



# Financial Results for 3<sup>rd</sup> Quarter of Fiscal 2019

Bridgestone Corporation

November 8, 2019

**BRIDGESTONE**  
*Your Journey, Our Passion*

- 1 . Business and Financial Performance for 3<sup>rd</sup> Quarter of Fiscal 2019 P.3
- 2 . Consolidated Projections for Fiscal 2019 P.9

# 1. Business and Financial Performance for 3<sup>rd</sup> Quarter of Fiscal 2019

# Business Environment Surrounding Bridgestone Group



## Currency Exchange

- USD/EUR: Stronger JPY vs PY  
1USD=107yen, 1EUR=119yen  
Ref.) 2018Q3 : 1USD=112yen 1EUR=130yen
- Weaker emerging currency

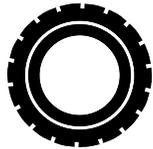


## Raw Material Prices

- Natural Rubber: Higher, Crude oil: Lower vs PY

Market trend of natural rubber and crude oil (Average)	2018		2019		
	Q3	Q4	Q1	Q2	Q3
Natural Rubber (¢/kg) *〈TSR20〉	133	127	140	151	135
Natural Rubber (¢/kg) *〈RSS#3〉	145	140	164	183	159
Crude Oil 〈WTI〉 (\$/bbl)	70	59	55	60	56

\*Source: Singapore Commodity Exchange Limited



## Tire Demand (PSR/TBR)

- Japan : Early buying due to price increase and consumption tax
- Weaker TBR REP in NA and OE market in global

### Tire Demand (Year-on-Year/unit base%)

Note: The numbers of demand are estimated by Bridgestone Corporation

Q3	PSR		TBR		9 months	PSR		TBR	
	OE	REP	OE	REP		OE	REP	OE	REP
Japan	106%	124%	99%	141%	Japan	103%	107%	97%	118%
N.America	97%	103% (USTMA101%)	99%	86% (USTMA 98%)	N.America	94%	103% (USTMA101%)	106%	89% (USTMA 97%) <sup>*2</sup>
Europe	96%	98%	85%	101%	Europe	93%	97%	94%	104%

# Tire Sales Growth for 3<sup>rd</sup> Quarter of Fiscal 2019

(Year-on-Year, unit base)



**PSR**

**OE & REP**

	Q3	9 months
Global	100%	98%

**OE**

Japan	108%	105%
N.America	93%	91%
Europe	99%	101%
China/ Asia Pacific	93%	96%

**REP**

Japan	123%	107%
N.America	103%	100%
Europe	98%	94%
China/ Asia Pacific	91%	90%



**TBR**

**OE & REP**

	Q3	9 months
Global	98%	99%

**OE**

Japan	97%	96%
N.America	100%	105%
Europe	74%	92%
China/ Asia Pacific	83%	93%

**REP**

Japan	126%	113%
N.America	95%	92%
Europe	100%	100%
China/ Asia Pacific	87%	90%



**ORR**

	Q3	9 months
Ultra-Large (REP)	100% (100%)	105% (105%)
Large (REP)	115% (135%)	105% (115%)



**PSR**

**HRD (≥18")**

	Q3	9 months
Global (REP)	110% (120%)	110% (115%)

# Consolidated Results for 3<sup>rd</sup> Quarter of Fiscal 2019

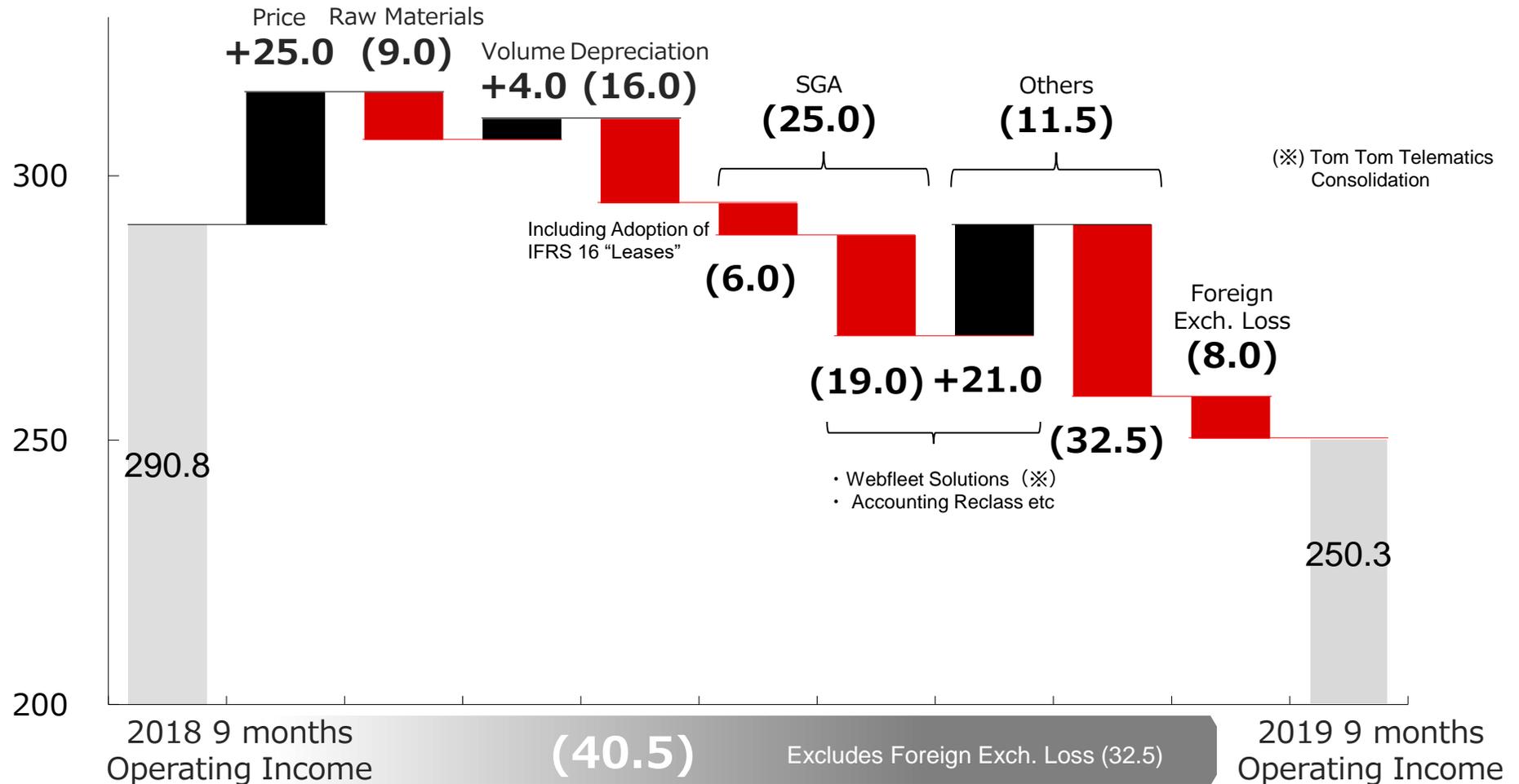
(Yen in billions)

Note: Figures within parentheses mean minus

	2019 3 <sup>rd</sup> Quarter Results	vs PY(%)	2019 9 Months Results	vs PY(%)
<b>Net Sales</b>	<b>890.7</b>	<b>(1)</b>	<b>2,635.3</b>	<b>(1)</b>
Tires	742.7	(1)	2,198.7	(1)
Diversified Products	152.0	(1)	448.9	(4)
<b>Operating Income</b>	<b>91.9</b> (Ratio) 10.3%	<b>+1</b> (Ratio) +0.1pt	<b>250.3</b> (Ratio) 9.5%	<b>(14)</b> (Ratio) (1.4)pt
Tires	89.6	-	248.1	(11)
Diversified Products	2.2	+18	2.1	(80)
<b>Ordinary Income</b>	<b>88.1</b>	<b>+3</b>	<b>242.5</b>	<b>(12)</b>
<b>Profit Attributable to Owners of Parent</b>	<b>86.6</b>	<b>+2</b>	<b>205.4</b>	<b>(6)</b>
US Dollar / Yen rate:	107 yen	(5) Yen	109 yen	(1) Yen
Euro / Yen rate:	119 yen	(11) yen	123 yen	(8) yen

# Analysis of Consolidated Operating Income for 3<sup>rd</sup> Quarter for Fiscal 2019

(Yen in billions)



# Financial Results for 3<sup>rd</sup> Quarter of Fiscal 2019: Geographic Segments

(Yen in billions)

Note: Figures within parentheses mean minus

	2019 3 <sup>rd</sup> Quarter Results	vs PY (%)	2019 9 Months Results	vs PY(%)
<b>Consolidated Net Sales</b>	<b>890.7</b>	<b>(1)</b>	<b>2,635.3</b>	<b>(1)</b>
Japan	279.3	+6	833.1	+2
The Americas	435.2	(4)	1,290.8	(2)
EMEA	145.5	(3)	440.6	(1)
China, Asia-Pacific	146.0	(5)	450.6	(5)
<b>Consolidated Operating Income</b>	<b>91.9</b>	<b>+1</b>	<b>250.3</b>	<b>(14)</b>
Japan	29.6	+12	84.2	(15)
The Americas	39.6	(6)	117.2	(11)
EMEA	3.2	(28)	9.7	(4)
China, Asia-Pacific	11.1	(14)	34.7	(24)

## 2. Consolidated Projections for Fiscal 2019

# Forecast of Business Environment Surrounding Bridgestone Group

("Projection"; released on Aug 9<sup>th</sup>, 2019)



## Currency Exchange

- USD/EUR: Stronger JPY vs PY
- Weaker Emerging currency

### Currency Exchange Assumption

(Yen)	2018		2019		Projection 2019 FY
	FY	H1	H2	FY	
US Dollar	110	110	<b>106</b>	<b>108</b>	107
Euro	130	124	<b>118</b>	<b>121</b>	122

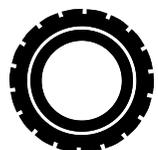


## Raw Material Prices

- Natural Rubber : Higher vs PY
- Crude Oil : Lower vs PY

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

	2018 FY	2019		
		H1	Q3	FY
Natural Rubber (¢/kg) *〈TSR20〉	136	<b>146</b>	<b>135</b>	<b>Higher vs PY</b>
Natural Rubber (¢/kg) *〈RSS#3〉	155	<b>174</b>	<b>159</b>	
Crude Oil 〈WTI〉 (\$/bbl)	65	<b>57</b>	<b>56</b>	<b>Lower vs PY</b>



## Tire Demand (PSR/TBR)

- Severer business environment due to weaker OE demand / Asian economy and US/China Trade war impact

### Estimated Tire Demand (Year-on-Year/unit base%)

	PSR				TBR			
	PSR		TBR		PSR		TBR	
	OE	REP	OE	REP	OE	REP	OE	REP
Japan	<b>101%</b>	<b>99%</b>	<b>96%</b>	<b>101%</b>	102%	99%	97%	102%
N.America	<b>92%</b>	<b>102%</b>	<b>100%</b>	<b>89%</b>	93%	103%	99%	95%
Europe	<b>94%</b>	<b>97%</b>	<b>89%</b>	<b>103%</b>	94%	98%	95%	100%
Asia*1	<b>90%</b>	<b>99%</b>	<b>92%</b>	<b>97%</b>	100%	101%	98%	98%

Note: The numbers of demand are estimated by Bridgestone Corporation

\*1 Total of Thailand, Indonesia, India, and China

# Tire Sales Growth Projections for Fiscal 2019

(Year-on-Year, unit base)



**PSR**

**OE & REP**

Global	~-5%
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**OE**

Japan	~+5%
N. America	-11%~-15%
Europe	~+5%
China/ Asia Pacific	~-5%

**REP**

Japan	around ±0%
N. America	around ±0%
Europe	~-5%
China/ Asia Pacific	-6%~-10%



**TBR**

**OE & REP**

Global	around ±0%
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**OE**

Japan	~-5%
N. America	around ±0%
Europe	-6%~-10%
China/ Asia Pacific	-6%~-10%

**REP**

Japan	~+5%
N. America	-6%~-10%
Europe	~+5%
China/ Asia Pacific	-6%~-10%



**ORR**

Ultra-Large (REP)	105% (105%)
Large (REP)	100% (105%)



**PSR**

**HRD(≥18")**

Global (REP)	105% (110%)
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# Consolidated Projections for Fiscal 2019

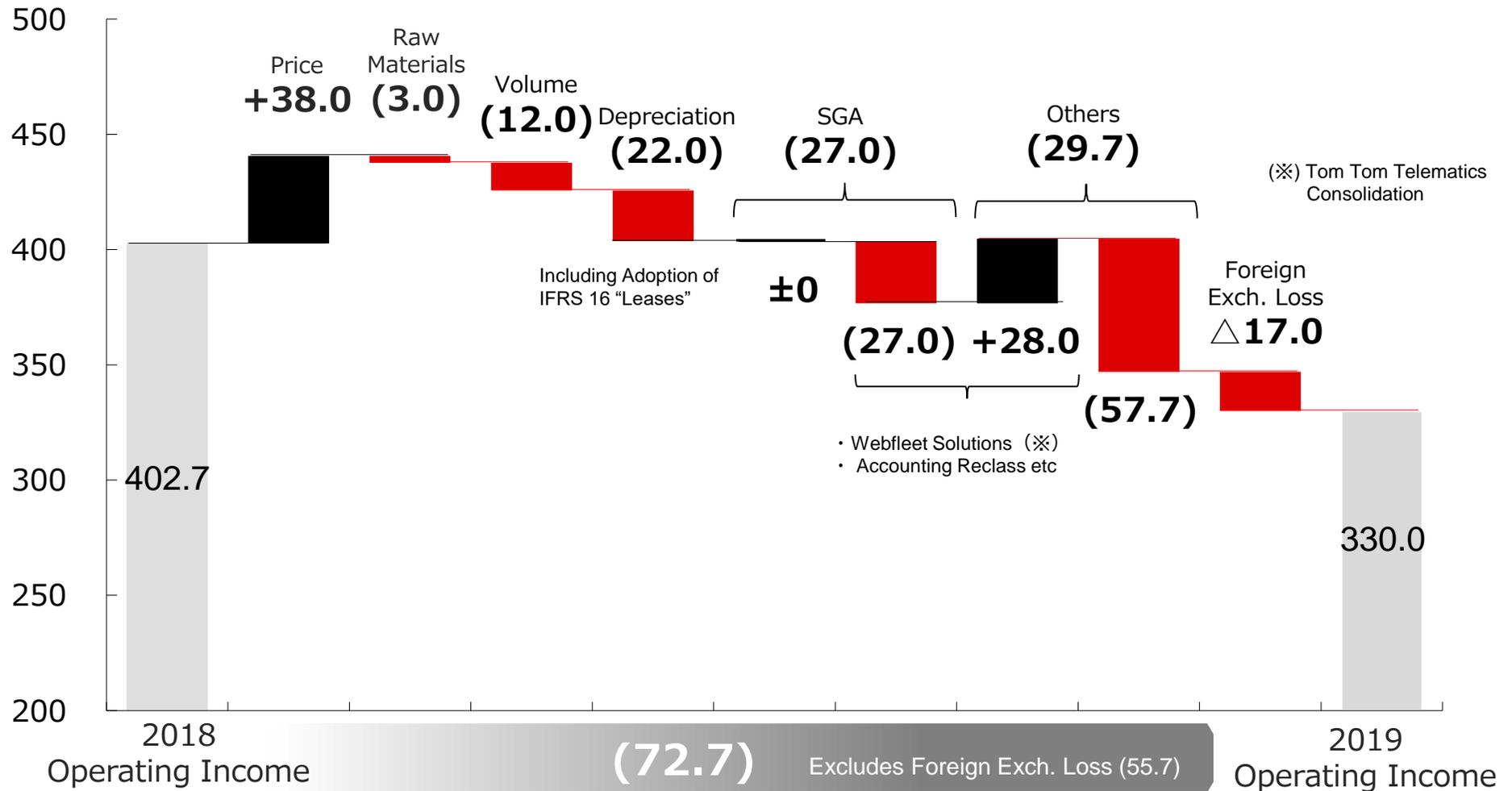
(Yen in billions)

Note: Figures within parentheses mean minus

	2018 Results	2019 Projections	vs PY (%)	(Ref. Aug 9, 2019 announcement) 2019 Projections
<b>Net Sales</b>	<b>3,650.1</b>	<b>3,490.0</b>	<b>(4)</b>	<b>3,620.0</b>
Tires	3,051.4	<b>2,910.0</b>	(5)	3,030.0
Diversified Products	618.7	<b>580.0</b>	(6)	590.0
<b>Operating Income</b>	<b>402.7</b> (Ratio) 11.0%	<b>330.0</b> (Ratio) 9.5%	<b>(18)</b> (Ratio) (1.6)pt	<b>375.0</b> (Ratio) 10.4%
Tires	393.9	<b>330.0</b>	(16)	373.0
Diversified Products	8.9	<b>0</b>	-	2.0
<b>Ordinary Income</b>	<b>381.1</b>	<b>315.0</b>	<b>(17)</b>	<b>355.0</b>
<b>Profit Attributable to Owners of Parent</b>	<b>291.6</b>	<b>275.0</b>	<b>(6)</b>	<b>290.0</b>
US Dollar / Yen rate:	110 yen	108 yen	(2) Yen	107 yen
Euro / Yen rate:	130 yen	121 yen	(9) yen	122 yen

# Analysis of Consolidated Operating Income for Fiscal 2019

(Yen in billions)



# Summary

## Consolidated Financial Results

Q3 Results      Operating Income was above PY due to price and volume increase (incl ORR tire) despite negative currency effect

FY Projection    Revised 2019 guidance given external market dynamics

## Highlights

- Global OE demand weaker than expected, while early buying due to price increase and consumption tax in Q3 in Japan
- Moderate ORR tire growth (Ultra-large and Large) due to weaker OE demand
- Under the weaker demand circumstances, manage prices and improve product-mix, and monitor market trend closely and control supply / demand balance.
- Maintained sales growth in PSR-HRD tires ( $\geq 18$  tires)

# Adopt International Financial Reporting Standards (IFRS) and Change in Reporting Segments

## Changes from 2020

- Adopt IFRS to improve the quality of managerial accounting at the Bridgestone Group.
- Change in reporting segments to facilitate more accurate disclosure based on SBUs

## Schedule for Transition to Disclosure Based on IFRS

- The consolidated performance forecasts for the fiscal year ending December 31, 2020 are scheduled to be announced in February 2020 and will use IFRS / New Segments.
- From announcement of financial results for the first quarter of the fiscal year ending December 31, 2020 to be announced in May 2020, adopt IFRS / New Segments.

## Change in Reporting Segments

- Reorganize its prior two business segments and four geographic segments to perform disclosure uniformly based on the four new segments.

### Up to FY2019 : J-GAAP, Current Segments

#### Business Segment

Tires

Diversified Products

#### Geographic Segment

Japan

Americas

Europe, Russia, Middle East  
and Africa

China, Asia-Pacific

### From 1Q of FY2020 : IFRS, New Segments

#### New Segment

Japan

Americas

Europe, Russia, Middle East, India  
and Africa

China, Asia-Pacific



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