



# Financial Results for 1st Quarter of Fiscal 2021

Bridgestone Corporation

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*Solutions for your journey*

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1. **Business and Financial Performance  
for 1st Quarter of Fiscal 2021**

# Business Performance and Key Initiatives in 1st Quarter of Fiscal 2021

## Business Performance in 1st Quarter

- Both sales and profit increased YoY as global tire demand recovered and sales increased mainly for TB.
- In terms of profit, adjusted OP margin recovered to over 10%, thanks largely to the effects of strengthening price/mix and expense and cost structure reformation.
- The Company strategically reduced sales in the commodity segment, with expanding sales in the premium, and plans to further sales growth in the premium segment to improve the top line in the future.

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- PS/LT**
- Sales of both REP and OE increased, especially for HRD tires. - PSR HRD Sales: Total 117%, REP 122% (YoY)
  - REP: Sales decreased in NA YoY, affected by strong demand for competitors before their price hike, but have been recovering since Apr.
  - OE: Sales in 1Q increased YoY, despite the impacts of semiconductor shortages. Need to keep a close eye on the impacts in 2Q and beyond.

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- TB**
- Sales of both REP and OE recovered significantly, supported by strong construction and transportation demand.
  - REP sales was remarkably strong as they recovered to the level above 2019 before the spread of COVID-19, mainly in the US and Europe.

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- ORR**
- Mining: The market is recovering compared to 2H of the previous year with mineral demand increasing, but it is still weak.
  - Construction: Sales of OE recovered significantly as construction demand recovered in US. As for REP, Large is strong but S&M is slightly lower than PY.

## Key Initiatives in 1st Quarter based on Mid Term Business Plan

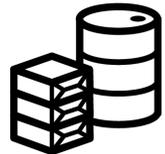
- **Premium Business Strategy:**
  - Sales mix improvement - Increased the sales portion of HRD tires and focused on major brands
  - Price management reinforcement - Responded to raw material price rise and reinforced strategic price management based on Dan-Totsu products
- **Expense and Cost Structure Reformation:**
  - Improvement in Gemba activity at production sites - Increased productivity by improvement in manufacturing and optimized conversion cost by maximum use of existing equipment (1Q:+6.0B.JPY)
  - Business portfolio and manufacturing footprint restructuring – Completed the sale of FSBP (E/Mar) and closed Bethune plant in France (E/Apr)
- **Strategic Growth Investments:**
  - Mining Tire/Solution Biz – Announced investment in cutting edge equipment at Shimonoseki plant and acquisition of Otraco in Australia (Apr)

# Business Environment Surrounding Bridgestone Group



## Currency Exchange

- USD depreciated against JPY YoY, while EUR appreciated.  
1USD = 106 yen, 1EUR = 128 yen (Reference) 1Q'20 1USD=109yen, 1EUR=120yen



## Raw Material Prices

- Natural rubber market remained at a high level following a large increase in 4Q of the previous year.
- Crude oil price dramatically went up in 1Q'21.



## Tire Demand (PSR/TBR)

- Demand recovery continued globally while PSR-OE was affected by semiconductor shortages.
- Demand for TB was especially strong with REP in US and Europe well above 2019.

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

\* Source: Singapore Commodity Exchange Limited

	2020				2021
	1Q	2Q	3Q	4Q	1Q
Natural Rubber 〈TSR20〉* (¢ /kg)	133	111	128	154	<b>167</b>
Natural Rubber 〈RSS#3〉* (¢ /kg)	158	138	175	235	<b>234</b>
Crude Oil 〈WTI〉 (\$/bbl)	46	28	41	43	<b>58</b>

### Tire Demand (vs.PY / vs.2019 unit base%)

	PSR				TBR			
	OE		REP		OE		REP	
	vs.PY	vs.2019	vs.PY	vs.2019	vs.PY	vs.2019	vs.PY	vs.2019
Japan	96%	90%	108%	97%	109%	109%	104%	95%
N.America	101%	84%	111%	101%	109%	86%	114%	117%
Europe	103%	88%	112%	95%	121%	92%	122%	108%

Estimated by Bridgestone Corporation

# Tire Sales Growth for 1st Quarter of Fiscal 2021



## PSR/LTR

Global	107%
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### OE

Global	105%
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Japan	94%
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N. America	109%
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Europe	95%
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China, Asia-Pacific	123%
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### REP

Global	108%
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Japan	108%
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N. America	96%
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Europe	107%
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China, Asia-Pacific	118%
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## TBR

Global	112%
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### OE

Global	115%
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Japan	113%
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N. America	105%
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Europe	121%
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China, Asia-Pacific	155%
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### REP

Global	111%
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Japan	101%
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N. America	111%
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Europe	118%
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China, Asia-Pacific	126%
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## ORR

Ultra-Large (only REP)	95%
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Large	116%
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OE	150%
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REP	108%
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Small & Medium	107%
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OE	125%
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REP	97%
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## PSR

HRD (≥ 18")

Global (REP)	117% (122%)
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# Consolidated Results for 1st Quarter of Fiscal 2021

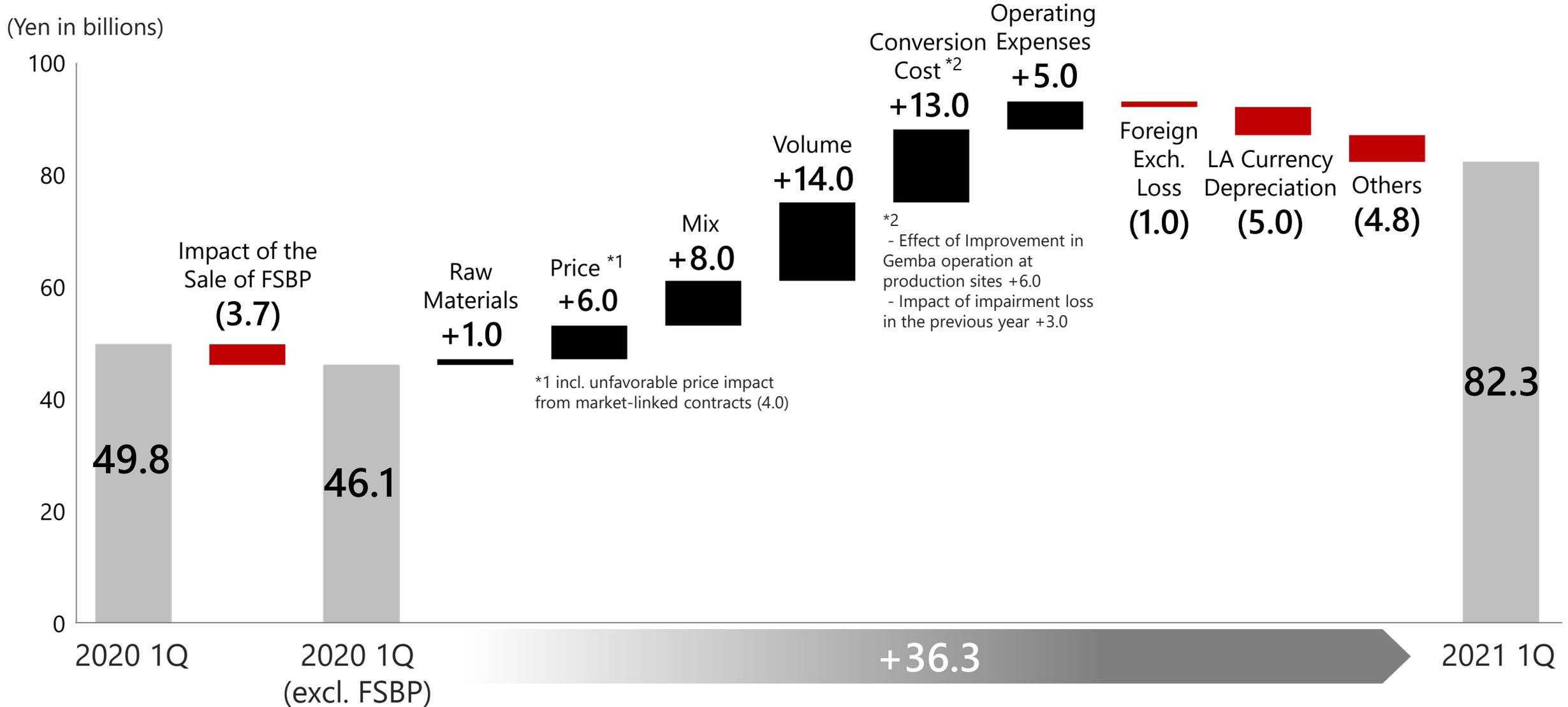
(Yen in billions)

IFRS	2020 1Q Results		2021 1Q Results <sup>(*1)</sup>	vs. PY (%) <sup>(*2)</sup>
	Results disclosed last year	Results restated categorizing FSBP as discontinued operations <sup>(*1)</sup>		
Revenue	752.2	705.8	756.9	+7
Adjusted Operating Profit	49.8	46.1	82.3	+79
Margin	6.6%	6.5%	10.9%	+4.3pp
Profit Attributable to Owners of Parent	19.5	19.5	285.2	-
- Continuing Operations	19.5	16.8	60.3	+259
- Discontinued Operations	-	2.7	225.0	-
USD/JPY	109 yen	109 yen	106 yen	(3) yen
EUR/JPY	120 yen	120 yen	128 yen	+8 yen

(\*1) In accordance with the decision of the sale of FIRESTONE BUILDING PRODUCTS (FSBP), the Company categorizes FSBP and its subsidiaries as discontinued operations from 1Q of fiscal 2021. (Refer to P.12 for the details.) Accordingly, revenue and adjusted operating profit show figures for continuing operations and exclude revenue and expenses of FSBP. Note that 2020 1Q results have been restated using the same classification as that used for 2021.

(\*2) YoY comparison is calculated against figures of 2020 1Q results that have been restated categorizing FSBP and its subsidiaries as discontinued operations.

# Analysis of Adjusted Operating Profit for 1st Quarter of Fiscal 2021



# Consolidated Financial Results for 1st Quarter of Fiscal 2021 by Segment

(Yen in billions)

IFRS	2020 1Q (*) Results	2021 1Q Results	vs. PY (%)
<b>Consolidated Revenue</b>	<b>705.8</b>	<b>756.9</b>	<b>+7</b>
Japan	224.3	225.6	+1
Americas	301.3	311.0	+3
Europe, Russia, Middle East, India and Africa	137.7	163.9	+19
China, Asia-Pacific	75.7	91.7	+21
<b>Consolidated Adjusted Operating Profit</b>	<b>46.1</b>	<b>82.3</b>	<b>+79</b>
Japan	15.6	18.7	+20
Americas	27.7	38.4	+38
Europe, Russia, Middle East, India and Africa	(2.6)	8.1	-
China, Asia-Pacific	6.0	12.9	+115

(\*) As explained in the presentation material of financial results for fiscal 2020 disclosed on Feb. 16, the Company revised the way of calculation for the segment results from fiscal 2021, in accordance with the introduction of ROIC as a new management KPI. Note that 2020 1Q results have been restated using the same classification as that used for 2021, and also categorizing FSBP and its subsidiaries as discontinued operations as shown in P.6.

# Consolidated Financial Results for 1st Quarter of Fiscal 2021 by Product (Tire Business)

(Yen in billions)

IFRS

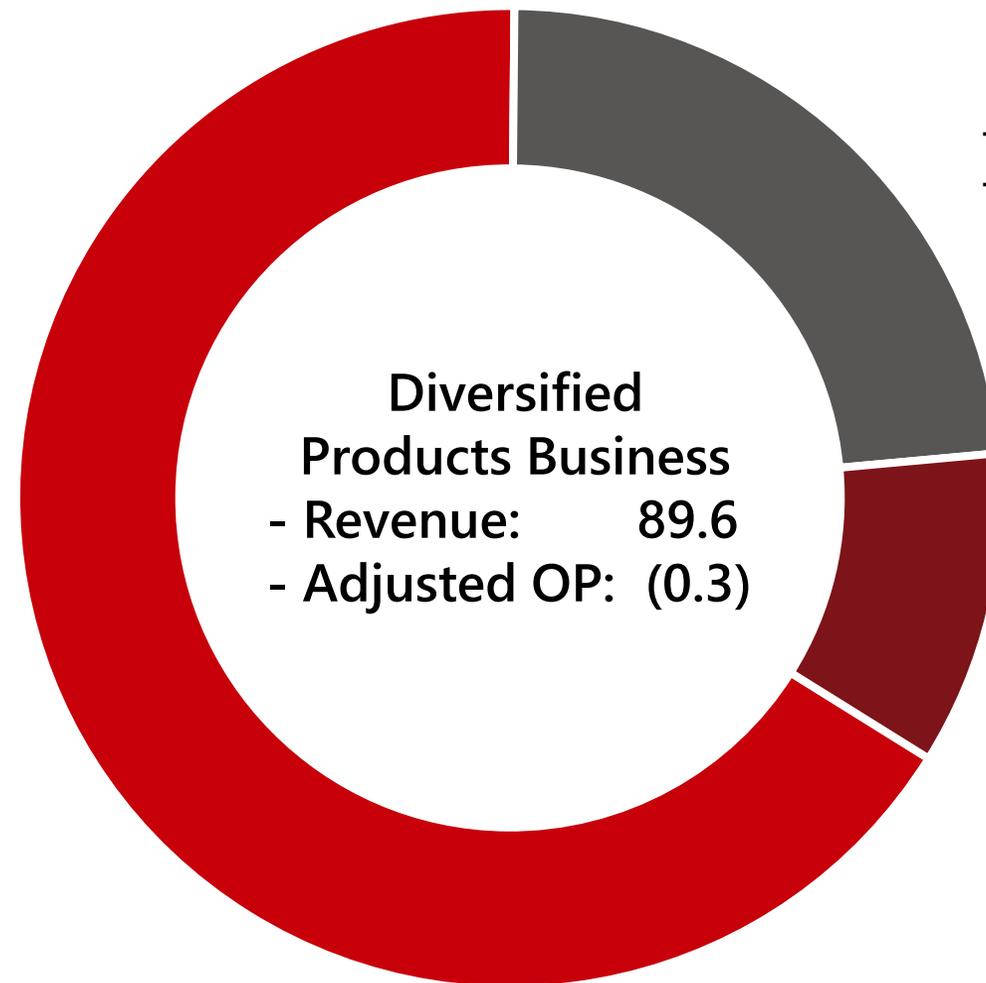
		2020 1Q Results	2021 1Q Results	vs. PY (%)
 <b>PS/LT</b> * incl. retail and credit card business	Revenue	358.4	386.6	+8
	Adjusted OP	21.3	55.2	+159
	Margin	6.0%	14.3%	+8.3pp
 <b>TB</b> * incl. retread business	Revenue	165.6	178.1	+8
	Adjusted OP	13.9	20.8	+50
	Margin	8.4%	11.7%	+3.3pp
 <b>Specialties (OR/AC/AG/MC)</b>	Revenue	85.0	87.0	+2
	Adjusted OP	14.9	17.1	+15
	Margin	17.5%	19.6%	+2.1pp

# Consolidated Financial Results for 1st Quarter of Fiscal 2021 by Product (Diversified Products Business)

(Yen in billions)

IFRS

**Chemical & Industrial  
Products Biz**  
- Revenue: 58.9  
- Adjusted OP: (2.9)



**Sports / Cycle Biz**  
- Revenue: 20.8  
- Adjusted OP: 1.1

**Diversified Products  
Biz in Americas**  
- Revenue: 9.2  
- Adjusted OP: 1.3

# B/S and C/F Highlights for 1st Quarter of Fiscal 2021

(Yen in billions)

IFRS	2020 Results (as of Dec. 31, 2020)	2021 1Q Results (as of Mar. 31, 2021)	vs. Dec. 31, 2020
Total Assets	4,189.3	4,596.1	+406.8
Total Equity	2,195.3	2,548.1	+352.8
Equity Ratio (%)	51.3%	54.4%	+3.1pp
Interest-Bearing Debt (Net)	195.6	(165.1)	(360.7)
	2020 1Q Results	2021 1Q Results	vs. PY
Cash Flows from Operating Activities	64.1	90.9	+26.8
Cash Flows from Investing Activities	(59.3)	289.8	+349.1
Free Cash Flow	4.8	380.7	+ 375.9
Capital Expenditure	53.1	37.2	△15.8
Depreciation and Amortization	66.9	61.5	△5.4

# Adjusted Items and Profit from Discontinued Operations for 1st Quarter of Fiscal 2021

2021 1Q Results

(Yen in billions)

Revenue	756.9
Adjusted Operating Profit	82.3
Adjusted Items (expenses)	1.4
Operating Profit	80.9
Profit before Income Taxes	81.6
Profit from Continuing Operations (*)	60.3
Profit from Discontinued Operations (*)	225.0
Profit Attributable to Owners of Parent	285.2

(\*) Profit Attributable to Owners of Parent

## 1) Adjusted Items

(Yen in billions)

Adjusted Items (expenses)	1.4	Main Items
Business and plant restructuring expenses	1.2	Expenses related to the closure and restructuring of overseas plants
Loss on disaster	0.2	Loss related to hurricane disaster in North America

## 2) Profit from Discontinued Operations

- The Company completed the sale of FIRESTONE BUILDING PRODUCTS (FSBP) on Mar. 31. From 1Q of fiscal 2021, it categorizes FSBP and its subsidiaries as discontinued operations.
- Accordingly, in the 1Q, the Company recorded profit from discontinued operations of 225.0 B.JPY, a total of 1) and 2) below:
  - 1) Gain on sale relating to the transfer of FSBP
  - 2) Profit from the operation for the 3 months from Jan. to Mar.

## 2. Forecast of Business Environment for Fiscal 2021

# Forecast of Business Environment for Fiscal 2021

## Forecast of Business Environment



### Currency Exchange

- USD expected to appreciate against JPY compared with Feb assumption (1USD=103 yen)
- EUR expected to remain at around the same level as Feb assumption (1EUR=126 yen)



### Raw Material Prices

- Both natural rubber and crude oil market expected to remain at a high level throughout the year, continuing from 1Q.



### Tire Demand (PSR/TBR)

- Demand expected to increase steadily YoY as recovery trend continues globally
- Demand of both PS/LT and TB expected to recover to roughly 2019 level for the full year

## Risk of COVID-19 Resurgence

- In 1Q, the global economy continued to pick up as countries took steps to balance infection control and economic activities. However, we are still monitoring the impact on the business and financial performance for fiscal 2021, as we cannot foresee the convergence of the spread of COVID-19 infection, including the spread of mutated strains.
- We continue to conduct business operations putting the highest priority on the lives and safety of our employees, customers and related parties while minimizing the risk of COVID-19 infection.

## Consolidated Projections for Fiscal 2021

- At this time, there is no change in consolidated projections for fiscal 2021 from that announced in Feb. 2021.
- If there are any changes to the projections based on the future business environment and our business performance, we will disclose it promptly at that time.



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