



Mid-Long Term Business Strategy Framework

July 8, 2020

Global CEO and
Representative Executive Officer

Shu Ishibashi

Mid-Long Term Business Strategy Framework

1. Mission and Vision

2. Bridgestone's past and future

3. Business environment and direction of strategy

- Change in external / social environment and direction of strategy
- Change in mobility environment and direction of strategy
- Change in tire industry and direction of strategy

4. Bridgestone's business strategy

- Bridgestone Business Strategy –Bridgestone 3.0-
- Build our unique business model
- Build our core competencies

Mission

Serving Society with Superior Quality

VISION

2050

**Bridgestone continues to provide
social value and customer value,
as a sustainable solutions company.**

Mission

Vision

Serving Society with Superior Quality

2050 Bridgestone continues to provide social value and customer value, as a sustainable solutions company.

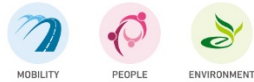
Solutions for your journey

Care, Confidence, Creativity

Social Value Creation



Our Way to Serve



Mid-Long Term Environmental Target

Create Both Social Value and Customer Value

(Safety, Environment, Economics, Productivity)



Gain Competitive Advantage

Support Mobility Systems

**BRIDGESTONE
T&DPaaS**

Co-creation • Innovation for Solutions

Unique Business Model with Sustainability at its Core

Contribution to Mobility, Circular economy, CO₂ reduction

Customer Value Creation

Solve customers' problems

Create new value with customers

Business Strategy

Our Way to Serve
Management Fundamentals

Compliance,
Fair Competition

Business Continuity (BCP),
Risk Management

Human Rights,
Labor Practices

Safety,
Industrial Hygiene

Procurement

Quality and
Customer Value

Governance

Build mutual understanding and trust by keeping and fulfilling promises

System for appropriate decision-making and execution responding to changes

System for value co-creation

Bridgestone's past and future

Serving Society
with Superior Quality

Dan-Totsu × A truly global company

Glocal
Management × Corporate
Governance

1931-

Bridgestone 1.0



Foundation

Tire & Rubber

Japan • Asia

1988-

Bridgestone 2.0



Global Company
(Second Foundation)

Global Development

- 1988 Firestone merger
- 2007 Bandag acquisition
- 2019 Webfleet Solutions acquisition

2020-

Bridgestone 3.0



Solutions Company
(Third Foundation)

Tire & Rubber
×
Solutions

Bridgestone T&DPaaS



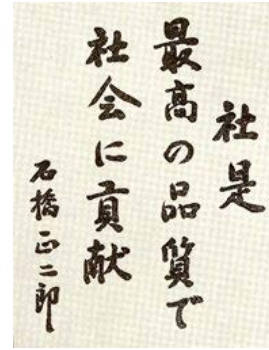
To be a sustainable solutions company

Bridgestone's past and future

1931-
Bridgestone 1.0



1968
Company motto
"Serving Society
with Superior Quality"



1988-
Bridgestone 2.0
(Second Foundation)



2011
Refined the Bridgestone Essence



Safety Mission Statement (2012)

Quality Mission Statement (2015)

Environment Mission Statement (2011)

2017
"Our Way to Serve"

2020-
Bridgestone 3.0
(Third Foundation)



Our Way to Serve



MOBILITY



PEOPLE



ENVIRONMENT

Bridgestone's past and future

1931-
Bridgestone 1.0

1988-
Bridgestone 2.0
(Second Foundation)

2020-
Bridgestone 3.0
(Third Foundation)

1931 Foundation
BRIDGESTONE | 

1984 CI defined
BRIDGESTONE | 

2003 Tagline defined
BRIDGESTONE
PASSION for EXCELLENCE | 

2011 CI Refined
BRIDGESTONE
Your Journey, Our Passion | 

1900 Foundation

1988 merger
Firestone

1992 tagline revised
Firestone
America's Tire Since 1900

2016 tagline revised
Firestone
ALWAYS DEPENDABLE | 

Two global major brands

New brand message
Based on the journey, toward solutions
"Solutions for your journey"

Bridgestone Global Brand Activities

- 1997 Entry into Formula1
- 2001 Entry into MotoGP
- 2013 Entry into World Solar Challenge
- 2014 Worldwide Olympic Partner
- 2018 Worldwide Paralympic Partner

Our core competencies in Bridgestone1.0 and 2.0

Global footprints

Global presence (production / sales)



Close contact with customers

Strong in commercial business, Genbutsu-Genba (=“Real”)
Field engineering



Brand power

Two global power brands: BS and FS, Global brand activities
(Motorsports including Formula1, Olympic & Paralympic, etc.)



Material

“Mastery of rubber”



Serving Society
with Superior Quality

VISION

Changes

Significant impact
on BS business

**External & Social
environment**

Significant
impact



Direction
of
strategy



Mobility



Tire industry



Change

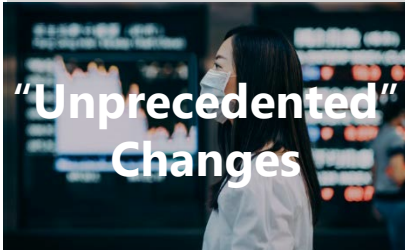
Turn to
Opportunity

Bridgestone Business Strategy
Bridgestone 3.0

Change in external & social environment and direction of strategy

Significant impact on BS business

Direction of strategy



Anything can happen
 - Natural disasters
 - Outbreak of infectious diseases

Change management system to be more flexible

"Be flexible. Be agile."



Changes in globalization

Build Dan-Totsu products/services/business model

Cash-oriented management

"No survive unless stay responsive and strong"



Sustainability / SDGs
 Regulatory changes

Put sustainability as the core of management

- Build sustainable-base business
- Mobility-contribute model / Circular economy-contribute model / CO2 reduction-contribute model



AI
 IoT
 Big Data
 5G

*DX = Digital Transformation

Evolution of value creation → Reinforce Bridgestone DX

"No value creation without DX"

- DX foundation and global architecture

- 2010- Material DX
- 2016- Manufacturing DX (EXAMATION)
- 2016- Customer contact DX (Tirematics)
- 2019- WEBFLEET
- 2020- Engineering Chain DX

Change in mobility (mainly for passenger car) and direction of strategy

Significant impact on BS business

Direction of strategy

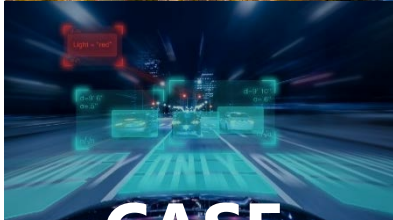


Diversification of players and changes in profit structure in mobility industry



Autonomous & Electric

- Automation / Higher cost of vehicles



Shared

- Business will be based on higher-cost vehicles
- Ownership to User-ship in mid-long term (Sustainability / Economic rationality)



Connected

- Smart City
- V2X (Vehicle×Vehicle, Vehicle×Everything)



Provide value directly to end-customer

➔ Support mobility through Bridgestone T&DPaaS

Countermeasure for the higher-cost vehicles

- Business model of higher utilization to offset the higher cost
- High value added business in REP

Transformation of service from repair to maintenance

- From service network to solution network

Transformation of OE tire business

- OEM: Value creation partner

Shift to sustainable business model, changing from Ownership to User-ship

➔ Assess the influence on personal mobility by COVID-19

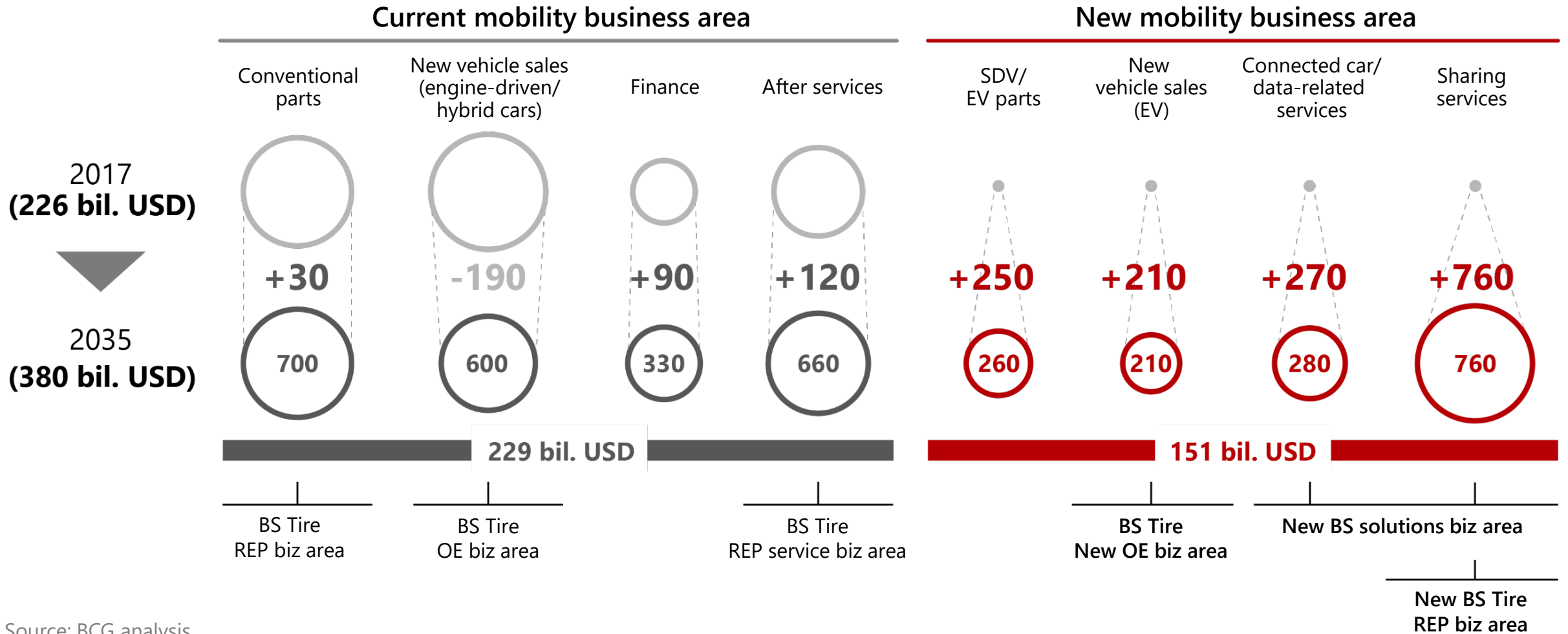
- From B2C to B2B
- Shift to lease/subscription model

Reinforce Bridgestone DX by Real x Digital

- Build BS-unique algorithm
- Create value by connecting with tires
Tire × Vehicle / Vehicle parts / Road / Tire
- Connect system with system / open-system to be connected
Bridgestone T&DPaaS × MaaS / Mobility system

Profit pool in the Automobile Industry

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



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

Change in tire industry and direction of strategy

Significant impact on BS business

Direction of strategy

Tire industry is still profitable

- Deterioration of entire tire industry profit structure
- Still "better" position compared to other similar manufacturing industries

We will not survive unless we stay responsive and strong

- Expansion of the gap among players (profit decline is larger in Tier3)

	Tier 1	Tier 2	Tier 3
2014	12.4%	11.5%	8.4%
OP	▼	▼	▼
2018	11.7%	7.9%	5.2%

*Bridgestone analysis

Impact of price erosion due to emerging players entering the market

Respond calmly with a sense of urgency

- Bold and radical countermeasures in anticipation of industry changes
- Tire industry is asset-intensive: review E2E value-chain
 - What we should hold and what we should not
- First, stay strong in the current tire & rubber business, and in parallel fundamentally change the playing field
 - Dan-Totsu profit within tire industry
 - In the meantime, deploy growth strategy to reform profit structure and develop growth strategy by developing solutions and platforms



Serving Society
with Superior Quality

VISION

Changes

Significant impact
on BS business

External & Social
environment

Significant
impact



Direction
of
strategy



Mobility



Tire industry



Change

Turn to
Opportunity

Bridgestone Business Strategy

Bridgestone 3.0

Bridgestone Business Strategy - Bridgestone 3.0 -

Sustainability at a core of management → Create both social value and customer value and gain competitive advantage

Enhance solutions business through our unique platform : Bridgestone T&DPaaS

**Build our unique business model : Evolve to solutions business,
utilizing the strengths and expertise of tire & rubber business**

Building strategy

- Boldly clarify “what we do” and “what we don’t”
- Global and local business strategy must be specified and formulated
- Strategy formulation with E2E

Re-building business boldly based on the strategy

Building BS-unique business strategy

A: Tire & Rubber
B: Tire Centric Solutions
C: Mobility Solutions



Bold measures

M&A, Business reform,
Manufacturing footprint optimization,
Drastic productivity improvement (E2E)



Bold resource allocation

- Resource reallocation based on biz strategy
- Invest resources into new strategic area

Holistic optimization of Management

- Group global optimization
- Total value chain optimization



Tires Carry Life



Driving
Turning
Braking
Transmit
Connect

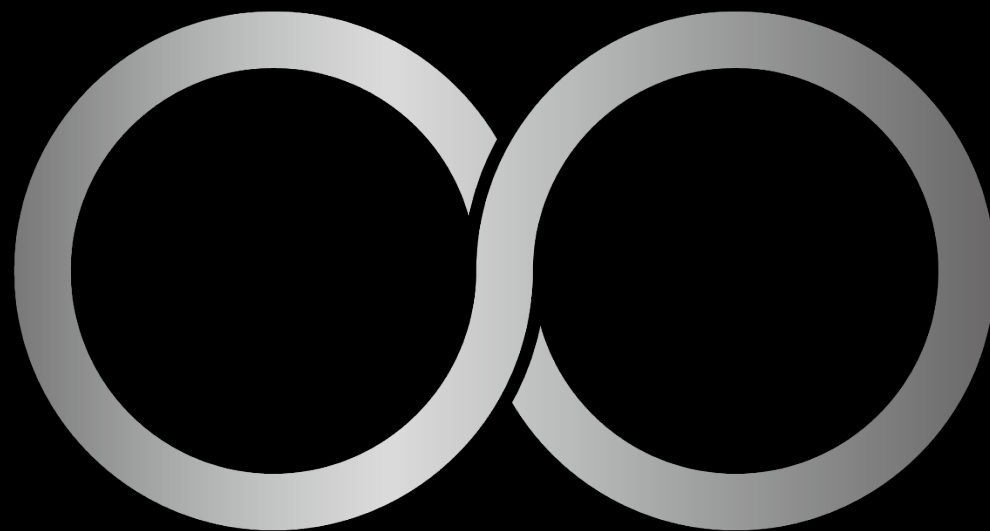


Supporting all kinds of mobility



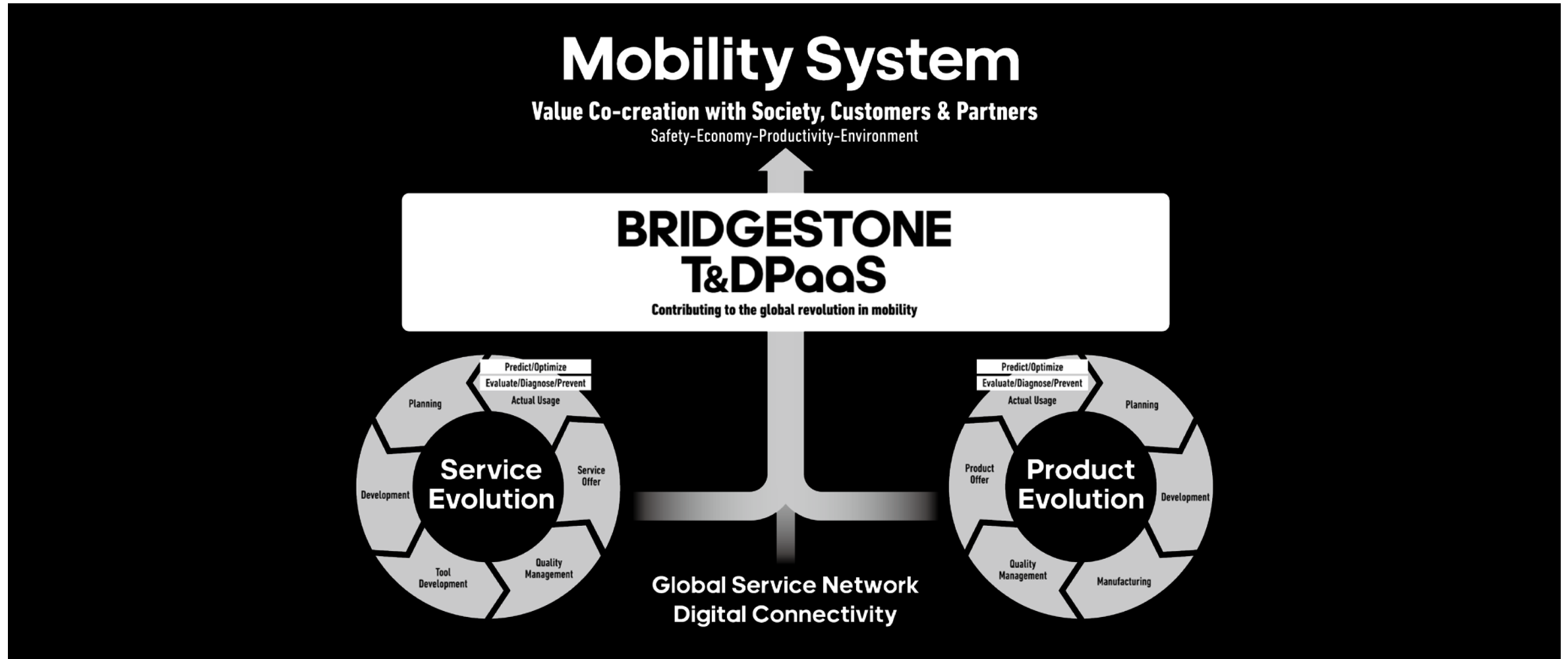
Dan-Totsu Global Network
Digital Connectivity

Supporting all kinds of mobility systems



BRIDGESTONE T&DPaaS

Enhance solutions business through our unique platform : Bridgestone T&DPaaS



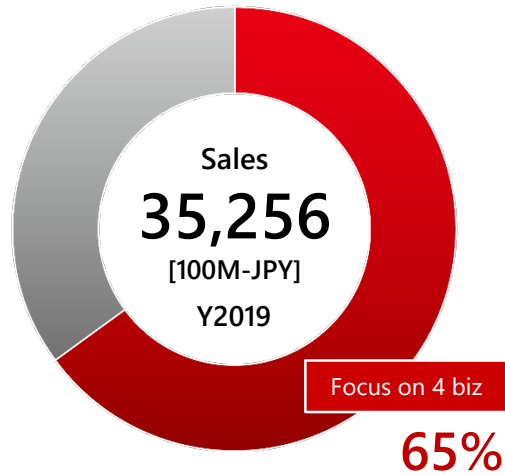
Connect to any mobility systems with Bridgestone T&DPaaS

Build our unique business model



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

Build our unique business model - Businesses in the scope of "global" business strategy



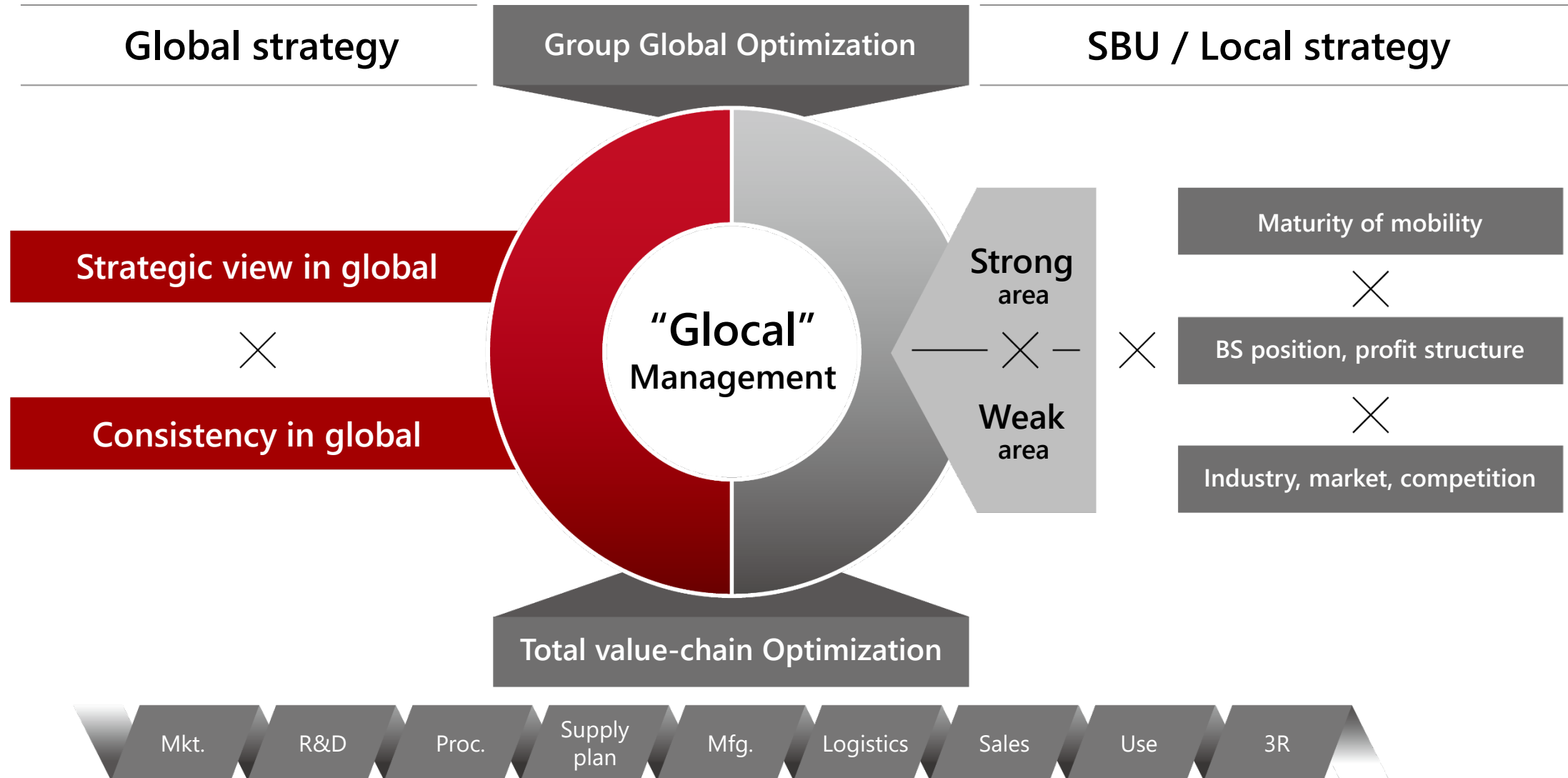
	Y2019 Sales [100M-JPY]
4 biz TTL	23,000
TB	7,000
PS/LT	12,800
OR+AC	3,200

*Excl. sales of retail and finance business

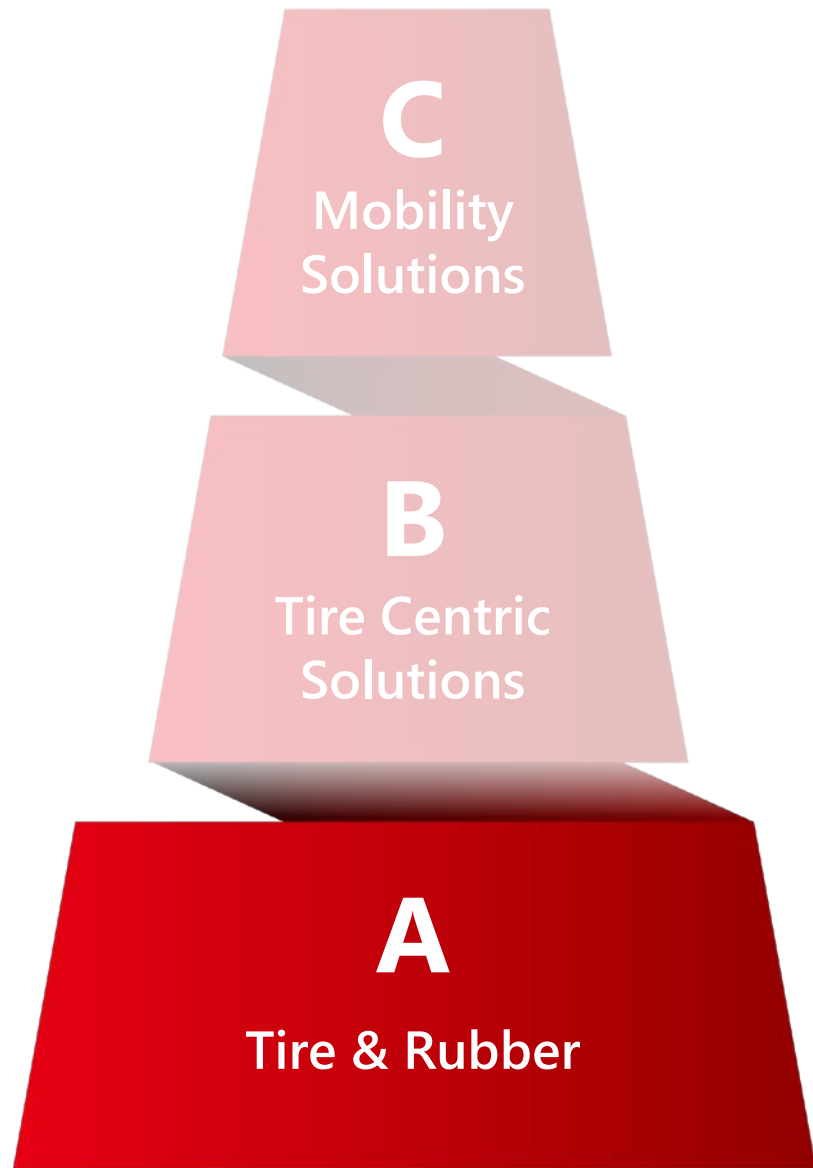
	TB Truck/Bus tires	PS/LT Passenger/Light truck tires	OR Off-the-road tires	AC Aircraft tires
A Tire & Rubber	Premium/Trailer	Premium	U-Large Large Mid & Small	
B Tire Centric Solutions	TB Solution TB+Retread Wear prediction Maintenance • Subscription model • Fuel efficiency wear/load resistance retread durability • Alliance with fleet company	PS/LT Solution TPMS Wear prediction Maintenance • Subscription model • RFT, fuel-efficiency, wear/load resistance • Alliance with ridesharing company	OR Solution OR + Repair Prediction (wear/durability) Maintenance • Subscription model • Customized product - Durability/wear/speed • Alliance with mining company	AC Solution AC + Retread Wear prediction Inventory management Maintenance • Subscription model • Retread-base high durability product - multiple retreads • Alliance with airline
C Mobility Solutions	Fleet Solution • WEBFLEET • Alliance with OEM • Alliance with fleet company	MaaS Solution • Smart City • Alliance with OEM • Alliance with MaaS operator	Mining Solution • Alliance with OEM • Alliance with mining operator	Aircraft Solution • Alliance with OEM • Alliance with airline

"Glocal" management

*Glocal = Global x Local



Build our unique business model



Produce and sell “Products”

Produce and sell high-value-added products (Dan-Totsu products)

■ Premium strategy:

Focus on high-value-added products (Dan-Totsu products)

- TB : Major brands (BS / FS)
- PS/LT : HRD (Rim size above 18 inch tires), RFT, Winter tires etc.
- OR, AC

■ Strengthen system to produce and sell high-value-added products

- Whole value chain, E2E
- Optimizing manufacturing footprint
- Strengthen premium channel strategy and develop solutions network

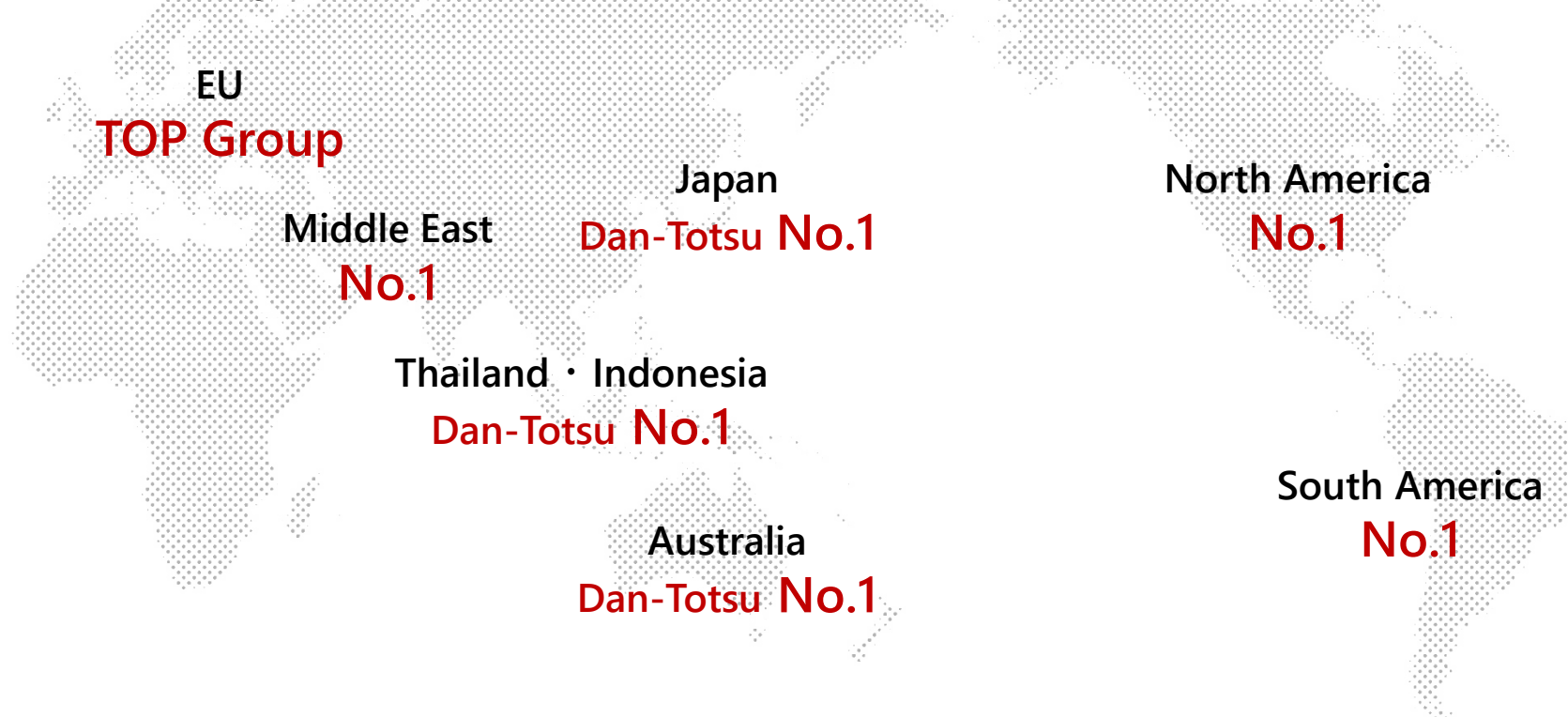
Tire & Rubber Business

Premium Strategy - TB (truck & bus tires) Business

Focus on major brands (BS / FS)

Strong position in major markets globally, leveraging our strengths – Dan-Totsu products, Dan-Totsu service network and customer oriented services

Position in major markets : TBR REP share * Bridgestone estimate.



Overall tire demand : major brands sales (2020 Q1 Actual, vs PY)

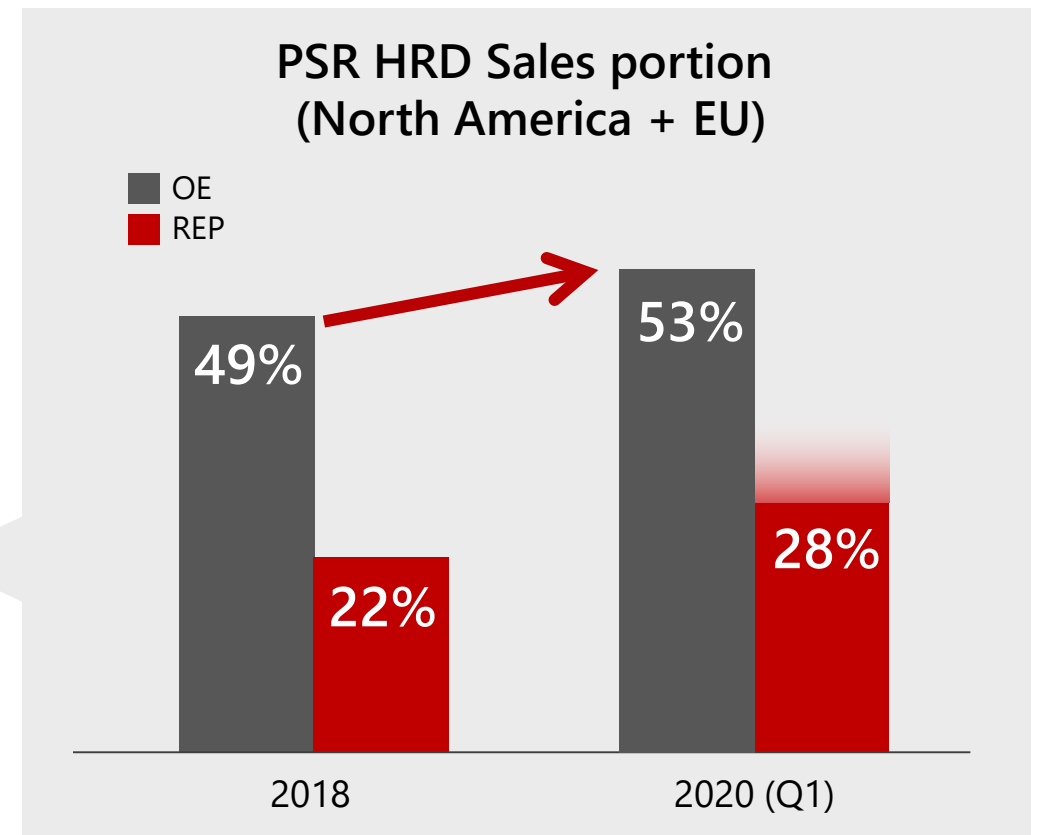
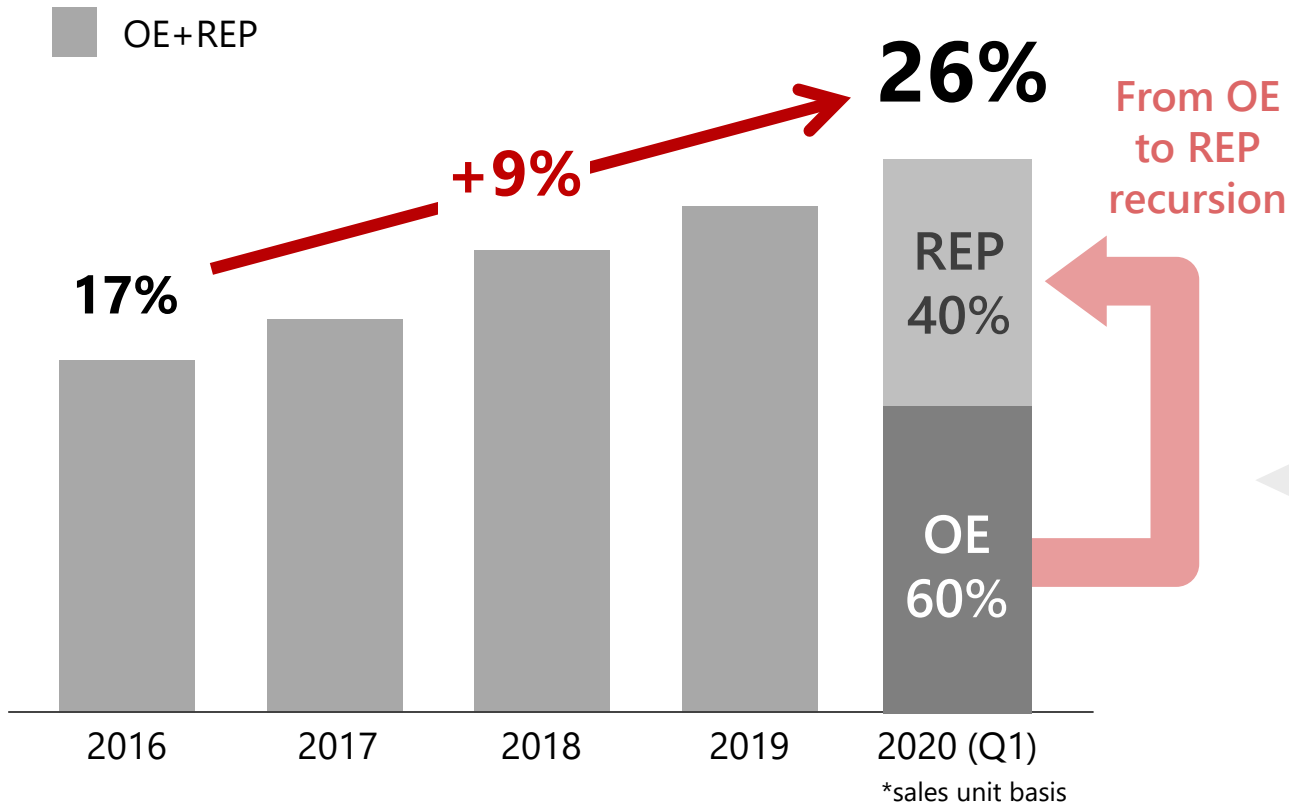
Region	Total Demand	Sales BS/FS brands
North America	95 (USTMA)	111
EU	89 (Europool)	95

Premium Strategy - PS/LT (passenger car & light truck tires) Business

Focus on HRD (18 inch and above high rim size tires) sales

Enhance REP sales through premium channel, proactive approach to OEM to improve sales mix to increase HRD portion (optimize REP-OE recursion)

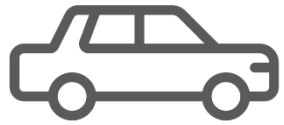
Increase PSR HRD sales portion (Global)



*sales unit basis

Strengthen system to produce and sell high-value-added products – Solutions network

Strengthen our network to provide solutions which support future mobility to society and customers



10,000
STORES



3,500
STORES



Services- "Real" × "Digital"

Provide customer oriented services by combination of "Real X Digital"

On-site services

Shop maintenance
Tire consultants



Online Services

E-commerce
Online tire consultation

Provide services to support mobility in smart cities

- Support personal mobility• last mile delivery
- Mobile van maintenance
- EV support (EV maintenance, charging services)

Bridgestone's solutions network

tirematics

Tire monitoring system

toolbox

Tire database platform

mobox

Subscription model

REACH

Dealer matching system

basys

Retread tire mgt. system

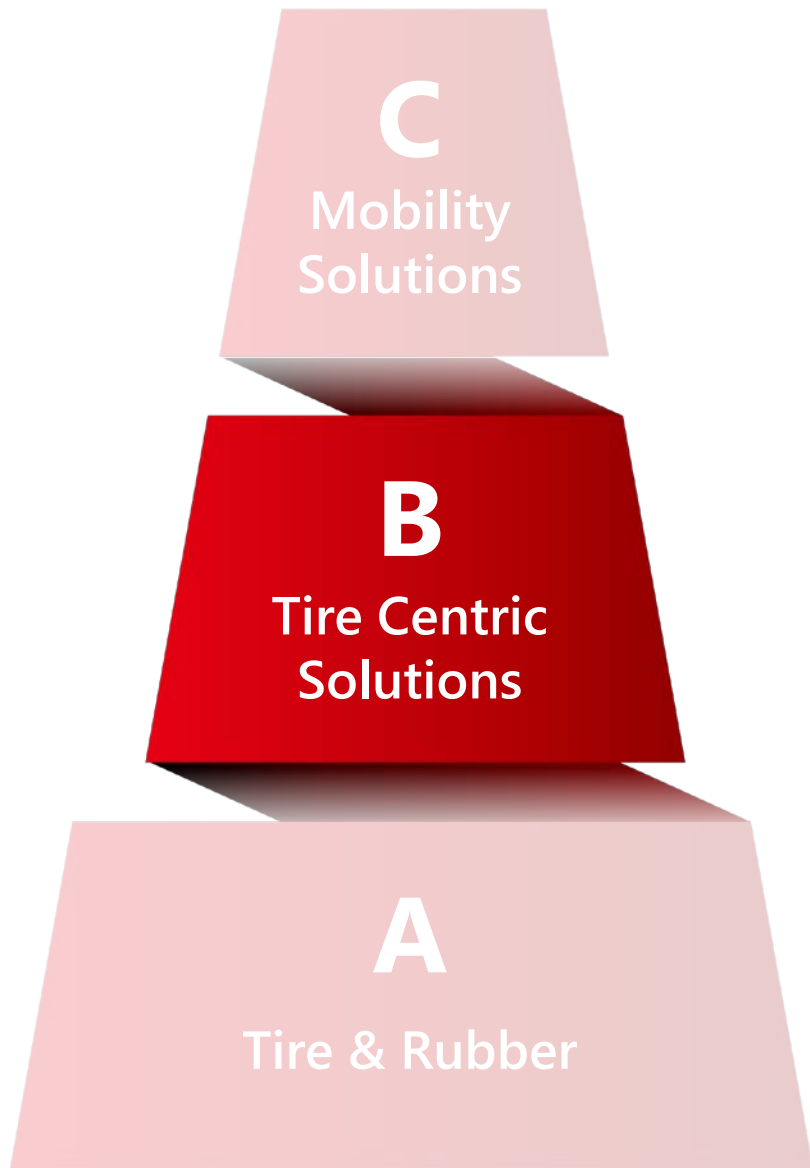
webfleet solutions

Fleet mgt. system

- Transform to solutions network that provides various Bridgestone solutions programs.

Dan-Totsu service network

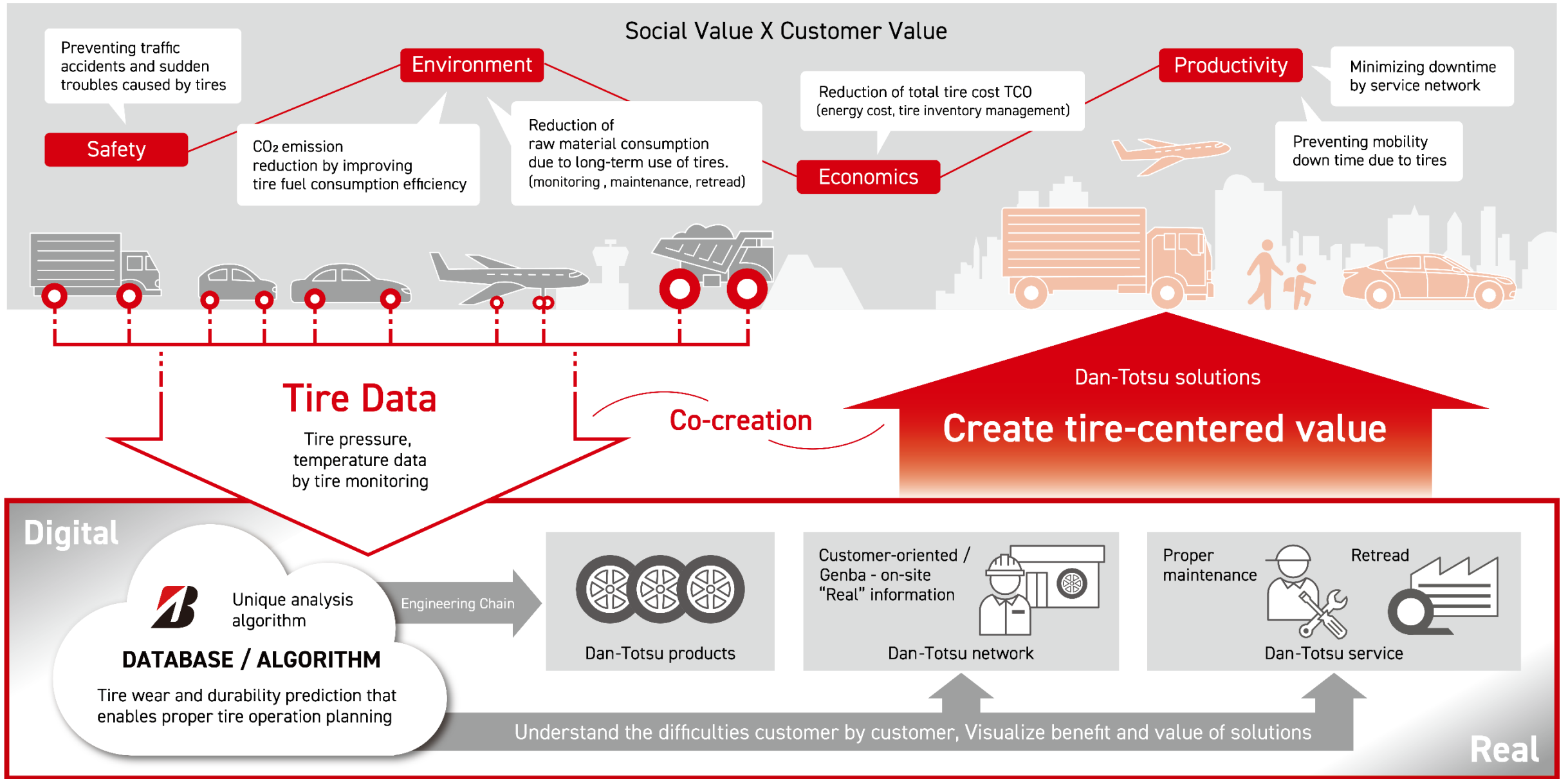
Transform to Dan-Totsu solutions network that supports future mobility



Create and sell "value"

Business to provide added value to products through products and tire related data

Tire Centric Solutions



Tire Centric Solutions TB Retread

Core of business and technology, Service enabling to create both social value and customer value

Global Operating profit%
(Actuals from past years)

Approx. **20%**

Social value

- Use less than 1/3 materials vs new tires
- Reduce CO₂
- Contribute to resource productivity

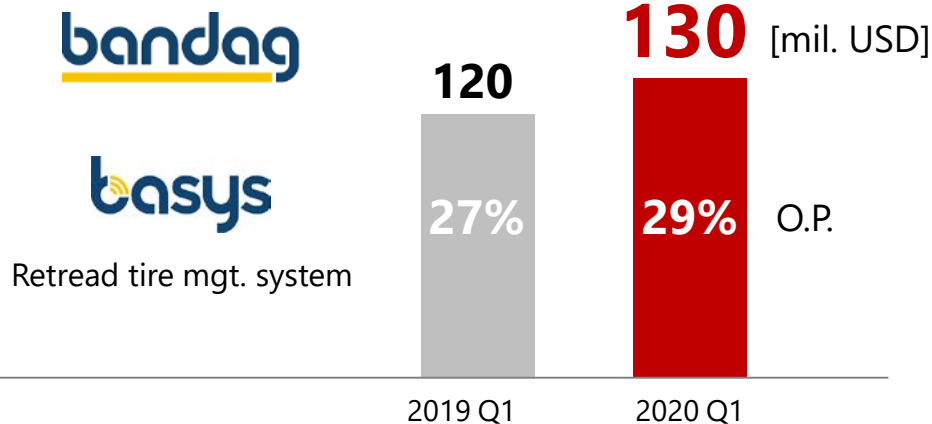


Customer value

- Support transportation with safety
- Environmental management
- Reduce total cost for tires
- Operational efficiency

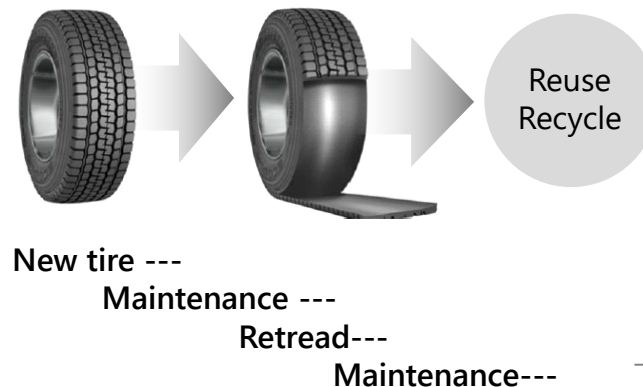
North America : Resilient business model

North America retread business
Net sales · Operating profit%

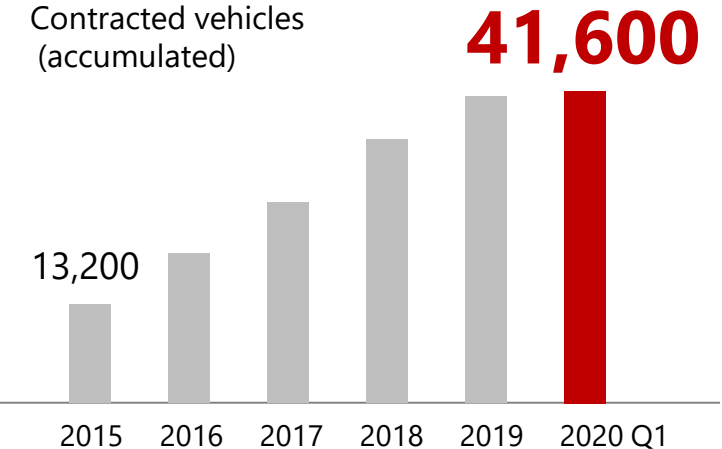


Japan : TPP (Total Package Plan)

Monthly subscription package - all in one contract includes new tire, maintenance and retread. Provide proper maintenance based on customer usage throughout the life of tire.

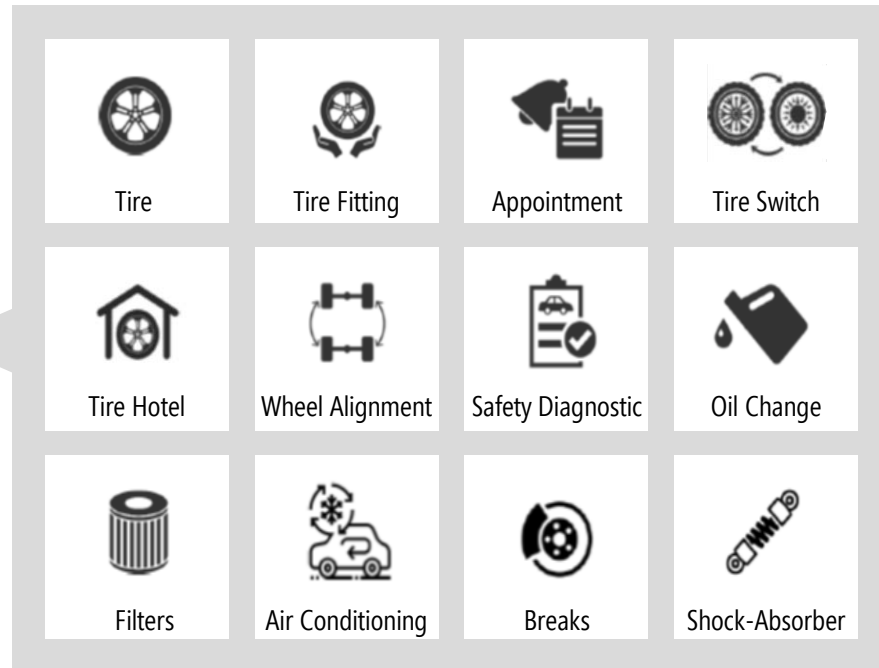


Contracted vehicles
(accumulated)



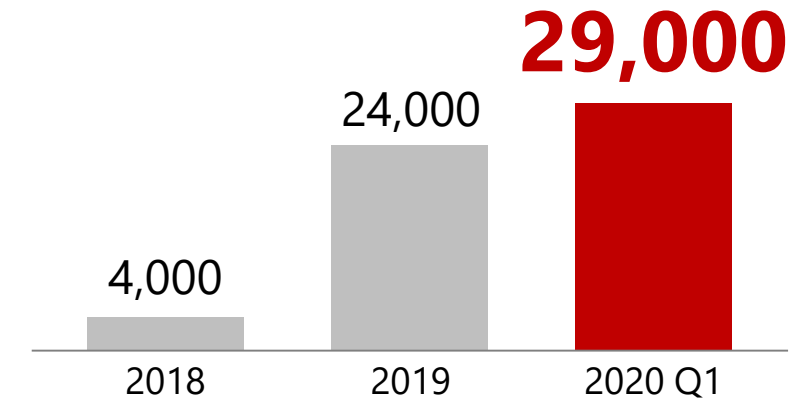
Tire Centric Solutions Subscription model

Subscription model for passenger cars -
provide safety and peace of mind through tire and vehicle maintenance services



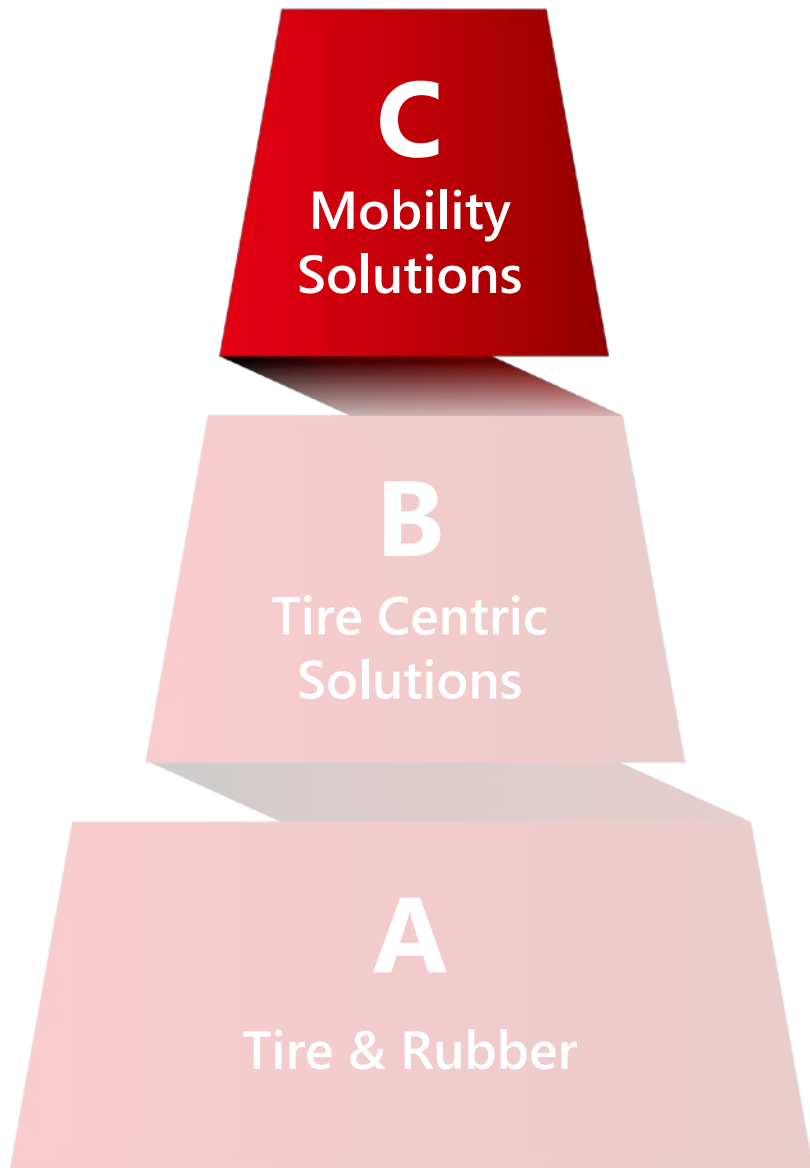
- Simple and paperless contract process
- Monthly subscription package plan which can be customized to include various services.

No. of contracts (actuals)



In service at over 1,000 service locations
in EU

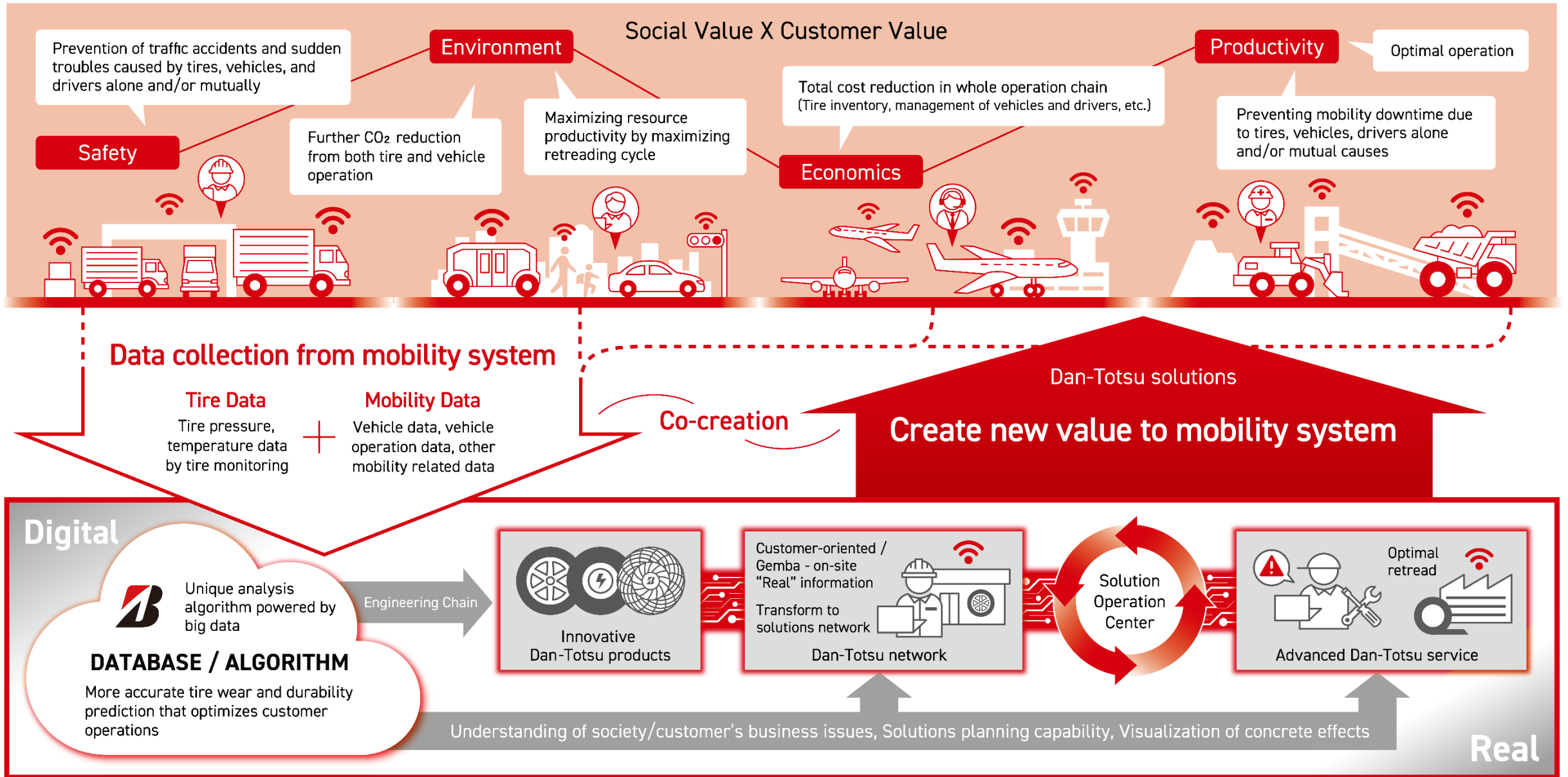
Accelerate global expansion to
Middle East, Americas, Asia and Japan



Create and sell "value as system"

Business to provide new value through products,
tire related data and mobility related data

Mobility Solutions

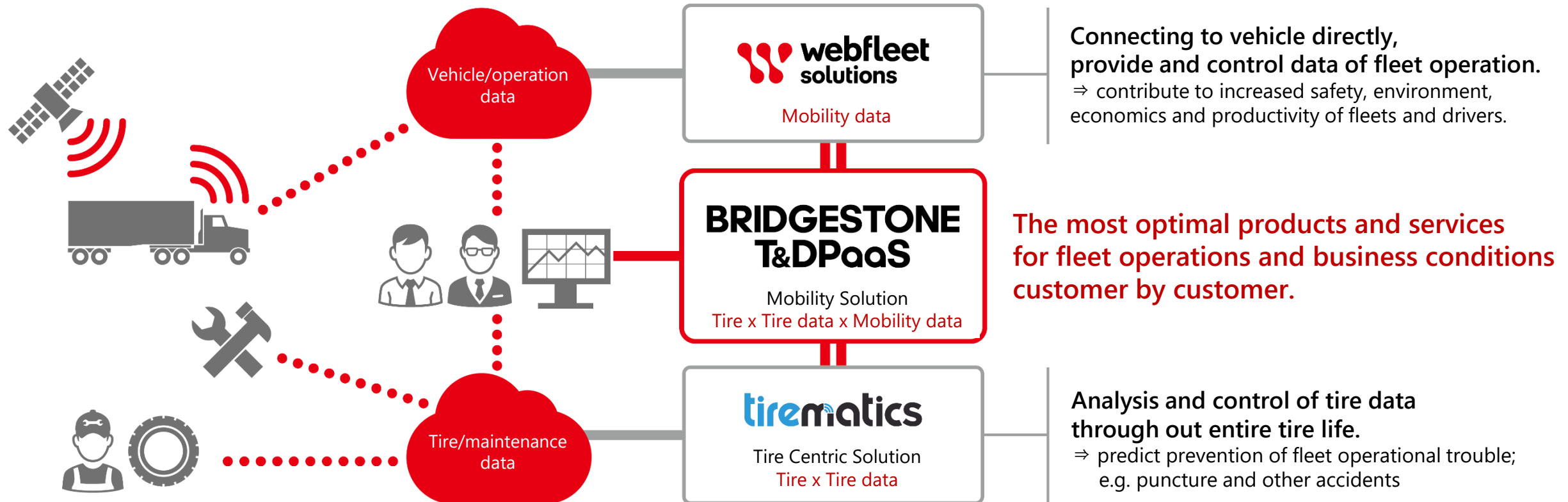


Mobility Solutions Fleet Solution

Combination of Tire x Tire data x Mobility data
with our unique algorithm generates Bridgestone's unique solutions

Resilient business model : keeping **approx. 25%** operating profit

*Q2 2019 – Q1 2020, excludes M&A related cost

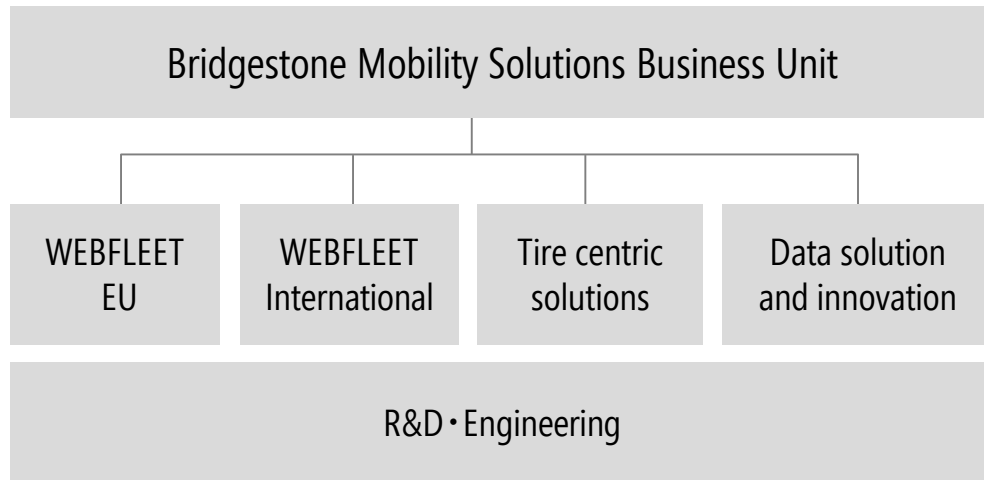


Mobility Solutions Fleet Solution

Maximize synergy with tire centric solutions, accelerate global business expansion of fleet management system which has big market potential.

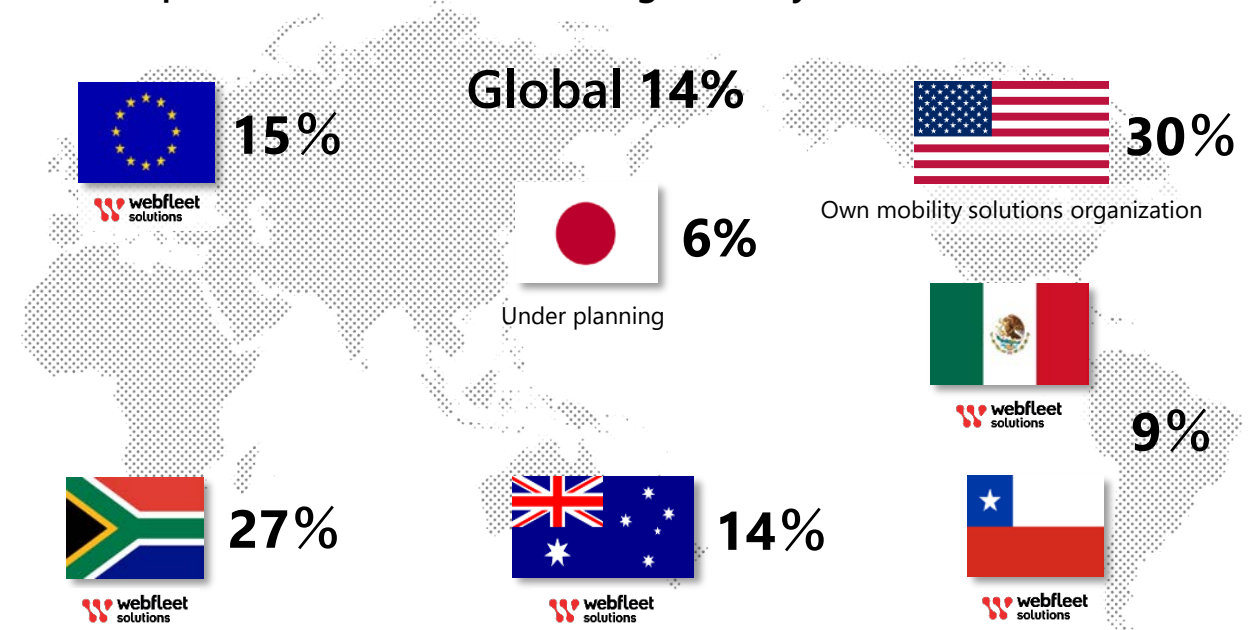
■ Establish organization to maximize synergy with tire data x mobility data

- Established Bridgestone Mobility Solution Business Unit (EU- Netherland)
- Synergy with 700 teammates in Webfleet Solutions



■ Accelerate global business expansion – big market potential

Market penetration % of fleet management system:



*Bridgestone analysis

Mobility Solutions Fleet Solution

Platform for ABC business value "Spiral up"

- Feedback vehicle operation data as customer touch point
- Optimize whole value chain which provides mobility solution system



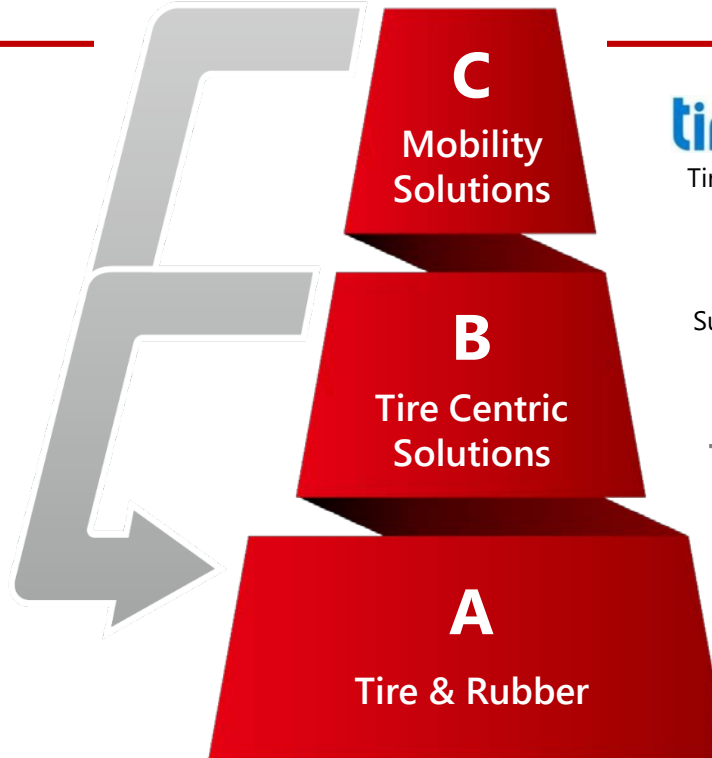
- Value proposition using our unique algorithm to mobility (fleet management system etc.)



Strengthen solutions service network for future mobility



Speedy feedback to Dan-Totsu products development
Improve supply chain



C
Mobility Solutions

B
Tire Centric Solutions

A
Tire & Rubber

Wear prediction model

tirematics
Tire monitoring system

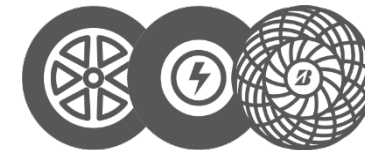
toolbox
Tire database platform

mobox
Subscription model

basys
Retread tire mgt. system

REACH
Dealer matching system

Various tire centric solutions responding to customer needs



Produce and sell innovative Dan-Totsu products

Bridgestone's solutions business - Global platform **Center of Excellence (CoE)**

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

tirematics

Tire monitoring system

toolbox

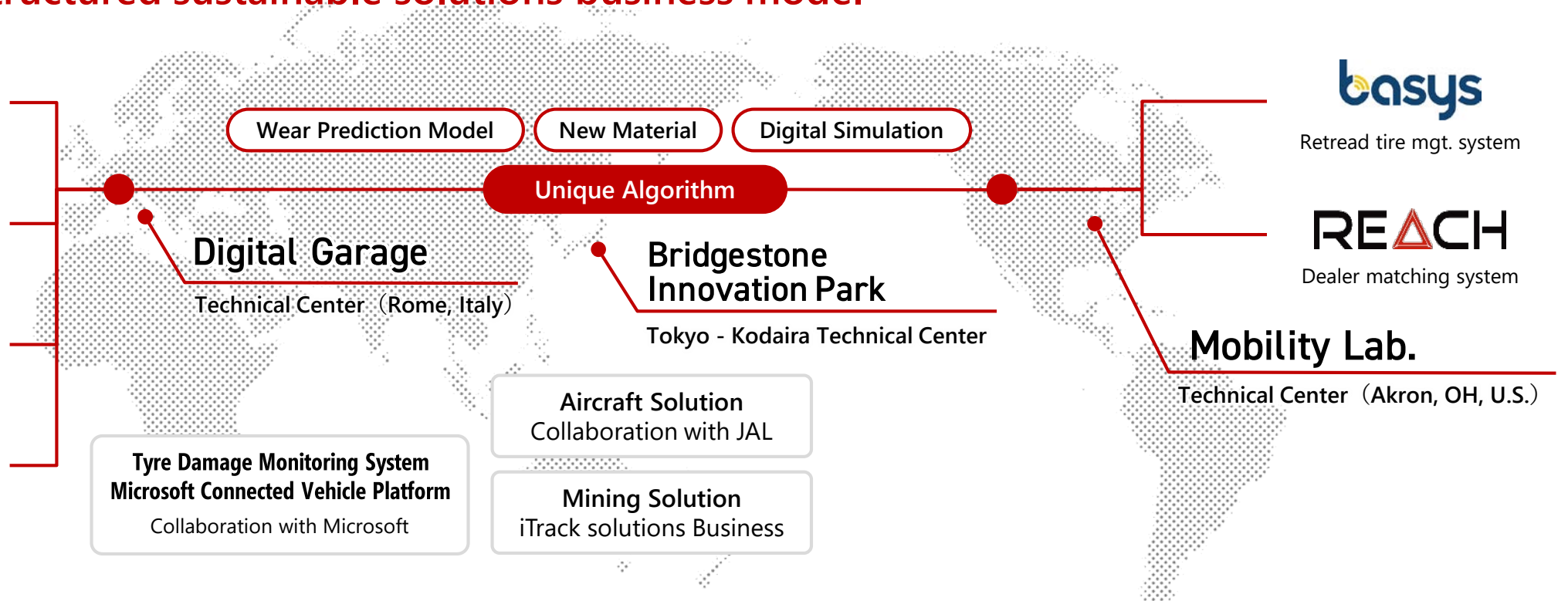
Tire database platform

mobox

Subscription model

webfleet solutions

Fleet Mgt. System



basys

Retread tire mgt. system

REACH

Dealer matching system

Mobility Lab.

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

Digital Garage

Technical Center (Rome, Italy)

Unique Algorithm

Bridgestone Innovation Park

Tokyo - Kodaira Technical Center

Aircraft Solution
Collaboration with JAL

Mining Solution
iTrack solutions Business

Tyre Damage Monitoring System
Microsoft Connected Vehicle Platform
Collaboration with Microsoft

Global common solutions platform

tirematics | toolbox | webfleet solutions | basys | mobox | Wear Prediction Model



Customized solutions by region / business

Mobility solution Aircraft solution

Aircraft data x tire wear prediction technology supports safety and peace of mind in aircraft operation

Japan Airlines and Bridgestone collaborate to improve Aircraft Maintenance Utilizing Tire Wear Prediction Technologies

Safety

Support safe aircrafts operation



Economics · Productivity

Reduce tire and wheel inventories
Improve efficiency of aircraft maintenance programs



Environment

Reduce CO₂ emissions
from manufacturing and in-use stages



Launched date : May 2020

Target aircraft : Embraer E170 and E190 based in Osaka international airport (Itami)

Bridgestone's solutions business - Solutions of Japan Tire Business

Japan REP Tire Business :

evolve to solutions company leveraging the strengths of wholesale business

October, 2020

From Bridgestone Tire Japan "BTJ" to **Bridgestone Tire Solution Japan "BTSJ"**

■ Evolve into 2 business units : core business "wholesale business" and growth business "solutions business"

- Core business "wholesale" → stronger
 - Leveraging Dan-Totsu brand power, products and sales network
 - Further strengthen Dan-Totsu business to "produce and sell" tires to improve profitability (E2E efficiency)
- Growth business "solutions" → new establishment, development of Bridgestone T&DPaaS
 - Connect directly to end-customers and create sustainable solutions business with value-co-creation partners
 - Build Bridgestone's unique business model

■ Start from tire centric solutions toward mobility solutions "start in 2021"

- Commercial-use : Provide subscription based solutions to fleets
- Consumer-use : Launch premium e-commerce platform including subscription model, Build CASE / MaaS solutions

New brand message
for evolution to a sustainable solutions company

**BRIDGESTONE**
Solutions for your journey

Contributing to Society's advancement
with Care, Confidence and Creativity

Build our core competencies

Build our core competencies Bridgestone 3.0

Sustainability



DX / Technology



Innovation for Solutions



HRX

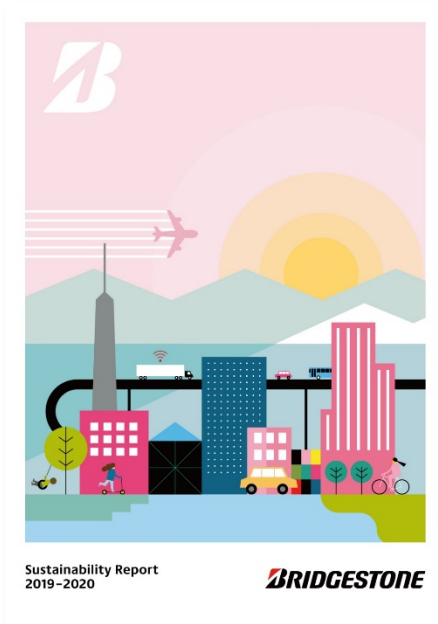
※HRX: Human Resource Transformation



Build our core competencies Bridgestone 3.0 Sustainability

Sustainability Report 2019-2020

Invitation to a wide range of stakeholders
to share our commitment to sustainability and join us in co-creation



Issue date: July 21, 2020

- “The Bridgestone Essence” and “Vision”
- Global CEO Message
- Mid-Long Term Business Strategy
- Corporate Governance
- Our Way to Serve
- People
- Environment
- Management Fundamentals
 - Compliance, Fair Competition
 - Business Continuity (BCP), Risk Management
 - Human Rights, Labor Practices
 - Safety, Industrial Hygiene
 - Procurement
 - Quality and Customer Value
- Stakeholder Engagement
- Bridgestone Group Awards 2020
- ESG Data

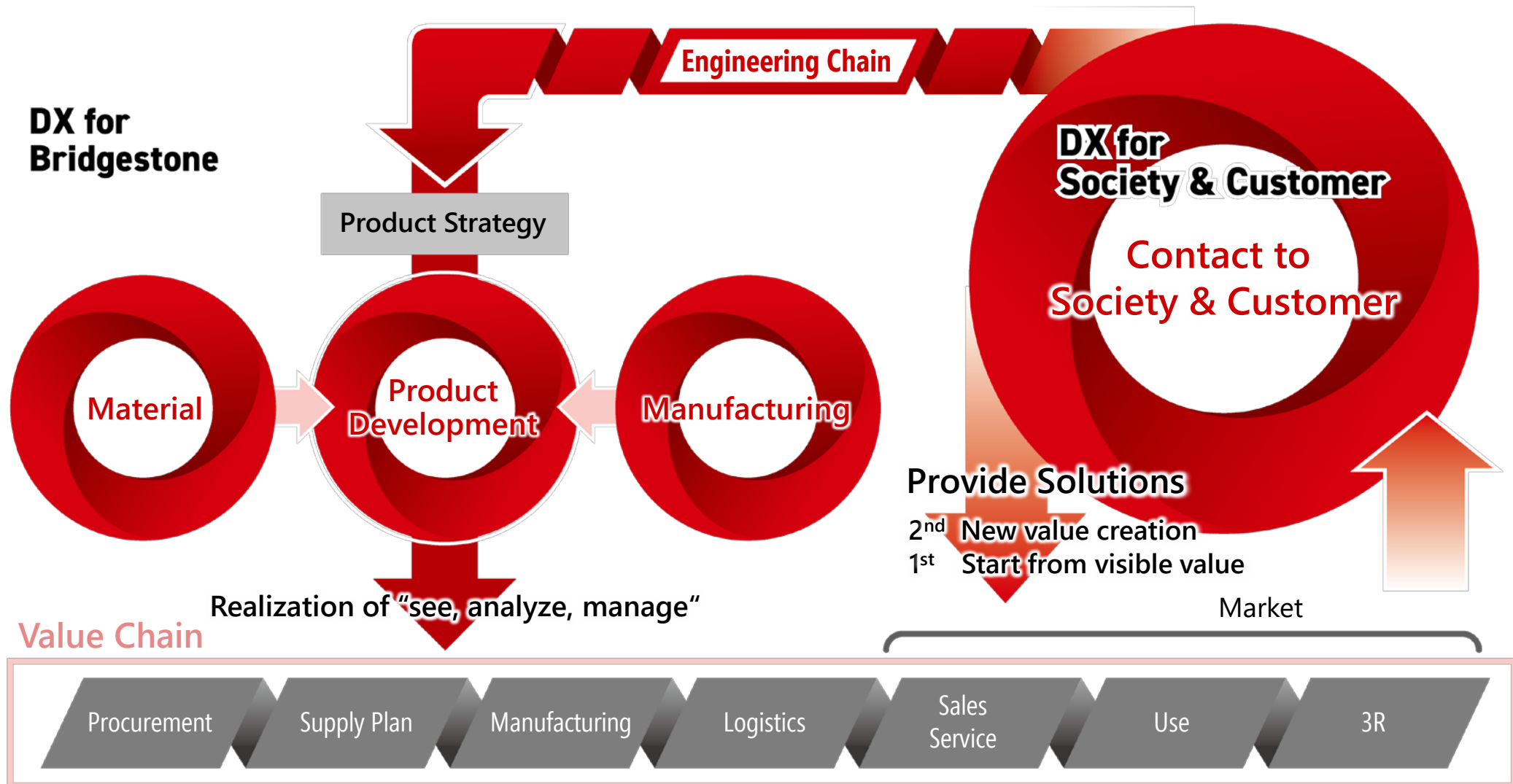
MEMBER OF
**Dow Jones
Sustainability Indices**
In collaboration with **SAM**
a RobecoSAM brand



Member 2019/2020
STOXX
ESG LEADERS INDICES

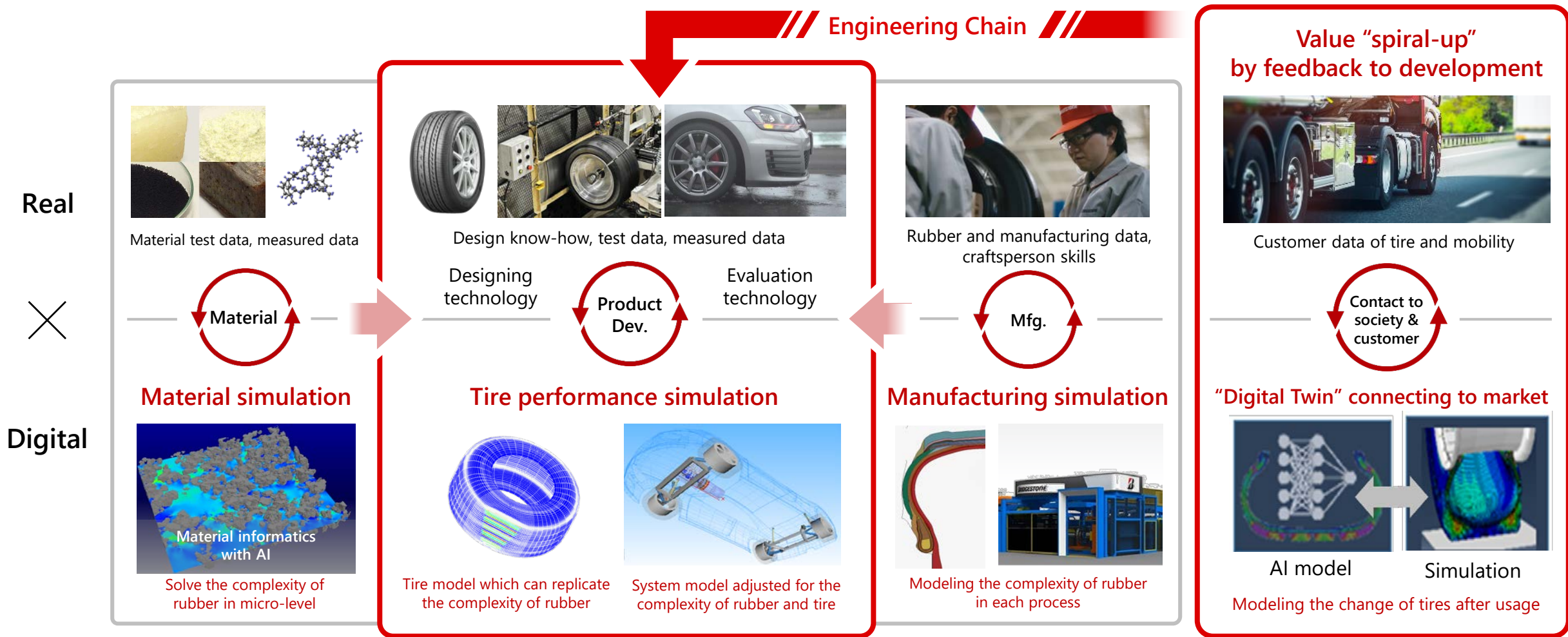


Build our core competencies Bridgestone 3.0
DX / Technology: Bridgestone DX



Build our core competencies Bridgestone 3.0

DX / Technology: our unique simulation technology



"See, analyze and manage" the complexity of rubber x our unique simulation technology → Creation of new value

Build our core competencies Bridgestone 3.0 Innovation for solutions

Tokyo-Kodaira renovation project: Global hub to realize value creation through innovation



Starting with insights & empathy,
as an entrance to co-creation

September 15, 2020

**Bridgestone
Innovation Gallery**

Reopening following renovation

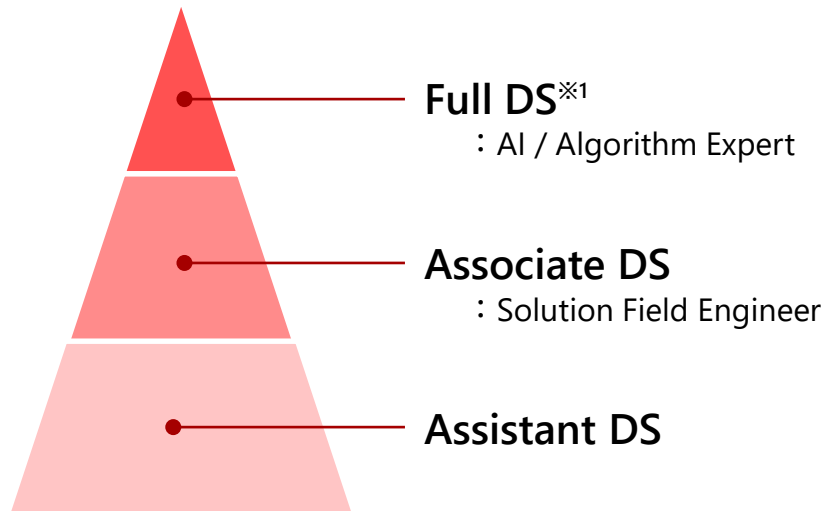
*Formerly Bridgestone TODAY

Bridgestone's HRX to realize Mid-Long Term Business Strategy Framework

■ Dramatic transformation of HR system → Make the most of human resources

- Job-type assignment system, Job-matching system
- Global leadership development
- Workstyle reformation (e.g.) Next-generation TQM activity theme: value creation through remote work

■ Establish solutions-oriented organization and system centered on Webfleet Solutions, strengthen recruiting and developing solutions experts



- Develop data scientists to lead solutions business
Digital experts in Bridgestone: approx. 540*2

- Collaborate with new teammates
Digital experts in Webfleet Solutions / iTrack Solutions business
: approx. 750

*1 DS : Data Scientist

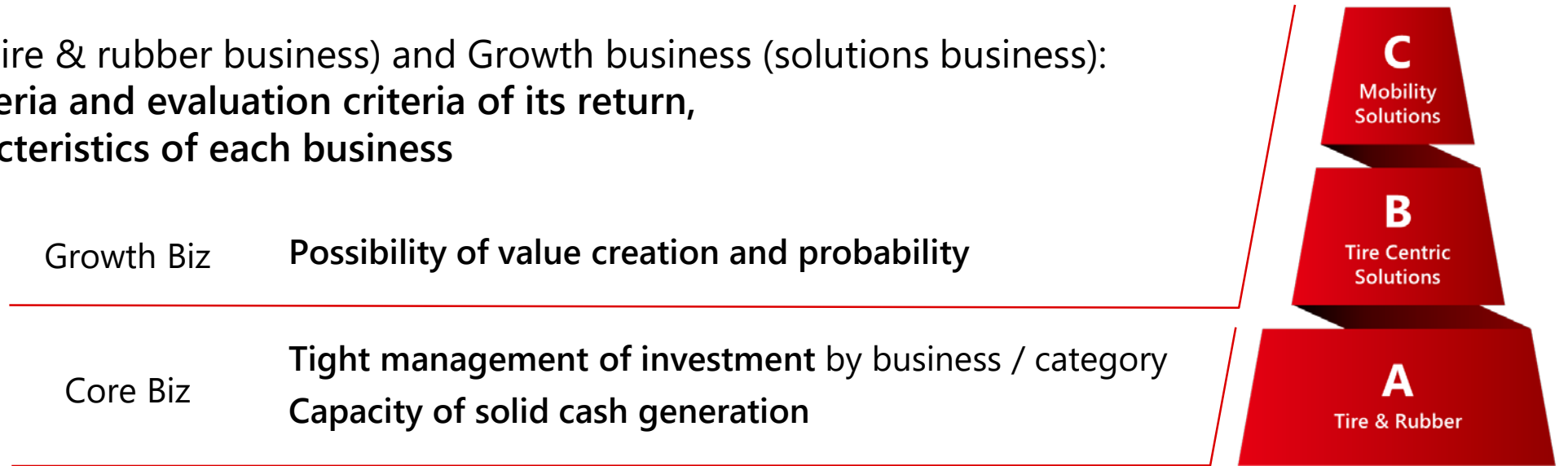
*2 approx. 420 in Japan, 120 in US and Europe

Portfolio management from a new perspective

Restructure new business portfolio (Core business / Growth business / Businesses reform)

⇒ Invest resources based a role and positioning of each business

- Core business (tire & rubber business) and Growth business (solutions business):
Investment criteria and evaluation criteria of its return,
based on characteristics of each business



- Clarified goal / action KPI and milestone
- Agile PDCA to achieve results

Further communication

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

Today -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)

- Quantitative results of strategy progress: by business, in addition to the results by region
- Portfolio management: Allocation / reallocation of strategic resources

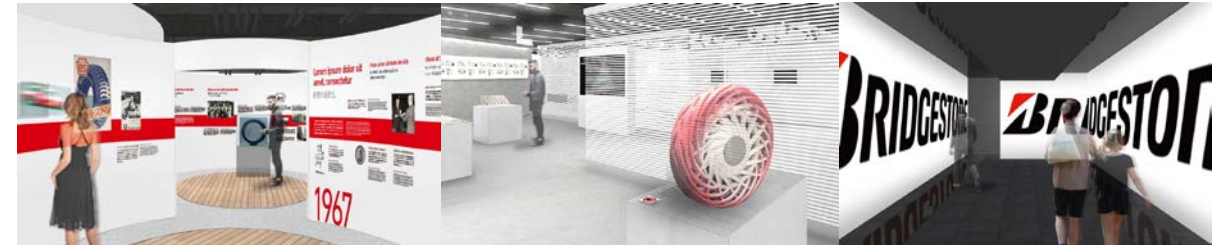
Growth business: Mining solution – announcement of revolutionary new product

Sustainability Report – Sustainability as a core of 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: Whole picture of 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**)



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