



# Financial Results for 1st Quarter of Fiscal 2023

Bridgestone Corporation

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

# Consolidated Results for 1st Quarter of Fiscal 2023

(Yen in billions)

	2022 1Q Results	2023 1Q Results	vs PY (%)
Revenue	891.0	1,043.5	+17
Adjusted Operating Profit	101.1	116.8	+16
Margin	11.3%	11.2%	(0.2) pp
Profit Attributable to Owners of Parent	53.8	90.5	+ 68
- Continuing Operations	65.4	90.7	+39
- Discontinued Operations	(11.6)	(0.2)	-

\*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 Quarter of Fiscal 2023

## Business and Financial Highlights

- Amid tire demand for REP market is showing prominent decline vs. PY due to economic slowdown mainly in the U.S. and Europe, the Company is not changing the approach to ensure Strategic Price Management and improve sales mix through further focus on the resilient premium areas and acceleration of the review for low profit segments. As a result for 1st quarter, the Company secured profitability with optimizing the balance between sales volume of premium tires, price and sales mix.
- 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. The Company achieved 1 trillion yen of revenue in the 1st quarter 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 the improvements in price and sales mix. Although the sales volume declined due to weaker demand, adjusted operating profit increased vs. PY due to the tailwind effect from weak yen.

## Overview of the Performance by Product

### PS/LT (for passenger car & light truck)

- Premium tire (HRD : 18"+) sales was relatively resilient – 1Q 2023 PSR-HRD sales : 104% vs. PY
- OE: Although there were differences by region, tire demand recovered as the vehicle production level at the OEMs was improving since 2H 2022.
- REP: While tire demand declined due to the economic slowdown, sales for PSR-HRD continued to be relatively resilient.

### TB (for truck & bus)

- OE: Since 2H of 2022, demand continued to recover from the impact of semiconductors shortage. Tire sales was particularly strong in Europe.
- REP: Sales declined vs. PY in the U.S. and Europe due to economic slowdown. In Japan, sales declined in 1Q, partly due to a rush before price increase in prior year.

### OR (for mining & construction)

- Mining: Increased sales vs. PY in global total. Suspension of exports to Russia was covered by sales in other markets.
- Construction: While OE sales continued to grow steadily, REP sales decreased due to the adjustment of distribution inventories in U.S. market for small and medium-sized tires, etc.

# Business Environment Surrounding Bridgestone Group for 1st Quarter of Fiscal 2023



## Currency Exchange

- JPY depreciated against both USD and EUR compared with PY  
1USD=132 yen, 1EUR=142 yen (Reference) 1Q'22 1USD=116 yen, 1EUR=130 yen



## Raw Materials/ Conversion Costs

- Raw materials: In total, 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 have softened.
- 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 situation at the OEMs was improving.
- REP: While tire demand showed prominent decline due to the economic slowdown mainly in the U.S. and Europe, demand for PSR-HRD (18" +) tires continued to be relatively resilient.

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

\* Source: Singapore Commodity Exchange Limited

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

### Tire Demand (unit base % vs. PY)

Estimated by Bridgestone

	PSR/LTR		TBR	
	OE	REP	OE	REP
Japan	115%	92%	99%	80%
N. America	107%	92%	107%	90%
Europe	119%	87%	113%	74%

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



## PSR/LTR

	vs. PY
Global	91%
<b>OE</b>	
Global	102%
Japan	112%
N. America	102%
Europe	115%
China, Asia-Pacific	86%
<b>REP</b>	
Global	86%
Japan	81%
N. America	94%
Europe	76%
China, Asia-Pacific	93%



## TBR

	vs. PY
Global	87%
<b>OE</b>	
Global	100%
Japan	102%
N. America	93%
Europe	120%
China, Asia-Pacific	105%
<b>REP</b>	
Global	83%
Japan	77%
N. America	88%
Europe	59%
China, Asia-Pacific	100%



## ORR

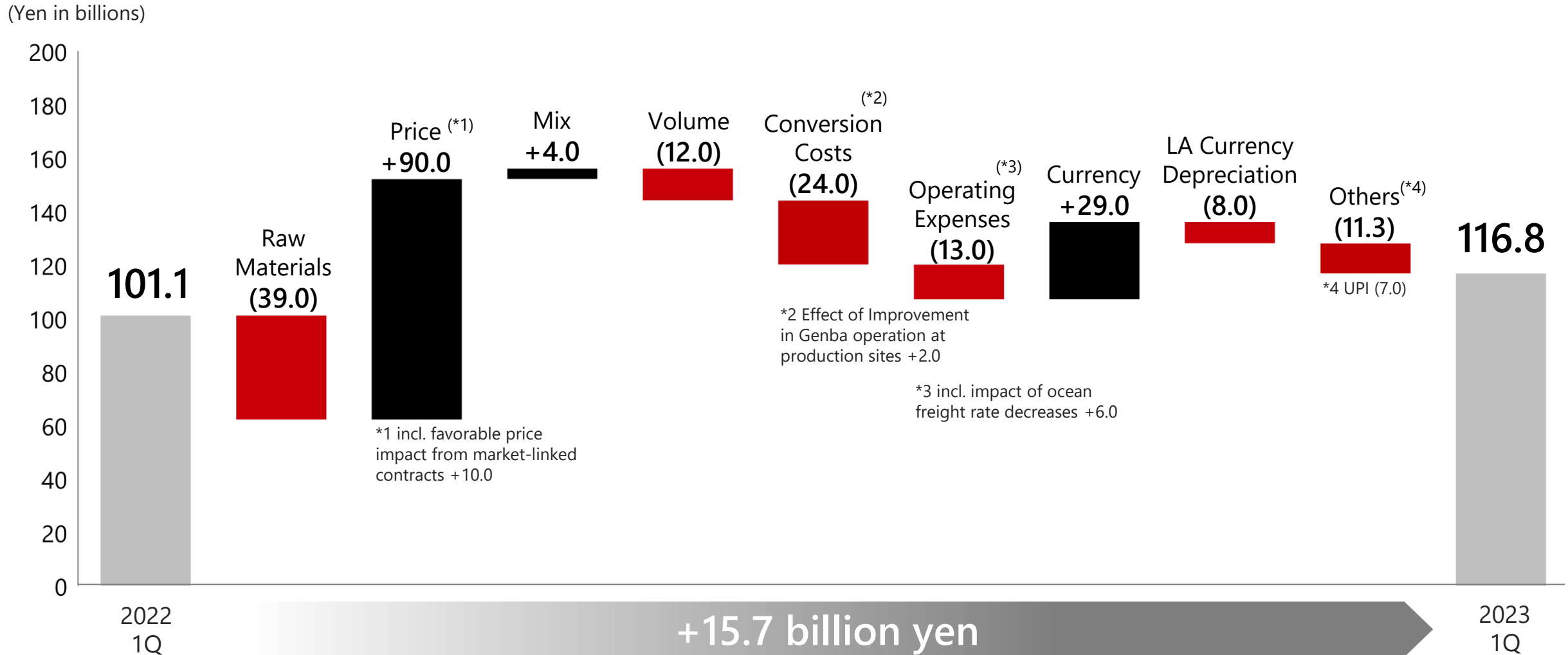
	vs. PY
Ultra-Large (REP)	105%
Large	110%
OE	116%
REP	106%
Small & Medium	96%
OE	106%
REP	90%



## PSR HRD (18"+)

Global	104%
REP	99%

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





# Consolidated Financial Results by Segment for 1st Quarter of Fiscal 2023





(Yen in billions)

		2022 1Q Results	2023 1Q Results	vs. PY (%)
<b>Japan*</b>	Revenue	265.6	300.0	+13
	Adjusted OP	30.1	41.5	+38
	Margin	11.3%	13.8%	+2.5 pp
<b>Americas</b>	Revenue	390.5	494.9	+27
	Adjusted OP	43.4	54.5	+25
	Margin	11.1%	11.0%	(0.1) pp
<b>Europe, Russia, Middle East, India and Africa</b>	Revenue	205.9	226.7	+10
	Adjusted OP	19.9	6.8	(66)
	Margin	9.6%	3.0%	(6.7) pp
<b>China, Asia-Pacific</b>	Revenue	104.3	116.9	+12
	Adjusted OP	10.3	8.3	(19)
	Margin	9.8%	7.1%	(2.7) pp

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

# Consolidated Financial Results by Product for 1st Quarter of Fiscal 2023

(Yen in billions)

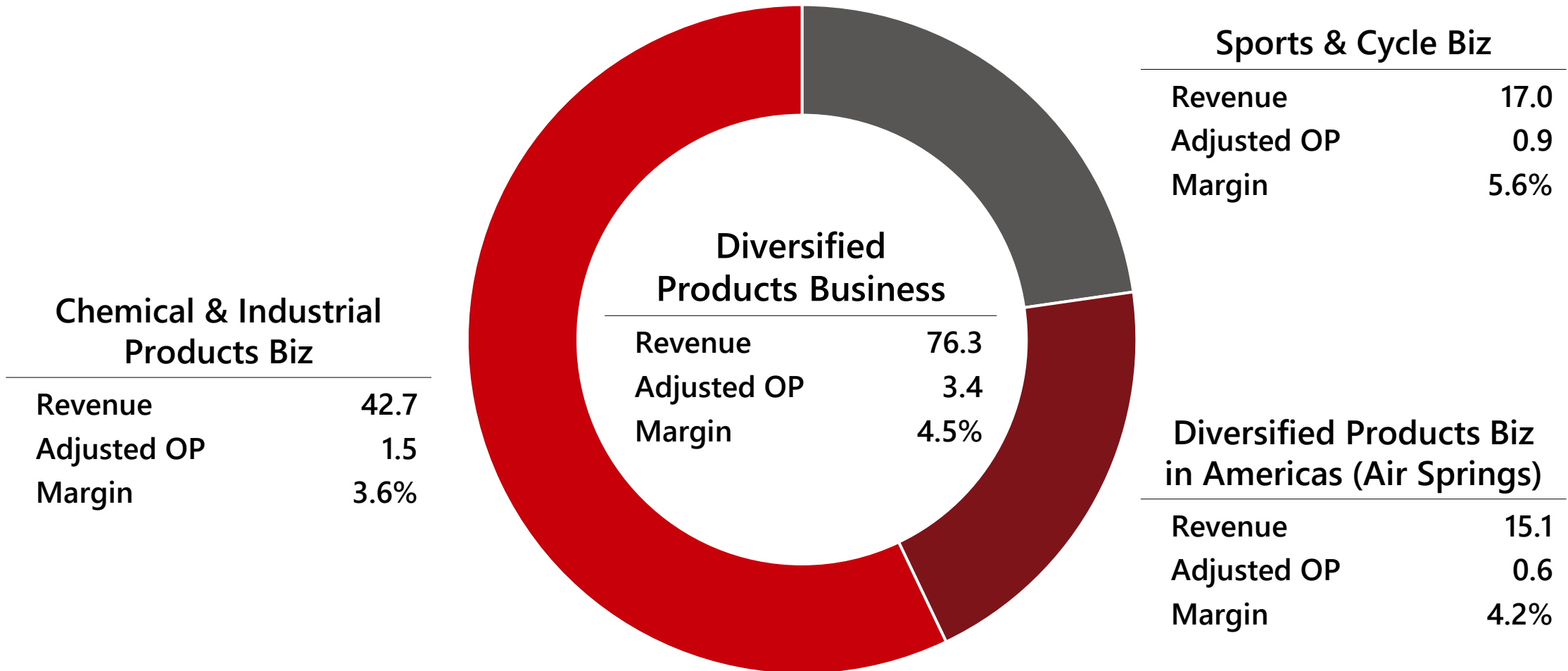
		2022 1Q Results	2023 1Q Results <sup>(*1)</sup>	vs. PY (%)
 <b>PS/LT</b> (incl. retail & credit card business)	Revenue	474.6	567.7	+20
	Adjusted OP	53.7	57.1	+6
	Margin	11.3%	10.1%	(1.2) pp
 <b>TB</b> (incl. retread business)	Revenue	233.3	252.7	+8
	Adjusted OP	21.1	24.1	+14
	Margin	9.1%	9.6%	+0.5 pp
 <b>Specialties</b> (OR/AC/AG/MC)	Revenue	116.9	146.8	+26
	Adjusted OP	22.8	32.1	+41
	Margin	19.5%	21.9%	+2.4 pp
 <b>Diversified Products <sup>(*2)</sup> Business</b>	Revenue	66.2	76.3	+15
	Adjusted OP	3.5	3.4	(2)
	Margin	5.3%	4.5%	(0.8) 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 Quarter 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 Quarter of Fiscal 2023

(Yen in billions)

		2022 Results (as of Dec. 31, 2022)	2023 1Q Results (as of Mar. 31, 2023)	vs. Dec. 31, 2022
Total Assets*		4,962.2	<b>4,994.9</b>	+32.7
Total Equity*		3,012.5	<b>3,074.8</b>	+62.3
Equity Ratio (%)*		59.8%	<b>60.6%</b>	+0.8 pp
Interest-Bearing Debt (Net)		248.3	<b>285.3</b>	+37.0
Exchange Rate	USD/JPY	¥133	¥134	+¥1
at the end of reporting period	EUR/JPY	¥141	¥146	+¥5
		2022 1Q Results	2023 1Q Results	vs. PY
Cash Flows from Operating Activities		66.0	<b>119.8</b>	+53.9
Cash Flows from Investing Activities		(74.0)	<b>(80.1)</b>	(6.1)
Free Cash Flow		(8.1)	<b>39.7</b>	+ 47.7
Capital Expenditure		35.2	<b>51.4</b>	+16.2
Depreciation and Amortization		64.3	<b>72.2</b>	+7.9

\*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

- Expects exchange rate levels of 1USD=128 yen and 1EUR=135 yen from the 2nd quarter onward. (Full-year basis: 1USD=129 yen, 1EUR=137 yen)



### Raw Materials/ Conversion Costs

- Raw materials: Though natural rubber and crude oil are currently showing softness, raw material cost increase is expected in the second half of the year as the economy recovers.
- Conversion Costs: Cost increase is expected to continue due to inflation in energy, labor costs, etc at plants.



### Tire Demand

- OE: No material change is expected from February guidance for the demand recovery associated with continuous improvement in situation of semiconductor shortage in 2Q and beyond.
- REP: For the overall demand, the recovery has been slower than the February guidance, which is expected to catch up in the second half of the year. Close monitoring is required especially in the U.S. and Europe market. The demand for the premium areas (PSR-HRD and Mining tires) is expected to remain relatively resilient.

## Consolidated Financial Forecast for Fiscal 2023

- There is no change in the consolidated financial forecast for fiscal 2023 from February guidance.
- Below are assumptions for the latest forecast:
  - ① Though the positive impact from y/y volume increase shrinks due to weaker demand, no change in the Company's approach to pursue both volume increase in the premium areas and price / sales mix improvement.
  - ② Favorable currency impact is expected compared to February guidance, based on latest assumption.
- 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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