



# Financial Results for 1st Quarter of Fiscal 2022

Bridgestone Corporation

May 11, 2022

**BRIDGESTONE**  
*Solutions for your journey*

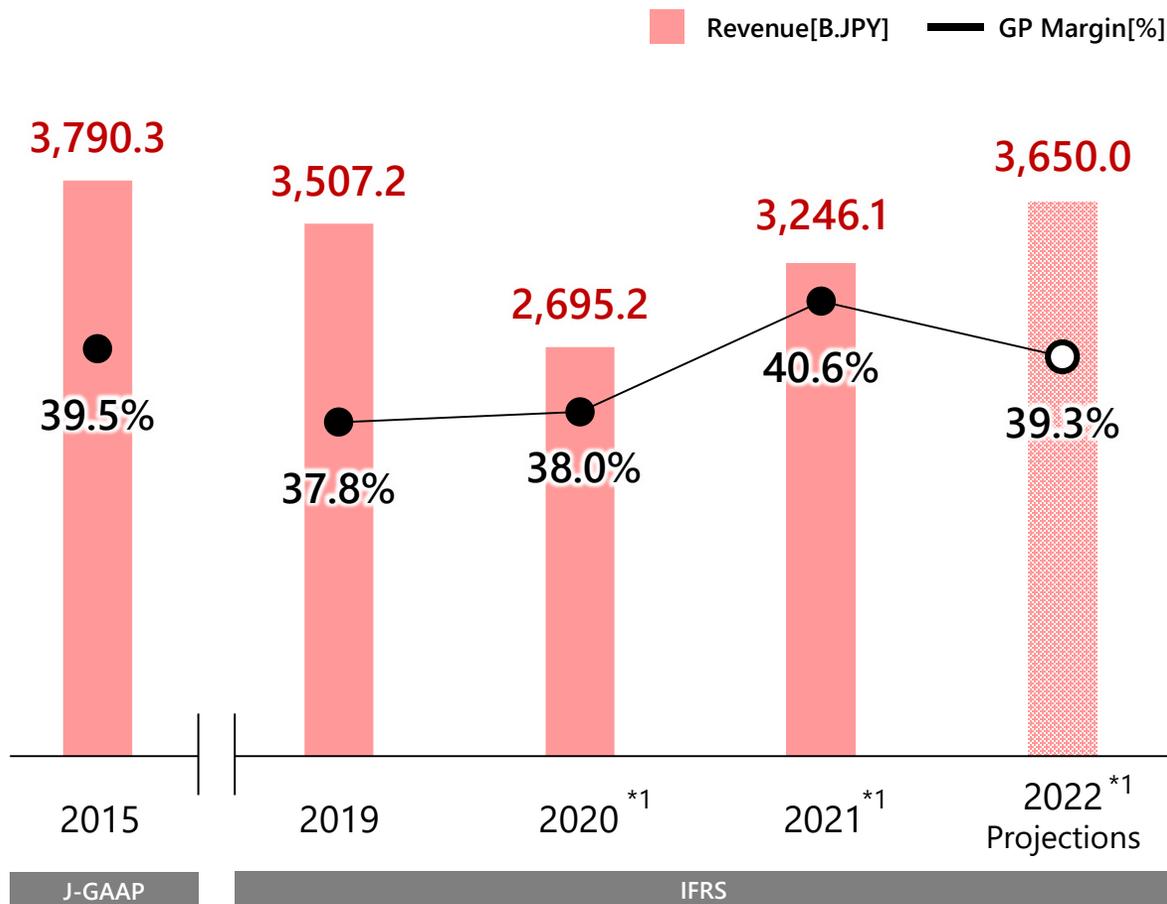
1. Business and Financial Performance for 1st Quarter of Fiscal 2022 . . . 2
2. Fiscal 2022 Guidance . . . 14

1. Business and Financial Performance for 1st Quarter of Fiscal 2022

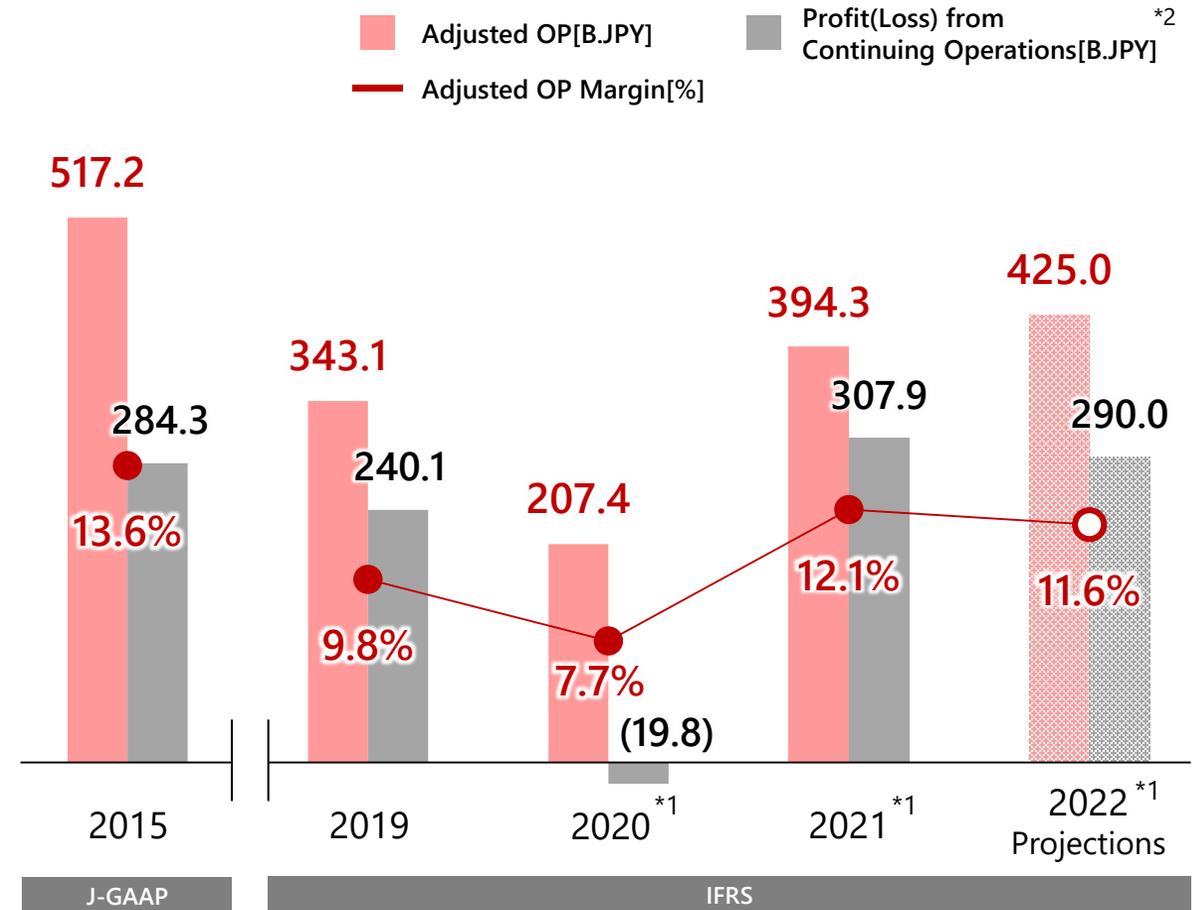
# Consolidated Projections for Fiscal 2022

\*No change from that disclosed in Feb. 2022

## Revenue / GP Margin



## Adjusted OP / Profit(Loss) from Continuing Operations



\*1 Amounts are shown from continuing operations that exclude discontinued operations (US building material business, anti-vibration rubber business, and chemical products solutions business).

\*2 Profit(Loss) Attributable to Owners of Parent

# Consolidated Results for 1st Quarter of Fiscal 2022

(Yen in billions)

	2021 1Q Results		2022 1Q Results *	vs. PY (%)
	Before Reclassification (Results disclosed last year)	After Reclassification *		
Revenue	756.9	727.2	891.0	+23
Adjusted Operating Profit	82.3	84.8	101.1	+19
Margin	10.9%	11.7%	11.3%	(0.3) pp
Profit Attributable to Owners of Parent	285.2	285.2	53.8	(81)
- Continuing Operations	60.3	63.2	65.4	+3
- Discontinued Operations	225.0	222.0	(11.6)	-

\* The Company classified its US building material business as discontinued operations in 1Q of fiscal 2021. In accordance with the decisions of business transfer, which was announced in Dec. 2021, the Company has also classified its anti-vibration rubber business and chemical products solutions business as discontinued operations. Accordingly, revenue and adjusted operating profit show figures for continuing operations and exclude revenue and expenses of the discontinued operations. Note that 2021 results have been restated using the same classification as that used for 2022.

# Overview of the Performance for 1st Quarter of Fiscal 2022

## Business and Financial Highlights

- Amid various management risks emerging, such as the conflict in Ukraine, the resurgence of COVID-19 in China, and a cyber-attack incident at the U.S. subsidiary, the Company expanded global tire sales while minimizing damages through flexible and agile risk management, and achieved a significant increase in sales and adjusted operating profit YoY.
- In response to unprecedented raw material and other cost inflation, we have further strengthened "selling price management" and "premium business strategy" in each region. The negative impacts of cost increases was largely absorbed by the positive impacts of improved selling price and sales mix.
- While the OE tire demand declined due to automobile production cutbacks caused by the shortage of semiconductors, the replacement tire demand increased significantly from the previous year, mainly in developed countries. Flexible supply management based on our global manufacturing footprint, which is one of our strengths, enabled us to respond to the changes in demand, resulting in a significant increase in sales of replacement tires.

## Overview of the Performance by Product

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

- Expanded sales mainly of high-rim-diameter tires; PSR-HRD(18"+) Sales 112% vs.PY \*REP 125% vs.PY
- REP: In the U.S. and Europe, sales remained strong despite a series of price hikes since last year. In Japan, sales increased significantly in 1Q due to a pre-buy before the price hike.
- OE: Demand declined sharply from the previous year due to the impact of automobile production cutbacks.

### TB (for truck & bus)

- REP: Strong sales in the U.S. and Europe on the back of robust construction and transportation demand. In Japan, sales increased significantly in 1Q due to a pre-buy before the price hike.
- OE: Affected by the shortage of semiconductors in tractor production, but the impact is limited compared to PS/LT.

### OR (for mining & construction)

- Mining: Under the tailwind of rising mineral prices, the Company increased its market share by expanding a Dan-Totsu product, "MasterCore", resulting in a significant sales increase over the previous year.
- Construction: Sales of both REP & OE grew significantly in line with infrastructure/construction demand, especially in North America.

# Business Environment Surrounding Bridgestone Group for 1st Quarter of Fiscal 2022



## Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY
- 1USD = 116 yen, 1EUR = 130 yen (Reference) 1Q'21 1USD = 106 yen, 1EUR = 128 yen



## Raw Material Prices

- Natural rubber: Prices remained high compared to 2H'21, but price movements were relatively calm.
- Crude oil: Prices surged against the backdrop of geopolitical risks and surpassed \$100/bbl in February.



## Tire Demand (PSR/TBR)

- OE: Demand declined in all regions due to automobile production cutbacks caused by the shortage of semiconductors.
- REP: Strong demand continued in the U.S. and Europe. In Japan, demand increased significantly YoY due to the impact of a pre-buy before the price hike. (A certain reactionary decline is expected in 2Q.)

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

\*1 Source: Singapore Commodity Exchange Limited

	2021				2022
	1Q	2Q	3Q	4Q	1Q
Natural Rubber <TSR20>*1 (¢/kg)	167	165	166	173	<b>177</b>
Natural Rubber <RSS#3>*1 (¢/kg)	234	221	185	193	<b>210</b>
Crude Oil <WTI> (\$/bbl)	58	66	71	77	<b>95</b>

### Tire Demand (unit base%)

Estimated by Bridgestone

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	85%	75%	123%	120%	86%	93%	152%	145%
N. America	91%	75%	105%	105%	101%	87%	106%	125%
Europe	86%	75%	116%	110%	98%	90%	111%	121%

# Tire Sales Growth for 1st Quarter of Fiscal 2022 (vs. PY / vs. 2019)



## PSR/LTR

	vs. PY	vs. 2019
Global	107%	98%

### OE

Global	93%	82%
Japan	89%	79%
N. America	96%	85%
Europe	82%	72%
China, Asia-Pacific	100%	85%

### REP

Global	115%	108%
Japan	131%	124%
N. America	112%	95%
Europe	124%	114%
China, Asia-Pacific	99%	86%



## TBR

	vs. PY	vs. 2019
Global	107%	105%

### OE

Global	98%	88%
Japan	86%	98%
N. America	99%	77%
Europe	107%	99%
China, Asia-Pacific	96%	103%

### REP

Global	111%	112%
Japan	160%	146%
N. America	109%	124%
Europe	126%	140%
China, Asia-Pacific	88%	76%



## ORR

		vs. PY	vs. 2019
Ultra-Large (only REP)		121%	106%
Large		119%	108%
	OE	159%	128%
	REP	105%	100%
Small & Medium		112%	104%
	OE	107%	98%
	REP	115%	109%

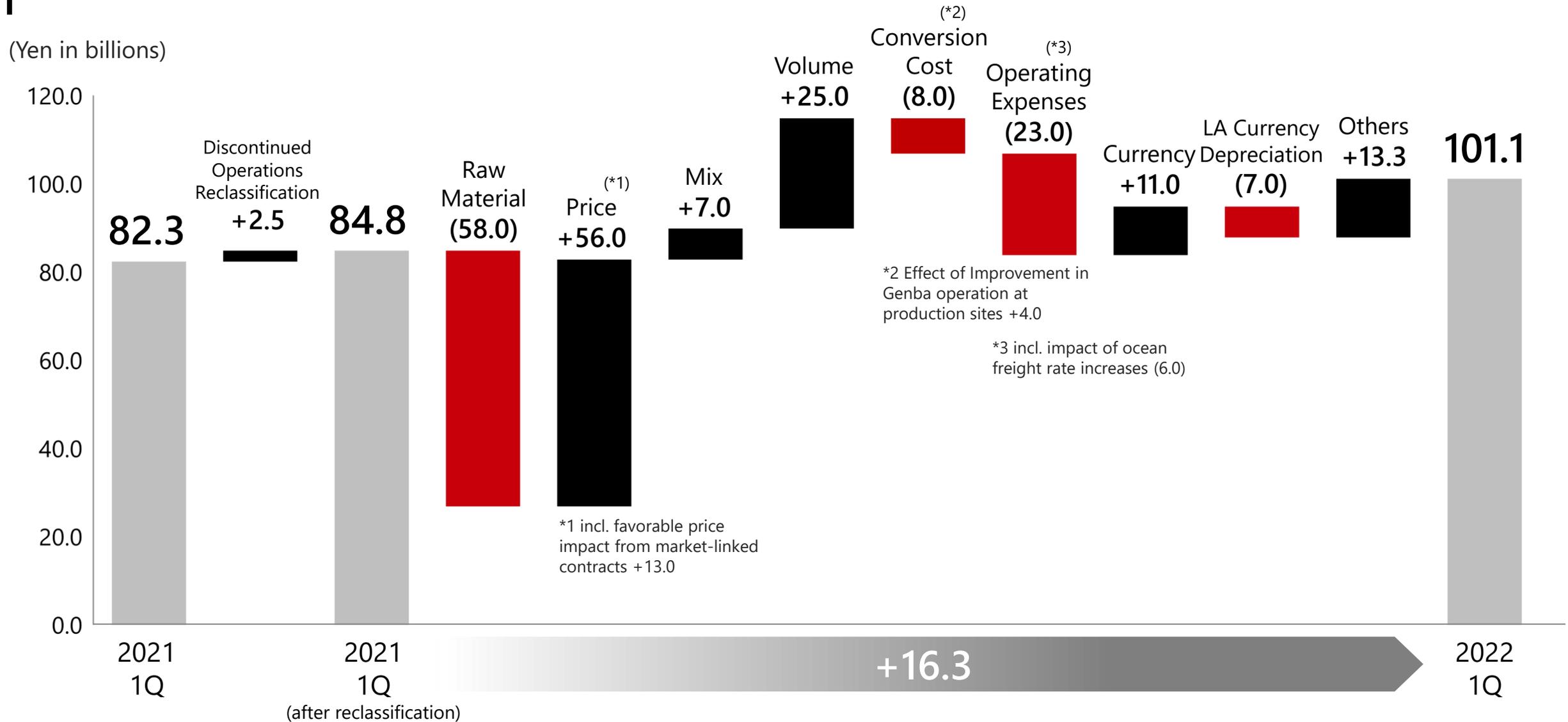


## PSR HRD (18" +)

Global	112%	123%
REP	125%	153%

# Analysis of Adjusted Operating Profit for 1st Quarter of Fiscal 2022

(Yen in billions)



# Consolidated Financial Results by Segment for 1st Quarter of Fiscal 2022

(Yen in billions)

	2021 1Q Results	2022 1Q Results	vs. PY (%)
<b>Consolidated Revenue</b>	<b>727.2</b>	<b>891.0</b>	<b>+23</b>
Japan	195.9	237.7	+21
Americas	311.0	390.5	+26
Europe, Russia, Middle East, India and Africa	163.9	205.9	+26
China, Asia-Pacific	91.7	104.3	+14
<b>Consolidated Adjusted Operating Profit</b>	<b>84.8</b>	<b>101.1</b>	<b>+19</b>
Japan	21.1	31.6	+50
Americas	38.4	43.4	+13
Europe, Russia, Middle East, India and Africa	8.1	19.9	+144
China, Asia-Pacific	12.9	10.3	(21)

(\*) Note that amounts from continuing operations are shown classifying its US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations as explained in P.4.

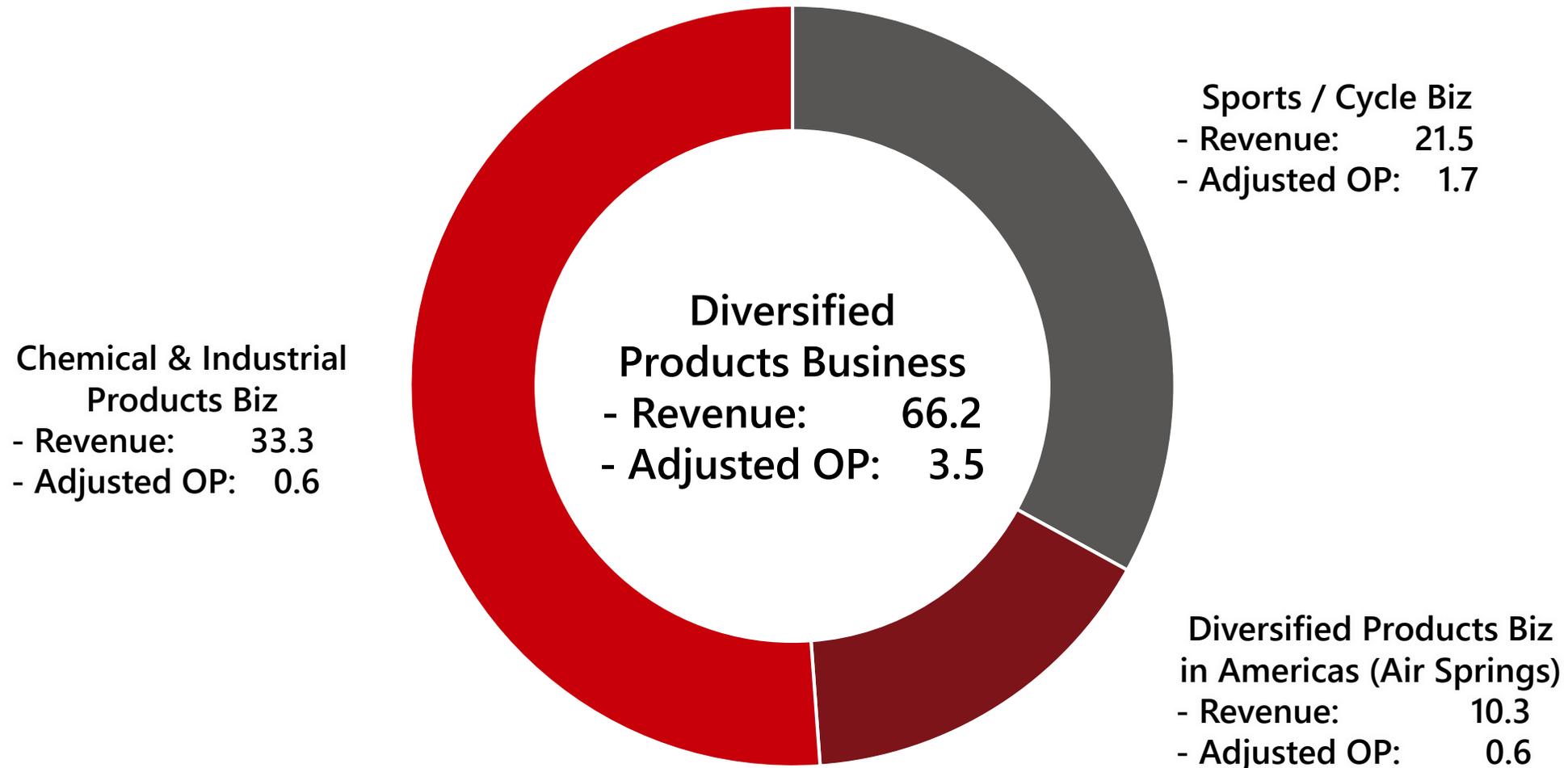
# Consolidated Financial Results by Product for 1st Quarter of Fiscal 2022 (Tire Business)

(Yen in billions)

		2021 1Q Results	2022 1Q Results	vs. PY (%)
 <b>PS/LT</b> * incl. retail and credit card business	Revenue	386.6	481.5	+25
	Adjusted OP	55.2	55.4	+0
	Margin	14.3%	11.5%	(2.8) pp
 <b>TB</b> * incl. retread business	Revenue	178.1	220.1	+24
	Adjusted OP	20.8	21.4	+3
	Margin	11.7%	9.7%	(1.9) pp
 <b>Specialties (OR/AC/AG/MC)</b>	Revenue	87.0	114.3	+31
	Adjusted OP	17.1	23.5	+38
	Margin	19.6%	20.6%	+0.9pp

# Consolidated Financial Results by Business for 1st Quarter of Fiscal 2022 (Diversified Products Business – Continuing Operations)

(Yen in billions)



(\*) In accordance with the decisions of business transfer, the Company has classified its anti-vibration rubber business and chemical products solutions business as discontinued operations. Accordingly, revenue and adjusted operating profit show figures for continuing operations and exclude revenue and expenses of the businesses.

# B/S and C/F Highlights for 1st Quarter of Fiscal 2022

(Yen in billions)

	2021 Results (as of Dec. 31, 2021)	2022 1Q Results (as of Mar. 31, 2022)	vs. Dec. 31, 2021
Total Assets	4,574.9	<b>4,690.5</b>	+115.6
Total Equity	2,675.4	<b>2,769.2</b>	+93.9
Equity Ratio (%)	57.5%	<b>58.0%</b>	+0.5pp
Interest-Bearing Debt (Net)	23.6	<b>121.2</b>	+97.6
	2021 1Q Results	2022 1Q Results	vs. PY
Cash Flows from Operating Activities	90.9	<b>66.0</b>	(24.9)
Cash Flows from Investing Activities	289.8	<b>(74.0)</b>	(363.9)
Free Cash Flow	380.7	<b>(8.1)</b>	(388.8)
Capital Expenditure	37.2	<b>35.2</b>	(2.0)
Depreciation and Amortization	60.1	<b>64.3</b>	+4.3

# Adjustment Items and Loss from Discontinued Operations for 1st Quarter of Fiscal 2022

## 2022 1Q Results

(Yen in billions)

Revenue	891.0
Adjusted Operating Profit	101.1
<b>Adjustment Items</b>	<b>13.5</b>
Operating Profit	87.6
Profit before Income Taxes	93.1
Profit from Continuing Operations (*)	65.4
<b>Loss from Discontinued Operations (*)</b>	<b>(11.6)</b>
Profit Attributable to Owners of Parent	53.8

(\*) Profit(Loss) Attributable to Owners of Parent

## 1) Adjustment Items

(Yen in billions)

<b>Adjustment Items</b>	<b>13.5</b>	<b>Main Items</b>
Impairment losses	12.8	Assets for the Russian business
Loss on disaster	1.0	-
Others	(0.3)	Business and plant restructuring income etc.

## 2) Loss from Discontinued Operations

- In accordance with the decisions of business transfer, the Company has classified its anti-vibration rubber business and chemical products solutions business as discontinued operations.
- Accordingly, the Company recorded loss from discontinued operations of 11.6 B.JPY, a total of 1) and 2) below:
  - 1) Loss on business transfers
  - 2) Loss from the operation of the businesses for 1st quarter of fiscal 2022

## 2. Fiscal 2022 Guidance

# Fiscal 2022 Guidance

## Forecast of Business Environment



### Currency Exchange

- Expects exchange rate levels of 1USD=120 yen and 1EUR=130 yen from the 2nd quarter onward. (Full-year basis: 1USD=119 yen, 1EUR=130 yen)



### Raw Material Prices

- Both natural rubber and crude oil are expected to remain in a high price range.



### Tire Demand (PSR/TBR)

- OE: downward swing in volume expected from the February guidance, based on the outlook for continued impact of automobile production cutbacks.
- REP: expected to remain at the same level as assumed in February. While demand in the U.S. and Europe is strong, demand in emerging countries is deteriorating.

## Consolidated Financial Forecast for Fiscal 2022

- There is no change in the consolidated financial forecast for fiscal 2022 from February guidance.
- Below are assumptions for the latest forecast:
  - ① Favorable price impacts to absorb almost all unfavorable impacts from RM, which are expected to be much worse than the Feb. guidance.
    - Adjusted OP vs. PY: 

【February guidance】	Raw material (145.0) B.JPY	↔	Price +195.0 B.JPY
【Latest forecast】	Raw material (240.0) B.JPY	↔	Price +289.0 B.JPY
  - ② Favorable currency impacts of 33.0 B.JPY compared with the Feb. guidance due to the change in exchange rate assumptions.
- If there are any changes to the guidance based on the future business environment and our business performance, we will disclose it promptly at that time.



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