



# Financial Results for Fiscal 2017

Bridgestone Corporation

February 16, 2018

**BRIDGESTONE**  
*Your Journey, Our Passion*

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# 1. Business and Financial Performance for Fiscal 2017

# Business Environment Surrounding Bridgestone Group



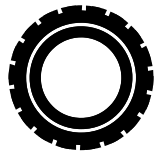
## Currency Exchange

- Weaker Japanese Yen than PY  
1USD=112yen 1EUR=127yen  
(Ref.) 16FY 1USD=109yen 1EUR=120yen



## Raw Material Prices

- Higher than PY



## Tire Demand (PSR/TBR)

- Despite a reduction in vehicle production in North America, PSR/TBR tire demand continues to grow steadily

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

	2016	2017
	FY	FY
Natural Rubber 〈TSR20〉* (¢/kg)	138	<b>164</b>
Natural Rubber 〈RSS#3〉* (¢/kg)	164	<b>199</b>
Crude Oil 〈WTI〉 (\$/bbl)	43	<b>50</b>

※ Source: Singapore Commodity Exchange Limited

### Tire Demand (Year-on-Year/unit base%)

Note: The numbers of demand are estimated by Bridgestone Corporation

	PSR		TBR	
	OE	REP	OE	REP
Japan	105%	102%	102%	104%
N.America	91%	100%	110%	105%
Europe	101%	99%	107%	100%
Asia*1	101%	103%	129%	100%

\*1 Total of Thailand, Indonesia, India, and China

# Tire Sales Growth for FY of Fiscal 2017 (Year-on-Year, unit base)



**PSR**

**OE & REP**

Global	101%
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**OE**

Japan	112%
N. America	98%
Europe	110%
China/ Asia Pacific	106%

**REP**

Japan	100%
N. America	96%
Europe	100%
China/ Asia Pacific	101%



**TBR**

**OE & REP**

Global	107%
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**OE**

Japan	103%
N. America	119%
Europe	107%
China/ Asia Pacific	154%

**REP**

Japan	104%
N. America	101%
Europe	103%
China/ Asia Pacific	108%



**ORR ※**

Ultra-Large	115%
Large	135%

Increased substantially



**PSR**

**HRD (≥ 18")**

Global	120%
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※ Note: Based on rubber weight for Ultra-Large and Large ORR

# Consolidated Results for Fiscal 2017

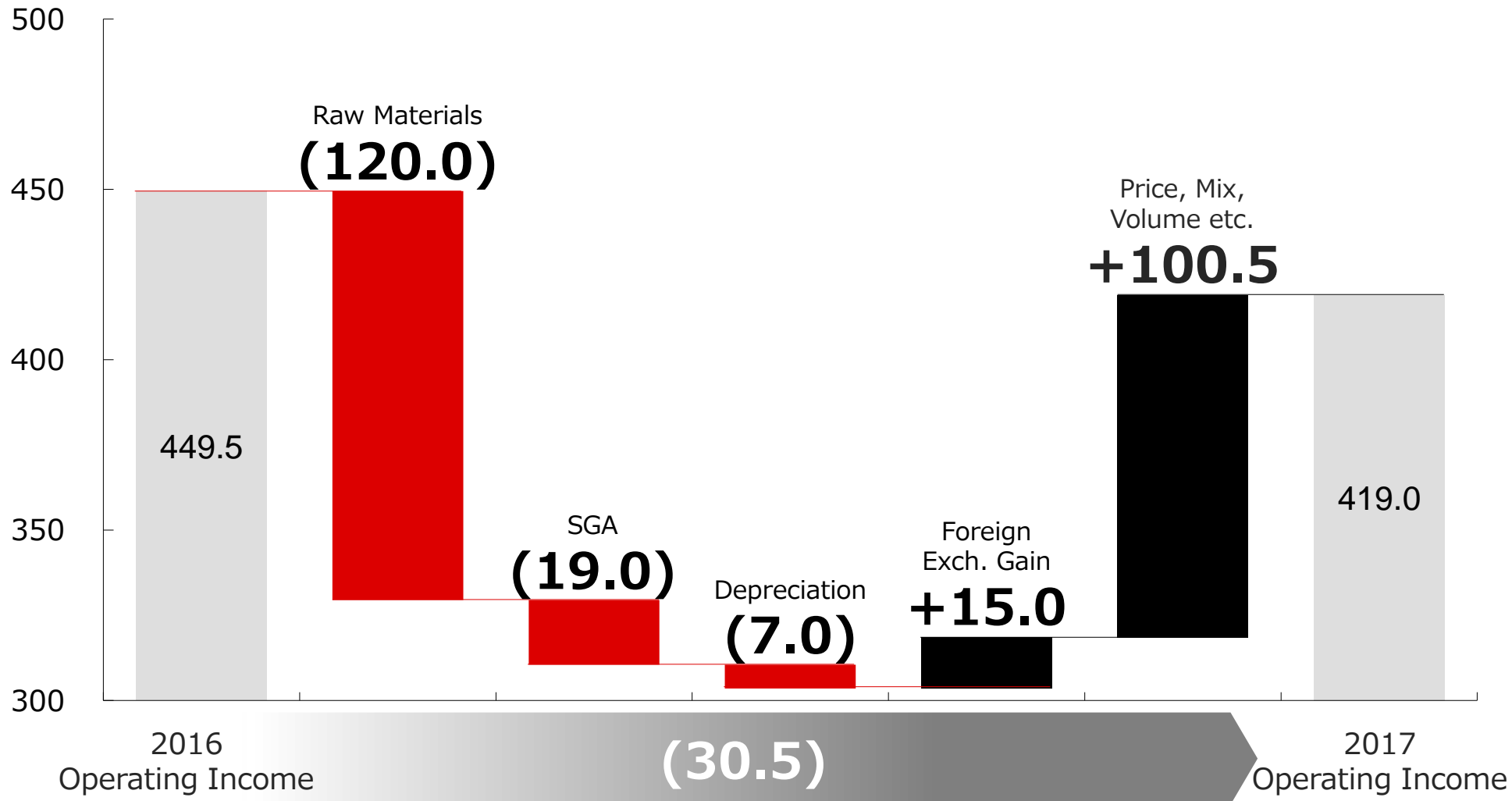
(Yen in billions)

Note: Figures within parentheses mean minus

	2016 Results	2017 Results	vs PY (%)	(Ref. Nov 9, 2017 announcement) 2017 Projections
<b>Net Sales</b>	<b>3,337.0</b>	<b>3,643.4</b>	<b>+9</b>	<b>3,650.0</b>
Tires	2,765.7	<b>3,031.1</b>	+10	3,040.0
Diversified Products	585.7	<b>627.8</b>	+7	620.0
<b>Operating Income</b>	<b>449.5</b> (Ratio) 13.5%	<b>419.0</b> (Ratio) 11.5%	<b>(7)</b> (Ratio) (2.0pt)	<b>430.0</b> (Ratio) 11.8%
Tires	414.7	<b>387.1</b>	(7)	397.0
Diversified Products	34.8	<b>31.8</b>	(8)	32.0
<b>Ordinary Income</b>	<b>432.5</b>	<b>400.5</b>	<b>(7)</b>	<b>400.0</b>
<b>Profit Attributable to Owners of Parent</b>	<b>265.5</b>	<b>288.2</b>	<b>+9</b>	<b>290.0</b>
<b>Dividends per Share</b>	<b>140 yen</b>	<b>150 yen</b>	<b>+10 yen</b>	<b>140 yen</b>
Yen/US Dollar rate:	109 yen	112 yen	+3 yen	111 yen
Yen/Euro rate:	120 yen	127 yen	+7 yen	126 yen

# Analysis of Consolidated Operating Income for Fiscal 2017

(Yen in billions)



Note: Figures within parentheses mean minus

# Financial Results for Fiscal 2017: Geographic Segments

(Yen in billions)

Note: Figures within parentheses mean minus

	2016 Results	2017 Results	vs PY (%)	(Ref. Nov 9, 2017 announcement) 2017 Projections
<b>Consolidated Net Sales</b>	<b>3,337.0</b>	<b>3,643.4</b>	<b>+9</b>	<b>3,650.0</b>
Japan	1,080.6	1,147.8	+6	1,140.0
The Americas	1,645.3	1,776.5	+8	1,760.0
EMEA*	477.1	559.8	N/A*	560.0
China, Asia-Pacific*	621.7	648.8	N/A*	660.0
<b>Consolidated Operating Income</b>	<b>449.5</b>	<b>419.0</b>	<b>(7)</b>	<b>430.0</b>
Japan	150.6	160.2	+6	157.0
The Americas	203.1	187.5	(8)	200.0
EMEA*	27.7	13.6	N/A*	10.0
China, Asia-Pacific*	62.5	62.9	N/A*	71.0

\* At the beginning of fiscal year 2017, "Russia" formerly included in the "Other regions" segment was transferred to the "EMEA" segment as the result of the restructuring of the tire business SBUs.



# B/S and C/F Highlights for Fiscal 2017

(Yen in billions)

Note: Figures within parentheses mean minus

	FY 2016 (As of Dec. 31, 2016)	FY 2017 (As of Dec. 31, 2017)	vs Dec. 31, 2016※
Total Assets	<b>3,716.0</b>	<b>3,959.0</b>	+243.0
Total Equity	<b>2,345.8</b>	<b>2,402.7</b>	+56.9
Ratio of total equity to total assets (%)	<b>61.5</b>	<b>59.2</b>	(2.3pt)
Interest-Bearing Debt (Net)	<b>(128.9)</b>	<b>(42.7)</b>	+86.2
	FY2016	FY2017	vs PY
Cash Flow by Operating Activities	<b>444.5</b>	<b>418.1</b>	(26.4)
Cash Flow by Investing Activities	<b>(178.2)</b>	<b>(200.7)</b>	(22.5)
Free Cash Flow	<b>266.2</b>	<b>217.3</b>	(48.9)
Capital Expenditure	<b>194.1</b>	<b>234.8</b>	+40.7
Depreciation	<b>188.0</b>	<b>200.3</b>	+12.2
ROA(%)	<b>7.1</b>	<b>7.5</b>	+0.4pt
ROE(%)	<b>11.8</b>	<b>12.5</b>	+0.6pt

\*The actual closing balance of Balance Sheet in 2016 has been revised, due to the change in accounting standard of a group company.

## 2. Consolidated Projections for Fiscal 2018

# Forecast of Business Environment Surrounding Bridgestone Group



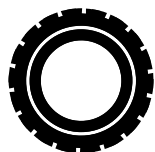
## Currency Exchange

- USD: Stronger, Euro: Weaker Japanese yen than PY



## Raw Material Prices

- FY assumption is same level as PY



## Tire Demand (PSR/TBR)

- Trend of steady growth continues globally

### Currency Exchange Assumption

(Yen)	2017	2018
US Dollar	112	<b>108</b>
Euro	127	<b>132</b>

### Tire Demand (Year-on-Year/unit base%)

Note: The numbers of demand are estimated by Bridgestone Corporation

	PSR		TBR	
	OE	REP	OE	REP
Japan	99%	97%	99%	100%
N.America	101%	102%	98%	100%
Europe	103%	100%	98%	101%
Asia*1	100%	104%	77%	102%

\*1 Total of Thailand, Indonesia, India, and China

# Tire Sales Growth Projections for Fiscal 2018 (Year-on-Year, unit base)



**PSR**

**OE & REP**

Global	+6%~+10%
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**OE**

Japan	around ±0%
N. America	+6%~+10%
Europe	around ±0%
China/ Asia Pacific	~+5%

**REP**

Japan	~+5%
N. America	~+5%
Europe	+6%~+10%
China/ Asia Pacific	+11%~+15%



**TBR**

**OE & REP**

Global	+6%~+10%
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**OE**

Japan	~+5%
N. America	~+5%
Europe	~+5%
China/ Asia Pacific	~+5%

**REP**

Japan	~+5%
N. America	+11%~+15%
Europe	~+5%
China/ Asia Pacific	+11%~+15%



**ORR** ※

Ultra-Large	120%
Large	105%

Grow throughout the year



**PSR**

**HRD (≥ 18")**

Global	110%
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※ Note: Based on rubber weight for Ultra-Large and Large ORR

# Consolidated Projections for Fiscal 2018

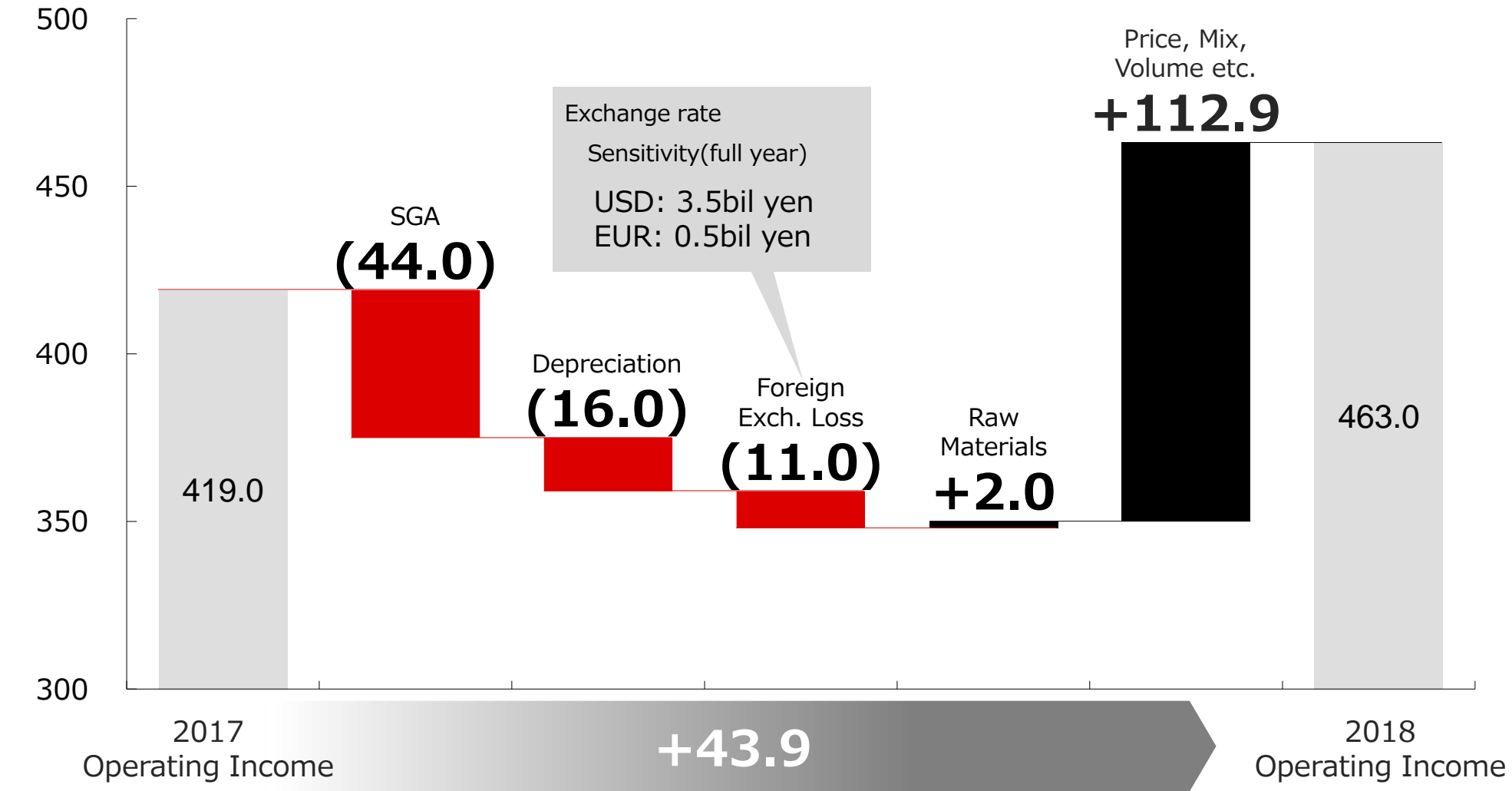
(Yen in billions)

Note: Figures within parentheses mean minus

	2017 Results	2018 Projections	vs PY (%)
<b>Net Sales</b>	<b>3,643.4</b>	<b>3,800.0</b>	<b>+4</b>
Tires	3,031.1	3,170.0	+5
Diversified Products	627.8	640.0	+2
<b>Operating Income</b>	<b>419.0</b> (Ratio) 11.5%	<b>463.0</b> (Ratio) 12.2%	<b>+10</b> (Ratio) +0.7%
Tires	387.1	429.0	+11
Diversified Products	31.8	34.0	+7
<b>Ordinary Income</b>	<b>400.5</b>	<b>439.0</b>	<b>+10</b>
<b>Profit Attributable to Owners of Parent</b>	<b>288.2</b>	<b>308.0</b>	<b>+7</b>
<b>Dividends per Share</b>	<b>150 yen</b>	<b>160 yen</b>	<b>+10 yen</b>
Yen/US Dollar rate:	112 yen	108 yen	(4) Yen
Yen/Euro rate:	127 yen	132 yen	+5 yen

# Analysis of Consolidated Operating Income for Fiscal 2018

(Yen in billions)



Note: Figures within parentheses mean minus

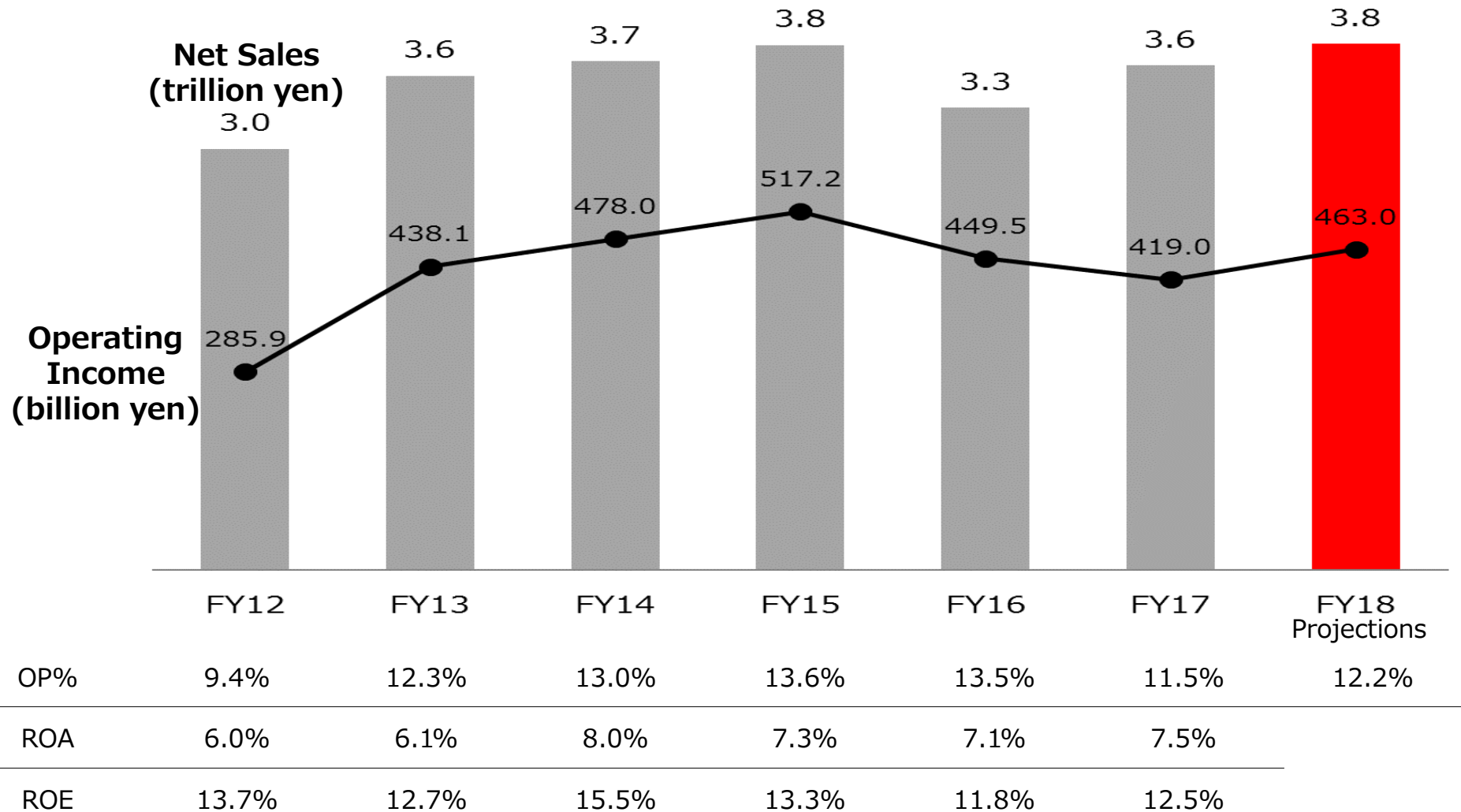
# Financial Projections for Fiscal 2018 : Geographic Segments

(Yen in billions)

Note: Figures within parentheses mean minus

	2017 Results	2018 Projections	vs PY(%)
<b>Consolidated Net Sales</b>	<b>3,643.4</b>	<b>3,800.0</b>	<b>+4</b>
Japan	1,147.8	1,200.0	+5
The Americas	1,776.5	1,800.0	+1
EMEA	559.8	610.0	+9
China, Asia-Pacific	648.8	690.0	+6
<b>Consolidated Operating Income</b>	<b>419.0</b>	<b>463.0</b>	<b>+10</b>
Japan	160.2	164.0	+2
The Americas	187.5	220.0	+17
EMEA	13.6	23.0	+69
China, Asia-Pacific	62.9	72.0	+14

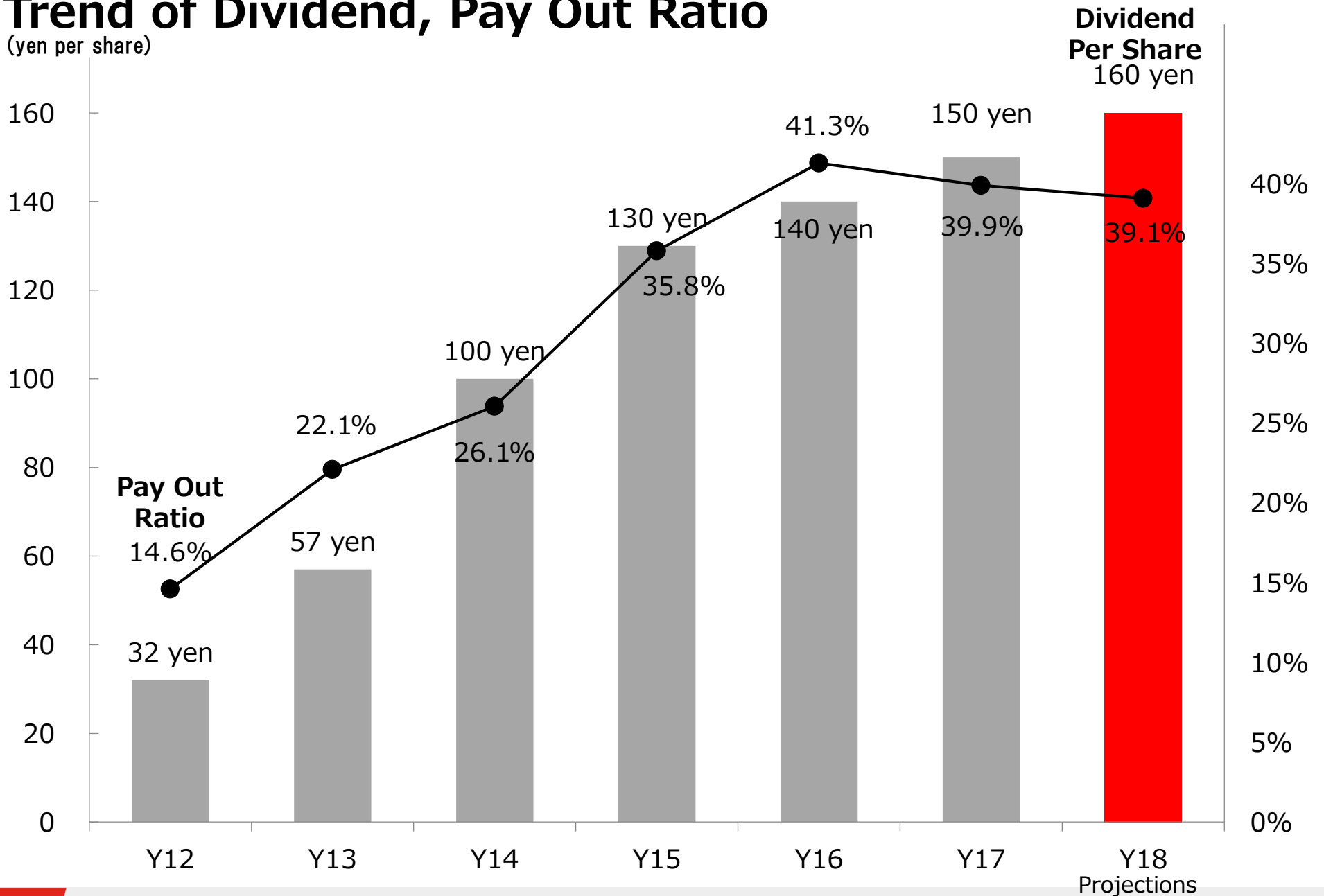
# Trend of Net Sales, Operating Income, ROA, ROE





# Trend of Dividend, Pay Out Ratio

(yen per share)



# Summary

	2017 Results	2018 Projections
<b>Tire sales Volume</b>	<ul style="list-style-type: none"> <li>● Increased OE demand driving sales growth</li> <li>● Ultra-large/Large ORR sales recovery throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>● Steady demand growth</li> <li>● Sales grow with sales promotion</li> <li>● Ultra-large/Large ORR sales grow throughout the year</li> </ul>
<b>Selling Price/ Raw Material</b>	<ul style="list-style-type: none"> <li>● Selling Price increase adoption in major market</li> <li>● Selling Price/Raw Material spread 2H: Positive FY: Remains Negative</li> </ul>	<ul style="list-style-type: none"> <li>● FY assumption is same level as PY</li> <li>● Positive price impact</li> </ul>
<b>SGA</b>	<ul style="list-style-type: none"> <li>● Higher SGA spent for sales promotion activities and distribution expenses in response to increase sales volumes</li> </ul>	
<b>Consolidated Financial Results</b> (Operating income)	<ul style="list-style-type: none"> <li>● Below PY due to increased Raw Material costs</li> <li>● Below projections due to weaker sales volume</li> </ul>	<ul style="list-style-type: none"> <li>● Increase from PY through;               <ul style="list-style-type: none"> <li>-Sales growth incl. Solution business</li> <li>-Continuous sales mix improvement</li> </ul> </li> </ul>



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