

Goodyear (GT): A Good Year to Invest?

Oct, 28th, 2025

Goodyear 101

Goodyear Tire (GT) is one of the world's largest and oldest tire manufacturers. Goodyear designs, produces, and sells tires for passenger vehicles, light trucks, and commercial fleets, operating through a global network of factories, distributors, and branded retail stores that give it a direct link to consumers. Its business is deeply industrial yet brand-driven, built on scale, manufacturing efficiency, and product reliability, but also on the legacy of trust the company has cultivated over more than a century. In 2024, the company reported about 166.6 million tire units sold, generating around \$18.9 billion in revenue.



Goodyear's core business revolves around two main markets: the replacement tire market and the original equipment (OEM) market. The replacement segment, which makes up the majority of its revenue, depends on everyday wear and tear and thus ties Goodyear's fortunes to how much people drive, how busy roads and fleets are, and how much confidence consumers have in maintaining their vehicles. The OEM business, by contrast, serves automakers directly, supplying companies like Ford, GM, and Toyota with tires for new vehicles. It's a thinner-margin, high-volume business, but one that seeds future demand, as cars sold with Goodyear tires often lead to repeat purchases when replacements are needed. Together, these two markets define a business model built on scale, reputation, and recurrence.

Goodyear has around 53 plants across 20 countries and more than 800 retail and service centers under its banner. Goodyear reports in three regions: the Americas, which generate close to 60% of total revenue and remain its most profitable

segment; Europe, the Middle East and Africa, roughly 30%; and Asia-Pacific, a smaller share today but the key long-term growth market as China, India, and Southeast Asia expand vehicle production and EV adoption.

		Net Sales	Segment Operating Income	SOI Margin
AMERICAS		\$2,662 ▼ - \$35 YoY	\$141 ▼ - \$100 YoY	5.3% ▼ - 3.6 pts YoY
EMEA		\$1,344 ▲ + \$65 YoY	(\$25) ▼ - \$55 YoY	(1.9)% ▼ - 4.2 pts YoY
AP		\$459 ▼ - \$135 YoY	\$43 ▼ - \$20 YoY Excl OTR - Flat YoY	9.4% ▼ - 1.2 pts YoY Excl OTR ▲ + 1.5 pts YoY

The competitive landscape is dominated by five giants that together control more than two-thirds of the market: Michelin, Bridgestone, Goodyear, Continental, and Pirelli.

What keeps Goodyear competitive is its distribution and brand. The company owns one of the largest vertically integrated tire networks in the United States through Goodyear Auto Service and JustTires, while also running a vast commercial fleet and retreading business that gives it recurring, service-based revenue streams.

That control over distribution, the ability to sell directly to consumers, fleets, and service partners, creates a small but meaningful moat. It provides insulation against pure price competition and a channel to move inventory and protect margins even when the OEM

Goodyear's relationships with automakers form one of its most important, though often overlooked, competitive advantages. The company supplies original equipment tires to nearly every major car manufacturer, meaning its products are the ones installed when vehicles first leave the factory. This creates a powerful moat built on consumer inertia: once a car is designed, tested, and certified with a specific Goodyear tire, changing that specification becomes costly and risky for both the automaker and the end user. When that car eventually needs replacements, owners tend to stick with the same brand and model. That built-in loyalty quietly feeds

Goodyear's far more profitable replacement market, turning each original tire sale into a recurring revenue stream that can last for a decade or more.

In effect, Goodyear leverages its engineering partnerships with automakers to lock in a future customer base of millions of vehicle owners, giving it a structural edge in a highly commoditized industry where repeat business is otherwise hard to guarantee.

So, Goodyear's story in the tire market is that of an incumbent fighting to reassert its relevance. It's a century-old brand in a commoditized industry, balancing the stability of its replacement network with the cyclical nature of the OEM market, leveraging a strong distribution system and a trusted name to survive in a field where competition is harsh.

Industry and Macro

The tire industry is one of those markets that quietly sits at the center of the global economy, rarely talked about, but absolutely essential for everything that moves. It's an old, cyclical, capital-intensive business, one where competition is fierce, margins are tight, and scale and efficiency matter more than glamour. The global tire market today is worth somewhere around \$270 billion, and it's expected to grow roughly 4–5% per year, in line with global auto production and tire replacement rates.

Global Tire Market Statistics:

- **Industry Worth in 2024:** USD 264.68 Billion
- **Projected Valuation by 2030:** USD 394.55 Billion
- **Forecast Period CAGR:** 6.88% (2025–2030)
- **Base Year:** 2024 | **Historical Years:** 2020–2023
- **Leading Tire Type Segment:** Radial Tire
- **Leading Region:** Asia-Pacific

Within that, the OEM market, meaning the tires that go directly to automakers for new vehicles, is a smaller but important piece, being worth around \$75 to \$90 billion in annual sales. It rises and falls with the number of cars being built.

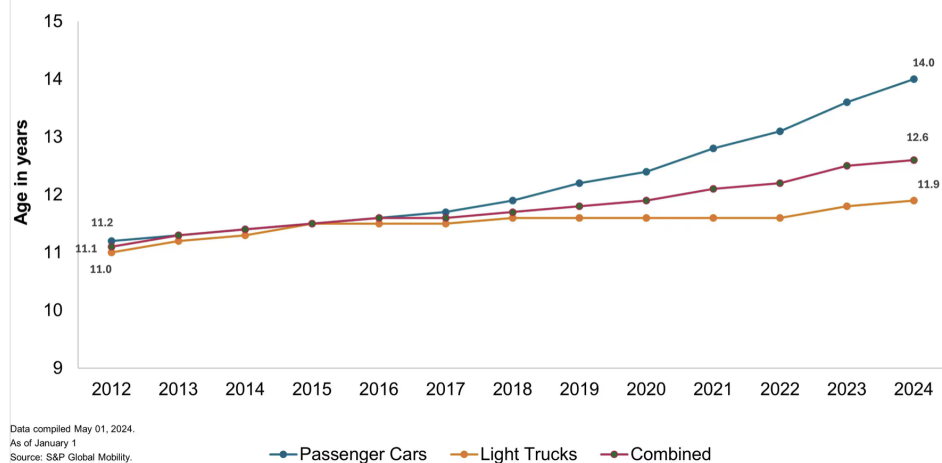
The replacement market, on the other hand, is much steadier, and in many ways healthier: it makes up about three-quarters of all tire sales and depends not on car production but on how long people keep their cars on the road, and, gladly, this number has been growing in the US.

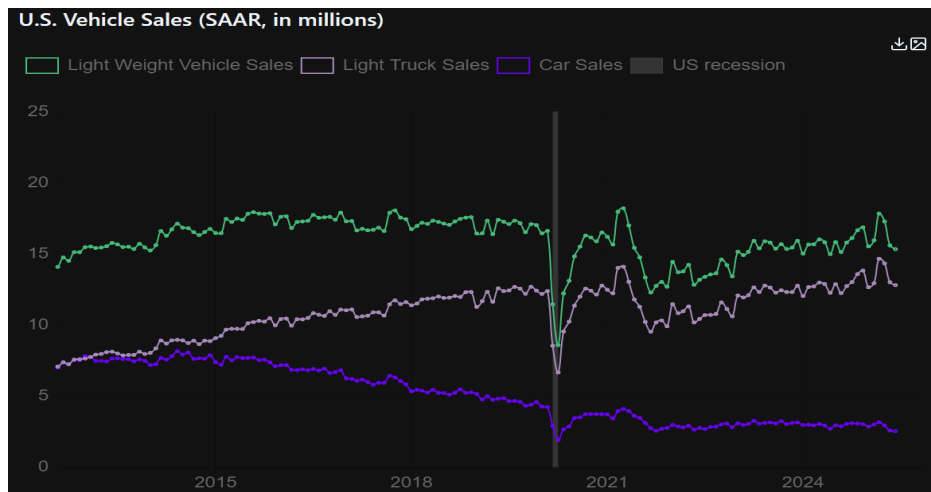
The auto market has gone through a difficult few years, weighed down by high interest rates, inflation, and the lingering effects of supply shortages that kept consumers from replacing their cars as frequently as they used to. But for Goodyear, that same slowdown has quietly created one of the strongest tailwinds the company could ask for.

The average age of a car on the road in the U.S. has now climbed to roughly 12 years, an all-time high, which means older cars are staying in service longer, and every additional year on the road means more miles driven, more wear, and ultimately more tire replacements at higher margins for the company. That dynamic supports Goodyear's largest and most profitable business segment, the replacement market, which makes up about three-quarters of global tire demand. In other words, while automakers have struggled with slower new car sales, Goodyear has been quietly benefiting from the aging fleet that keeps its service centers and distribution network busy.

US Average Age by Vehicle Type

Combined average age rises to new record of 12.6 years





Looking forward, however, there's reason to believe that OEM demand will also rebound, creating a two-sided recovery for Goodyear, both in the low margin, consumer loyalty and stickiness side (OEM) and in the high margin, tire replacement sphere.

Inflation has been cooling for several quarters, and pressure from President Trump's administration to stimulate growth combined with interest-rate cuts make that even closer to a reality. When that happens, the cost of car financing will fall, making new vehicles more affordable and reviving OEM tire orders as automakers ramp up production.

On top of that, the "One Big Beautiful Bill" Act has introduced a consumer incentive that allows taxpayers to deduct up to \$10,000 in car loan interest if the car is new, made in America, and not a resale. That fiscal tailwind could add another boost to new car demand, particularly for U.S. manufacturers.

The 'big, beautiful, bill' includes a car loan interest tax deduction. Do you qualify?

New law allows deduction of up to \$10,000 in auto loan interest for qualified vehicles

Research houses and industry forecasters already anticipate a moderate recovery in auto sales, but even their expectations may be too conservative. For example, Morningstar sees U.S. light-vehicle sales returning to the 16–16.5 million unit range, above the 15 million level assumed by many industry players in their base cases. Similarly, S&P Global expects global vehicle demand to outpace most internal forecasts by several million units. If those numbers prove accurate, Goodyear stands to benefit from both ends of the auto cycle, OEM volumes rising with new car

production, and replacement demand staying elevated as the record-old car fleet continues to wear through its tires.

US Five-Year Sales Forecast					
Year	2025	2026	2027	2028	2029
United States	16.2-16.4	16.3-16.5	16.5-16.7	16.8-17.0	16.9-17.1
% Change	2.8%	0.6%	1.2%	1.8%	0.6%
Source: Morningstar. Change is calculated from the midpoint of each year's range. Data as of March 4, 2025.					

For a business whose profitability depends on utilization, mileage, and consumer stickiness, few macro environments are more aligned with Goodyear's long-term advantage than one where production will ramp up and increase long term stickiness but long term tailwinds increase lifetime of cars and tire expenditure.

Why is the market so pessimistic?

Goodyear's performance over the long and short term horizon has not been great. The stock has not yielded positive returns for someone who bought it in 2020 nor in the last 12 months, returning -15% and 12% for the last year and last 5 years, respectively.

The question is: Why is there so much pessimism?



7.24 USD

+ Follow

-1.04 (-12.56%) ↓ past 5 years

Closed: Oct 24, 7:37 PM EDT • Disclaimer
After hours 7.25 +0.010 (0.14%)

1D 5D 1M 6M YTD 1Y 5Y Max



There are a few major concerns:

SIGNIFICANT MATURITIES SCHEDULE

AS OF JUNE 30, 2025 ³



One of the most pressing clouds over Goodyear right now is its debt load, a weight that hangs over every conversation about the company's future, and one that the market clearly sees as more than just a temporary headwind. With around \$7 billion in total debt and EBITDA that has been weakening as volumes and margins compress, Goodyear's net leverage ratio hovers near 5x, a level that leaves almost no room for error in a cyclical business. Interest coverage has tightened, meaning that even small disruptions in demand or cost inflation could tip the balance from manageable to problematic. The company's asset sales, the Dunlop and Off-the-Road businesses among them, have bought time, but not confidence; investors view them as stopgaps rather than structural solutions. In the eyes of the market, Goodyear is a levered cyclical trying to outrun gravity, and unless the "Goodyear Forward" plan delivers real, sustained free cash flow and visible debt reduction, the stock will continue to trade as though the balance sheet itself, not competition or demand, is the true existential risk.

Additionally, on the operational side, over the past few quarters, Goodyear's margins have told a story of structural fragility, the kind that makes investors question whether this is a business temporarily out of favor or one fundamentally capped by its own economics. Operating margins, once hovering near 5%, have slipped closer to the 3% range, and the company has missed expectations on adjusted EBIT in multiple quarters. The core problem is twofold: raw-material inflation has eaten into profitability, and Goodyear hasn't had the pricing power to fight back. The company is paying more for natural rubber, synthetic compounds, steel, and petrochemicals, cost increases that ran over \$100 million per quarter in late 2024, but because the replacement market is so price-sensitive, it hasn't been able to fully pass them on.

At the same time, weaker replacement volumes have created unabsorbed fixed costs, with factories running below optimal utilization, turning every lost sale into a heavier drag on the P&L. Management keeps emphasizing that the "Goodyear Forward" plan will save \$1.5 billion by 2026, but the market isn't giving them credit yet, it's waiting to see real evidence that those savings can outrun declining volumes and price competition. The Street's consensus is cautious: analysts expect margins to stabilize around 4–5% by late 2025, but no one's modeling a return to the 7–8% range the company hit a decade ago. The perception now is that Goodyear is trapped in a low-margin loop—too exposed to commodity costs, too constrained by competition, and too slow in proving that its turnaround plan can meaningfully lift profitability.

Why the narrative is overblown

Goodyear has already taken decisive steps to clean up its balance sheet through two major divestitures under the *Goodyear Forward* plan. The Off-the-Road (OTR) tire division was sold to Yokohama for \$905 million in Q4 2024, followed by the Dunlop brand rights to Sumitomo Rubber for \$701 million in Q1 2025. Together, those transactions brought in roughly \$1.4 billion in net cash, of which about \$1.2 billion has already been used to retire near-term debt, pay down term loans, and reduce borrowings under the company's credit facilities. As a result, gross debt fell from \$7.8 billion to roughly \$6.6 billion, and liquidity now stands around \$4 billion, comfortably removing any near-term refinancing risk. Heading into 2026, Goodyear expects to hold \$3.8–4.2 billion in total liquidity, about \$1 billion in cash and another \$2.8–3.0 billion in untapped credit, enough to easily cover the ~\$650 million due next year.

The next test comes with the \$2.5 billion of maturities spread between 2026 and 2028, which management plans to tackle through a mix of free cash flow generation, asset monetization, and opportunistic refinancing. They're guiding toward roughly \$1.0–1.2 billion in cumulative free cash flow over the next two years, targeting another \$500–700 million in proceeds from non-core real-estate and minority stakes, and aiming to refinance the remaining ~\$1 billion due in 2027–2028 once credit metrics improve. In essence, Goodyear has already bought itself breathing room through decisive deleveraging, but the second act of the turnaround depends entirely

on execution, on actually delivering sustained cash flow, preserving margins, and proving to the market that this is no longer a distressed cyclical, but a self-funding industrial on the mend.

The Goodyear Forward Plan, announced in November 2023, is a sweeping corporate transformation designed to simplify Goodyear's operations, strengthen its balance sheet, and restore profitability after years of margin compression, leverage buildup, and underperformance. The plan emerged as a response to weak investor confidence, supply chain inefficiencies, and competitive pressure from both high-end and low-cost tire manufacturers. In essence, Goodyear is dismantling the overly complex structure that came from decades of global expansion, acquisitions, and a fragmented manufacturing base, and is rebuilding itself into a leaner, higher-margin, cash-generating tire business focused primarily on North America and premium segments.

GOODYEAR FORWARD: DRIVING SHAREHOLDER VALUE

THE INITIATIVES ANNOUNCED TODAY ARE A KEY MILESTONE ON OUR JOURNEY TO DRIVE MEANINGFUL VALUE CREATION



Streamlined portfolio, resulting in incremental value unlock

✓ Executing strategic review for selected assets, targeting gross proceeds in excess of \$2.0B



Doubling our current operating margins to 10% by the end of 2025

✓ \$1.3B benefits from cost-reduction and top-line actions



Net leverage target of 2.0x – 2.5x by 2025 driven by debt reduction and margin expansion

✓ Aligned with U.S. auto suppliers



Increased financial flexibility and sustainable free cash flow generation

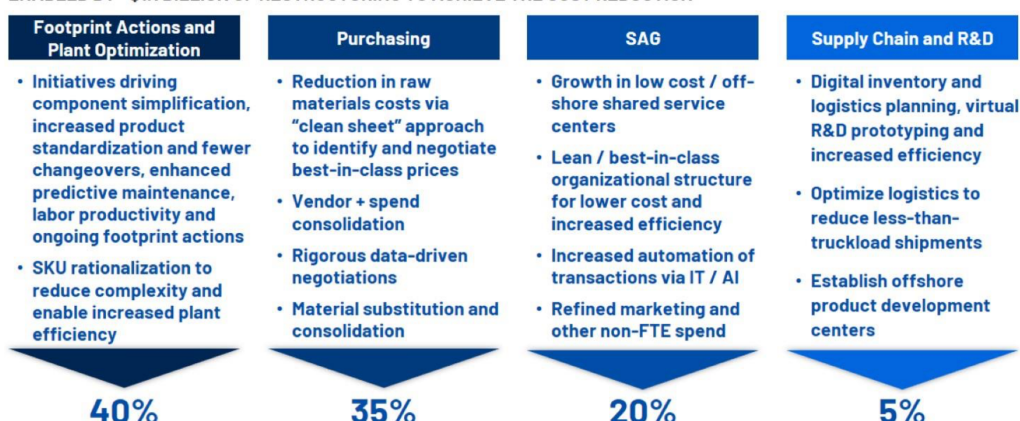
✓ Positioned for profitable growth in traditional markets and new mobility opportunities

At the heart

of the plan are three broad initiatives: portfolio simplification, cost reduction, and balance-sheet repair. On the portfolio side, Goodyear has committed to divesting non-core and lower-return businesses, most notably selling its Off-the-Road (OTR) tire unit to Yokohama for roughly \$905 million in 2024 and the Dunlop brand rights to Sumitomo Rubber for about \$700 million in early 2025. Additional regional exits, particularly in Europe and Asia-Pacific, are under review. Combined, these moves are expected to generate between \$2 and \$2.5 billion in proceeds, nearly all of which are earmarked for debt reduction and interest-expense savings. This marks a clear strategic pivot away from chasing global volume toward focusing on higher-margin, premium, and replacement tire markets, areas that provide steadier cash flow and stronger brand pricing power.

MARGIN EXPANSION: \$1B COST REDUCTION

WORKSTREAMS WITH CLEAR LINE-OF-SIGHT TO 100% OF THE COST SAVINGS BY 2025
ENABLED BY ~\$1.1 BILLION OF RESTRUCTURING TO ACHIEVE THE COST REDUCTION



Operationally, Goodyear is taking several specific, tangible actions to modernize and simplify its production network and corporate structure. In maybe the most expressive example, the company is consolidating manufacturing lines in Europe and the Americas, including the closure of underutilized facilities in Germany and the modernization of its North Carolina plant, which is being retooled to produce higher-value, large-rim tires for SUVs and EVs. Additionally, it has centralized procurement and logistics operations, renegotiating supplier contracts and streamlining raw-material sourcing to capture economies of scale and reduce inventory bottlenecks. In another example, Goodyear is automating and digitizing production and quality control, introducing AI-based predictive maintenance systems across several U.S. plants, an initiative expected to cut downtime and improve unit efficiency by 5–7%. Together, these steps form the operational backbone of the cost-savings plan, translating high-level strategy into measurable productivity and margin gains.

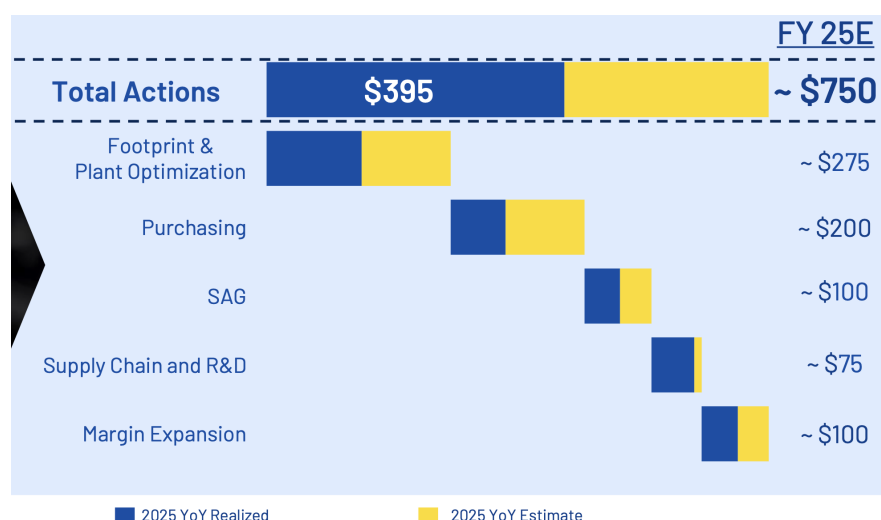
COMPREHENSIVE WORKSTREAMS TO IDENTIFY VALUE CREATION OPPORTUNITIES

LEVERAGING INDUSTRY-LEADING ADVISORS TO ENSURE A FULL ASSESSMENT OF ALL POTENTIAL PATHS FORWARD



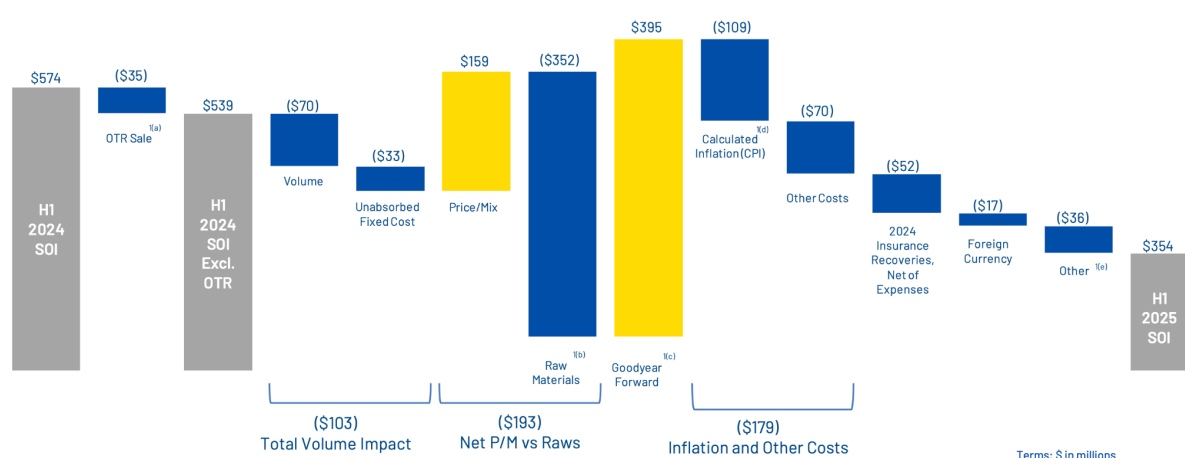
The financial implications of this restructuring are substantial. Goodyear aims to capture around \$1 billion in total cost savings by 2026, with about one-third coming from manufacturing efficiencies, another third from SG&A and corporate overhead cuts, and the remainder from operational simplification tied to portfolio exits. If fully

realized, these savings could expand operating margins by 300 to 400 basis points, lifting EBIT margins from roughly 3% in 2023 to 7–9% by 2026, according to company guidance. operating cash flow.



Progress thus far has been meaningful but incomplete. The OTR sale has closed, and the Dunlop transaction is expected to close in early 2025, indicating that the divestiture pipeline is well on track. Early evidence of margin recovery began appearing in late 2024, supported by lower SG&A and modest pricing resilience in North American replacement markets, although inflationary input costs and a soft European demand backdrop have offset some of those gains. The company has reduced net debt modestly but remains highly leveraged, with around \$7–8 billion in gross debt outstanding. Importantly, Goodyear’s manufacturing footprint is still in transition: efficiency projects and plant consolidations are ongoing, with the bulk of cost savings expected to materialize through 2025 and 2026.

SIX MONTHS 2025 VERSUS 2024



In short, Goodyear Forward represents an aggressive but necessary course correction. The company is shrinking to strengthen—shedding weaker units to pay down debt, rebuilding profitability through efficiency and pricing discipline, and repositioning its brand toward higher-margin products. If management executes as planned, Goodyear could exit 2026 with a materially cleaner balance sheet, higher returns on capital, and sustainable free-cash-flow generation, turning what is currently a distressed, low-multiple cyclical into a credible turnaround story.

In terms of input costs, margins should also change soon. Management cited \$180 million dollars in cost increases last quarter, but this will change soon as these prices have stabilized and they get into new short term contracts to get more raw materials.

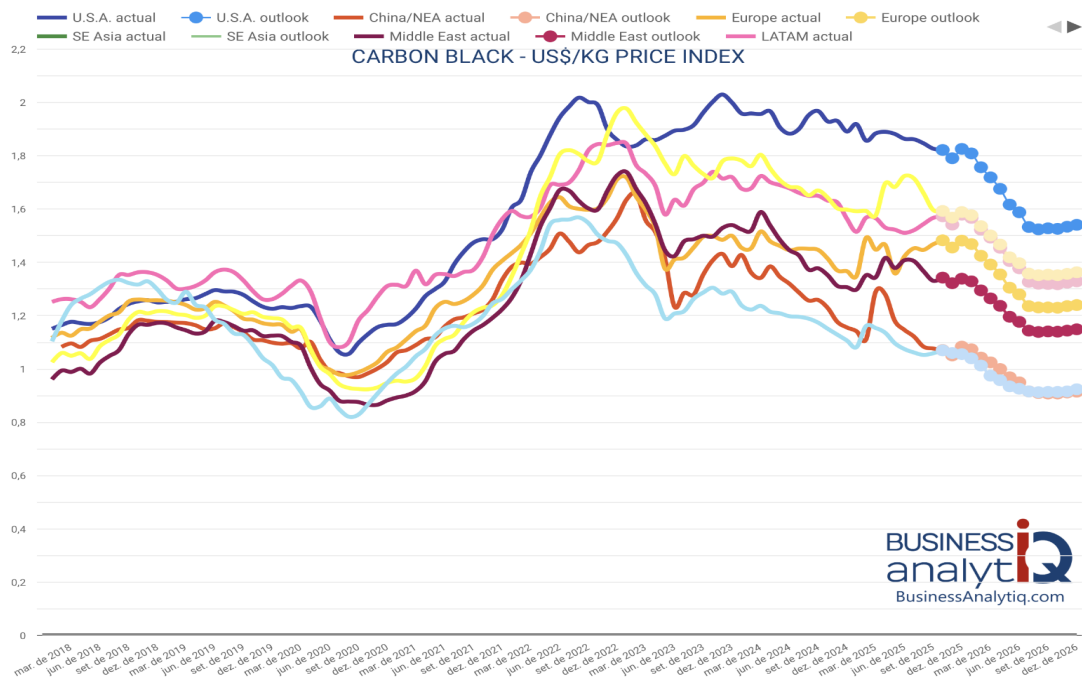
Goodyear's cost structure, which has long been at the mercy of volatile raw-material markets, is finally positioned to turn from a headwind into a tailwind. Nearly half of its cost of goods sold comes from materials, most of them tied to oil-derived chemicals, synthetic and natural rubber, and carbon black, meaning that any broad decline in feedstock prices directly lifts profitability once new contracts are signed. Over the past few months, these inputs have quietly softened: natural rubber has slipped from around \$17,500 per ton in February 2025 to roughly \$15,000 by June, and carbon black, another crucial reinforcement material, has fallen two to four percent per month in Asia during the second quarter. Because almost seventy percent of Goodyear's raw-material spend is linked to oil and petrochemical prices, the company's next round of procurement will likely come at materially lower rates than the ones that defined 2023 and early 2024. As existing inventories are sold down and new supply contracts lock in these lower costs, margins will begin to lift steadily through the second half of 2025.

Spot Price: Natural Rubber

Macro 2025-10-25



The chart below summarizes Carbon Black price trend per region, as well as the outlook. It takes a moment to load.



By then, the benefit from easing input prices will converge with a better price mix and structural savings from the Goodyear Forward plan — the company’s multi-year effort to simplify its operations, cut fixed costs, and refocus on higher-margin premium tires. With over a billion dollars in targeted cost reductions and a growing emphasis on larger-rim, higher-value products, Goodyear will finally be operating with both sides of its margin equation moving in the right direction: cheaper inputs and richer pricing. The lag between commodity markets and reported results means the full effect will take time to show, but as new contracts settle and product mix improves, the company’s profitability should begin to normalize, not through financial engineering or one-off gains, but through a genuine, operationally driven recovery.

As mentioned before in the macro section of this report, the backdrop for Goodyear is shifting in a way that could reignite demand across both sides of its business. Inflation has cooled, rates are coming down, and with new fiscal incentives like the “One Big Beautiful Bill” Act making cars more affordable, automakers are preparing to ramp up production after years of constrained output. That alone should push OEM tire volumes higher, restoring the flow of new contracts and improving utilization across Goodyear’s plants. At the same time, the company’s replacement business remains supported by an aging car fleet and elevated driving activity, a steady, high-margin base that now meets a recovering OEM cycle. Together, these forces set up a rare two-sided recovery, where both new vehicle production and long-term replacement demand rise in tandem, giving Goodyear the tailwind it has been waiting for to drive real top-line acceleration

Valuation:

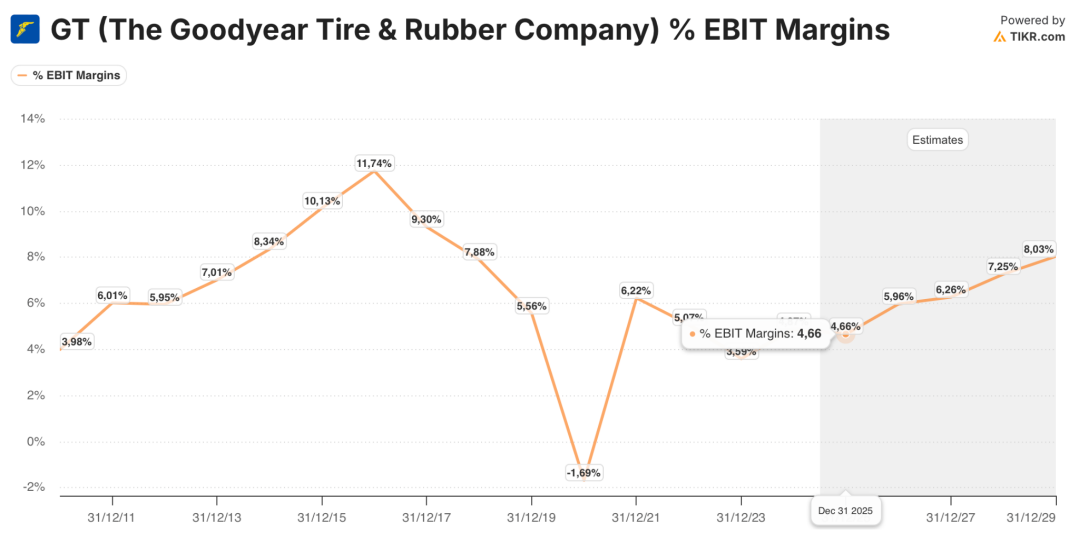
Current stock price	\$7.07	GT			
Shares outstanding (million)	289				
Desired return (discount rate)	10%				
Terminal Growth rate	2%				
Adj. FCF (Q2, annualized) (million)	1318.00				
Growth rate year 1-10	-6.60%				
Cash flow estimates					
	Year 1	Year 2	Year 3	Year 4	Year 5
FCF	1,318.00	1,231.01	1,149.77	1,073.88	1,003.00
Growth		-6.60%	-6.60%	-6.60%	-6.60%
Discounted FCFs					
	Year 1	Year 2	Year 3	Year 4	Year 5
FCF	1,318.00	1,231.01	1,149.77	1,073.88	1,003.00
Present value	1,198.18	1,017.37	863.84	733.47	622.79
Sum discounted CFs	4,435.64				
Terminal value					
TV	9,368.04				
Present Value TV	5,816.82				
Total equity value					
EV	10,252.46				
Net Debt	\$ 8,193.00				
Market Cap	\$ 2,059.46				
Value per share					
Intrinsic Value	7.13				
Upside/downside	0.79%				

The first thing I want to do to value GT, as I did with OMI and MNDY recently, is to analyze it through a reverse DCF and have an idea of how much growth the market is pricing into the company for the foreseeable future.

As of today, the market is expecting a growth of -6.60% in FCF for the next 5 years. Considering that the company has a strong plan for increasing margins for the next few years, and has actually been achieving great successes in which if not for the terrible cost increase in raw materials, and considering that they have an opportunity to benefit from a further rise in the auto market and the current replacement tire rate, I believe this growth is extremely pessimistic. Once the improvements in operations and top line start to kick in and margins improve, I expect the stock to have a multiple expansion too, which the market seems to overlook.

Assuming 2% annual revenue growth over the next five years is in line with what the auto market is expected to grow and the tire market is expected to expand too. As I did in my analysis of CPS, I expect the volume of cars to be produced in the US to increase at least back to pre-2021 levels when interest rates drop and the fiscal stimulus of the OBBBA kicks in, especially given the average age of a car on the streets today. This revenue growth can and probably will be higher than 2%, especially considering this market demand for auto products (both from OEMs and increased need for replacement tires given the old age of a car on the street) and GT's work of increasing the price mix of their products as part of the Goodyear Forward program, but for the sake of being conservative, I'll keep 2% growth just like I did with CPS.

As of the most recent reports (adjusted), GT has an EBIT margin of around 4.9%, which is well below their peers, which tend to generate low double digit or high single digit margins, and below Goodyear's historical average of around 7%. As explained before, I believe that the drop in some of their most important raw materials (in special rubber and carbon black) over the last few months combined with the monumental cost savings coming from the Goodyear Forward plan will allow the company to enjoy higher margins soon, reverting back to their historical mean or even surpassing that considering a lighter business model and better product mix from Goodyear Forward.



That being said, I expect their margins to increase at around 0.7% per year for the next 5 years, which would be in line with a ~\$175 million per year increase in EBIT coming from the Goodyear forward program, significant less than the \$400-\$750 million projected by the management team for 2025 and in line with what they've been able to do sustainably. As the management hasn't given precise guidance on the future of the program, I prefer to shoot for a more conservative number and, given that the valuation makes sense for that, analyze it further as I have more information.

In terms of valuation, it is reasonable to expect Goodyear to trade at around 8x EBIT within five years, reflecting both a return to normalized industry multiples and a broader re-rating as the company's balance sheet and risk profile improve. Historically, Goodyear has traded between 7x and 9x EBIT during periods of stable earnings and a healthier balance sheet, while peers such as Michelin and Bridgestone command 10–12x EBIT thanks to higher margins, lower leverage, and stronger product mix. As the company executes its Goodyear Forward plan combined with debt reduction, lower input costs, and a normalized auto cycle, this margin expansion should allow Goodyear to shed its distressed-industrial discount and trade more in line with its historical averages and long-term intrinsic earning power.

	Revenue (M)	Revenue Growth	EBIT margin		
Y0	\$18.489,00	2,00%	4,9%	Company	GT
Y1	\$18.858,78	2,00%	5,6%	Rev. Growth Change	0%
y2	\$19.235,96	2,00%	6,3%	EV	\$13.717,77
y3	\$19.620,67	2,00%	7,0%	net Debt	\$8.193,00
y4	\$20.013,09	2,00%	7,7%	market cap (M)	\$2.022,35
y5	\$20.413,35	2,00%	8,4%	Future price (M)	\$5.524,77
				Multiple	8
Y5 EBIT	\$1.714,72				
				return (CAGR)	22,26%

Current stock price		\$7.07	GT			
Shares outstanding (million) (Y10)		289				
WACC		10%				
Revenue Growth change		0				
Margin Growth		0.70%				
Cash flow estimates	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	18,498.00	18,867.96	19,245.32	19,630.23	20,022.83	20,423.29
Revenue Growth	N/A	2%	2.0%	2.0%	2.0%	2.0%
EBIT Margin	4.90%	5.6%	6.3%	7.0%	7.7%	8.4%
EBIT		1,056.61	1,212.46	1,374.12	1,541.76	1,715.56
Discounted FCFs	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
EBIT		1,056.61	1,212.46	1,374.12	1,541.76	1,715.56
Present value		960.55	1,002.03	1,032.39	1,053.04	1,065.23
Sum discounted EBITs		5,113.24				
Terminal value						
TV (at 8x EBIT)		13,724.45				
Present TV		8,521.80				
Present Value of EV		13,635.04				
Net Debt		\$ 8,193.00				
Total equity value						
Total equity value		5,442.04				
Value per share						
Intrinsic Value		18.83				
CAGR		21.64%				

All these assumptions lead me to believe that GT offers a great risk-return profile and will likely outperform the market over the next months. I expect a CAGR of around 22% for the stock over the next few years. However, my degree of confidence in the thesis isn't yet 100%. If the risks prove to be real, if the Goodyear Forward plan isn't executed as management predicts or if their divestiture proceeds are not enough to reduce debt significantly or if input costs rise again, I will have to revisit my thesis

I will continue to add to this position in my portfolio and leave it at around 8-10%. Once their earnings report comes out in a few days, which I certainly hope will drive the stock forward, I will have better insight into these risks and be able to re-evaluate a higher position or cut down on my bets.

