

# Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2018

May 10, 2018

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, Member of the Board  
CEO and Representative Executive Officer  
Concurrently Chairman of the Board

Contact: Masahiro Kuroki, Treasurer, General Manager

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Scheduled date of quarterly securities report submission: May 11, 2018

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 2018 (January 1, 2018 - March 31, 2018)

(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, 2018	859,855	0.9	99,897	(3.1)	92,789	(4.2)	63,403	7.0
Three months ended March 31, 2017	851,893	3.2	103,060	(5.0)	96,889	(6.4)	59,239	4.4

(Note) Comprehensive Income: Three months ended March 31, 2018 ¥(20,977) million [—%]  
Three months ended March 31, 2017 ¥40,310 million [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 31, 2018	84.34	84.19
Three months ended March 31, 2017	75.80	75.69

(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, 2018	3,755,406	2,317,008	60.2
As of December 31, 2017	3,959,038	2,402,738	59.2

(Reference) Total equity: As of March 31, 2018 ¥ 2,260,822 million  
As of December 31, 2017 ¥ 2,342,147 million

## 2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	70.00	—	80.00	150.00
FY 2018	—				
FY 2018 (Projection)		80.00	—	80.00	160.00

(Note) Changes from the latest forecasts released: No

## 3. Consolidated Projected Results for Fiscal 2018 (January 1, 2018 - December 31, 2018)

(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 2018	1,810,000	3.9	196,000	(3.1)	184,000	(6.0)	129,000	(2.2)	171.60
	3,800,000	4.3	463,000	10.5	439,000	9.6	308,000	6.8	409.72

(Note) Changes from the latest forecasts released: No

**\* Notes**

- (1) Changes in principal subsidiaries during the three months ended March 31, 2018 : 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 policies, changes in accounting estimates and restatements
- |   |       |
|---|-------|
| 1) Changes due to revisions of accounting standards, etc. | : Yes |
| 2) Changes in accounting policies 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, 2018  | 761,536,421 shares |
| December 31, 2017   | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end                       |                    |
| March 31, 2018  | 9,803,452 shares   |
| December 31, 2017   | 61,375,611 shares  |
| 3) Average outstanding number of shares (during the first quarter)        |                    |
| First Quarter ended March 31, 2018  | 751,730,236 shares |
| First Quarter ended March 31, 2017  | 781,536,518 shares |

**\* Implementation status about the quarterly review**

These financial statements are exempt from quarterly review.

**\* 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.

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

(Yen in millions)

	FY 2017 (As of December 31, 2017)	FY 2018 Q1 (As of March 31, 2018)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	511,895	422,659
Notes and accounts receivable	503,412	568,717
Short-term investments	221,680	128,800
Merchandise and finished products	397,253	403,592
Work in process	36,787	40,016
Raw materials and supplies	156,142	155,384
Other	176,926	171,002
Allowance for doubtful accounts	(17,062)	(20,934)
<b>Total Current Assets</b>	<b>1,987,036</b>	<b>1,869,238</b>
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures, net	555,770	538,170
Machinery, equipment and vehicles, net	517,639	492,967
Other, net	399,636	378,906
<b>Total Tangible Fixed Assets</b>	<b>1,473,046</b>	<b>1,410,045</b>
<b>Intangible fixed assets</b>		
Goodwill	43,781	39,606
Other	61,248	58,500
<b>Total Intangible fixed assets</b>	<b>105,029</b>	<b>98,106</b>
<b>Investments and other assets</b>		
Investments in securities	278,802	265,128
Other	116,714	114,286
Allowance for doubtful accounts	(1,591)	(1,398)
<b>Total Investments and Other Assets</b>	<b>393,925</b>	<b>378,016</b>
<b>Total Fixed Assets</b>	<b>1,972,002</b>	<b>1,886,168</b>
<b>Total Assets</b>	<b>3,959,038</b>	<b>3,755,406</b>

(Yen in millions)

	FY 2017 (As of December 31, 2017)	FY 2018 Q1 (As of March 31, 2018)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	232,698	214,557
Short-term borrowings	124,606	129,362
Commercial paper	—	8,497
Current portion of bonds	20,000	20,000
Lease obligations	14,117	20,144
Income taxes payable	66,453	21,326
Provision for reorganization of R&D and manufacturing base	—	8,233
Accounts payable-other	169,144	134,632
Other	283,526	263,188
<b>Total Current Liabilities</b>	<b>910,545</b>	<b>819,943</b>
<b>Long-term Liabilities</b>		
Bonds	220,000	220,000
Long-term borrowings	51,728	46,528
Lease obligations	28,576	26,752
Provision for reorganization of R&D and manufacturing base	8,322	—
Net defined benefit liability	202,864	193,350
Other	134,263	131,822
<b>Total Long-term Liabilities</b>	<b>645,754</b>	<b>618,454</b>
<b>Total Liabilities</b>	<b>1,556,300</b>	<b>1,438,397</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	126,354	126,354
Capital surplus	122,984	122,078
Retained earnings	2,342,822	2,194,732
Treasury stock-at cost	(206,052)	(32,905)
<b>Total Shareholders' Equity</b>	<b>2,386,108</b>	<b>2,410,259</b>
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gain(loss) on available-for-sale securities	176,686	167,790
Deferred gain(loss) on derivative instruments	(55)	565
Foreign currency translation adjustments	(93,479)	(182,596)
Remeasurements of defined benefit plans	(127,112)	(135,196)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(43,960)</b>	<b>(149,437)</b>
Stock Acquisition Rights	3,629	3,619
Non-controlling Interests	56,961	52,566
<b>Total Net Assets</b>	<b>2,402,738</b>	<b>2,317,008</b>
<b>Total Liabilities and Net Assets</b>	<b>3,959,038</b>	<b>3,755,406</b>

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

(Yen in millions)

	FY 2017 Q1 (Three months ended March 31, 2017)	FY 2018 Q1 (Three months ended March 31, 2018)
Net Sales	851,893	859,855
Cost of Sales	519,788	524,502
Gross Profit	332,104	335,353
Selling, General and Administrative Expenses		
Goods freightage expenses	40,295	42,014
Advertising and promotion expenses	27,566	26,647
Salaries, allowances and bonuses	64,382	65,286
Retirement benefit expenses	5,250	5,963
Depreciation	8,204	8,644
Research and development expenses	23,375	24,286
Other	59,970	62,612
Total Selling, General and Administrative Expenses	229,044	235,455
Operating Income	103,060	99,897
Non-operating Income		
Interest income	1,249	1,372
Dividend income	501	512
Other	5,369	5,460
Total Non-operating Income	7,120	7,345
Non-operating Expenses		
Interest expense	2,018	3,474
Foreign currency exchange loss	4,069	2,848
Loss on reversal of gain on valuation of securities	444	3,766
Other	6,758	4,363
Total Non-operating Expenses	13,291	14,453
Ordinary Income	96,889	92,789
Extraordinary Loss		
Loss related to civil litigation in the Americas	4,484	—
Expenses related to relocation of head office of Americas Operations	2,096	—
Total Extraordinary Loss	6,581	—
Income before Income Taxes and Non-controlling Interests	90,308	92,789
Income Taxes	28,841	26,716
Income before Non-Controlling Interests	61,467	66,072
Profit Attributable to Non-controlling Interests	2,227	2,669
Profit Attributable to Owners of Parent	59,239	63,403

Consolidated Statement of Comprehensive Income  
First Quarter

(Yen in millions)

	FY 2017 Q1 (Three months ended March 31, 2017)	FY 2018 Q1 (Three months ended March 31, 2018)
Income before Non-controlling Interests	61,467	66,072
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	4,981	(8,895)
Deferred gain (loss) on derivative instruments	2,439	686
Foreign currency translation adjustments	(35,686)	(90,549)
Remeasurements of defined benefit plans	7,914	12,674
Share of other comprehensive income in affiliates	(806)	(965)
Total Other Comprehensive Income	(21,157)	(87,050)
Comprehensive Income	40,310	(20,977)
Comprehensive income attribute to:		
Owners of parent	38,169	(21,194)
Non-controlling interests	2,140	217

### **(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 has completed cancellation of its own shares (51,565,900 shares) on January 19, 2018, based on the resolution at the board of directors held on February 17, 2017. As a result, capital surplus decreased by ¥905 million compared with the end of the previous fiscal year, to ¥122,078 million, retained earnings decreased by ¥172,220 million compared with the end of the previous fiscal year, to ¥2,194,732 million, and treasury stock-at cost decreased by ¥173,126 million compared with the end of the previous fiscal year, to ¥32,905 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 2018.

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

Changes in accounting policies

(Adoption of Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income)

The certain overseas subsidiaries have early adopted ASU No. 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (revised on February 14, 2018)" from the beginning of fiscal 2018.

Changes in deferred tax assets and deferred tax liabilities resulting from change in tax rate following the enactment of the "Tax Cuts and Jobs Act" by the U.S. federal government on December 22, 2017 were included in the accumulated consolidated net profit of the previous fiscal year. On the other hand, changes in tax effects above recognized through accumulated other comprehensive income were stranded in accumulated other comprehensive income in the previous fiscal year. Due to the adoption of "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income", subsidiaries reclassified stranded tax effects resulting from change in tax rate above from accumulated other comprehensive income to retained earnings. In accordance with the transitional treatment prescribed in this accounting policy, reclassification was made at the beginning of fiscal 2018.

As a result, retained earnings increased by ¥20,879 million and remeasurements of defined benefit plans decreased by ¥20,879 million at the beginning of fiscal 2018. This change in accounting policy have no effect on consolidated statement of income for the first quarter of fiscal 2018.