



Financial Results for 1st Half of Fiscal 2023

Bridgestone Corporation

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1. Business and Financial Performance
for 1st Half of Fiscal 2023

Consolidated Results for 1st Half of Fiscal 2023

(Yen in billions)

	2022 1H Results					2023 1H Results	vs. PY (%)
		1Q	vs. PY (%)	2Q	vs. PY (%)		
Revenue	1,886.3	1,043.5	+17	1,058.2	+6	2,101.7	+11
Adjusted Operating Profit	206.6	116.8	+16	121.5	+15	238.3	+15
Margin	11.0%	11.2%	(0.2) pp	11.5%	+ 0.9 pp	11.3%	+0.4 pp
Profit Attributable to Owners of Parent	92.9	90.5	+ 68	92.1	+136	182.6	+97
- Continuing Operations	117.6	90.7	+39	92.6	+78	183.3	+56
- Discontinued Operations	(24.7)	(0.2)	-	(0.5)	-	(0.7)	-

*Revenue and Adjusted Operating Profit show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

Overview of the Performance for 1st Half of Fiscal 2023

Business and Financial Highlights

- Amid tire demand for REP market is showing prominent decline vs. PY particularly for TB tires due to global economic slowdown, the Company is not changing the approach to ensure strategic price management and improve sales mix through further focus on resilient premium areas and acceleration of the review for low profit segments. As a result, the Company improved quality of business focusing on sales of “Dan-Totsu” premium tires.
- Revenue increased vs. PY due to improvement of sales mix of premium passenger car tires (HRD (18”+) including ultra-HRD (20”+) and premium tires in each region), as well as sales growth of the Mining tires. With positive impact of the FX, the Company achieved 2 trillion yen of revenue in the 1st half for the first time in the company’s history.
- For the adjusted operating profit, the Company fully offset the negative impact of raw material prices and inflation (energy costs, labor costs, etc.) with positive impact of improvements in price and sales mix. Although the sales volume declined due to weaker demand, adjusted operating profit including impact of FX increased vs. PY due to strong expense management and cost management through on-site improvement in production.
- Both volume increase in the premium areas and price/sales mix improvement has been pursued.

Overview of the Performance by Product

PS/LT (for passenger car & light truck)

- Premium tire (HRD : 18”+) sales was relatively resilient – 1H2023 PSR-HRD sales : 108% vs. PY
- OE: Although there were differences by region, tire demand increased as the vehicle production level at the OEMs has improved.
- REP: While tire demand declined due to the economic slowdown, sales for premium tires continued to be resilient. Japan additionally had advance demand due to increase in price from 2nd half for winter tires.

TB (for truck & bus)

- OE: Although there were differences by region, demand continued to recover from the impact of semiconductors shortage.
- REP: Sales declined vs. PY in the U.S. and Europe, particularly in Europe due to economic slowdown.

OR (for mining & construction)

- Mining: Demand for steel and copper continues to be resilient, exceeding sales vs. PY globally.
- Construction: While OE sales continued to grow steadily, REP sales decreased due to the adjustment of distribution inventories in the U.S. market for small and medium-sized tires, etc.

Business Environment Surrounding Bridgestone Group for 1st Half of Fiscal 2023



Currency Exchange

- JPY depreciated against both USD and EUR compared with PY
1H: 1USD = 135 yen, 1EUR = 146yen (2Q: 1USD = 138 yen, 1EUR = 150 yen)
(Reference) 1H'22: 1USD = 123 yen, 1EUR = 134 yen



Raw Material / Conversion Costs

- Raw materials : The purchase costs of raw materials increased due to spike of energy, labor and other costs of raw material suppliers, though the feedstock prices of raw materials continues to fall vs PY.
- Conversion Costs: Increased vs. PY due to continued inflation in energy, labor, and other costs at plants.



Tire Demand (PSR/TBR)

- OE: Although there were differences by region, tire demand recovered as the semiconductor shortage at the OEMs improved.
- REP: Tire demand for both PSR/TBR has declined due to economic slowdown mainly in the U.S. and Europe, while demand for PSR-HRD (18"+) tires continued to be relatively resilient.

Market trend of natural rubber and crude oil (Average)

	2022				2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Natural Rubber <TSR20>(*1) (¢ /kg)	177	165	146	130	137	135
Natural Rubber <RSS#3>(*1) (¢ /kg)	210	211	163	150	161	155
Crude Oil <WTI> (\$/bbl)	95	109	91	83	76	74

(*1) Source: Singapore Commodity Exchange Limited

Tire Demand (unit base% vs. PY)

Estimated by Bridgestone

	PSR/LTR		TBR	
	OE	REP	OE	REP
Japan	121%	97%	109%	99%
N. America	111%	90% ^(*2)	99%	73% ^(*2)
Europe	116%	87%	108%	72%

(*2) USTMA+TRAC demand is as follows PSR/LTR REP : 94% TBR REP : 80%

Tire Sales Units Growth for 1st Half of Fiscal 2023 (vs. PY)



PSR/LTR

	vs. PY
Global	95%
OE	
Global	106%
Japan	118%
N. America	107%
Europe	114%
China, Asia-Pacific	92%
REP	
Global	90%
Japan	92%
N. America	92%
Europe	79%
China, Asia-Pacific	94%



TBR

	vs. PY
Global	87%
OE	
Global	96%
Japan	113%
N. America	87%
Europe	108%
China, Asia-Pacific	98%
REP	
Global	84%
Japan	101%
N. America	82%
Europe	58%
China, Asia-Pacific	93%



ORR

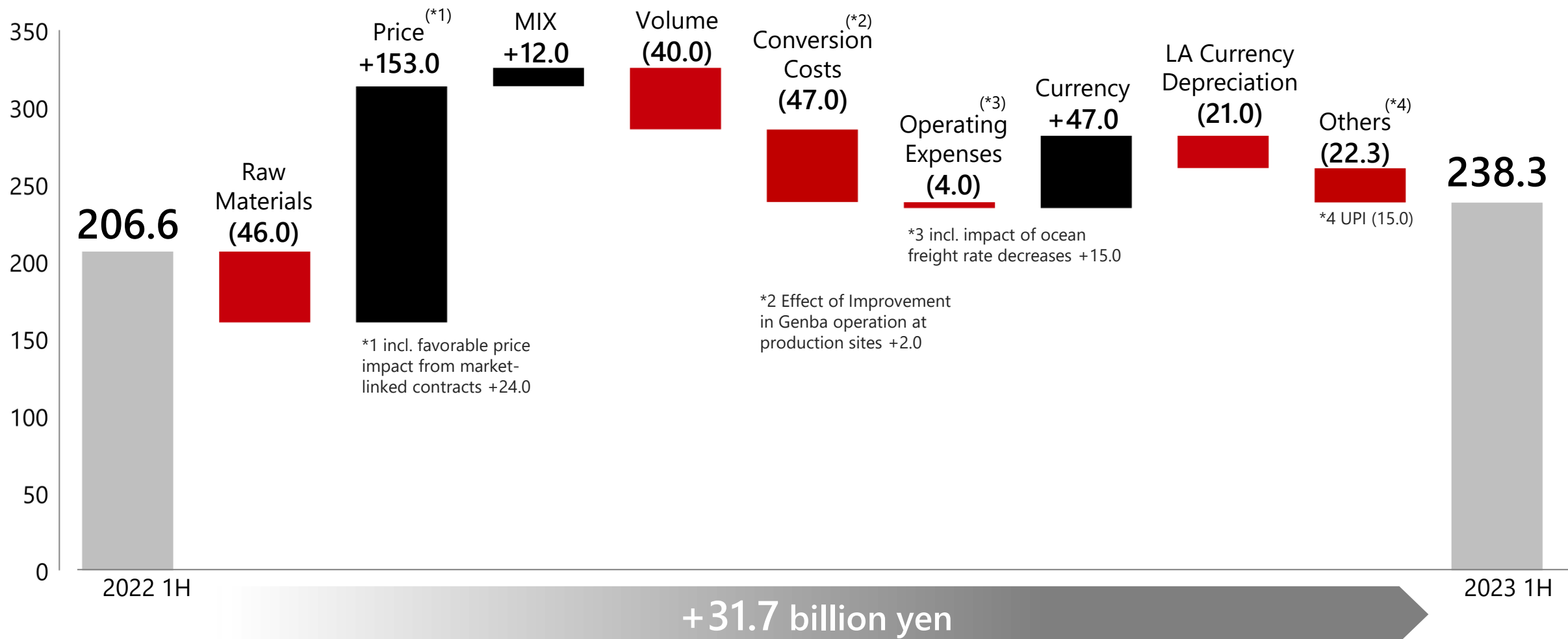
	vs. PY
Ultra-Large (REP)	105%
Large	109%
OE	118%
REP	104%
Small & Medium	96%
OE	108%
REP	88%
PSR HRD (18" +)	
Global	108%
REP	102%



PSR HRD (18" +)

Analysis of Adjusted Operating Profit for 1st Half of Fiscal 2023 (vs. PY)

(Yen in billions)



Consolidated Financial Results by Segment for 1st Half of Fiscal 2023



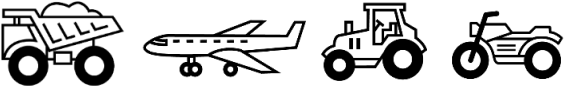

(Yen in billions)

		2022 1H Results	2023 1H Results	vs. PY (%)
Japan*	Revenue	531.5	607.6	+14
	Adjusted OP	55.2	89.1	+62
	Margin	10.4%	14.7%	+4.3 pp
Americas	Revenue	891.1	1,013.1	+14
	Adjusted OP	112.3	118.7	+6
	Margin	12.6%	11.7%	(0.9) pp
Europe, Russia, Middle East, India and Africa	Revenue	422.0	450.8	+7
	Adjusted OP	39.0	15.0	(62)
	Margin	9.2%	3.3%	(5.9) pp
China, Asia-Pacific	Revenue	214.6	230.0	+7
	Adjusted OP	17.7	17.3	(3)
	Margin	8.3%	7.5%	(0.8) pp

*From Fiscal 2023, profit/loss of export business of Japan (PSR/LTR and TBR) are reclassified from "Inter-segment" to "Japan segment". 2022 1H figures have been recalculated with this new method for y/y comparison purpose.

Consolidated Financial Results by Product for 1st Half of Fiscal 2023

(Yen in billions)

		2022 1H Results	2023 1H Results ^(*1)	vs. PY (%)
 PS/LT (incl. retail & credit card business)	Revenue	989.3	1,135.5	+15
	Adjusted OP	107.2	118.2	+10
	Margin	10.8%	10.4%	(0.4) pp
 TB (incl. retread business)	Revenue	499.6	508.2	+2
	Adjusted OP	41.0	47.4	+16
	Margin	8.2%	9.3%	+1.1 pp
 Specialties (OR/AC/AG/MC)	Revenue	263.3	308.8	+17
	Adjusted OP	53.4	67.0	+26
	Margin	20.3%	21.7%	+1.4 pp
 Diversified Products Business ^(*2)	Revenue	134.2	149.2	+11
	Adjusted OP	5.1	5.6	+11
	Margin	3.8%	3.8%	(0.0) pp

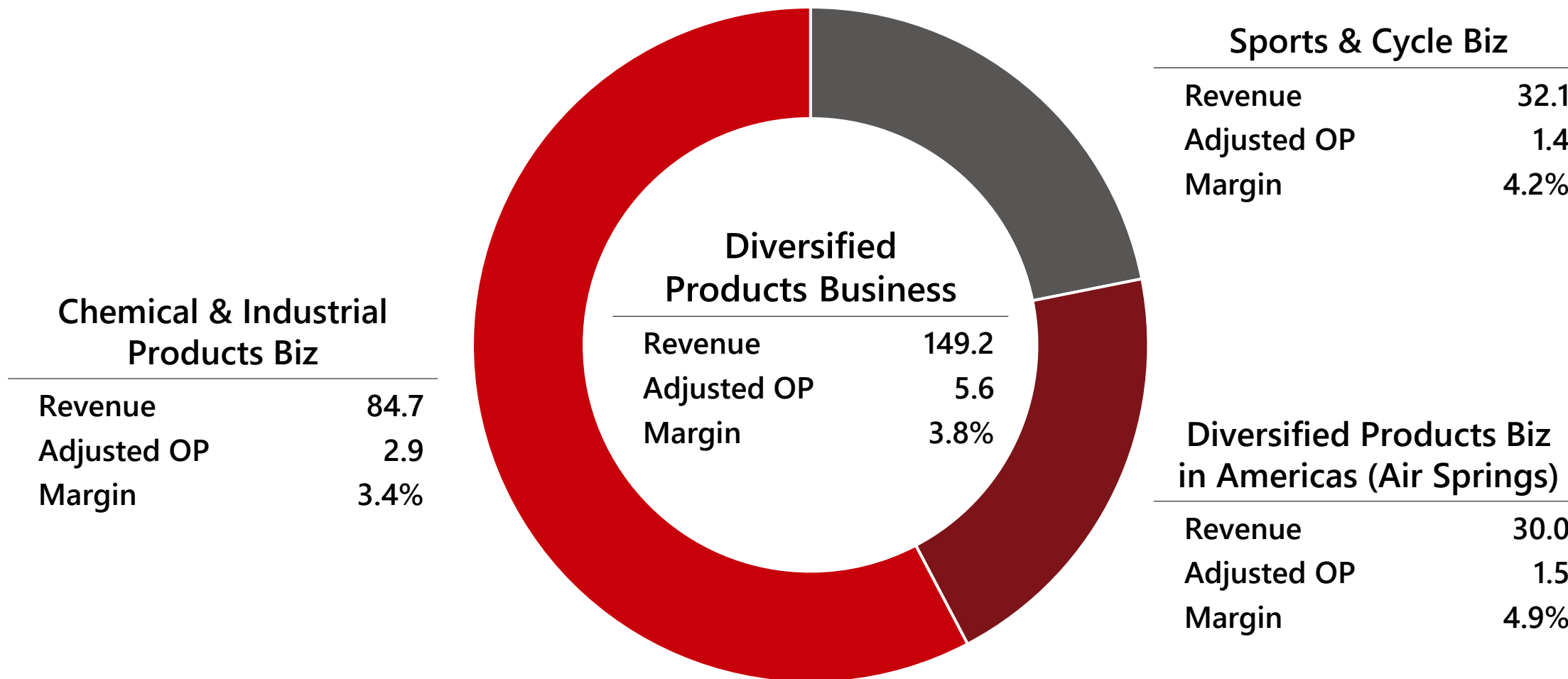
*1 From Fiscal 2023, calculation method for P&L by segment has been partially changed. Figures of previous year have been recalculated for y/y comparison purpose.

*2 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.

Consolidated Financial Results by Business for 1st Half of Fiscal 2023

(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 Half of Fiscal 2023

(Yen in billions)

	2022 Results (as of Dec. 31, 2022)	2023 1H Results (as of Jun. 30, 2023)	vs. Dec. 31, 2022
Total Assets*	4,962.2	5,391.3	+429.1
Total Equity*	3,012.5	3,373.6	+361.1
Equity Ratio (%)*	59.8%	61.6%	+1.8pp
Interest-Bearing Debt <Net>	248.3	235.6	(12.6)
Exchange Rate	USD/JPY	¥133	+¥12
at the end of reporting period	EUR/JPY	¥141	+¥17
	2022 1H Results	2023 1H Results	vs. PY
Cash Flows from Operating Activities	94.8	236.4	+141.6
Cash Flows from Investing Activities	(115.1)	(128.5)	(13.5)
Free Cash Flow	(20.3)	107.9	+ 128.1
Capital Expenditure	91.5	138.4	+46.9
Depreciation and Amortization	134.0	146.7	+12.7

*Due to the application of IAS 12 'Income Taxes', the figures at the end of the fiscal year 2022 have been revised retrospectively.

2. Fiscal 2023 Guidance

Fiscal 2023 Guidance

Forecast of Business Environment



Currency Exchange

- 2H Assumptions: 1USD=133 yen, 1EUR=143 yen (Full-year basis: 1USD=134 yen, 1EUR=144 yen)



Raw Materials

- Raw materials: Price for natural rubber and crude oil is expected to slowly increase vs. PY as the economy recovers in 2nd half of the year. (Price soften vs. February guidance)



Tire Demand

- OE: Demand recovery associated with continuous improvement of semiconductor shortage is expected to continue in the 2nd half of the year and beyond.
- REP: For the overall demand, it is expected to recover throughout the 2nd half, though expected to fall short from February guidance and PY. Meanwhile, the demand for the premium areas (PSR-HRD and Mining tires) is expected to remain relatively resilient.

Concerns for 2nd Half Business Environment

- Slower and weaker recovery for TB tires in the U.S. and Europe, which is expected to recover in 2nd half. Particularly, further economic slowdown and demand deterioration in the Europe market.

Consolidated Financial Forecast for Fiscal 2023

- There is no change in the consolidated financial forecast for fiscal 2023 and dividend from February guidance.
- Below are assumptions for the latest forecast:
 - Vs. February guidance: Minimize negative impact of sales decrease, deterioration of sales mix by cost improvement and expense management. With positive FX impact, reaching year basis AOP of February guidance is expected.
 - Sales: Decrease of REP sales(PS/TB) along with deterioration of sales mix caused by increase of OE composition ratio is expected.
 - Sales price: Strategic price management would be continued. Balance between sales volume and price is to be optimized as business environment has changed from February guidance. Spread of price / sales mix & raw material would be retained.
 - Expense and cost: Thorough expense management and cost management through on-site improvement in production would be continued.
 - Others: Positive FX impact (JPY depreciate against USD/EUR) and improvement of raw materials cost (softer raw material price) is expected.
 - Both increase in sales volume for premium tires, and price / sales mix is to be continuously pursued to improve quality of business.
- As business environment is expected to be more severe than initially expected, the Company continues to focus on improving business quality. Flexible and agile management for supply and inventory is to be implemented carefully watching the market demand trend. Continue management focusing on "execution and results" to secure February guidance (increase in revenue/AOP vs. PY) and dividend (annual dividend: 200 yen per share, +25 yen per share vs. PY).
- 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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