

Yokohama Rubber to Acquire Goodyear's Off-the-Road Tire Business—Watch for Medium-Term Synergies and Financial Improvement

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on that The Yokohama Rubber Co., Ltd. (security code: 5101) has entered into an agreement to purchase the Off-the-Road tire business of The Goodyear Tire & Rubber Company (hereafter, Goodyear).

- (1) On July 22, the Yokohama Rubber Co., Ltd. (the “Company”) announced that it had entered into an agreement to purchase the Off-the-Road tire business of Goodyear. The acquisition price is expected to be USD 905 million.
- (2) Through the acquisition of Alliance Tire Group in 2016 and Trelleborg Wheel Systems Holding AB in 2023, the Company has been expanding its commercial tire (truck & bus, agricultural machinery, industrial vehicles, etc.) business. This acquisition is in line with the Company's medium-term management plan to strengthen the tires for mining machinery and construction machinery, and together with the two aforementioned companies, it is expected to reduce costs and strengthen the lineup in the commercial tires through the creation of synergies. On the other hand, the amount of the acquisition is higher than expected in the plan, and a temporary deterioration in the financial structure is inevitable. While JCR believes that there is no need to immediately change the rating at this point, given the Company's improved cash flow generation capability in recent years, JCR also considers that that it is necessary to follow the progress of financial improvement and realization of synergy effects over the medium term, because there have been a series of large acquisitions in recent years.

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<Reference>

Issuer: The Yokohama Rubber Company, Limited

Long-term Issuer Rating: A+ Outlook: Stable

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