



Mid-Long Term Business Strategy Update

November 12, 2020

Global CEO and
Representative Executive Officer

Shu Ishibashi

Communication Plan

Mid-Long Term Business Plan Framework - July 8

- Mid-Long Term Business Plan Framework: **Whole picture**
Bridgestone 3.0 "Third Foundation"

1st half financial results announcement – August 7

- 1st half financial results / full-year forecast
- Mid-Long Term Business Strategy Update:
Core Business / Growth Business

Mid-Long Term Business Strategy Update – September 15

- Mid-Long Term Business Strategy Update:
Technology Innovation

- Technology Innovation
- Bridgestone Innovation Park (Phase 1)
Bridgestone Innovation Gallery Opening

3rd quarter financial results announcement – November 12

- 3rd quarter financial results / full-year forecast
- Mid-Long Term Business Strategy Update :
 - **Rebuild earning power**
 - **HRX*** *HRX: Human Resource Transformation
 - HR and organizational strategy to execute Mid-Long Term Business Strategy

Mid Term Business Plan – February 2021

- Mid-term Business Plan Based on Mid-Long Term Business Strategy Framework (2021-2023)
- Looking toward 2030

Global Mid-term Business Scenario

	2020	2021	2022	2023
COVID19 impact	Gradual recovery from 2nd half	Gradual recovery	Recovery	
Stage	Crisis management		Rebuild earning power	
		Strategic growth investment		Transformed "Strong" Bridgestone
Strategic Focus	<p>■ "Safety First"</p> <p>■ Cash oriented management</p> <p>Solution business related sales Tire & Rubber Solutions</p> <p>85% 15% (2019 Actual)</p>	<p>■ Rebuild earning power</p> <p>Reformation of expense and cost structure: Restructuring of business portfolio (Yr21-22) & manufacturing footprint Reallocation of resources</p> <p>Operational excellence: Premium business strategy (EtoE)</p> <p>■ Strategic growth investment</p> <p>Growth Business : Retread / Webfleet Solutions Global expansion of solutions</p> <p>Core Competence : Sustainability – Circular Economy Business Model DX / Innovation</p>	<p>■ Reforms</p> <ul style="list-style-type: none"> • Leaner, flexible to adapt to change in business environment • Core business: Strengthen premium category biz • New business portfolio • Profitable resilient business structure <p>■ Realize new growth strategy</p> <ul style="list-style-type: none"> • Growth Business : Expansion of solutions business <p>Tire & Rubber Solutions</p> <p>80% 20% (Plan in 2023 as of Oct 2020)</p>	
Enablers for execution		<p>Process</p> <p>Global KPI(PDCA) New management index (ROIC, Adjusted Operating Profit and ROE) Foundation of financial strategy ("Glocal" investment management)</p> <p>HRX*1</p> <p>Core Business*2 -culture transformation, Growth Business*2- new culture creation Fundamental transformation of org. and HR system, Enhancing recruitment & development</p>		

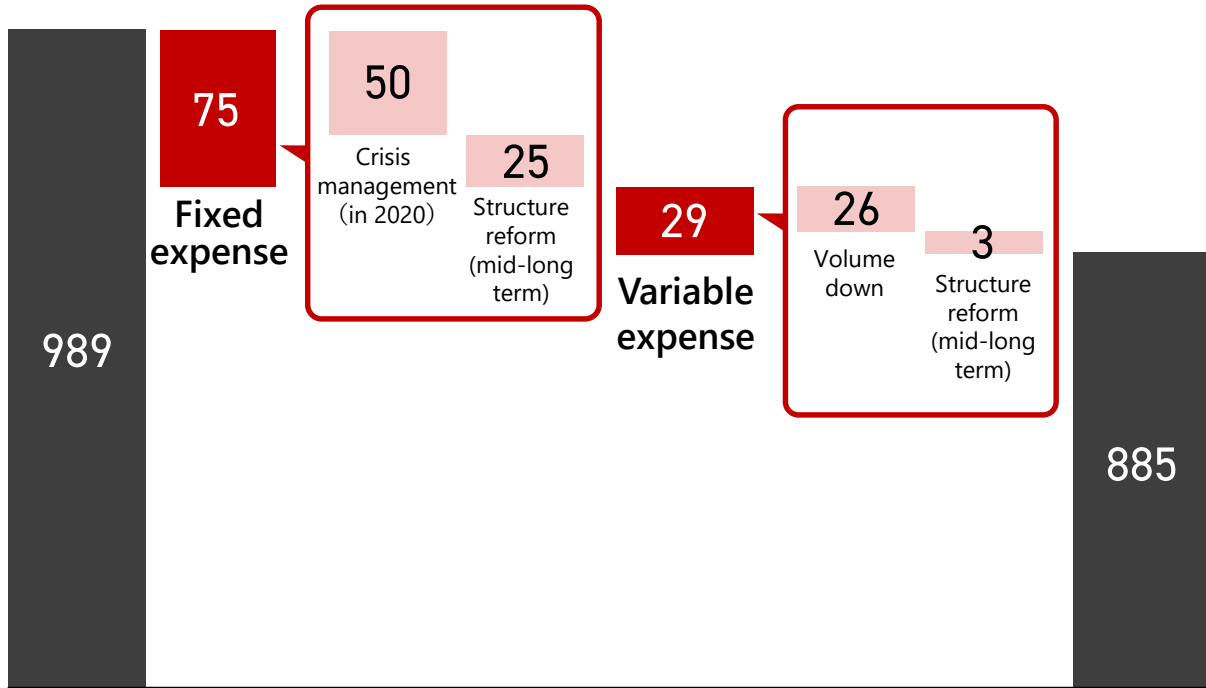
*1 HRX: Human Resource Transformation

*2 Core Business: Tire & Rubber business, Growth Business: Solutions business

Rebuild earning power

Reformation of expense and cost structure: Expense (OPEX) control under crisis management in 2020

OPEX reduction in 2020 (vs 2019) [unit: B. JPY]



2019 Actual

△104*

*Including FX impact

2020 Forecast

Major initiatives in 2020, OPEX control

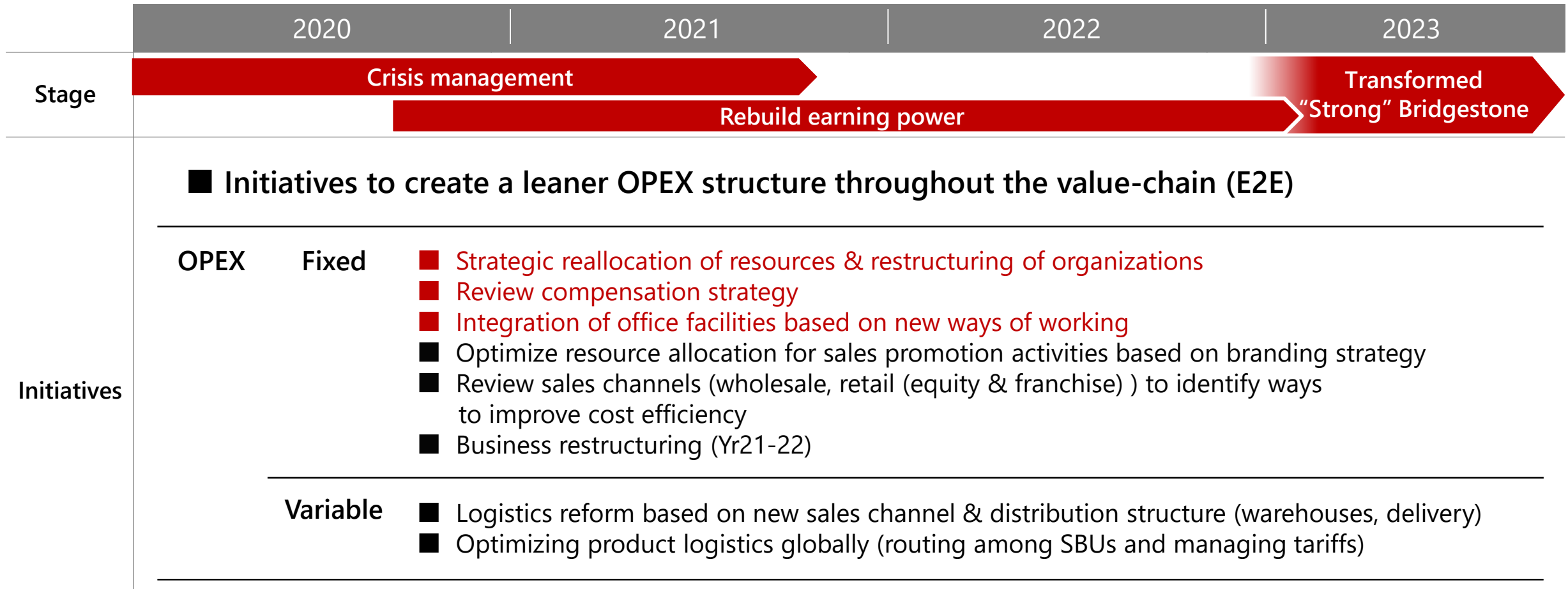
	Crisis management (only in 2020)	Structure reformation (mid-long term)
Fixed	<ul style="list-style-type: none"> Furloughs in retail and manufacturing etc. Travel expense, sales promotion expense reduction under COVID-19 impact. Voluntary reduction in top management compensation Asset sales resulting from operational site integration Etc.	<ul style="list-style-type: none"> Strategic restructuring and reviewing compensation strategy, voluntary separation program in overseas SBUs Office integration, new ways of working Cost efficiency and productivity up by optimizing sales channels Revise advertisement and marketing plan Etc.
Variable	<ul style="list-style-type: none"> Optimize logistics to absorb volume decrease. Etc.	<ul style="list-style-type: none"> Integration of regional distribution centers. Optimize ocean freight tariffs in long term. Optimize product logistics Global sourcing, local for local. Etc.



Business restructuring
⇒ **Fundamental structure reformation**

Rebuild earning power

Reformation of expense and cost structure: Continuous expense (OPEX) reduction initiatives



Accelerating reforms beginning in 2020

Towards a leaner organization, resources and OPEX structure, mainly in Core Business.

Rebuild earning power

Reformation of expense and cost structure: Continuous expense (OPEX) reduction initiatives

- Fixed cost -

2 years Benefit (Yr20-21)

Reduce fixed OPEX through changes in structure, policies and procedures and reallocation of resources based on Mid-Long Term Business Strategy

Approx. **13** Billion JPY*

■ **Review compensation strategy**

Oversea SBUs : Implemented in each regions (Yr20~)

Global HQ : Reviewing management level compensation with organizational changes

3 B. JPY

■ **Strategic resource reallocation & restructure of organizations** (Leaner and agile)

Oversea SBUs : Voluntary separation program (Yr20~)

Resource reallocation between Core & Growth business, organization changes

Outsourcing and shared servicing of administrative jobs

9 B. JPY

■ **Integration of office facilities based on new ways of working :**

Japan : Offices in Tokyo metropolitan area · regional big cities (Yr21~)

Overseas SBU regions: Integration of office facilities (Yr20~)

1 B. JPY

*Planned amount in Yr20-21, excluding one-time expense

Each region will proceed with initiatives to reduce fixed cost, establish leaner structure

Rebuild earning power

Reformation of expense and cost structure: Continuous expense (OPEX) reduction initiatives

- Integration of office facilities (Japan) -

New ways of working

in combination with remote work and working in the offices to optimize value creation and increase engagement and performance.

■ Integration of office facilities (January 2021 ~)

- Optimizing office space and utilization of owned asset based on expansion of remote work as new normal :
Reduction of rent expense: 800M. JPY (Planned in Yr21), % of owned real estate 55-> 68%
Office sites (Japan) 30% reduction - 47 sites ⇒34 site (-13 sites)
 - Tokyo metropolitan area 25 sites ⇒16 sites (-9 sites)
 - Regional big cities (Osaka, Nagoya, Sapporo) 22 sites ⇒18 sites (- 4 sites)
- “Hoteling” work stations, ensuring social distancing, optimizing synergy between group companies and functions
- Increasing number of satellite offices by utilizing owned real estate
Avoiding long commuting, securing peace of mind Tokyo metropolitan area 7 sites (+ 4 sites)

■ Expansion of remote work

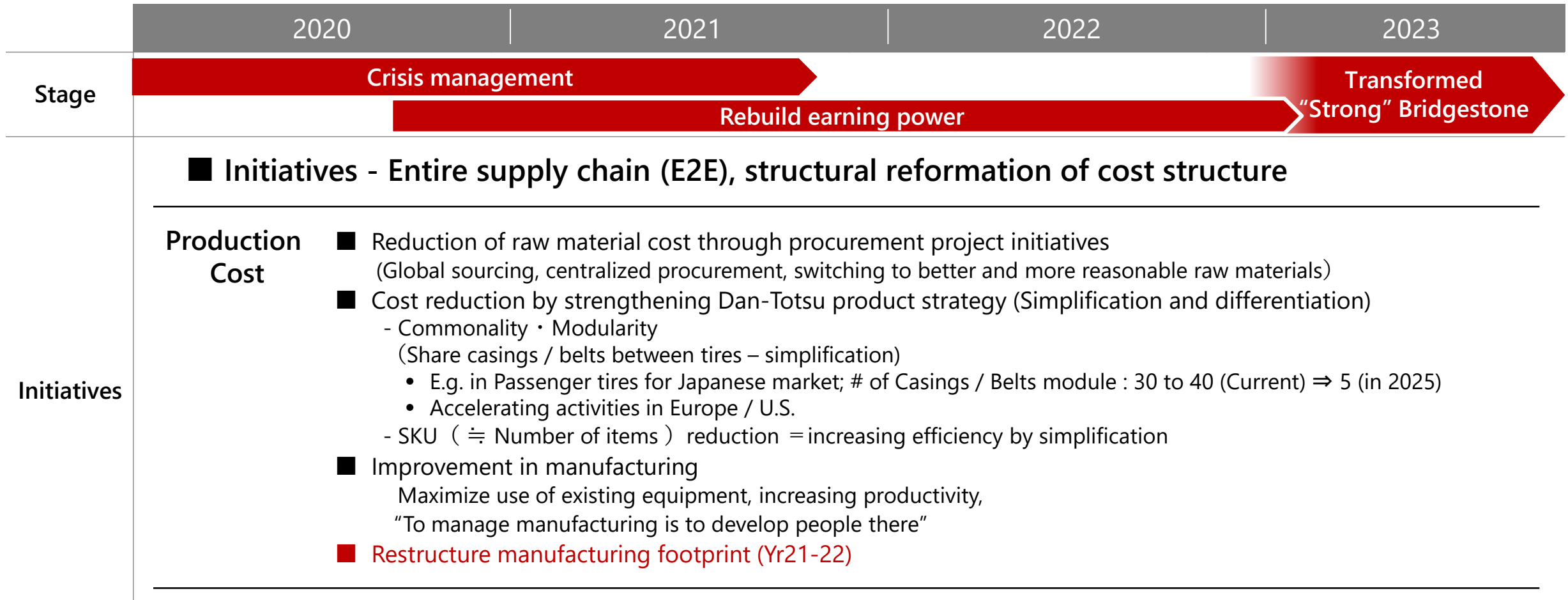
*TQM: Total Quality Management

- Activating remote work TQM* : Sharing best practices of value creation & innovation globally through database
- Allowance for remote work (Oct. 2020 ~): Supports improvement of home office environment to increase performance (200JPY/ day)
- Revision of commuting expense system (Jan 2021 ~): Flexible plans from which to choose based on ways of working
For remote work: Change from providing commuter pass -> compensating actual commuting expense per day

**Realize new ways of working which ensure safety and peace of mind.
Increase performance and value creation opportunities and more efficiently utilize owned facilities.**

Rebuild earning power

Reformation of expense and cost structure: Continuous cost (Production cost) improvement

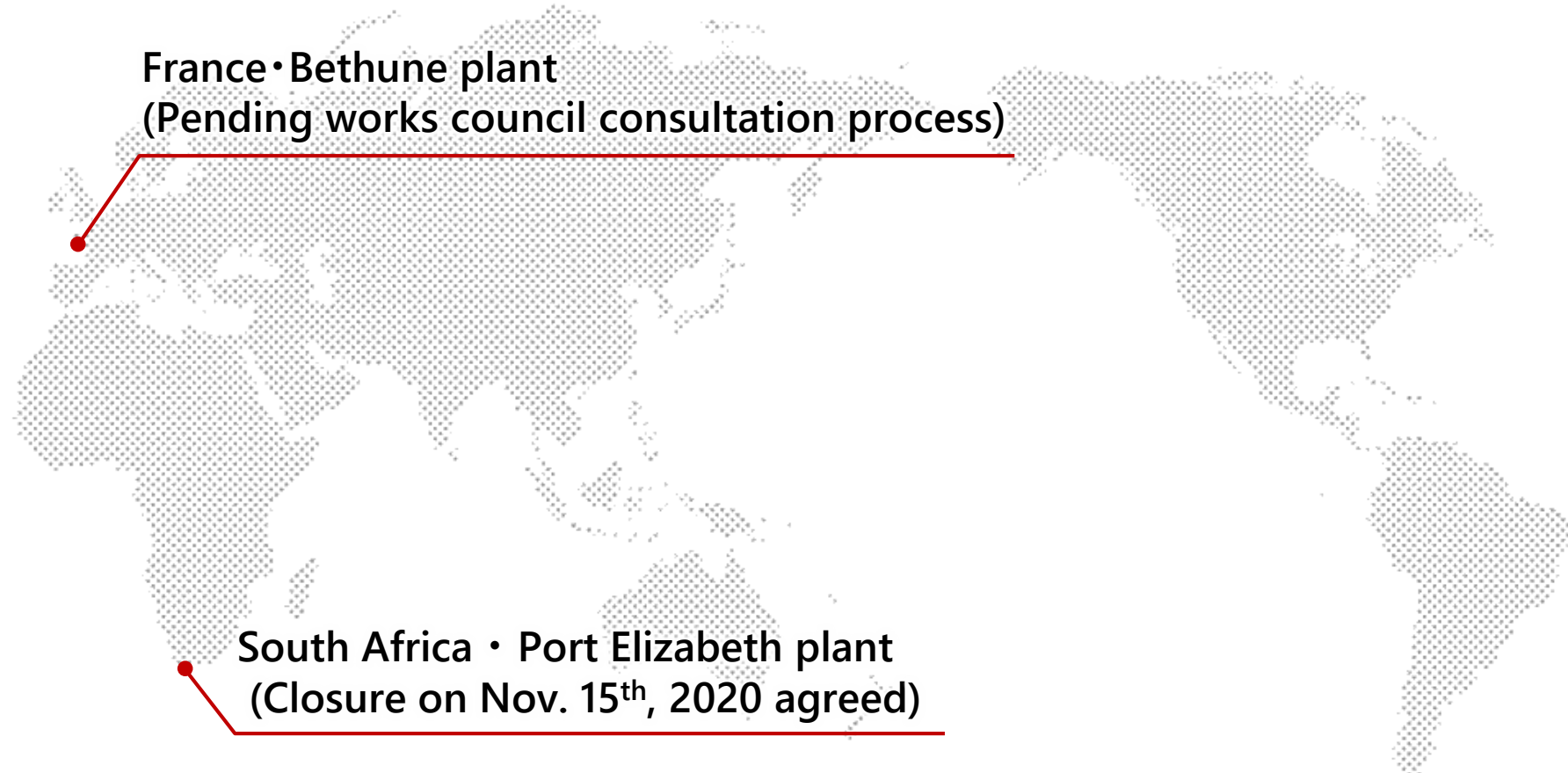


Accelerating activities across all cost elements globally to create a more efficient cost structure
Resulting in updated production process and systems aligned with Dan-Totsu product strategy

Rebuild earning power

Reformation of expense and cost structure: Continuous cost (Production cost) improvement
- Manufacturing footprint restructure -

2 Projects of plant closure are initiated.



Continuous focus on optimization of manufacturing footprint consistent
with Mid-Long Term Business Strategy

Global Mid-term Business Scenario

	2020	2021	2022	2023
COVID19 impact	Gradual recovery from 2nd half	Gradual recovery	Recovery	
Stage	Crisis management		Rebuild earning power	
		Strategic growth investment		
Strategic Focus	<p>■ "Safety First"</p> <p>■ Cash oriented management</p> <p>Solution business related sales Tire & Rubber Solutions</p> <p>85% 15% (2019 Actual)</p>	<p>■ Rebuild earning power</p> <p>Reformation of expense and cost structure: Restructuring of business portfolio (Yr21-22) & manufacturing footprint Reallocation of resources</p> <p>Operational excellence: Premium business strategy (EtoE)</p> <p>■ Strategic growth investment</p> <p>Growth Business : Retread / Webfleet Solutions Global expansion of solutions</p> <p>Core Competence : Sustainability – Circular Economy Business Model DX / Innovation</p>	<p>■ Reforms</p> <ul style="list-style-type: none"> • Leaner, flexible to adapt to change in business environment • Core business: Strengthen premium category biz • New business portfolio • Profitable resilient business structure <p>■ Realize new growth strategy</p> <ul style="list-style-type: none"> • Growth Business : Expansion of solutions business <p>Tire & Rubber Solutions</p> <p>80% 20% (Plan in 2023 as of Oct 2020)</p>	
Enablers for execution		<p>Process</p> <p>Global KPI(PDCA) New management index (ROIC, Adjusted Operating Profit and ROE) Foundation of financial strategy ("Glocal" investment management)</p> <p>HRX*1</p> <p>Core Business*2 -culture transformation, Growth Business*2- new culture creation Fundamental transformation of org. and HR system, Enhancing recruitment & development</p>		

*1 HRX: Human Resource Transformation

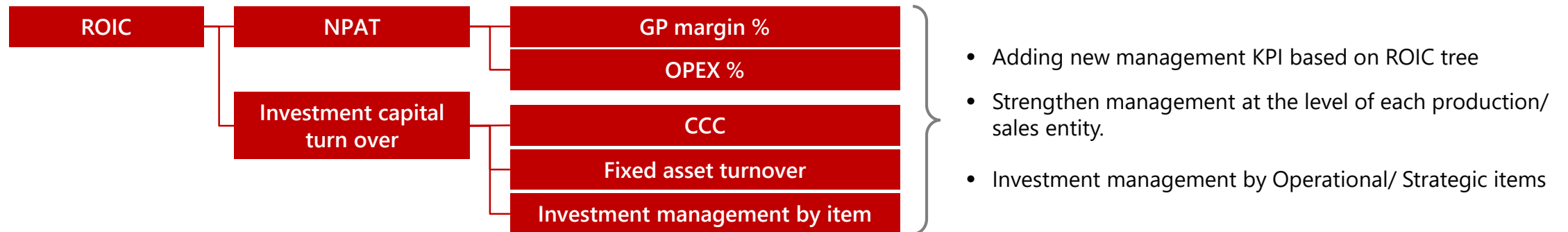
*2 Core Business: Tire & Rubber business, Growth Business = Solutions business

Foundation of financial strategy to support execution of Mid-Long Term Business Strategy

Drive portfolio management by SBU*1 / business, reviewing and activating financial foundation New management index "ROIC" to promote Rebuilding earning power.

- Managing financial evaluation by business portfolio and supporting strategic decisions (incl. management of discontinuing business)
 - If the target business does not meet the established financial criteria, recovery plan to be developed.
 - If the business does not recover, discontinuation to be considered.

■ Implementing profit improvement activities based on ROIC tree:



■ Investment management by items ⇒ Enhancing the role of global controller as HQ corporate finance function

Capital investment
&
M&A investment

- Ensure financial evaluation during the initial stages of planning and execution (ROIC/IRR > capital cost + risk)
- Global prioritization of projects (Alignment with discussion at G-EXCO*2)
- Strict tracking and evaluation based on process KPIs (PDCA cycle management)

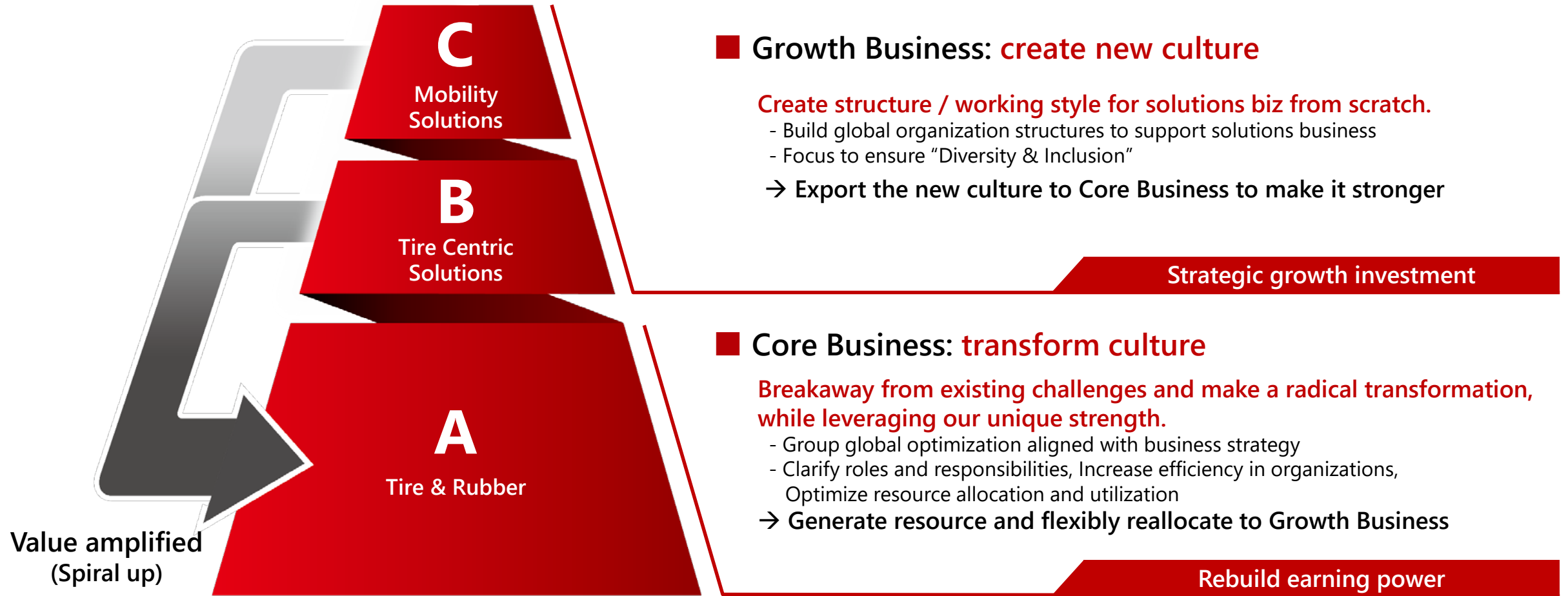
■ Gradual establishment of global financial foundation and accounting foundation to activate above initiatives

(Group internal rules, IT infrastructure, organization, etc.)

*1 SBU: Strategic Business Unit

*2 G-EXCO: Global Executive Committee

HRX - HR & Organization strategy as enabler to execute Mid-Long Term Business Strategy



■ Growth Business: **create new culture**

Create structure / working style for solutions biz from scratch.

- Build global organization structures to support solutions business
- Focus to ensure "Diversity & Inclusion"

→ Export the new culture to Core Business to make it stronger

Strategic growth investment

■ Core Business: **transform culture**

Breakaway from existing challenges and make a radical transformation, while leveraging our unique strength.

- Group global optimization aligned with business strategy
- Clarify roles and responsibilities, Increase efficiency in organizations, Optimize resource allocation and utilization

→ Generate resource and flexibly reallocate to Growth Business

Rebuild earning power

Value amplified
(Spiral up)

Bridgestone unique HRX*:

Maximize organization capability (Organization x Talent) for execution of Mid-Long Term Business Strategy
Continuously promote development of diverse and future management talent through their careers

*HRX: Human Resource Transformation

Core Business: create culture - Challenges and HRX direction

Existing challenges

<Global>

- Linkage between business strategy and HR & Organization strategy
- Global - local balance, varies by SBU
- Management succession / talent
- Fixed cost optimization

<Japan>

- Unchanged traditional organization structure and nature

Japanese unique

- Seniority, uniformity
- Unclear role & responsibility and evaluation criteria

BS unique

- Bloated / inefficient org.
- Decision making speed
- Silo

- Global management talent, management ability
- Optimum utilization of diverse HR

HRX direction

<Global>

- **Group global optimization aligned with business strategy**
- **Evolve "Global" management**
 - Strengthen the grip to operations and strategy by global management team (Global EXCO*) *G-EXCO: Global Executive Committee
 - Clarify global - local strategy and global investment / operation KPIs
 - Clarify responsibility of global management (Vice President and above) alignment with performance pay and incentive system.
- **Enhance development of global management talent (BRIDGESTONE NEXT100)**

<overseas SBU*> *SBU: Strategic Business Unit

- **Strategic restructuring, reallocation of resources toward growth Business etc.**

<Japan> **New HR system**

(1) Simple and lean organization

Clear roles and responsibilities
"Firm, Lean, Quick and Simple" organization and decision making

(2) Adopt "Job-focused" employment concept: Position-People-Matching

Clear position / HR requirement, Clear evaluation criteria / process,
 Elimination of seniority oriented

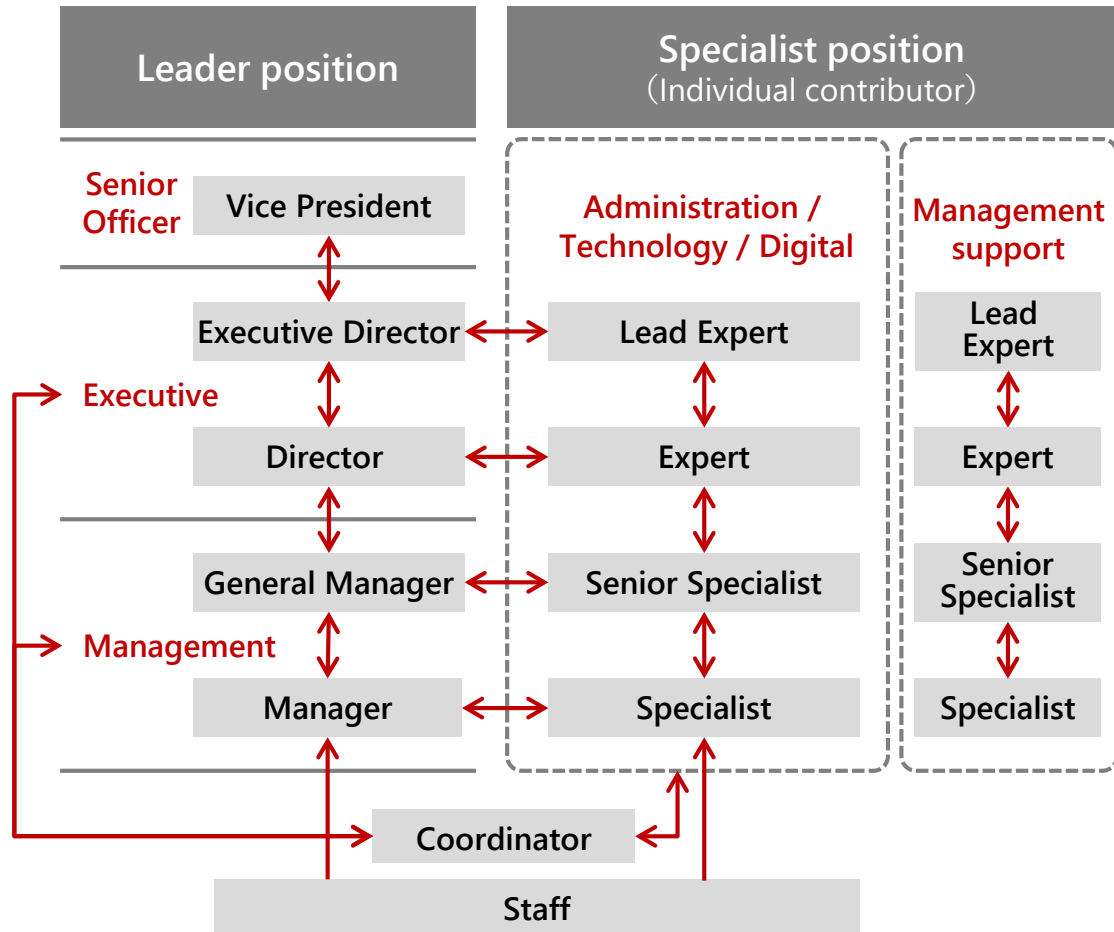
(3) New approach of talent development

"Maximize individuality" "Diversity & Inclusion"

Japan: new HR system (1) organization design

Simple / lean organization + clear roles & responsibilities

→ “Firm, Lean, Quick and Simple” organization and decision-making



■ Reduce organization layers from 5 to 3 (Basic design)

- Eliminate Executive-Officer-System
- Leader position: reduced by approx. 20%
- Senior Officer layer to consist of approx. 20 Vice Presidents: reduced from approx. 60 Executive-Officers
- One-year assignment for Vice President based on a latter of assignment clarifying role and responsibility

Senior Officer layer: Head of each business / function and responsible for global mgmt.
 Executive layer: Responsible for division strategy building and execution
 Management layer: Position (GM or Sec. manager) depending on job responsibility and number of team members

■ Separate Report-line position and Specialist position

- Newly establish Specialist position contributes to business through unique knowledge and experience
- Flexible resource utilization / position change between the two positions; Report-line and Specialist

⇒ Optimize resources

Generate resources by reducing Core Business positions and reallocate to Growth Business

Japan: new HR system (2) matching of People with Position

Seek Bridgestone unique hybrid employment system: "Membership" + "Job" employment concept

- Clarify Position requirement and HR requirement and match People with appropriate Position by also utilizing HR development and recruitment.

- Clarify evaluation criteria and process.
- Fair evaluation based on the requirement, elimination of seniority oriented

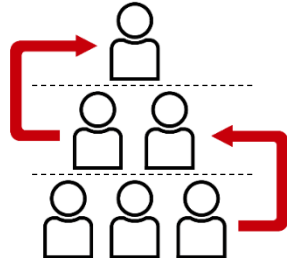


- Managers:
 - Eliminate evaluation / compensation system based on seniority
 - Introduce position based promotion, 360-degree assessment, etc.
- Staff:
 - Eliminate regular salary increase system
 - Introduce new evaluation system – outcome and progress base evaluation

Japan: new HR system (3) new approach of HR development

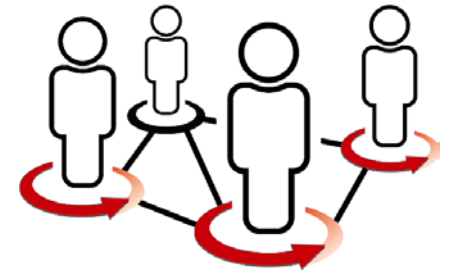
Minimize variability

- Secure organization (successor) capability
⇒ focus on learning general skills



Maximize individuality

- Improve individual capability
• Customized development
⇒ focus on proactive learning



■ Design development programs based on HR requirement and provide opportunities

- Clarify HR requirement based on business strategy
- Methods: Programs / opportunities to improve practical ability based on practice (incl. experience on site)
【Educate and Train】 × 【Perform and Utilize】
- Responsibility of top management to provide development opportunities
- Select and develop next-generation management talent – BRIDGESTONE NEXT 100 (NEXT30 in Japan)

■ Promote “Diversity & Inclusion”

- Develop and recruit diverse talent on Mid-Long Term Business Strategy
- Steps to advance female representation at management levels: promote appointment / recruitment of female managers, building mentor system or other support system as challenges requiring immediate attention

Growth Business: create new culture - Solutions business global structure -

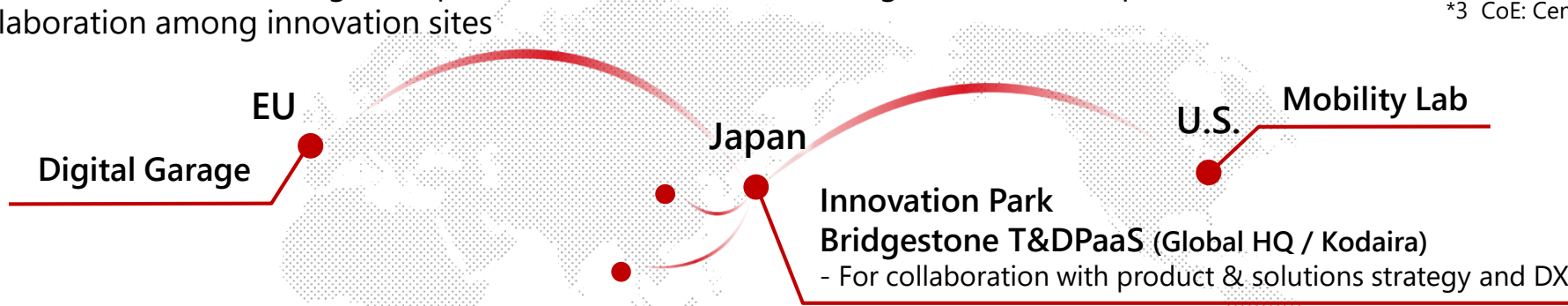
Global structure – secure global alignment with execution of Mid-Long Term Business Strategy

- Enhance Bridgestone T&DPaaS organization: Global HQ (market viewpoint) / Kodaira (technology base)
- Global Solutions Committee: manage and promote solutions business in global basis – Report to G-EXCO*1
- Enhance collaboration among innovation sites

*1 G-EXCO: Global Executive Committee

*2 SBU: Strategic Business Unit

*3 CoE: Center of excellence



Organization structure by SBU*2 (as CoE*3)

EU:

- Maximize synergy between Webfleet Solutions and Tire Centric Solution
- Expand and accelerate solutions business

Bridgestone Mobility Solution Business Unit



Japan: Accelerate solutions business in Japan

Bridgestone Tire Solution Japan



Evolve Mining & Aircraft solutions

Global Mining Solution
Global Aircraft Solution



U.S.:

Organization reform and resource reallocation to accelerate solutions business

New independent retread biz unit



New mobility solution org.

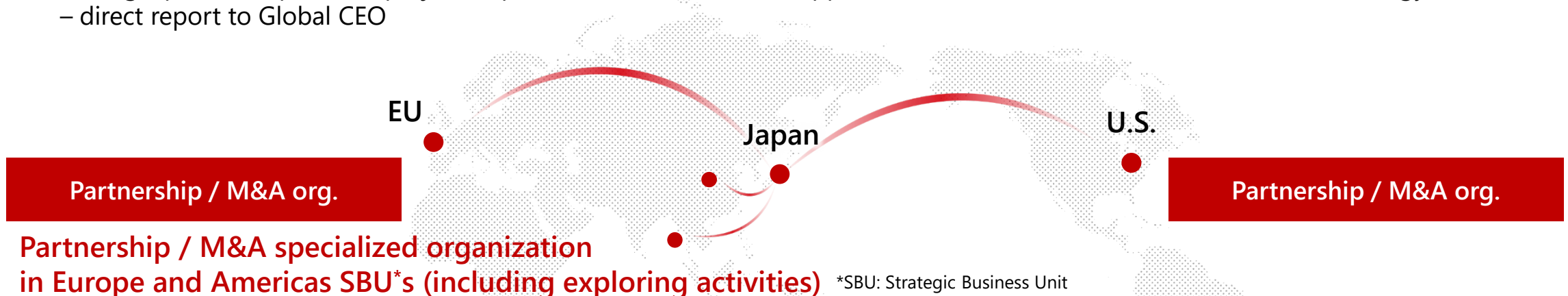


Accelerate solutions business taking advantage of unique market in each region / business, while securing global alignment with execution of Mid-Long Term Business Strategy

Growth Business: create new culture - Solutions business global structure -

Global structure – secure global alignment with execution of Mid-Long Term Business Strategy

- Strategic partnership / M&A project: exploration of new business opportunities and execution based on business strategy – direct report to Global CEO



Strategic Partnership/
M&A project

- Explore new business opportunities to accelerate solutions business
 - Enhance solutions network (incl. E-Commerce)
 - Maximize synergy with Webfleet Solution / iTrack solutions business + new DX area
 - Sustainability area, etc.
- Enhance scouting function through investment in start-ups and venture capitals (Investment: total 5 B. JPY in Japan, Europe and Americas)
- Build global funding system → allocate resource in Mid-Term Business Plan

Collaboration on global project and with specialized organizations to accelerate solutions business

Global Mid-term Business Scenario

	2020	2021	2022	2023
COVID19 impact	Gradual recovery from 2nd half	Gradual recovery	Recovery	
Stage	Crisis management		Rebuild earning power	
		Strategic growth investment		
Strategic Focus	<ul style="list-style-type: none"> ■ "Safety First" ■ Cash oriented management <p>Solution business related sales</p> <p>Tire & Rubber 85% Solutions 15%</p> <p>(2019 Actual)</p>	<ul style="list-style-type: none"> ■ Rebuild earning power <p>Reformation of expense and cost structure: Restructuring of business portfolio (Yr21-22) & manufacturing footprint Reallocation of resources</p> <p>Operational excellence: Premium business strategy (EtoE)</p> <ul style="list-style-type: none"> ■ Strategic growth investment <p>Growth Business : Retread / Webfleet Solutions Global expansion of solutions</p> <p>Core Competence : Sustainability – Circular Economy Business Model DX / Innovation</p>	<ul style="list-style-type: none"> ■ Reforms <ul style="list-style-type: none"> • Leaner, flexible to adapt to change in business environment • Core business: Strengthen premium category biz • New business portfolio • Profitable resilient business structure <ul style="list-style-type: none"> ■ Realize new growth strategy <ul style="list-style-type: none"> • Growth Business : Expansion of solutions business <p>Tire & Rubber 80% Solutions 20%</p> <p>(Plan in 2023 as of Oct 2020)</p>	
Enablers for execution		<p>Process</p> <ul style="list-style-type: none"> Global KPI(PDCA) New management index (ROIC, Adjusted Operating Profit and ROE) Foundation of financial strategy ("Glocal" investment management) <p>HRX*1</p> <ul style="list-style-type: none"> Core Business*2 -culture transformation, Growth Business*2- new culture creation Fundamental transformation of org. and HR system, Enhancing recruitment & development 		

*1 HRX: Human Resource Transformation

*2 Core Business: Tire & Rubber business, Growth Business = Solutions business

Communication Plan

Mid-Long Term Business Plan Framework - July 8

- Mid-Long Term Business Plan Framework: **Whole picture**
Bridgestone 3.0 "Third Foundation"

1st half financial results announcement – August 7

- 1st half financial results / full-year forecast
- Mid-Long Term Business Strategy Update:
Core Business / Growth Business

Mid-Long Term Business Strategy Update – September 15

- Mid-Long Term Business Strategy Update:
Technology Innovation

- Technology Innovation
- Bridgestone Innovation Park (Phase 1)
Bridgestone Innovation Gallery Opening

3rd quarter financial results announcement – November 12

- 3rd quarter financial results / full-year forecast
- Mid-Long Term Business Strategy Update :
 - **Rebuild earning power**
 - **HRX*** *HRX: Human Resource Transformation
 - HR and organizational strategy to execute Mid-Long Term Business Strategy

Mid Term Business Plan – February 2021

- Mid-term Business Plan Based on Mid-Long Term Business Strategy Framework (2021-2023)
- Looking toward 2030



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.