



# Mid Term Business Plan (2021-2023) Progress Update

## Diversified Products Business

February 15, 2022

Member of the Board

Global COO and Representative Executive Officer

Masahiro Higashi

# Mid Term Business Plan (2021-2023) “Aggressive approach” & “Challenge”

	2021	2022				
COVID-19 Impact	Gradual recovery	Recovery <b>February</b>				
Stage						
 Core business	<ul style="list-style-type: none"> <li>■ Tire business</li> <li>Rebuilding earning power: Business portfolio and manufacturing footprint restructuring, Expense and cost structure reformation</li> <li>Premium business strategy: Flexible agile management, Dan-Totsu product strategy - new premium ENLITEN</li> </ul>					
 Growth business	<ul style="list-style-type: none"> <li>■ Solutions business</li> <li>Accelerate global expansion</li> <li>Expansion of Tire-centric solutions / Retail services / Mobility solutions</li> </ul>	<2023 Target> <table border="1"> <tr> <td>Tires</td> <td>Solutions</td> </tr> <tr> <td>80%</td> <td>20%</td> </tr> </table>	Tires	Solutions	80%	20%
Tires	Solutions					
80%	20%					
 Exploratory business	<ul style="list-style-type: none"> <li>■ Start in areas where Bridgestone can leverage our core competencies: explore technology and business model</li> <li>Upstream of supply chain – Guayule business/ down stream of supply chain – Recycle business,</li> <li>New challenge of Diversified products business – soft robotics business</li> </ul>					
Diversified products business	<ul style="list-style-type: none"> <li>■ Sharply focus on areas where Bridgestone’s core competencies can be leveraged</li> </ul>					
Enablers for execution Core Competencies	<ul style="list-style-type: none"> <li>■ Reinforce foundation for financial strategy: Reinforce management structure and portfolio management</li> <li>■ B-HRX : Reinforce development of digital talent</li> <li>■ Bridgestone design “Circle Aesthetics”</li> </ul>					

# Mid Term Business Plan (2021-2023) “Aggressive approach” & “Challenge”

- Implement business reforms to realize “Rebuilding earning power” by “Restructuring business portfolio”
- Recover profitability step by step, maximize synergy with Bridgestone’s core competencies



Actual	2019	2020		Mid Term Business Plan Announcement Feb 16, 2021
Revenue	572 B JPY*	510 B JPY	<b>Restructure business portfolio</b>	2023 Revenue: 230 B JPY AOP: 15 B JPY
AOP	1.4 B JPY*	9.7 B JPY	Clarify “what we do” and “what we don’t”	
Chemical & Industrial Products Business: Decline of profitability			<b>Rebuild earning power</b>	<u>Recover profitability by all business</u>
			Expense and cost structure reformation, Premium business strategy	Chemical & Industrial Products Business Sports & Cycle Business Diversified Business in Americas
				<u>Global manufacturing footprint restructuring: 40 % reduction</u>

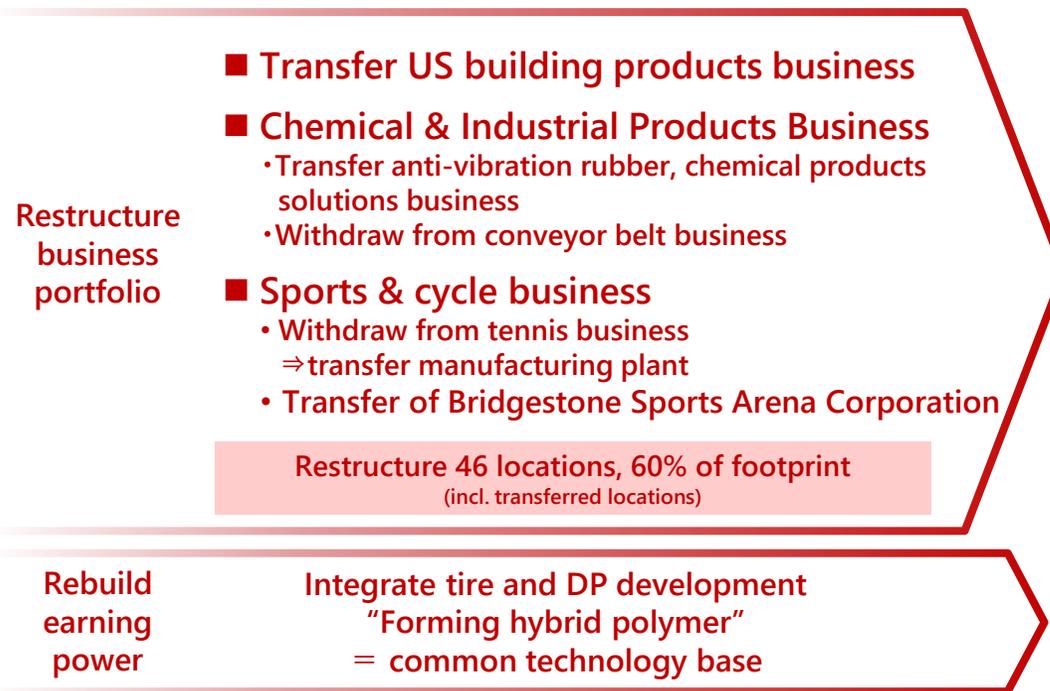
\*2019 financial data has been adjusted to IFRS basis

# Mid Term Business Plan (2021-2023) “Aggressive approach” & “Challenge”



Actual	2019	2020
Revenue	572 B JPY*	510 B JPY
AOP	1.4 B JPY*	9.7 B JPY

Chemical & Industrial Products Business:  
Decline of profitability



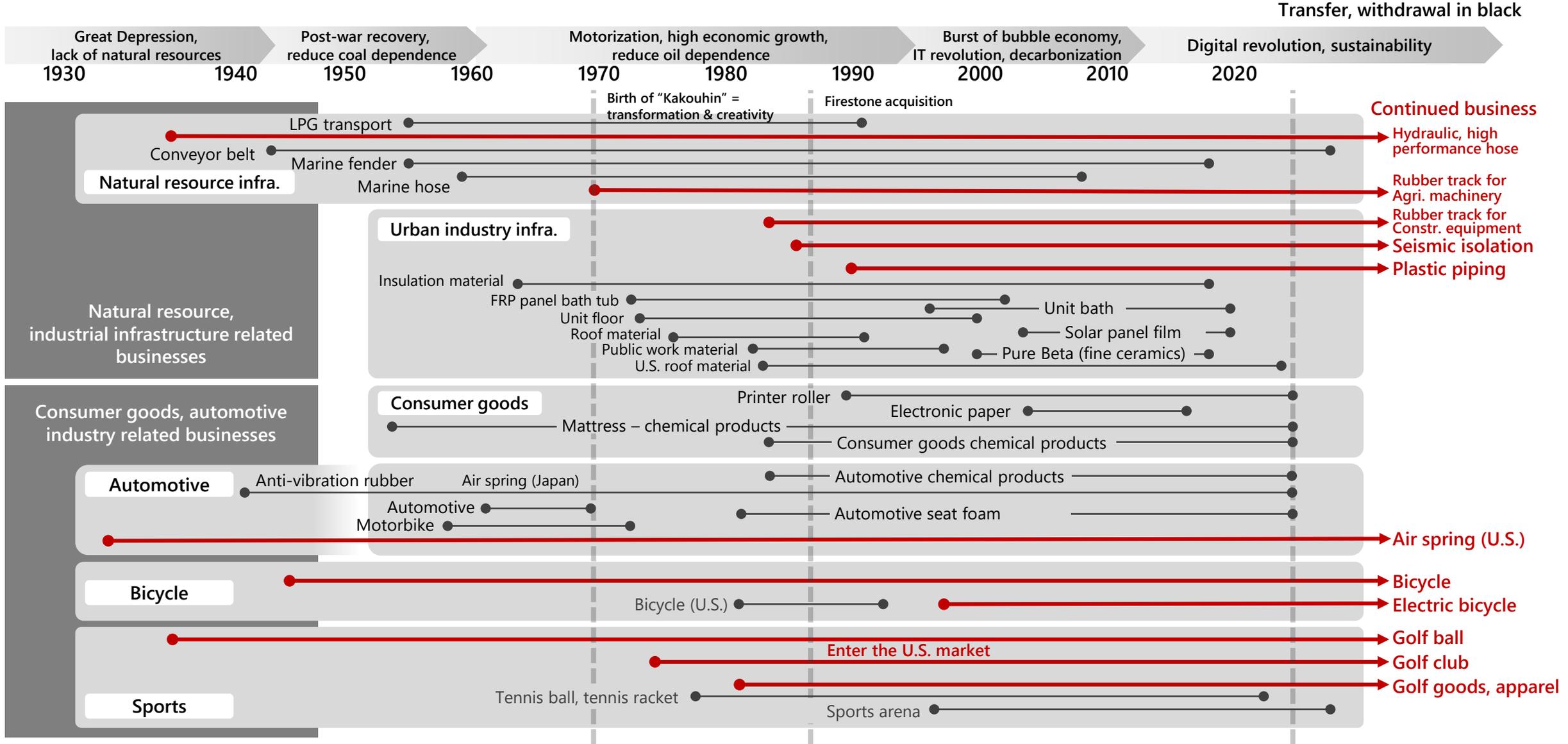
Present earnings announcement		
Continued business	2021	2022(forecast)
Revenue	243 B JPY	260 B JPY
AOP	10.2B JPY	14 B JPY

2021: recovered profitability by all business

2022 AOP: close to 2023 level of 21MBP

\*2019 financial data has been adjusted to IFRS basis

# Diversified Products Business history : previous “selection and focus”, “business reorganization”

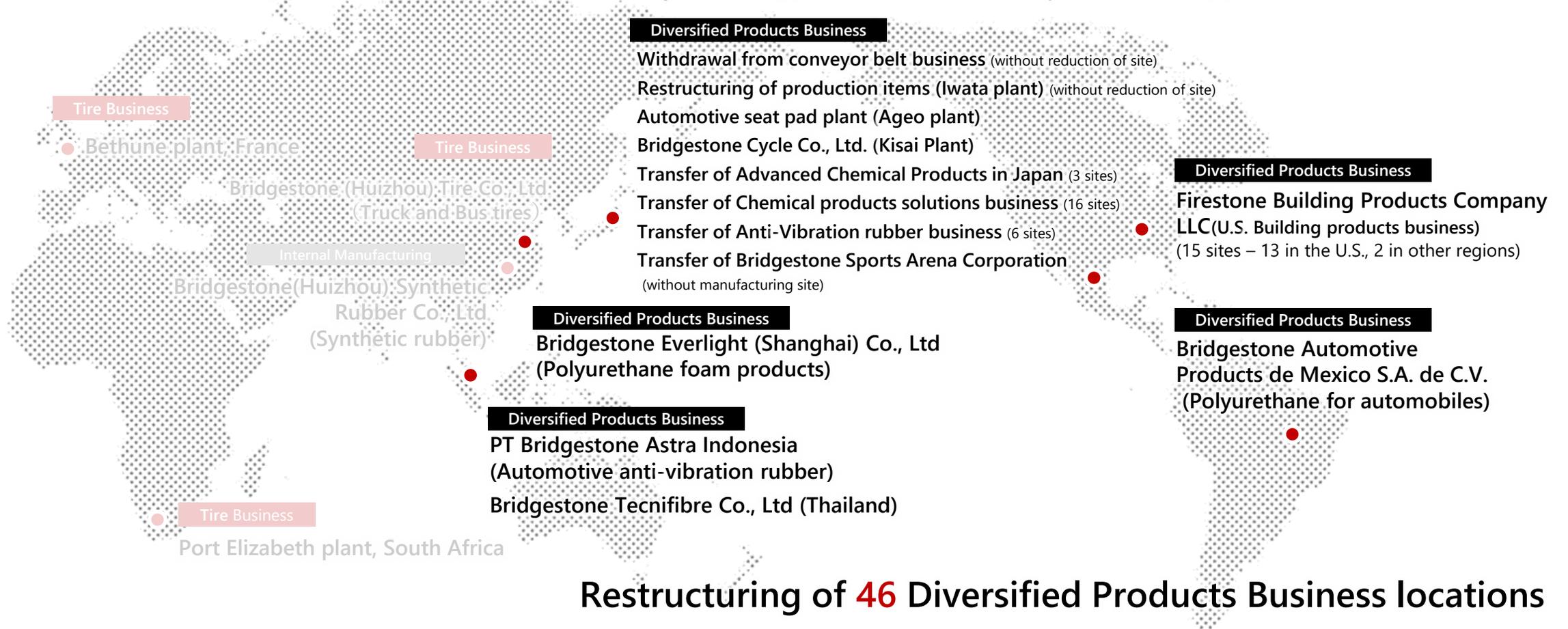


# Business portfolio restructuring : Manufacturing footprint & business portfolio restructuring of Diversified Products Business

## ■ Execute manufacturing footprint & business portfolio restructuring over a mid-long term

Mid Term Business Plan (2021-2023) - Global manufacturing footprint restructuring

(incl. tire, diversified products & material manufacturing sites) : Approx. 40% reduction by 2023 from approx. 160 locations in 2019



# Business portfolio restructuring : Diversified Products Business – approach of business transfer

- Minimize the impact on customers, maintain the employment, pay and benefits of employees associated with the business as a base
- Realize constant growth of employees, continue and reinforce the business by the new owner

## Business continuity decision

### Synergy with Bridgestone's core competencies

- Polymer composite technology
- Product brand power, Genbutsu-Genba
- Global footprint, customer focus

### Demonstrate core competence "strength"

**Clear mid term strategy direction**  
Enhance "strength", expand solution, accuracy to achieve the financial disciplines of Bridgestone

### Comprehensive decision on continuity, discontinuity

Discontinue business → business to be transferred

### Study alternative options including withdrawal

- Aspect of maintaining employment and customer supply
- Aspect of continuing and reinforcing the business
- Aspect of constant growth of employees



Chemical & Industrial Products Business	transfer of anti-vibration rubber and chemical products solutions business
Sports and Cycle Business	transfer of Bridgestone Sports Arena

# Business portfolio restructuring : Diversified Products Business – approach of business transfer

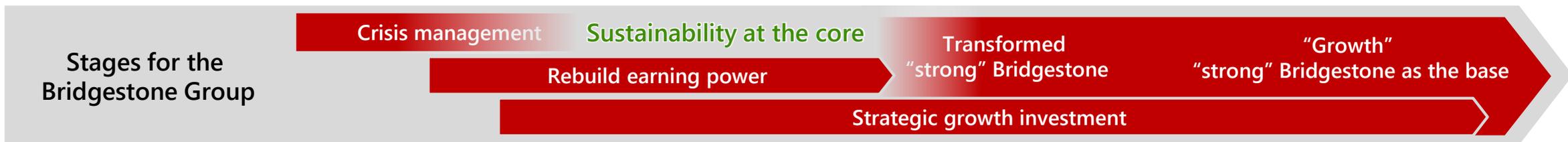
- Minimize the impact on customers, maintain the employment, pay and benefits of employees associated with the business as a base
- Realize constant growth of employees, continue and reinforce the business by the new owner

	Successor	Company outline
<p><b>Anti-vibration Rubber Business</b></p>	<p><b>Anhui Zhongding Holding (Group) Co., Ltd.</b></p> <p>Global company committed to automotive NVH business including ant-vibration rubber</p> <p>Fully respecting the management philosophy and policy of the acquired companies</p>	<p>(Group company Anhui Zhongding Sealing Parts Co., Ltd.)</p> <ul style="list-style-type: none"> <li>• Established 1980</li> <li>• Listed Shenzhen Stock Exchange (1998)</li> <li>• Net sales 180 B JPY (whole company)</li> <li>• Business domain anti-vibration rubber, fluid management system, sealing, etc.</li> <li>• Main customers European, US automotive OEM</li> </ul>
<p><b>Chemical Products Solutions Business</b></p>	<p><b>Endeavour United Co., Ltd.</b></p> <p>Domestic investment fund with extensive investment experience in the manufacturing sector</p> <p>Fully respecting the management philosophy and policy of the invested companies, emphasizing hands-on support</p>	<ul style="list-style-type: none"> <li>• Established 2013</li> <li>• Investment size About 260 B JPY</li> <li>• Project record 66 projects</li> </ul>

Regarding the Sports and Cycle Business, the transfer of Bridgestone Sports Arena to Nagase Brothers Inc. was announced yesterday

# Diversified Products Business : Mid Term Business Plan (2021-2023), initiatives towards 2026

Last year of next MBP

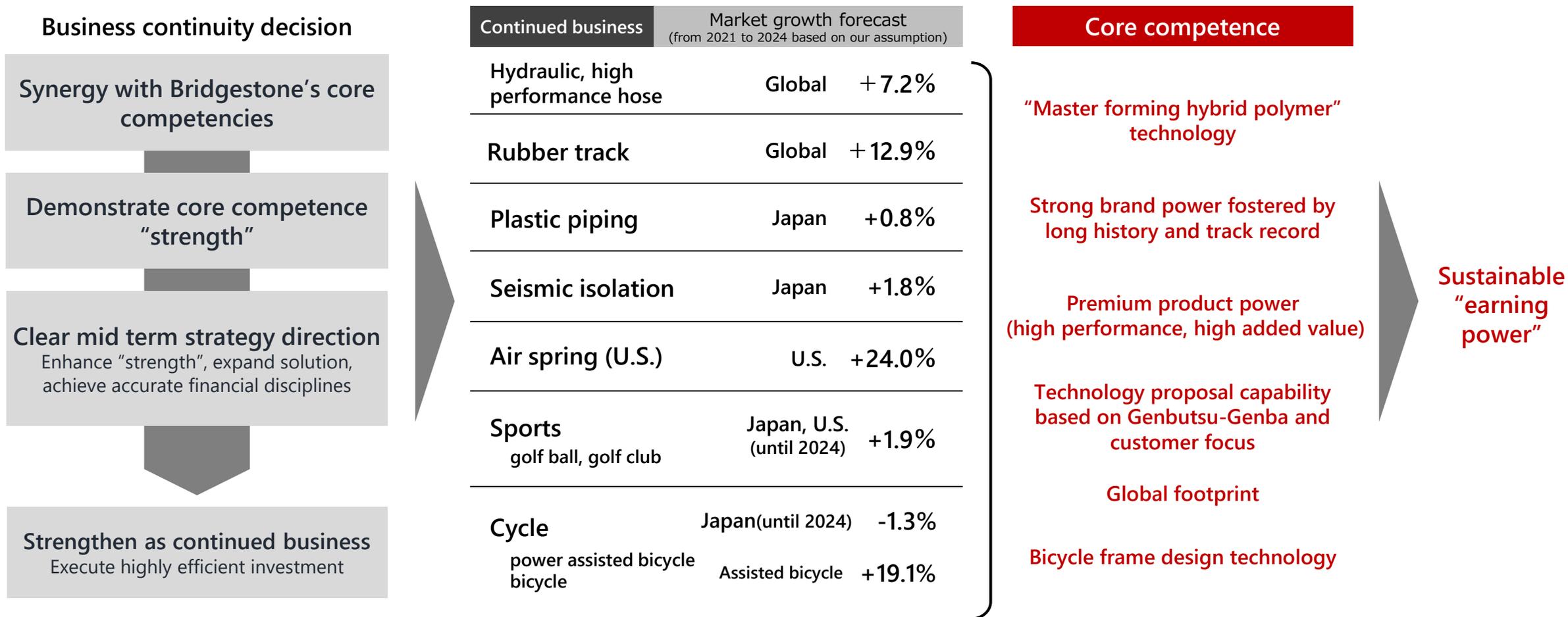


2022	2026
Revenue 260 B JPY	Revenue 280 B JPY
AOP 14 B JPY	AOP 26 B JPY
ROIC 5.5%	ROIC over 10%



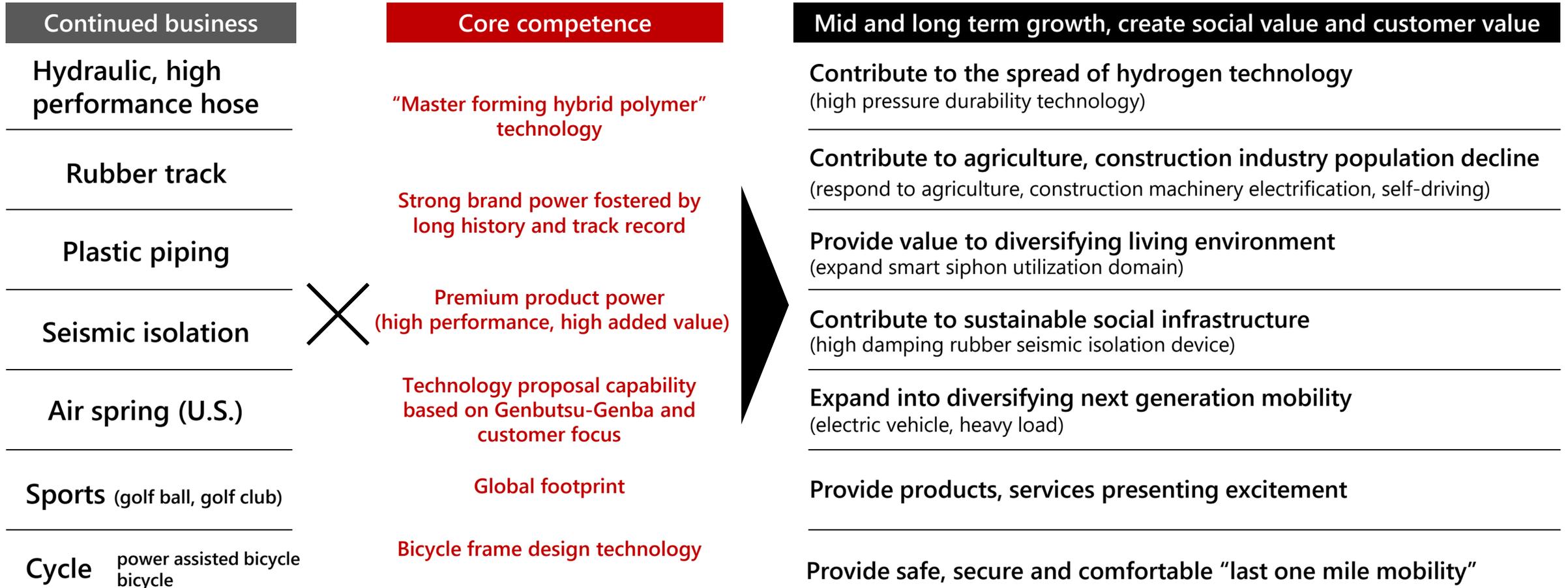
# Diversified Products Business : Initiatives for continued business towards 2026

- Thoroughly rebuild earning power, **sharply focus on areas where we can leverage our core competencies**
- 2021: recovered profitability by all business → growth and rapid to be progress maximize the use of core competencies



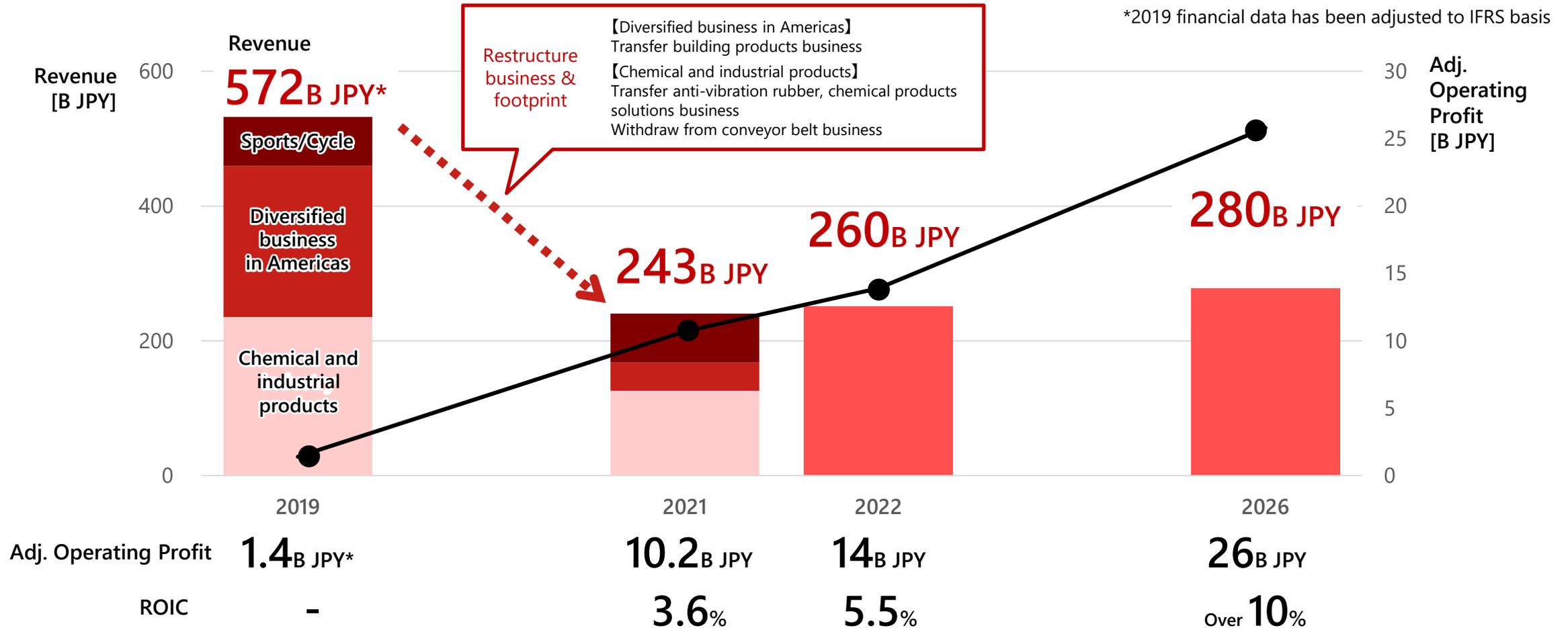
# Diversified Products Business : Initiatives for continued business towards 2026

- Thoroughly rebuild earning power, **sharply focus on areas where we can leverage our core competencies**
- Growth, rapid progress, **challenge** → Create new social value and customer value



# Diversified Products Business : Towards 2026

- Maximize the use of core competencies and enhance the profitability of all business, towards “sustainable earning power”
- Create new social value and customer value, towards further growth





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