



# Financial Results for 1st Quarter of Fiscal 2024

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1. Business and Financial Performance for 1st Quarter of Fiscal 2024

# Consolidated Financial Results for 1st Quarter of Fiscal 2024

(Yen in billions)

	2023 1Q Results	2024 1Q Results	vs PY (%)
Revenue	1,043.5	1,064.1	+2
Adjusted Operating Profit	116.8	120.2	+3
Margin	11.2%	11.3%	+0.1 pp
Profit Attributable to Owners of Parent	90.5	86.6	(4)
- Continuing Operations	90.7	86.6	(4)
- Discontinued Operations	(0.2)	(0)	-

(\*) Revenue and Adjusted Operating Profit show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

# Overview of the Performance for 1st Quarter of Fiscal 2024

## Executive Summary for 1st Quarter of Fiscal 2024

- **Revenue achieved a year-on-year growth.** Favorable impact of **sales mix improvement** through expand sales of PSR REP premium tires (18"+ tires and profitable premium tire brands in each regions) as well as **maintaining flat sales YoY for Ultra-Large Mining tires** and FX tailwind wiped out the negative impact of sales volume decline due to demand decrease of TB tires mainly in North America/Europe, and delay of summer tire demand realization in Japan as well as **the deterioration of Latin America (LA) business situation.**
- **Adjusted Operating Profit (AOP) increased year-on-year including the FX tailwind of JPY depreciation.** While sales volume decline is driving negative conversion costs/other fixed costs and the **business situation in LA (especially in Argentina)** is getting close to the worst scenario expected in the projection disclosed in Feb **negatively effecting the overall financial performance,** the company has taken below approaches.
  - Continuous **sales mix improvement** through **strengthening focus to premium segment** with utilizing Dan-totsu products, and accelerating reduction/discontinuation of loss-making and unprofitable businesses
  - Gradual realization of the benefit from the **Business cost down** (Global procurement, Global SCM logistics transformation, BCMA, shift to Green & Smart, steady on-site productivity improvements, etc) committed in 24MBP
  - Spread improvement between Raw materials impact and Price/Mix impact
  - Strong expense management considering the low sales volume
- **Adjusted operating margin improved to 11.3% which is +0.1pp year-on-year.** The company will accelerate **reinforcing the earning power through enhancement of business quality.**
- **Profit attributable to Owners of Parent has slightly decreased year-on-year** since large amount of income related to one time event was booked in previous year.

# Business Environment Surrounding Bridgestone Group for 1st Quarter of Fiscal 2024



## Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY  
1USD = ¥149, 1EUR = ¥161 (c.f.) 1Q'23 1USD = ¥132, 1EUR = ¥142



## Raw Material

- The 1Q feedstock prices of natural rubber increased YoY and crude oil stayed flat. With taking the 3 to 6 months-lag from raw material purchase to actualization in COGS into account, natural rubber stayed flat YoY and the prices of other raw materials trended down with some exemptions by region.
- For Japan, the depreciation of JPY against USD had a negative impact on raw materials.



## Tire Demand (PSR/TBR)

- OE: Overall demand decreased YoY due to vehicle production decline in most regions though semiconductor shortage is resolved.
- REP: PS – N. America and Europe stayed flat YoY. TB – Decreased YoY due to weaker recovery of demand compared to PS in N. America and Europe. Demand in Japan dropped significantly YoY for both PS and TB due to delay of summer tire demand and pre-buy of price increase in PY.
  - PS: In N. America, the dealer inventory normalization has completed in PY.  
(Overall industry demand has grown YoY driven by imported non-member volume due to tariff reduction.)  
In Europe, the dealer inventory normalization has completed in 1Q without a region.
  - TB: In N. America, the dealer inventory normalization has completed in 1Q.  
(Overall industry demand has increased YoY driven by imported non-member volume in advance of potential tariff increase.)  
In Europe, the dealer inventory level is continued to be lower than normal with reflecting the economic situation.
- Demand for PSR-HRD (18" + tires) continued a solid growth vs. PY mainly in N. America and Europe.

### Market trend of natural rubber and crude oil (Average)

	2022		2023				2024
	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Natural Rubber 〈TSR20〉 <sup>(*)</sup> (¢/kg)	146	130	137	135	134	145	157
Natural Rubber 〈RSS#3〉 <sup>(*)</sup> (¢/kg)	163	150	161	155	151	166	214
Crude Oil 〈WTI〉 (\$/bbl)	91	83	76	74	82	79	77

(\*)1) Source: Singapore Commodity Exchange Limited

### Tire Demand (unit base% vs. PY)

	Estimated by Bridgestone		TBR	
	PSR/LTR		OE	REP
Japan	OE	REP	OE	REP
	85%	81%	112%	76%
N. America	102%	99% <sup>(*)2</sup>	86%	97% <sup>(*)2</sup>
Europe	94%	100%	81%	93%

(\*)2) USTMA+TRAC demand. Overall demand including non-members is as follows. PSR/LTR REP: 108%, TBR REP: 121%

# Tire Sales Growth for 1st Quarter of Fiscal 2024 (vs. PY) – PSR/LTR and PSR 18" +



## PSR/LTR

vs. PY

Global (OE+REP)

90%

OE

REP

Global

91%

89%

Japan

81%

78%

Asia, Pacific, India and China

86%

100%

N. America

102%

99%

Europe

95%

87%



## PSR HRD (18" +)

vs. PY

Global (OE+REP)

101%

REP

105%

## Overview of the Performance by Product

### PSR/LTR (for passenger car & light truck)

- Premium tires (HRD: 18" +) has solidly grown mainly in the replacement market of N. America and Europe.
- OE: Demand decrease due to lowered vehicle production in most regions drove tire sales decline YoY. In N. America, sales volume grew YoY based on the solid demand growth.
- REP: Sales stayed flat YoY in N. America and APIC. In Japan, the sales declined YoY significantly due to the delay of summer tire demand and pre-buy of price increase in PY. In Europe, the company selectively reduced loss-making and unprofitable business which resulted significant decrease in sales volume.

# Tire Sales Growth for 1st Quarter of Fiscal 2024 (vs. PY) – TBR and ORR



**TBR**

	vs. PY	
Global (OE+REP)	88%	
	OE	REP
Global	89%	88%
Japan	116%	72%
Asia, Pacific and India	88%	96%
N. America	82%	89%
Europe	80%	88%

BS brands: 103%  
FS brands: 72%



**ORR**

	vs. PY	
Ultra-Large (REP)	100%	
Large	97%	
	OE	72%
	REP	110%
Small & Medium	100%	
	OE	109%
	REP	93%

## Overview of the Performance by Product

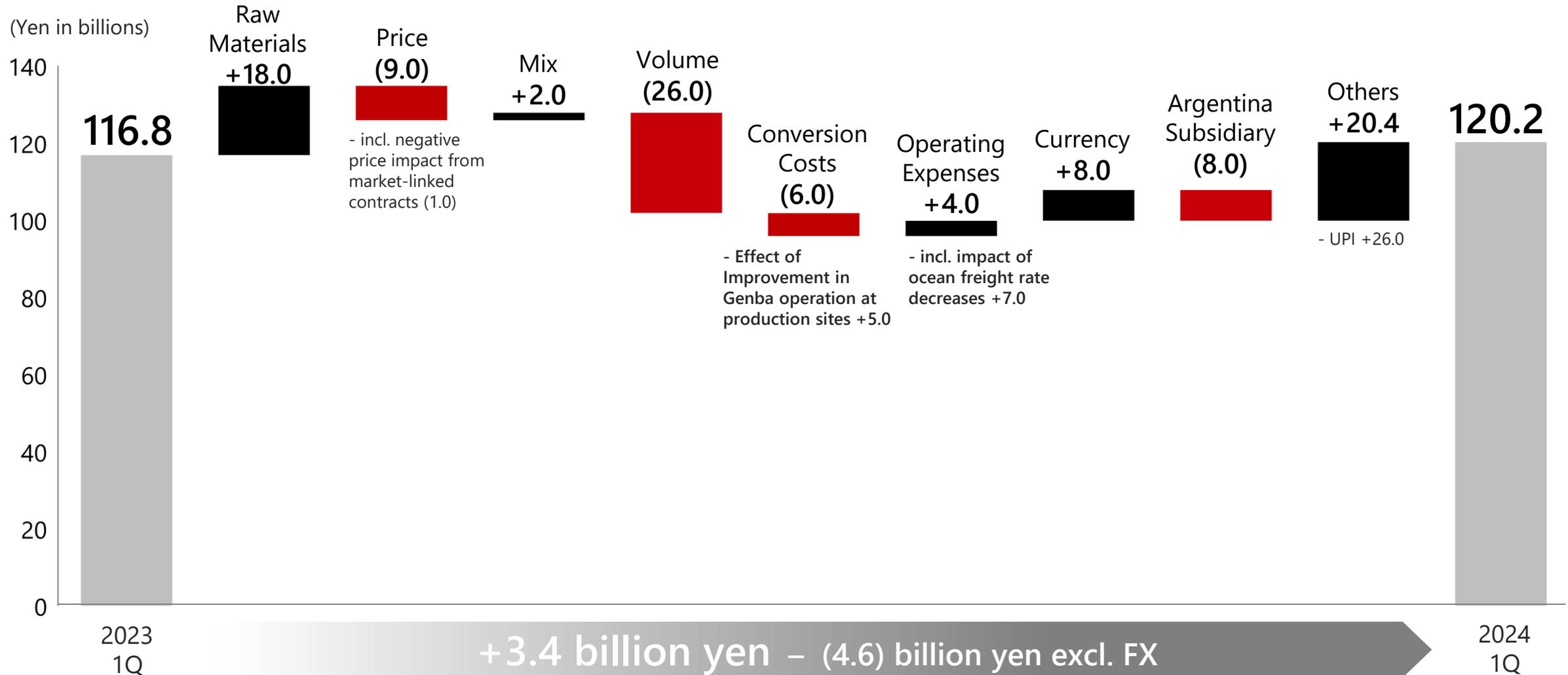
**TBR**  
(for truck & bus)

- OE: Demand decrease due to lowered vehicle production in most regions drove tire sales decline YoY.
- REP: **The slower demand recovery compared to PS/LT resulted YoY sales volume decline.**  
In Japan, sales volume has declined significantly due to the pre-buy of price increase in PY, delay of summer tire demand realization as well as selective reduction of loss-making and unprofitable businesses.

**ORR**  
(for mining & construction)

- Mining: While minerals demand stays stable, **Ultra-Large Mining tire sales maintained flat YoY** with utilizing Dan-totsu product "MASTERCORE" to expand solution services for safer, longer-life and more efficient tire use.
- Construction: **Small & medium tires maintained flat sales YoY in total**, which decline in REP market due to demand drop of port/construction tires in Europe and delay of US construction demand is covered by strong vehicle production at OEM for N. American market.

# Analysis of Adjusted Operating Profit for 1st Quarter of Fiscal 2024 (vs. PY)



# Consolidated Financial Results by Segment for 1st Quarter of Fiscal 2024

(Yen in billions)

		2023 1Q Results	2024 1Q Results	vs. PY (%)
Japan	Revenue	300.0	288.8	(4)
	Adjusted OP	41.5	53.4	+29
	Margin	13.8%	18.5%	+4.7pp
Asia, Pacific, India and China (*)	Revenue	137.4	129.8	(6)
	Adjusted OP	11.2	13.3	+19
	Margin	8.2%	10.2%	+2.1pp
Americas	Revenue	494.9	526.5	+6
	Adjusted OP	54.5	36.8	(32)
	Margin	11.0%	7.0%	(4.0)pp
Europe, Middle East and Africa (*)	Revenue	206.3	202.1	(2)
	Adjusted OP	3.9	5.4	+38
	Margin	1.9%	2.7%	+0.8pp

(\*) Segmentation is changed from Fiscal 2024 as follows. Figures of 2023 have been recalculated for y/y comparison purpose.

"China, Asia-Pacific" is changed to "Asia, Pacific, India, and China"

"Europe, Russia, Middle East, India and Africa" is changed to "Europe, Middle East, and Africa"

# Consolidated Financial Results by Product for 1st Quarter of Fiscal 2024

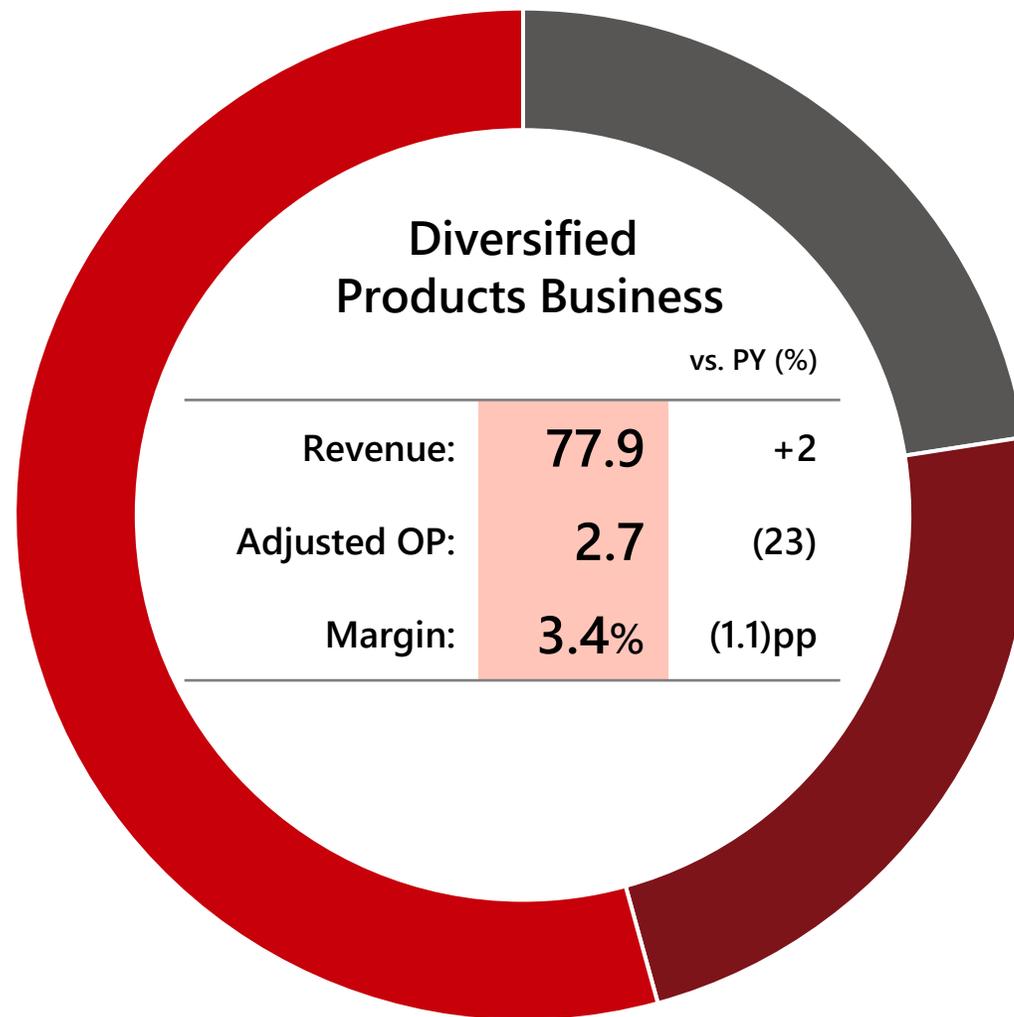
(Yen in billions)

		2023 1Q Results	2024 1Q Results <sup>(*)</sup>	vs. PY (%)
 <b>PS/LT</b> (incl. retail & credit card business)	Revenue	568.2	<b>593.7</b>	+4
	Adjusted OP	57.1	<b>64.6</b>	+13
	Margin	10.0%	<b>10.9%</b>	+0.8 pp
 <b>TB</b> (incl. retread business)	Revenue	248.5	<b>234.7</b>	(6)
	Adjusted OP	24.1	<b>13.9</b>	(42)
	Margin	9.7%	<b>5.9%</b>	(3.8) pp
 <b>Specialties</b> (OR/AC/AG/MC)	Revenue	150.6	<b>157.8</b>	+5
	Adjusted OP	32.2	<b>39.0</b>	+21
	Margin	21.4%	<b>24.7%</b>	+3.3 pp
 <b>Diversified Products Business</b>	Revenue	76.3	<b>77.9</b>	+2
	Adjusted OP	3.4	<b>2.7</b>	(23)
	Margin	4.5%	<b>3.4%</b>	(1.1) pp

(\*) Calculation method for P&L by product has been partially changed. Figures of 2023 have been recalculated for y/y comparison purpose.

# Consolidated Financial Results by Business for 1st Quarter of Fiscal 2024 (Diversified Products Business)

(Yen in billions)



## Chemical & Industrial Products Biz

vs. PY (%)

Revenue:	41.9	(2)
Adjusted OP:	2.4	+57
Margin:	5.8%	+2.2pp

## Sports & Cycle Biz

vs. PY (%)

Revenue:	17.4	+3
Adjusted OP:	0.6	(37)
Margin:	3.4%	(2.2)pp

## Diversified Products Biz in Americas (Air Springs)

vs. PY (%)

Revenue:	17.9	+18
Adjusted OP:	(0.4)	-
Margin:	(2.2)%	(6.4)pp

# B/S and C/F Highlights for 1st Quarter of Fiscal 2024

(Yen in billions)

	2023 Results (as of Dec 31, 2023)	2024 1Q Results (as of Mar 31, 2024)	vs. Dec 31, 2023
Total Assets	5,427.8	5,591.4	+163.6
Total Equity	3,405.4	3,588.2	+182.8
Equity Ratio (%)	61.8%	63.2%	+1.4pp
Interest-Bearing Debt (Net)	105.6	165.3	+59.7
Exchange rate	USD/JPY	¥142	+ ¥9
at the end of reporting period	EUR/JPY	¥157	+ ¥6
	2023 1Q Results	2024 1Q Results	vs. PY
Cash Flows from Operating Activities	119.8	128.6	+8.8
Cash Flows from Investing Activities	(80.1)	(97.7)	(17.5)
Free Cash Flow	39.7	30.9	(8.8)
Capital Expenditure	51.4	62.9	+11.5
Depreciation and Amortization	72.2	85.1	+12.9

## 2. Fiscal 2024 Guidance

# Fiscal 2024 Guidance

(\*1) Feb : The projection disclosed on Feb 16, 2024

## Forecast of Business Environment



### Currency Exchange

- **JPY depreciation expected vs Feb(\*1)** from 2Q onward at the level of 1USD=140 yen and 1EUR=151 yen.  
Full-year basis: 1USD=142 yen, 1EUR=153 yen (c.f.) FY2023: 1USD=141, 1EUR=152, Feb projection: 1USD=135, 1EUR=149



### Raw Material

- Feedstock price of natural rubber is expected to **increase against Feb projection** and PY.  
For Japan, negative impact on raw materials is expected to continue due to weak JPY.



### Tire Demand

- OE: PS – **Almost in line with Feb in N. America and Europe. In Japan, decline is anticipated throughout the year vs Feb.**  
Same level as PY for N. America and decline vs PY throughout the year for Europe.  
In Japan, the recovery to the level of PY is not expected throughout the year.  
TB – **Decrease expected vs Feb.** Slight YoY increase in Japan and continuing decrease vs PY in N. America and Europe.
- REP: PS – **Almost in line with Feb.** For YoY, slight increase in N. America, same level as PY throughout the year in Europe and slight increase in Japan. Ongoing YoY growth of HRD (18" +) tires is expected mainly in N. America and Europe.  
TB – **Expected to be in line with Feb, but assume risk of demand fluctuations in N. America.**  
In N. America, increase is expected throughout the year vs PY as the reduction of dealer inventory will be stabilized from 2Q onwards, but assume risk of demand fluctuations such as sell-in demand decline due to slow recovery of sell-out, ongoing dealer inventory reduction, etc. In Europe, no recovery from PY is expected reflecting the economic downturn.  
In Japan, same level as PY is expected.
- Mining: **Same level as Feb** and PY based on solid minerals demand.

## Consolidated Financial Forecast for Fiscal 2024

- There is no change in the consolidated financial forecast for fiscal 2024 and dividend from February guidance.
- Key assumptions are as below.
  - Favorable: Tailwind of JPY depreciation due to FX assumption change
  - Negative: **The deteriorated business situation in LA (especially in Argentina) is reflected.**
    - **Argentina: Getting close to the worst scenario(\*2) expected in Feb disclosure and the negative effect realized in 1Q is to expand in full year.**
- (\*2) 3 scenario were expected in Feb, which is Optimistic, Worst and Balanced. Feb projection was based on Balanced. Worst included acceleration of open market, tire imports and market structure change.
- If there are any changes to the guidance based on the future business environment and our business performance, we will disclose it promptly at that time.



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