



# Financial Results for 3rd Quarter of Fiscal 2021

Bridgestone Corporation

November 11, 2021

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1. **Business and Financial Performance  
for 3rd Quarter of Fiscal 2021**

# Overview of the Performance for 3rd Quarter of Fiscal 2021

## Business and Financial Highlights for 3rd Quarter of Fiscal 2021

- In 3Q, PS/LT OE sales slowed down due to the shortage of semiconductors, but REP sales in the premium segment were strong, resulting in a significant increase in sales and profit compared to the previous year.
- TB sales were strong, especially in North America. OR sales are on a strong recovery trend from 2Q to 3Q.
- The impact of raw material inflation was offset by improvements in selling price and mix. GP and adjusted OP margin in 3Q improved further from 2Q supported by the effect of expense and cost structure reformation.
- The expansion of REP sales mix (business mix improvement) due to the slowdown in OE sales contributed to the improvement of profitability.

## Overview of the Performance by Product for 9 months ended September 30, 2021

### PS/LT (for passenger car & light truck)

- Sales expansion focusing on HRD tires - Jan-Sep PSR-HRD (18"+) Sales : 125% vs. PY
- REP : volume expansion with focus on major brands and appropriate price management.
- OE : demand decreased significantly in 3Q due to the semiconductor shortage.

### TB (for truck & bus)

- REP : sales were particularly strong in North America amid robust demand for construction and transportation.
- OE : affected by semiconductor shortage in tractor production, but the impact was limited compared to PS/LT.

### OR (for mining & construction)

- Mining : sales continued to recover on the back of strong demand for minerals. Sales volume of ultra-large tires in 3Q exceeded that of the same quarter in 2019.
- Construction : OE sales grew significantly in response to increased production of construction equipment due to buoyant construction demand.

# Business Environment Surrounding Bridgestone Group



## Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY
- 1USD = 109 yen, 1EUR = 130 yen (Reference) 2020 Jan-Sep: 1USD = 107yen, 1EUR = 121yen



## Raw Material Prices

- Natural Rubber : inflation since last year subsided slightly, but prices are still high.
- Crude Oil : prices rose sharply in 3Q continuing from 1Q and 2Q.



## Tire Demand (PSR/TBR)

- OE : demand recovery slowed down significantly in 3Q due to the worsening semiconductor shortages.
- REP : demand in North America and Europe has been strong while demand recovery in Japan is relatively weak.

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

\*1 Source: Singapore Commodity Exchange Limited

	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Natural Rubber (TSR20)*1 (¢/kg)	133	111	128	154	167	165	<b>166</b>
Natural Rubber (RSS#3)*1 (¢/kg)	158	138	175	235	234	221	<b>185</b>
Crude Oil (WTI) (\$/bbl)	46	28	41	43	58	66	<b>71</b>

### Tire Demand for 9 months ended Sep 30, 2021 (unit base%)

Estimated by Bridgestone Corporation

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	102%	80%	107%	88%	123%	104%	110%	81%
N. America	109%	76%	119%	106%	133%	84%	126%	124%
Europe	112%	78%	115%	97%	133%	95%	120%	105%

# Tire Sales Growth for 9 months ended Sep 30, 2021 (vs. PY / vs. 2019)



## PSR/LTR

	vs. PY	vs. 2019
Global	112%	88%

### OE

Global	111%	79%
Japan	101%	78%
N. America	115%	79%
Europe	101%	75%
China, Asia-Pacific	112%	80%

### REP

Global	113%	94%
Japan	112%	87%
N. America	112%	95%
Europe	105%	93%
China, Asia-Pacific	103%	85%



## TBR

	vs. PY	vs. 2019
Global	118%	95%

### OE

Global	134%	88%
Japan	126%	106%
N. America	130%	75%
Europe	132%	92%
China, Asia-Pacific	177%	112%

### REP

Global	113%	98%
Japan	117%	83%
N. America	117%	114%
Europe	113%	98%
China, Asia-Pacific	108%	91%



## ORR

(\*) 3Q (Jul-Sep)  
vs. 2019: 103%

	vs. PY	vs. 2019
Ultra-Large (only REP)	108%	94% <sup>(*)</sup>
Large	134%	104%
OE	228%	110%
REP	117%	102%
Small & Medium	127%	101%
OE	161%	107%
REP	111%	98%



## PSR HRD (≥ 18")

Global	125%	105%
REP	128%	124%

# Consolidated Financial Results for 9 months ended Sep 30, 2021

(Yen in billions)

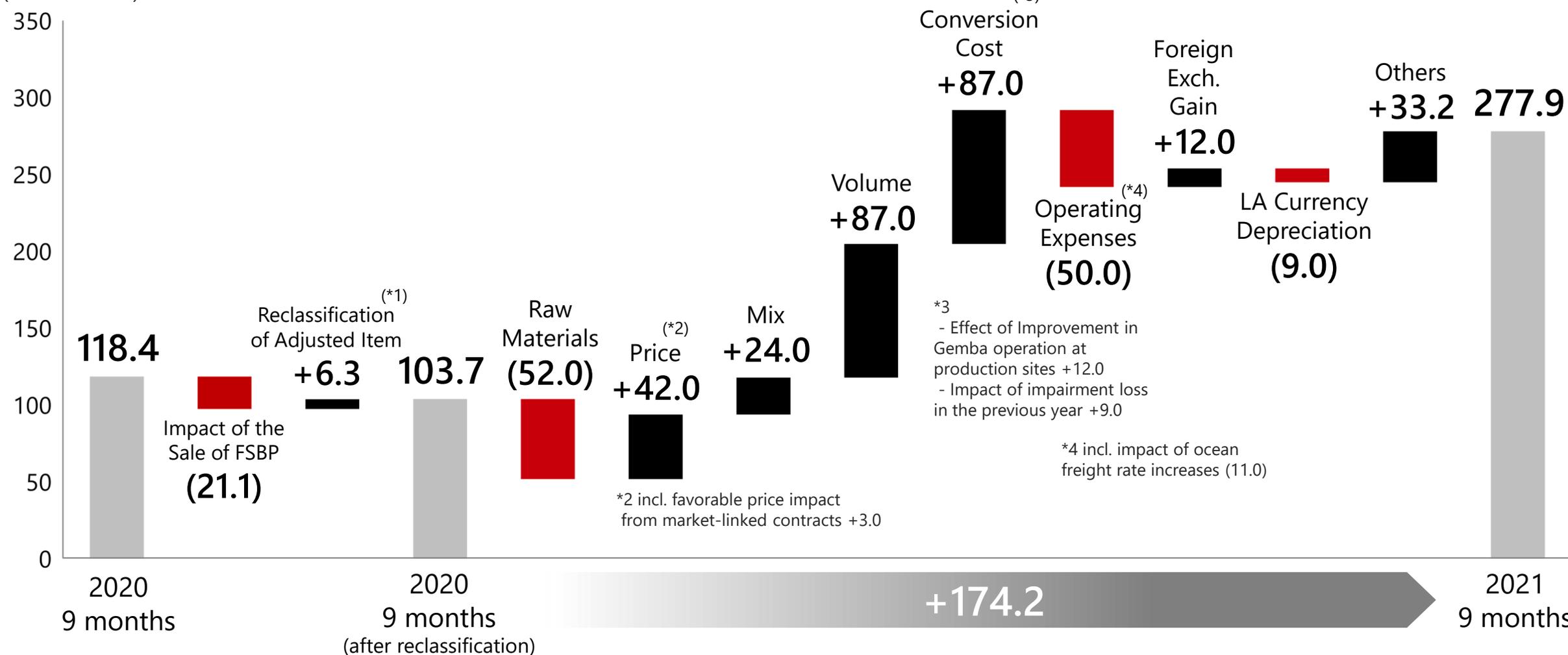
IFRS	2020 9 months Results					2021 9 months Results (*1)	vs. PY (%) (*2)
		1H	vs. PY (%) (*2)	3Q	vs. PY (%) (*2)		
Revenue	2,004.2	1,568.8	+24	833.0	+12	2,401.8	+20
Adjusted Operating Profit	103.7	176.2	+369	101.7	+54	277.9	+168
Margin	5.2%	11.2%	+8.3pp	12.2%	+3.3pp	11.6%	+6.4pp
Profit Attributable to Owners of Parent	(24.1)	352.3	-	70.5	-	422.8	-
- Continuing Operations	(40.0)	123.6	-	69.3	-	192.9	-
- Discontinued Operations	15.9	228.7	-	1.2	(84)	229.9	-
USD/JPY	107 yen	108 yen	±0 yen	110 yen	+4 yen	109 yen	+2 yen
EUR/JPY	121 yen	130 yen	+10 yen	130 yen	+6 yen	130 yen	+9 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 9 months ended Sep 30, 2021

(Yen in billions)



\*1 The Company has reclassified 6.3 B.JPY of expenses relating to the inspections, repairs, etc. of certain models of standard bicycles and power assist bicycles manufactured by Bridgestone Cycle Corporation, a consolidated subsidiary of the Company, which had been incurred in the nine months ended Sep 30, 2020, to "Adjusted items". (The expense was reclassified to "Adjusted items" in 4Q of fiscal 2020, and therefore was recorded as operating expenses in 3Q of fiscal 2020)

# Consolidated Financial Results by Segment for 9 months ended Sep 30, 2021

(Yen in billions)

IFRS	2020 9 months Results	2021 9 months Results	vs. PY (%)
<b>Consolidated Revenue</b>	<b>2,004.2</b>	<b>2,401.8</b>	<b>+20</b>
Japan	613.0	683.1	+11
Americas	849.7	1,046.8	+23
Europe, Russia, Middle East, India and Africa	394.7	507.5	+29
China, Asia-Pacific	232.6	276.2	+19
<b>Consolidated Adjusted Operating Profit</b>	<b>103.7</b>	<b>277.9</b>	<b>+168</b>
Japan	36.6	54.9	+50
Americas	65.6	147.4	+125
Europe, Russia, Middle East, India and Africa	(12.6)	32.4	-
China, Asia-Pacific	16.2	32.1	+98

(\*) 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 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 by Product for 9 months ended Sep 30, 2021 (Tire Business)

(Yen in billions)

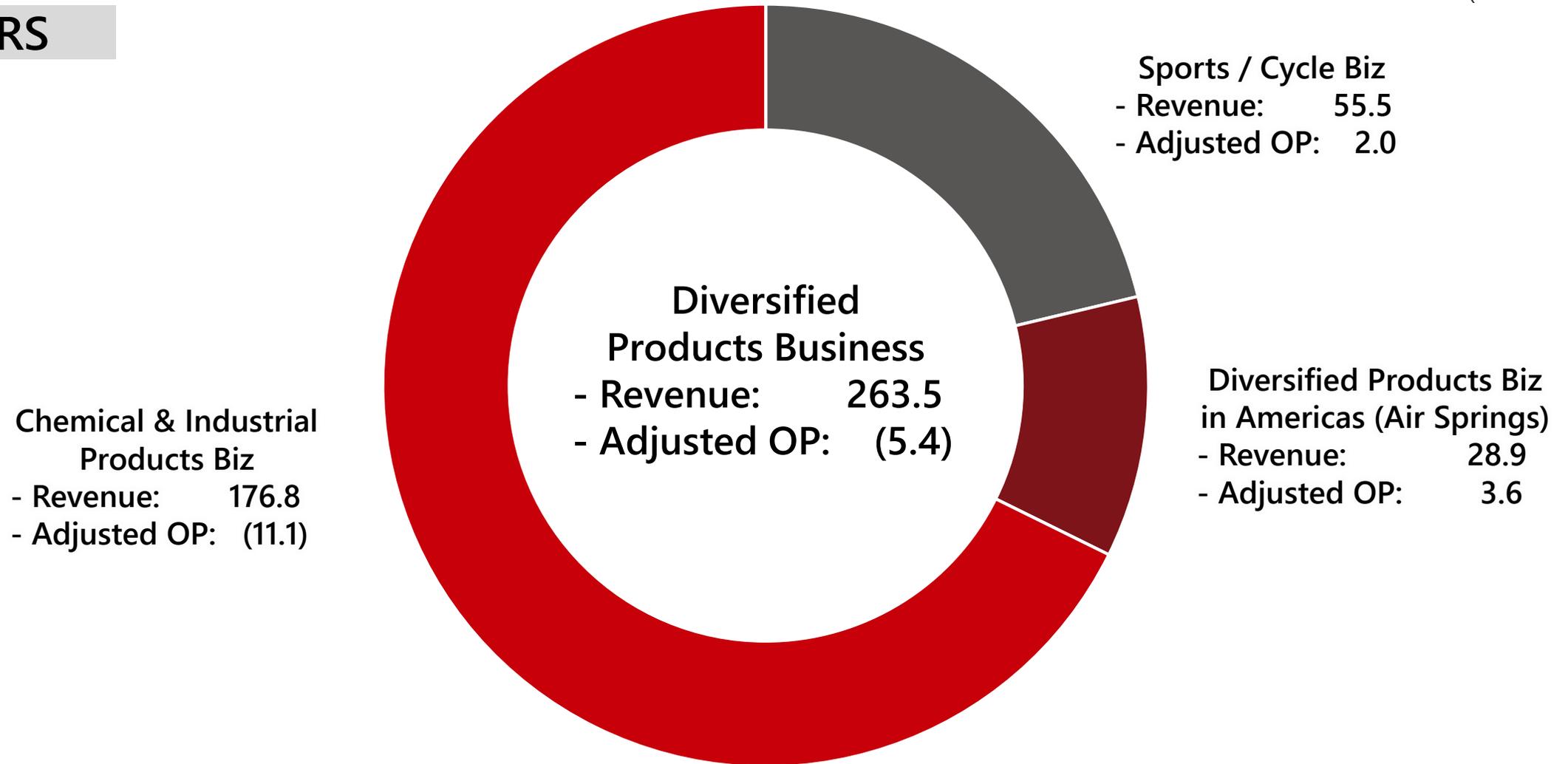
IFRS

		2020 9 months Results	2021 9 months Results	vs. PY (%)
 <b>PS/LT</b> <small>* incl. retail and credit card business</small>	Revenue	1,018.0	1,215.5	+19
	Adjusted OP	54.3	171.1	+215
	Margin	5.3%	14.1%	+8.7pp
 <b>TB</b> <small>* incl. retread business</small>	Revenue	472.2	580.3	+23
	Adjusted OP	33.2	69.6	+109
	Margin	7.0%	12.0%	+5.0pp
 <b>Specialties (OR/AC/AG/MC)</b>	Revenue	237.4	293.7	+24
	Adjusted OP	35.3	55.5	+57
	Margin	14.9%	18.9%	+4.0pp

# Consolidated Financial Results by Product for 9 months ended Sep 30, 2021 (Diversified Products Business)

(Yen in billions)

IFRS



# B/S and C/F Highlights for 3rd Quarter of Fiscal 2021

(Yen in billions)

IFRS	2020 Results (as of Dec 31, 2020)	2021 3Q Results (as of Sep 30, 2021)	vs. Dec 31, 2020
Total Assets	4,189.3	<b>4,452.7</b>	+263.3
Total Equity	2,195.3	<b>2,638.9</b>	+443.6
Equity Ratio (%)	51.3%	<b>58.3%</b>	+7.0pp
Interest-Bearing Debt (Net)	195.6	<b>(35.4)</b>	(231.1)
	2020 9 months Results	2021 9 months Results	vs. PY
Cash Flows from Operating Activities	315.0	<b>174.6</b>	(140.4)
Cash Flows from Investing Activities	(141.7)	<b>183.0</b>	+324.7
Free Cash Flow	173.4	<b>357.7</b>	+184.3
Capital Expenditure	171.1	<b>139.5</b>	(31.6)
Depreciation and Amortization	193.5	<b>185.7</b>	(7.8)

# Adjusted Items and Profit from Discontinued Operations for 9 months ended Sep 30, 2021

## 2021 9 months Results

(Yen in billions)

Revenue	2,401.8
Adjusted Operating Profit	277.9
Adjusted Items	12.2
Operating Profit	265.8
Profit before Income Taxes	265.0
Profit from Continuing Operations (*)	192.9
Profit from Discontinued Operations (*)	229.9
Profit Attributable to Owners of Parent	422.8

(\*) Profit Attributable to Owners of Parent

## 1) Adjusted Items

(Yen in billions)

<b>Adjusted Items</b>	<b>12.2</b>	<b>Main Items</b>
Business and plant restructuring expenses	7.8	Expenses relating to the closure and restructuring of plants
Recall expenses of Bridgestone Cycle Corporation	2.6	Expenses relating to inspections, repairs, etc. of the affected standard bicycles and power assist bicycles
Impairment losses	1.7	-
Others	0.1	Loss on disaster, 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 229.9 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, 2021

## 2. Forecast of Business Environment for Fiscal 2021

# Forecast of Business Environment for Fiscal 2021

## Forecast of Business Environment



### Currency Exchange

- Both USD and EUR are expected to appreciate slightly against JPY compared with the previous forecast in August.



### Raw Material Prices

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



### Tire Demand (PSR/TBR)

- OE : expected to be significantly lower than the previous forecast in August due to the continued impact of the semiconductor shortages.
- REP : expected to decline in Asia due to the impact of covid-19. In Japan, US and Europe, demand is expected to remain roughly at the same level as in the previous forecast in August.

## Rising Costs other than Raw Materials

- In 4Q, we expect to be strongly affected by the rising costs of not only raw materials but also ocean freight and energy costs, and in US, profitability is expected to be squeezed by rising labor costs. By continuing to focus on selling price/mix improvement and expense/cost structure reformation, we will minimize the unfavorable impacts and aim to achieve the full-year guidance.

## Consolidated Projections for Fiscal 2021

- There is no change in consolidated projections for fiscal 2021 from that announced in August 2021.
- If there are any significant 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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