



# Financial Results for 1st Half of Fiscal 2022

Bridgestone Corporation

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

# Consolidated Results for 1st Half of Fiscal 2022

(Yen in billions)

	2021 1H Results						2022 1H <sup>*</sup> Results	vs. PY (%)
	Before Reclassification (disclosed last year)	After Reclassification <sup>*</sup>	1Q	vs. PY (%)	2Q	vs. PY (%)		
Revenue	1,568.8	<b>1,510.4</b>	891.0	+23	<b>995.3</b>	+27	<b>1,886.3</b>	+25
Adjusted Operating Profit	176.2	<b>182.4</b>	101.1	+19	<b>105.5</b>	+8	<b>206.6</b>	+13
Margin	11.2%	<b>12.1%</b>	11.3%	(0.3) pp	<b>10.6%</b>	(1.9) pp	<b>11.0%</b>	(1.1) pp
Profit Attributable to Owners of Parent	352.3	<b>352.3</b>	53.8	(81)	<b>39.1</b>	(42)	<b>92.9</b>	(74)
- Continuing Operations	123.6	<b>131.3</b>	65.4	+3	<b>52.2</b>	(23)	<b>117.6</b>	(10)
- Discontinued Operations	228.7	<b>221.0</b>	(11.6)	-	<b>(13.1)</b>	-	<b>(24.7)</b>	-

\* The Company classified its US building material business as discontinued operations as of 2Q 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 Half of Fiscal 2022

## Business and Financial Highlights

- Sales of all products, which include PS/LT, TB, OR exceeded those of the previous year while the Group faced management risks that were a strong headwind against its tire sales, including the suspension of domestic production in Russia and tire exports to Russia, the lockdowns in China, and a cyberattack at a subsidiary in Americas. Both revenue and adjusted operating profit increased significantly YoY, thanks in part to the weak yen.
- The Group worked to respond to the unprecedented sharp rise in raw material prices, and to further strengthen “strategic price management” and the “premium business strategy” in each region. Unfavorable impacts of raw material costs were more than offset by improving selling price and sales mix. Nevertheless, it was not sufficient to cover all of the further accelerated inflationary cost pressures, such as energy, labor, and ocean freight costs.
- Amid ongoing supply chain disruptions around the world, the Group maximized the supply of premium tires through flexible supply management based on our global production system. Dan-Totsu product competitiveness also made a significant contribution, expanding the market share in the premium segment.
- The Group maintained adjusted operating margin at the 11% level in 1H despite the negative impacts, including the suspension of domestic production in Russia and tire exports to Russia, the lockdowns in China, and a cyberattack at a subsidiary in the U.S. Profitability was supported by “expense and cost structure reformation,” such as improvement of manufacturing and the global procurement project.

## Overview of the Performance by Product

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

- Sales expansion focused on premium tires (high rim diameter tires); PSR-HRD (≥18”) REP sales in 1H grew sharply, up 17% YoY.
- REP: Throughout 1Q and 2Q, sales in the US and Europe remained strong. Market share of premium tires (HRD) in particular increased amid strong expansion in demand.
- OE: Sales declined YoY as automobile companies continued to cut production due to the impact of semiconductor shortages.

### TB (for truck & bus)

- REP: Strong sales continued. Particularly in Europe and Japan, sales increased by more than 20% YoY in 1H thanks in part to rush demand before price hikes.
- OE: In the 2Q, demand in the U.S. and Europe showed signs of recovery from the impact of semiconductor shortages, and sales in 1H exceeded the previous year's level.

### OR (for mining & construction)

- Mining: The sales decline due to the suspension of exports to Russia was covered by other markets, resulting in an increase in global market share in 1H.
- Construction: REP sales remained strong while OE sales were affected partially by the construction machinery production cutbacks due to the supply chain disruption.

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



## Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY
- 1H: 1USD = 123 yen, 1EUR = 134 yen (2Q: 1USD = 130 yen, 1EUR = 138 yen)  
(Reference) 1H'21: 1USD = 108 yen, 1EUR = 130 yen



## Raw Material / Energy

- Raw Material: Natural rubber prices were generally flat YoY. Crude oil prices remained at high levels after breaking through \$100/bbl in February.
- Energy: Energy costs at plants rose sharply in response to surging crude oil and natural gas prices.



## Tire Demand (PSR/TBR)

- OE: Although the impact of automobile production cutbacks continues, there were signs of demand recovery, such as year-on-year growth in North America.
- REP: Solid demand in developed countries. Demand in North America continues to be strong especially in TBR (139% vs. 2019), even though demand growth was slowing slightly. In PSR, demand for premium tires was steadily expanding.

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

\*1 Source: Singapore Commodity Exchange Limited

	2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q
Natural Rubber <TSR20>*1 (¢/kg)	167	165	166	173	177	<b>165</b>
Natural Rubber <RSS#3>*1 (¢/kg)	234	221	185	193	210	<b>211</b>
Crude Oil <WTI> (\$/bbl)	58	66	71	77	95	<b>109</b>

## Tire Demand (unit base%)

Estimated by Bridgestone

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	85%	72%	110%	105%	82%	88%	121%	114%
N. America	105%	85%	102%	109%	107%	91%	108%	139%
Europe	94%	78%	113%	109%	99%	94%	111%	120%

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



## PSR/LTR

	vs. PY	vs. 2019
Global	<u>102%</u>	92%

### OE

Global	95%	78%
Japan	89%	75%
N. America	96%	78%
Europe	91%	73%
China, Asia-Pacific	94%	78%

### REP

Global	107%	101%
Japan	109%	103%
N. America	105%	99%
Europe	<u>115%</u>	105%
China, Asia-Pacific	97%	84%



## TBR

	vs. PY	vs. 2019
Global	<u>104%</u>	101%

### OE

Global	102%	91%
Japan	84%	93%
N. America	102%	79%
Europe	114%	106%
China, Asia-Pacific	97%	116%

### REP

Global	106%	105%
Japan	<u>121%</u>	110%
N. America	106%	124%
Europe	<u>125%</u>	128%
China, Asia-Pacific	89%	80%



## ORR

		vs. PY	vs. 2019
Ultra-Large (only REP)		<u>111%</u>	100%
Large		<u>111%</u>	116%
	OE	150%	136%
	REP	99%	108%
Small & Medium		103%	106%
	OE	95%	99%
	REP	109%	110%

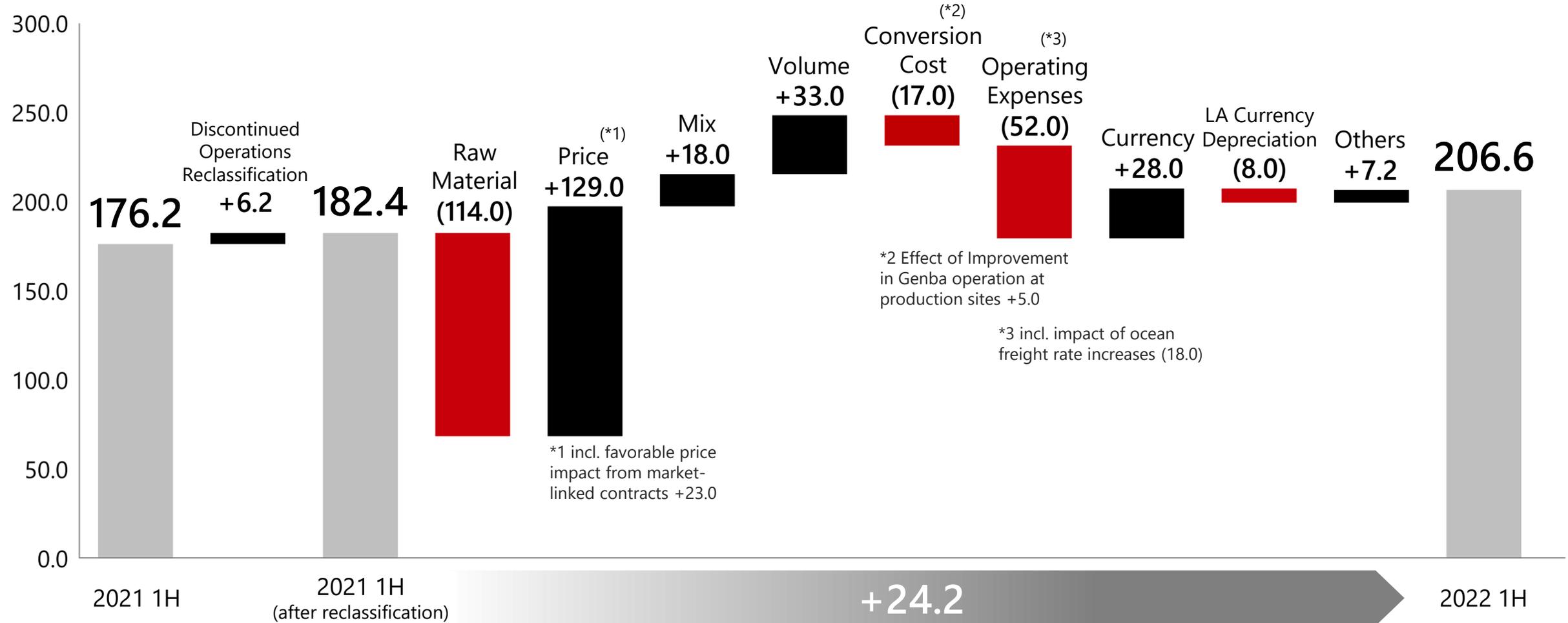


## PSR HRD (≥18")

Global	107%	116%
REP	<u>117%</u>	144%

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

(Yen in billions)



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

(Yen in billions)

	2021 1H Results	2022 1H Results	vs. PY (%)
<b>Consolidated Revenue</b>	<b>1,510.4</b>	<b>1,886.3</b>	<b>+25</b>
Japan	397.4	465.3	+17
Americas	669.8	891.1	+33
Europe, Russia, Middle East, India and Africa	330.7	422.0	+28
China, Asia-Pacific	185.1	214.6	+16
<b>Consolidated Adjusted Operating Profit</b>	<b>182.4</b>	<b>206.6</b>	<b>+13</b>
Japan	42.9	52.3	+22
Americas	95.0	112.3	+18
Europe, Russia, Middle East, India and Africa	16.3	39.0	+140
China, Asia-Pacific	22.9	17.7	(23)

(\*) 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.3.

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

(Yen in billions)

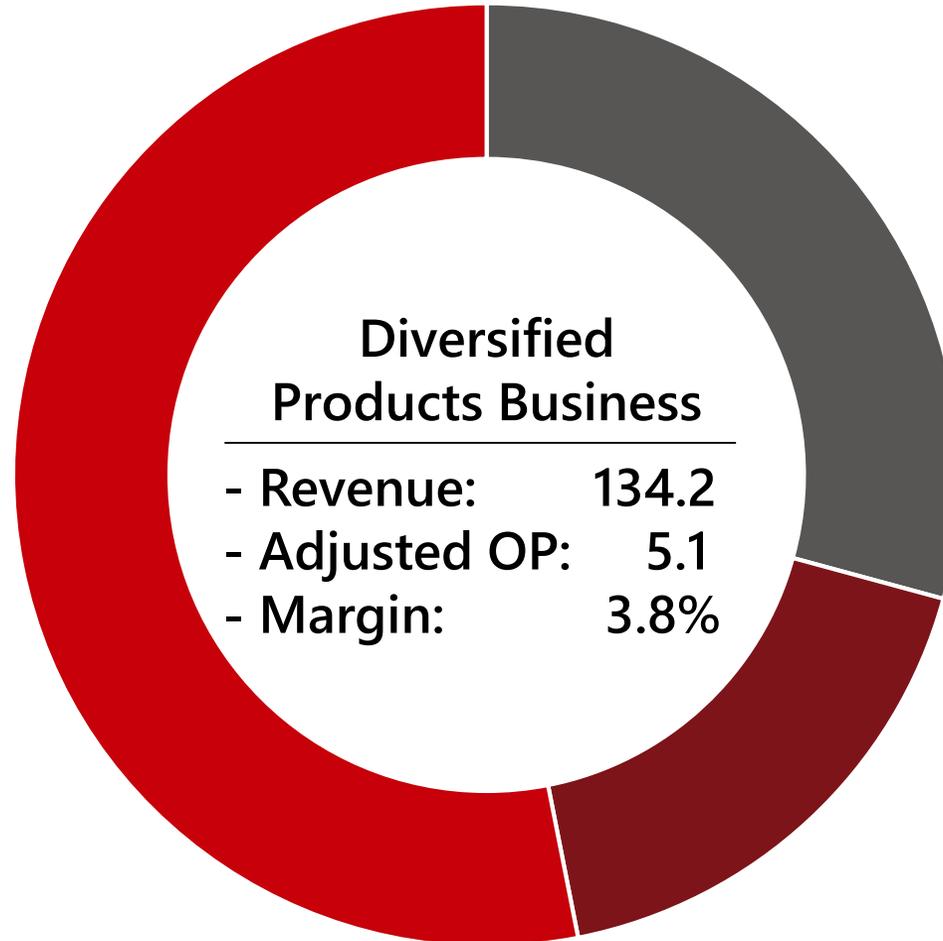
		2021 1H Results	2022 1H Results	vs. PY (%)
 <b>PS/LT</b> * incl. retail and credit card business	Revenue	789.4	1,004.8	+27
	Adjusted OP	112.1	119.1	+6
	Margin	14.2%	11.8%	(2.4) pp
 <b>TB</b> * incl. retread business	Revenue	370.0	484.7	+31
	Adjusted OP	41.0	49.5	+21
	Margin	11.1%	10.2%	(0.9) pp
 <b>Specialties (OR/AC/AG/MC)</b>	Revenue	191.2	256.6	+34
	Adjusted OP	36.2	60.5	+67
	Margin	18.9%	23.6%	+4.7pp

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

(Yen in billions)

## Chemical & Industrial Products Biz

- Revenue:	70.3
- Adjusted OP:	2.3
- Margin:	3.2%



## Diversified Products Business

- Revenue:	134.2
- Adjusted OP:	5.1
- Margin:	3.8%

## Sports / Cycle Biz

- Revenue:	38.7
- Adjusted OP:	1.2
- Margin:	3.0%

## Diversified Products Biz in Americas (Air Springs)

- Revenue:	23.4
- Adjusted OP:	1.1
- Margin:	4.9%

(\* 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 Half of Fiscal 2022

(Yen in billions)

	2021 Results (as of Dec. 31, 2021)	2022 1H Results (as of Jun. 30, 2022)	vs. Dec. 31, 2021
Total Assets	4,574.9	5,009.5	+434.6
Total Equity	2,675.4	3,004.6	+329.2
Equity Ratio (%)	57.5%	59.0%	+1.5pp
Interest-Bearing Debt (Net)	23.6	153.1	+129.5
Exchange rate at the end of reporting period	USD/JPY 115 yen	137 yen	+22 yen
	EUR/JPY 131 yen	143 yen	+12 yen
	2021 1H Results	2022 1H Results	vs. PY
Cash Flows from Operating Activities	115.4	94.8	(20.6)
Cash Flows from Investing Activities	266.0	(115.1)	(381.1)
Free Cash Flow	381.4	(20.3)	(401.7)
Capital Expenditure	94.2	91.5	(2.8)
Depreciation and Amortization	119.1	134.0	+14.9

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

## 2022 1H Results

(Yen in billions)

Revenue	1,886.3
Adjusted Operating Profit	206.6
<b>Adjustment Items</b>	<b>32.6</b>
Operating Profit	174.0
Profit before Income Taxes	180.2
Profit from Continuing Operations (*)	117.6
<b>Loss from Discontinued Operations (*)</b>	<b>(24.7)</b>
Profit Attributable to Owners of Parent	92.9

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

## 1) Adjustment Items

(Yen in billions)

<b>Adjustment Items</b>	<b>32.6</b>	Main Items
Losses related to Russian business	16.8	Impairment losses and loss on revaluation of inventories
Expenses related to safety inspections at Bridgestone Cycle Corporation	15.3	-
Others	0.5	

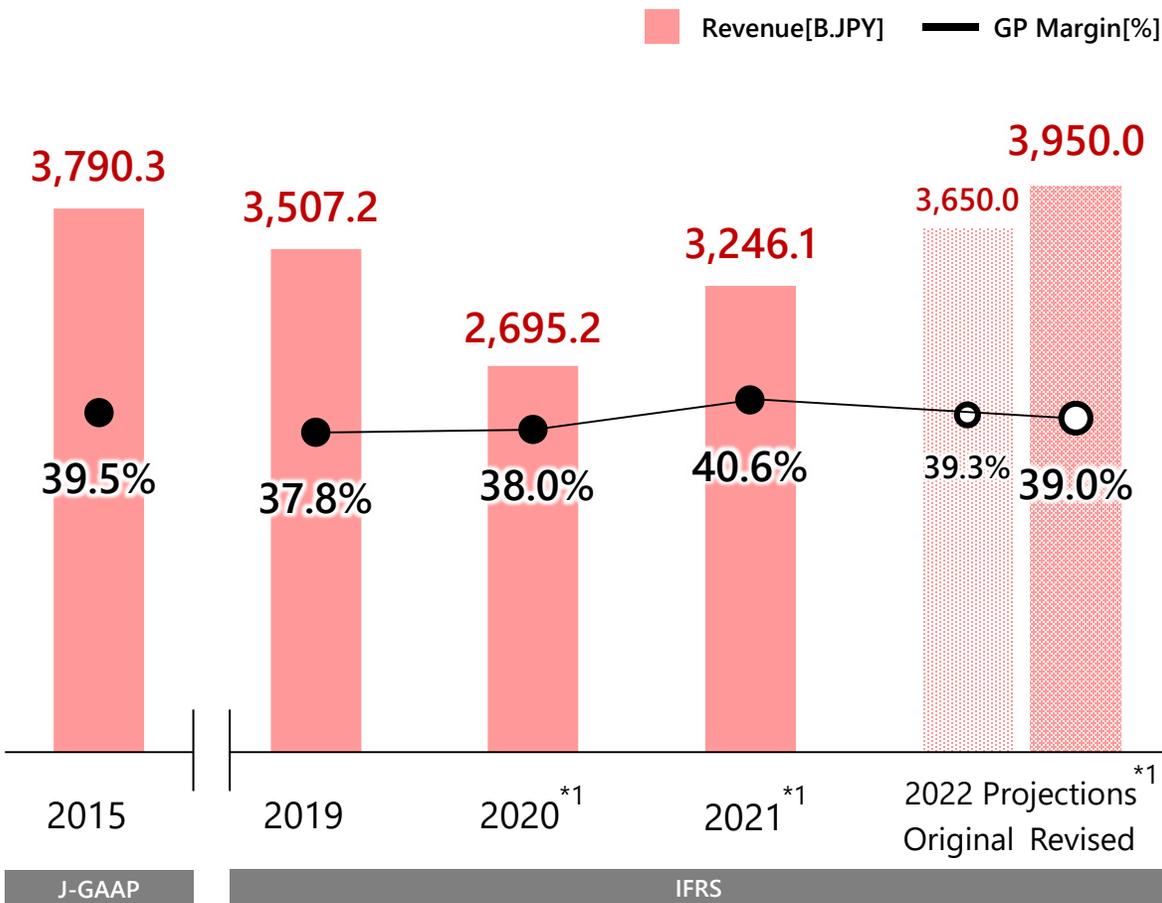
## 2) Loss from Discontinued Operations

- In accordance with the decisions of business transfer, the Company has classified its US building materials business, anti-vibration rubber business, and chemical products solutions business as discontinued operations.
- Accordingly, the Company recorded loss from discontinued operations of 24.7 B.JPY, a total of 1) and 2) below:
  - 1) Loss on business transfers
  - 2) Loss from the operation of the businesses for 1st half of fiscal 2022.

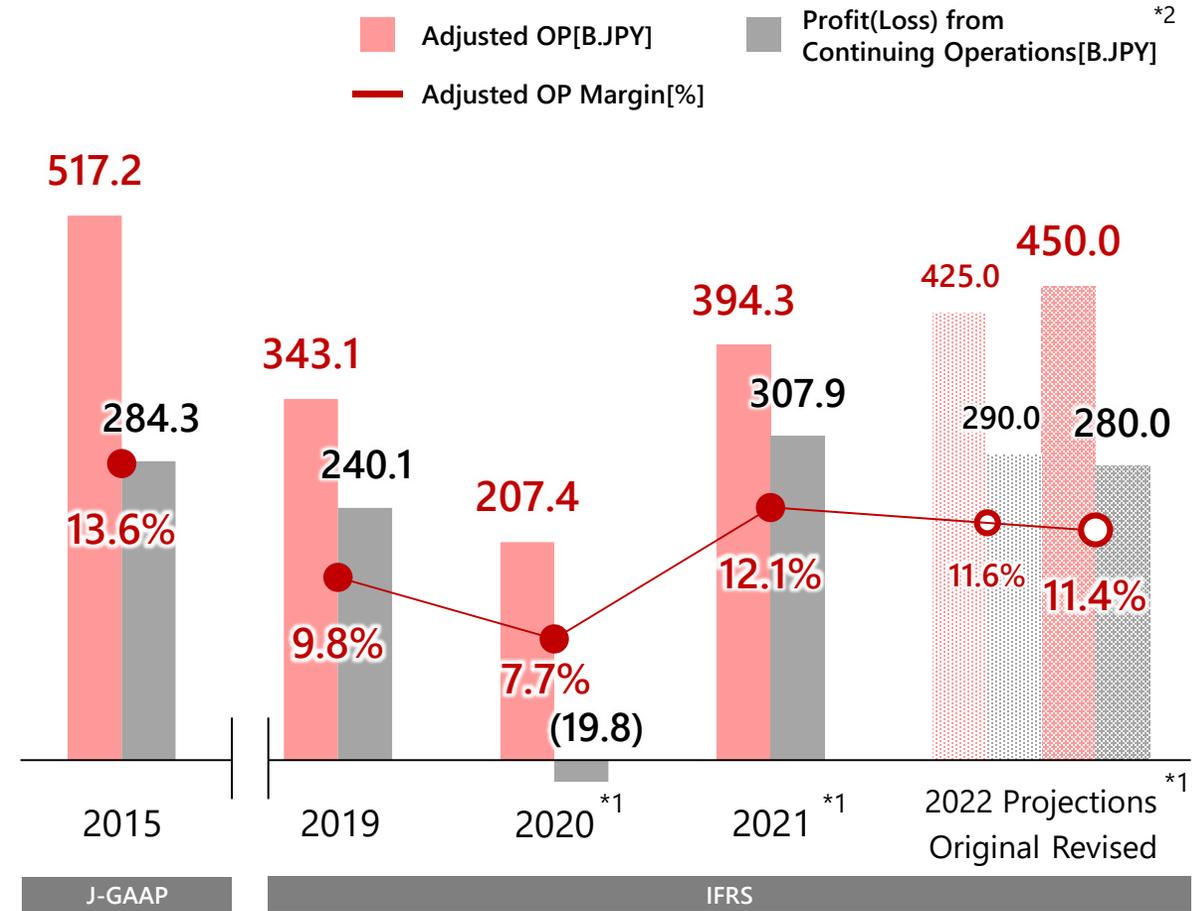
## 2. Consolidated Projections for Fiscal 2022

# Consolidated Projections for Fiscal 2022 (Revised)

## 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 Projections for Fiscal 2022 (Revised)

(Yen in billions)

	2021 Results	2022 Projections (Disclosed in Feb.)	2022 Projections (Revised)	vs. Feb. Projections (%)	vs. PY (%)
Revenue	3,246.1	3,650.0	3,950.0	+8	+22
Adjusted Operating Profit	394.3	425.0	450.0	+6	+14
Margin	12.1%	11.6%	11.4%	(0.3) pp	(0.8) pp
Profit Attributable to Owners of Parent	394.0	280.0	250.0	(11)	(37)
- Continuing Operations	307.9	290.0	280.0	(3)	(9)
- Discontinued Operations	86.2	(10.0)	(30.0)	-	-
ROIC	9.0%	9.2%	9.3%	+0.1 pp	+0.3 pp
ROE	12.9%	11.3%	10.8%	(0.5) pp	(2.1) pp
Dividend per Share	170 yen	170 yen	170 yen		

(\*) Note that revenue, adjusted operating profit, ROIC and ROE show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

# Business Environment Assumptions for Fiscal 2022



## Currency Exchange

- 2H Assumptions: 1USD = 125 yen, 1EUR = 128 yen  
(Reference) February assumptions: 1USD = 112 yen, 1EUR = 127 yen



## Raw Material / Energy

- Raw materials: Natural rubber prices are expected to rise moderately. Crude oil prices are expected to remain at high levels.
- Energy: Higher energy costs at plants are expected to become more severe in 2H.



## Tire Demand (PSR/TBR)

- OE: Although the impact of semiconductor shortages is expected to improve moderately, demand will remain at a low level compared to 2019.
- REP: Demand in Japan, U.S. and Europe is expected to increase YoY. In Asia, demand decline in China is expected to have a significant impact. Demand for premium tires is expected to remain strong in 2H.

### Currency Exchange Rate Assumptions

	2021	2022		
		1H	2H	FY
USD/JPY	110	123	125	124
EUR/JPY	130	134	128	131

### Tire Demand Assumptions (unit base%)

Estimated by Bridgestone

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	105%	84%	103%	99%	98%	100%	102%	98%
N.America	112%	91%	104%	107%	108%	93%	103%	126%
Europe	95%	72%	108%	107%	109%	108%	102%	108%
Asia *	104%	101%	91%	82%	76%	80%	88%	76%

\* Total of Thailand, Indonesia and China

# Tire Sales Growth Projections for Fiscal 2022



## PSR/LTR

	vs. PY
Global	101~105%
<b>OE</b>	
Global	106~110%
Japan	106~110%
N. America	106~110%
Europe	101~105%
China, Asia-Pacific	101~105%

## REP

Global	101~105%
Japan	101~105%
N. America	106~110%
Europe	106~110%
China, Asia-Pacific	106~110%



## TBR

	vs. PY
Global	101~105%
<b>OE</b>	
Global	100%
Japan	100%
N. America	90~94%
Europe	116~120%
China, Asia-Pacific	100%

## REP

Global	101~105%
Japan	101~105%
N. America	111~115%
Europe	106~110%
China, Asia-Pacific	100%



## ORR

	vs. PY
Ultra-Large (only REP)	106~110%
Large	111~115%
OE	131~135%
REP	101~105%
Small & Medium	106~110%
OE	106~110%
REP	106~110%

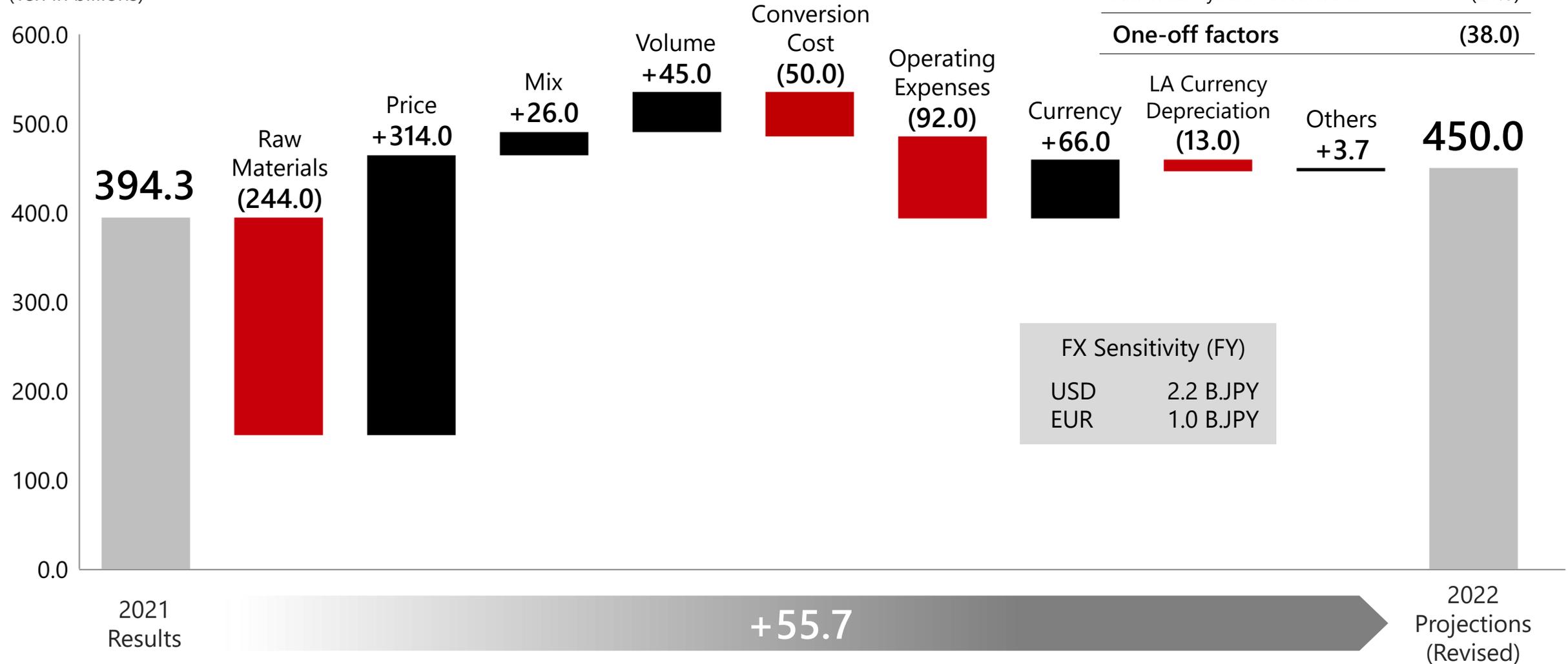


## PSR HRD (≥18")

Global	111~115%
REP	116~120%

# Analysis of Adjusted Operating Profit for Fiscal 2022

(Yen in billions)



# Consolidated Projections by Segment for Fiscal 2022 (Revised)

(Yen in billions)

	2021 Results	2022 Projections (Revised)	vs. PY (%)
<b>Consolidated Revenue</b>	<b>3,246.1</b>	<b>3,950.0</b>	<b>+22</b>
Japan	873.0	1,000.0	+15
Americas	1,454.6	1,895.0	+30
Europe, Russia, Middle East, India and Africa	693.9	800.0	+15
China, Asia-Pacific	386.9	485.0	+25
<b>Consolidated Adjusted Operating Profit</b>	<b>394.3</b>	<b>450.0</b>	<b>+14</b>
Japan	117.0	114.0	(3)
Americas	190.6	258.0	+35
Europe, Russia, Middle East, India and Africa	42.1	62.0	+47
China, Asia-Pacific	42.0	43.0	+2



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