



Financial Results for 3rd Quarter of Fiscal 2022

Bridgestone Corporation

November 10, 2022

Global CFO

Senior Vice President and Executive Officer

Masuo Yoshimatsu

1. Business and Financial Performance for 3rd Quarter of Fiscal 2022 ... 3
2. Consolidated Projections for Fiscal 2022 ... 14

1. Business and Financial Performance for 3rd Quarter of Fiscal 2022

Consolidated Financial Results for 9 months ended Sep 30, 2022

(Yen in billions)

	2021 9 months Results						2022* 9 months Results	vs. PY (%)
	Before Reclassification (disclosed last year)	After* Reclassification	1H	vs. PY (%)	3Q	vs. PY (%)		
Revenue	2,401.8	2,317.7	1,886.3	+25	1,090.6	+35	2,976.9	+28
Adjusted Operating Profit	277.9	288.6	206.6	+13	135.6	+28	342.2	+19
Margin	11.6%	12.5%	11.0%	(1.1)pp	12.4%	(0.7)pp	11.5%	(1.0)pp
Profit Attributable to Owners of Parent	422.8	422.8	92.9	(74)	95.8	+36	188.7	(55)
- Continuing Operations	192.9	204.6	117.6	(10)	99.6	+36	217.2	+6
- Discontinued Operations	229.9	218.3	(24.7)	-	(3.8)	-	(28.4)	-

* The Company classified its US building material business as discontinued operations as of 3Q 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 9 months ended September 30, 2022

Business and Financial Highlights

- Achieved year-on-year sales growth in all products which include PS/LT, TB and OR further concentrating on the premium segment while the economic slowdown mainly in the US and Europe became apparent in the 3rd quarter, in addition to the various management risks that occurred in the 1st half such as the suspension of domestic production in Russia and tire exports to Russia, the lockdowns in China, and a cyber incident at a subsidiary in Americas.
- Achieved an adjusted operating margin of over 12% in the 3rd quarter. The favorable impacts of price, mix and volume offset almost all the unfavorable impacts of raw material and other costs inflation such as energy, labor and freight costs. Moreover, "expense and cost structure reformation" including improvement in genba operation at production sites supported profitability.
- Improved the market share in the premium segment such as PSR-HRD ($\geq 18"$) and OR. In addition to flexible supply management based on our global production system, Dan-totsu product competitiveness made a significant contribution.

Overview of the Performance by Product

PS/LT (for passenger car & light truck)

- Sales expansion focused on high rim diameter tires; PSR-HRD ($\geq 18"$) REP sales for Jan-Sep: 114% YoY
- REP: The market share of premium tires (HRD), for which demand is relatively strong, continued to grow despite a slight slowdown in demand in 3Q.
- OE: Tire sales in 3Q turned to a significant year-on-year increase due to improved vehicle production conditions at automobile companies.

TB (for truck & bus)

- REP: While demand in Europe showed signs of slowing down in the 3Q, demand in North America remained strong. Sales in Japan increased significantly YoY due to the impact of a rush before price hikes.
- OE: Demand continued to recover from the impact of semiconductor shortages from 2Q onward. Sales were particularly strong in Europe.

OR (for mining & construction)

- Mining: Sales decline due to suspension of exports to Russia was compensated for in other markets, resulting in an increase in the global market share in the first 9 months.
- Construction: Both REP and OE remained solid. Although OE had been partially affected by the construction machinery production cutback due to the supply chain disruption, it showed improvement in 3Q.

Business Environment Surrounding Bridgestone Group for 9 months ended Sep 30, 2022



Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY
- Jan-Sep: 1USD = 129 yen, 1EUR = 136 yen (3Q: 1USD = 138 yen, 1EUR = 139 yen)
(Reference) Jan-Sep'21: 1USD = 109 yen, 1EUR = 130 yen



Raw Material / Energy

- Raw Material: Natural rubber prices fell sharply in 3Q. Crude oil prices declined from the peak, but were still well above the previous year's level.
- Energy: Energy costs at plants rose sharply amid high crude oil and natural gas prices.



Tire Demand (PSR/TBR)

- OE: As production at automobile companies began to recover, demand for tires also showed signs of recovery in 3Q.
- REP: Despite a slowdown in demand growth in the US and Europe, the outstanding strength of TB demand in North America continued. In PS/LT, premium tire demand steadily expanded.

Market trend of natural rubber and crude oil (Average)

*1 Source: Singapore Commodity Exchange Limited

	2021				2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Natural Rubber <TSR20>*1 (¢/kg)	167	165	166	173	177	165	146
Natural Rubber <RSS#3>*1 (¢/kg)	234	221	185	193	210	211	163
Crude Oil <WTI> (\$/bbl)	58	66	71	77	95	109	91

Tire Demand (unit base%)

Estimated by Bridgestone

	PSR				TBR			
	OE		REP		OE		REP	
	vs PY	vs 2019						
Japan	95%	76%	112%	98%	89%	92%	122%	99%
N. America	111%	87%	98%	104%	109%	91%	116%	144%
Europe	101%	71%	101%	99%	103%	97%	103%	109%

Tire Sales Growth for 9 months ended Sep 30, 2022 (vs. PY / vs. 2019)



PSR/LTR

	vs. PY	vs. 2019
Global	104%	92%
OE		
Global	103%	81%
Japan	99%	77%
N. America	104%	80%
Europe	102%	77%
China, Asia-Pacific	102%	81%

REP

Global	105%	98%
Japan	111%	97%
N. America	103%	98%
Europe	107%	99%
China, Asia-Pacific	100%	86%



TBR

	vs. PY	vs. 2019
Global	103%	98%
OE		
Global	105%	92%
Japan	92%	97%
N. America	101%	76%
Europe	119%	109%
China, Asia-Pacific	107%	120%

REP

Global	102%	101%
Japan	121%	101%
N. America	104%	119%
Europe	107%	105%
China, Asia-Pacific	91%	83%



ORR

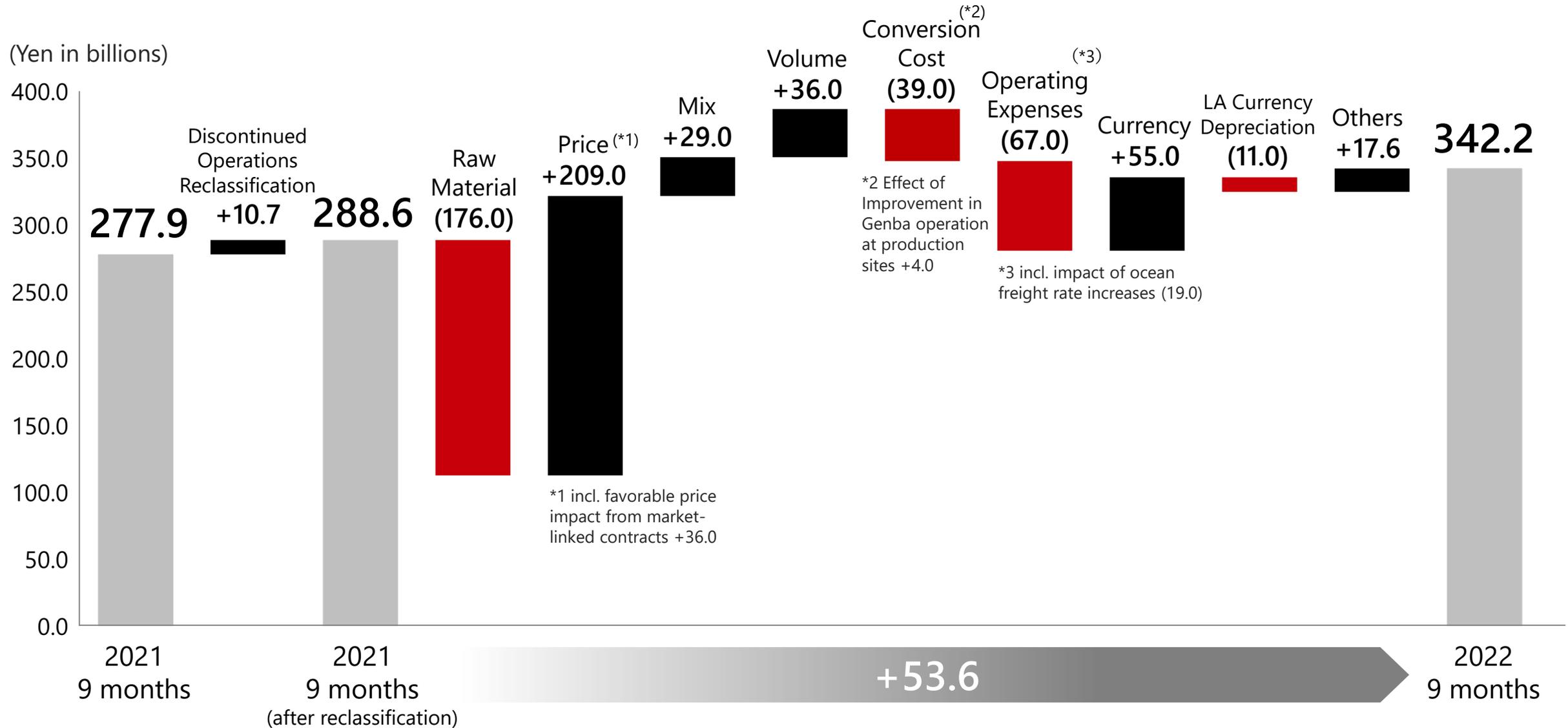
	vs. PY	vs. 2019
Ultra-Large (only REP)	108%	102%
Large	111%	115%
OE	136%	150%
REP	102%	104%
Small & Medium	105%	107%
OE	99%	105%
REP	110%	107%



PSR HRD (≥18")

Global	110%	116%
REP	114%	142%

Analysis of Adjusted Operating Profit for 9 months ended Sep 30, 2022



Consolidated Financial Results by Segment for 9 months ended Sep 30, 2022

		2021	2022	(Yen in billions)
		*1	*1	
		9 months Results	9 months Results	vs. PY (%)
Japan	Revenue	599.1	728.1	+22
	Adjusted OP	65.6	88.0	+34
	Margin	10.9%	12.1%	+1.1pp
Americas	Revenue	1,046.8	1,437.8	+37
	Adjusted OP	147.4	188.4	+28
	Margin	14.1%	13.1%	(1.0)pp
Europe, Russia, Middle East, India and Africa	Revenue	507.5	645.1	+27
	Adjusted OP	32.4	58.5	+81
	Margin	6.4%	9.1%	+2.7pp
China, Asia-Pacific	Revenue	276.2	338.0	+22
	Adjusted OP	32.1	27.2	(15)
	Margin	11.6%	8.0%	(3.6)pp
Inter-segment elimination^{*2} etc.	Revenue	(111.9)	(172.0)	-
	Adjusted OP	11.2	(19.9)	-

*1 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.

*2 Includes inter-segment eliminations and export gain/loss from Bridgestone Corp. in general tire transactions, eliminations of unrealized profit in inventory etc.

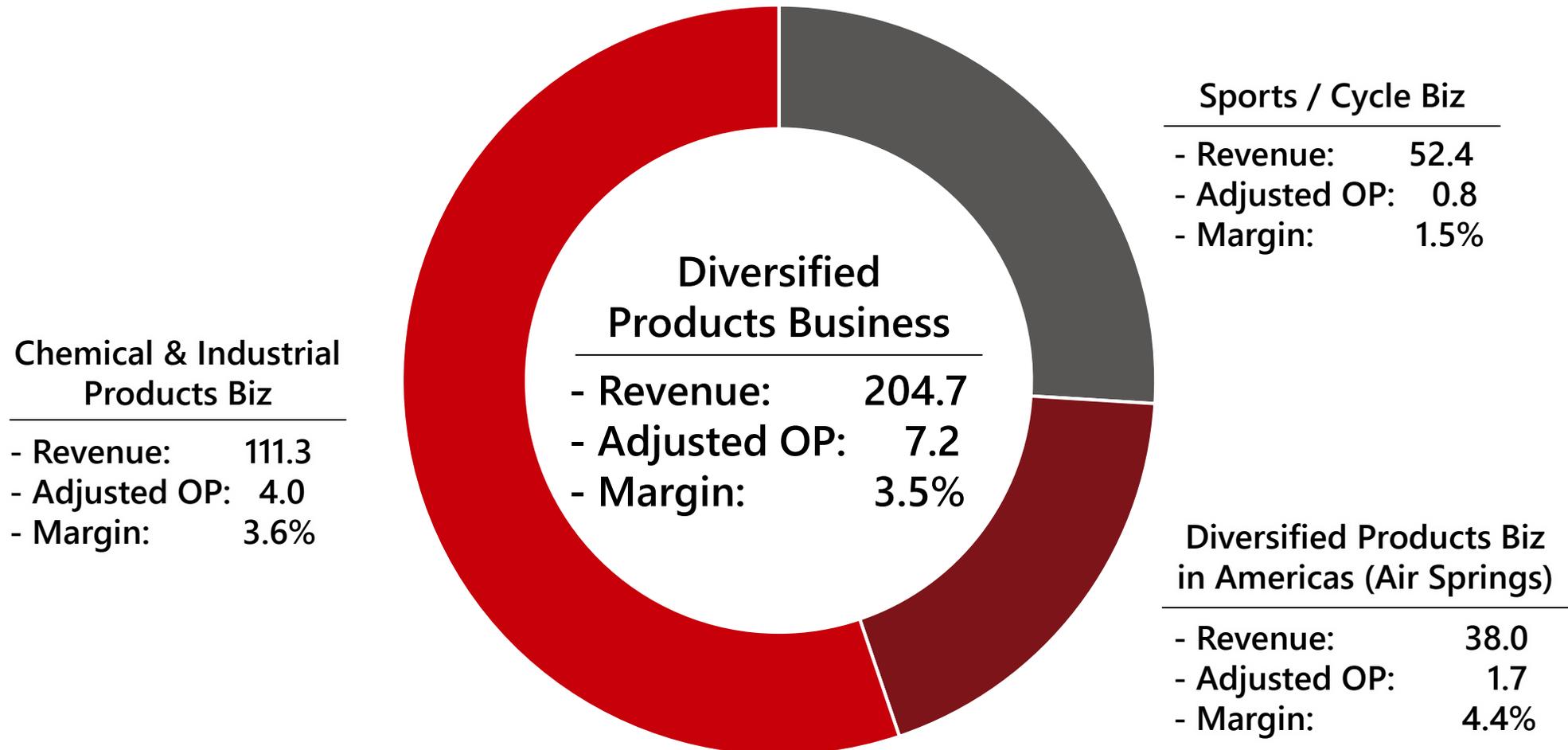
Consolidated Financial Results by Product for 9 months ended Sep 30, 2022 (Tire Business)

(Yen in billions)

		2021 9 months Results	2022 9 months Results	vs. PY (%)
 PS/LT * incl. retail and credit card business	Revenue	1,215.5	1,605.0	+32
	Adjusted OP	171.1	193.6	+13
	Margin	14.1%	12.1%	(2.0)pp
 TB * incl. retread business	Revenue	580.3	756.9	+30
	Adjusted OP	69.6	78.7	+13
	Margin	12.0%	10.4%	(1.6)pp
 Specialties (OR/AC/AG/MC)	Revenue	293.7	401.6	+37
	Adjusted OP	55.5	93.8	+69
	Margin	18.9%	23.4%	+4.5pp
Diversified Products Business, Internal Manufacturing Business, Unrealized Profit in Inventory etc.	Revenue	228.1	213.3	(6)
	Adjusted OP	(7.6)	(23.9)	-

Consolidated Financial Results by Business for 9 months ended Sep 30, 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 3rd Quarter of Fiscal 2022

(Yen in billions)

	2021 Results (as of Dec. 31, 2021)	2022 3Q Results (as of Sep. 30, 2022)	vs. Dec. 31, 2021
Total Assets	4,574.9	5,131.4	+556.5
Total Equity	2,675.4	3,092.0	+416.6
Equity Ratio (%)	57.5%	59.3%	+1.8pp
Interest-Bearing Debt (Net)	23.6	274.4	+250.8
Exchange rate	USD/JPY	115 yen	+30 yen
at the end of reporting period	EUR/JPY	131 yen	+11 yen
	2021 9 months Results	2022 9 months Results	vs. PY
Cash Flows from Operating Activities	174.6	124.9	(49.7)
Cash Flows from Investing Activities	183.0	(277.3)	(460.4)
Free Cash Flow	357.7	(152.4)	(510.1)
Capital Expenditure	139.5	162.9	+23.4
Depreciation and Amortization	182.0	209.5	+27.6

Adjustment Items and Loss from Discontinued Operations for 9 months ended Sep 30, 2022

2022 9 months Results

(Yen in billions)

Revenue	2,976.9
Adjusted Operating Profit	342.2
Adjustment Items	35.0
Operating Profit	307.2
Profit before Income Taxes	304.3
Profit from Continuing Operations (*)	217.2
Loss from Discontinued Operations (*)	(28.4)
Profit Attributable to Owners of Parent	188.7

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

1) Adjustment Items

(Yen in billions)

Adjustment Items	35.0	Main Items
Losses related to Russian business	17.5	Impairment losses and loss on revaluation of inventories
Recall Expenses of Bridgestone Cycle Corporation	15.4	
Others	2.1	

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 28.4 B.JPY, a total of 1) and 2) below:
 - 1) Loss on business transfers
 - 2) Loss from the operation of the businesses for 9 months ended Sep 30, 2022

2. Consolidated Projections for Fiscal 2022

Consolidated Projections for Fiscal 2022 (Revised)

(Yen in billions)

	2021 Results	2022 Projections (Disclosed in Aug.)	2022 Projections (Revised)	vs. Aug. Projections (%)	vs. PY (%)
Revenue	3,246.1	3,950.0	4,050.0	+3	+25
Adjusted Operating Profit	394.3	450.0	470.0	+4	+19
Margin	12.1%	11.4%	11.6%	+0.2pp	(0.5)pp
Profit Attributable to Owners of Parent	394.0	250.0	260.0	+4	(34)
- Continuing Operations	307.9	280.0	295.0	+5	(4)
- Discontinued Operations	86.2	(30.0)	(35.0)	-	-
ROIC	9.0%	9.3%	9.4%	+0.2pp	+0.4pp
ROE	12.9%	10.8%	10.5%	(0.3)pp	(2.4)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

- 4Q Assumptions: 1USD = 135 yen, 1EUR = 135 yen
- FY Assumptions: 1USD = 130 yen, 1EUR = 136 yen
(Reference) FY Assumptions in August: 1USD = 124 yen, 1EUR = 131 yen



Raw Material / Energy

- Raw Material: Natural rubber prices are expected to rise moderately again in 4Q, while crude oil prices are expected to remain high.
- Energy: Higher energy costs at plants are expected to continue in 4Q.



Tire Demand (PSR/TBR)

- OE: Demand is expected to recover mainly in the US and Europe as the semiconductor shortage situation improves, but remains low compared to 2019.
- REP: PS/LT demand is expected to be lower than the August demand projections, but TB demand is expected to remain solid in North America. Premium tire demand is expected to remain relatively strong.

Currency Exchange Rate Assumptions

	2021	2022		
		1H	3Q	4Q
	FY			
USD/JPY	110	123	138	135
EUR/JPY	130	134	139	135

Tire Demand Assumptions (unit base%)

Estimated by Bridgestone

	PSR			
	OE		REP	
	vs PY	vs 2019	vs PY	vs 2019
Japan	102%	82%	103%	99%
N.America	111%	90%	100%	104%
Europe	106%	75%	100%	101%
Asia *	109%	106%	88%	79%

* Total of Thailand, Indonesia and China

	TBR			
	OE		REP	
	vs PY	vs 2019	vs PY	vs 2019
	92%	94%	102%	98%
	111%	95%	112%	137%
	104%	103%	99%	105%
	64%	68%	84%	72%

Tire Sales Growth Projections for Fiscal 2022



PSR/LTR

	vs. PY
Global	101~105%
OE	
Global	101~105%
Japan	101~105%
N. America	106~110%
Europe	101~105%
China, Asia-Pacific	100%
REP	
Global	100%
Japan	101~105%
N. America	100%
Europe	100%
China, Asia-Pacific	100%



TBR

	vs. PY
Global	101~105%
OE	
Global	101~105%
Japan	95~99%
N. America	100%
Europe	111~115%
China, Asia-Pacific	106~110%
REP	
Global	100%
Japan	101~105%
N. America	106~110%
Europe	101~105%
China, Asia-Pacific	95~99%



ORR

	vs. PY
Ultra-Large (only REP)	106~110%
Large	106~110%
OE	131~135%
REP	100%
Small & Medium	101~105%
OE	101~105%
REP	106~110%

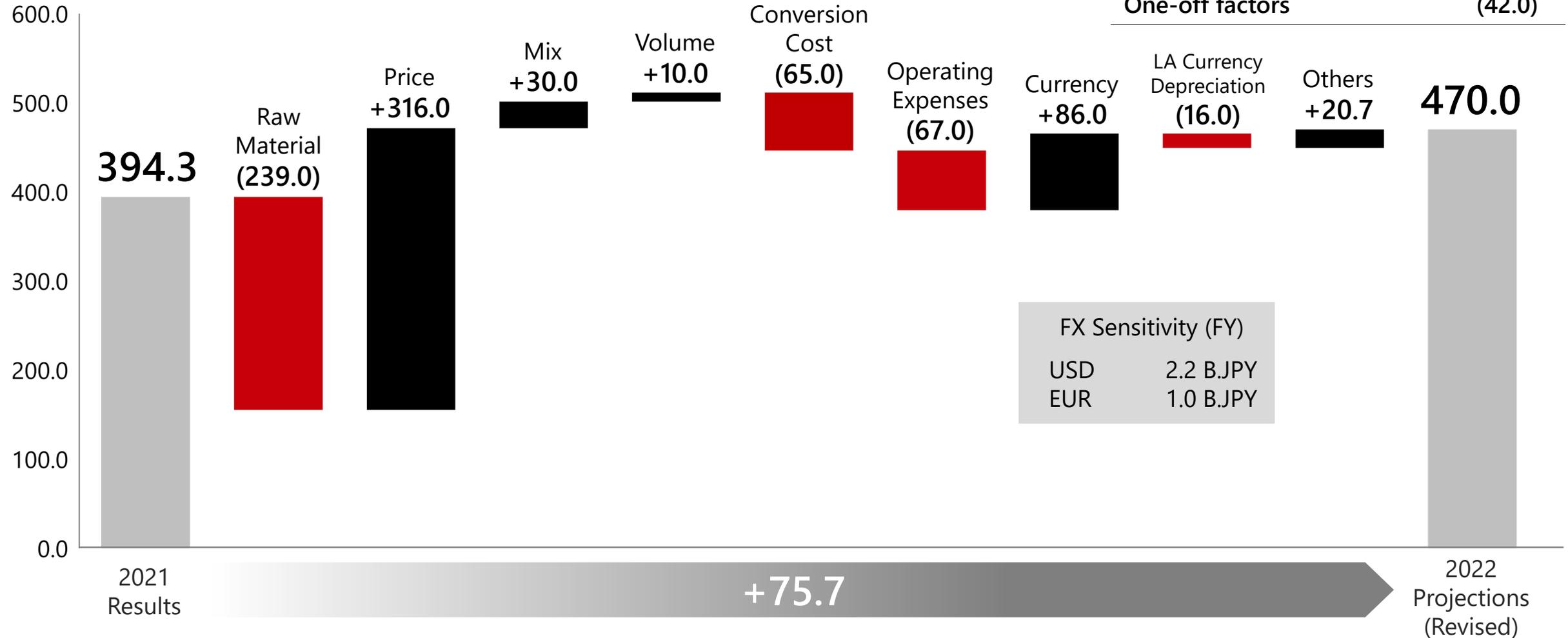


PSR^{HRD} (≥18")

Global	111~115%
REP	111~115%

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 (%)
Japan	Revenue	873.0	1,020.0	+17
	Adjusted OP	117.0	128.0	+9
	Margin	13.4%	12.5%	(0.8)pp
Americas	Revenue	1,454.6	1,930.0	+33
	Adjusted OP	190.6	253.0	+33
	Margin	13.1%	13.1%	+0.0pp
Europe, Russia, Middle East, India and Africa	Revenue	693.9	850.0	+22
	Adjusted OP	42.1	64.0	+52
	Margin	6.1%	7.5%	+1.5pp
China, Asia-Pacific	Revenue	386.9	460.0	+19
	Adjusted OP	42.0	41.0	(2)
	Margin	10.9%	8.9%	(1.9)pp



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