

Consolidated Financial Statements for the First Three Quarters of the Fiscal Year Ending December 31, 2017

November 9, 2017

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSHIN". The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

Bridgestone Corporation

Code number:5108

Representative: Masaaki Tsuya,

Member of the Board
CEO and Representative Executive Officer
Concurrently Chairman of the Board

Contact: Satoshi Nakamura, General Manager, Investor Relations

Telephone: +81-3-6836-3100

Scheduled date of quarterly securities report submission:

November 10, 2017

Scheduled date of dividend payment commencement:

-

Supplementary information for the quarterly financial statements to be prepared:

Yes

Meeting to explain for the quarterly financial statements to be held:

Yes

(for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Results for the First Three Quarters of Fiscal 2017 (January 1, 2017 - September 30, 2017)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Nine months ended September 30, 2017	2,663,080	8.9	299,736	(9.0)	288,652	(9.9)	197,771	8.0
Nine months ended September 30, 2016	2,444,802	(13.2)	329,425	(13.0)	320,384	(12.4)	183,057	(6.2)

(Note) Comprehensive Income: Nine months ended September 30, 2017 ¥238,729 million [—%]
Nine months ended September 30, 2016 (¥71,873) million [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended September 30, 2017	256.35	255.89
Nine months ended September 30, 2016	233.72	233.36

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of September 30, 2017	3,829,535	2,347,898	59.8
As of December 31, 2016	3,716,030	2,345,899	61.5

(Reference) Total equity: As of September 30, 2017 ¥2,289,259 million
As of December 31, 2016 ¥2,283,860 million

2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2016	—	70.00	—	70.00	140.00
FY 2017	—	70.00	—		
FY 2017 (Projection)				70.00	140.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Projected Results for Fiscal 2017 (January 1, 2017 - December 31, 2017)

(Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
FY 2017	3,650,000	9.4	430,000	(4.3)	400,000	(7.5)	290,000	9.2	377.43

(Note) Changes from the latest forecasts released: Yes

*** Notes**

- (1) Changes in principal subsidiaries during the nine months ended September 30, 2017 : No
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and restatements
- | | |
|---|-------|
| 1) Changes due to revisions of accounting standards, etc. | : No |
| 2) Changes in accounting policy other than 1) | : Yes |
| 3) Changes in accounting estimates | : No |
| 4) Restatements | : No |
- (4) Outstanding number of shares (common stock)
- | | |
|--|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): | |
| September 30, 2017 | 813,102,321 shares |
| December 31, 2016 | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end: | |
| September 30, 2017 | 55,254,010 shares |
| December 31, 2016 | 29,844,837 shares |
| 3) Average outstanding number of shares (during the first three quarters): | |
| First Three Quarters ended September 30, 2017 | 771,498,418 shares |
| First Three Quarters ended September 30, 2016 | 783,236,067 shares |

*** Implementation status about the quarterly review**

These financial statements are exempt from quarterly review.

*** Statement regarding appropriate use of forward-looking statements and other notes**

Projections of consolidated results for fiscal 2017 announced on August 9, 2017 are revised in this document. The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans, and the statements are not guarantees of future business performance. For details, refer to "1. Qualitative Information for the First Three Quarters of Fiscal 2017, (3) Explanation of Projections of Consolidated Results", on Page 5.

[Index]

1. <u>Qualitative Information for the First Three Quarters of Fiscal 2017</u>	...P2
(1) Explanation of Consolidated Operating Results	...P2
(2) Explanation of Consolidated Financial Position	...P4
(3) Explanation of Projections of Consolidated Results	...P5
2. <u>Other Information (Notes)</u>	...P6
(1) Application of Special Accounting Treatments for Consolidated Quarterly Financial Statements	...P6
(2) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements	...P6
3. <u>Consolidated Quarterly Financial Statements</u>	...P7
(1) Consolidated Balance Sheet	...P7
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	...P9
Consolidated Statement of Income	...P9
Consolidated Statement of Comprehensive Income	...P10
(3) Notes to the Consolidated Financial Statements	...P11
(Notes regarding going concern assumption)	...P11
(Notes regarding significant changes in the amount of shareholders' equity)	...P11
(Segment Information)	...P11

1. Qualitative Information for the First Three Quarters of Fiscal 2017

The Bridgestone Corporation is referred to as the “Company”, and the Company and its subsidiaries are referred to as the “Companies”.

(1) Explanation of Consolidated Operating Results

1) Sales and earnings

	FY 2017 3Q (Nine months ended September 30, 2017)	FY 2016 3Q (Nine months ended September 30, 2016)	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	2,663.0	2,444.8	218.2	9
Operating income	299.7	329.4	(29.6)	(9)
Ordinary income	288.6	320.3	(31.7)	(10)
Profit attributable to owners of parent	197.7	183.0	14.7	8

In the first three quarters of fiscal 2017 (January 1 to September 30, 2017), the operating environment surrounding the Companies was as follows: an unclear situation continued due to the uncertainty of the global economy while the Japanese domestic economy continued gradual recovery. The United States economy continued steady recovery. The European economy continued to show gradual recovery but remained unstable as a result of the United Kingdom leaving the European Union and related issues. In Asia, the Chinese economic growth had shown the signs of recovery. Overall, overseas economies were gradually recovering but still weak while the political and economic situation remained unstable. In addition, tire demand for mining vehicles increased along with rising commodity prices.

Under these operating conditions, the Companies continued their work to realize the ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of its business.” Stepping up efforts on a global scale, we focused on promoting brand strategies through sponsorship and support activities for the Olympic and Paralympic Games Tokyo 2020. The Companies also expanded sales of highly competitive products and services in global markets through promoting innovation, while building and enhancing a solutions business that extends beyond the mere sales of products. Moreover, the Companies continuously strives to implement various measures for management reform, aimed at reforming governance structure and effectively utilizing management resources by investing appropriate costs.

As a result, net sales in the first three quarters of fiscal 2017 were ¥2,663.0 billion, an increase of 9% from the first three quarters of fiscal 2016; operating income was ¥299.7 billion, a decrease of 9%, ordinary income was ¥288.6 billion, a decrease of 10%, due in part to increasing raw material costs; and profit attributable to owners of parent was ¥197.7 billion, an increase of 8%.

2) Segment Information

		FY 2017 3Q (Nine months ended September 30, 2017)	FY 2016 3Q (Nine months ended September 30, 2016)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	2,207.4	2,013.0	194.4	10
	Operating income	274.4	300.3	(25.9)	(9)
Diversified Products	Net Sales	467.2	442.5	24.6	6
	Operating income	25.3	29.0	(3.6)	(13)
Consolidated Results	Net Sales	2,663.0	2,444.8	218.2	9
	Operating income	299.7	329.4	(29.6)	(9)

In the tire segment, the Companies worked to maximize sales momentum by introducing appealing new products globally, reinforcing fundamental competencies, and responding promptly to demand fluctuation in each region. In addition, the Companies implemented price increases appropriately to respond to the rising prices of raw materials, which started in the previous year.

In Japan, the unit sales of tires for passenger cars and light trucks increased strongly, and the unit sales of tires for trucks and buses increased substantially, compared to the first three quarters of fiscal 2016. In the Americas, the unit sales of tires for passenger cars and light trucks in North America decreased, but the unit sales of tires for trucks and buses increased steadily, compared to the first three quarters of fiscal 2016. In Europe, the unit sales of tires for passenger cars and light trucks, and the unit sales of tires for trucks and buses increased steadily, compared to the first three quarters of fiscal 2016. In China and Asia Pacific, the unit sales of tires for passenger cars and light trucks increased steadily, and the unit sales of tires for trucks and buses increased substantially, compared to the first three quarters of fiscal 2016. In the specialty tire business, sales of large and ultra-large off-the-road radial tires for construction and mining vehicles increased substantially compared to the first three quarters of fiscal 2016.

As a result, net sales in the tires segment during the first three quarters of fiscal 2017 were ¥2,207.4 billion, an increase of 10% from the first three quarters of fiscal 2016; operating income was ¥274.4 billion, a decrease of 9%, due to increasing raw material costs.

In the diversified products segment, net sales were ¥467.2 billion, an increase of 6% from the first three quarters of fiscal 2016; while operating income was ¥25.3 billion, a decrease of 13% due to a decrease in the profit of Domestic Business.

(Note) The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.

(2) Explanation of Consolidated Financial Position

Assets, liabilities, and net assets positions at the end of the first three quarters of fiscal 2017 were as follows.

(Assets)

In assets, notes and accounts receivable, merchandise and finished products, and intangible fixed assets increased by ¥30.7 billion, ¥38.2 billion and ¥35.6 billion respectively. As a result, assets increased by ¥113.5 billion compared with the end of the previous fiscal year, to ¥3,829.5 billion.

(Liabilities)

In liabilities, while short-term borrowings decreased by ¥51.8 billion, bonds increased by ¥150.0 billion. As a result, liabilities increased by ¥111.5 billion compared with the end of the previous fiscal year, to ¥1,481.6 billion.

(Net assets)

In net assets, while cash dividends paid were ¥108.4 billion and a decline due to the acquisition of treasury stock was ¥118.2 billion, profit attributable to owners of parent was ¥197.7 billion, net unrealized gain on available-for-sale securities, foreign currency translation adjustments and remeasurements of defined benefit plans increased by ¥12.2 billion, ¥7.0 billion and ¥14.0 billion respectively. As a result, net assets increased by ¥1.9 billion compared with the end of the previous fiscal year, to ¥2,347.8 billion.

Due to an increase of assets by ¥113.5 billion, the ratio of total equity to total assets decreased by 1.7 points compared with the end of the previous fiscal year, to 59.8%.

(3) Explanation of Projections of Consolidated Results

The Companies' operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstock, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.

Amid such a challenging business environment, the Companies project the following results through the implementation of Mid-Term Management Plan initiatives.

FY 2017 projections (Fiscal Year ending December 31, 2017)

		FY 2017 Projections (Revised)	FY 2017 Projections (Previous)	Increase (Decrease)		(Ref.) FY 2016 Results
		Yen in billions	Yen in billions	Yen in billions	%	Yen in billions
Net sales		3,650.0	3,700.0	(50.0)	(1)	3,337.0
Operating income		430.0	464.0	(34.0)	(7)	449.5
Ordinary income		400.0	439.0	(39.0)	(9)	432.5
Profit attributable to owners of parent		290.0	289.0	1.0	—	265.5
Exchange Rate	Yen	Yen	Yen	—	%	Yen
	yen/dollar	111	111		—	109
	yen/euro	126	122		3	120

(Revision of the projections)

Based on the operating performance of the first three quarters of fiscal 2017, the Company revised its full-year consolidated financial projections for the fiscal year ending December 31, 2017, which were previously announced on August 9, 2017.

Forward-Looking Statements

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and results to differ substantially from management's projections and plans, and the statement are not guarantees of future business performance.

2. Other Information (Notes)

(1) Application of Special Accounting Treatments for Consolidated Quarterly Financial Statements

(Calculation for income tax expense)

Income tax expense was calculated based upon an estimated effective tax rate for fiscal 2017.

(2) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements

Changes in accounting policy

(Application of International Financial Reporting Standards (IFRS) to Foreign Subsidiaries)

BRIDGESTONE EUROPE NV/SA (BSEU) has applied IFRS from the first quarter of fiscal 2017, formerly "Generally Accepted Accounting Principles (US GAAP)". In determining initial application of IFRS in BSEU, the Company comprehensively evaluates factors including accounting trends and the plan for voluntary application of IFRS as the Companies.

As BSEU applied the revision in this policy retrospectively and the cumulative effect of the revision was reflected on the net assets at the beginning of fiscal 2016, the consolidated financial statements for the previous fiscal year changed. The main changes were as follows: retained earnings at the beginning of previous fiscal year decreased ¥7,280 million and foreign currency translation adjustments increased ¥7,667 million.

3. Consolidated Quarterly Financial Statements**(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2016 (As of December 31, 2016)	FY 2017 3Q (As of September 30, 2017)
Assets		
Current Assets		
Cash and deposits	483,006	421,951
Notes and accounts receivable	455,218	485,944
Short-term investments	167,697	194,998
Merchandise and finished products	377,412	415,617
Work in process	35,469	41,863
Raw materials and supplies	144,527	157,293
Other	174,997	197,128
Allowance for doubtful accounts	(16,179)	(18,274)
Total Current Assets	1,822,150	1,896,522
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	526,688	522,477
Machinery, equipment and vehicles, net	505,685	488,473
Other, net	416,752	412,626
Total Tangible Fixed Assets	1,449,126	1,423,578
Intangible fixed assets		
Goodwill	22,935	44,068
Other	51,208	65,735
Total Intangible fixed assets	74,144	109,803
Investments and other assets		
Investments in securities	263,549	288,309
Other	108,790	113,138
Allowance for doubtful accounts	(1,730)	(1,816)
Total Investments and Other Assets	370,609	399,631
Total Fixed Assets	1,893,880	1,933,012
Total Assets	3,716,030	3,829,535

(Yen in millions)

	FY 2016 (As of December 31, 2016)	FY 2017 3Q (As of September 30, 2017)
Liabilities		
Current Liabilities		
Notes and accounts payable	195,603	224,073
Short-term borrowings	174,678	122,779
Commercial paper	—	18,429
Current portion of bonds	—	20,000
Lease obligations	1,017	1,159
Income taxes payable	22,722	45,500
Provision for reorganization of R&D and manufacturing base	—	8,908
Accounts payable-other	168,714	125,964
Other	287,099	287,206
Total Current Liabilities	849,834	854,022
Long-term Liabilities		
Bonds	90,000	220,000
Long-term borrowings	70,458	65,852
Lease obligations	6,616	6,930
Provision for reorganization of R&D and manufacturing base	13,951	—
Net defined benefit liability	215,072	200,198
Other	124,198	134,631
Total Long-term Liabilities	520,296	627,614
Total Liabilities	1,370,130	1,481,636
Net Assets		
Shareholders' Equity		
Common stock	126,354	126,354
Capital surplus	123,005	122,988
Retained earnings	2,163,115	2,252,319
Treasury stock-at cost	(56,151)	(174,447)
Total Shareholders' Equity	2,356,323	2,327,214
Accumulated Other Comprehensive Income		
Net unrealized gain(loss) on available-for-sale securities	174,197	186,458
Deferred gain(loss) on derivative instruments	(1,720)	(586)
Foreign currency translation adjustments	(107,242)	(100,188)
Remeasurements of defined benefit plans	(137,698)	(123,639)
Total Accumulated Other Comprehensive Income	(72,463)	(37,955)
Stock Acquisition Rights	2,975	3,665
Non-controlling Interests	59,063	54,973
Total Net Assets	2,345,899	2,347,898
Total Liabilities and Net Assets	3,716,030	3,829,535

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive IncomeConsolidated Statement of Income
First Three Quarters

(Yen in millions)

	FY 2016 3Q (Nine months ended September 30, 2016)	FY 2017 3Q (Nine months ended September 30, 2017)
Net Sales	2,444,802	2,663,080
Cost of Sales	1,437,975	1,653,396
Gross Profit	1,006,827	1,009,683
Selling, General and Administrative Expenses		
Goods freightage expenses	109,063	124,841
Advertising and promotion expenses	86,051	85,660
Salaries, allowances and bonuses	184,319	193,823
Retirement benefit expenses	14,125	18,681
Depreciation	23,335	24,719
Research and development expenses	71,097	73,035
Other	189,408	189,185
Total Selling, General and Administrative Expenses	677,401	709,947
Operating Income	329,425	299,736
Non-operating Income		
Interest income	3,215	3,924
Dividend income	6,382	6,202
Gain on sales of investment securities	4,769	—
Other	9,009	12,293
Total Non-operating Income	23,376	22,420
Non-operating Expenses		
Interest expense	7,967	7,881
Foreign currency exchange loss	10,193	7,082
Other	14,256	18,539
Total Non-operating Expenses	32,418	33,504
Ordinary Income	320,384	288,652
Extraordinary Income		
Gain on sales of investment securities	—	10,441
Total Extraordinary Income	—	10,441
Extraordinary Loss		
Loss related to civil litigation in the Americas	—	4,484
Expenses related to relocation of head office of Americas Operations	—	3,831
Loss related to reorganization of R&D and manufacturing base	17,649	—
Total Extraordinary Loss	17,649	8,316
Income before Income Taxes and Non-controlling Interests	302,735	290,777
Income Taxes	112,454	86,296
Income before Non-Controlling Interests	190,280	204,480
Profit Attributable to Non-controlling Interests	7,223	6,709
Profit Attributable to Owners of Parent	183,057	197,771

Consolidated Statement of Comprehensive Income
First Three Quarters

(Yen in millions)

	FY 2016 3Q (Nine months ended September 30, 2016)	FY 2017 3Q (Nine months ended September 30, 2017)
Income before Non-controlling Interests	190,280	204,480
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	(44,908)	12,244
Deferred gain (loss) on derivative instruments	461	1,356
Foreign currency translation adjustments	(244,257)	7,496
Remeasurements of defined benefit plans	28,832	13,668
Share of other comprehensive income in affiliates	(2,281)	(516)
Total Other Comprehensive Income	(262,154)	34,248
Comprehensive Income	(71,873)	238,729
Comprehensive income attributable to:		
Owners of parent	(71,453)	232,279
Non-controlling interests	(420)	6,449

(3) Notes to the Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in the amount of shareholders' equity)

The company acquired its own shares (25,439,900 shares) based on the resolution at the board of directors held on February 17, 2017. Due mainly to the acquisition, treasury stock - at cost increased by ¥118,296 million compared with the end of the previous fiscal year, to ¥174,447 million.

(Segment Information)

Information about Sales and Income (Loss) by reportable segment

FY 2016 First Three Quarters (Nine months ended September 30, 2016)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	2,008,284	436,518	2,444,802	—	2,444,802
Inter-segment	4,756	6,007	10,764	(10,764)	—
Total	2,013,040	442,525	2,455,566	(10,764)	2,444,802
Segment income (Operating income)	300,395	29,016	329,411	14	329,425

(Note) Adjustments of segment income refer to elimination of intersegment transactions.

FY 2017 First Three Quarters (Nine months ended September 30, 2017)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	2,199,930	463,150	2,663,080	—	2,663,080
Inter-segment	7,515	4,052	11,567	(11,567)	—
Total	2,207,445	467,202	2,674,648	(11,567)	2,663,080
Segment income (Operating income)	274,453	25,337	299,791	(54)	299,736

(Note) Adjustments of segment income refer to elimination of intersegment transactions.