Goodyear Sees Decline in 2012 Tire Volumes

Goodyear Tire & Rubber Co reported lower-than-expected quarterly sales and warned that it will sell fewer tires this year as it focuses on higher-margin products, sending its shares down 10 percent. Weakening global demand and rising raw material costs have hurt Goodyear in recent times. The company has increased prices and focused on higher-margin tires to offset lower volumes.On a conference call, Goodyear Chief Executive Richard Kramer said the company will continue to target highly lucrative market segments and not be lured towards volume opportunities. "We have and will continue to say no to business that is not consistent with our strategy, as we're not running our business for volume alone," Kramer said.Goodyear said first-quarter tire volumes declined at a higher-than-expected rate of 8 percent to 43 million units. Revenue per tire jumped up 16 percent on higher prices. The top U.S. tire maker expects full-year tire unit volume to fall 2 percent, compared with its earlier expected sales volumes to be flat for the year. Raw material costs for the second quarter are expected to increase about 12 percent.The tire maker posted a first-quarter net loss of $11 million, or 5 cents per share, compared with a net income of $103 million, or 42 cents per share.Excluding several charges, profit of 34 cents per share beat analysts estimates of 7 cents per share, according to Thomson Reuters I/B/E/S.Sales rose 2 percent to $5.53 billion, below analysts' expectations of $5.83 billion.Sales in North America, Goodyear's biggest market, rose 8 percent despite an 8 percent drop in volumes, helped by a better product mix. Goodyear's shares, which have fallen 15 percent since the company reported fourth-quarter results in February, were down $1.10 at $10.83 in late morning trade on the New York Stock Exchange. They touched a low of $10.72 earlier.