

# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Statements of Operations (unaudited)

<i>(In millions, except per share amounts)</i>	Three Months Ended March 31,	
	<u>2021</u>	<u>2020</u>
<b>NET SALES</b>	<b>\$ 3,511</b>	<b>\$ 3,056</b>
Cost of Goods Sold	2,751	2,552
Selling, Administrative and General Expense	564	581
Goodwill Impairment	--	182
Rationalizations	50	9
Interest Expense	79	73
Other (Income) Expense	34	27
	<hr/>	<hr/>
Income (Loss) before Income Taxes	33	(368)
United States and Foreign Tax Expense	15	249
	<hr/>	<hr/>
Net Income (Loss)	18	(617)
Less: Minority Shareholders' Net Income	6	2
	<hr/>	<hr/>
<b>Goodyear Net Income (Loss)</b>	<b>\$ 12</b>	<b>\$ (619)</b>
	<hr/>	<hr/>
<b>Goodyear Net Income (Loss)</b> <b>- Per Share of Common Stock</b>		
Basic	<b>\$ 0.05</b>	<b>\$ (2.65)</b>
	<hr/>	<hr/>
Weighted Average Shares Outstanding	235	234
	<hr/>	<hr/>
Diluted	<b>\$ 0.05</b>	<b>\$ (2.65)</b>
	<hr/>	<hr/>
Weighted Average Shares Outstanding	238	234
	<hr/>	<hr/>
Cash Dividends Declared Per Common Share	<b>\$ --</b>	<b>\$ 0.16</b>
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# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Balance Sheets (unaudited)

(In millions, except share data)

	<b>March 31,</b> <b><u>2021</u></b>	<b>December 31,</b> <b><u>2020</u></b>
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,223	\$ 1,539
Accounts Receivable, less Allowance - \$144 (\$150 in 2020)	2,159	1,691
Inventories:		
Raw Materials	583	517
Work in Process	138	143
Finished Products	<u>1,638</u>	<u>1,493</u>
	2,359	2,153
Prepaid Expenses and Other Current Assets	<u>207</u>	<u>237</u>
<b>Total Current Assets</b>	<b>5,948</b>	<b>5,620</b>
Goodwill	395	408
Intangible Assets	134	135
Deferred Income Taxes	1,471	1,467
Other Assets	938	952
Operating Lease Right-of-Use Assets	826	851
Property, Plant and Equipment, less Accumulated Depreciation - \$10,935 (\$10,991 in 2020)	<u>6,857</u>	<u>7,073</u>
<b>Total Assets</b>	<b><u>\$ 16,569</u></b>	<b><u>\$ 16,506</u></b>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts Payable - Trade	\$ 3,037	\$ 2,945
Compensation and Benefits	548	540
Other Current Liabilities	783	865
Notes Payable and Overdrafts	390	406
Operating Lease Liabilities due Within One Year	189	198
Long Term Debt and Finance Leases due Within One Year	<u>386</u>	<u>152</u>
<b>Total Current Liabilities</b>	<b>5,333</b>	<b>5,106</b>
Operating Lease Liabilities	667	684
Long Term Debt and Finance Leases	5,326	5,432
Compensation and Benefits	1,388	1,470
Deferred Income Taxes	86	84
Other Long Term Liabilities	<u>483</u>	<u>471</u>
<b>Total Liabilities</b>	<b>13,283</b>	<b>13,247</b>
Commitments and Contingent Liabilities		
<b>Shareholders' Equity:</b>		
Common Stock, no par value:		
Authorized, 450 million shares, Outstanding shares - 235 million in 2021 and 233 million in 2020	235	233
Capital Surplus	2,182	2,171
Retained Earnings	4,821	4,809
Accumulated Other Comprehensive Loss	<u>(4,132)</u>	<u>(4,135)</u>
<b>Goodyear Shareholders' Equity</b>	<b>3,106</b>	<b>3,078</b>
Minority Shareholders' Equity - Nonredeemable	<u>180</u>	<u>181</u>
<b>Total Shareholders' Equity</b>	<b>3,286</b>	<b>3,259</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 16,569</u></b>	<b><u>\$ 16,506</u></b>

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# The Goodyear Tire & Rubber Company and Subsidiaries

## Consolidated Statements of Cash Flows (unaudited)

(In millions)

	Three Months Ended	
	March 31,	
	2021	2020
<b>Cash Flows from Operating Activities:</b>		
<b>Net Income (Loss)</b>	<b>\$ 18</b>	<b>\$ (617)</b>
Adjustments to Reconcile Net Income (Loss) to Cash Flows from Operating Activities:		
Depreciation and Amortization	197	196
Amortization and Write-Off of Debt Issuance Costs	3	2
Goodwill Impairment	--	182
Provision for Deferred Income Taxes	(18)	235
Net Pension Curtailments and Settlements	--	2
Net Rationalization Charges	50	9
Rationalization Payments	(83)	(73)
Net (Gains) Losses on Asset Sales	--	(1)
Operating Lease Expense	70	69
Operating Lease Payments	(67)	(66)
Pension Contributions and Direct Payments	(9)	(19)
Changes in Operating Assets and Liabilities, Net of Asset Acquisitions and Dispositions:		
Accounts Receivable	(526)	(206)
Inventories	(258)	(170)
Accounts Payable – Trade	221	(106)
Compensation and Benefits	19	(57)
Other Current Liabilities	(4)	(30)
Other Assets and Liabilities	105	89
<b>Total Cash Flows from Operating Activities</b>	<b>(282)</b>	<b>(561)</b>
<b>Cash Flows from Investing Activities:</b>		
Capital Expenditures	(185)	(211)
Short Term Securities Acquired	(29)	(6)
Short Term Securities Redeemed	41	4
Notes Receivable	(10)	(35)
Other Transactions	3	(9)
<b>Total Cash Flows from Investing Activities</b>	<b>(180)</b>	<b>(257)</b>
<b>Cash Flows from Financing Activities:</b>		
Short Term Debt and Overdrafts Incurred	280	629
Short Term Debt and Overdrafts Paid	(285)	(239)
Long Term Debt Incurred	694	2,188
Long Term Debt Paid	(514)	(1,600)
Common Stock Issued	9	--
Common Stock Dividends Paid	--	(37)
Debt Related Costs and Other Transactions	(40)	(2)
<b>Total Cash Flows from Financing Activities</b>	<b>144</b>	<b>939</b>
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	(34)	(59)
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(352)</b>	<b>62</b>
Cash, Cash Equivalents and Restricted Cash at Beginning of the Period	1,624	974
<b>Cash, Cash Equivalents and Restricted Cash at End of the Period</b>	<b>\$ 1,272</b>	<b>\$ 1,036</b>

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## Non-GAAP Financial Measures (unaudited)

This earnings release presents Total Segment Operating Income (Loss) and Margin, Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) 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 (Loss) is the sum of the individual strategic business units' (SBU's) Segment Operating Income (Loss) as determined in accordance with U.S. GAAP. Total Segment Operating Margin is Total Segment Operating Income (Loss) divided by Net Sales as determined in accordance with U.S. GAAP. Management believes that Total Segment Operating Income (Loss) 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 measure to Total Segment Operating Income (Loss) is Goodyear Net Income (Loss) and to Total Segment Operating Margin is Return on Sales (which is calculated by dividing Goodyear Net Income (Loss) by Net Sales).

Adjusted Net Income (Loss) is Goodyear Net Income (Loss) as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted Earnings (Loss) Per Share is the company's Adjusted Net Income (Loss) divided by Weighted Average Shares Outstanding-Diluted as determined in accordance with U.S. GAAP. Management believes that Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share 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.

See the tables below for reconciliations of historical Total Segment Operating Income (Loss) and Margin, Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) Per Share to the most directly comparable U.S. GAAP financial measures.

## Segment Operating Income (Loss) and Margin Reconciliation Table

<i>(In millions)</i>	Three Months Ended		
	March 31,		
	2021	2020	2019
<b>Total Segment Operating Income (Loss)</b>	<b>\$ 226</b>	<b>\$ (47)</b>	<b>\$ 190</b>
Goodwill Impairment	--	(182)	--
Rationalizations	(50)	(9)	(103)
Interest Expense	(79)	(73)	(85)
Other Income (Expense)	(34)	(27)	(22)
Asset Write-offs and Accelerated Depreciation	--	(4)	--
Corporate Incentive Compensation Plans	(9)	(3)	(1)
Retained Expenses of Divested Operations	(3)	(2)	(3)
Other	(18)	(21)	(14)
<b>Income (Loss) before Income Taxes</b>	<b>\$ 33</b>	<b>\$ (368)</b>	<b>\$ (38)</b>
United States and Foreign Taxes	15	249	6
Less: Minority Shareholders' Net Income	6	2	17
<b>Goodyear Net Income (Loss)</b>	<b>\$ 12</b>	<b>\$ (619)</b>	<b>\$ (61)</b>
Sales	\$3,511	\$3,056	\$3,598
Return on Sales	0.3%	(20.3)%	(1.7)%
Total Segment Operating Margin	6.4%	(1.5)%	5.3%

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## Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Loss) per Share Reconciliation Tables

### First Quarter 2021

	Income Before Income Taxes	Taxes	Minority Interest	Goodyear Net Income	Weighted Average Shares Outstanding- Diluted	Diluted EPS
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	\$ 33	\$ 15	\$ 6	\$ 12	238	\$ 0.05
Significant Items:						
Rationalizations	50	5		45		0.19
Inventory Valuation & Other Adjustments	20	1		19		0.08
Americas Winter Storm Impact	23	6		17		0.07
Acquisition Related Transaction Costs	8	2		6		0.03
Discrete Tax Items		(3)		3		0.01
	101	11	--	90		0.38
<b>As Adjusted</b>	\$ 134	\$ 26	\$ 6	\$ 102	238	\$ 0.43

### First Quarter 2020

	Income (Loss) Before Income Taxes	Taxes	Minority Interest	Goodyear Net Income (Loss)	Weighted Average Shares Outstanding- Diluted	Diluted EPS
<i>(In millions, except EPS)</i>						
<b>As Reported</b>	\$ (368)	\$ 249	\$ 2	\$ (619)	234	\$ (2.65)
Significant Items:						
Discrete Tax Items		(290)		290		1.24
Goodwill Impairment	182	4		178		0.76
Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	13	2		11		0.05
	195	(284)	--	479		2.05
<b>As Adjusted</b>	\$ (173)	\$ (35)	\$ 2	\$ (140)	234	\$ (0.60)