

The Smithers Report

A News Digest of Activities in the Tire Industry

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WHAT'S NEW IN TIRES

Bridgestone suspends manufacturing activities in and export to Russia

Bridgestone has announced it is suspending manufacturing activities in Russia until further notice. The decision will take effect Friday, March 18, after the necessary preparations are made. The company has also decided to freeze any new investments and suspend all exports to Russia with immediate effect. Bridgestone said in a statement: "Over the last weeks, we have been deeply affected by the war in Ukraine and its impact on many innocent people including our own employees and partners. We condemn any form of violence and hope that peace can quickly be re-established. Our primary concern in this crisis, is the safety of our employees and their families. We continue to care for our more than 1,000 employees in our passenger tire production plant in Ulyanovsk and our sales offices. Therefore, we will support our employees financially at this time."

The tire maker added that its global and regional management will continue to closely monitor the situation and flexibly adapt plans as needed. The tire maker expects manufacturing output outside Russia to remain stable in the coming weeks.

(Bridgestone - Brussels, Belgium)

Manufacturing on hold at Continental's Russian plant in Kaluga

Due to the conflict involving Russia and Ukraine, Continental is suspending production at its Russian plant in Kaluga as well as import and export of products to and from Russia, the company announced last week. In a statement the automotive parts and tire maker said: "In light of the war against Ukraine and the associated current upheaval, Continental has decided to suspend production at its Kaluga plant." The company will use stock from local warehouses to cope with existing demand, a report by Reuters said. The tire plant in Kaluga supplies global automakers, including Volkswagen, Renault, Ford, Nissan, Toyota with original equipment products and also the Russian replacement market. Tires produced at the plant are exported to 24 countries in Europe, Asia and North America, according to information on Continental's website.

(Staff and wire reports)

FINANCE

ZC Rubber acquires tire maker TUTRIC for \$250M

Zhongce Rubber Group Co. of China (ZC Rubber) has announced the purchase of Tianjin United Tire & Rubber International Co., Ltd (TUTRIC), maker of Tianli brand tires in China, for about \$250 million. On January 30, 2022, ZC Rubber set up in Tianjin at the TUTRIC factory with registered capital of \$86.9 million, according to industry news reports. The new company will officially begin business there on April 1. Zhongce Rubber said it acquired TUTRIC for the company's bias OTR tire production lines and location advantages. The acquisition gives the company its first plant in the north of China, and TUTRIC is one of the few manufacturers that can produce a full range of OTR and specialty tires in China, according to ZC Rubber.

Through the acquisition, ZC Rubber will have manufacturing facilities in Zhejiang, Tianjin, and Thailand. The latest transaction will help the company optimize its production bases and utilize the Tianjin port. The deal will also increase product lines and tire sizes produced by ZC Rubber, as well as providing new channels and access to new customers, while increasing ZC Rubber's market share.

(ZC Rubber - Tianjin, China)

WHAT'S NEW IN TIRES

Tire Discounters continuing expansion in Atlanta area

Tire Discounters recently opened a new store in Chamblee near Atlanta, located at 5585 Peachtree Blvd. The company says it has a goal of opening of 25 stores across the state, with a specific focus on the Atlanta area, by the end of 2022.

Tire Discounters has opened and integrated with several businesses throughout Georgia and the greater Atlanta area over the last two years, including Bulldog Tire (Covington, Monroe, and Snellville), Porterfield Tire (Watkinsville and Athens) and North Georgia Tire. An auto glass company, Lightning Auto Glass, located in Chamblee, was also added late last year. These stores joined other locations in Perimeter Pointe, Ft. Oglethorpe, Lawrenceville, and Dalton.

The tire sales and automotive service chain will also be adding a 75,000 square foot warehouse, distribution and training facility in metro Atlanta.

Tire Discounters says it is the largest, 100% family-owned and operated independent tire and service provider in the US. The business employs more than 1,600 people in over 160 locations in Ohio, Kentucky, Indiana, Tennessee, Georgia, Alabama, and Virginia. It operates four distribution centers, located in Sharonville, Ohio; La Vergne, Tennessee; Athens, Georgia and Monroe, Georgia. The company's headquarters is in Cincinnati, Ohio.

(Tire Discounters - Sandy Springs, GA)

FINANCE

Kumho achieves AA grade in latest Morgan Stanley ESG Ratings

Korean tire maker Kumho reports it has ranked among the top 12% of the automotive parts industry in the environmental, social, and governance (ESG) evaluation recently conducted by Morgan Stanley Capital International (MSCI). The company received a BBB grade in 2019, an A grade in 2021, and an AA grade this year, demonstrating a steadily rising score year over year.

The MSCI ESG Ratings is an ESG evaluation model developed to build and manage investment portfolios. Companies are rated on a scale of AAA to CCC, according to their exposure to industry-specific ESG risks and risk management capabilities relative to their peers.

According to the MSCI report, Kumho received excellent reviews for its environmental impact management, such as reducing toxic emissions and developing products for electric vehicles. The company was also recognized for its customized talent development program, a new division that was established to speed up its ESG work.

(Kumho Tire – Seoul, Korea)

RELATED MATTERS

Yokohama Rubber to expand conveyor belt production capacity at Hiratsuka factory

Yokohama Rubber has announced it will expand conveyor belt production capacity at its factory in Hiratsuka City, Kanagawa Prefecture in Japan. The effort will strengthen the company's industrial products business, it said.

The expansion will be conducted in stages, with the initial stage amounting to a capital investment of about ¥1.6 billion (\$13.5 million). New production lines will be added to the plant for a diverse range of fabric belts that can be used on conveyor belts requiring abrasion resistance, heat resistance, oil resistance, flame resistance, and reduced power consumption.

The Hiratsuka factory's current capacity will be increased by 1.3 times when the work is complete. Construction is underway with the additional production planned to start in October 2023.

(Yokohama Rubber - Tokyo, Japan)

Tire and Rubber Association of Canada calls for industry leadership award nominations

The Tire and Rubber Association of Canada is seeking nominations for its inaugural Industry Leadership Awards that are designed to celebrate achievements and give individuals and organizations a platform to showcase their contributions to the industry.

The awards recognize outstanding individuals and companies for their dedication and commitment to excellence in the tire and rubber industry, including end-of-life tire management businesses and other businesses focused on sustainability.

The nominations are open until April 15, 2022, in four categories: Leader of the Year, Young Leader, Lifetime Achievement, and Sustainability. Additional details are available at <https://tracanada.ca/tire-and-rubber-industry-leadership-awards/>. Anyone can nominate a deserving individual or organization and self-nominations are also accepted.

Corporate nominees must have an office or facility, in Canada. Nominated individuals can be domiciled anywhere.

The awards ceremony will take place in conjunction with TRAC's annual general meeting on June 15, 2022.

(Tire and Rubber Association of Canada – Cambridge, Ontario)

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