



Summary of Financial Results for 3Q 2023 & Fiscal 2023 Guidance

November 10, 2023

Member of the Board

Global CEO and Representative Executive Officer

Shu Ishibashi

BRIDGESTONE
Solutions for your journey

**Direction for summary of the last year of 21MBP
& management issues for 24MBP**

Financial results for 3Q 2023

Direction for summary of 21MBP

- 2023 – Last year of Mid Term Business Plan (2021-2023) (hereafter 21MBP):
 - **21MBP - “Rebuild earning power”**: Steadily executed reinforcement of premium business strategy and expense & cost structure reformation (incl. manufacturing footprint & business portfolio restructuring)
 - 2023 - Faced with demand decline & deterioration of the business environment mainly in N. America & Europe, further ensure thorough **strategic price management** and **focus on premium**: Continue challenge to **improve business quality**
- Issues for Mid Term Business Plan (2024-2026): **Issues remain toward becoming a “strong” Bridgestone capable of adapting to change**
 - 2023 - Deterioration of the business environment mainly in N. America & Europe exposed issues we hadn’t been able to tackle in 21MBP such as the weak business foundation and channel foundation in the European business

Ensure thorough focus on the resilient premium segment

- Achieve sales expansion, market share increase and sales mix improvement of premium tires based on Dan-Totsu products
- Accelerate reduction of loss-making/unprofitable business

Build 24MBP: “Tackle past legacies squarely without delay”, “focus on execution and delivering results for immediate issues”, and “lay foundation for future growth”

1) Respect for being on-site (Genbutsu-Genba), improve working & business quality
“Passion for Excellence”

- 2) Tackle 2nd stage of restructuring (mainly in Europe)
- Restructure & rebuild European business: From production to sales & retail (with BRIDGESTONE WEST approach)
 - Improve efficiency through new “glocal” structure (BRIDGESTONE WEST & EAST)
 - Another level of premium focus: Further reduction/discontinuation of loss-making/unprofitable business

Financial results for 3Q 2023

Summary of the business environment (demand)

- **“Concerns over the business environment in 2H”** mentioned during the 1H 2023 financial results announcement is becoming apparent

Concerns for 2H at the time of the Aug. announcement

- Delay and/or reduction in level of demand recovery expected in 2H for TB* in N. America & Europe
- In particular, prolonged downturn in economy & demand becoming apparent in the European market



< Tires for passenger cars and truck & bus >

Original equipment (OE): Although there are differences by product type and region, demand recovery trend continues - Generally the same as announced in Aug.

Replacement (REP): Decline vs. prior year for both PS* & TB

⇒ **Recovery for TB in N. America & Europe and for Europe as a whole are slower than what was expected in the Aug. announcement**

*PS: Passenger car tires / TB: Truck & bus tires

Business environment (demand) - Passenger car replacement tires

PS demand - REP -

2023 demand forecast (N. America & Europe) (vs. same period prior year)

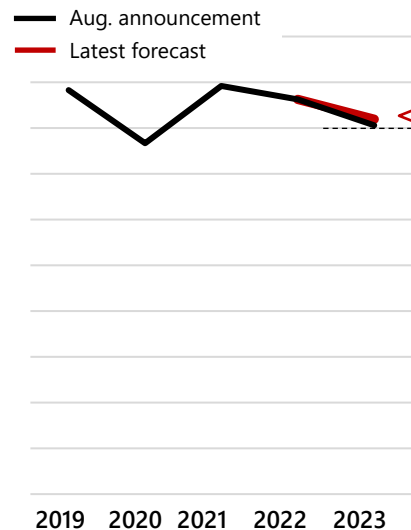
- Sell-out: N. America – Gradual recovery from 2Q, continuing in 2H
Europe – Recovery trend from 3Q but slow
- Sell-in: N. America – Completion of distribution inventory adjustments by end of 1H.
Reflecting sell-out, expect same level as prior year for the year, slightly exceeding Aug. announcements.
- Europe – Distribution inventory levels remain high at end of 3Q.
Expect decline vs. prior year for the year, also slightly below Aug. announcement.

Demand for PS 18 inch and above - REP -

2023 demand forecast (N. America & Europe) (vs. same period prior year)

- Sell-out:
N. America – Maintains resilient demand reflecting the shift to large vehicles & EVs.
Solid sell-out throughout the year, expect to exceed prior year.
- Europe – Impacted by the economic downturn, expect slower recovery for the year.
- Sell-in:
N. America – Expect growth vs. prior year for the year, also exceeding Aug. announcement
- Europe – Reflecting slower sell-out recovery, expect to be below prior year and Aug. announcement for the year

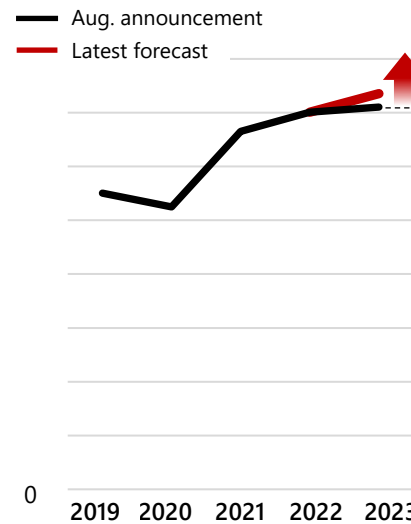
Trend in sell-in demand (N. America & Europe)



2023 demand forecast (vs. same period prior year)

	N. America		Europe	
	Jan. - Sep. results	FY forecast	Jan. - Sep. results	FY forecast
Aug. announcement	95-99	95-99	90-94	90-94
Latest forecast	98	100	89	90-94

Trend in sell-in demand (N. America & Europe)



2023 demand forecast (vs. same period prior year)

	N. America		Europe	
	Jan. - Sep. results	FY forecast	Jan. - Sep. results	FY forecast
Aug. announcement	101-105	101-105	100	100
Latest forecast	108	106-110	98	95-99

* Demand: Bridgestone estimate, Demand for N. America: USTMA (U.S. Tire Manufacturers Association) + TRAC (Tire Rubber Association of Canada) based

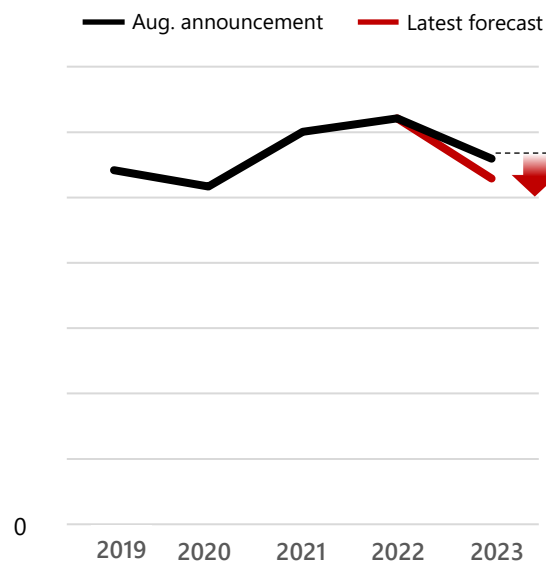
Business environment (demand) - Truck & bus replacement tires

TB demand - REP -

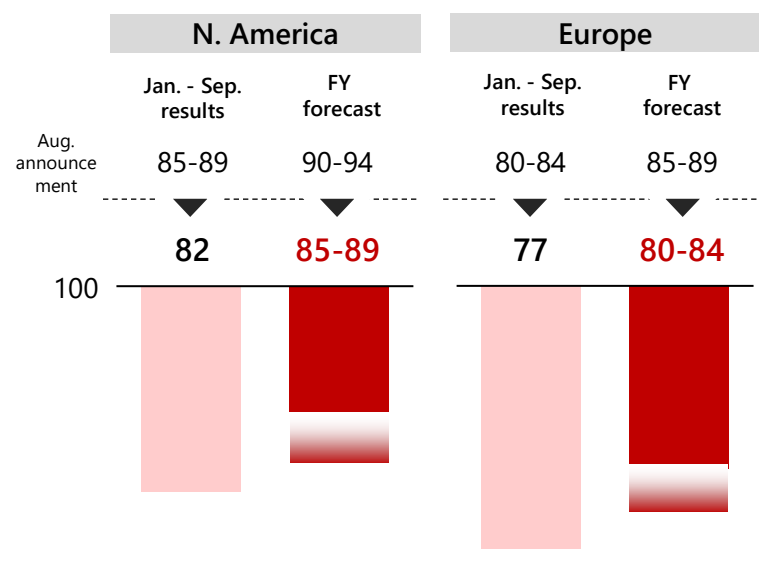
2023 demand forecast (N. America & Europe) (vs. same period prior year)

- Sell-out: N. America – Recovery trend from 3Q but remains slow for the year
Europe – Prolonged economic downturn became apparent, and will not recover for the year
- Sell-in: N. America – Distribution inventory levels headed toward normalization in 2H but remain high at end of 3Q.
Reflecting sell-out and distribution inventory, sell-in demand will also be near 90% of prior year, below Aug. announcement for the year.
Europe – Inventory levels remain lower than previous year standards with dealers tending to reduce distribution inventories reflecting the economic downturn.
Reflecting sell-out decline and distribution inventory conditions, sell-in demand expected to remain approx. 80% of prior year, lower than Aug. announcement for the year.

Trend in sell-in demand (N. America & Europe)



2023 demand forecast (vs. same period prior year)



* Demand: Bridgestone estimate, Demand for N. America: USTMA (U.S. Tire Manufacturers Association) + TRAC (Tire Rubber Association of Canada) based

Focus on premium: Passenger car tires

■ In the challenging business environment, **focus on premium tires for passenger cars** is supporting Group's performance

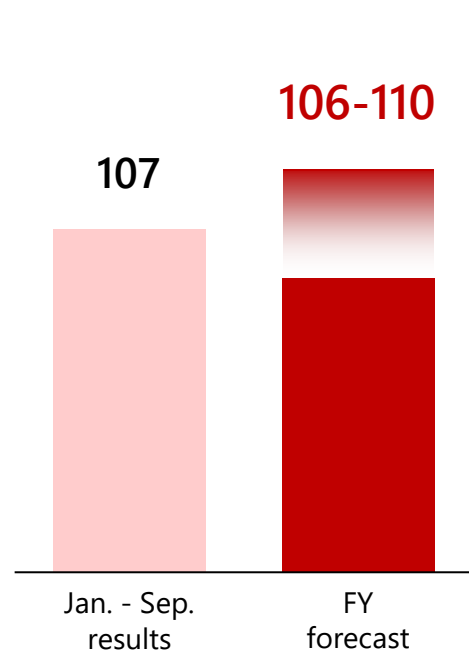
- **Increase sales volume vs. prior year** (Jan. - Sept. results + 2023 FY forecast) for **PS HRD* tires** (OE+REP) that are relatively resilient

*HRD: High rim diameter

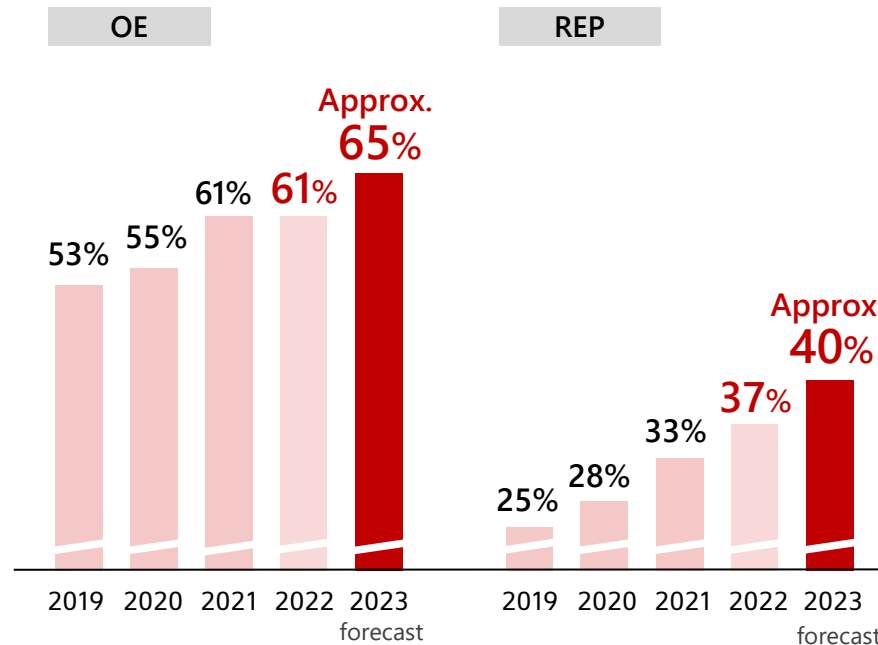
- **Improve sales mix of PS HRD tires:**

Take in REP tire recursion demands from OE tires, to ensure growth in 2024 and beyond

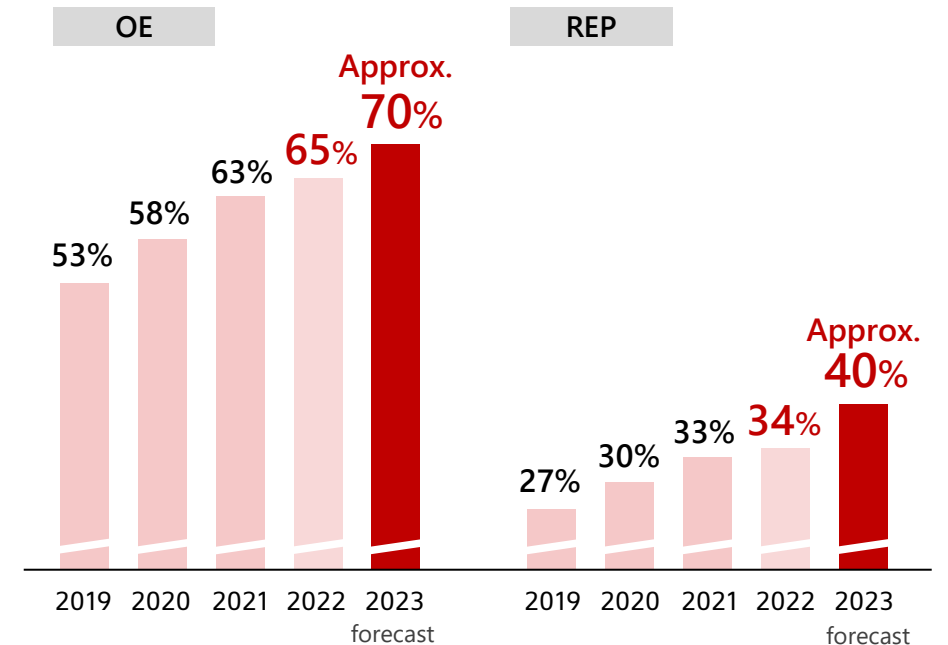
Global - OE + REP:
Sales volume of tires 18 inch & above
(For 2023, vs. same period prior year)



N. America & Europe:
Sales portion of tires 18 inch & above (Full year)



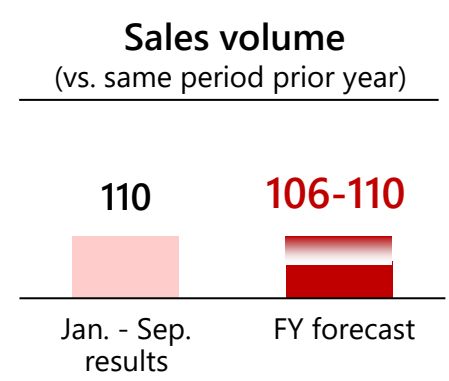
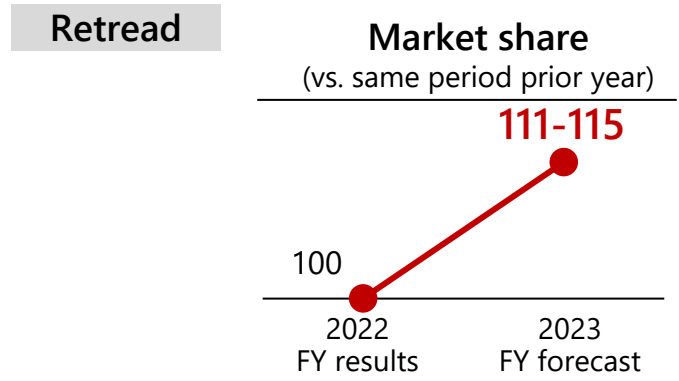
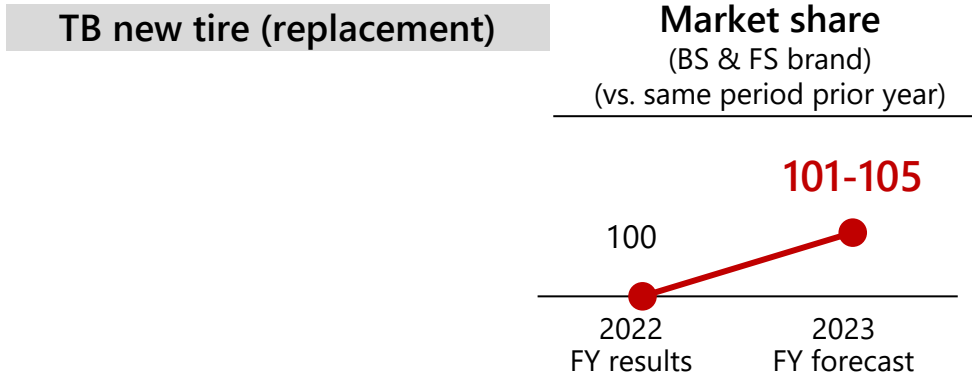
Emerging markets (Asia Pacific, China, L. America)
Sales portion of tires 17 inch & above (Full year)



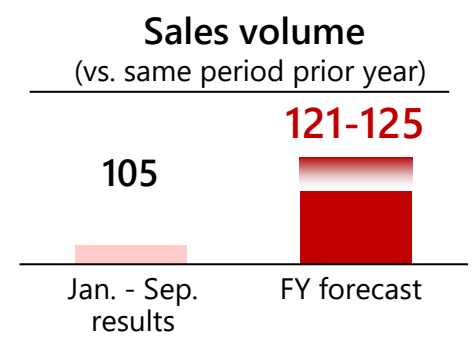
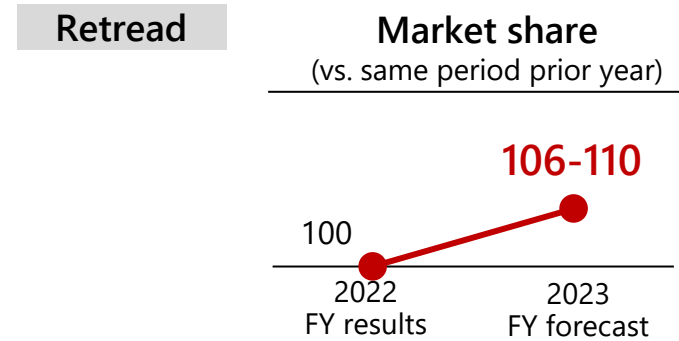
Focus on premium: Truck & bus tires (new product + retread)

■ Enhance solutions and build foundations for the mobility tech business toward 24MBP

- N. America - TB business: Leveraging strong business foundations, expect growth toward 24MBP in premium tires & retread despite the challenging business environment
 - New product: Expect increase in market share for both fleets and dealers ⇒ Sales volume will decrease due to large demand decline
 - Retread: Expect increase in market share and sales volume



- Japan – Retread: Create demand as market leader – Expect increase in market share and sales volume



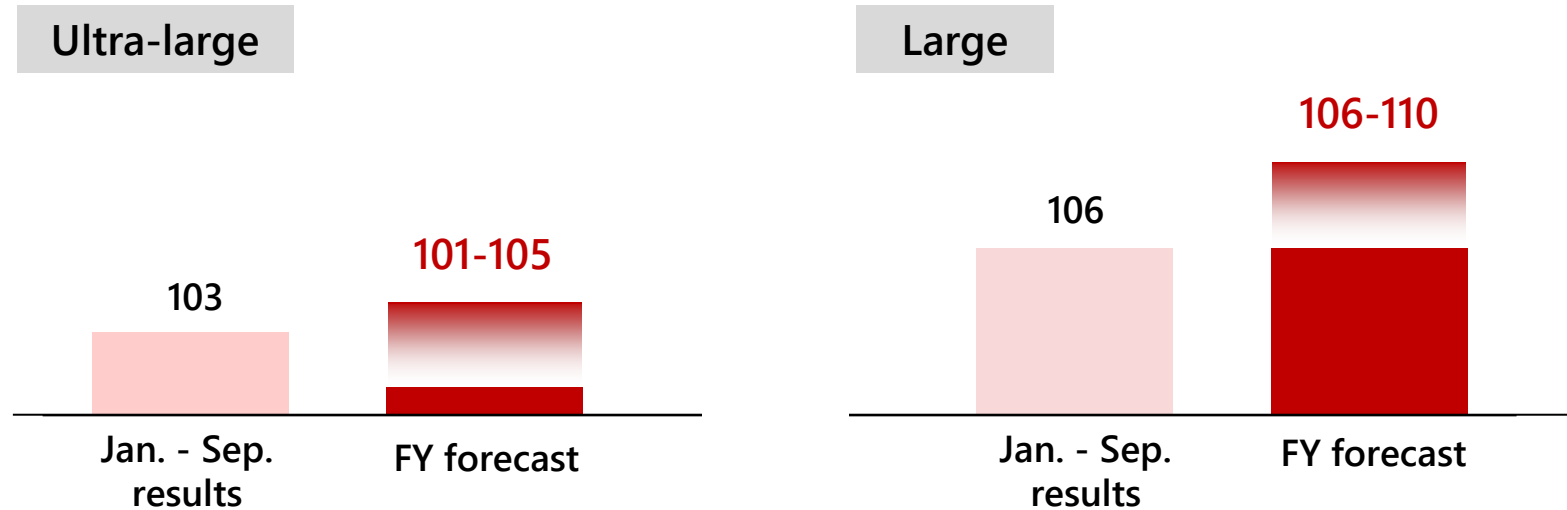
*Demand and share are Bridgestone estimates

Focus on premium: Off-the-road tires for mining vehicles

- OR business is supporting Group's performance in the challenging business environment
- **Build foundations to enhance mining solutions** in 24MBP

- Off-the-road tires for mining vehicles (OR) - Expect increase in sales volume and market share for ultra-large and large tires based on Dan-Totsu products

Sales volume (vs. same period prior year)



Summary of financial results for 3Q 2023

■ Financial results for 3Q 2023

(Unit: B JPY)	2022 9 months results	2023 9 months results	vs. prior year (%)
Revenue	2,976.9	3,198.1	107
Adj. Operating Profit	342.2	362.3	106
Margin	11.5%	11.3%	(0.2) pp

① Revenue

- Achieved strategic price management, sales expansion & improvement of sales mix of premium passenger car tires, and sales expansion of off-the-road tires for mining vehicles
- Including tailwind effect from currency exchange, **secured increased revenue vs. prior year**

② Adjusted Operating Profit

- Covered negative impacts on cost from raw material prices and inflation (energy costs, labor costs, etc.) through **improvement in price and sales mix**
- Despite negative impact to sales volume from the significant demand decline in N. America & Europe, promoted **thorough expense management and on-site productivity improvement in production** to secure **increased profit vs. prior year** including impacts from currency exchange
- Fell one step short in margin, at (0.2) pp vs. prior year
⇒ Urgent need to further **improve business quality**

■ Fiscal 2023 guidance & shareholder returns: No changes from figures announced in February 2023

Constantly aim to optimize balance in increasing premium tire sales volume and improving price and sales mix. Become as close as possible to a "strong" Bridgestone capable of adapting to change, and lay foundations for growth in 24MBP.



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