

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2019

May 13, 2019

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSIN". The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

Bridgestone Corporation

Stock exchange listings: Tokyo, Nagoya, Fukuoka

Code number:5108

URL:<https://www.bridgestone.com/>

Representative: Masaaki Tsuya, Chairman of the Board
CEO and Representative Executive Officer

Contact: Tetsuo Kenmochi, Treasurer, General Manager

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Scheduled date of quarterly securities report submission: May 14, 2019

Scheduled date of dividend payment commencement: —

Supplementary information for the quarterly financial statements to be prepared: Yes

Meeting to explain for the quarterly financial statements to be held: Yes

(For institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Results for the First Quarter of Fiscal 2019 (January 1, 2019 - March 31, 2019)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Three months ended March 31, 2019	848,291	(1.3)	77,140	(22.8)	83,886	(9.6)	60,379	(4.8)
Three months ended March 31, 2018	859,855	0.9	99,897	(3.1)	92,789	(4.2)	63,403	7.0

(Note) Comprehensive Income: Three months ended March 31, 2019 ¥76,253million [—%]
Three months ended March 31, 2018 ¥(20,977)million [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 31, 2019	81.05	80.92
Three months ended March 31, 2018	84.34	84.19

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of March 31, 2019	3,833,786	2,374,495	60.4
As of December 31, 2018	3,840,269	2,436,162	61.9

(Reference) Total equity: As of March 31, 2019 ¥ 2,317,311 million
As of December 31, 2018 ¥ 2,378,511 million

2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2018	—	80.00	—	80.00	160.00
FY 2019	—	—	—	—	—
FY 2019 (Projection)	—	80.00	—	80.00	160.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Projected Results for Fiscal 2019 (January 1, 2019 - December 31, 2019)

(Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
First half year FY 2019	1,740,000	(2.0)	165,000	(17.3)	165,000	(13.5)	130,000	(3.4)	175.53
	3,690,000	1.1	410,000	1.8	400,000	5.0	300,000	2.9	399.04

(Note) Changes from the latest forecasts released: No

*** Notes**

- (1) Changes in principal subsidiaries during the three months ended March 31, 2019 : No
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and restatements
- | | |
|---|-------|
| 1) Changes due to revisions of accounting standards, etc. | : Yes |
| 2) Changes in accounting policy other than 1) | : No |
| 3) Changes in accounting estimates | : No |
| 4) Restatements | : No |
- (4) Outstanding number of shares (common stock)
- | | |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): | |
| March 31, 2019 | 761,536,421 shares |
| December 31, 2018 | 761,536,421 shares |
| 2) Number of shares of treasury stock at period end | |
| March 31, 2019 | 26,714,342 shares |
| December 31, 2018 | 9,726,528 shares |
| 3) Average outstanding number of shares (during the first quarter) | |
| First Quarter ended March 31, 2019 | 744,942,213 shares |
| First Quarter ended March 31, 2018 | 751,730,236 shares |

*** Implementation status about the quarterly review**

These financial statements are exempt from quarterly review by Certified Public Accountants or Audit Firm.

*** Statement regarding appropriate use of forward-looking statements and other notes**

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans, and the statements are not guarantees of future business performance.

[Index]

<u>Consolidated Financial Statements and Other Information (Notes)</u>	...P2
(1) Consolidated Balance Sheet	...P2
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	...P4
Consolidated Statement of Income	...P4
Consolidated Statement of Comprehensive Income	...P5
(3) Notes to the Consolidated Financial Statements	...P6
(Notes regarding going concern assumption)	...P6
(Notes regarding significant changes in the amount of shareholders' equity)	...P6
(Application of special accounting treatments for Consolidated Quarterly Financial Statements)	...P6
(Changes in accounting policies, Changes in accounting estimates and Restatements)	...P6

Consolidated Financial Statements and Other Information (Notes)**(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2018 (As of December 31, 2018)	FY 2019 Q1 (As of March 31, 2019)
Assets		
Current Assets		
Cash and deposits	440,378	378,385
Notes and accounts receivable	601,417	597,689
Short-term investments	153,853	129,116
Merchandise and finished products	407,608	427,223
Work in process	37,904	41,726
Raw materials and supplies	171,720	170,544
Other	121,286	126,635
Allowance for doubtful accounts	(21,729)	(21,701)
Total Current Assets	1,912,440	1,849,620
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	550,399	589,687
Machinery, equipment and vehicles, net	491,035	506,459
Other, net	426,936	424,238
Total Tangible Fixed Assets	1,468,371	1,520,384
Intangible fixed assets		
Goodwill	41,381	40,046
Other	60,072	49,605
Total Intangible fixed assets	101,454	89,651
Investments and other assets		
Investments in securities	219,970	223,496
Other	139,557	151,757
Allowance for doubtful accounts	(1,524)	(1,122)
Total Investments and Other Assets	358,003	374,130
Total Fixed Assets	1,927,829	1,984,166
Total Assets	3,840,269	3,833,786

	FY 2018 (As of December 31, 2018)	FY 2019 Q1 (As of March 31, 2019)
Liabilities		
Current Liabilities		
Notes and accounts payable	233,970	227,378
Short-term borrowings	100,627	73,458
Commercial paper	20,955	78,018
Current portion of bonds	70,000	70,000
Lease obligations	1,686	11,161
Income taxes payable	15,073	25,508
Provision for reorganization of R&D and manufacturing base	4,333	—
Accounts payable-other	182,204	146,507
Other	258,267	269,392
Total Current Liabilities	887,119	901,424
Long-term Liabilities		
Bonds	150,000	150,000
Long-term borrowings	38,041	37,877
Lease obligations	27,182	66,288
Provision for reorganization of R&D and manufacturing base	—	2,311
Net defined benefit liability	196,005	194,277
Other	105,759	107,111
Total Long-term Liabilities	516,988	557,866
Total Liabilities	1,404,107	1,459,291
Net Assets		
Shareholders' Equity		
Common stock	126,354	126,354
Capital surplus	121,997	121,997
Retained earnings	2,362,736	2,361,137
Treasury stock-at cost	(32,648)	(105,237)
Total Shareholders' Equity	2,578,440	2,504,251
Accumulated Other Comprehensive Income		
Net unrealized gain(loss) on available-for-sale securities	108,888	112,155
Deferred gain(loss) on derivative instruments	1,730	2,092
Foreign currency translation adjustments	(174,850)	(167,932)
Remeasurements of defined benefit plans	(135,696)	(133,256)
Total Accumulated Other Comprehensive Income	(199,928)	(186,940)
Stock Acquisition Rights	3,452	3,332
Non-controlling Interests	54,198	53,852
Total Net Assets	2,436,162	2,374,495
Total Liabilities and Net Assets	3,840,269	3,833,786

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive IncomeConsolidated Statement of Income
First Quarter

(Yen in millions)

	FY 2018 Q1 (Three months ended March 31, 2018)	FY 2019 Q1 (Three months ended March 31, 2019)
Net Sales	859,855	848,291
Cost of Sales	524,502	526,423
Gross Profit	335,353	321,868
Selling, General and Administrative Expenses		
Goods freightage expenses	42,014	44,659
Advertising and promotion expenses	26,647	24,589
Salaries, allowances and bonuses	65,286	66,154
Retirement benefit expenses	5,963	4,914
Depreciation	8,644	10,761
Research and development expenses	24,286	24,314
Other	62,612	69,332
Total Selling, General and Administrative Expenses	235,455	244,727
Operating Income	99,897	77,140
Non-operating Income		
Interest income	1,372	1,332
Dividend income	512	509
Settlement received	—	4,980
Other	5,460	8,198
Total Non-operating Income	7,345	15,019
Non-operating Expenses		
Interest expense	3,474	2,408
Foreign currency exchange loss	2,848	1,615
Loss on reversal of gain on valuation of securities	3,766	—
Other	4,363	4,249
Total Non-operating Expenses	14,453	8,273
Ordinary Income	92,789	83,886
Income before Income Taxes and Non-controlling Interests	92,789	83,886
Income Taxes	26,716	21,338
Income before Non-Controlling Interests	66,072	62,547
Profit Attributable to Non-controlling Interests	2,669	2,168
Profit Attributable to Owners of Parent	63,403	60,379

Consolidated Statement of Comprehensive Income
First Quarter

(Yen in millions)

	FY 2018 Q1 (Three months ended March 31, 2018)	FY 2019 Q1 (Three months ended March 31, 2019)
Income before Non-controlling Interests	66,072	62,547
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	(8,895)	3,267
Deferred gain (loss) on derivative instruments	686	(367)
Foreign currency translation adjustments	(90,549)	8,171
Remeasurements of defined benefit plans	12,674	2,281
Share of other comprehensive income in affiliates	(965)	352
Total Other Comprehensive Income	(87,050)	13,706
Comprehensive Income	(20,977)	76,253
Comprehensive income attribute to:		
Owners of parent	(21,194)	73,367
Non-controlling interests	217	2,886

(3) Notes to the Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in the amount of shareholders' equity)

The company acquired its own shares (17,037,600 shares) based on the resolution at the board of directors held on February 15, 2019. Due mainly to the acquisition, treasury stock - at cost increased ¥72,589 million compared with the end of the previous fiscal year, to ¥105,237 million.

(Application of special accounting treatments for Consolidated Quarterly Financial Statements)

Calculation for income tax expenses

Income tax expenses was calculated based upon an estimated effective tax rate for fiscal 2019.

(Changes in accounting policies, Changes in accounting estimates and Restatements)

Changes in accounting policies

(Adoption of ASU2014-09 "Revenue from Contracts with Customers.")

Certain overseas subsidiaries which apply U.S. GAAP adopted ASU2014-09 "Revenue from Contracts with Customers." (May 28, 2014) from the beginning of fiscal 2019.

Due to the adoption of ASU2014-09, the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in the exchange for those goods or services.

Certain overseas subsidiaries adopted the method by which the cumulative effect of applying this standard was recognized at the date of initial application.

The effect of this change on retained earnings at the beginning of fiscal 2019 and operating income, ordinary income, and income before income taxes and non-controlling interests for the first quarter of fiscal 2019 was immaterial.

(Adoption of IFRS16 "Leases")

Certain overseas subsidiaries which apply the International Financial Reporting Standards adopted IFRS16 "Leases" (January 13, 2016) from the beginning of fiscal 2019.

IFRS16 "Leases" requires recognition of substantially all lease assets and lease liabilities on the balance sheet.

Certain overseas subsidiaries adopted the method by which the cumulative effect of applying this standard was recognized at the date of initial application.

As a result, assets increased by ¥49,606 million, Liabilities increased by ¥51,605 million, and retained earnings decreased by ¥1,998 million at the beginning of fiscal 2019.

The increase in assets was mainly due to the increase in tangible fixed assets, and the increase in liabilities is mainly due to the increase in lease obligations.

The effect of this change on operating income, ordinary income, and income before income taxes and non-controlling interests for the first quarter of fiscal 2019 was immaterial.