



Financial Results for Fiscal 2023

Bridgestone Corporation

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Global CFO and Executive Director, G Finance

Naoki Hishinuma

BRIDGESTONE
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1. Business and Financial Performance for Fiscal 2023

Consolidated Financial Results for Fiscal 2023

	2022 Results ^(*2)							(Yen in billions) vs. Projections (%) (Ref. Feb 16, 2023 announcement)
		9 months	vs. PY (%)	4Q	vs. PY (%)	2023 Results	vs. PY (%)	
Revenue ^(*1)	4,110.1	3,198.1	+7	1,115.7	(2)	4,313.8	+5	+4
Adjusted Operating Profit ^(*1)	482.6	362.3	+6	118.3	(16)	480.6	(0)	(6)
Margin	11.7%	11.3%	(0.2)pp	10.6%	(1.8)pp	11.1%	(0.6)pp	(1.1)pp
Profit Attributable to Owners of Parent	300.3	266.7	+41	64.6	(42)	331.3	+10	(1)
- Continuing Operations	305.4	265.7	+22	61.3	(31)	326.9	+7	(4)
- Discontinued Operations	(5.1)	1.1	-	3.3	(86)	4.4	-	-
ROIC ^(*1)	9.4%					8.7%	(0.7)pp	(1.8)pp
ROE ^(*1)	10.9%					10.4%	(0.6)pp	(1.0)pp

(*1) Revenue, Adjusted Operating Profit, ROIC and ROE show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

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

Overview of the Performance for Fiscal 2023

Executive Summary of FY 2023

- In the premium tire business, we further strengthened our **focus on the premium segment** amid a challenging demand environment for replacement tires and a year-on-year decline in global sales volume.
- With respect to PS REP tires, we thoroughly **improved sales mix** mainly by below points;
 - Expanding sales of HRD tires (18" +)** , which have relatively little impact on environmental changes and maintained stable demand
 - Working to **reduce loss-making and unprofitable areas**
 - Launching high-performance, high-value-added Dan-Totsu products
- Amid a situation where demand for new tires is becoming more severe than expected, in **TB REP business in North America, where we have strong business foundation** such as Dan-Totsu products and solution network, we were able to **improve our share of new and retread tires in the premium segment** by combining retread tires with new tires.
- In addition, **mining tires achieved solid sales and market share gains, underpinned the company's overall performance** in a challenging business environment based on the strength of respect for being on-site, such as tire maintenance services, with the foundation of Dan-Totsu products.
- In the European business, which has been a management issue for the Group in terms of profitability and business foundation, weakness in the sales channel base and other factors have become apparent under the severe business environment, and issues remain to be addressed to improve the situation.
- In the Americas business, where Argentina's hyperinflationary accounting (*) was applied, the impact of a large devaluation of the currency happened in December significantly pushed down business results, which negatively impacted company's consolidated financial results.

Regarding business results for the fiscal year ended December 31, 2023, a lack of response to address changes has become apparent, and it has become urgent for us to improve our management to capture changes, our sensitivities to quickly respond to change, and the quality and speed of our PDCA (Plan, Do, Check, Act) cycle in the coming fiscal year. The goal of becoming a "strong" Bridgestone capable of adapting to change, which was set at the beginning of the fiscal year, remains a challenge.

*IAS 29 Financial Reporting in Hyperinflationary Economies

Overview of the Performance for Fiscal 2023

Business and Financial Highlights

- Revenue achieved a year-on-year increase. The favorable impacts came from **improvement of sales mix** of PSR REP premium tires(18"+inch tires, and profitable premium tire brands in each regions), as well as **expanding sales of ultra-large/large mining tires**, and tailwind of FX. These factors offset the negative impact of sales decrease by demand decline in the U.S. & Europe, and Argentina's hyperinflationary accounting.
- **Adjusted operating profit(AOP)** decreased year-on-year, including positive effect of FX. The negative impact of manufacturing costs due to raw materials and inflation (energy, labor cost etc.) was offset by **improvements in price & sales mix**, along with **strong expense management**, and **on-site improvement in production**. However, there was still a negative impact **from decreased sales volume and increased conversion cost**. Additionally, Argentina's hyperinflationary accounting **had a significant negative impact on AOP**. **Excluding this negative impact of 10.0 billion yen, AOP increased vs. PY.**
- AOP Margin was 11.1%, which was lower by 0.6pp year-on-year. Ongoing efforts of improving business quality to adapt to changes are accelerated.
- Net income achieved a year-on-year increase.

Overview of the Performance by Product

PS/LT (for passenger car & light truck)

- Sales expanded for 18"+inch tires which the demand maintained stable for its relatively calm impact of environment change; PSR-HRD sales: 108% YoY
- OE: Vehicle production conditions at automobile companies are improving. Tire sales increased year-on-year, excluding some regions.
- REP: Tire sales decreased year-on-year by economic slowdown. Mainly caused by sales decline from weak winter tire demand of Japan due to warm winter climate.

TB (for truck & bus)

- OE: Demand continued to recover from the impact of semiconductor shortages. North America declined in sales year-on-year due to component shortage.
- REP: Sales mainly in the U.S. and Europe largely declined year-on-year due to economic slowdown, with Europe showing a significant decrease in sales.

OR (for mining & construction)

- Mining: Demand for mainly steel and copper continues to be resilient, exceeding sales vs. PY globally.
- Construction: While OE sales increased, REP sales for small and medium-sized tires decreased due to decrease in harbor operations etc. in Europe.

Business Environment Surrounding Bridgestone Group for Fiscal 2023



Currency Exchange

- Both USD and EUR appreciated against JPY compared with PY
1USD = ¥141, 1EUR = ¥152 (4Q: 1USD = ¥148, 1EUR = ¥159) (Reference) FY22 1USD = ¥132, 1EUR = ¥138



Raw Material

- Raw Material: The feedstock prices of raw materials declined vs. PY, while the purchase costs of raw materials increased mainly in the 1st half, due to spike of energy, labor and other costs of raw material suppliers. As a result, the overall purchase cost of raw material became at almost the same level with previous year.



Tire Demand (PSR/TBR)

- OE: Although there were differences by region, tire demand continued to recover and increased vs. PY as the production level at the OEMs recovered by improvement of semiconductor shortage.
- REP: Tire demand for both PSR /TBR has declined due to global economic slowdown. Especially decline in TBR demand vs. PY was severe in the U.S. and Europe.
- TB: In **N. America, demand significantly decreased year-on-year basis**, despite the recovering trend from 3Q. Normalization of dealer inventory has progressed in most dealers. However, some dealers ended slightly higher than average year end level. **Normalization is expected to complete in 1Q 2024.** Downturn in economy in **Europe** has also been apparent which led to **a significant decline in demand on a year-on-year basis**. Dealer inventory are lower than average year end level, as each dealers are keeping their inventory levels minimum.
- PS: In N. America, normalization of dealer inventory has completed at the end of 1st half, which led recovery trend of demand to continue in the 2nd half. In Europe, dealer inventory level are progressing to normalize. However, the dealer inventory is still higher than average year end level, with the demand being lower than PY. In the second half, demand for winter tire decreased due to warm winter climate mainly in Japan.
- Demand for PSR-HRD(18"+ inch) **maintained a solid increase vs. PY** mainly in the U.S. and Europe.

Market trend of natural rubber and crude oil (Average)

	2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Natural Rubber ^(*1) 〈TSR20〉 (¢ /kg)	177	165	146	130	137	135	134	145
Natural Rubber ^(*1) 〈RSS#3〉 (¢ /kg)	210	211	163	150	161	155	151	166
Crude Oil 〈WTI〉 (\$/bbl)	95	109	91	83	76	74	82	79

(*1) Source: Singapore Commodity Exchange Limited

Tire Demand (unit base% vs. PY)

Estimated by Bridgestone	PSR/LTR		TBR	
	OE	REP	OE	REP
	Japan	116%	93%	109%
Asia ^(*2)	106%	110%	147%	111%
N.America	107%	99% ^(*3)	96%	82% ^(*3)
Europe	110%	91%	104%	79%

(*2) Total of Thailand, Indonesia and China (*3) USTMA+TRAC demand
Demand including tire imports from Asia is as follows.
PSR/LTR REP: 100% TBR REP: 77%

Tire Sales Growth for Fiscal 2023(vs. PY)



PSR/LTR

	vs PY
Global	94%
OE	
Global	102%
Japan	113%
China, Asia-Pacific	89%
N. America	105%
Europe	106%

REP

Global	90%
Japan	86%
China, Asia-Pacific	97%
N. America	95%
Europe	85%



TBR

	vs PY
Global	88%
OE	
Global	96%
Japan	113%
China, Asia-Pacific	105%
N. America	89%
Europe	109%

REP

Global	85%
Japan	89%
China, Asia-Pacific	96%
N. America	86%
Europe	70%



ORR

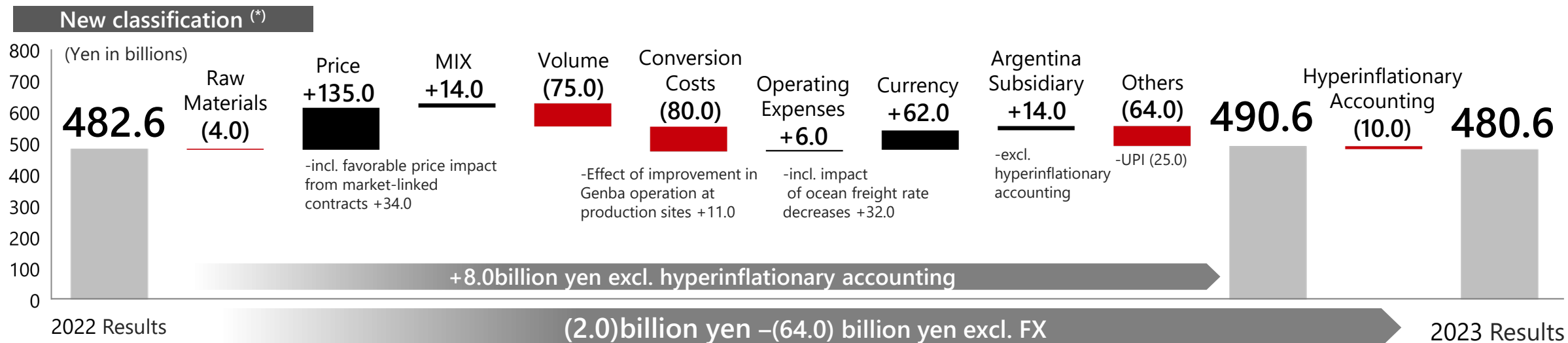
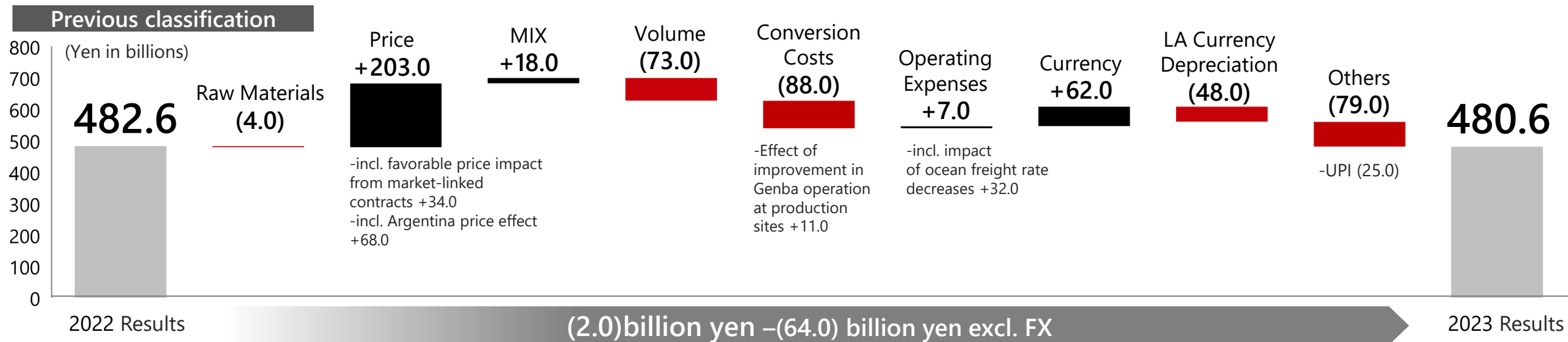
	vs PY
Ultra-Large (REP)	105%
Large	104%
OE	97%
REP	108%
Small & Medium	99%
OE	107%
REP	94%



PSR HRD (18" +)

Global	108%
REP	105%

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



(*) "Argentina Subsidiary" and "Hyperinflationary Accounting" which is shown in the new classification are included in each item of previous classification.

Consolidated Financial Results by Segment for Fiscal 2023





(Yen in billions)

		2022 Results	2023 Results	vs. PY (%)	vs. Projections (%) (Ref. Feb 16,2023 announcement)
Japan ^(*1)	Revenue	1,157.1	1,242.4	+7	(3)
	Adjusted OP	150.6	206.5	+37	+29
	Margin	13.0%	16.6%	+3.6pp	+ 4.1pp
China, Asia-Pacific	Revenue	457.0	461.1	+1	(5)
	Adjusted OP	39.9	41.6	+4	(15)
	Margin	8.7%	9.0%	+0.3pp	(1.1)pp
Americas	Revenue	1,988.0	2,080.0	+5	+3
	Adjusted OP	251.2	212.0	(16)	(21)
	Margin	12.6%	10.2%	(2.4)pp	(3.2)pp
Europe, Russia, Middle East, India and Africa	Revenue	870.0	908.5	+4	+4
	Adjusted OP	66.4	25.1	(62)	(50)
	Margin	7.6% ^(*2)	2.8%	(4.9)pp	(2.9)pp

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

(*2) Margin level excluding previous year's temporary factors such as transfer pricing: 5.2%(approx.)

Consolidated Financial Results by Product for Fiscal 2023

		2022 Results	2023 ^(*1) Results	(Yen in billions) vs. PY (%)
 PS/LT (incl. retail & credit card business)	Revenue	2,203.5	2,375.4	+8
	Adjusted OP	261.2	272.3	+4
	Margin	11.9%	11.5%	(0.4) pp
 TB (incl. retread business)	Revenue	1,066.6	1,028.6	(4)
	Adjusted OP	95.3	58.2	(39)
	Margin	8.9%	5.7%	(3.3) pp
 Specialties (OR/AC/AG/MC)	Revenue	561.9	611.4	+9
	Adjusted OP	116.7	137.0	+17
	Margin	20.8%	22.4%	+1.6 pp
 Diversified Products Business ^(*2)	Revenue	278.1	298.4	+7
	Adjusted OP	9.5	13.2	+39
	Margin	3.4%	4.4%	+1.0 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.

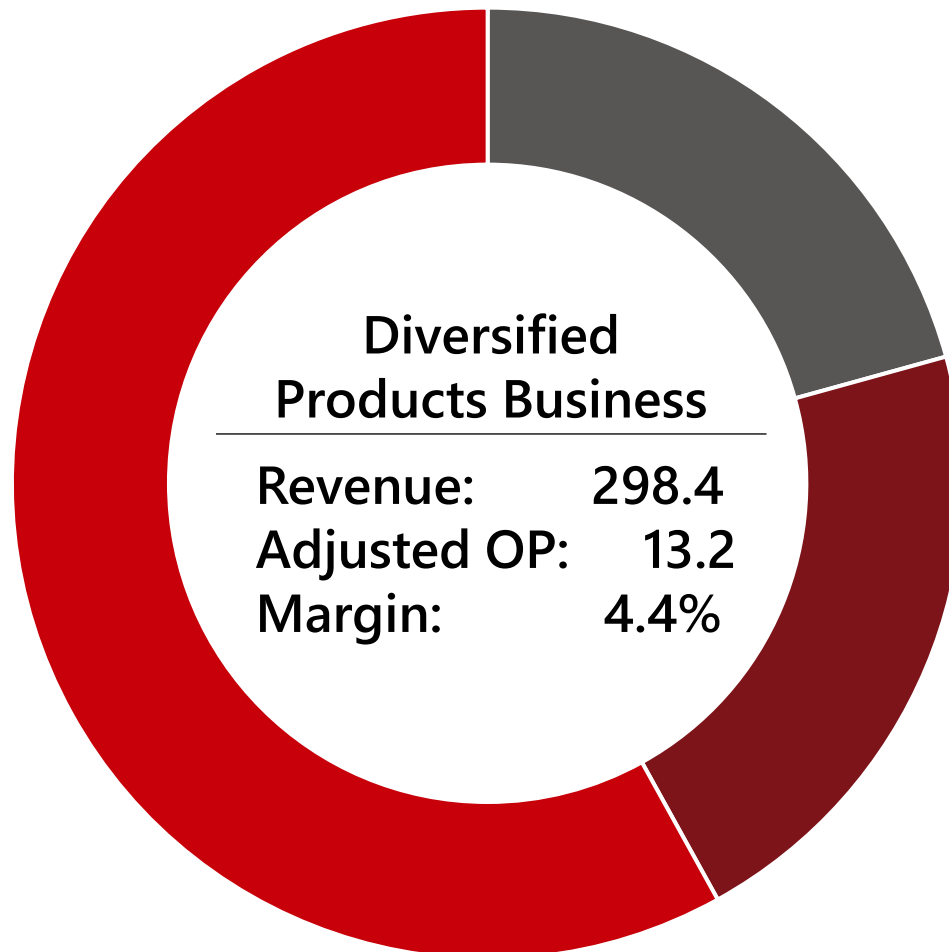
(*2) In accordance with the decisions of business transfer, the Company has classified its anti-vibration rubber business and chemical products solutions business as discontinued operations. Accordingly, revenue and adjusted operating profit show figures for continuing operations and exclude revenue and expenses of the two businesses.

Consolidated Financial Results by Business for Fiscal 2023 (Diversified Products Business – Continuing Operations)

(Yen in billions)

Chemical & Industrial Products Biz

Revenue:	170.4
Adjusted OP:	9.6
Margin:	5.6%



Sports & Cycle Biz

Revenue:	60.8
Adjusted OP:	0.7
Margin:	1.2%

Diversified Products Biz in Americas (Air Springs)

Revenue:	62.4
Adjusted OP:	2.8
Margin:	4.5%

(*) 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 Fiscal 2023

(Yen in billions)

	2022 Results (as of Dec 31, 2022)	2023 Results (as of Dec 31, 2023)	vs. Dec 31, 2022
Total Assets ^(*)	4,962.2	5,427.8	+465.6
Total Equity ^(*)	3,012.5	3,405.4	+392.9
Equity Ratio (%) ^(*)	59.8%	61.8%	+2.0pp
Interest-Bearing Debt <Net>	248.3	105.6	(142.7)
Exchange rate	USD/JPY	¥133	+ ¥9
at the end of reporting period	EUR/JPY	¥141	+ ¥16
	2022 Results	2023 Results	vs. PY
Cash Flows from Operating Activities	268.5	661.4	+393.0
Cash Flows from Investing Activities	(338.0)	(297.7)	+40.3
Free Cash Flow	(69.5)	363.7	+433.2
Capital Expenditure	317.1	420.0	+102.8
Depreciation and Amortization	282.1	305.8	+23.7

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

2. Consolidated Projections for Fiscal 2024

Consolidated Projections for Fiscal 2024

	2023 Results	2024 Projections	(Yen in billions) vs. PY (%)
Revenue ^(*1)	4,313.8	4,430.0	+3
Adjusted Operating Profit ^(*1)	480.6	530.0	+10
Margin	11.1%	12.0%	+ 0.8pp
Profit Attributable to Owners ^(*2) of Parent	331.3	359.0	+8
-Continuing Operations	326.9	359.0	+10
-Discontinued Operations	4.4	-	-
ROIC ^(*1)	8.7%	9.4%	+0.7pp
ROE ^(*1)	10.4%	10.6%	+0.3pp
Dividend per Share	¥200	¥210	

(*1) Revenue, Adjusted operating profit, ROIC and ROE show figures for continuing operations and exclude revenue and expenses of the discontinued operations.

(*2) "Profit Attributable to Owners of Parent" in the 2024 projections include gain on sale of fixed assets (approx. 63 billion yen) .

With utilizing this gain, we will execute the 2nd stage of restructuring & rebuilding for the areas remaining issues exposed from 21MBP.

Business Environment Assumptions for Fiscal 2024

General Business Environment

- **Business environment will remain to be severe (especially 1Q/1st half)**
- Severe economic trend (especially in Europe) / Energy cost will remain in a high level / Significant increase in labor cost
Higher ocean freight due to the situation in the Red Sea / Cost increase related to sustainability
- Continuous monitoring of geopolitical risks required



Currency Exchange

- Assumptions: 1USD = ¥135, 1EUR = ¥149



Raw Material

- Raw materials: Both natural rubber and crude oil are expected to rise from the levels of 2023.



Tire Demand (PSR/TBR)

- OE: Demand is expected to be the same level as 2023, excluding some regions.
- REP: Although there are differences by region, it is expected that the recovery trend will continue from 2nd half of 2023 and have gradual recovery. PSR-HRD(18"+inch) tire demand is expected to keep its increase mainly in the U.S. and Europe.

Currency Exchange Rate Assumptions

	2023	2024
USD/JPY	141	135
EUR/JPY	152	149

Tire Demand Assumptions (unit base% vs. PY)

Estimated by Bridgestone	PSR/LTR		TBR	
	OE	REP	OE	REP
	Japan	100%	101~105%	111~115%
Asia ^(*1)	95~99%	101~105%	101~105%	101~105%
N. America	100%	101~105% ^(*2)	100%	106~110% ^(*2)
Europe	95~99%	100%	95~99%	100%

(*1) Total of Thailand, Indonesia, India and China

(*2) USTMA+TRAC demand

Tire Sales Growth Projections for Fiscal 2024 (vs. PY)



PSR/LTR

	vs. PY
Global	101~105%

OE

Global	100%
Japan	90~94%
Asia, Pacific, India ^(*) , China	101~105%
N. America	100%
Europe	101~105%

REP

Global	106~110%
Japan	111~115%
Asia, Pacific, India ^(*) , China	111~115%
N. America	106~110%
Europe	95~99%



TBR

	vs. PY
Global	101~105%

OE

Global	101~105%
Japan	101~105%
Asia, Pacific, India ^(*) , China	85~89%
N. America	111~115%
Europe	90~94%

REP

Global	106~110%
Japan	100%
Asia, Pacific, India ^(*) , China	106~110%
N. America	106~110%
Europe	101~105%



ORR

	vs. PY
Ultra-Large (REP)	100%
Large	101~105%
OE	90~94%
REP	106~110%
Small & Medium	100%
OE	90~94%
REP	101~105%



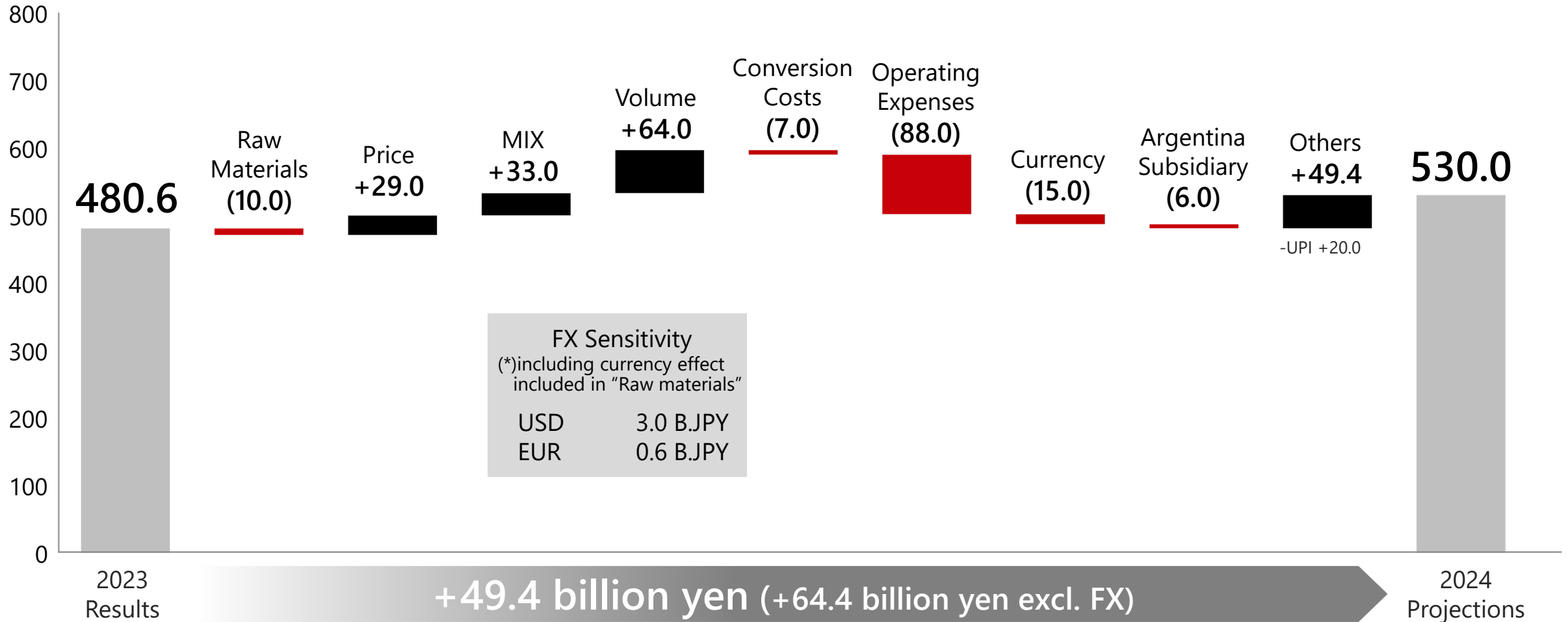
PSR HRD (18" +)

Global	111~115%
REP	116~120%

(*)Due to reclassification, India is included

Analysis of Adjusted Operating Profit for Fiscal 2024 (vs. PY)

(Yen in billions)



Consolidated Projections by Segment for Fiscal 2024

		2023 Results	2024 Projections	(Yen in billions) vs. PY (%)
Japan	Revenue	1,242.4	1,265.0	+2
	Adjusted OP	206.5	182.0	(12)
	Margin	16.6%	14.4%	(2.2)pp
Asia, Pacific, India, ^(*) China	Revenue	551.5	570.0	+3
	Adjusted OP	55.2	63.0	+14
	Margin	10.0%	11.1%	+1.0pp
Americas	Revenue	2,080.0	2,165.0	+4
	Adjusted OP	212.0	250.0	+18
	Margin	10.2%	11.5%	+1.4pp
Europe, Middle East, ^(*) and Africa	Revenue	815.7	820.0	+1
	Adjusted OP	11.7	27.0	+130
	Margin	1.4%	3.3%	+1.9pp

(*) Effective from 2024, segmentation are changed as follows.

"China, Asia-Pacific" is changed to "Asia, Pacific, India, China"

"Europe, Russia, Middle East, India and Africa" is changed to "Europe, Middle East, and Africa"

Note that the 2023 figures are approximate values and may change as a result of the accounting audits.

3. Shareholder Returns

Shareholder Returns

Basic Policy for the Appropriation of Profits

- Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening our management base in preparation for future business developments while working to improve business results.
- In regard to distributing profit to shareholders, the Company will prioritize to realize sustainable growth and enhancement of corporate value through strategic growth investment to strengthen earning power, focus on creating value and building sustainable premium brand. This also contributes to maintain an appropriate financial position and enhance shareholder returns.
- In determining dividend payments, the Company comprehensively evaluates factors including business results, financial positions for the relevant fiscal period, medium-term earnings forecasts, investment plans, and cash flows. Based on these considerations, the Company strives to live up to the expectations of shareholders by achieving continuous increases of dividend payment amount through a stable consolidated payout ratio of 40% by sustainably enhancing our corporate value.

Year End Dividend for Fiscal 2023 and Dividend Forecast for Fiscal 2024

- For the fiscal year ended December 31, 2023, following the above basic policy, the Company plans a **total cash dividend of ¥200 per share**, including an interim cash dividend of ¥100 per share.
(Continuous improvement with **an increase of ¥25 per share vs. PY**)
- The Company plans to submit a proposal to the 105th Annual Shareholders' Meeting to be held on March 26, 2024, to approve a year-end cash dividend of ¥100 per share.
- For fiscal 2024, the Company plans to pay a **cash dividend of ¥210 per share**, comprising a year-end cash dividend of ¥105 per share and an interim cash dividend of ¥105 per share. (Continuous improvement with **an increase of ¥10 per share vs. PY**)

	2023	2024 Forecast
2nd Quarter End	¥100	¥105
Year End	¥100	¥105
Total	¥200	¥210



Statements made in this presentation with respect to Bridgestone's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Bridgestone. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "may" or "might" and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Bridgestone cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on any obligation of Bridgestone to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Bridgestone disclaims any such obligation.