	403.6	446.9	850.5	100			
EMEA			144.2	148.5	292.7	154.8	156.2	603.8	153.0	166.3	319.4	109			
China, Asia-Pacific			143.8	142.5	286.3	156.5	157.1	600.1	146.5	151.9	298.5	104			
Investment	Capital Expenditure			77.8			234.8			109.8	141	329.0	140		
Costs & Expenses	Depreciation			96.0			200.3			98.0	102	204.0	102		
	R&D Expenses			49.0			99.7			49.3	101	102.0	102		
Liabilities	Interest-Bearing Debt		282.4		469.9	455.1		459.0	471.2	435.7	93	410.0	89		
Tire Production (tonnage of rubber) (*2)	Domestic	10,000t	11	12	23	12	12	47	12	13	25		51		
		Americas	10,000t	14	15	29	15	15	59	15	15	30		61	
		EMEA	10,000t	7	7	14	6	7	27	7	8	15		30	
		China, Asia-Pacific	10,000t	11	11	23	12	12	47	12	12	23		49	
		Overseas Total	10,000t	34	35	70	35	36	141	34	35	68		140	
	Total	10,000t	46	47	93	47	49	188	46	47	93		191		
	Overseas Prod. Ratio	%	75	74	75	75	75	75	74	73		73			

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

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

(\*3)Revised as of Aug 9th, 2018.

**(2) Full Year**

		Unit	2014		2015		2016		2017		2018	
			Actual	vs.PY	Actual	vs.PY	Actual	vs.PY	Actual	vs.PY	Fcst.(*8)	vs.PY
<b>Consolidated Results</b>												
Statements of Income	Net Sales		3,673.9	103	3,790.2	103	3,337.0	88	3,643.4	109	3,700.0	102
	Operating Income		478.0	109	517.2	108	449.5	87	419.0	93	430.0	103
	OP Margin	%	13.0	+0.7	13.6	+0.6	13.5	(0.2)	11.5	(2.0)	11.6	+0.1
	Ordinary Income		463.2	107	507.3	110	432.5	85	400.5	93	403.0	101
	Extra Loss (Gain)		(14.5)		29.1		10.9		(19.8)			
	Profit Attributable to Owners of Parent		300.5	149	284.2	95	265.5	93	288.2	109	305.0	106
Exchange Rate	US \$	Yen/\$	106	108	121	114	109	90	112	103	108	96
	Euro	Yen/€	140	108	134	96	120	90	127	107	128	101
<b>Analysis of Net Sales and Operating Income vs. PY</b>												
Net Sales	Forex		+196.0		+264.0		(342.0)		+113.0		(86.0)	
	Price, Mix, Volume etc.		(90.2)		(147.8)		(111.2)		+193.4		+142.5	
	Total		+105.8		+116.2		(453.2)		+306.4		+56.5	
Operating Income	Forex		+45.0		+55.0		(68.0)		+15.0		(10.0)	
	Raw Materials		+77.0		+121.0		+91.0		(120.0)		+7.0	
	Depreciation		(4.0)		(1.0)		(2.0)		(7.0)		(8.0)	
	SGA		+0.0		(12.0)		(14.0)		(19.0)		(35.0)	
	Price, Mix, Volume etc.		(78.1)		(123.8)		(74.6)		+100.5		+56.9	
	Total		+39.9		+39.2		(67.6)		(30.5)		+10.9	
<b>Segment Information(*1)</b>												
Business Segment	Tires	Net Sales	3,093.3	102	3,174.4	103	2,765.7	87	3,031.1	110	3,080.0	102
		OP	435.8	109	472.7	108	414.7	88	387.1	93	413.0	107
		OP Margin	%	14.1	+0.9	14.9	+0.8	15.0	+0.1	12.8	(2.2)	13.4
	Diversified Products (*2)	Net Sales	601.8	110	635.0	106	585.7	92	627.8	107	620.0	99
		OP	42.1	109	44.5	106	34.8	78	31.8	92	16.0	50
		OP Margin	%	7.0	(0.1)	7.0	0.0	5.9	(1.1)	5.1	(0.9)	2.6
Geographic Segment	Japan	Net Sales	1,264.9	100	1,187.8	94	1,080.6	91	1,147.8	106	1,180.0	103
		OP	210.1	96	197.4	94	150.6	76	160.2	106	156.0	97
		OP Margin	%	16.6	(0.7)	16.6	0.0	13.9	(2.7)	14.0	0.0	13.2
	Americas	Net Sales	1,768.1	107	1,941.6	110	1,645.3	85	1,776.5	108	1,750.0	99
		OP	180.2	115	222.5	123	203.1	91	187.5	92	197.0	105
		OP Margin	%	10.2	+0.7	11.5	+1.3	12.3	+0.9	10.6	(1.8)	11.3
	EMEA (*3)	Net Sales	439.2	104	421.7	96	477.1		559.8		590.0	105
		OP	20.3	95	21.4	105	27.7		13.6		21.0	154
		OP Margin	%	4.6	+4.2	5.1	+0.4	5.8		2.4		3.6
	China, Asia Pacific (*4,5)	Net Sales	841.5	98	838.0	100	621.7		648.8		670.0	103
		OP	66.8	83	68.2	102	62.5		62.9		67.0	106
		OP Margin	%	7.9	(1.4)	8.1	+0.2	10.1		9.7		10.0
Market	Net Sales	Domestic	694.0	103	661.9	95	653.5	99	684.3	105		
		Overseas	2,979.9	103	3,128.3	105	2,683.4	86	2,959.0	110		
		Americas(*6)	1,746.3	107	1,919.5	110	1,625.7	85	1,755.0	108		
		EMEA(*3)	434.1	102	419.8	97	494.3		603.8			
		China, Asia Pacific(*4)	799.4	95	788.9	99	563.4		600.1			
Balance Sheet	Total Assets		3,960.9		3,795.8		3,716.0		3,959.0			
	ROA		%	8.0		7.3		7.1		7.5		
	Net Assets		2,146.6		2,282.0		2,345.8		2,402.7			
	ROE		%	15.5		13.3		11.8		12.5		
	Ratio of total equity to total assets		%	52.4		58.2		61.5		59.2		
Cash Flows	Interest-Bearing Debt		592.9	105	441.5	74	342.7	78	459.0	134	410.0	89
	Operating Cashflow		428.6		553.9		444.5		418.1			
	Investing Cashflow		(305.6)		(233.3)		(178.2)		(200.7)			
Investment	Free Cashflow		122.9		320.5		266.2		217.3			
	Capital Expenditure	Tires	268.3	105	229.8	86	178.0	77	214.9	121	295.0	137
		Diversified	28.0	147	23.6	84	16.0	68	19.9	124	34.0	171
Total		296.3	108	253.5	86	194.1	77	234.8	121	329.0	140	
Costs & Expenses	Depreciation		188.3	107	202.3	107	188.0	93	200.3	107	204.0	102
	R&D Expenses		94.1	106	94.9	101	95.4	100	99.7	105	102.0	102
Dividends	Dividend per Share		Yen	100	130	140	150	160				
Tire Production (tonnage of rubber) (*7)	Domestic		10,000t	51	48	47	47	51				
		Americas	10,000t	57	56	57	59	61				
		EMEA(*3)	10,000t	21	22	25	27	30				
		China, Asia Pacific(*4)	10,000t	53	54	51	47	49				
		Overseas Total	10,000t	131	132	133	141	140				
	Total		10,000t	182	179	180	188	191				
	Overseas Prod. Ratio		%	72	73	74	75	73				

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

(\*2)Net sales composition of "Diversified Products" segment in 2017 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 2017 is as follows

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

(\*6) "United States" in 2017 : ¥1,431.2 billion

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

(\*8)Revised as of Aug 9th, 2018.

## 2. Additional Information

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

			2016	2017	2018	
			FY	FY	1H Actual	FY Fcst.
Japan	PSR/LTR	REP	100	102	94	99
		OE	100	105	100	100
	TBR	REP	102	104	87	99
		OE	101	102	96	97
N.America	PSR/LTR	REP	101	100	101	101
		OE	102	91	97	99
	TBR	REP	101	105	105	104
		OE	76	110	118	111
Europe	PSR/LTR	REP	102	99	99	99
		OE	105	101	102	103
	TBR	REP	103	100	100	104
		OE	106	107	103	104
Asia (Thailand, India, China Indonesia Total)	PSR/LTR	REP	111	103		102
		OE	111	101		102
	TBR	REP	96	100		102
		OE	114	129		106

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

			2016	2017	2018		2017FY Component ratio
			FY	FY	1H Actual	FY Fcst.	
Japan	PSR/LTR	REP	101	100	94	~+5%	60%
		OE	99	112	103	~+5%	40%
		Total	101	104	98	~+5%	
	TBR	REP	102	104	86	~+5%	70%
		OE	102	103	97	around ±0%	30%
		Total	102	104	90	around ±0%	
N.America	PSR/LTR	REP	100	96	93	~-5%	70%
		OE	103	98	112	+11%~+15%	30%
		Total	101	97	99	~+5%	
	TBR	REP	102	101	89	around ±0%	70%
		OE	81	119	136	+21%~+25%	30%
		Total	95	106	103	+6%~+10%	
Europe	PSR/CVR	REP	105	100	99	~+5%	70%
		OE	110	110	102	~+5%	30%
		Total	107	103	100	~+5%	
	TBR	REP	105	103	97	+6%~+10%	70%
		OE	103	107	116	+16%~+20%	30%
		Total	104	104	103	+6%~+10%	
China, Asia Pacific	PSR/LTR	REP	106	101	93	~-5%	60%
		OE	110	106	109	+6%~+10%	40%
		Total	107	103	100	around ±0%	
	TBR	REP	100	108	102	around ±0%	90%
		OE	140	154	134	+16%~+20%	10%
		Total	103	113	106	~+5%	
Global (REP&OE)	PSR/LTR		102	101	99	~+5%	
	TBR		100	107	103	+6%~+10%	

#### Key Products:

		2016	2017	2018	
		FY	FY	1H Actual	FY Fcst.
PSR-REP	RFT	120	100	105	115
	Premium Winter (*1)	100	105	105	105
	HRD (≥18") (*2)	115	115	120	115
ORR(*3)	Ultra-Large	100	115	115	120
	Large	100	135	105	110

(\*1)BLIZZAK brand tires

(\*2)HRD including OE

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