

## MANAGEMENT'S DISCUSSION AND ANALYSIS

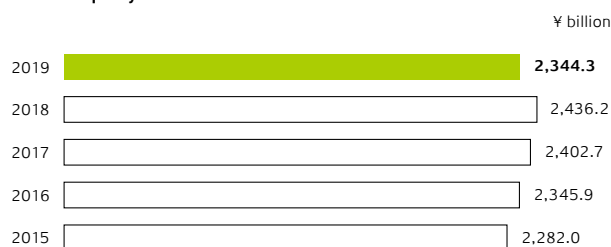
Consequently, total assets at the end of fiscal 2019 stood at ¥3,946.5 billion (\$36.0 billion), an increase of 3%, or ¥106.2 billion (\$970 million), from the previous fiscal year-end. Furthermore, the ratio of shareholders' equity, excluding stock acquisition rights and non-controlling interests, to total assets at the end of fiscal 2019 was 58.0%, a decrease of 3.9 percentage points compared with the previous fiscal year-end.

The ratio of total debt to debt and shareholders' equity was 20.7% at December 31, 2019, compared with a ratio of 14.6% at the previous fiscal year-end.

Net return on shareholders' equity (ROE) was 12.5%, an increase of 0.1 percentage point compared with the previous fiscal year. Net return on total assets (ROA) was 7.5%, the same as the previous fiscal year.

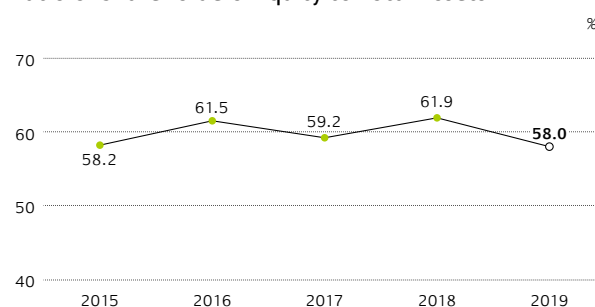
The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, issued February 16, 2018) have been applied to the consolidated financial results, beginning in the consolidated fiscal year under review. These standards have been applied to the previous fiscal year retroactively for comparative purposes in assessing financial condition.

### Total Equity



Note: Bridgestone Europe NV/SA, a consolidated overseas subsidiary of the Company, has adopted International Financial Reporting Standards (IFRS) in its consolidated financial statements from fiscal 2017. The changes in accounting policy resulting from the adoption of IFRS are applied retrospectively, and, therefore, total assets and other items for fiscal 2016 have been adjusted retrospectively.

### Ratio of Shareholders' Equity to Total Assets



## ELEVEN-YEAR SUMMARY

Bridgestone Corporation and Subsidiaries  
Years ended December 31

	2019	2018	2017	2016
	Millions of yen, except per share data and financial ratios			
<b>Net sales</b>	<b>¥ 3,525,600</b>	¥ 3,650,111	¥ 3,643,428	¥ 3,337,017
<b>Overseas sales</b>	<b>2,858,756</b>	2,968,123	2,959,067	2,683,488
<b>Tires (net sales excluding inter-segment transactions)</b>	<b>2,944,120</b>	3,041,100	3,021,000	2,759,275
<b>Diversified products (net sales excluding inter-segment transactions)</b>	<b>581,480</b>	609,011	622,428	577,742
<b>Operating income</b>	<b>326,098</b>	402,732	419,047	449,549
<b>Profit attributable to owners of parent</b>	<b>292,598</b>	291,642	288,276	265,551
<b>Total equity</b>	<b>2,344,291</b>	2,436,162	2,402,739	2,345,900
<b>Total assets</b>	<b>3,946,506</b>	3,840,270	3,959,039	3,716,030
<b>Ratio of shareholders' equity to total assets</b>	<b>58.0</b>	61.9	59.2	61.5
<b>Per share in yen:</b>				
<b>Net income</b>				
<b>Basic</b>	<b>404.95</b>	387.95	375.67	339.04
<b>Diluted</b>	<b>404.28</b>	387.28	375.01	338.52
<b>Shareholders' equity</b>	<b>3,250.37</b>	3,163.71	3,115.69	2,915.85
<b>Cash dividends</b>	<b>160.00</b>	160.00	150.00	140.00
<b>Capital expenditure</b>	<b>289,290</b>	268,421	234,850	194,111
<b>Depreciation and amortization</b>	<b>223,101</b>	200,477	200,377	188,062
<b>Research and development costs</b>	<b>105,283</b>	103,551	99,792	95,403

Notes: 1. Solely for the convenience of readers, the Japanese yen amounts in this annual report are translated into U.S. dollars at the rate of ¥109.56 to \$1, the approximate year-end rate.  
2. Certain overseas subsidiaries applied IAS 19 "Employee Benefits" (amended on June 16, 2011). As this change in accounting policy is applied retrospectively, the amount of total equity for fiscal 2012 reflects the retrospective application.

**Net Return on Shareholders' Equity**

2019	2018	2017	2016	2015
% of simple average of year-end shareholders' equity				
12.5	12.4	12.5	11.8	13.3

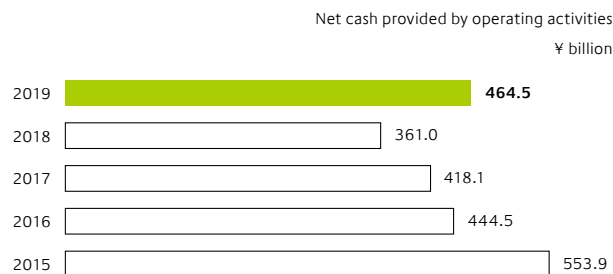
**Net Return on Total Assets**

2019	2018	2017	2016	2015
% of simple average of year-end total assets				
7.5	7.5	7.5	7.1	7.3

**Cash flow**

Consolidated cash and cash equivalents increased by ¥1.4 billion (\$13 million), to ¥435.3 billion (\$3,973 million), compared with a decrease of ¥67.9 billion during the previous fiscal year.

Net cash provided by operating activities was ¥464.5 billion (\$4,239 million), an increase of ¥103.5 billion (\$945 million) from the previous fiscal year. Income taxes paid were ¥79.7 billion (\$728 million), compared with ¥143.7 billion in the previous fiscal year. However, income before income taxes and non-controlling interests was ¥407.3 billion (\$3,717 million), compared with ¥427.8 billion in the previous fiscal year,

**Cash Flow**


and depreciation and amortization totaled ¥223.1 billion (\$2,036 million), compared with ¥200.5 billion in the previous fiscal year.

Net cash used in investing activities increased by ¥23.8 billion (\$218 million) compared with the previous fiscal year, to ¥266.9 billion (\$2,436 million). This was due to payments for purchase of property, plant and equipment of ¥270.5 billion (\$2,469 million), compared with ¥257.5 billion during the previous fiscal year, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥110.4 billion (\$1,007 million), compared with ¥2.4 billion in the previous fiscal year,

2015	2014	2013	2012	2011	2010	2009
Millions of yen, except per share data and financial ratios						
¥ 3,790,251	¥ 3,673,965	¥ 3,568,091	¥ 3,039,738	¥ 3,024,356	¥ 2,861,615	¥ 2,597,002
3,128,343	2,979,922	2,893,251	2,343,546	2,330,154	2,189,765	1,982,192
3,168,219	3,088,627	3,033,660	2,554,126	2,536,731	2,377,305	2,151,314
622,032	585,338	534,431	485,612	487,625	484,310	445,687
517,248	478,038	438,132	285,995	191,322	166,450	75,712
284,294	300,589	202,054	171,606	102,970	98,914	1,044
2,282,012	2,146,658	1,862,964	1,417,348	1,165,672	1,176,147	1,120,797
3,795,847	3,960,908	3,577,045	3,039,799	2,677,344	2,706,640	2,808,439
58.2	52.4	50.5	45.2	42.2	42.2	38.7
362.99	383.84	258.10	219.26	131.56	126.19	1.33
362.52	383.39	257.81	219.10	131.50	126.16	1.33
2,820.48	2,650.47	2,305.64	1,754.30	1,444.53	1,458.01	1,385.43
130.00	100.00	57.00	32.00	22.00	20.00	16.00
253,581	296,396	274,862	245,644	201,390	182,648	178,204
202,334	188,333	176,180	155,066	158,044	170,663	180,547
94,978	94,147	89,098	82,801	83,982	85,154	85,766