

# SECOND QUARTER 2022 CONFERENCE CALL

**AUGUST 5, 2022**

**GOODYEAR**

# FORWARD-LOOKING STATEMENTS



*Certain information contained in this presentation constitutes forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. There are a variety of factors, many of which are beyond our control, that affect our operations, performance, business strategy and results and could cause our actual results and experience to differ materially from the assumptions, expectations and objectives expressed in any forward-looking statements. These factors include, but are not limited to: our ability to achieve the expected benefits of the Cooper Tire & Rubber Company acquisition; the impact on us of the COVID-19 pandemic; increases in the prices paid for raw materials and energy; inflationary cost pressures; delays or disruptions in our supply chain or the provision of services to us; changes in tariffs, trade agreements or trade restrictions; our ability to implement successfully our strategic initiatives; actions and initiatives taken by both current and potential competitors; deteriorating economic conditions or an inability to access capital markets; a labor strike, work stoppage, labor shortage or other similar event; work stoppages, financial difficulties, labor shortages or supply disruptions at our suppliers or customers; the adequacy of our capital expenditures; foreign currency translation and transaction risks; our failure to comply with a material covenant in our debt obligations; potential adverse consequences of litigation involving the company; as well as the effects of more general factors such as changes in general market, economic or political conditions or in legislation, regulation or public policy. Additional factors are discussed in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. In addition, any forward-looking statements represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.*

# ENABLING MOBILITY

## HOW WE WIN

## HOW WE WORK

### INNOVATION EXCELLENCE

We create leading technologies, products and services that anticipate the mobility and sustainability needs of consumers and fleets.



### SALES & MARKETING EXCELLENCE

We capture the value of our brands and grow our market share, helping our customers win in their markets and ensuring we are the preferred choice of consumers.

### OPERATIONAL EXCELLENCE

We relentlessly improve our safety, quality and efficiency. We deliver the right tire, to the right place, at the right time, at the right cost.

*DELIVERING FOR OUR CUSTOMERS*

### ACT WITH INTEGRITY

We build trust and earn confidence through honesty and respect. We do the right thing, and we Protect Our Good Name.

### ENERGIZE THE TEAM

We create an environment that inspires associates to bring their full selves to work, giving their best to Goodyear and our communities.

### PROMOTE COLLABORATION

We operate as One Team, engaging in open dialogue, leveraging diverse points of view to help Goodyear – and each other – succeed.

### BE AGILE

We approach our work with curiosity, speed and purpose, embracing change and eliminating unneeded complexity.

### DELIVER RESULTS

We seize opportunities and make courageous decisions, achieving our business goals and building capability for the future.

*LIVING OUR VALUES*

## WHERE WE FOCUS

### RESPONSIBLE OPERATIONS

We are committed to the safety of our associates, the quality of our products and the integrity of our supply chain.

### CUSTOMER EXPERIENCE

Our customers are at the center of everything we do. We collaborate with them to make our products easy to buy, own and recommend.

### SUSTAINABILITY

We responsibly balance environmental, social and financial demands without compromising the ability of future generations to meet their needs.

### ADVANCED MOBILITY

We advance the performance of our products, and we lead our industry in future mobility solutions.

### INSPIRING CULTURE

We aspire to be a diverse and inclusive culture, where every associate can develop to their full potential, and we give back to communities where we operate.

**ONE TEAM DRIVING PERFORMANCE**

# SECOND QUARTER HIGHLIGHTS



- **Net sales growth of 31% compared with the second quarter of 2021, over 15% growth excluding the Cooper Tire transaction**
- **Second quarter Goodyear net income of \$166 million; adjusted net income of \$131 million<sup>(a)</sup>**
- **Merger-adjusted segment operating income of \$372 million, up 7% compared to the second quarter of 2021<sup>(b)</sup>**
- **Unit volume growth of 21%, including 7% in legacy business**
- **Price/mix exceeded raw materials by more than \$140 million**
- **Revenue per tire (excluding currency impact) up 14% versus second quarter of 2021**

(a) See Adjusted Net Income reconciliation in Appendix on page 31

(b) See Merger-Adjusted Segment Operating Income and Margin and Segment Operating Income and Margin reconciliation in Appendix on page 30



## Positives

- **Solid volume growth while delivering strong price/mix**
- **Robust volume and share growth in Europe despite geopolitical uncertainty**
- **Commercial business delivered strong results**
- **Strong performance in Latin America**
- **Benefitting from Cooper Tire combination; synergies on track**

## Negatives

- **Ongoing cost inflation (including energy, transportation, wages)**
- **Production efficiency negatively impacted by staffing availability / training requirements**
- **Overall OE production levels remain low**
- **Asia Pacific results impacted by China COVID-19 response, OE profitability**

**STRONG EXECUTION IN A CHALLENGING ENVIRONMENT**

# FINANCIAL REVIEW

**GOODYEAR**

# INCOME STATEMENT

SECOND QUARTER  
2022

Terms: in millions  
(except EPS)

	Three Months Ended		Change
	June 30, 2022	June 30, 2021	
Units	45.6	37.5	21%
Net Sales	\$ 5,212	\$ 3,979	31%
Gross Margin	20.0%	22.6%	(2.6)pts
SAG	\$ 717	\$ 658	9%
Merger-Adjusted Segment Operating Income <sup>(a)</sup>	\$ 372	\$ 349	
Merger-Adjusted Segment Operating Margin <sup>(a)</sup>	7.1%	8.8%	(1.7)pts
Segment Operating Income <sup>(a)</sup>	\$ 364	\$ 299	
Segment Operating Margin <sup>(a)</sup>	7.0%	7.5%	(0.5)pts
Goodyear Net Income	\$ 166	\$ 67	
Goodyear Net Income Per Share			
Weighted Average Shares Outstanding	284	244	
Basic	\$ 0.58	\$ 0.27	
Weighted Average Shares Outstanding - Diluted	286	247	
Diluted	\$ 0.58	\$ 0.27	
Adjusted Diluted Earnings Per Share <sup>(b)</sup>	\$ 0.46	\$ 0.32	

(a) See Merger-Adjusted Segment Operating Income and Margin and Segment Operating Income and Margin reconciliation in Appendix on page 30

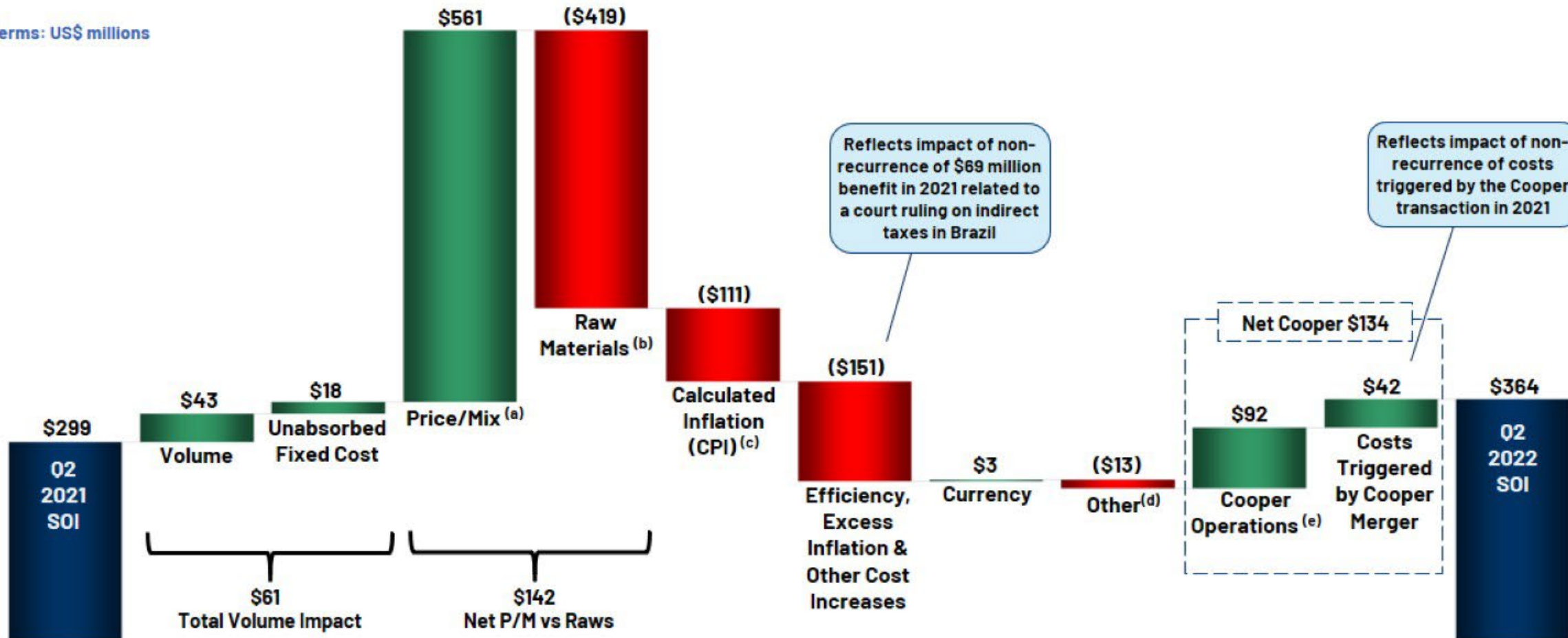
(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 31 and 32

# SEGMENT OPERATING RESULTS



## SECOND QUARTER 2022 VERSUS 2021

Terms: US\$ millions



- (a) Price/mix excludes the impact of equity interest in TireHub (\$1 million lower year over year)
- (b) Raw materials variance of (\$419) million includes raw material cost saving measures
- (c) Estimated impact of general inflation (wages, utilities, energy, transportation and other)
- (d) Includes the impacts of other tire-related businesses, advertising, R&D and equity interest in TireHub (\$1 million lower year over year)
- (e) Includes the impact of certain cost synergies on business unit results



# BALANCE SHEET

SECOND QUARTER  
2022

Terms: US\$ millions

	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Cash and cash equivalents	\$ 1,248	\$ 1,053	\$ 1,088	\$ 1,030
Accounts receivable	\$ 3,306	\$ 3,220	\$ 2,387	\$ 2,819
Inventories	4,389	4,026	3,594	3,314
Accounts payable - trade	(4,593)	(4,339)	(4,148)	(3,858)
Working capital <sup>(a)</sup>	<u>\$ 3,102</u>	<u>\$ 2,907</u>	<u>\$ 1,833</u>	<u>\$ 2,275</u>
Total debt <sup>(b)</sup>	\$ 8,404	\$ 8,370	\$ 7,397	\$ 7,972
Net debt <sup>(b)</sup>	\$ 7,156	\$ 7,317	\$ 6,309	\$ 6,942

(a) Working capital represents accounts receivable and inventories, less accounts payable - trade  
(b) See Total Debt and Net Debt reconciliation in Appendix on page 33

# FREE CASH FLOW

SECOND QUARTER  
2022

Terms: US\$ millions

	Three Months Ended June 30,		Trailing Twelve Months Ended
	2022	2021	June 30, 2022
<b>Net Income</b>	\$ 170	\$ 71	\$ 957
Depreciation and Amortization	237	208	959
Change in Working Capital	(240)	23	(1,061)
Pension Expense	16	21	67
Pension Contributions and Direct Payments	(17)	(13)	(102)
Provision for Deferred Income Taxes	39	(48)	(363)
Rationalization Payments	(23)	(40)	(133)
Other <sup>(a)</sup>	(4)	(11)	276
<b>Cash Flow from Operating Activities (GAAP)</b>	\$ 178	\$ 211	\$ 600
Capital Expenditures	(235)	(200)	(1,107)
<b>Free Cash Flow (non-GAAP)</b>	\$ (57)	\$ 11	\$ (507)
<b>Cash Flow from Investing Activities (GAAP)</b>	\$ (103)	\$ (2,053)	\$ (963)
<b>Cash Flow from Financing Activities (GAAP)</b>	\$ 150	\$ 1,676	\$ 621

Includes rebuild of working capital following reduction of \$871 million in 2020

Non-cash reversal of tax valuation allowance

Includes \$1,856 million for net cash portion of merger consideration

(a) Other includes amortization and write-off of debt issuance costs, net pension curtailments and settlements, net rationalization charges, amortization of inventory fair value step-up and transaction and other costs and payments related to Cooper Tire acquisition, net (gains) losses on asset sales, operating lease expense and payments, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities

# SEGMENT RESULTS – AMERICAS



Terms: US\$ millions  
Units in millions

## Second Quarter<sup>(a)</sup>

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Units</b>	<b>23.3</b>	<b>19.0</b>	<b>22.4%</b>
<b>Net Sales</b>	<b>\$3,147</b>	<b>\$2,256</b>	<b>39.5%</b>
<b>Operating Income</b>	<b>\$293</b>	<b>\$233</b>	<b>25.8%</b>
<b>Margin</b>	<b>9.3%</b>	<b>10.3%</b>	

- **Consumer replacement industry above pre-pandemic levels**
- **Volume growth driven by addition of Cooper Tire**
- **Price/mix more than offset raw material costs, inflation and other cost increases on a dollar basis**
- **US wholesale distributor inventory ~20% below year-end 2021 levels**

(a) The Cooper Tire transaction closed on June 7, 2021, and segment results include Cooper Tire operations since that date

# SEGMENT RESULTS - EMEA



Terms: US\$ millions  
Units in millions

## Second Quarter<sup>(a)</sup>

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Units</b>	<b>14.5</b>	<b>12.0</b>	<b>20.8%</b>
<b>Net Sales</b>	<b>\$1,497</b>	<b>\$1,230</b>	<b>21.7%</b>
<b>Operating Income</b>	<b>\$52</b>	<b>\$43</b>	<b>20.9%</b>
<b>Margin</b>	<b>3.5%</b>	<b>3.5%</b>	

- 
- **Consumer replacement industry above pre-pandemic levels**
  - **Strong volume and share growth across consumer and commercial businesses**
  - **Price/mix more than offset raw material costs**
  - **Continued energy cost pressure**

(a) The Cooper Tire transaction closed on June 7, 2021, and segment results include Cooper Tire operations since that date

# SEGMENT RESULTS – ASIA PACIFIC



Terms: US\$ millions  
Units in millions

## Second Quarter<sup>(a)</sup>

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Units</b>	<b>7.8</b>	<b>6.5</b>	<b>19.9%</b>
<b>Net Sales</b>	<b>\$568</b>	<b>\$493</b>	<b>15.2%</b>
<b>Operating Income</b>	<b>\$19</b>	<b>\$23</b>	<b>(17.4%)</b>
<b>Margin</b>	<b>3.3%</b>	<b>4.7%</b>	

- **Consumer replacement industry well below pre-pandemic levels, given Covid-related lockdowns**
- **Unit growth due to Cooper Tire and legacy Goodyear share gains**
- **Price / mix partially offset raw material costs**

(a) The Cooper Tire transaction closed on June 7, 2021, and segment results include Cooper Tire operations since that date



- **Positive price/mix vs. raw material costs (similar to Q1 and Q2)**
- **Volume growth in EMEA and Asia Pacific<sup>(a)</sup>**
- **Continued inflationary cost pressures, including higher transportation, labor and energy costs (similar to Q2 excluding impact of non-recurrence of indirect tax benefit in Brazil)**
- **International earnings adversely impacted by stronger US dollar (\$25-\$30 million)**
- **Favorable impact of non-recurring Cooper Tire transaction costs (~\$70 million)**

(a) Based on current view of COVID-19 impact in China

# 2022 OUTLOOK: OTHER FINANCIAL ASSUMPTIONS



	Current Assumption
Raw Materials	H2 ~\$1 billion higher based on current spot rates <sup>(a)</sup>
Interest Expense	\$450 to \$475 million <sup>(b)</sup>
Other (Income) Expense	Financing fees: ~\$30 million <sup>(b)</sup> Global pension related (excluded from SOI): \$30 to \$40 million <sup>(c)</sup>
Income Tax	Cash: \$150 to \$200 million <sup>(d)</sup>
Depreciation & Amortization	~\$1.0 billion
Global Pension Cash Contributions	\$25 to \$50 million <sup>(e)</sup>
Incremental Amortization of Intangible Assets	\$32 million <sup>(f)</sup>
Working Capital	Use of ~\$300 million
Capital Expenditures	\$1.1 to \$1.2 billion
Rationalization Payments	~\$100 million
Corporate Other	\$150 to \$175 million

(a) Includes commodity and foreign exchange spot rates

(b) Assumes no refinancing activity

(c) Excludes one-time charges and benefits from pension settlements and curtailments

(d) Excludes one-time items

(e) Excludes direct benefit payments

(f) Incremental amortization of Cooper Tire intangible assets

# APPENDIX

**GOOD YEAR.**



# MODELING ASSUMPTIONS



Updated to reflect the inclusion of Cooper Tire

## Volume Sensitivities

(Impact on Goodyear's Annual Units in 000's)

• 1% Δ in U.S. Consumer OE Industry	~85
• 1% Δ in U.S. Consumer Replacement Industry	~650
• 1% Δ in U.S. Commercial OE Industry	~10
• 1% Δ in U.S. Commercial Replacement Industry	~35
• 1% Δ in European Consumer OE Industry	~80
• 1% Δ in European Consumer Replacement Industry	~340
• 1% Δ in European Commercial OE Industry	~10
• 1% Δ in European Commercial Replacement Industry	~25

## Pricing

(Annual Impact of Effective Pricing Yield)

• 1% Δ in U.S. Consumer Replacement	~55
• 1% Δ in U.S. Commercial Replacement	~10
• 1% Δ in European Consumer Replacement	~25
• 1% Δ in European Commercial Replacement	~9

## Translational Foreign Currency

(Annual Impact on FX portion of SOI Walk)

• +/- 0.01 Δ USD/BRL	(e.g. R\$5.57 to R\$5.56 is favorable by 0.01)	+/- \$0.3M
• +/- 0.01 Δ USD/CNY	(e.g. ¥6.38 to ¥6.37 is favorable by 0.01)	+/- \$0.2M
• +/- 0.01 Δ USD/EUR	(e.g. €0.88 from €0.87 is favorable by 0.01)	+/- \$1.5M
• +/- 0.01 Δ USD/TRY	(e.g. ₺12.98 from ₺12.97 is favorable by 0.01)	+/- \$0.1M

## Approximate Profit Margin Per Tire

(Industry Estimate)

• Consumer OE ≥17"	15
• Consumer Replacement ≥17"	30
• Consumer OE <17"	5
• Consumer Replacement <17"	9-11
• Commercial - U.S. and Europe	50-60

## Tire Raw Material Spend

(Annual Impact) ~ Feedstock

• 1% Δ in Synthetic Rubber Prices (3 to 4 month lag)	~10
• 1% Δ in Natural Rubber Prices (4 to 6 month lag)	~8
• 1% Δ in Pigment, Chemical, & Oil Prices (3 to 4 month lag)	~7
• 1% Δ in Wire/Other Prices (3 to 4 month lag)	~6
• 1% Δ in Carbon Black (3 to 4 month lag)	~6
• 1% Δ in Fabric Prices (3 to 4 month lag)	~3

## Transactional Foreign Currency

(Annual Impact on Raw Material portion of SOI Walk)

• +/- 0.01 Δ USD/BRL	(e.g. R\$5.57 to R\$5.56 is favorable by 0.01)	+/- \$0.7M
• +/- 0.01 Δ USD/CNY	(e.g. ¥6.38 to ¥6.37 is favorable by 0.01)	+/- \$0.3M
• +/- 0.01 Δ USD/EUR	(e.g. €0.88 from €0.87 is favorable by 0.01)	+/- \$4.0M
• +/- 0.01 Δ USD/TRY	(e.g. ₺12.98 from ₺12.97 is favorable by 0.01)	+/- \$0.2M
• +/- 0.01 Δ EUR/TRY	(e.g. ₺14.75 from ₺14.74 is favorable by 0.01)	+/- \$0.2M

## Approximate OH Absorption Per Tire

(1 Quarter Lag)

• Americas Consumer	\$10 - \$15
• Americas Commercial	\$50 - \$60
• EMEA Consumer	\$8 - \$12
• EMEA Commercial	\$30 - \$35

## General Inflation

(Annual Impact)

• 1% Δ in Global Inflation	~70
• 1% Δ in Americas Inflation	~40
• 1% Δ in EMEA Inflation	~25

Note: Volume, pricing and raw materials modeling assumptions based on Goodyear's public disclosures as of 12/31/21 and 2021 Cooper pro forma results. Currency, general inflation, profit margin and overhead absorption figures based on internal estimates. Additionally, general inflation has been updated to reflect cost structure of combined company as of June 30, 2022.

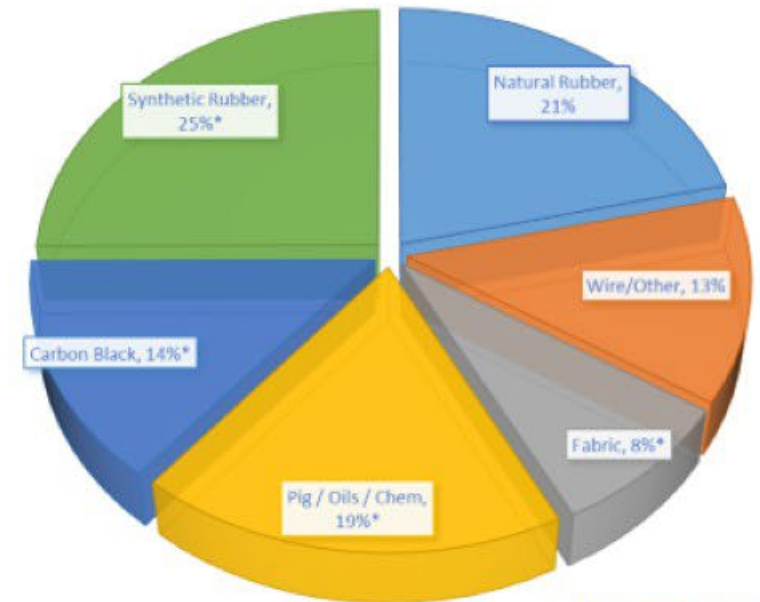
# RAW MATERIALS (PRO FORMA<sup>(a)</sup>)



- ✓ Raw materials are ~47% of tire COGS
- ✓ ~67% of raw materials are **influenced** by oil prices
  - P&L impact lags spot rates by 1-2 quarters depending on commodity
- ✓ ~67% of raw materials are purchased in USD
- ✓ Customer agreements indexed to raw materials
  - OE customers
  - Certain large commercial fleets
  - OTR customers

## Global Raw Material Spend

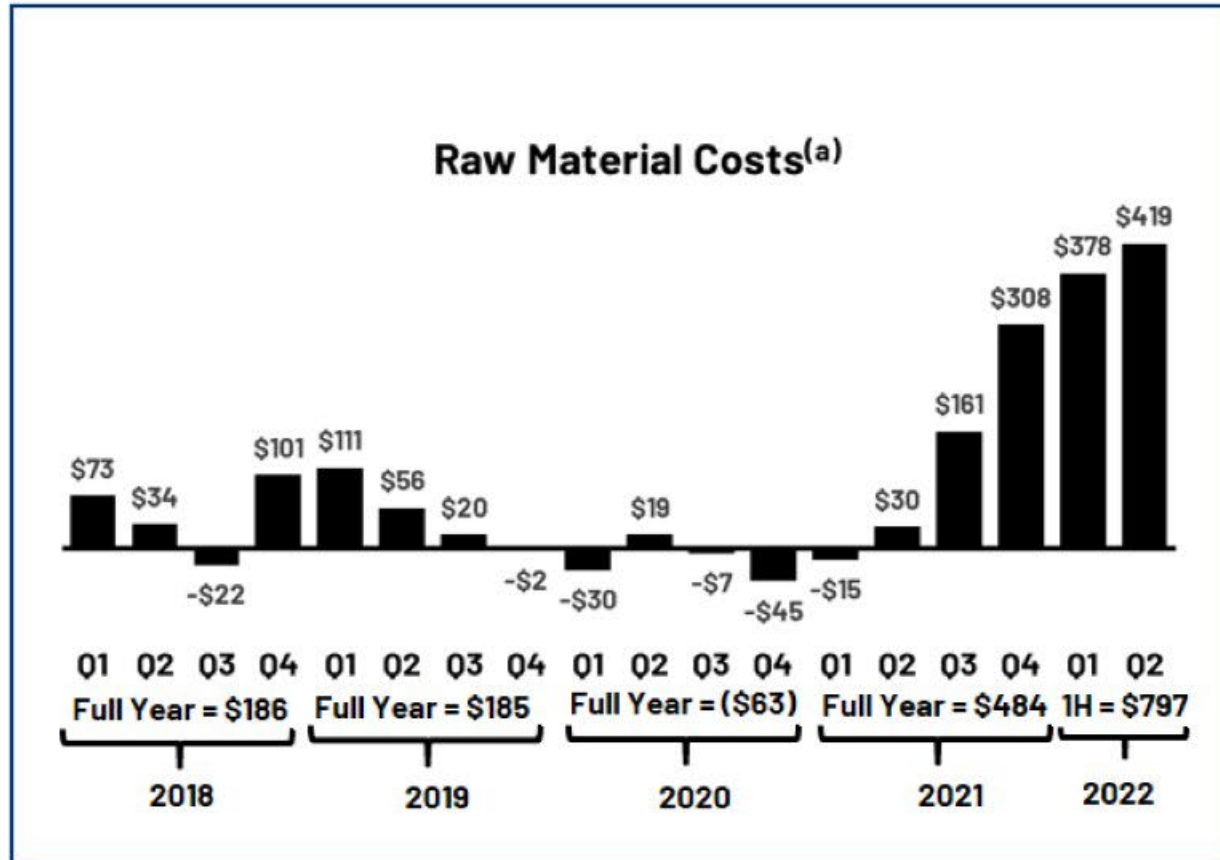
FY 2021 (\$6.2 Billion)



\*Petrochemical based

**Feedstock ~65% of raw material spend**

(a) All figures and percentages reflect the estimated 2021 spend as if Cooper Tire was included in the results for the full year



## 2022 Outlook

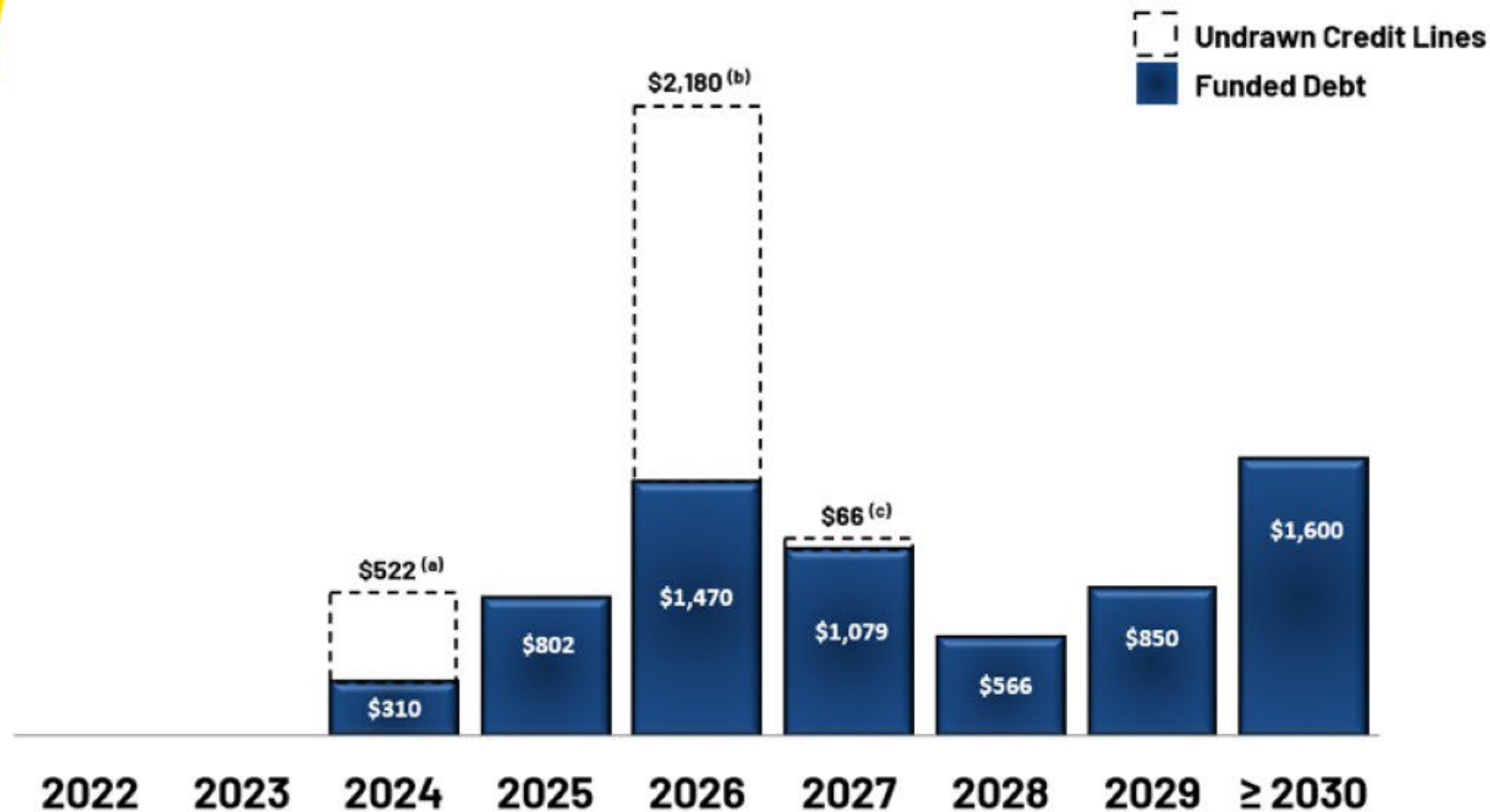
- H2 ~\$1 billion higher based on current spot rates
  - Q3 ~\$600 million

(a) Impact to cost of goods sold versus prior period, net of cost savings measures

# MATURITY SCHEDULE

SECOND QUARTER 2022

Terms: US\$ millions



Note: Based on June 30, 2022 balance sheet values and excludes notes payable, finance and operating leases and other domestic and foreign debt

(a) At June 30, 2022, there were \$310 million (€298 million) of borrowings and no letters of credit issued under the €800 million European revolving credit facility

(b) At June 30, 2022, our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$108 million below the facility's stated amount of \$2.75 billion; At June 30, 2022, there were \$570 million in borrowings and \$3 million of letters of credit issued

(c) At June 30, 2022, the amounts available and utilized under the Pan-European securitization program totaled \$246 million (€237 million)

# LIQUIDITY PROFILE

SECOND QUARTER  
2022

Terms: US\$ billions



(a) Total liquidity is comprised of \$1,248 million of cash and cash equivalents, as well as \$3,210 million of unused availability under various credit agreements

# STRUCTURAL CASH FLOW



	Year Ended December 31,											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Cash Flow from Operating Activities (GAAP)</b>	\$ 924	\$ 773	\$ 1,038	\$ 938	\$ 340	\$ 1,728	\$1,557	\$1,158	\$ 916	\$1,207	\$ 1,115	\$ 1,062
Add Back: Pension Cash	405	294	684	1,162	1,338	103	89	90	74	79	56	91
<b>Pre-Pension Cash Flow from Operating Activities<sup>(a)</sup></b>	<b>1,329</b>	<b>1,067</b>	<b>1,722</b>	<b>2,100</b>	<b>1,678</b>	<b>1,831</b>	<b>1,646</b>	<b>1,248</b>	<b>990</b>	<b>1,286</b>	<b>1,171</b>	<b>1,153</b>
Capital Expenditures	(944)	(1,043)	(1,127)	(1,168)	(923)	(983)	(996)	(881)	(811)	(770)	(647)	(981)
<b>Pre-Pension Cash Flow Less Capex (Structural Cash Flow) (non-GAAP)</b>	<b>\$ 385</b>	<b>\$ 24</b>	<b>\$ 595</b>	<b>\$ 932</b>	<b>\$ 755</b>	<b>\$ 848</b>	<b>\$ 650</b>	<b>\$ 367</b>	<b>\$ 179</b>	<b>\$ 516</b>	<b>\$ 524</b>	<b>\$ 172</b>
Memo:												
Change in Working Capital	\$ 52	\$ (650)	\$ 457	\$ 415	\$ (1)	\$ (42)	\$ (117)	\$ (106)	\$ (120)	\$ 82	\$ 871	\$ (359)
Unfunded Pension Obligations	(2,549)	(3,097)	(3,522)	(1,855)	(714)	(642)	(669)	(656)	(599)	(684)	(606)	(270)
<b>Cash Flow from Investing Activities (GAAP)</b>	<b>\$(859)</b>	<b>\$ (902)</b>	<b>\$(1,123)</b>	<b>\$(1,136)</b>	<b>\$(851)</b>	<b>\$(1,262)</b>	<b>\$ (979)</b>	<b>\$( 879)</b>	<b>\$( 867)</b>	<b>\$(800)</b>	<b>\$ (667)</b>	<b>\$(2,793)</b>
<b>Cash Flow from Financing Activities (GAAP)</b>	<b>179</b>	<b>994</b>	<b>(426)</b>	<b>1,082</b>	<b>(11)</b>	<b>(985)</b>	<b>(876)</b>	<b>(415)</b>	<b>(243)</b>	<b>(307)</b>	<b>203</b>	<b>1,309</b>

**STRUCTURAL CASH FLOW CONSISTENTLY POSITIVE; DIPS TEMPORARILY DURING ECONOMIC RECOVERY PERIODS AS WORKING CAPITAL RECOVERS**

(a) Cash flow from operating activities less pension contributions & direct payments

# MERGER SYNERGIES



## Original Forecast

(February 2021)

**~\$165M**



Estimated costs to achieve synergies: \$150 to \$175 million

## Upgraded Outlook

(November 2021)

**~\$250M**



Estimated costs to achieve synergies: ~\$200 million

**EXPECT TO ACHIEVE \$250 MILLION OF RUN-RATE SYNERGIES BY MID-2023;  
RECONFIRMING TAX AND WORKING CAPITAL SAVINGS**

# COOPER TIRE MERGER: SUBSTANTIAL IMMEDIATE AND LONGER-TERM CASH FLOW BENEFITS



**~\$250  
Million**

## Working Capital Savings

- Estimated one-time working capital savings of ~\$250 million from improvement in cash conversion cycle

**\$450+  
Million**

## Tax Savings

- Accelerated utilization of available Goodyear tax attributes with estimated net present value of \$450 million or more

**WORKING CAPITAL IMPROVEMENT AND ABILITY TO LEVERAGE GOODYEAR'S TAX POSITION EXPECTED TO SIGNIFICANTLY ENHANCE COMBINED COMPANY CASH FLOW PROFILE**





## Russia

76 Associates

2021	Consumer	Truck	OTR	Total
Volume	936K	402K	5K	<b>1.3M</b>
Sales	\$59M	\$111M	\$43M	<b>\$213M</b>
EBIT				<b>\$8M</b>

## Ukraine

22 Associates

2021	Consumer	Truck	OTR	Total
Volume	592K	28K	0.4K	<b>621K</b>
Sales	\$34M	\$7M	\$3M	<b>\$44M</b>
EBIT				<b>\$4M</b>

- No manufacturing assets in Russia or Ukraine
- Potential for volume opportunity as we work to supply markets formerly served by Russian tire imports, given EU embargo

# AMIENS PLANT MODERNIZATION ECONOMICS



As presented May 6, 2022

Terms: US\$ millions

	Year:	<u>2022/2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Approximate</u> <u>Run-Rate</u>
EBIT	\$	(3)	\$ 10	\$ 16	\$ 27	\$ 41	\$55-\$60
Startup Costs		(5)	(3)	(4)	(3)	(1)	
<b>SOI</b>	<b>\$</b>	<b>(8)</b>	<b>\$ 7</b>	<b>\$ 12</b>	<b>\$ 24</b>	<b>\$ 40</b>	<b>\$55-\$60</b>
<b>CapEx</b>		<b>(78)</b>	<b>(47)</b>	<b>(16)</b>	<b>(9)</b>	<b>(3)</b>	
Depreciation		3	7	10	11	11	10
Incentives <sup>(a)</sup> / Cash Taxes		22	21	(1)	1	(16)	(15)
Working Capital		-	(8)	(3)	(4)	(5)	
<b>FCF</b>	<b>\$</b>	<b>(61)</b>	<b>\$ (20)</b>	<b>\$ 2</b>	<b>\$ 23</b>	<b>\$ 27</b>	<b>\$50-\$55</b>

**IRR ~20%**

## INVESTMENT HIGHLIGHTS

- Increase HVA capability by ~3 million tires / year
- No change in total capacity of ~ 5 million units
- ~\$4 reduction in cost/tire

Note: Analysis uses exchange rates as of May 1, 2022

(a) Incentives include ~\$50 million in government grants and a ~\$100 million subsidized loan to Goodyear France, guaranteed by The Goodyear Tire & Rubber Company

# PLANT MODERNIZATION EXAMPLE



As presented February 24, 2022

USD in millions	Year:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Run</u> <u>Rate</u>
EBIT	\$ -	\$ 16	\$ 32	\$ 66	\$ 66	
Startup Costs	(8)	(12)	(12)			
<b>SOI</b>	<b>\$ (8)</b>	<b>\$ 4</b>	<b>\$ 20</b>	<b>\$ 66</b>	<b>\$ 66</b>	
<b>Growth CapEx</b>	<b>(34)</b>	<b>(54)</b>	<b>(47)</b>			
Depreciation	-	2	6	9	9	
Cash Taxes	2	(1)	(5)	(16)	(16)	
Working Capital	-	(7)	(7)	(13)		
<b>FCF</b>	<b>\$ (40)</b>	<b>\$ (56)</b>	<b>\$ (33)</b>	<b>\$ 46</b>	<b>\$ 59</b>	

**IRR ~ 30%**

Incremental Avg GP/Tire:  
+ \$20 Replacement  
+ \$10 OE  
Minus Other Incremental  
Costs (mainly D&A)

Channel Mix:  
80% Replacement  
20% OE

\$135M over 3 years  
for upgraded plant  
equipment

Example assumes book tax  
rate; return is higher for  
investments in US & Europe  
due to current tax positions

## INVESTMENT HIGHLIGHTS

- Plant modernizations are highly accretive
- Financials based on 2009-2014<sup>(a)</sup>  
Consumer plant modernization in Lawton, Oklahoma (4.4M units)
- Investment enabled mix-up to higher value-added segments

(a) Future amounts would be impacted by inflation

# BROWNFIELD EXPANSION EXAMPLE



As presented February 24, 2022

**Total Avg GP/Tire:**  
\$30 Replacement  
\$15 OE  
Minus Other Incremental  
Costs (mainly D&A)  
  
**Channel Mix:**  
80% Replacement  
20% OE

~\$110M over 3 years  
for new equipment and  
facility addition/upgrade

Example assumes book tax  
rate; return is higher for  
investments in US & Europe  
due to current tax positions

USD in millions	Year:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Run</u> <u>Rate</u>
EBIT	\$ -	\$ 9	\$ 17	\$ 36	\$ 36	
Startup Costs	(6)	(6)	(6)			
<b>SOI</b>	<b>\$ (6)</b>	<b>\$ 3</b>	<b>\$ 11</b>	<b>\$ 36</b>	<b>\$ 36</b>	
<b>Growth CapEx</b>	<b>(28)</b>	<b>(44)</b>	<b>(39)</b>			
Depreciation	-	2	5	7	7	
Cash Taxes	2	(1)	(3)	(9)	(9)	
Working Capital	-	(9)	(9)	(18)		
<b>FCF</b>	<b>\$ (32)</b>	<b>\$ (49)</b>	<b>\$ (35)</b>	<b>\$ 16</b>	<b>\$ 34</b>	

**IRR ~ 20%**

## INVESTMENT HIGHLIGHTS

- Brownfield expansions deliver incremental value-added capacity
- Financials based on Consumer plant expansion in Kranj, Slovenia initiated in 2018 <sup>(a)</sup> (1.8M units)

(a) Future amounts would be impacted by inflation

# USE OF NON-GAAP FINANCIAL MEASURES



This presentation contains historical non-GAAP financial measures, including Total Segment Operating Income and Margin, Merger-Adjusted Segment Operating Income and Margin, Free Cash Flow, Structural Cash Flow, Adjusted Net Income and Adjusted Diluted Earnings Per Share (EPS), which are important financial measures for the company but are not financial measures defined by U.S. GAAP, and should not be construed as alternatives to corresponding financial measures presented in accordance with U.S. GAAP.

Total Segment Operating Income is the sum of the individual strategic business units' (SBUs') Segment Operating Income as determined in accordance with U.S. GAAP. Total Segment Operating Margin is Total Segment Operating Income divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Total Segment Operating Income and Margin are useful because they represent the aggregate value of income created by the company's SBUs and exclude items not directly related to the SBUs for performance evaluation purposes. The most directly comparable U.S. GAAP financial measures to Total Segment Operating Income and Margin are Goodyear Net Income and Return on Net Sales (which is calculated by dividing Goodyear Net Income by Net Sales).

Merger-Adjusted Segment Operating Income is Total Segment Operating Income less the impact of the amortization of inventory step-up adjustments, the incremental amortization of intangible assets and other transaction-related items related to the Cooper Tire merger. Merger-Adjusted Segment Operating Margin is Merger-Adjusted Segment Operating Income divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Merger-Adjusted Segment Operating Income and Margin are useful because they allow investors to understand and evaluate the aggregate value of income created by the company's SBUs in a manner that is more comparable to the performance of The Goodyear Tire & Rubber Company and Cooper Tire & Rubber Company in the periods before the merger by adjusting for certain expenses related to the Cooper Tire merger, including amortization of the Cooper Tire inventory step-up adjustments, incremental amortization of Cooper Tire intangible assets and other transaction-related items.

Free Cash Flow is the company's Cash Flows from Operating Activities as determined in accordance with U.S. GAAP, less capital expenditures. Management believes that Free Cash Flow is useful because it represents the cash generating capability of the company's ongoing operations, after taking into consideration capital expenditures necessary to maintain its business and pursue growth opportunities. The most directly comparable U.S. GAAP financial measure is Cash Flows from Operating Activities.

Structural Cash Flow is the company's Cash Flows from Operating Activities as determined in accordance with U.S. GAAP, with pension contributions and direct payments added back, less capital expenditures. Management believes that Structural Cash Flow is useful because it represents the cash generating capability of the company's ongoing operations, before cash contributions related to pension obligations (which the company considers to be a debt-like obligation) and after taking into consideration capital expenditures necessary to maintain its business and pursue growth opportunities. The most directly comparable U.S. GAAP financial measure is Cash Flows from Operating Activities.

Adjusted Net Income is Goodyear Net Income as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted Earnings Per Share (EPS) is the company's Adjusted Net Income divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income and Adjusted Diluted Earnings Per Share (EPS) are useful because they represent how management reviews the operating results of the company excluding the impacts of non-cash impairment charges, rationalizations, asset write-offs, accelerated depreciation, asset sales and certain other significant items.

It should be noted that other companies may calculate similarly-titled non-GAAP financial measures differently and, as a result, the measures presented herein may not be comparable to such similarly-titled measures reported by other companies.

# RECONCILIATION FOR MERGER- ADJUSTED SEGMENT OPERATING INCOME / MARGIN & SEGMENT OPERATING INCOME / MARGIN

SECOND QUARTER  
2022

Terms: US\$ millions

	Three Months Ended June 30,	
	2022	2021
<b>Merger-Adjusted Segment Operating Income</b>	<b>\$ 372</b>	<b>\$ 349</b>
Amortization of Cooper Tire Inventory Step-up Adjustments	-	(40)
Other Transaction-related Items	-	(6)
Incremental Amortization of Intangible Assets	(8)	(4)
<b>Total Segment Operating Income</b>	<b>\$ 364</b>	<b>\$ 299</b>
Rationalizations	(26)	(18)
Interest Expense	(110)	(97)
Other Income (Expense)	65	(30)
Corporate Incentive Compensation Plans	(21)	(24)
Retained Expenses of Divested Operations	(4)	(4)
Other	(16)	(28)
<b>Income before Income Taxes</b>	<b>\$ 252</b>	<b>\$ 98</b>
United States and Foreign Tax Expense	82	27
Less: Minority Shareholders' Net Income	4	4
<b>Goodyear Net Income</b>	<b>\$ 166</b>	<b>\$ 67</b>
Net Sales(as reported)	\$5,212	\$3,979
Return on Net Sales(as reported)	3.2%	1.7%
Total Segment Operating Margin	7.0%	7.5%
Merger-Adjusted Segment Operating Margin	7.1%	8.8%

# SECOND QUARTER 2022 SIGNIFICANT ITEMS



Terms: US\$ millions  
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Pension Settlement Charges	Indirect Tax Settlements and Discrete Tax Items	Asset Sales	As Adjusted
Net Sales	\$ 5,212	\$ -	\$ -	\$ -	\$ -	\$ 5,212
Cost of Goods Sold	4,772	-	-	14	-	4,186
Gross Margin	1,040	-	-	(14)	-	1,026
SAG	717	-	-	-	-	717
Rationalizations	26	(26)	-	-	-	-
Interest Expense	110	-	-	-	-	110
Other(Income) Expense	(65)	-	(18)	-	95	12
Pre-tax Income	252	26	18	(14)	(95)	187
Taxes	82	6	5	(17)	(24)	52
Minority Interest	4	-	-	-	-	4
Goodyear Net Income	\$ 166	\$ 20	\$ 13	\$ 3	\$ (71)	\$ 131
EPS	\$ 0.58	\$ 0.07	\$ 0.05	\$ 0.01	\$ (0.25)	\$ 0.46

# SECOND QUARTER 2021 SIGNIFICANT ITEMS



Terms: US\$ millions  
(except EPS)

	As Reported	Acquisition Related Transaction and Other Costs	Amortization of Acquisition Related Inventory Fair Value Adjustment	Americas Winter Storm Impact	Pension Settlement Charges	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Colombia National Strike	Debt Redemption Charges	Americas Accrued Freight Adjustment	Indirect Tax Settlements and Discrete Tax Items	As Adjusted
Net Sales	\$ 3,979	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 3,996
Cost of Goods Sold	3,078	(1)	(38)	(16)	-	-	2	-	8	69	3,102
Gross Margin	901	1	38	27	-	-	4	-	(8)	(69)	894
SAG	658	(5)	-	-	-	-	-	-	-	-	653
Rationalizations	18	-	-	-	-	(18)	-	-	-	-	-
Interest Expense	97	-	-	-	-	-	-	(5)	-	-	92
Other(Income)Expense	30	(42)	-	-	(19)	-	-	-	-	48	17
Pre-tax Income	98	48	38	27	19	18	4	5	(8)	(117)	132
Taxes	27	9	9	5	5	2	-	1	(2)	(7)	49
Minority Interest	4	-	-	-	-	-	-	-	-	-	4
Goodyear Net Income	\$ 67	\$ 39	\$ 29	\$ 22	\$ 14	\$ 16	\$ 4	\$ 4	\$ (6)	\$ (110)	\$ 79
EPS	\$ 0.27	\$ 0.16	\$ 0.12	\$ 0.09	\$ 0.06	\$ 0.06	\$ 0.02	\$ 0.01	\$ (0.02)	\$ (0.45)	\$ 0.32



# RECONCILIATION FOR TOTAL DEBT AND NET DEBT

SECOND QUARTER  
2022

Terms: US\$ millions

	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Long-Term Debt and Finance Leases	\$ 7,569	\$ 7,450	\$ 6,648	\$ 6,978
Notes Payable and Overdrafts	519	570	406	459
Long-Term Debt and Finance Leases Due Within One Year	316	350	343	535
Total Debt	\$ 8,404	\$ 8,370	\$ 7,397	\$ 7,972
Less: Cash and Cash Equivalents	1,248	1,053	1,088	1,030
Net Debt	\$ 7,156	\$ 7,317	\$ 6,309	\$ 6,942

**GOODYEAR**  **YEAR**®