



# Financial Results for 1st Half of Fiscal 2021

Bridgestone Corporation

August 10, 2021

**BRIDGESTONE**  
*Solutions for your journey*

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# 1. Business and Financial Performance for 1st Half of Fiscal 2021

# Overview of the Performance and Key Initiatives in 1st Half of Fiscal 2021

## Overview of the Performance in 1st Half

- Both sales and profit increased significantly year-on-year as global tire demand recovered and sales increased mainly in REP.
  - The impact of raw material inflation was offset by the price/mix improvement. In addition, the expense and cost structure reformation contributed to a further improvement in adjusted operating margin from 1Q to 2Q.
  - Profitability improved by expanding REP sales ratio (better business mix) while OE sales recovery was delayed due to semiconductor shortages.
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- |              |  |
|--------------|--|
| <b>PS/LT</b> | <ul style="list-style-type: none"><li>● Sales of both REP and OE increased, especially for HRD tires. - PSR HRD Sales: 143% vs.PY, 108% vs.2019</li><li>● REP: Expanded sales volume while focusing on major brands. Sales in North America, which lagged behind in 1Q, began to recover in 2Q.</li><li>● OE: Though the demand recovered significantly year-on-year, the market is still far from recovering to the level of 2019 due to the impact of semiconductor shortages.</li></ul> |
| <b>TB</b>    | <ul style="list-style-type: none"><li>● REP: Sales in 1H recovered to almost the same level as 2019, supported by strong construction and transportation demand.</li><li>● OE: The pace of the sales recovery slowed slightly, due to the impact of semiconductor shortages in tractor production.</li></ul>   |
| <b>ORR</b>   | <ul style="list-style-type: none"><li>● Mining: Sales in 1H remained at the same level as PY though they are on a recovery trend this year. The recovery is still relatively weak.</li><li>● Construction: Sales of both REP and OE increased significantly. Especially REP sales was above the level of 2019 and remarkably strong.</li></ul>   |
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## Key Initiatives in 2nd Quarter based on Mid Term Business Plan

- **Premium Business Strategy**
  - Sales mix improvement / Price management reinforcement: Increased HRD ratio, focused on major brands, reinforced strategic price management
  - Premium production reinforcement: Bahia plant expansion in Brazil (EV, HRD, LT tires), Williamsburg plant expansion in U.S. (air springs for EV)
- **Expense and Cost Structure Reformation**
  - Improvement of manufacturing: Productivity improvement & maximum usage of existing equipment ⇒ Improvement Impact of 1H 2021: 12 B.JPY
  - Business portfolio and manufacturing footprint restructuring: Sale of the synthetic rubber manufacturing and sales company in China (Jun), Restructuring of production items at Iwata plant in Japan (Aug)
- **Strategic Growth Investment**
  - Growth investments to expand mobility solutions: Investment in Kodiak Robotics (Jun), Agreement to acquire Azuga Holdings Inc. (Aug)

# Business Environment Surrounding Bridgestone Group



## Currency Exchange

- USD/JPY remained at the same level as PY, while EUR appreciated against JPY.
- 1USD = 108 yen, 1EUR = 130 yen (Reference) 1H'20 1USD = 108yen, 1EUR = 120yen



## Raw Material Prices

- Natural Rubber - Inflation since last year subsided slightly, but prices are still high.
- Crude Oil - Prices soared greatly from 1Q to 2Q.



## Tire Demand (PSR/TBR)

- Significant recovery year-on-year mainly in North America and Europe. Especially REP in North America was much above the level of 2019.
- OE demand remained still lower than 2019 due to the impact of semiconductor shortages.

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

\*1. Source: Singapore Commodity Exchange Limited

	2020				2021	
	1Q	2Q	3Q	4Q	1Q	2Q
Natural Rubber 〈TSR20〉*1 (¢/kg)	133	111	128	154	167	<b>165</b>
Natural Rubber 〈RSS#3〉*1 (¢/kg)	158	138	175	235	234	<b>221</b>
Crude Oil 〈WTI〉 (\$/bbl)	46	28	41	43	58	<b>66</b>

### 1H'21 Tire Demand (unit base%)

Estimated by Bridgestone Corporation

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	116%	85%	110%	96%	122%	108%	107%	94%
N. America	136%	78%	135%	107%	148%	85%	135%	128%
Europe	135%	83%	126%	96%	148%	95%	133%	108%

# Tire Sales Growth for 1st Half of Fiscal 2021 (vs. PY / vs. 2019)



## PSR/LTR

	vs. PY	vs. 2019
Global	124%	90%

### OE

Global	131%	83%
Japan	112%	84%
N. America	152%	83%
Europe	122%	81%
China, Asia-Pacific	125%	83%

### REP

Global	120%	94%
Japan	114%	94%
N. America	122%	94%
Europe	115%	91%
China, Asia-Pacific	114%	87%



## TBR

	vs. PY	vs. 2019
Global	124%	97%

### OE

Global	145%	90%
Japan	125%	111%
N. America	144%	77%
Europe	153%	93%
China, Asia-Pacific	192%	119%

### REP

Global	117%	99%
Japan	108%	91%
N. America	125%	117%
Europe	123%	103%
China, Asia-Pacific	117%	90%



## ORR

	vs. PY	vs. 2019
Ultra-Large (only REP)	103%	90%
Large		129%
	OE	182%
	REP	118%
Small & Medium	130%	102%
	OE	159%
	REP	115%



## PSR HRD (≥ 18")

Global	143%	108%
REP	138%	123%

# Consolidated Results for 1st Half of Fiscal 2021

(Yen in billions)

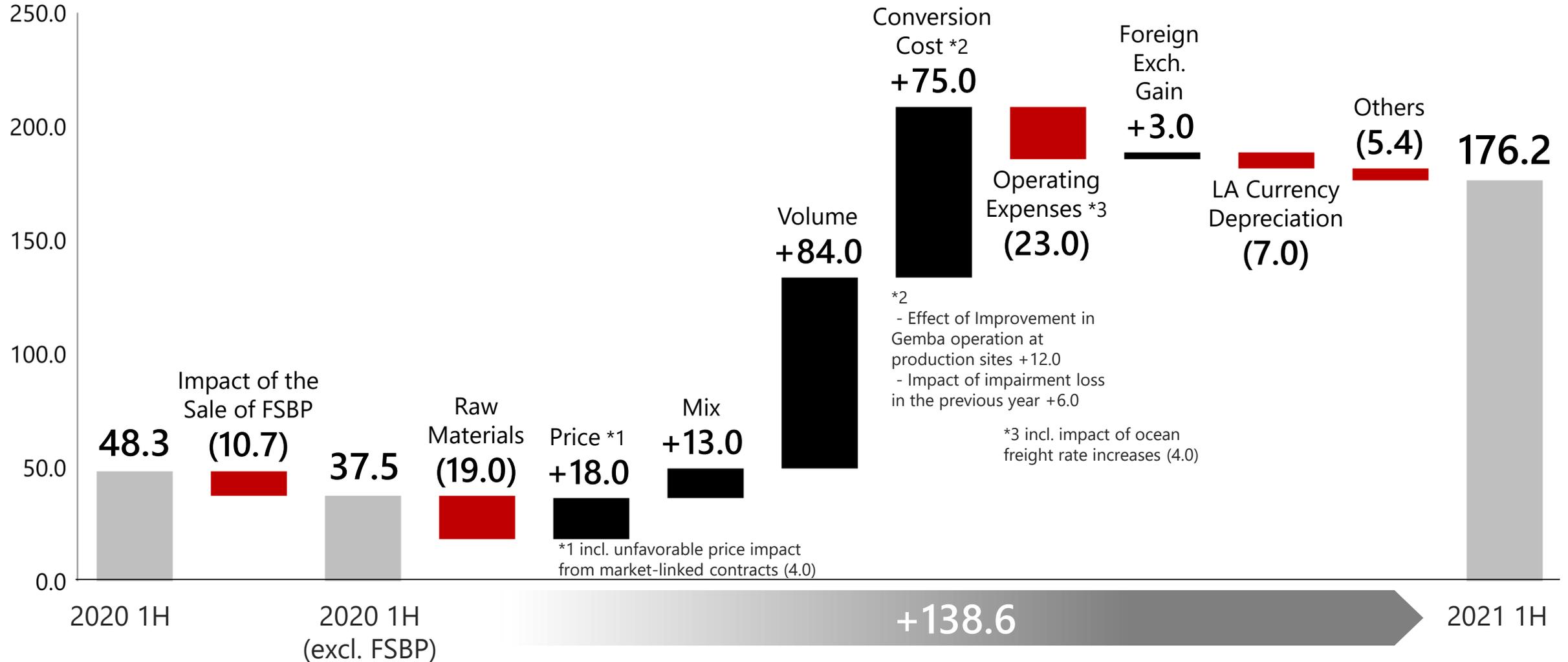
IFRS	2020 1H Results <sup>(*1)</sup>					2021 1H Results <sup>(*1)</sup>	vs. PY (%) <sup>(*2)</sup>
		1Q	vs. PY (%) <sup>(*2)</sup>	2Q	vs. PY (%) <sup>(*2)</sup>		
Revenue	1,262.9	756.9	+7	811.9	+46	1,568.8	+24
Adjusted Operating Profit	37.5	82.3	+79	93.8	-	176.2	+369
Margin	3.0%	10.9%	+4.3pp	11.6%	+13.1pp	11.2%	+8.3pp
Profit Attributable to Owners of Parent	(22.0)	285.2	-	67.1	-	352.3	-
- Continuing Operations	(30.2)	60.3	+259	63.4	-	123.6	-
- Discontinued Operations	8.2	225.0	-	3.7	(32)	228.7	-
USD/JPY	108 yen	106 yen	(3) yen	110 yen	+2 yen	108 yen	±0 yen
EUR/JPY	120 yen	128 yen	+8 yen	132 yen	+13 yen	130 yen	+10 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. Accordingly, revenue and adjusted operating profit show figures for continuing operations and exclude revenue and expenses of FSBP. Note that 2020 results have been restated using the same classification as that used for 2021.

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

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

(Yen in billions)



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

(Yen in billions)

IFRS	2020 1H Results	2021 1H Results	vs. PY (%)
<b>Consolidated Revenue</b>	<b>1,262.9</b>	<b>1,568.8</b>	<b>+24</b>
Japan	409.1	455.8	+11
Americas	526.3	669.8	+27
Europe, Russia, Middle East, India and Africa	241.3	330.7	+37
China, Asia-Pacific	147.5	185.1	+25
<b>Consolidated Adjusted Operating Profit</b>	<b>37.5</b>	<b>176.2</b>	<b>+369</b>
Japan	19.7	36.7	+86
Americas	27.2	95.0	+249
Europe, Russia, Middle East, India and Africa	(14.2)	16.3	-
China, Asia-Pacific	8.5	22.9	+170

(\*) 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 Half of Fiscal 2021 by Product (Tire Business)

(Yen in billions)

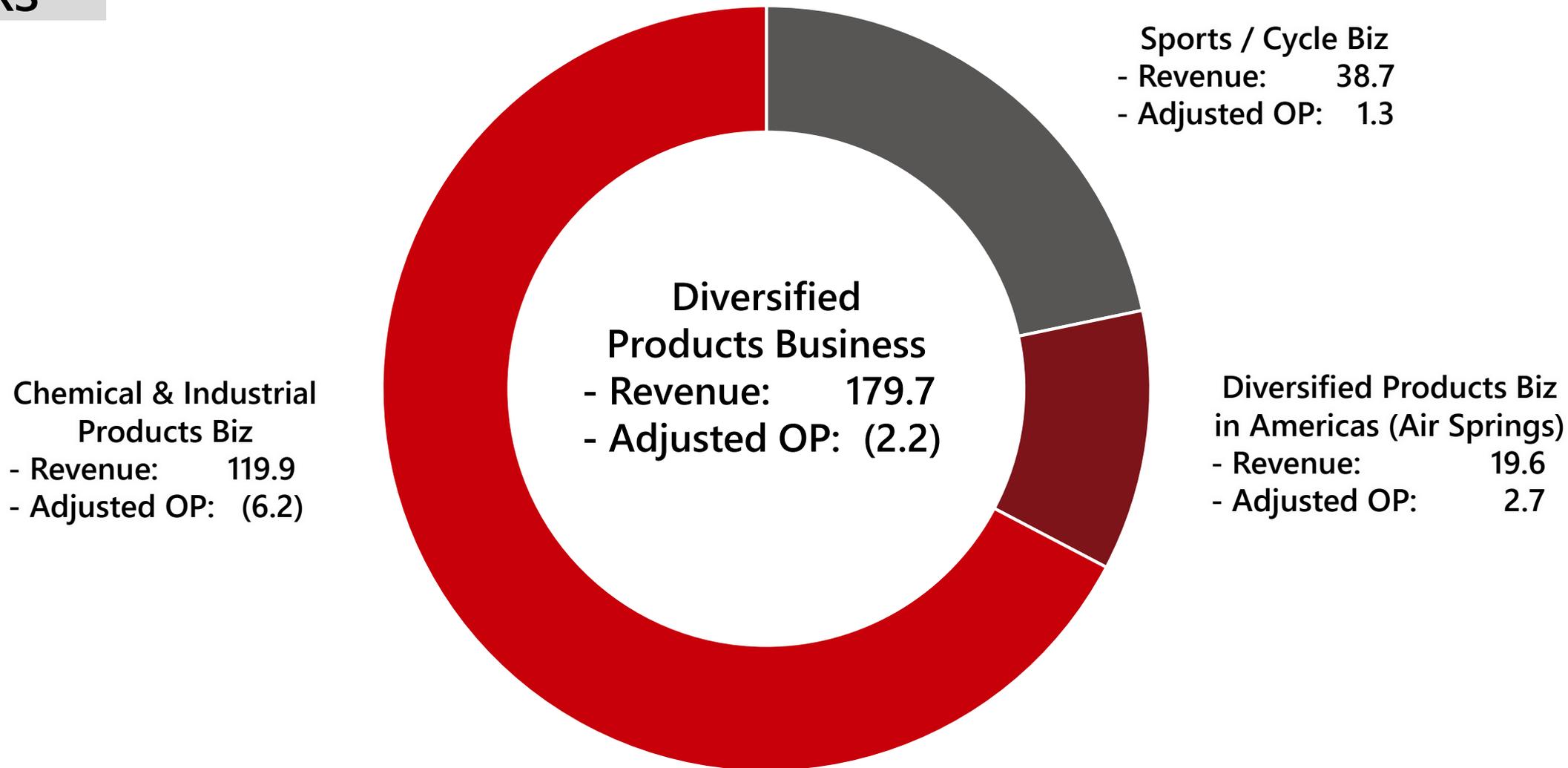
IFRS

		2020 1H Results	2021 1H Results	vs. PY (%)
 <b>PS/LT</b> * incl. retail and credit card business	Revenue	629.2	789.4	+ 25
	Adjusted OP	9.8	112.1	-
	Margin	1.6%	14.2%	+ 12.6pp
 <b>TB</b> * incl. retread business	Revenue	298.2	370.0	+ 24
	Adjusted OP	15.2	41.0	+ 170
	Margin	5.1%	11.1%	+ 6.0pp
 <b>Specialties (OR/AC/AG/MC)</b>	Revenue	159.7	191.2	+ 20
	Adjusted OP	25.9	36.2	+ 39
	Margin	16.2%	18.9%	+ 2.7pp

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

(Yen in billions)

IFRS



# B/S and C/F Highlights for 2nd Quarter of Fiscal 2021

(Yen in billions)

IFRS	2020 Results (as of Dec. 31, 2020)	2021 2Q Results (as of Jun. 30, 2021)	vs. Dec. 31, 2020
Total Assets	4,189.3	<b>4,436.4</b>	+247.1
Total Equity	2,195.3	<b>2,624.0</b>	+428.7
Equity Ratio (%)	51.3%	<b>58.2%</b>	+6.9pp
Interest-Bearing Debt (Net)	195.6	<b>(135.9)</b>	(331.6)
	2020 1H Results	2021 1H Results	vs. PY
Cash Flows from Operating Activities	145.2	<b>115.4</b>	(29.8)
Cash Flows from Investing Activities	(104.1)	<b>266.0</b>	+370.1
Free Cash Flow	41.0	<b>381.4</b>	+340.4
Capital Expenditure	113.6	<b>94.2</b>	(19.4)
Depreciation and Amortization	129.2	<b>121.7</b>	(7.5)

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

2021 1H Results

(Yen in billions)

Revenue	1,568.8
Adjusted Operating Profit	176.2
Adjusted Items	6.5
Operating Profit	169.7
Profit before Income Taxes	169.9
Profit from Continuing Operations (*)	123.6
Profit from Discontinued Operations (*)	228.7
Profit Attributable to Owners of Parent	352.3

(\*) Profit Attributable to Owners of Parent

## 1) Adjusted Items

(Yen in billions)

Adjusted Items	6.5	Main Items
Business and plant restructuring expenses	5.1	Expenses related to the closure and restructuring of overseas plants
Impairment losses	1.7	-
Others	(0.3)	Insurance claim income, etc.

## 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 1H, the Company recorded profit from discontinued operations of 228.7 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. Consolidated Projection for Fiscal 2021

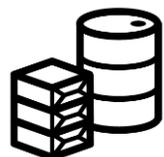
# Business Environment Assumptions for Fiscal 2021

## Forecast of Business Environment



### Currency Exchange

- USD expected to appreciate against JPY compared with Feb assumption (1USD=103 yen)
- EUR expected to appreciate against JPY compared with Feb assumption (1EUR=126 yen)



### Raw Material Prices

- Both natural rubber and crude oil prices expected to remain at a high level throughout the year.



### Tire Demand (PSR/TBR)

- Expects solid demand growth year-on-year thanks to continued global recovery trend.
- OE demand expected to recover as the impact of semiconductor shortages will be resolved in 2H.

## Currency Exchange Rate Assumptions

	2020	2021		
		1H	2H	FY
	FY			
USD/JPY	107	108	<b>108</b>	<b>108</b>
EUR/JPY	122	130	<b>128</b>	<b>129</b>

## FY21 Tire Demand Assumptions (unit base%)

Estimated by Bridgestone Corporation

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	109%	92%	107%	97%	124%	108%	105%	95%
N. America	116%	86%	114%	105%	128%	89%	116%	118%
Europe	111%	85%	110%	94%	131%	104%	111%	102%
Asia <sup>*1</sup>	110%	97%	107%	94%	95%	121%	113%	101%

\*1 Total of Thailand, Indonesia and China

# Tire Sales Growth Projections for Fiscal 2021



PSR/LTR



TBR



ORR

Global	111~115%
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Global	116~120%
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Ultra-Large (only REP)	106~110%
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OE

OE

Global	111~115%
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Global	131~135%
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Large	131~135%
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Japan	111~115%
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Japan	126~130%
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OE	216~220%
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N. America	121~125%
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N. America	126~130%
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REP	116~120%
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Europe	106~110%
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Europe	126~130%
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Small & Medium	126~130%
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China, Asia-Pacific	111~115%
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China, Asia-Pacific	166~170%
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OE	156~160%
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REP	111~115%
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REP

REP

Global	106~110%
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Global	111~115%
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PSR HRD (≥ 18")

Japan	111~115%
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Japan	106~110%
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Global	121~125%
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N. America	111~115%
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N. America	111~115%
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REP	126~130%
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Europe	101~105%
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Europe	106~110%
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China, Asia-Pacific	106~110%
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China, Asia-Pacific	106~110%
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# Consolidated Projections for Fiscal 2021

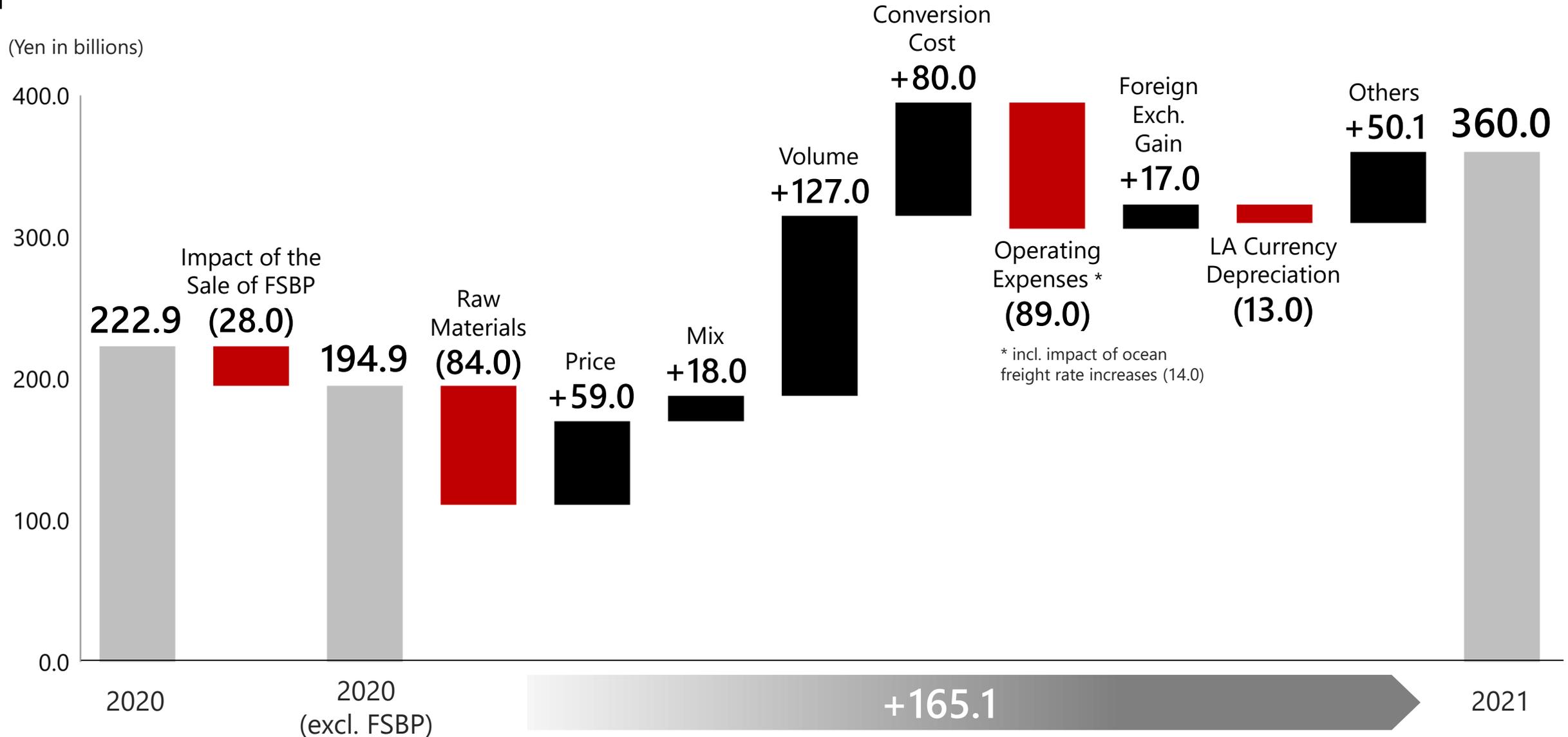
(Yen in billions)

IFRS	2020 Results (*)	2021 Projections	vs. PY (%)	(Ref. Feb 16, 2021 Announcement) 2021 Projections
Revenue	2,805.4	3,320.0	+18	3,010.0
Adjusted Operating Profit	194.9	360.0	+85	260.0
Margin	6.9%	10.8%	+3.9pp	8.6%
Profit Attributable to Owners of Parent	(23.3)	325.0	-	261.0
- Continuing Operations	(45.2)	230.0	-	150.0
- Discontinued Operations	21.9	95.0	+333	111.0
USD/JPY	107 yen	108 yen	+1 yen	103 yen
EUR/JPY	122 yen	129 yen	+7 yen	126 yen
ROIC	4.8 %	8.3 %	+ 3.5 pp	6.3 %
ROE	(2.0) %	10.4 %	+ 12.4 pp	6.8 %

(\*) 2020 results have been restated categorizing FSBP and its subsidiaries as discontinued operations.  
Note that the figures are approximate values, and may change as a result of the accounting audits.

# Analysis of Adjusted Operating Profit for Fiscal 2021

(Yen in billions)



### 3. Revision of Dividend Forecast

# Revision of Dividend Forecast

## Basic Dividend Policy

- The Company follows a basic policy of striving to achieve continuous increases of dividend payment amount through a stable consolidated payout ratio of 40% by sustainably enhancing our corporate value, while comprehensively evaluating factors including business results, financial positions for the relevant fiscal period, medium-term earnings forecasts, investment plans, and cash flows.

## Revision of Interim Dividend and Year End Dividend Forecast for Fiscal 2021

- The Company determined the interim dividend for fiscal 2021 at the meeting of our Board of Directors held on Aug 10.
- In accordance with the revision of consolidated financial projections for fiscal 2021, the Company revises dividend forecast for the current fiscal year as follows:

<Dividends>	2020 (Actual)	2021	(Ref. Feb 16, 2021 announcement) 2021 Forecast
2nd Quarter End	¥ 50	¥ 85	¥ 60
Year End	¥ 60	¥ 85 (Forecast)	¥ 70
Total	¥ 110	¥ 170 (Forecast)	¥ 130

- The Company strives to achieve stable and continuous increases of dividend payment amount by sustainably enhancing our corporate value.



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