



GOODYEAR  **YEAR**®

First Quarter 2018 Conference Call

April 25, 2018

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; increases in the prices paid for raw materials and energy; a labor strike, work stoppage or other similar event; foreign currency translation and transaction risks; 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.

- Segment operating income (SOI) of \$281 million ^(a)
- Market outperformance in U.S., Europe in ≥ 17 " rim size segment
- Americas operating income of \$127 million, 6.6% operating margin
- Europe, Middle East and Africa operating income of \$78 million, 5.9% operating margin
- Asia Pacific operating income of \$76 million, 13.3% operating margin
- TireHub to further strengthen Company's aligned distribution network and value proposition
- Company reaffirms 2018 SOI guidance of \$1.8-\$1.9 billion excluding TireHub transition, confirms 2020 SOI target of \$2.0-\$2.4 billion

(a) See Segment Operating Income and Margin reconciliation in Appendix on page 28.



Joining More Than
80 LOCATIONS
For A Nationwide
Footprint

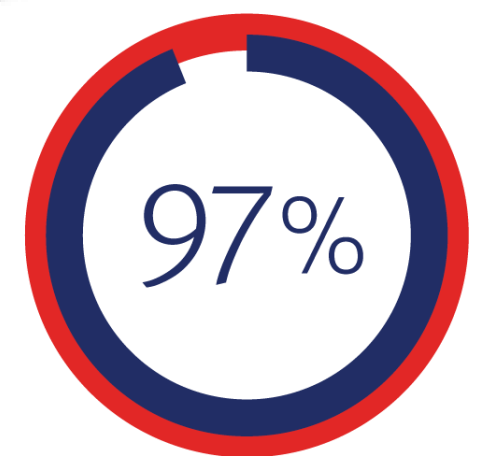


GOODYEAR **BRIDGESTONE**

TireHub

DUNLOP **Firestone** **FUZION**

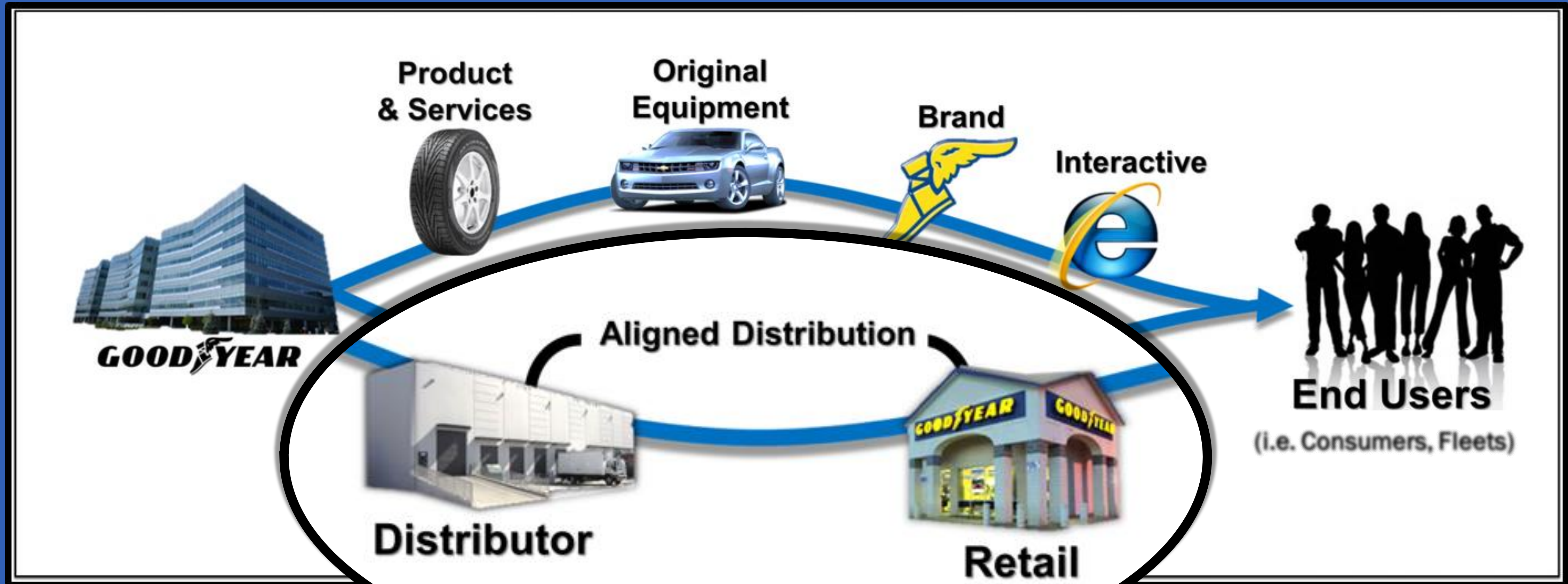
KELLY TIRES **LEMANS**



Tires in stock for
97% of vehicles
ON THE ROAD

TireHub will deliver best in class service for retail and fleet customers

TireHub: An Extension of our Connected Business Model



Improved national distribution presence with TireHub, along with our aligned regional network, will support our growth

U.S. Consumer Replacement Industry 2018 vs 2017 Growth Rate^(a)

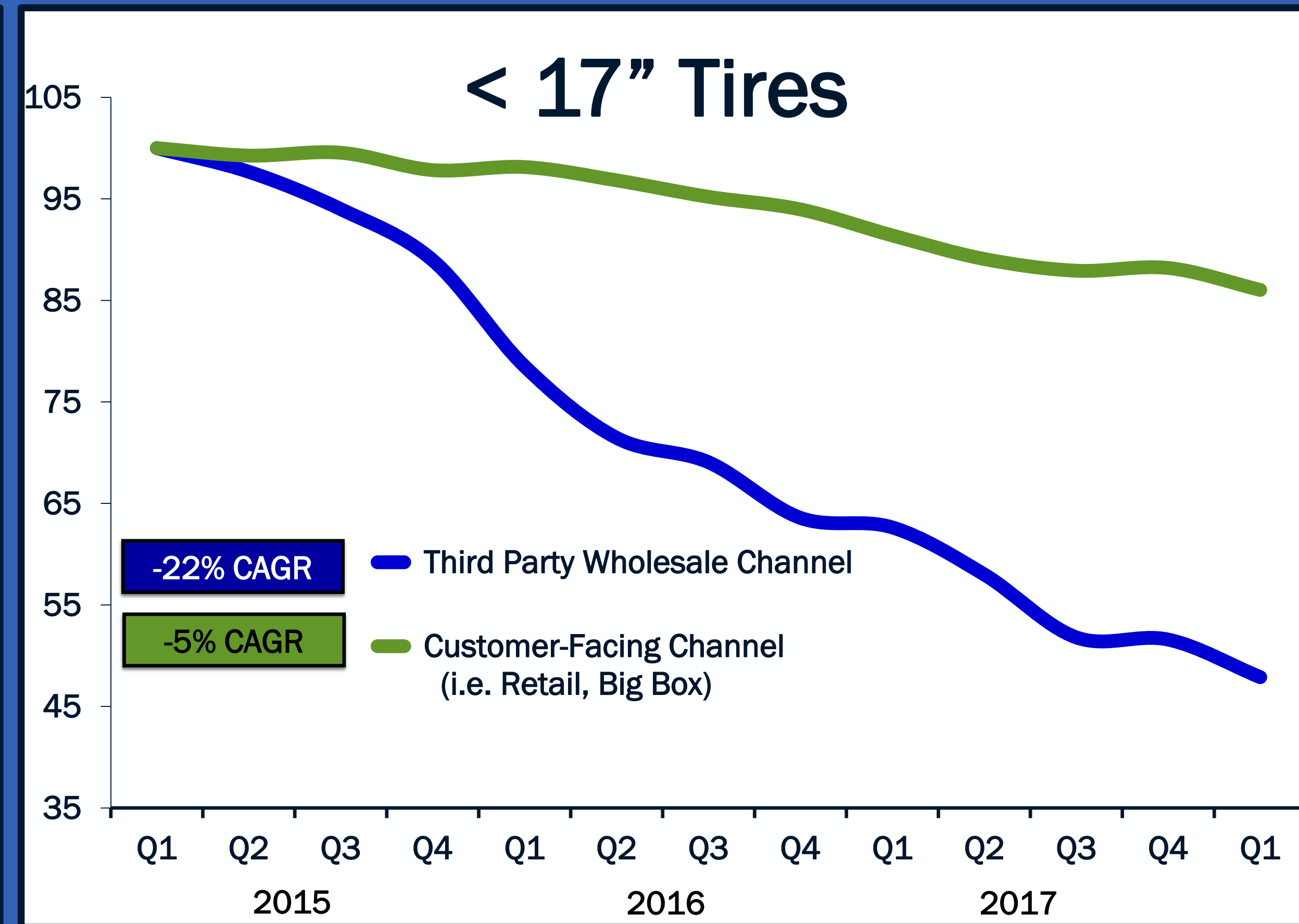
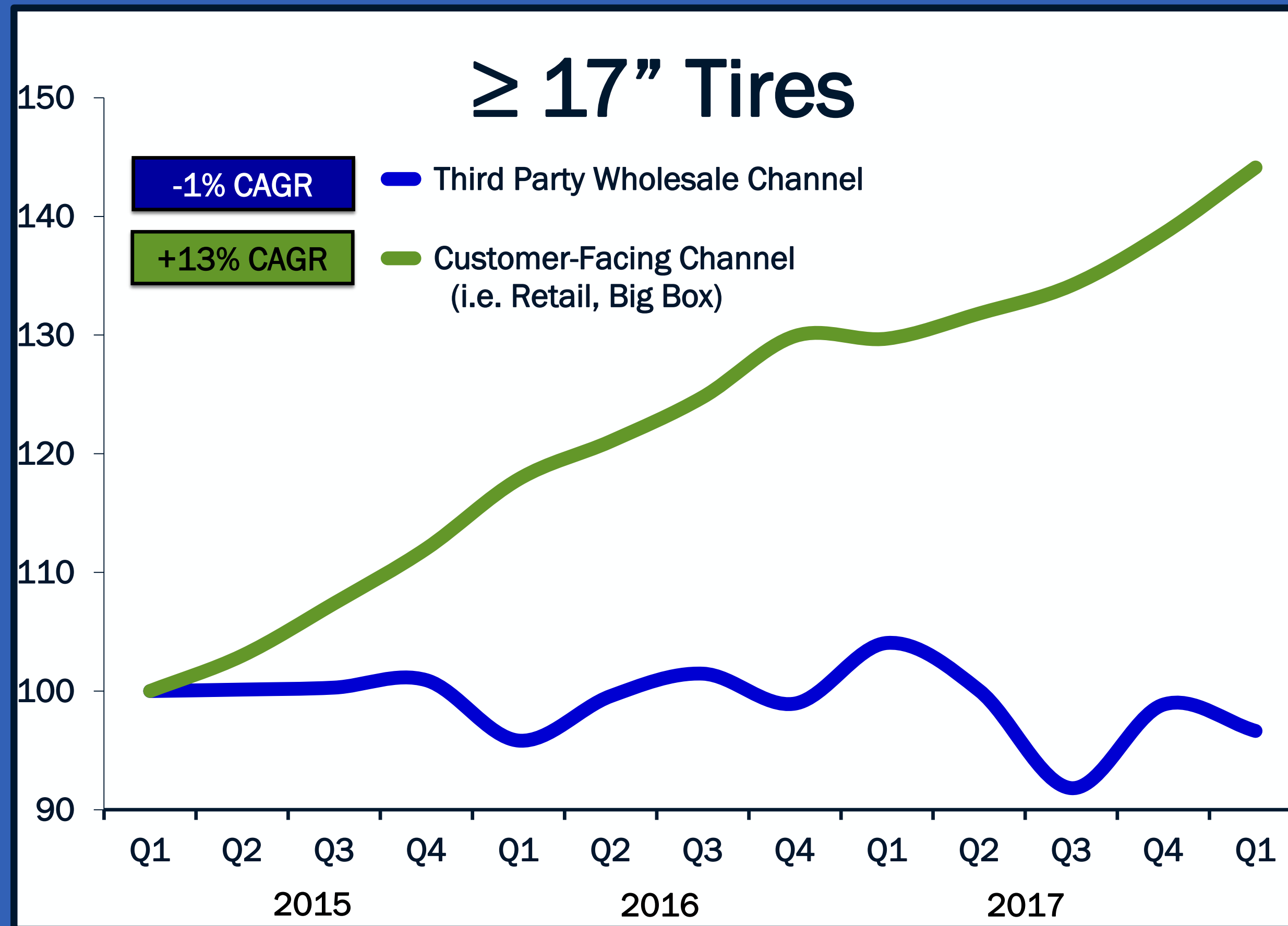
	<u>Q1</u>
USTMA Members (≥ 17 "	4%
USTMA Members (< 17 "	-16%
Total	-5%
Non-Members	11%
Total U.S.	-2%
Goodyear (≥ 17"	9%

- Goodyear sell-out demand very strong in Q1
- Delivered more than double the industry growth rate in the ≥ 17 " segment
 - Driven by retail channels
- Total consumer replacement volume 200 bps better than USTMA members

Goodyear U.S. Consumer Replacement Trends



Cumulative Growth % Indexed to Q1 2015^(a)



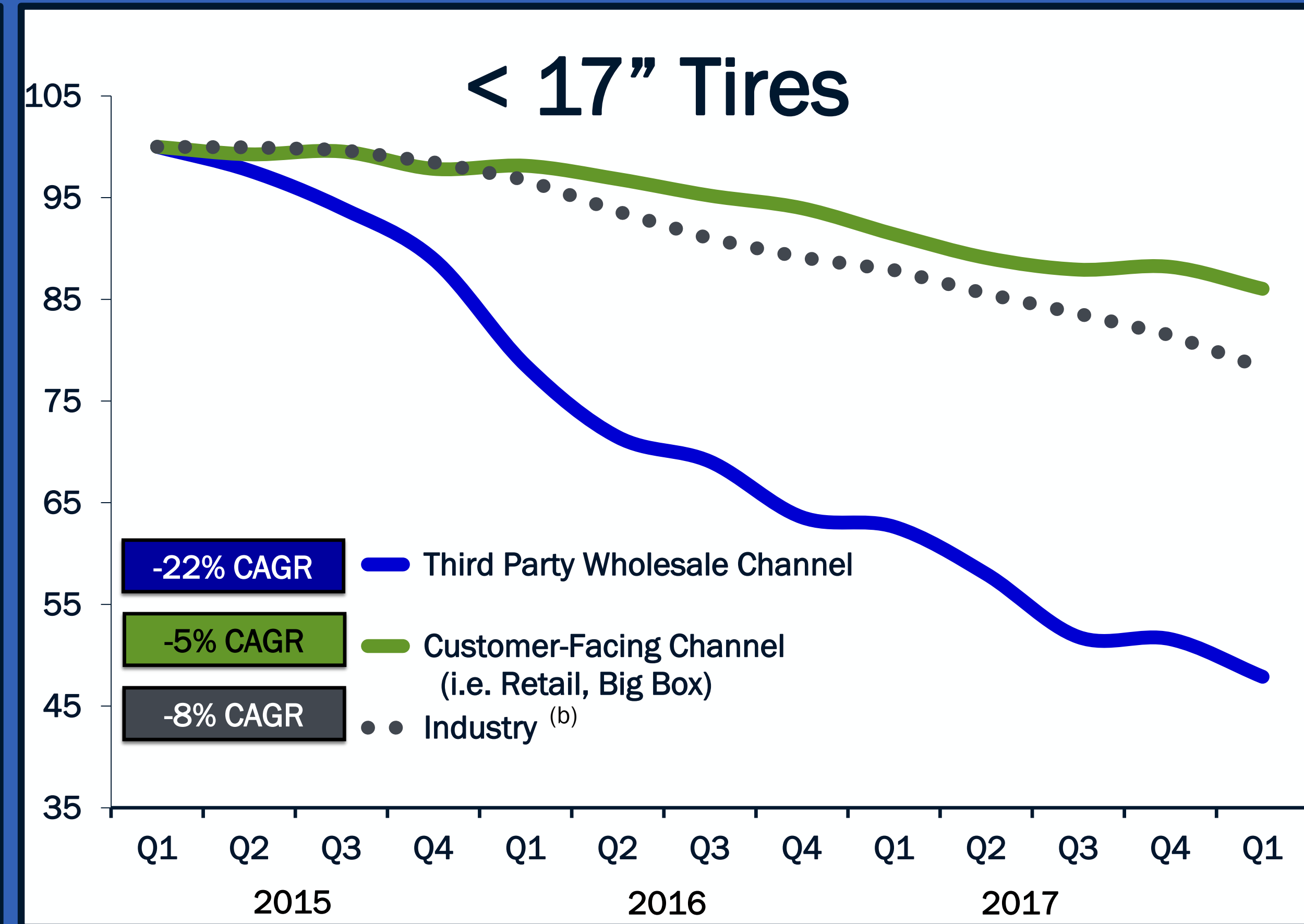
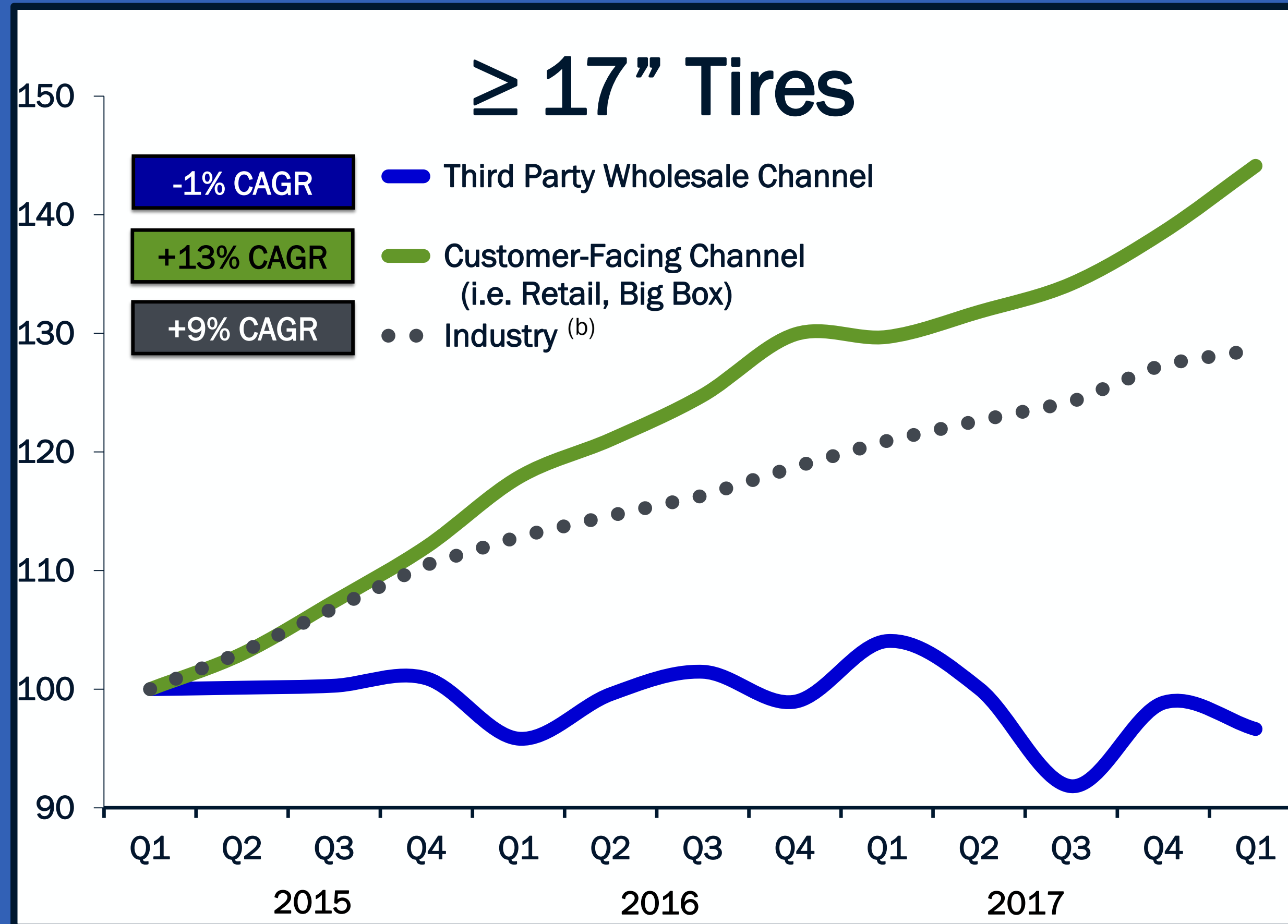
TireHub further aligns distribution with Goodyear, enabling future growth

(a) Based on trailing twelve month unit sales (base of 100 is April 2014 through March 2015)

Goodyear U.S. Consumer Replacement Trends



Cumulative Growth % Indexed to Q1 2015^(a)



Customer-facing channel consistently delivering demand pull, favorable mix-up, and above-market growth for our business

(a) Based on trailing twelve month unit sales (base of 100 is April 2014 through March 2015)

(b) Source: U.S. Tire Manufacturers Association, includes members only

Europool & Turkey Replacement Industry 2018 vs 2017 Growth Rate^(a)

	<u>Q1</u>
ETRMA Members ($\geq 17''$)	1%
ETRMA Members ($< 17''$)	-7%
Total	-5%
Non-Members	4%
Total EU + Turkey	-2%
Goodyear ($\geq 17''$)	4%

- Significantly outperformed the industry in $\geq 17''$ segment
 - Better than industry in both Summer and Winter segments
- Total consumer replacement volume 400 bps better than ERTMA members
- Weak industry sell-in driven by late winter, dealers destocking

(a) Source: European Tyre & Rubber Manufacturer's Association

First Quarter 2018 Income Statement



Terms: US\$ millions
(except EPS)

	Three Months Ended		
	March 31, 2018	March 31, 2017	Change
Units	39.0	40.0	(2.5)%
Net Sales	\$ 3,830	\$ 3,699	4%
<i>Gross Margin</i>	22.3%	25.4%	(3.1) pts
SAG	\$ 591	\$ 576	3%
Segment Operating Income ^(a)	\$ 281	\$ 390	(28)%
<i>Segment Operating Margin^(a)</i>	7.3%	10.5%	(3.2) pts
Goodyear Net Income	\$ 75	\$ 166	
Goodyear Net Income Per Share			
<i>Weighted Average Shares Outstanding</i>	240	252	
Basic	\$ 0.31	\$ 0.66	
<i>Weighted Average Shares Outstanding - Diluted</i>	244	256	
Diluted	\$ 0.31	\$ 0.65	
Cash Dividends Declared Per Common Share	\$ 0.14	\$ 0.10	
Adjusted Diluted Earnings Per Share ^(b)	\$ 0.50	\$ 0.74	

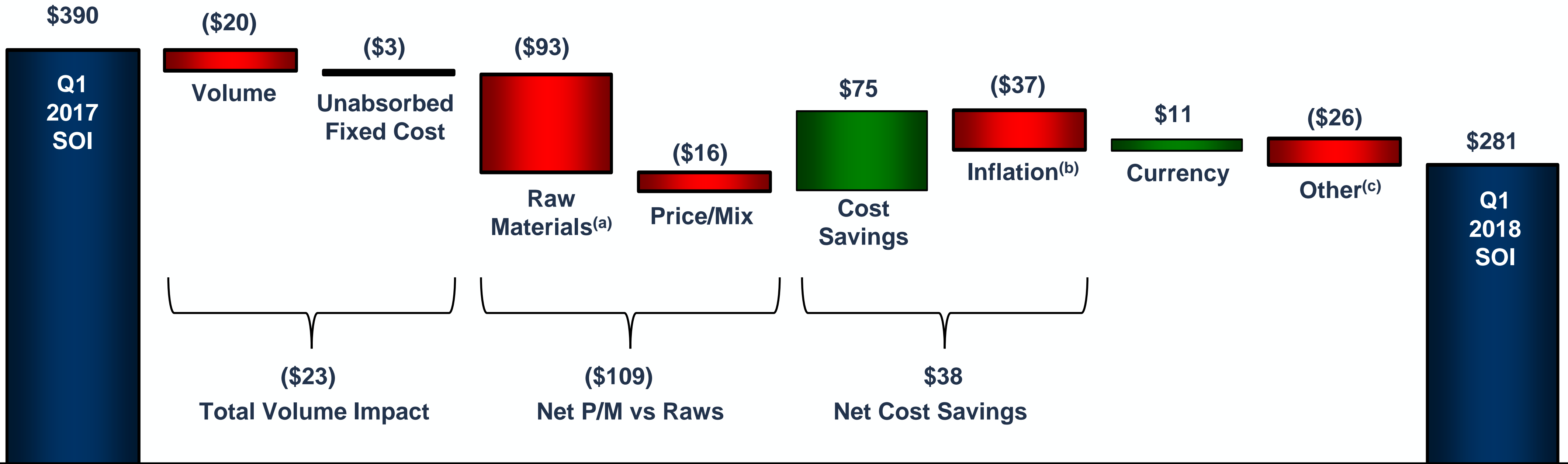
(a) See Segment Operating Income and Margin reconciliation in Appendix on page 28.

(b) See Adjusted Diluted Earnings Per Share reconciliation in Appendix on pages 26 and 27.

First Quarter 2018 Segment Operating Results



Terms: US\$ millions



(a) Raw material variance of (\$93) million excludes raw material cost saving measures of \$20 million, which are included in Cost Savings.

(b) Estimated impact of inflation (wages, utilities, energy, transportation and other).

(c) Includes the unfavorable impact of other tire related businesses, R&D, advertising and depreciation.

First Quarter 2018 Balance Sheet



Terms: US\$ millions

	March 31, 2018	December 31, 2017	March 31, 2017
Cash and Cash equivalents	\$ 837	\$ 1,043	\$ 961
Accounts receivable	2,509	2,025	2,270
Inventories	2,895	2,787	2,845
Accounts payable - trade	(2,850)	(2,807)	(2,631)
Working capital ^(a)	<u>\$ 2,554</u>	<u>\$ 2,005</u>	<u>\$ 2,484</u>
Total debt ^(b)	\$ 6,259	\$ 5,729	\$ 5,933
Net debt ^(b)	\$ 5,422	\$ 4,686	\$ 4,972

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

(b) See Total Debt and Net Debt reconciliation in Appendix on page 29.

First Quarter 2018 Free Cash Flow



Terms: US\$ millions

	Three Months Ended March 31,		Trailing Twelve Months Ended March 31, 2018
	2018	2017	
Net Income	\$ 80	\$ 169	\$ 276
Depreciation and Amortization	199	185	795
Change in Working Capital	(449)	(596)	41
Pension Expense	28	22	94
Pension Contributions and Direct Payments	(21)	(25)	(86)
Provision for Deferred Income Taxes	(17)	40	328
Rationalization Payments	(106)	(18)	(242)
Other ^(a)	(103)	(63)	(151)
Cash Flow from Operating Activities (GAAP)	\$ (389)	\$ (286)	\$ 1,055
Capital Expenditures	(248)	(271)	(858)
Free Cash Flow (non-GAAP)	\$ (637)	\$ (557)	\$ 197
Cash Flow from Investing Activities (GAAP)	\$ (248)	\$ (270)	\$ (857)
Cash Flow from Financing Activities (GAAP)	\$ 399	\$ 398	\$ (414)

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

First Quarter 2018 - Segment Results Americas



Terms: US\$ millions
Units in millions

First Quarter

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Units	16.7	17.2	(2.9%)
Net Sales	\$1,929	\$1,958	(1.5%)
Operating Income	\$127	\$216	(41.2%)
Margin	6.6%	11.0%	

- Brazil volumes up 8% with growth in both consumer and commercial
 - OE volume up over 30%
- U.S. consumer replacement volume better than USTMA members; U.S. OE volume in line with lower OE production
- U.S commercial replacement volume lower, expect growth going forward

First Quarter 2018 - Segment Results Europe, Middle East & Africa



Terms: US\$ millions
Units in millions

First Quarter

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Units	14.7	15.5	(5.4%)
Net Sales	\$1,330	\$1,239	7.3%
Operating Income	\$78	\$101	(22.8%)
Margin	5.9%	8.2%	

- Volume driven by declines in consumer OE < 17" rim size segment
 - Continuing to lower exposure to this less profitable segment
- Share gains in consumer replacement, both large and small rim size segments
- Slow start to summer sell-in given long winter
- Commercial replacement volume lower, expect growth going forward

First Quarter 2018 - Segment Results Asia Pacific



Terms: US\$ millions
Units in millions

First Quarter

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Units	7.6	7.3	4.5%
Net Sales	\$571	\$502	13.7%
Operating Income	\$76	\$73	4.1%
Margin	13.3%	14.5%	

- Volume growth driven by both consumer OE and Replacement
 - Consumer replacement growth in key markets of India, Japan and China
 - Consumer OE driven by +14% growth in China
- Continuing to expect double digit volume growth and margin expansion

2018 Key Segment Operating Income Drivers ^(a)



Driver	February Outlook 2018 vs 2017	Current Outlook 2018 vs 2017	Comments
Global Volume	~3%	~2%	Temporary volume reduction as a result of TireHub transition
Net Price/Mix vs Raw Materials	~\$25 million	~(\$25) million	Raw materials based on current spot rates; Expecting ~(\$65) million headwind in Q2 2018, given difficult price comparable
Overhead Absorption	~\$60 million	~\$55 million	Adjusted for TireHub transaction; ~Flat in Q2
Cost Savings vs Inflation	~\$130 million	~\$130 million	No change
Foreign Exchange	~\$15 million	~\$40 million	Based on current spot rates
Other	~(\$90) million	~(\$65) million	~(\$25) million headwind in Q2

Excluding the impact of transition volume from the launch of TireHub, continue to expect 2018 SOI of \$1.8 to \$1.9 billion

(a) For information on our use of non-GAAP financial measures, including forward-looking non-GAAP financial measures, see Appendix on page 25.

2018 Outlook – Other Financial Assumptions



	Current 2018 FY Assumption
Interest Expense	\$335 - \$360 million
Other (Income) Expense	Financing fees: ~\$30 million Global pension related (excluded from SOI): ~\$90 million
Income Tax	Expense: 20% - 25% of global pre-tax operating income; Cash: ~15% of global pre-tax operating income
Depreciation & Amortization	~\$785 million
Global Pension Cash Contributions	\$25 - \$50 million
Working Capital	Use of ~\$100 million
Capital Expenditures	~\$1,000 million; Driving ≥ 17 " growth in volume & mix
Restructuring Payments	~\$200 million
Corporate Other	~\$140 million

OUR GOAL

DELIVER SUSTAINABLE REVENUE AND PROFIT GROWTH WHILE INCREASING THE VALUE OF OUR BRAND

HOW WE'LL WIN

INNOVATION EXCELLENCE

Develop great products and services that anticipate and respond to the needs of consumers



SALES & MARKETING EXCELLENCE

Build the value of our brand, help our customers win in their markets, and become consumers' preferred choice

OPERATIONAL EXCELLENCE

Relentlessly improve our quality and efficiency to deliver the right tire, to the right place, at the right time for the right cost

Winning at the intersection is the key to success

HOW WE'LL WORK

ACT WITH INTEGRITY

Build trust and earn the confidence of others through honesty and respect – Protect Our Good Name

ENERGIZE THE TEAM

Create an environment where associates are inspired by work, wellness and serving their communities

PROMOTE COLLABORATION

Connect associates globally and encourage open discussion to meet objectives

BE AGILE

Embrace change and act with speed and purpose

DELIVER RESULTS

Anticipate challenges, seize opportunities and make courageous decisions

Engage and enable associates to realize their full potential

WHERE WE'LL FOCUS

CONSUMER EXPERIENCE

Make Goodyear easy to buy, own, and recommend

CUSTOMER SERVICE

Collaborate with customers to be a great supplier

QUALITY

Deliver industry best products, processes, and programs

HIGH-VALUE SEGMENTS

Compete where we capture the full value of our brand

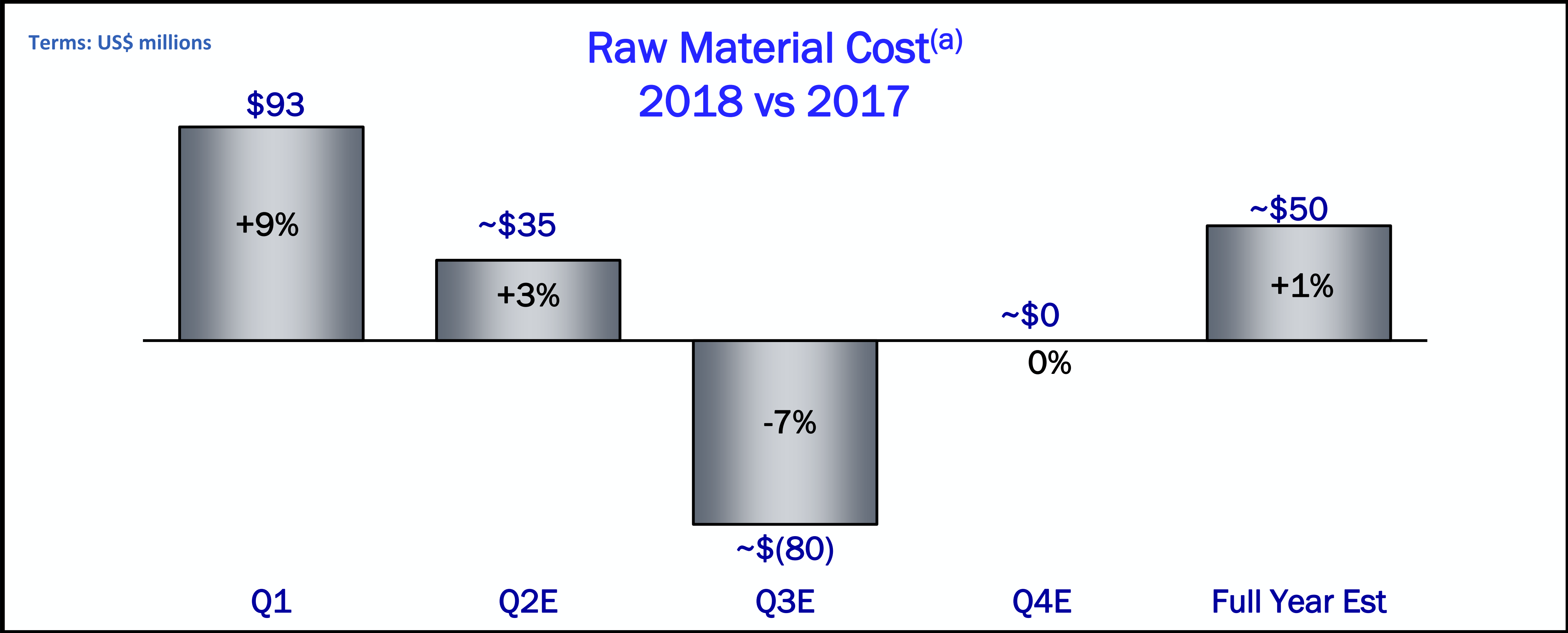
MASTERING COMPLEXITY

Manage the necessary; eliminate the unneeded

GOOD YEAR[®]

Appendix

2018 Raw Materials



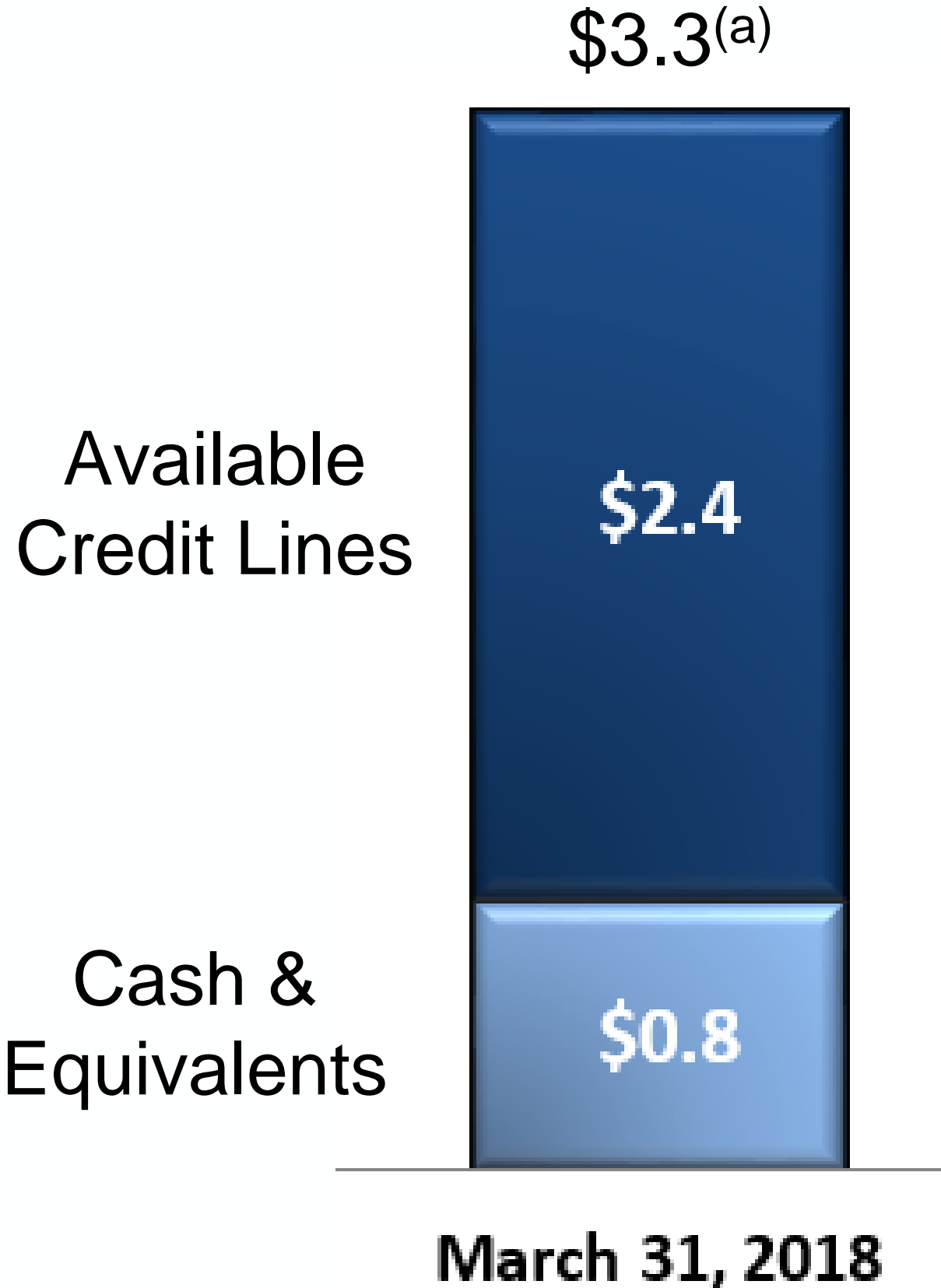
Now expecting raw materials to be up ~\$50 million for the year

(a) Impact to cost of goods sold before raw material cost saving measures. Based on raw material input costs holding at April 20, 2018 spot rates for the balance of 2018

First Quarter 2018 – Liquidity Profile



Terms: US\$ billions

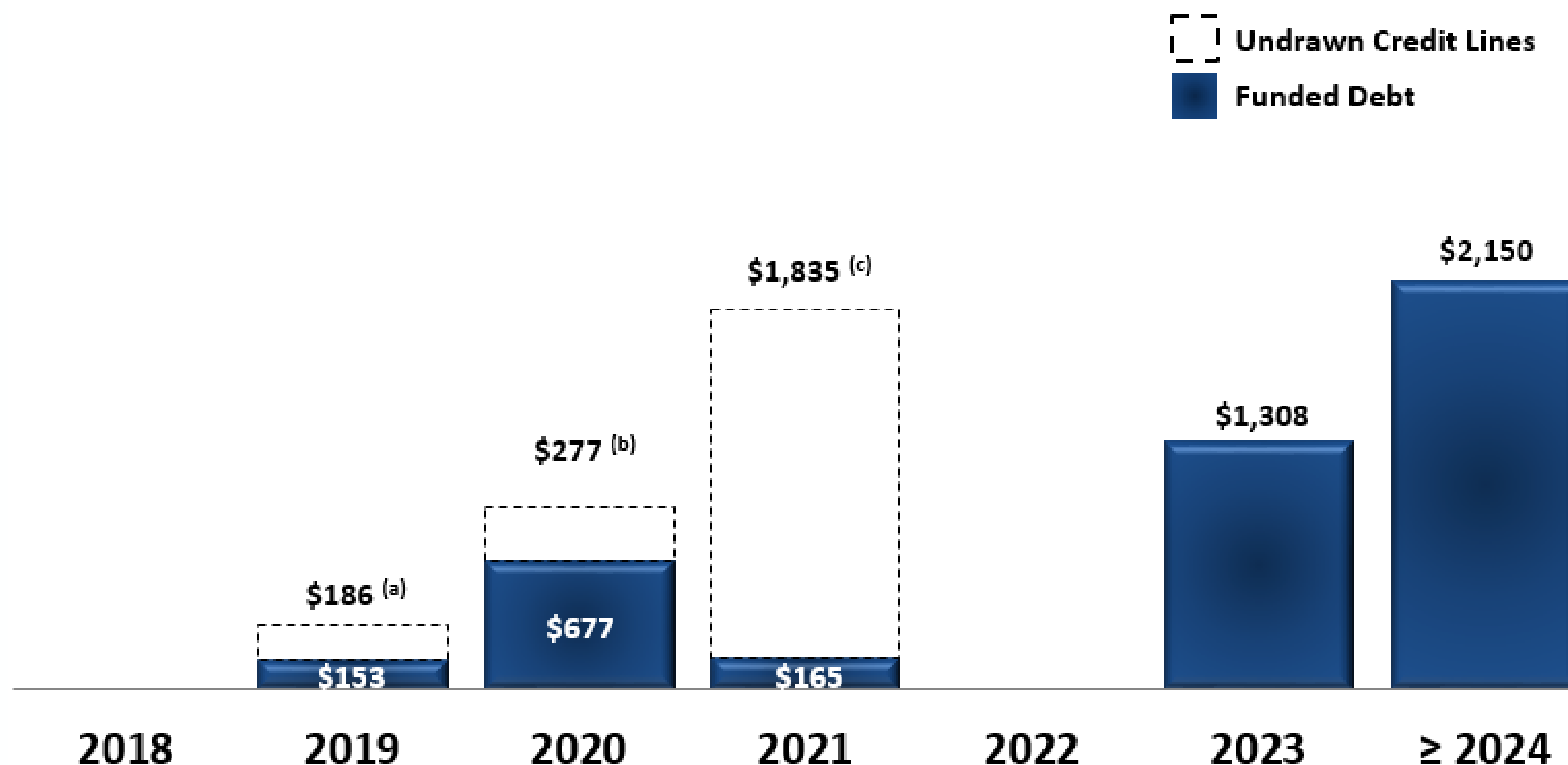


(a) Total liquidity comprised of \$837 million of cash and cash equivalents, as well as \$2,439 million of unused availability under various credit agreements.

First Quarter 2018 – Maturity Schedule



Terms: US\$ millions



Note: Based on March 31, 2018 balance sheet values and excludes notes payable, capital leases and other domestic and foreign debt.

(a) At March 31, 2018 the amounts available and utilized under the Pan-European securitization program totaled \$153 million (€124 million).

(b) At March 31, 2018 there were \$401 million (€325 million) of borrowings outstanding under the €550 million European revolving credit facility.

(c) At March 31, 2018 our borrowing base, and therefore our availability, under the U.S. revolving credit facility was \$401 million below the facility's stated amount of \$2.0 billion.

At March 31, 2018 there were \$165 million of borrowings and \$37 million of letters of credit issued.

2018 Full-Year Industry Outlook



	Full-Year 2018 Guidance	
	United States	Western Europe ^(a)
Consumer Replacement	~Flat - 2%	~Flat - 2%
Consumer OE	~Flat	~Flat - 2%
Commercial Replacement	~1 - 3%	~2 - 4%
Commercial OE	~10%	~1 - 3%

(a) For replacement, Western Europe is Europol and Turkey. For OE, Western Europe is total EMEA.

Use of Historical and Forward-Looking Non-GAAP Financial Measures



This presentation contains historical and forward-looking non-GAAP financial measures, including Total Segment Operating Income and Margin, Free 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).

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.

Adjusted Net Income is Goodyear Net Income as determined in accordance with U.S. GAAP adjusted for certain significant items. Adjusted Diluted 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 EPS are useful because they represent how management reviews the operating results of the company excluding the impacts of 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.

We are unable to present a quantitative reconciliation of our forward-looking non-GAAP financial measures, other than Free Cash Flow, to the most directly comparable U.S. GAAP financial measures because management cannot reliably predict all of the necessary components of those U.S. GAAP financial measures without unreasonable effort. Those forward-looking non-GAAP financial measures, or components thereof, would be reconciled to Goodyear Net Income, which includes several significant items that are not included in the comparable non-GAAP financial measures, such as rationalization charges, other (income) expense, pension curtailments and settlements, and income taxes. The decisions and events that typically lead to the recognition of these and other similar non-GAAP adjustments, such as a decision to exit part of our business, acquisitions and dispositions, foreign currency exchange gains and losses, financing fees, actions taken to manage our pension liabilities, and the recording or release of tax valuation allowances, are inherently unpredictable as to if or when they may occur. The inability to provide a reconciliation is due to that unpredictability and the related difficulty in assessing the potential financial impact of the non-GAAP adjustments. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to our future financial results.

First Quarter 2018 Significant Items



(After Tax and Minority Interest)

Terms: US\$ millions,
(except EPS)

	As Reported	Rationalizations, Asset Write-offs, and Accelerated Depreciation	Discrete Tax Items	Pension Standard Change	TireHub Transaction Costs	Hurricane Effect	As Adjusted
Net Sales	\$ 3,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,830
Cost of Goods Sold	2,976	(1)	-	-	-	-	2,975
Gross Margin	854	1	-	-	-	-	855
SAG	591	-	-	-	-	-	591
Rationalizations	37	(37)	-	-	-	-	-
Interest Expense	76	-	-	-	-	-	76
Other (Income) Expense	37	-	-	(9)	(4)	(3)	21
Pre-tax Income	113	38	-	9	4	3	167
Taxes	33	11	(7)	2	1	-	40
Minority Interest	5	-	-	-	-	-	5
Goodyear Net Income	\$ 75	\$ 27	\$ 7	\$ 7	\$ 3	\$ 3	\$ 122
EPS	\$ 0.31	\$ 0.11	\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.01	\$ 0.50

First Quarter 2017 Significant Items^(a)



(After Tax and Minority Interest)

Terms: US\$ millions,
(except EPS)

	As Reported	Discrete Tax Items	Rationalizations, Asset Write-offs, and Accelerated Depreciation	As Adjusted
Net Sales	\$ 3,699	\$ -	\$ -	\$ 3,699
Cost of Goods Sold	2,760	-	(8)	2,752
Gross Margin	939	-	8	947
SAG	576	-	-	576
Rationalizations	29	-	(29)	-
Interest Expense	87	-	-	87
Other (Income) Expense	8	-	-	8
Pre-tax Income	239	-	37	276
Taxes	70	2	12	84
Minority Interest	3	-	-	3
Goodyear Net Income	\$ 166	\$ (2)	\$ 25	\$ 189
EPS	\$ 0.65	\$ (0.01)	\$ 0.10	\$ 0.74

(a) Restated in alignment with the new pension accounting standard adopted in 2018.

Reconciliation for Segment Operating Income/Margin



Terms: US\$ millions

	Three Months Ended	
	March 31,	
	2018	2017 ^(a)
Total Segment Operating Income	\$ 281	\$ 390
Rationalizations	(37)	(29)
Interest expense	(76)	(87)
Other expense	(37)	(8)
Asset write-offs and accelerated depreciation	(1)	(8)
Corporate incentive compensation plans	(4)	(15)
Intercompany profit elimination	3	3
Retained expenses of divested operations	(3)	(3)
Other	(13)	(4)
Income before Income Taxes	\$ 113	\$ 239
United States and Foreign Tax Expense	33	70
Less: Minority Shareholders Net Income	5	3
Goodyear Net Income	\$ 75	\$ 166
Net Sales (as reported)	\$3,830	\$3,699
Return on Net Sales (as reported)	2.0%	4.5%
Total Segment Operating Margin	7.3%	10.5%

(a) Restated in alignment with the new pension accounting standard adopted in 2018.

Reconciliation for Total Debt and Net Debt



Terms: US\$ millions

	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Long-Term Debt and Capital Leases	\$ 5,600	\$ 5,076	\$ 5,257
Notes Payable and Overdrafts	332	262	217
Long-Term Debt and Capital Leases Due Within One Year	327	391	459
Total Debt	<u>\$ 6,259</u>	<u>\$ 5,729</u>	<u>\$ 5,933</u>
Less: Cash and Cash Equivalents	<u>837</u>	<u>1,043</u>	<u>961</u>
Net Debt	<u>\$ 5,422</u>	<u>\$ 4,686</u>	<u>\$ 4,972</u>

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