



**Second Quarter 2015 Conference Call**  
**July 29, 2015**

# 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 implement successfully our strategic initiatives; actions and initiatives taken by both current and potential competitors; foreign currency translation and transaction risks; increases in the prices paid for raw materials and energy; a labor strike, work stoppage or other similar event; deteriorating economic conditions or an inability to access capital markets; work stoppages, financial difficulties or supply disruptions at our suppliers or customers; the adequacy of our capital expenditures; 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.

## Q2 Highlights



- **Record second quarter segment operating income of \$556 million**
- **North America earnings of \$321 million, up 54% and a record for any quarter**
- **Segment operating margin of 13%; 3 of 4 business units above 10%**
- **Repurchased \$50 million in common stock**
- **Company reaffirms 2015 financial targets**

# Strategy Roadmap





# Advantaged Value Proposition

## What does it take?



### Sales & Marketing Excellence

- ✓ Iconic brand
- ✓ Industry leading products
- ✓ Pervasive distribution
- ✓ Strong customer relations
- ✓ Consumer-centric focus

**Market-Back Innovation**



### Operational Excellence

- ✓ Right Tire
- ✓ Right Time
- ✓ Right Place
- ✓ Right Cost

**Enabling Investments**

Goodyear delivering results through an integrated approach

# New Product Highlights



*North America introduces Goodyear Endurance WHA for waste haul fleets*



*Goodyear FuelMax S truck tire wins Luxembourg Green Product award in EMEA*



*Asia Pacific launches Goodyear Assurance TripleMax in India*



*Latin America launches Goodyear EfficientGrip Performance*

**Improving mix by launching new consumer and commercial products globally to capture demand for our high value added products**

# Second Quarter 2015 Income Statement



In millions, except EPS

	Three Months Ended		
	June 30, 2015	June 30, 2014	Change
Units	40.8	40.6	1%
Net Sales	\$ 4,172	\$ 4,656	(10)%
<i>Gross Margin</i>	<i>27.4%</i>	<i>24.1%</i>	<i>3.3 pts</i>
SAG	\$ 648	\$ 698	(7)%
Segment Operating Income <sup>(a)</sup>	\$ 556	\$ 460	21%
<i>Segment Operating Margin<sup>(a)</sup></i>	<i>13.3%</i>	<i>9.9%</i>	<i>3.4 pts</i>
Goodyear Net Income	\$ 192	\$ 213	
Goodyear Net Income Per Share			
Basic	\$ 0.71	\$ 0.77	
Diluted	\$ 0.70	\$ 0.76	
Cash Dividends Declared Per Common Share	\$ 0.06	\$ 0.05	
Adjusted Diluted Earnings Per Share <sup>(b)</sup>	\$ 0.84	\$ 0.80	
US Tax Adjusted Diluted Earnings Per Share <sup>(b)</sup>	\$ 1.13	\$ 0.80	

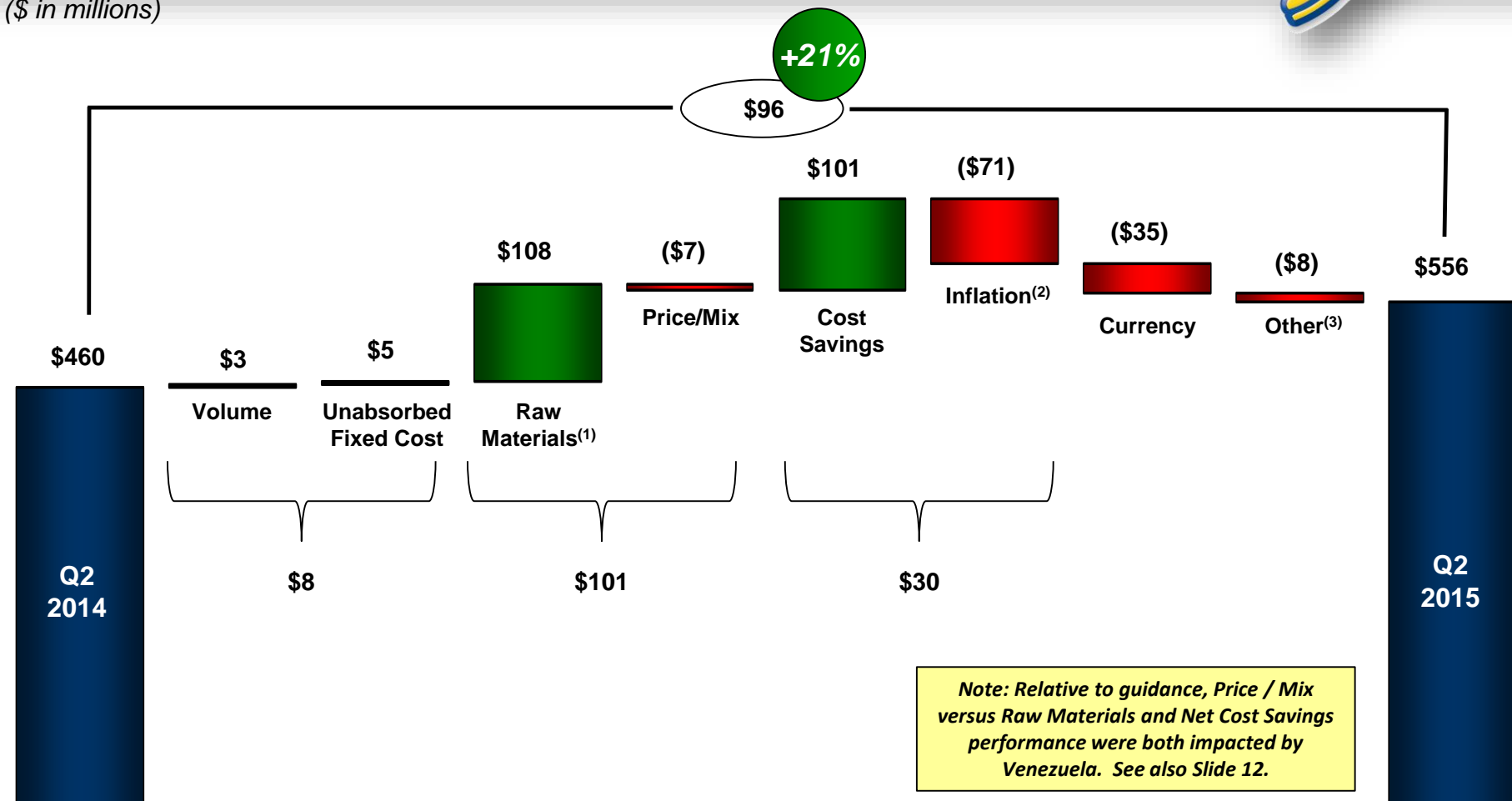
(a) See Segment Operating Income and Margin reconciliation in Appendix on page 23.

(b) See Adjusted Diluted Earnings Per Share and US Tax Adjusted Diluted Earnings Per Share reconciliations in Appendix on pages 18 and 19.

# Second Quarter 2015 Segment Operating Results



(\$ in millions)



1. Raw material variance of \$108 million excludes raw material cost saving measures of \$56 million, which are included in Cost Savings above.
2. Estimated impact of inflation (wages, utilities, energy, transportation and other).
3. Includes \$5 million savings related to the Amiens plant closure and exit of the farm tire business in EMEA more than offset by other items.



# Second Quarter 2015 Balance Sheet



\$ In millions

	June 30, 2015	March 31, 2015	December 31, 2014	June 30, 2014
Cash and cash equivalents	\$ 1,638	\$ 1,613	\$ 2,161	\$ 1,637
Accounts receivable	2,476	2,523	2,126	2,841
Inventories	2,545	2,538	2,671	3,130
Accounts payable - trade	(2,602)	(2,612)	(2,878)	(3,097)
Working capital <sup>(a)</sup>	<u>\$ 2,419</u>	<u>\$ 2,449</u>	<u>\$ 1,919</u>	<u>\$ 2,874</u>
 Total debt <sup>(b)</sup>	 \$ 6,103	 \$ 6,226	 \$ 6,394	 \$ 6,762
Net debt <sup>(b)</sup>	\$ 4,465	\$ 4,613	\$ 4,233	\$ 5,125

(a) Working capital represents accounts receivable and inventories, less accounts payable - trade.

(b) See Total Debt and Net Debt reconciliation in Appendix on page 24.

# Free Cash Flow from Operations



\$ In millions

	Three Months Ended		Trailing Twelve Months Ended
	June 30, 2015	June 30, 2014	June 30, 2015
<b>Net Income</b>	<b>\$ 208</b>	<b>\$ 232</b>	<b>\$ 2,771</b>
Depreciation and Amortization	177	188	710
Change in Working Capital	92	(18)	130
Pension Expense	36	38	142
Provision for Deferred Income Taxes <sup>(a)</sup>	80	20	(1,798)
Gain on Recognition of Deferred Royalty Income <sup>(b)</sup>	-	-	(155)
Capital Expenditures	(244)	(212)	(930)
Other	28	66	273
<b>Free Cash Flow from Operations (non-GAAP) <sup>(c)</sup></b>	<b>\$ 377</b>	<b>\$ 314</b>	<b>\$ 1,143</b>

(a) The increase in Provision for Deferred Income Taxes is primarily due to the accrual of US tax expense as a result of the reversal of the valuation allowance on our US deferred tax assets in the fourth quarter 2014.

(b) Gain on Recognition of Deferred Royalty Income is due to a one-time pre-tax gain of \$155 million on the recognition of deferred income resulting from the termination of a licensing agreement associated with the sale of our former Engineered Products business.

(c) See Free Cash Flow from Operations reconciliation in Appendix on page 25.

# Second Quarter 2015 Segment Results



In millions

## North America

	2015	2014	Change
Units	15.8	15.3	3.0%
Net Sales	\$2,026	\$2,044	(0.9%)
Operating Income	\$321	\$208	54.3%
Margin	15.8%	10.2%	

## Europe, Middle East and Africa

	2015	2014	Change
Units	14.8	15.1	(2.0%)
Net Sales	\$1,265	\$1,580	(19.9%)
Operating Income	\$108	\$117	(7.7%)
Margin	8.5%	7.4%	

## Asia Pacific

	2015	2014	Change
Units	6.0	5.8	5.0%
Net Sales	\$491	\$543	(9.6%)
Operating Income	\$84	\$76	10.5%
Margin	17.1%	14.0%	

## Latin America

	2015	2014	Change
Units	4.2	4.4	(4.2%)
Net Sales	\$390	\$489	(20.2%)
Operating Income	\$43	\$59	(27.1%)
Margin	11.0%	12.1%	

# 2015 Key Segment Operating Income Drivers



Driver	April Outlook 2015 FY vs 2014	Current Outlook	Comments
Global Volume	+1-2%	+1-2%	• No change
Price/Mix vs. Raw Materials	~\$200 million	~\$330 million	• Only change related to Venezuela
Overhead Absorption	Neutral	Neutral	• No change
Cost Savings vs. Inflation	~\$160 million	~\$70 million	• Only change related to Venezuela
Foreign Exchange	~(\$200) million	~(\$200) million	• Based on current spot rates
Amiens Closure	~\$20 million	~\$20 million	• No change
Venezuela	~(\$30) million	Included above	• Venezuela now included in drivers listed above

**Outlook for underlying business remains unchanged;  
outlook revisions related to Venezuela**

# 2015 Outlook

## Other Financial Assumptions



	2015 FY Assumption
Interest Expense	\$415 - \$440 million
Financing Fees	~\$80 million
Income Tax	Expense: ~30% of global pre-tax operating income Cash: ~15% of global pre-tax operating income
Depreciation & Amortization	~\$725 million
Global Pension Expense	\$125 - \$175 million
Global Pension Cash Contributions	\$50 - \$75 million
Working Capital	Not a significant source or use
Capital Expenditures	~\$1.1 billion <i>Memo – 2016: \$1.2-\$1.3 billion</i>



# 2015-2016 Financial Targets



- Annual 10-15% SOI growth per year through 2016
- Annual positive free cash flow from operations
- Adjusted Debt to EBITDAP<sup>(a)</sup> ratio of 2.0 to 2.1x by the end of 2016

(a) Total debt plus global pension liability, divided by net income before interest expense, income tax expense, depreciation and amortization expense, net periodic pension cost, rationalization charges and other (income) expense.

# ***Appendix***

# China Business



- China has been primary growth driver of Asia Pacific business over last few years
- Pulandian - World class facility with premium / HVA capability
- Capacity ~11 million consumer units; ~0.5 million commercial units; some exports
- Replacement industry still developing; OE sales units slightly above 50% of China total
  - Goodyear mix similar for China (unlike our global average of OE at ~30%)
- Given recent increased economic uncertainty, now cautious on industry growth in 2H'15 (~flat)



# Price/Mix vs. Raw Materials<sup>(a)</sup>



\$ in millions



(a) Reflects impact on Segment Operating Income. Raw materials include the impact of raw material cost savings measures.

(b) Raw material variance of \$549 million includes raw material cost savings measures of \$136 million.

(c) Raw material variance of \$1,822 million includes raw material cost savings measures of \$177 million.

(d) Raw material variance of \$327 million includes raw material cost savings measures of \$249 million.

(e) Raw material variance of (\$985) million includes raw material cost savings measures of \$228 million.

(f) Raw material variance of (\$553) million includes raw material cost savings measures of \$269 million.

(g) Raw material variance of (\$268) million includes raw material cost savings measures of \$114 million.

# Second Quarter 2015 Significant Items

## (After Tax and Minority Interest)



\$ and shares in millions (except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	Discrete Tax Benefits	Transaction Costs and Net Gains on Asset Sales	As Adjusted	Tax Expense in excess of US Cash Tax Payments	US Tax Adjusted Diluted Earnings Per Share <sup>(a)</sup>
Net Sales	\$ 4,172	\$ -	\$ -	\$ -	\$ 4,172	\$ -	\$ 4,172
Cost of Goods Sold	3,027	-	-	-	3,027	-	3,027
Gross Margin	1,145	-	-	-	1,145	-	1,145
SAG	648	-	-	(3)	645	-	645
Rationalizations	46	(46)	-	-	-	-	-
Interest Expense	106	-	-	-	106	-	106
Other Expense	17	-	-	1	18	-	18
Pre-tax Income	328	46	-	2	376	-	376
Taxes	120	4	(3)	(1)	120	(79)	41
Minority Interest	16	10	1	-	27	-	27
Goodyear Net Income	\$ 192	\$ 32	\$ 2	\$ 3	\$ 229	\$ 79	\$ 308
EPS	\$ 0.70	\$ 0.12	\$ 0.01	\$ 0.01	\$ 0.84	\$ 0.29	\$ 1.13

(a) US Tax Adjusted Diluted Earnings per Share excludes the effect of non-cash US tax expense as a result of the reversal of the valuation allowance on our US deferred tax assets in the fourth quarter 2014. The company does not expect to pay significant cash income taxes in the US for about five years. The company believes the presentation of this non-GAAP measure is important as it facilitates a consistent comparison of net income and earnings per share versus the prior year.



# Second Quarter 2014 Significant Items

## (After Tax and Minority Interest)



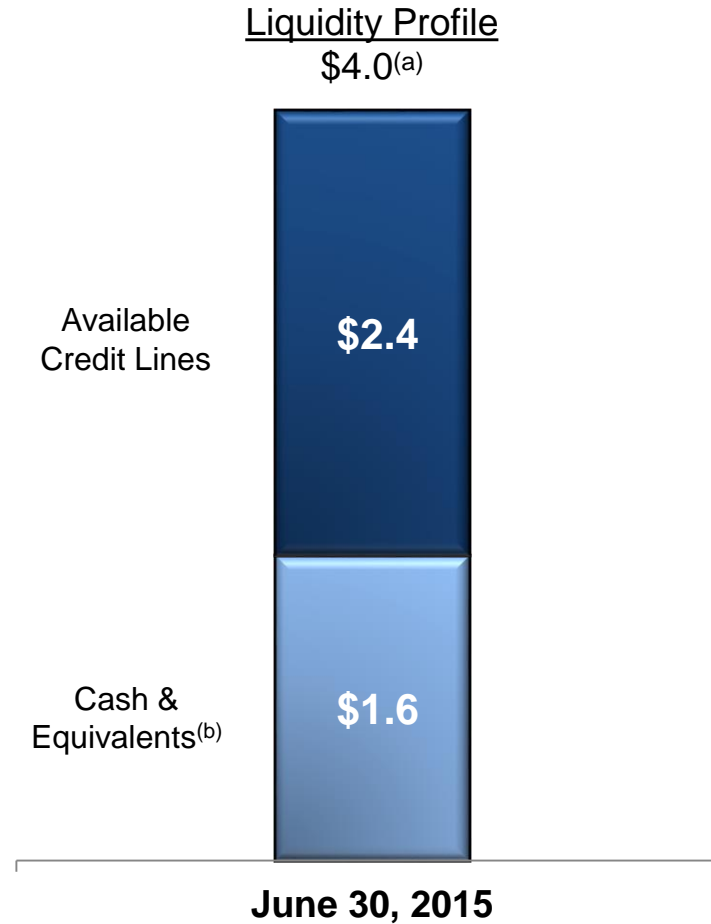
\$ and shares in millions (except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation Charges	Charges for Labor Claims Related to a Closed Facility in Greece	Net Gains on Asset Sales	Settlement of Indirect Tax Claims	As Adjusted	Tax Expense in excess of US Cash Tax Payments	US Tax Adjusted Diluted Earnings Per Share
Net Sales	\$ 4,656	\$ -	\$ -	\$ -	\$ -	\$ 4,656	\$ -	\$ 4,656
Cost of Goods Sold	3,532	(2)	-	-	3	3,533	-	3,533
Gross Margin	1,124	2	-	-	(3)	1,123	-	1,123
SAG	698	-	-	-	-	698	-	698
Rationalizations	24	(24)	-	-	-	-	-	-
Interest Expense	102	-	-	-	8	110	-	110
Other (Income) Expense	8	-	(10)	5	9	12	-	12
Pre-tax Income (Loss)	292	26	10	(5)	(20)	303	-	303
Taxes	60	1	-	(1)	(7)	53	-	53
Minority Interest	19	6	-	-	-	25	-	25
Goodyear Net Income	\$ 213	\$ 19	\$ 10	\$ (4)	\$ (13)	\$ 225	\$ -	\$ 225
EPS	\$ 0.76	\$ 0.07	\$ 0.04	\$ (0.02)	\$ (0.05)	\$ 0.80	\$ -	\$ 0.80

# Second Quarter 2015 Liquidity Profile



\$ In billions



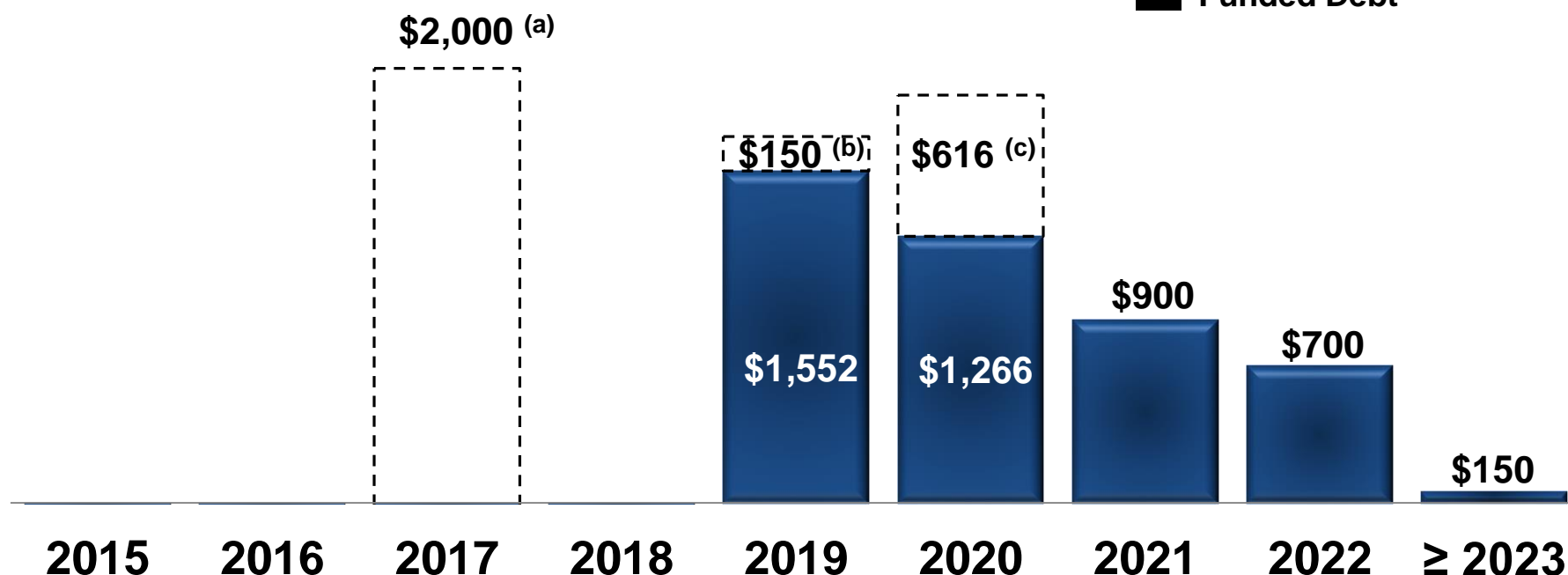
- (a) Total liquidity comprised of \$1,638 million of cash and cash equivalents, as well as \$2,389 million of unused availability under various credit agreements.  
(b) Includes \$304 million of cash in Venezuela denominated in bolivares fuertes at 12.8 bolivares fuertes per U.S. dollar at June 30, 2015.

# Second Quarter 2015 Maturity Schedule



\$ In millions

 Undrawn Credit Lines  
 Funded Debt



**Note:** Based on June 30, 2015 balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.

- (a) At June 30, 2015, our borrowing base, and therefore our availability, under the US revolving credit facility was \$581 million below the facility's stated amount of \$2.0 billion. At June 30, 2015, there were no borrowings outstanding under the first lien revolving credit facility. Letters of credit issued totaled \$373 million at June 30, 2015.
- (b) At June 30, 2015, the amounts available and utilized under the Pan-European securitization program of \$426 million (€380 million) totaled \$276 million (€246 million).
- (c) On May 12, 2015, we amended and restated our €400 million European revolving credit facility due 2016 to increase available commitments to €550 million and extend the maturity to 2020. At June 30, 2015, there were no borrowings outstanding under the European revolving credit facility and no letters of credit issued.

# 2015 Full-Year Industry Outlook



	July Full-Year 2015 Guidance		April Full-Year 2015 Guidance	
	NA	EMEA	NA	EMEA
Consumer Replacement	~Flat	~Flat	(2)-(3)%	~Flat
Consumer OE	~2%	~2%	+1-2%	+1-2%
Commercial Replacement	+5-6%	+0-1%	+2-3%	+0-1%
Commercial OE	+3-4%	+3-4%	+3-4%	+1-2%

# Reconciliation for Segment Operating Income / Margin



\$ In millions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Total Segment Operating Income	\$ 556	\$ 460	\$ 947	\$ 833
Rationalizations	(46)	(24)	(62)	(65)
Interest expense	(106)	(102)	(209)	(207)
Other income (expense)	(17)	(8)	111	(176)
Asset write-offs and accelerated depreciation	-	(2)	(2)	(3)
Corporate incentive compensation plans	(22)	(19)	(35)	(46)
Corporate pension curtailments/settlements	-	-	-	(33)
Intercompany profit elimination	(15)	4	(21)	(9)
Retained expenses of divested operations	(2)	(3)	(4)	(7)
Other	(20)	(14)	(38)	(25)
Income before Income Taxes	\$ 328	\$ 292	\$ 687	\$ 262
United States and Foreign Tax Expense	120	60	243	68
Less: Minority Shareholders Net Income	16	19	28	32
Goodyear Net Income	<u>\$ 192</u>	<u>\$ 213</u>	<u>\$ 416</u>	<u>\$ 162</u>
Sales	\$4,172	\$4,656	\$8,196	\$9,125
Return on Sales	4.6%	4.6%	5.1%	1.8%
Total Segment Operating Margin	13.3%	9.9%	11.6%	9.1%



# Reconciliation for Total Debt and Net Debt



\$ In millions

	June 30, 2015	March 31, 2015	December 31, 2014	June 30, 2014
Long-Term Debt and Capital Leases	\$ 5,746	\$ 5,965	\$ 6,216	\$ 6,677
Notes Payable and Overdrafts	36	23	30	7
Long-Term Debt and Capital Leases Due Within One Year	321	238	148	78
Total Debt	\$ 6,103	\$ 6,226	\$ 6,394	\$ 6,762
Less: Cash and Cash Equivalents	1,638	1,613	2,161	1,637
Net debt	<u>\$ 4,465</u>	<u>\$ 4,613</u>	<u>\$ 4,233</u>	<u>\$ 5,125</u>

# Reconciliation for Free Cash Flow from Operations



The amounts below are calculated from the Consolidated Statements of Cash Flows except for pension expense, which is as reported in the pension-related note in the Notes to Consolidated Financial Statements.

(\$ in millions)	Three Months Ended					Trailing Twelve Months Ended
	June 30, 2015	March 31, 2015	Dec. 31, 2014	Sept. 30, 2014	June 30, 2014	June 30, 2015
<b>Net Income</b>	<b>\$ 208</b>	<b>\$ 236</b>	<b>\$ 2,128</b>	<b>\$ 199</b>	<b>\$ 232</b>	<b>\$ 2,771</b>
Depreciation and Amortization	177	172	179	182	188	710
Change in Working Capital <sup>(a)</sup>	92	(569)	969	(362)	(18)	130
Pension Expense <sup>(b)</sup>	36	36	34	36	38	142
Provision for Deferred Income Taxes	80	91	(2,031)	62	20	(1,798)
Gain on Recognition of Deferred Royalty Income	-	(155)	-	-	-	(155)
Capital Expenditures	(244)	(204)	(289)	(193)	(212)	(930)
Other <sup>(c)</sup>	28	(21)	103	163	66	273
<b>Free Cash Flow from Operations (non-GAAP)</b>	<b>\$ 377</b>	<b>\$ (414)</b>	<b>\$ 1,093</b>	<b>\$ 87</b>	<b>\$ 314</b>	<b>\$ 1,143</b>
Capital Expenditures	244	204	289	193	212	930
Pension Contributions and Direct Payments	(25)	(26)	(46)	(35)	(34)	(132)
Rationalization Payments	(60)	(26)	(57)	(50)	(83)	(193)
<b>Cash Flow from Operating Activities (GAAP)</b>	<b>\$ 536</b>	<b>\$ (262)</b>	<b>\$ 1,279</b>	<b>\$ 195</b>	<b>\$ 409</b>	<b>\$ 1,748</b>

a) Working capital represents total changes in accounts receivable, inventories and accounts payable – trade.

b) Pension expense is the net periodic pension cost before curtailments, settlements and termination benefits as reported in the pension-related note in the Notes to Consolidated Financial Statements.

c) Other includes amortization and write-off of debt issuance costs, net pension curtailments and settlements, net rationalization charges, net (gains) losses on asset sales, net Venezuela currency loss, compensation and benefits less pension expense, other current liabilities, and other assets and liabilities.



**GOODYEAR®**

The Goodyear logo is centered in the image. It features the word "GOODYEAR" in a bold, italicized, yellow sans-serif font with a blue outline. A registered trademark symbol (®) is located at the end of the word. In the middle of the word, between "GOODY" and "YEAR", is the Goodyear winged foot logo, which is a yellow winged foot with a blue outline. The background is a dark blue gradient with a subtle diamond pattern. Several bright yellow, curved, ribbon-like shapes sweep across the image, creating a sense of motion. A white dashed line, resembling a road horizon, is visible on one of the lower yellow ribbons.