

Lower tire unit volumes reduce Goodyear's sales

Akron, OH – Goodyear Tire & Rubber reported third quarter 2012 sales were \$5.3 billion, down 13 percent from last year's record-setting total, reflecting \$592 million in lower tire unit volumes and \$258 million in unfavorable foreign currency translation, as well as lower sales in other tire related businesses, most notably third party chemical sales in North America.

Tire unit volumes totaled 41.8 million, down 12 percent from 2011, primarily reflecting weaker volumes in Europe. Sales benefited from price/mix improvements, which drove revenue per tire up 5 percent over the 2011 quarter, excluding the impact of foreign currency translation. The company reported segment operating income of \$348 million in the third quarter of 2012. This was down \$115 million from the year-ago quarter, reflecting \$114 million in lower tire volume and associated unabsorbed overhead costs of \$89 million, offset partially by an improved price/mix of \$159 million, which more than offset \$47 million in raw material cost increases (before the benefit of cost savings actions).

Goodyear's third quarter 2012 net income available to common shareholders was \$110 million (41 cents per share), down from \$161 million (60 cents per share) in the 2011 quarter. All per share amounts are diluted. North American Tire's third quarter sales decreased 6 percent from last year to \$2.4 billion. Sales reflect a 6 percent decrease in tire unit volume as well as lower pricing for chemical products. Improved price/mix was a partial offset. Replacement tire shipments were down 10 percent. Original equipment unit volume increased 8 percent. Third quarter segment operating income of \$130 million was up 67 percent from the prior year. Segment operating income was positively impacted by improved price/mix of \$87 million and \$21 million of lower raw material costs. Segment operating income also benefited from approximately \$20 million in savings related to the closure of a tire plant in Tennessee, while lower volume and lower chemical products income were offsets.

Europe, Middle East and Africa Tire's third quarter sales decreased 21 percent from last year to \$1.7 billion. Sales reflect a 22 percent decrease in tire unit volume and unfavorable foreign currency translation of \$171 million. Improved price/mix was a partial offset. Replacement tire shipments were down 24 percent, largely due to economic weakness across the region, reduced winter tire demand resulting from warm weather conditions and aggressive competitor actions. Original equipment unit volume was down 12 percent.