

Acquisition of Goodyear's OTR Business

July 22nd, 2024

The Yokohama Rubber Co., Ltd.

Masataka Yamaishi

Chairman & CEO, Chairman of the Board

1. Medium-term Management Plan YX2026

2. Overview of Goodyear OTR Business

3. Purpose & significance of the Acquisition

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YOKOHAMA
Transformation 2026

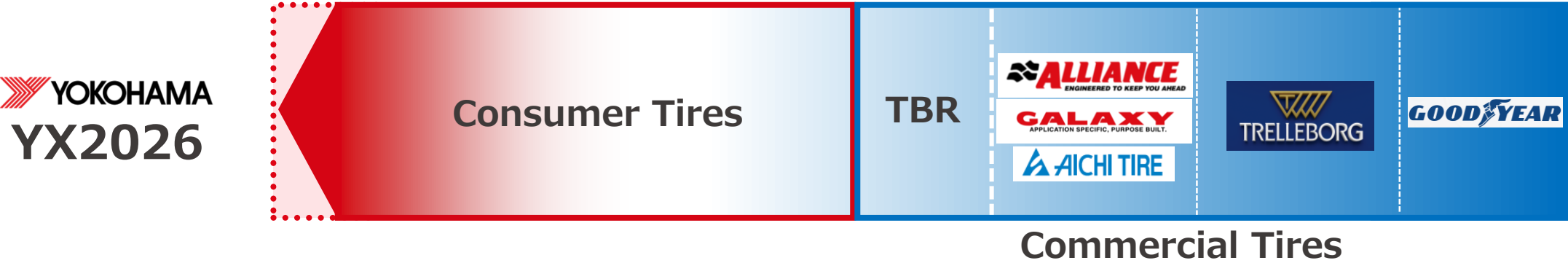
Completing Transformation under
Exploitation × Exploration Strategy

*** Leave no negative legacies for next generation**

1-1) YX2026 Business Strategy



Increase corporate value through a growth strategy

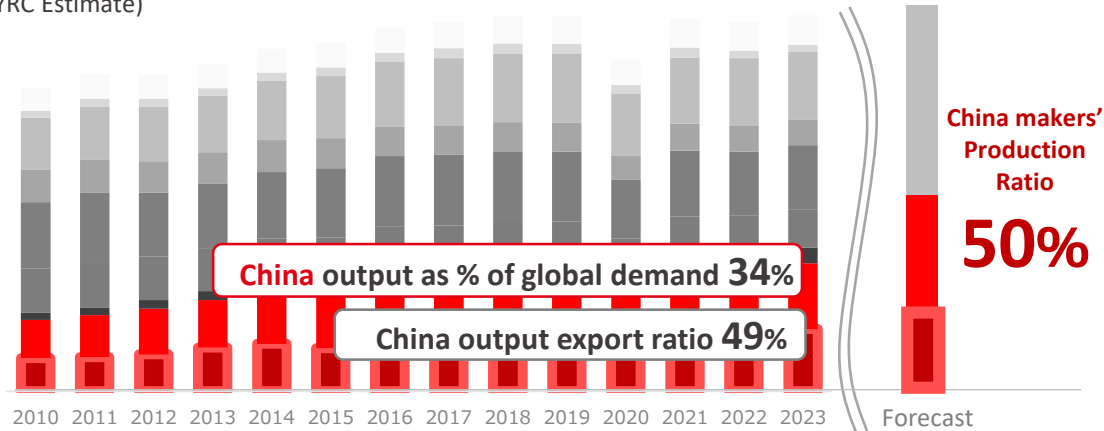


1-2) YX2026 Consumer Tires Growth Strategy



Global consumer tire production trend (Unit: tires)

(YRC Estimate)

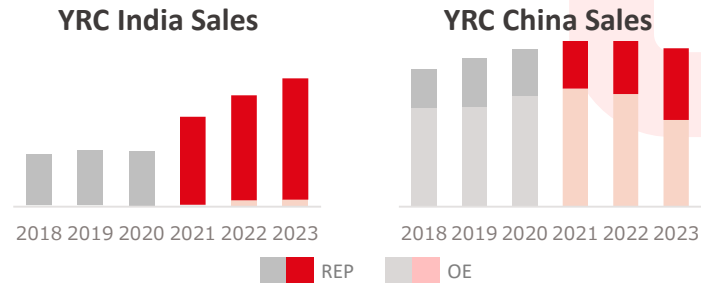


Yokohama Rubber unit sales trend



Drastic reduction of product costs

(Exploration)



“1-year plant” challenge

New Mexico Plant/New China (Hangzhou) Plant
(No extra expenses)



※YOKOHAMA Brand ratio: 99%

AGW
(Exploitation)

Brand MIX
Size MIX
Sales company-
distributor policy

1-3)① YX2026 Commercial Tires – OHT Business Growth Strategy



*Yokohama estimate

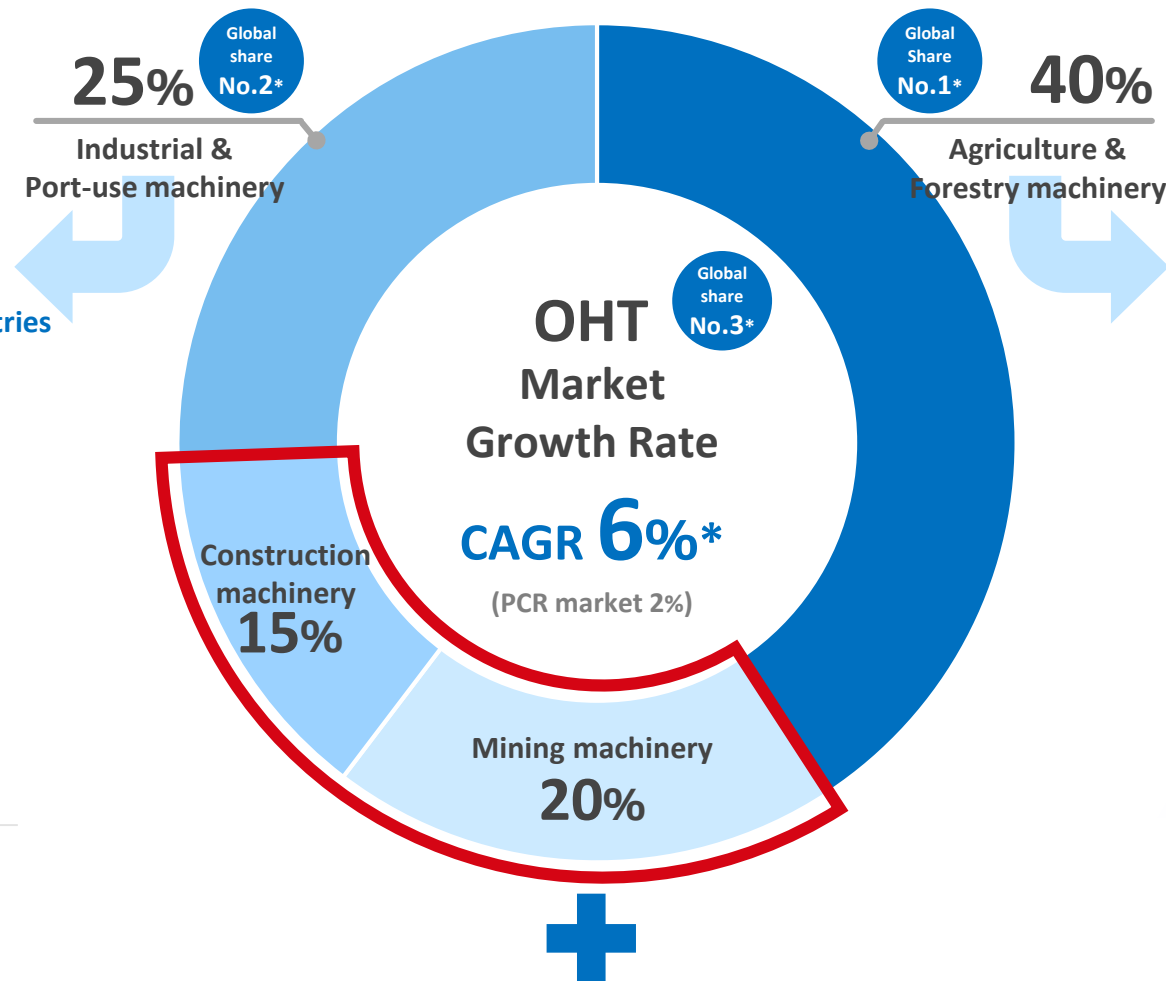
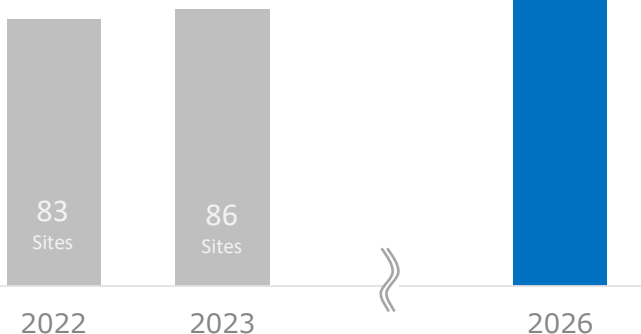
Market Size ≈ 4 trillion JPY*



Strengthen services

21 countries → 27 Countries

104 Sites



Multi-brand strategy



Each has Production/Technology/Sales

+ “Programmatic M&A”

(Pie graph: global demand composition ratios of off-highway tires)

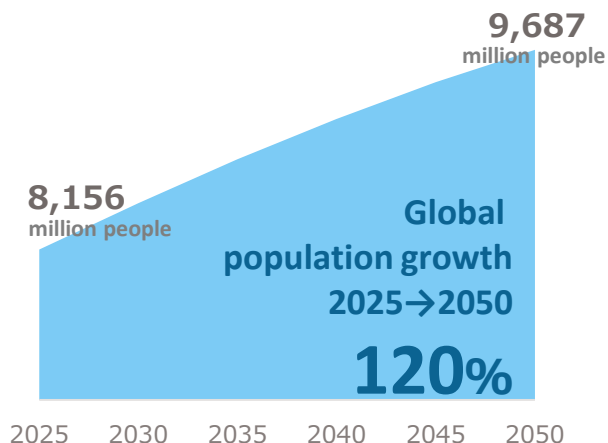
1-3)② OHT: Market Forecast

*Based on Yokohama research



Demographic Changes

2025→2050



Food demand increase

Global Share No.1*

Agriculture & Forestry Machinery Tire Demand

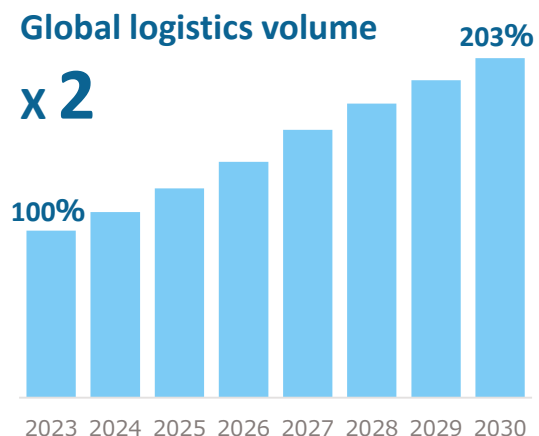
CAGR +5.5%*



Increase in Logistics

Volume

2023→2030



Increase in port & warehouse transport operations

Global Share No.2*

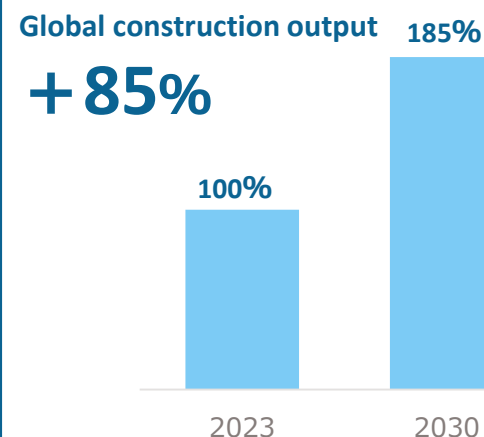
Industrial & port-use Machinery Tire Demand

CAGR +5.3%*



Increase Demand for Infrastructure

2023→2030



Increase of construction projects (e.g. Road, Bridge, Building, House)

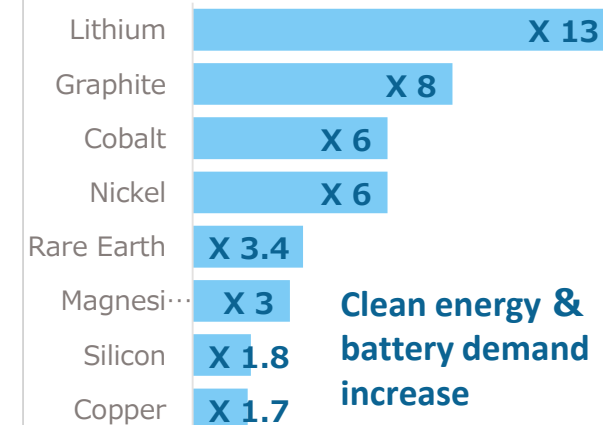
Construction Machinery Tire Demand

CAGR +6.2%*



Changes in Energy Source

2020 → 2040



Increase of excavation works

Mining Machinery Tire Demand

CAGR +6.6%*



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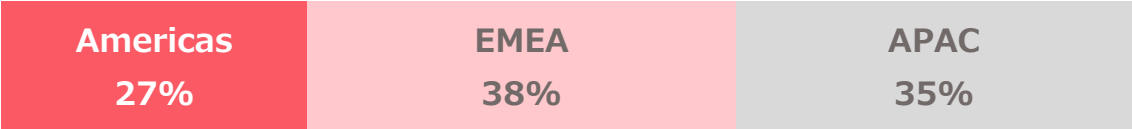
The Goodyear Tire & Rubber Company Profile

Established	: Aug 1898
Share capital	: USD 285M
Annual sales (FY2023)	: USD 20,066M
Employees	: Approx. 71,000 people
CEO & President	: Mark Stewart
Head office	: Akron, Ohio, U.S.A

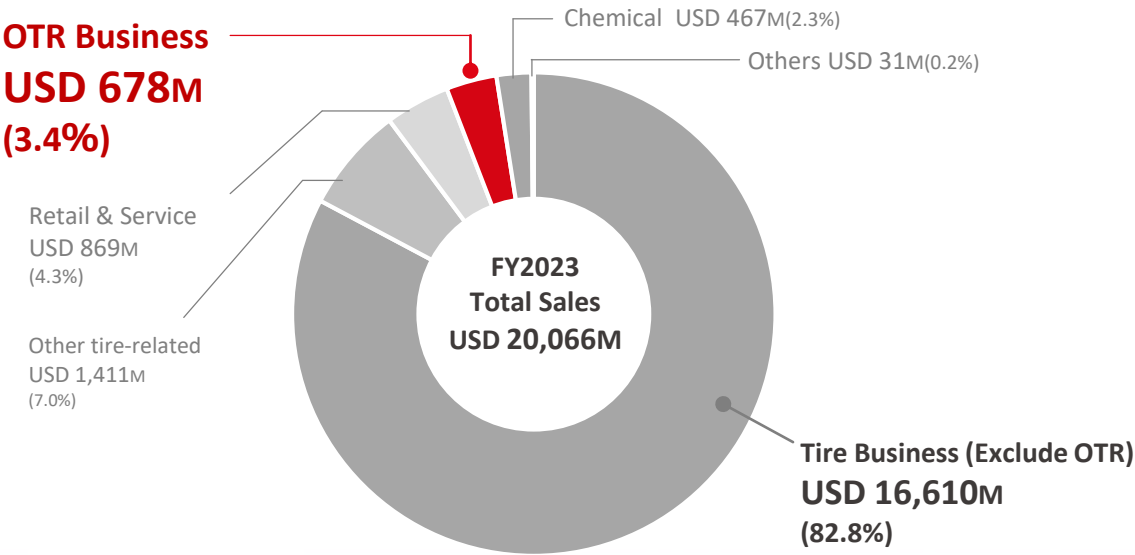
Goodyear OTR Business FY2023 Results

Annual Sales	: USD 678M (approx. ¥95.4 billion)
EBITDA	: USD 129M (approx. ¥18.1 billion)
EBITDA ratio	: 19.0%

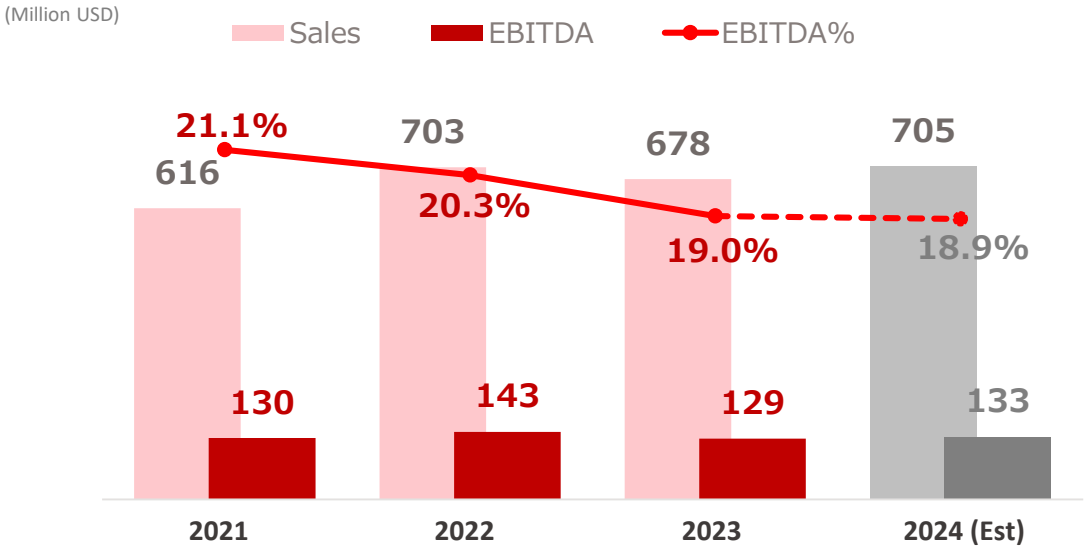
OTR Business Sales Composition



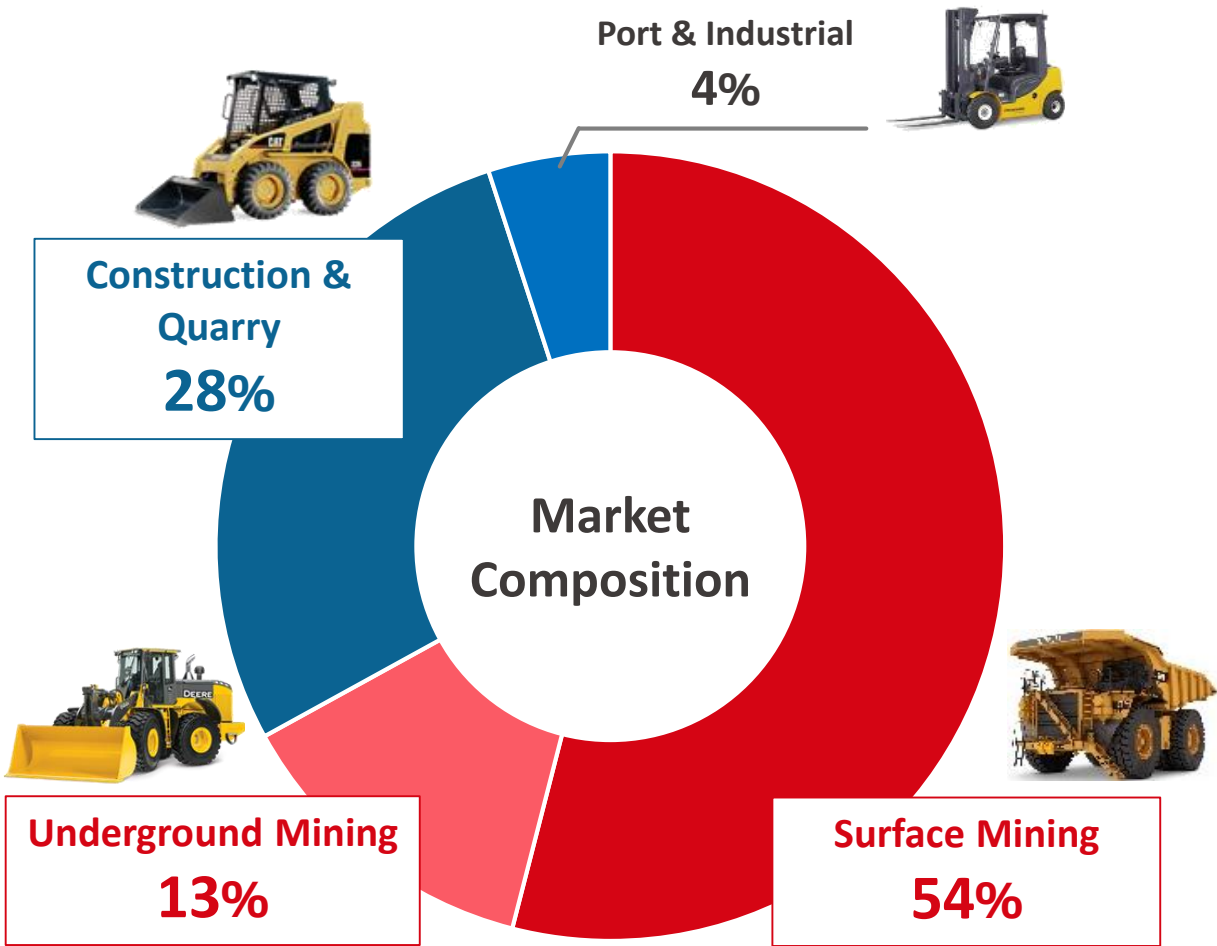
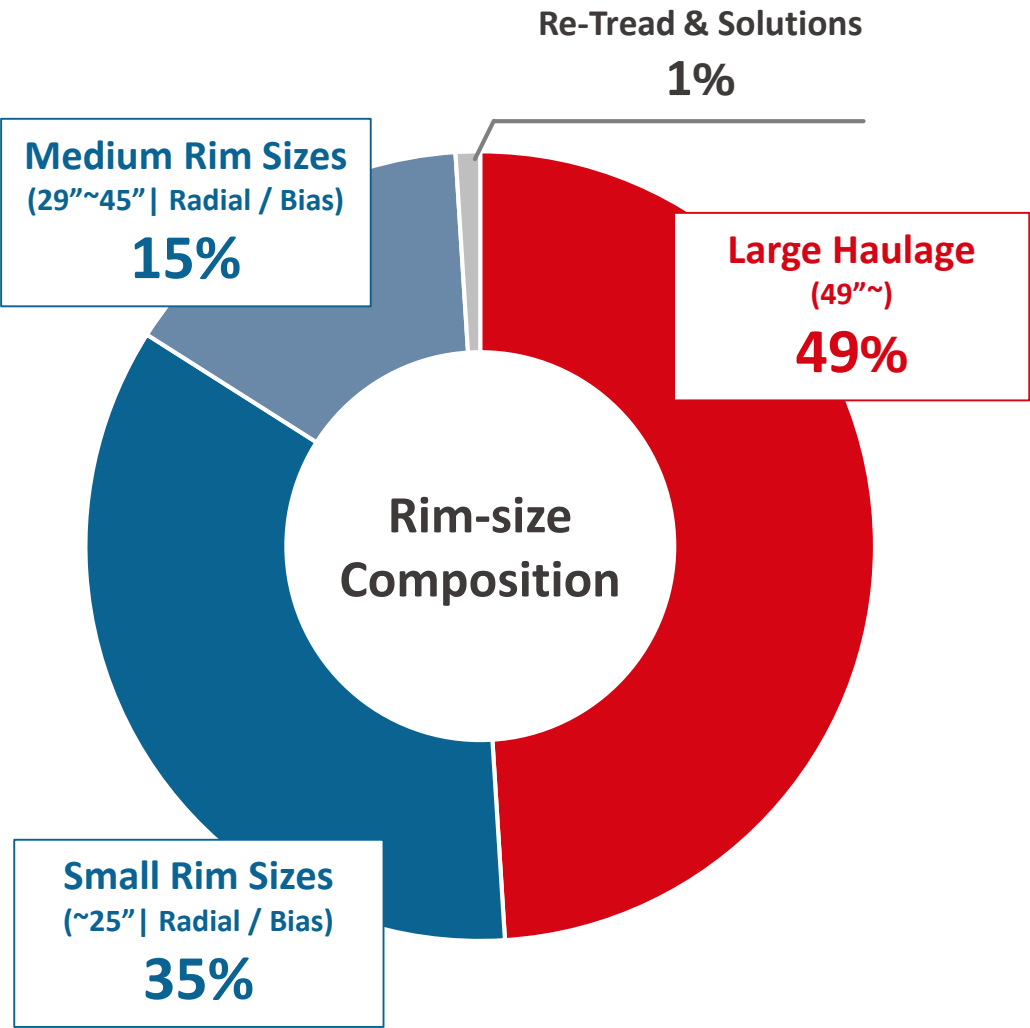
Goodyear Segment Composition



OTR Business Results *YRC estimate



2-1) Overview of Goodyear OTR Business: Product Composition



Dedicated OTR facilities: **Plant Acquisition**

Large haulage (Radial / Bias)
(25"~57")

Japan **Tatsuno** plant
(NIPPON GIANT TIRE CO., LTD)

Canada
North Bay
Re-tread plant



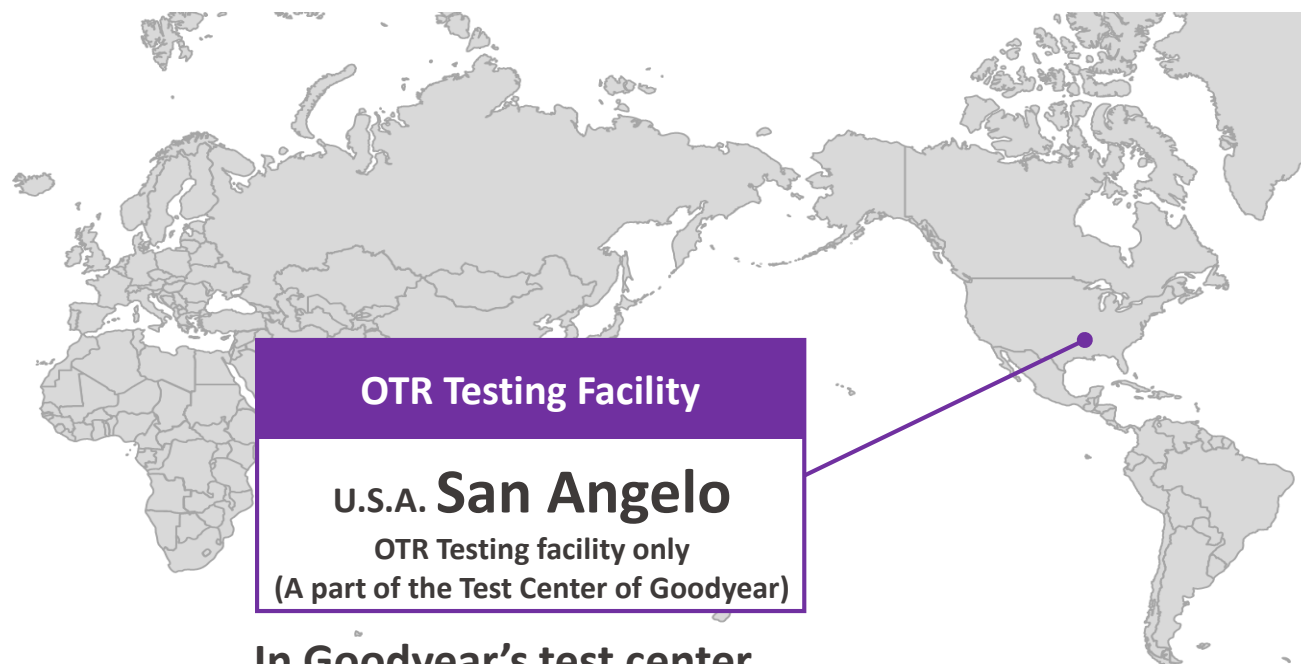
Non-dedicated OTR facilities:

Acquire OTR production equipment & tools

U.S.A. Topeka plant	Germany Wittlich plant	Peru Lima plant
Luxembourg Colmar-Berg plant	Indonesia Bogor plant	Brazil Americana plant

- Those assets will be transferred to YOKOHAMA facilities.
- Receive production supply until transfer is completed.

2-3) Overview of Goodyear OTR Business: R&D/Testing facility



In Goodyear's test center

- Land & Building for OTR: Lease agreement (99 years)
- OTR dedicated machinery & tools: Acquisition



7 Meter Wheel Testing Machine
(Compatible size: 39"~63")

1. Medium-term Management Plan YX2026

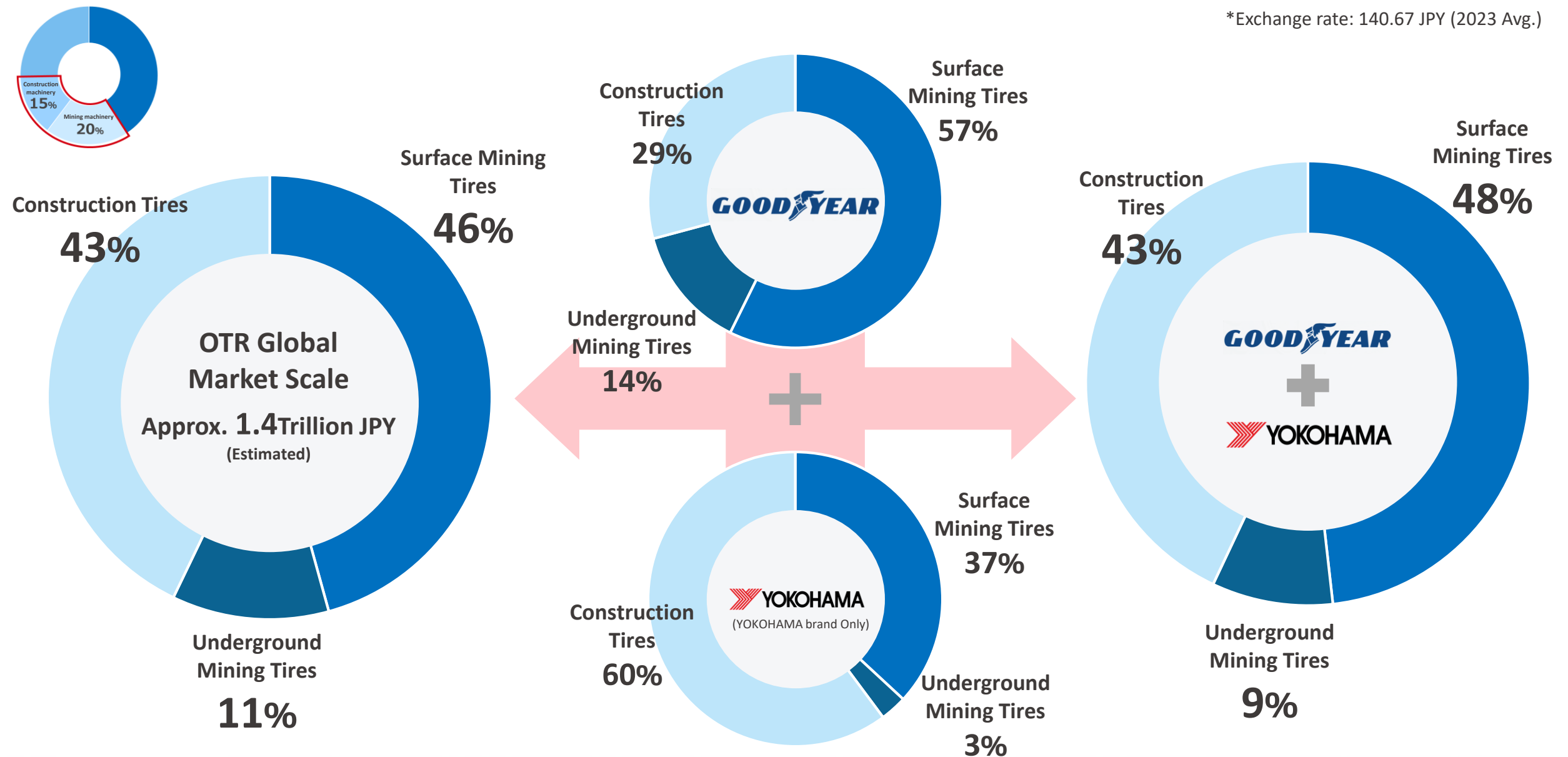
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3-1) Purpose & significance of the Acquisition: OTR Category Mix

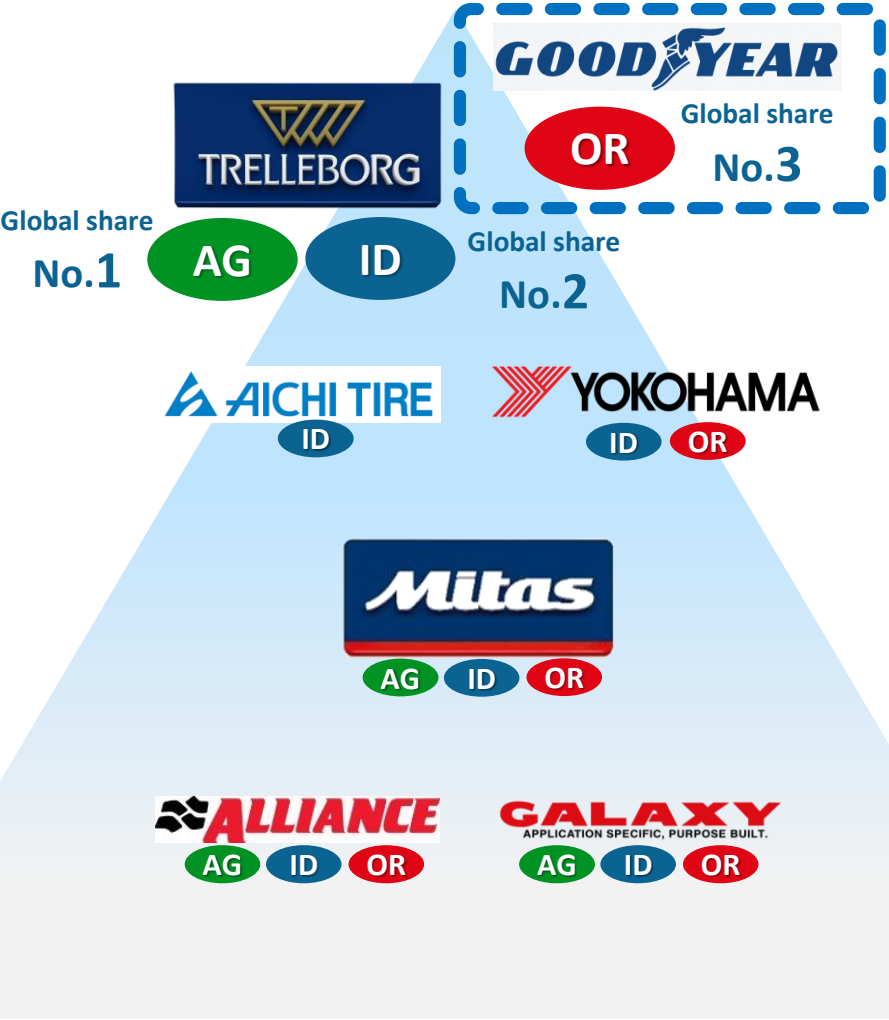


*Exchange rate: 140.67 JPY (2023 Avg.)



3-2) Purpose & significance of the Acquisition: Brand & Product Portfolio

YX



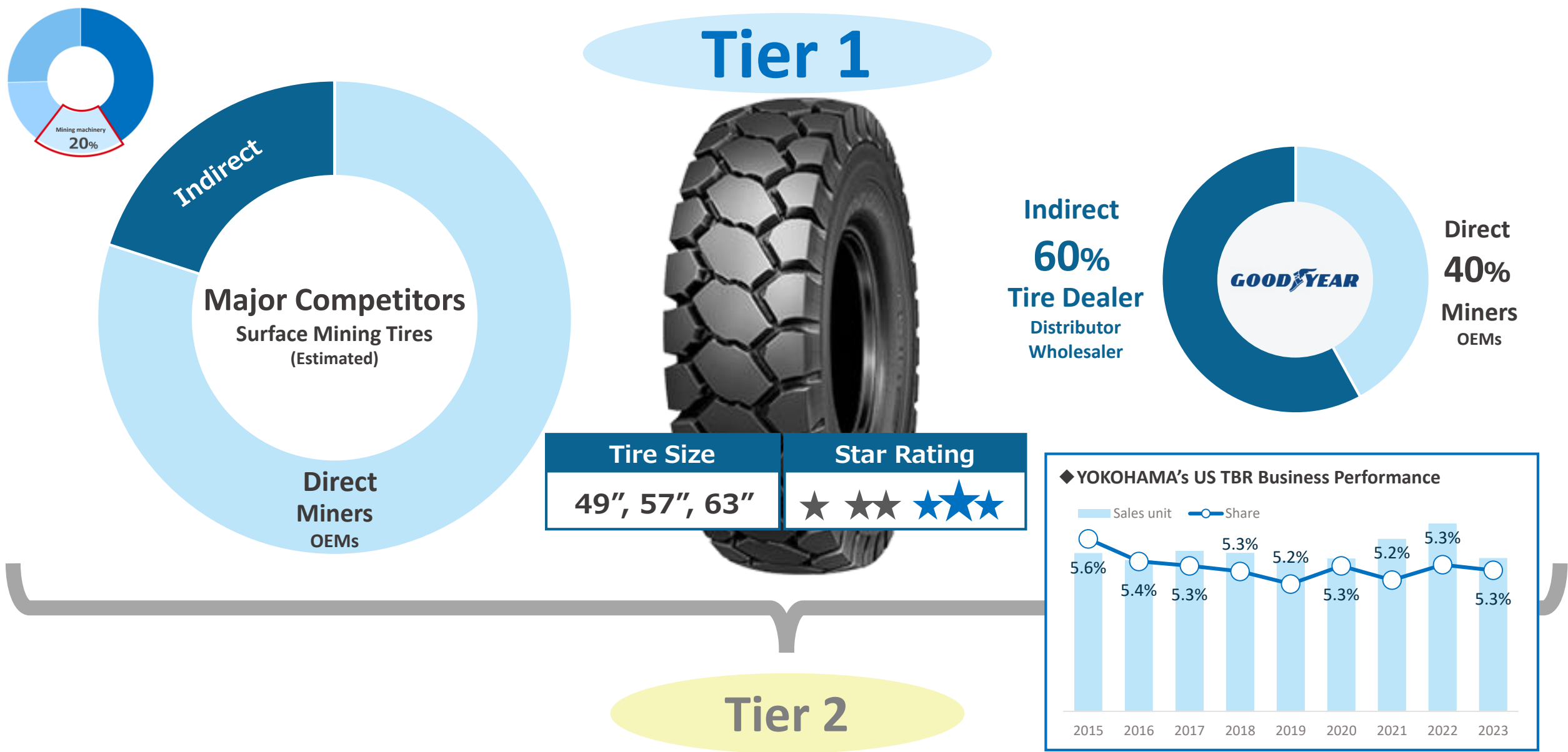
	Agriculture	Forestry	Lawn Garden & Turf	Material Handling	Construction	Earthmover & Mining	Truck (OR)
YOKOHAMA AICHI TIRE TRELLEBORG	✓	✓	✓	✓	✓	✓	✓
Mitas	✓	✓	✓	✓	✓	✓	✓
ALLIANCE GALAXY	✓	✓	✓	✓	✓	✓	✓

After acquisition of
Goodyear OTR Business

YOKOHAMA AICHI TIRE TRELLEBORG	✓	✓	✓	✓	✓	✓	✓
Mitas	✓	✓	✓	✓	✓	✓	✓
ALLIANCE GALAXY	✓	✓	✓	✓	✓	✓	✓

*Plan to use Goodyear brand for certain period under gratuitous license agreement

3-3) Purpose & significance of the Acquisition: Industry Structure & Goodyear's Strategy



3-4) Purpose & significance of the Acquisition: Production Transfer



		Before-Acquisition			Post-Acquisition		
		YOKOHAMA			GOOD YEAR		
		Radial OTR Star Rating			Radial OTR Star Rating		
		★	★★	★★★	★	★★	★★★
	~25"	✓	✓	✗	△ (US/EU Production: High Cost)	△	△
	29~45"	✓	✓	✗	△ (US/EU Production: High Cost)	△	△
	49"	△ (Production Capacity Shortfall)	△	✗	✓ (Japan Production: Highly Profitable)	✓	✓
	57"	△ (Off-take & Tariff Issues)	△	✗	✓ (Japan Production: Highly Profitable)	✓	✓
	63"	✗ (Lack of Development Technology & Production Capacity)	✗	✗	△ (US Production: High Cost)	△	△

3-5) Purpose & significance of the Acquisition: Impact on Consolidated Financials

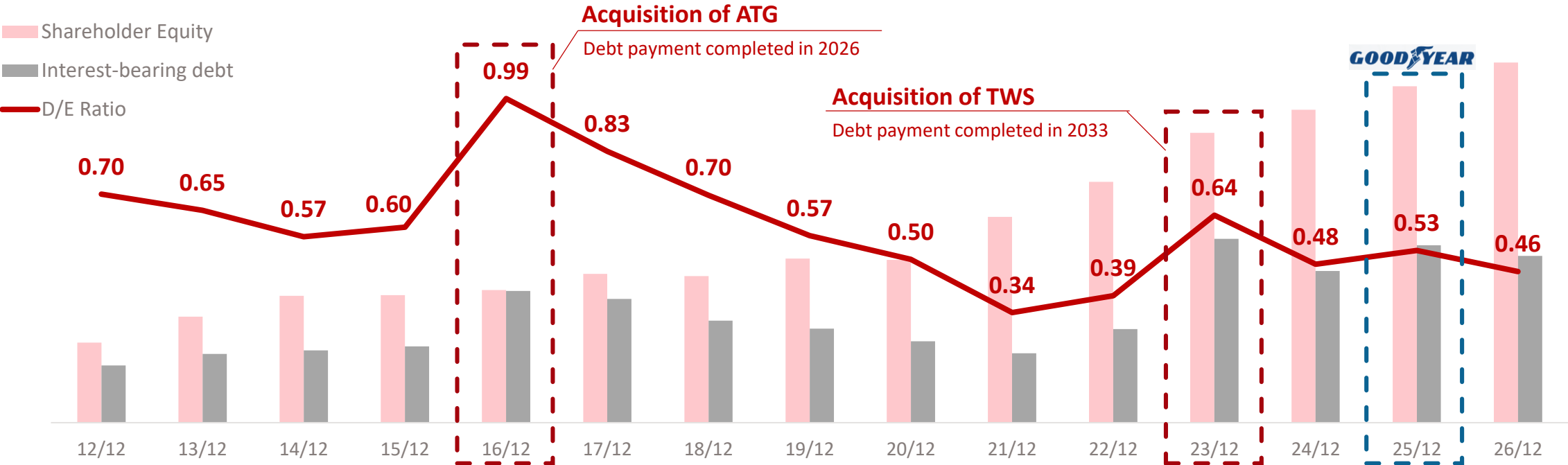


◆ Acquisition Price: \$905M (\$1=155 JPY: 140 billion JPY)

(100mn JPY)	2020	2021	2022	2023	2024	2025	2026
OCF	783	683	392	1,597	1,111	1,337	1,439
ICF	-279	-45	-464	-3,440	-319	-1,699	-933
FCF	504	638	-71	-1,843	792	-362	506

*Exchange rate: 137.00 JPY (Applicable rates at the time of Medium-term Management Plan)

100mn JPY		Exchange rate \$1=155 JPY
	YX2026 Investment Plan	
New Mexico Plant		589
New China Plant (Hangzhou)		416
Acquisition of GY OTR Business		1,403
Total	2,200	2,407



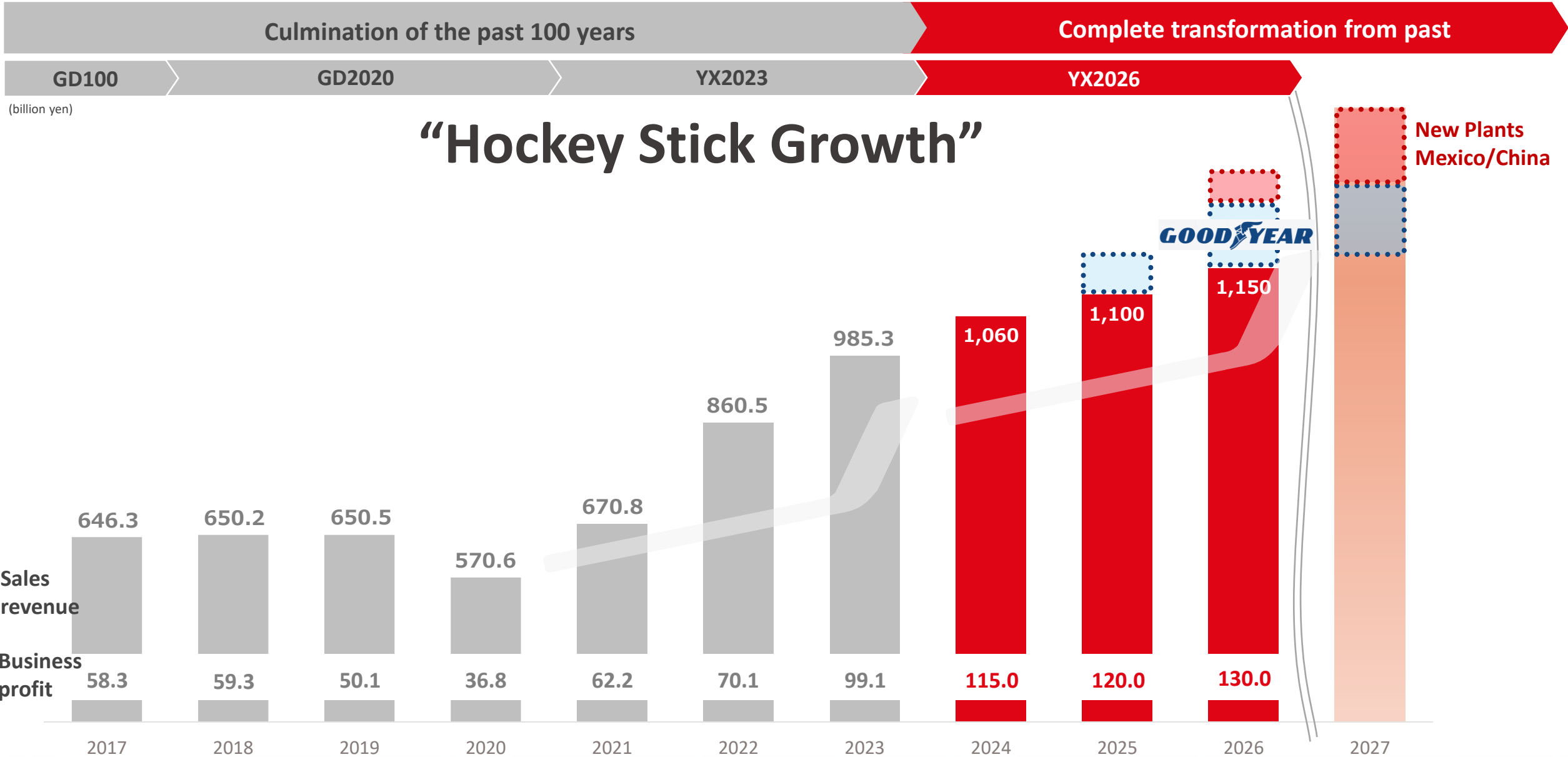
3-6) Outline of the Transaction

*Exchange rate: 143.00 JPY/USD
(The rate applicable to the 2H forecast at the announcement of Q1 Financial Results)



Target	OTR Business of The Goodyear Tire & Rubber Company
Enterprise Value	905 million USD (Approx. 129.4 billion JPY) *The actual acquisition price will be determined by price adjustments and other factors stipulated in the contract for the Acquisition.
EBITDA (Estimated)	133 million USD (Approx. 19.0 billion JPY) *Forecast for FY2024
EBITDA multiple	Approx. 6.8 times
Acquisition Finalized	To be determined *Depends on the completion of reviews by the competition law authorities of relevant countries.
Financing	Own funds (Approx. 30 billion JPY) and borrowings (Approx. 100 billion JPY)

3-7) Purpose & significance of the Acquisition: Realization of “Hockey Stick Growth”



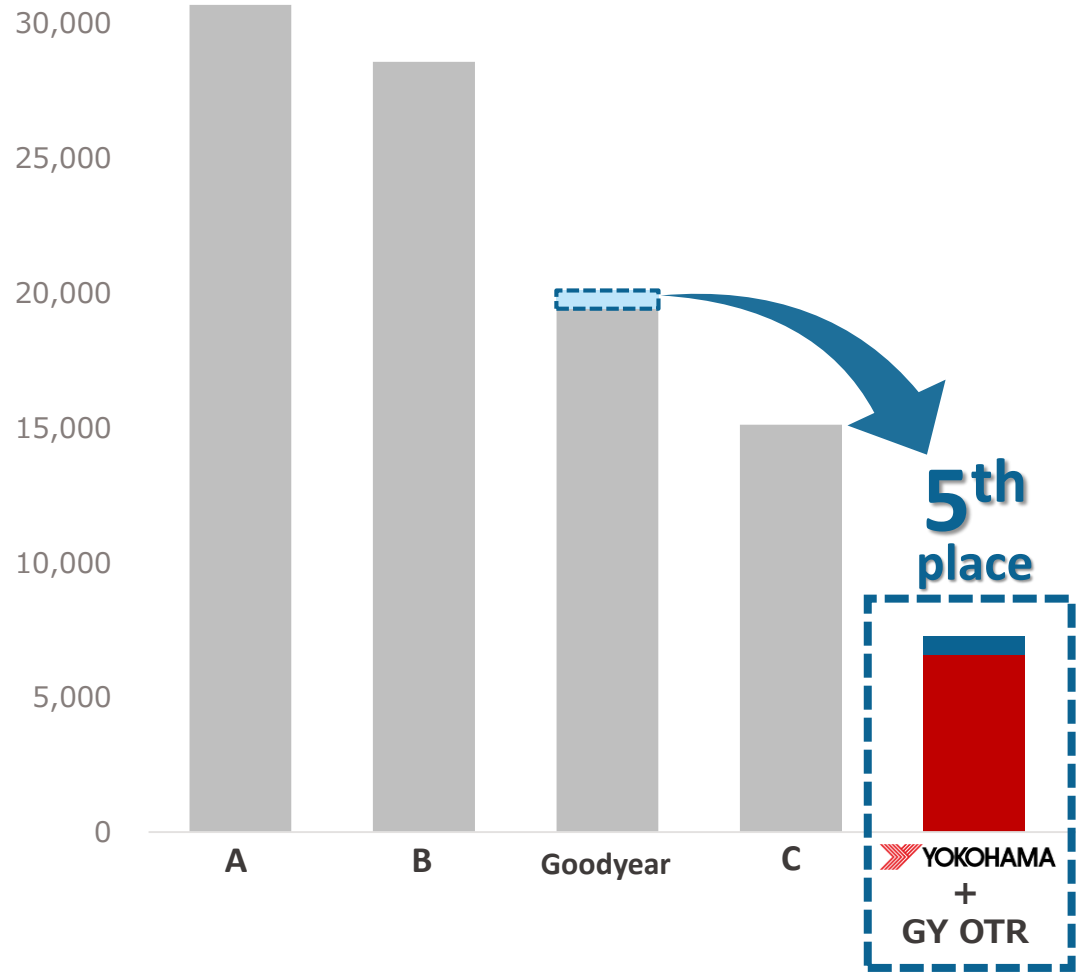
3-8) Purpose & significance of the Acquisition: Comparison with Major Tire Manufacturers

*Y-TWS: Adjusted to 12 months of sales
*Based on information disclosed by other companies in 2023



◆ Tire Business

(Million USD)
35,000



◆ Specialty Tire Business

(Million USD)
8,000

