



Mid-Long Term Business Strategy Update

August 7, 2020

Global CEO and
Representative Executive Officer

Shu Ishibashi

Communication Plan

Continuous update of the strategy progress based on the Mid-Long Term Business Strategy Framework

-Part 1 - July 8, Whole picture of Mid-Long Term Business Strategy Framework

■ Bridgestone 3.0 (Third Foundation) To become a sustainable solutions company

Core Business: Premium strategy

Growth Business: Game-changer, new value creation

Build new core competencies: Sustainability, DX / Technology, Innovation, HRX

- Part 2 - August 7, 2020 1st half financial results announcement

■ 1st half financial results / full-year forecast

(Newly disclosed information, linked with Mid-Long Term Business Strategy Framework)

■ Mid-Long Term Business Strategy Update

- Core Business (Tire & Rubber Business) :
Sense of urgency / Issues / Strengthening
- Growth Business (Solutions Business) :
Financial result in 2019 and Mining solution / Dan-Totsu new product
- Direction of Portfolio Management

- Part 3 - September 15 Bridgestone Innovation Gallery

■ Innovation for solutions, starting with empathy

Tokyo - Kodaira: Reopening following renovation of the former Bridgestone TODAY gallery



Core competencies: Sustainability / DX / Technology, Innovation
New innovation: diversified business and rubber actuator

February, 2021 Announcement of "Mid-term Business Plan"

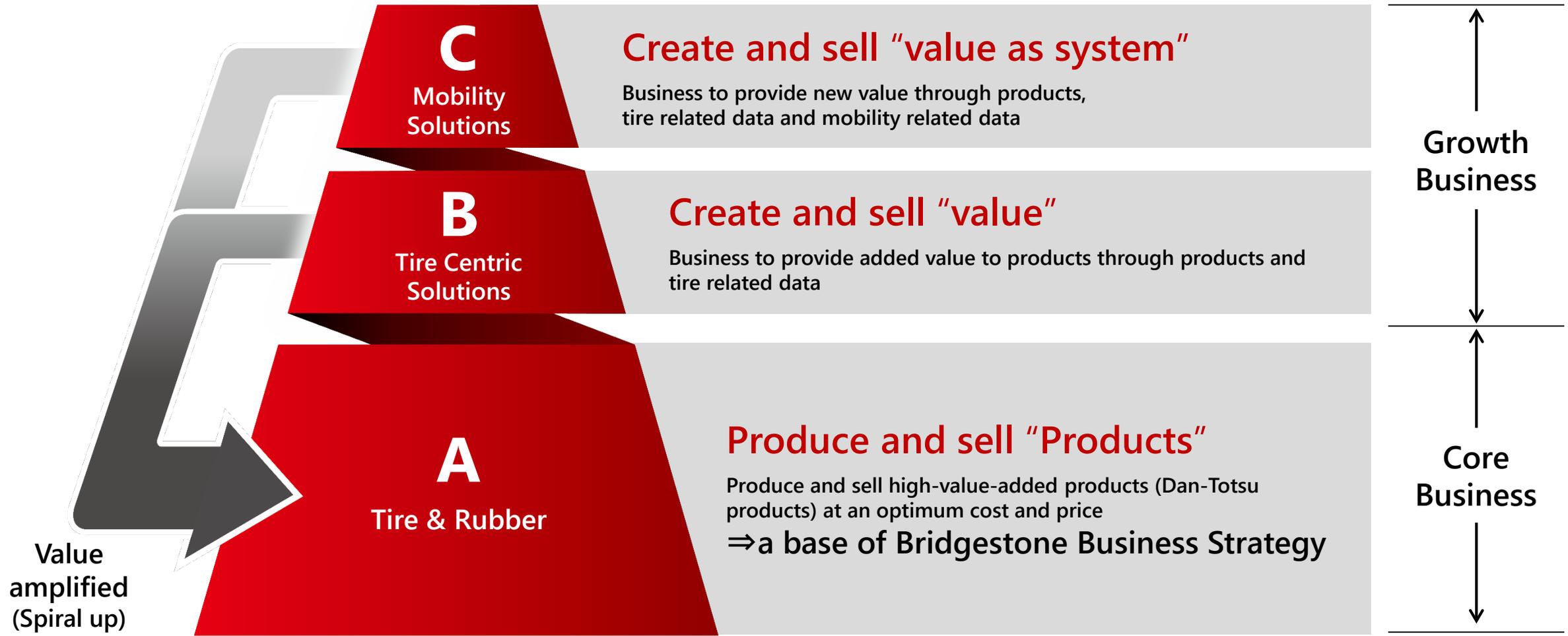
■ Mid-Term Business Plan, based on Mid-Long term Business Strategy Framework

Business plan to be strategically consistent on a global basis and to be executed steadily, considering volatile business environment. (shift from three-year business performance plan to the overall target and implementation plan with Mid-Long term strategic KPIs)

Mid-Long Term Business Strategy Update

- **Core Business (Tire & Rubber Business)**
- **Growth Business (Solutions Business)**
- **Direction of Portfolio Management**

Build our unique business model



Evolve to solutions business leveraging the strengths and expertise of tire & rubber business

Recognition of issues

– Business performance review (2015 – 2019)

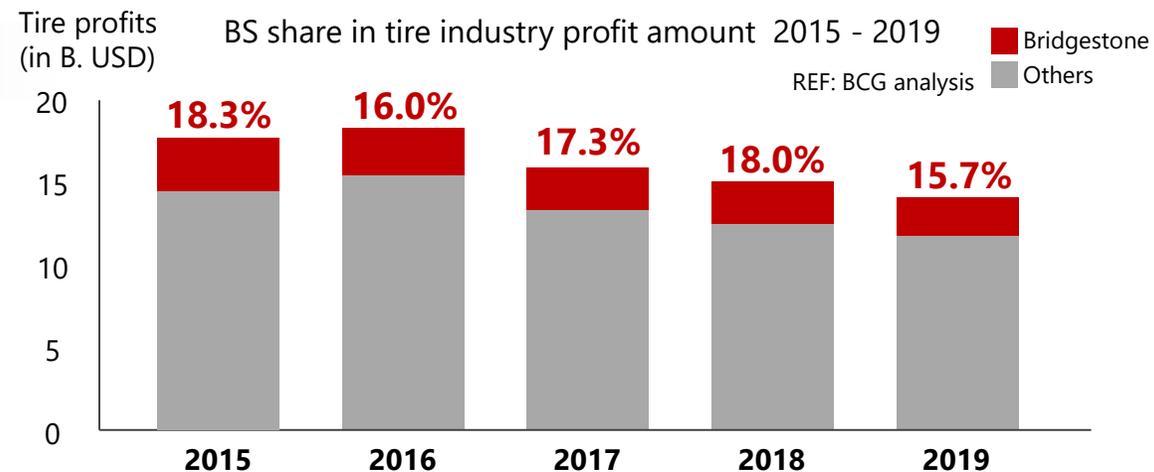
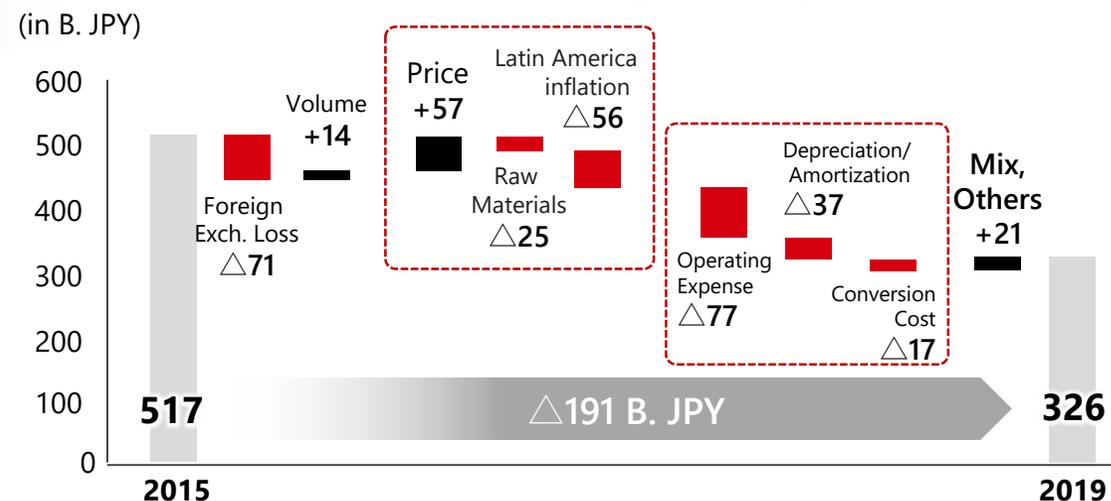
Bridgestone Group operating profit

- Though the sales are almost flat, operating profit has decreased.
2015 : 517 billion yen → 2019: 326 billion yen
- Main factor is costs increase, although vol. / price / mix are improved.
→ Implementation of **robust expense & cost structure reforms** (procurement, logistics, production footprint and business restructure etc.)
- Price increase is not enough to eliminate negative headwinds in raw material price and inflation.
→ **Strengthen global price management**
- Emergence of tier 2 tire manufacturers impacted on entire tire industry.

Profit share in tire industry

- Profitability within the tire industry has been decreasing.
- **Profit share of global companies carrying strong brands has been increasing** as price competition intensified especially since 2017.
- **Bridgestone has maintained stronger position in profit share** with strong brand power and mix improvement.

2015 - 2019 Operating profit analysis



Recognition of issues

– Tire business performance in 2019

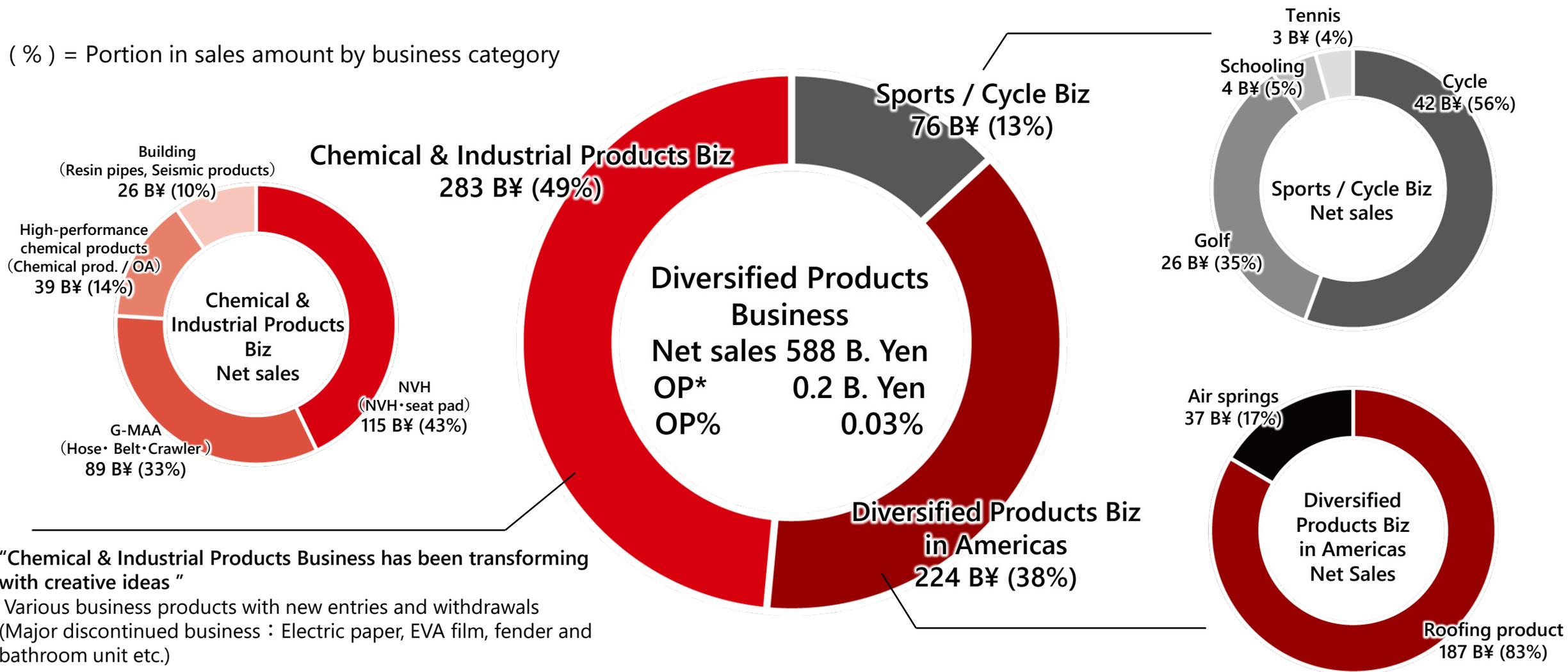
(unit : Billion Yen)	Net Sales	Operating Profit	Operating Profit %
 PS/LT <small>※Including retail and credit card business</small>	1,709	178	10.4%
 TB <small>※Including retread business</small>	825	82	9.9%
 OR, AC, AG, MC	384	88	22.9%

*PS = Passenger tires, TB = Truck & Bus tires
 OR = Off The Road tires, AC = Aircraft tires, AG = Agriculture tires, MC = Motorcycle tires

Recognition of issues

– Diversified products business performance in 2019

(%) = Portion in sales amount by business category

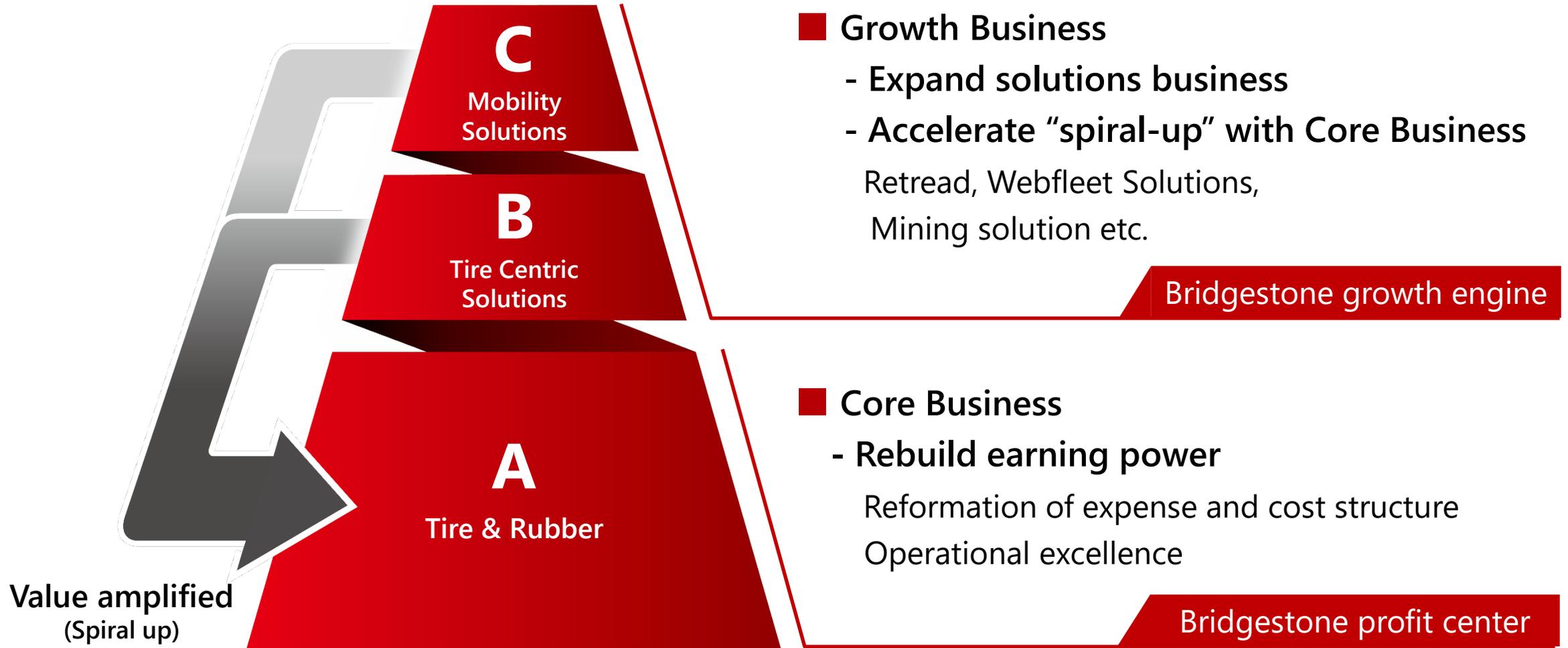


“Chemical & Industrial Products Business has been transforming with creative ideas”

Various business products with new entries and withdrawals
 (Major discontinued business : Electric paper, EVA film, fender and bathroom unit etc.)

*OP=Operating profit

Core Business and Growth Business



Core Business

- Rebuild earning power

Reformation of expense and cost structure

- Restructure of production footprint and business
- Expense and cost reforms in procurement and logistics
- Strict selection of investment, thorough expense management

Operational excellence (Strengthen premium business strategy (EtoE))



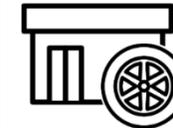
Strengthen Dan-Totsu product strategy

- Strengthen premium products strategy
- Simplification and differentiation commonality / modularity



Improvement of manufacturing

- Improvement of manufacturing
 - Maximum use of existing equipment
 - Improvement of productivity
- "To manage manufacturing is to develop people there."



Strengthen sales in premium category

- Wholesale / Retail price management
- Strengthen premium channels (incl. E-commerce)

Core Business

- Rebuild earning power



Strengthen Dan-Totsu product strategy

Strengthen premium products strategy

- Visualization of Product competitiveness (Dan-Totsu, Gap, Delay)
- Expand Dan-Totsu products by innovation

Simplification and differentiation

■ Commonality / Modularity

- Share casings / belts as module between tires - simplification
E.g. in Passenger tires for Japanese market
of Casings / Belts module : 30 to 40 (Current) → 5 (in 2025)
- Customize tire performance by tread rubber / patterns
-> **Maintain high competitiveness to respond market**
- Reduction of SKU (≒ # of product sizes)
Increase of efficiency by simplification

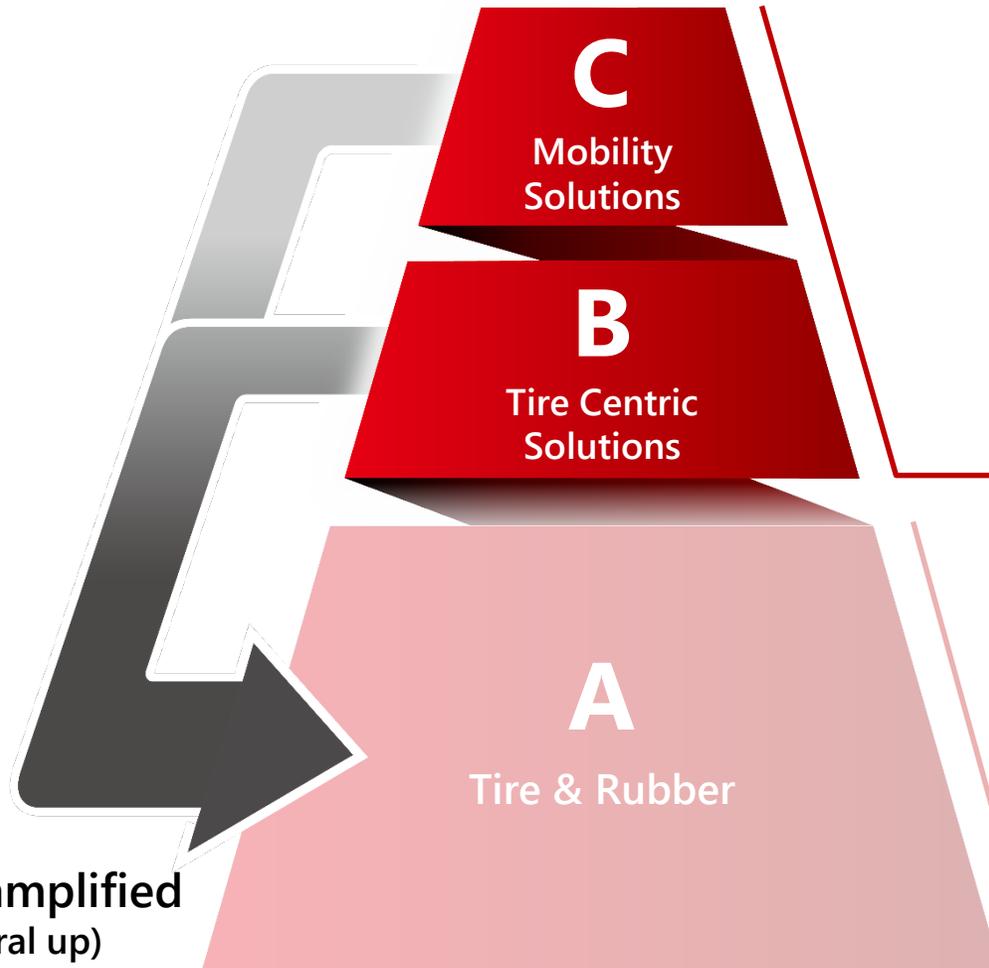


Strengthen engineering chain through market intelligence and insights

- “Real” intelligence by on-site field engineering X “Digital” intelligence by combination of tire data and mobility data.
Market intelligence obtained by Real X Digital is plugged into Dan-Totsu product strategy and development.

Engineering Chain

Value amplified
(Spiral up)



■ Growth Business

- Expand solutions business
 - Accelerate “spiral-up” with Core Business
- Retread, Webfleet Solutions,
Mining Solutions etc..

Bridgestone growth engine

■ Core Business

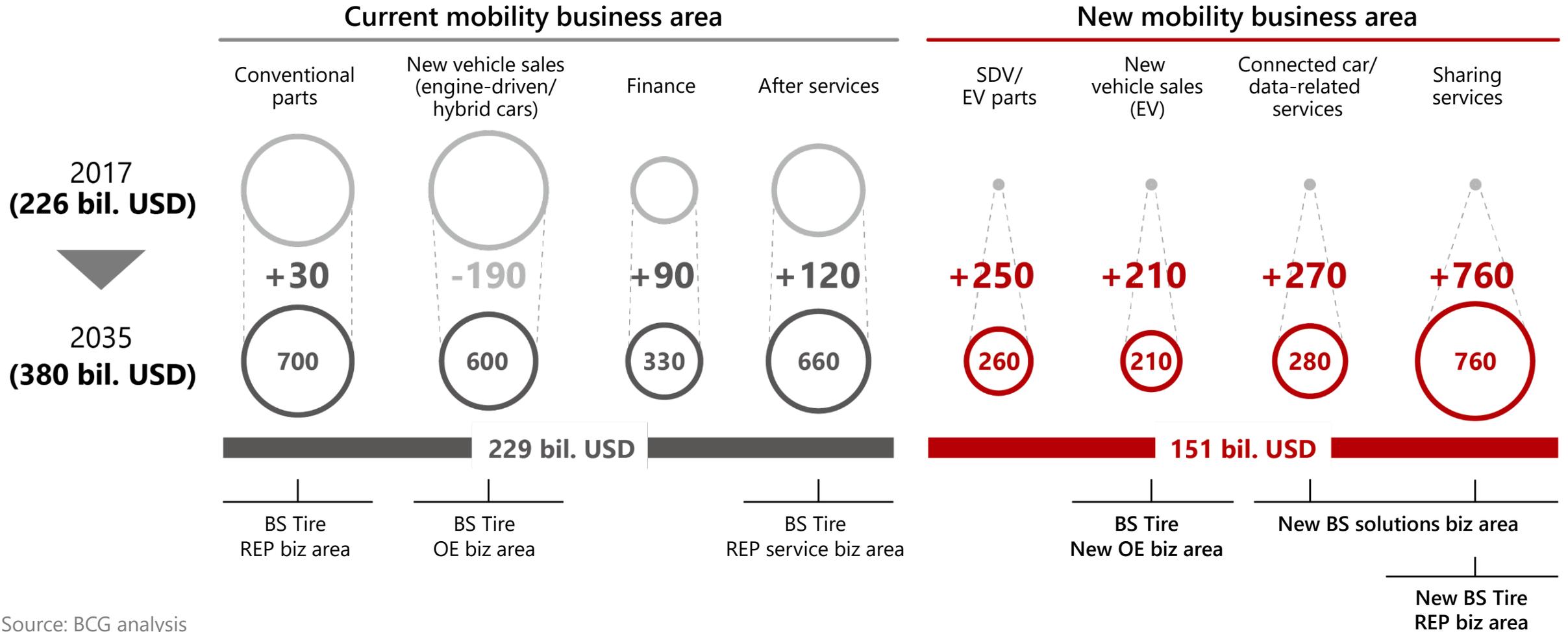
- Rebuild earning power
- Reformation of expense and cost structure
Operational excellence

Bridgestone profit center

Growth Business

Profit pool in the Automobile Industry

*OE : Original equipment tire / REP: Replacement tire
 2017-2035 profit pool [100 mil. USD]



Source: BCG analysis

Expansion of profit pool in the new mobility business area as well as current area. Change of profit structure.

Growth Business

Bridgestone's solutions business

Provide various solutions to society and customers, supported by structured sustainable solutions business model.

tirematics

Tire monitoring system

toolbox

Tire database platform

mobox

Subscription model

webfleet solutions

Fleet Mgt. System

Wear Prediction Model

New Material

Digital Simulation

Unique Algorithm

Digital Garage

Technical Center (Rome, Italy)

Bridgestone Innovation Park

Technical Center (Tokyo - Kodaira)

Aircraft Solution

Collaboration with JAL

Mining Solution

iTrack solutions Business

Tyre Damage Monitoring System
Microsoft Connected Vehicle Platform
Collaboration with Microsoft

basys

Retread tire mgt. system

REACH

Dealer matching system

Mobility Lab.

Technical Center (Akron, OH, U.S.)

Global common solutions platform

tirematics

toolbox

webfleet solutions

basys

mobox

Wear Prediction Model

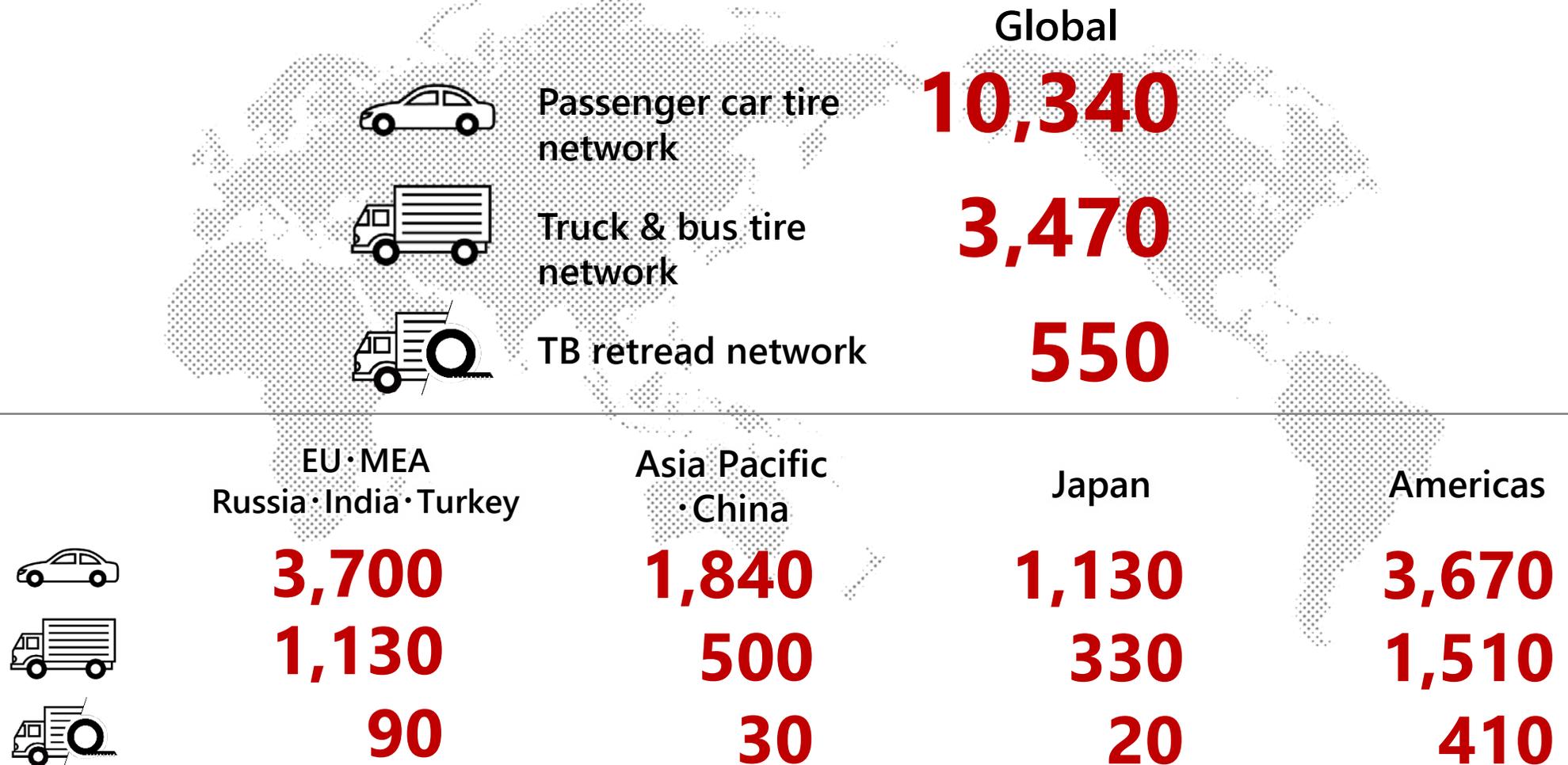


Customized solutions by region / business

Dan-Totsu solutions network

Data: 2019
Equity store / Franchise / Voluntary chain
(excluding contracted stores)

Increase quality of network to adapt developing solutions business.

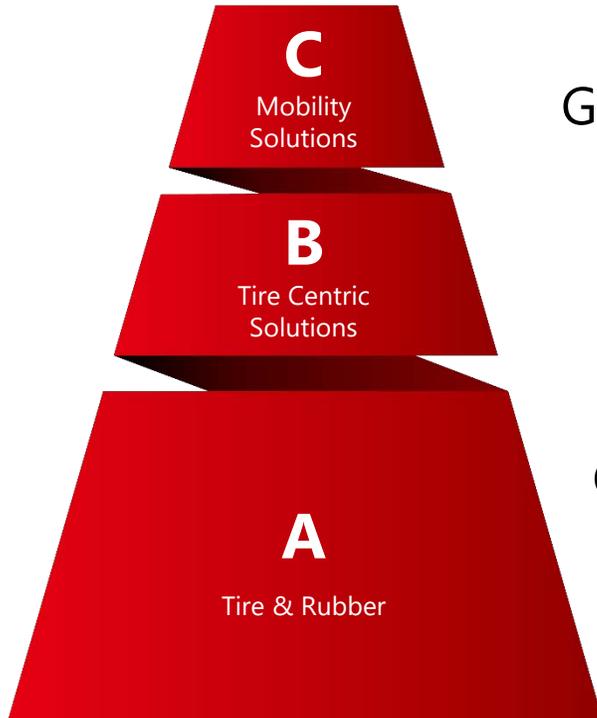


Growth Business

Solutions business related sales in 2019

Expand solutions business with strengthening Core Business.

Group Net Sales in 2019
3,525 billion Yen



Growth Business
525 B. Yen
15%

Core Business
3,000 B. Yen
85%

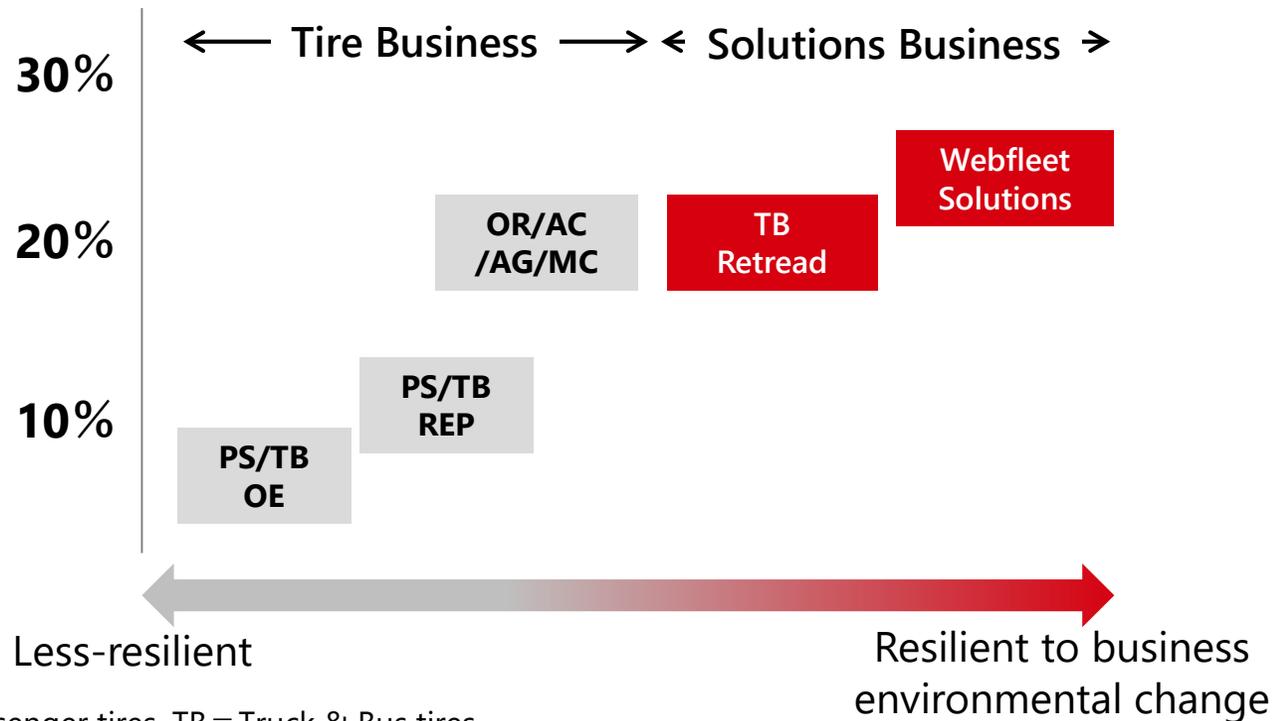
■ Service related sales at equity stores	Passenger (U.S., Japan, Thai)	326
	Truck & bus (U.S., Japan, Australia)	14
	Mining (U.S., Australia)	10
		350 B. Yen
■ TB retread service sales (Global)	*TB = Truck & Bus tires	105 B. Yen
■ Solutions business sales	- Sales with new solutions contracted sales (non-conventional tire sales) Aircraft tire solution, truck tire milage sales Subscription (mobox)、Webfleet Solutions etc.	70 B. Yen
		525 B. Yen

Growth Business

Solutions business operating profit

TB retread and Webfleet Solutions maintain same profit level as 2019, even under headwind business environment in 1H 2020. Expand Growth Business which is resilient to business environment changes.

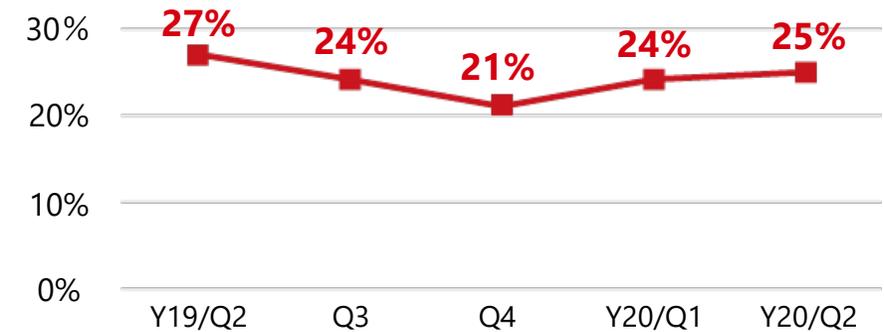
Operating profit % *2019 ACT



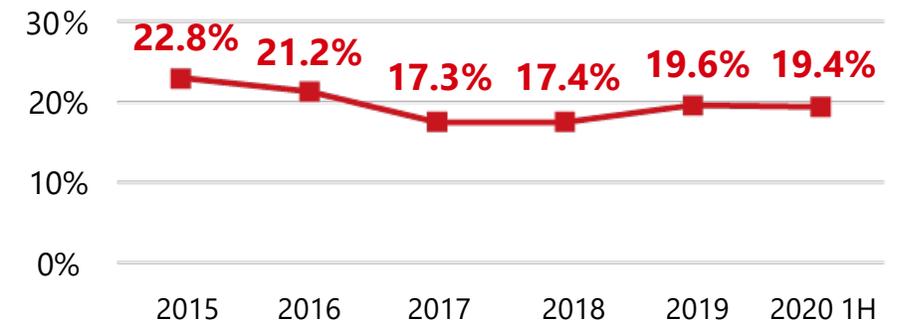
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Webfleet Solutions* *Excluding M&A related cost

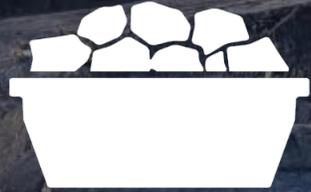


Global TB Retread



Mining Solution





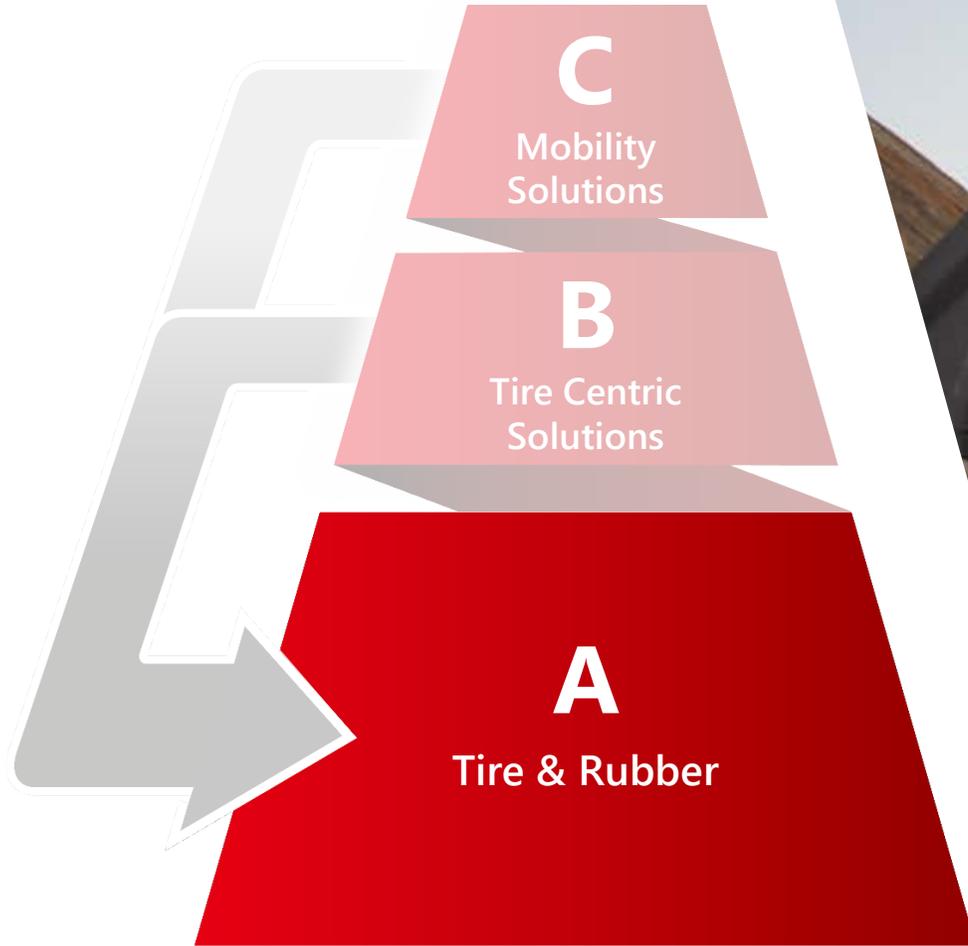
240_t + 360_t



6 tires

Increase of
fleet availability (uptime)

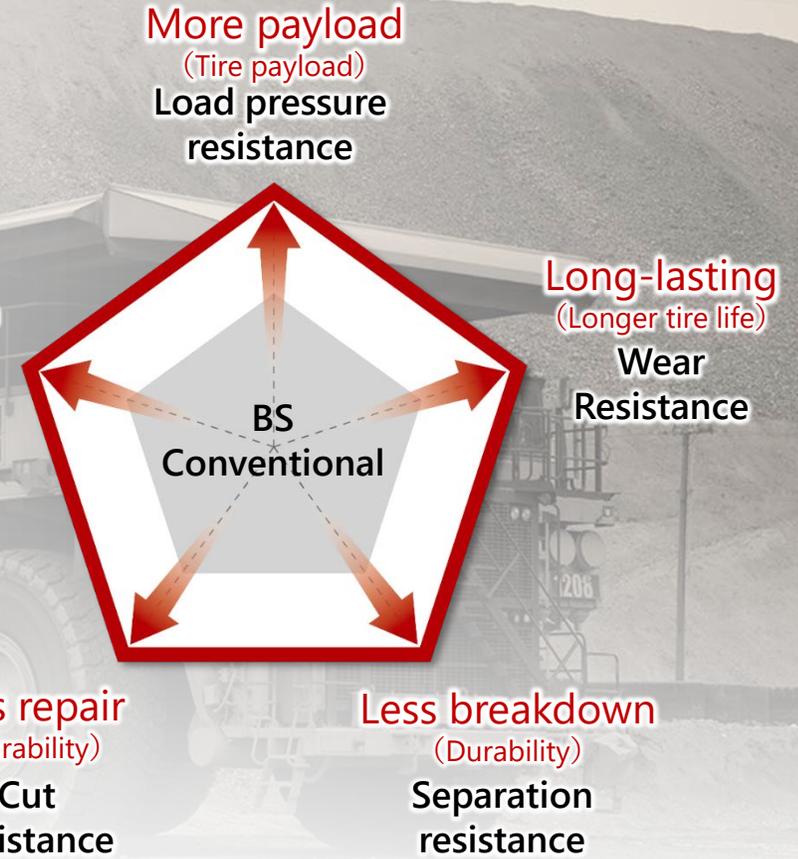
Enhancement of fleet efficiency
(faster transportation of
increased payload)



Dan-Totsu new product
Bridgestone MASTERCORE

Growth Business - Mining Solution Dan-Totsu new product

BRIDGESTONE **MASTERCORE**



New pattern technology
Tread-cooling technology introduced

**High quality powerful tire
with Dan-Totsu durability**

Metal Surface Coating Technology
BS unique steel code / rubber adhesion system

**Industry
-new**

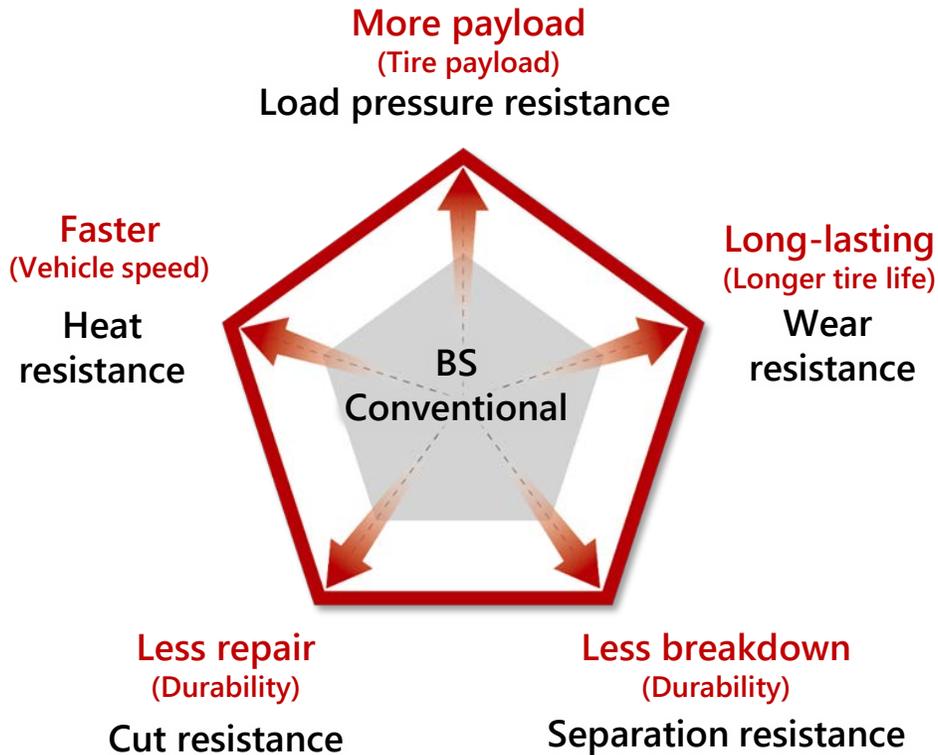
Anti-rust steel cord

Composition of latest durability-improving rubber

※In-house

Growth Business - Mining Solution

Dan-Totsu new product



Improve tire capability without sacrificing of other tire performance

Able to customize the usage of tire according to Mine operation / Mine layout without changing tire



Durability / Longer tire life **114**

Vehicle speed 100
Payload 106

@Iron ore mine in Australia

or



Vehicle speed **105**

Durability / Longer tire life 100
Payload 100

@Gold mine in Mexico

or

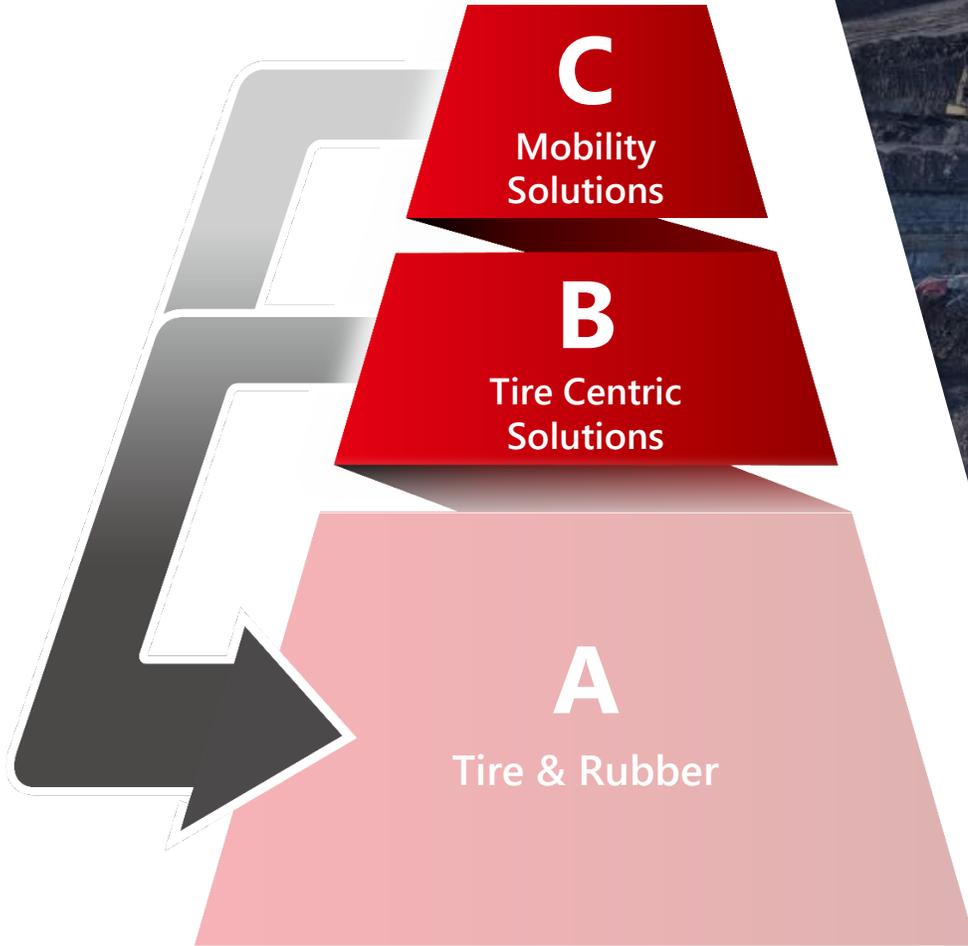


Payload **112**

Durability / Longer tire life 100
Vehicle speed 100

@Copper mine in USA

*Index based on BS Conventional tire performance as 100 (BS analysis)



Solutions Platform
iTrack solutions business
Solution Operation Center / Customer-based

Growth Business - Mining Solution

Digital platform

- Acquisition of **iTrack solutions business** owned by Transense Technologies (June 2020)
- Expansion of solutions business, adding 40 digital personnel as new teammates to collaborate for DX acceleration

- Expansion of internal pressure /heat monitoring system (= Real-time remote monitoring)
- Real-time collection/analysis of Fleet data (speed, location information)

Full-time operation monitoring



Layout/curve/slope analysis



Fleet operation efficiency analysis



Safe operation of fleets

Full utilization of tire availability

Suggestion of optimal route/layout

Offer tailor-made service to each customer
Connect Dan-Totsu product / network / service and develop BS unique solutions

Growth Business - Mining solution Dan-Totsu network

MASTERCORE
Introduced customers

43 mines

Network
(Solution, Service, Sales, Partnership included)

52 bases

iTrack solutions business
Monitoring Center
(UK·London)

★ Technical Center

Bridgestone
**MINING
SOLUTION
CENTRE**
(AUS·Pilbara)

Bridgestone
**MINING
SOLUTION
CENTRE**
(AUS·HunterValley)

iTrack solutions business
Monitoring Center
(CHI·Renaca)

Service Solution Base	Solution Center	○
	Other BS owned	▲
	Partnership	■
	Digital	●
	Sales	■
	MASTERCORE introduced customers	●

Support Dan-Totsu solutions by Dan-Totsu product / service / network
"Real" X "Digital" market intelligence to plug in Dan-Totsu product strategy and development

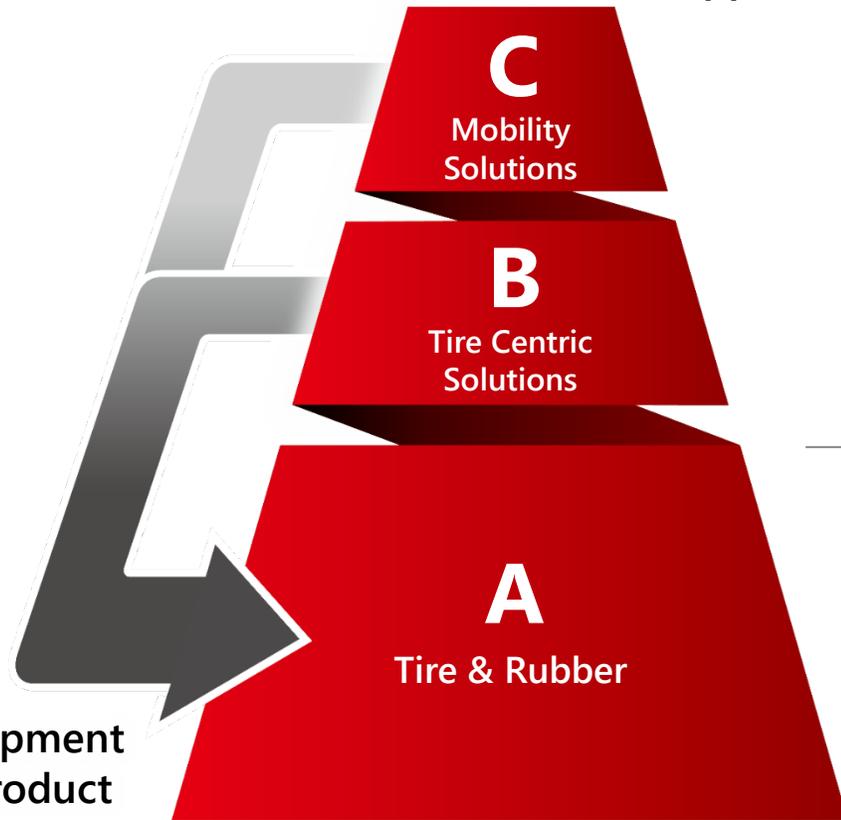
Growth Business - Mining Solution

Spiral-up acceleration with Core Business

Co-create social value and customer value with customers
Support entire mining operation



BS unique wear / durability prediction



Further development of attractive product

"Real"
 Genba-based service
 Solutions engineer
 Mining solution center

×

"Digital"
 iTrack solutions business

"Dan-Totsu new product"
 Bridgestone MASTERCORE
 (Giant off-the road tire for mining)

Expand solutions business foundation thorough enforcement of Core Business & Dan-Totsu product

Direction of Portfolio Management

Direction of Portfolio Management

Optimize business resources as Bridgestone group, with clarified business position and role

Core Business (tire & rubber business) and Growth Business (solutions business):

Investment criteria and evaluation criteria of its return, based on characteristics of each business

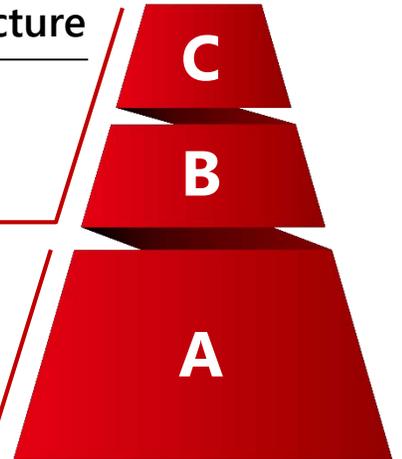
Approach to Criteria

- **Focus on Capital Cost**
In addition to current management index
- ROA, ROE and OP, to add new criteria such as ROIC is under consideration.
- **Maximize return / cash • strengthen profit base**
- **Strict selection of business** which has solid profitability and invest resource intensively to them

Direction of strategic growth investment / restructure

Growth Biz Possibility of value creation and probability
Retread, Webfleet Solutions, DX

Core Biz Tight management of investment by business / category capacity of solid cash generation
Restructuring of Manufacturing footprint and Diversified products



Clarified goal / action KPI and milestone

- Establish system to follow up result of investment / return strictly
- Management of discontinued business - establish rules → Clarify criteria (unprofitable / no synergy etc.)

Agile PDCA to achieve results

Global Business Scenario (2020-2023)

	2020	2021	2022	2023
COVID19 impact	Estimated second wave	Impact continues throughout the year	Gradually recovery	Recovery
Stage	Crisis management			Transformed new Bridgestone
		Rebuild earning power	Strategic growth investment	
Strategic Focus	<ul style="list-style-type: none"> ■ "Safety First" ■ Cash oriented management <ul style="list-style-type: none"> • Net sales scenario planning • Resource management • Asset management • Secure positive free cash flow ■ Impairment items <ul style="list-style-type: none"> • Do not push the burden to the future 	<p>Rebuild earning power</p> <p>Reformation of expense and cost structure</p> <ul style="list-style-type: none"> • Restructure of global production footprint and business • Expense and Cost reforms incl. procurement and logistics <p>Operational excellence</p> <ul style="list-style-type: none"> • Strengthen premium business strategy <p>Strategic growth investment</p> <p>Growth Business : Retread / Webfleet Solutions Core Competence : DX / Innovation</p>	<ul style="list-style-type: none"> ■ Reformation <ul style="list-style-type: none"> • Core Business : Strengthen premium category business • New business portfolio • Profitable resilient business structure ■ Realize new growth strategy <ul style="list-style-type: none"> • Growth Business : Expansion of solutions business 	

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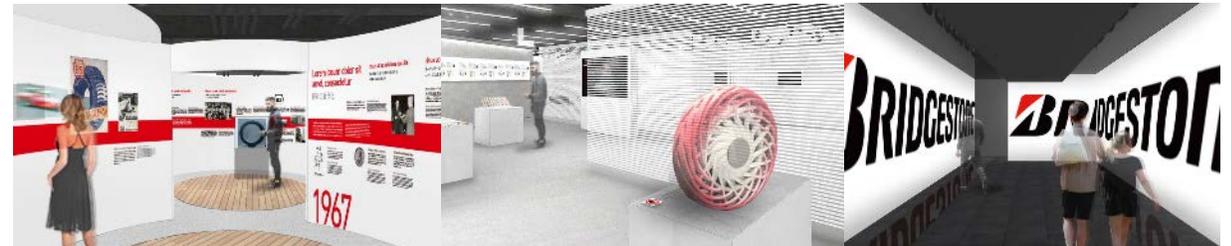
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