



**COOPERTIRES®**

**2018 ANNUAL REPORT**



## To our stockholders:

Cooper is pleased to have demonstrated our ability to deliver results during 2018, a year when global economic and tire industry conditions continued to be challenging.

We ended the year with consolidated net sales of \$2.8 billion, a 1.6 percent decrease from 2017 and operating profit of \$165 million, or 5.9 percent of net sales. Full year net income was \$77 million, or diluted earnings per share of \$1.51. This included a non-cash, goodwill impairment charge of \$34 million in the fourth quarter.

As stated at the beginning of 2018, we expected operating margin improvement throughout the year, and we delivered on this expectation as our strategic initiatives began to take hold. Unit volumes in the U.S. improved throughout the year, ending 2018 with two consecutive quarters of year-over-year growth. As previously disclosed, our decision to exit from some non-strategic private brand distributor business had an impact on our 2018 U.S. unit volume comparisons. Excluding this impact, Cooper would have outperformed the U.S. Tire Manufacturers Association (USTMA) with unit volume growth in 2018 compared to 2017.

We continued our strong record of share repurchases and dividend payments. In 2018, Cooper repurchased over one million shares of the company's common stock for approximately \$30 million. Additionally, Cooper distributed more than \$20 million in regular quarterly dividends, and recently announced our 188th consecutive quarterly dividend.

In 2018, we added significant talent to our Board of Directors and management team. Katy Dickson and Brian Walker joined our Board in October. Also, during the year, we enhanced our management team with the addition of Chris Eperjesy as Senior Vice President & Chief Financial Officer; Chris Ball as President, North America, and Alan Yang as Vice President & General Manager, Asia. All of these leaders are experienced global executives with expertise that will help us achieve our strategic objectives.

At Cooper's Investor Day on May 11, 2018, we outlined strategic initiatives and milestones. We are excited about the progress we have made:

**New, highly attractive product launches:** Cooper launched many exciting new products in 2018. We are proud of the outstanding performance and industry-leading mileage the new Discoverer AT3™ family of tires delivers. This new line exceeded our expectations in the market, and has been generating great consumer feedback. Another example of new product success is the Discoverer True North™ premium winter tire, which received a high performance ranking by an important consumer testing magazine.

**Performance of Cooper-branded truck and bus radial (TBR) products:** Since launching in May 2018, we have seen strong reception of this product line, including the announcement that Cooper TBR tires were selected as standard original equipment on Blue Bird® school buses.

**Stringent cost and cash management:** Through a focused effort, Cooper improved working capital by more than \$20 million and meaningfully reduced the number of inventory units in the Americas by over 10 percent compared to 2017.

**Optimizing our global production capacity:** Cooper is undertaking an assessment of our global manufacturing footprint, evaluating capacity, technology and capabilities, cost structure and the potential for capital-efficient expansion in each region. The Asia review was completed and it was confirmed that we are in line with our needs for the region. The Europe assessment determined that our Melksham, England site was not cost-competitive, and as a result, light vehicle tire production is being phased out there, which should improve Cooper Tire Europe's profitability over time. Finally, our assessment of the Americas is underway.

We are excited about a joint venture (JV) agreement to build a new TBR tire production plant in Vietnam. This JV is another step forward in Cooper's strategy to expand and diversify our TBR tire production globally, giving us capacity to serve our growing original equipment and replacement TBR tire business around the world.

We are confident that our strategic plan remains the right path to achieve our goals and drive shareholder value. We have a great team, a strong record of delivering solid returns on our investments, and remain confident in the overall strength of the Cooper business model. We have work to do, yet are confident that Cooper will, as we have for more than 100 hundred years, succeed in the long term. We are excited about our future and thank you for your support.



**Bradley E. Hughes**  
President & Chief Executive Officer



**Thomas P. Capo**  
Chairman

# STOCKHOLDER INFORMATION

## Executive Offices

Cooper Tire & Rubber Company  
701 Lima Avenue  
Findlay, OH 45840  
419-423-1321

## For Information

Tire Products	800-854-6288
Investor Relations	419-424-4165
Website	<a href="http://www.coopertire.com">www.coopertire.com</a>

## Annual Meeting

The 2019 Annual Meeting of Stockholders of Cooper Tire & Rubber Company will be held at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242 on Friday, May 3, 2019 at 10:00 a.m. Eastern Daylight Time. All stockholders are cordially invited to attend. Proxy material was sent or made available to stockholders.

## Transfer Agent & Registrar

Computershare Inc.  
PO Box 30170  
College Station, TX 77842-3170

888-294-8217 (toll free)  
24 hours automated or Mon. - Fri.  
8:30 a.m. to 5:30 p.m. (Central Time)  
[www.computershare.com/investor](http://www.computershare.com/investor)  
<https://www-us.computershare.com/investor/contact>

Stockholders requiring a change of name, address or ownership of shares, as well as information about stockholder records, lost or stolen certificates, dividend checks, dividend direct deposit and dividend reinvestment should contact our transfer agent by mail, by telephone or through its website.

## Filing Certifications

The Company has filed the certification required by Section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to its Form 10-K for the fiscal year ending December 31, 2018, filed with the Securities and Exchange Commission. On May 17, 2018, the Company filed with the New York Stock Exchange its Annual CEO Certification.

## Direct Investment Plan

Computershare Investor Services serves as Administrator for a direct investment plan for the purchase, sale and/or dividend reinvestment of Cooper Tire & Rubber Company common stock. For information, call Computershare Investor Services at 888-294-8217.

## Board of Directors

Thomas P. Capo<sup>1, 2</sup>  
Non-Executive Chairman of the Board,  
Former Chairman of the Board  
Dollar Thrifty Automotive Group, Inc.

Steven M. Chapman<sup>1, 3</sup>  
Group Vice President, China and Russia  
Cummins, Inc.

Susan F. Davis<sup>3</sup>  
Former Executive Vice President,  
Asia-Pacific Region  
Johnson Controls

Kathryn P. Dickson  
Former Senior Vice President  
Mattel, Inc. and President  
American Girl

John J. Holland<sup>2</sup>  
President  
Greentree Advisors LLC

Bradley E. Hughes  
President & Chief Executive Officer  
Cooper Tire & Rubber Company

Tracey I. Joubert<sup>2</sup>  
Chief Financial Officer  
Molson Coors Brewing Company

Gary S. Michel<sup>1, 2</sup>  
President and Chief Executive Officer  
JELD-WEN Holding, Inc.

Brian C. Walker  
Former President and  
Chief Executive Officer  
Herman Miller, Inc.

Robert D. Welding<sup>1, 3</sup>  
Former Non-Executive Chairman  
Public Safety Equipment (Int'l) Limited

## Executive Officers

Bradley E. Hughes  
President & Chief Executive Officer

John J. Bollman  
Senior Vice President &  
Chief Human Resources Officer

Christopher J. Eperjesy  
Senior Vice President &  
Chief Financial Officer

Stephen Zamansky  
Senior Vice President,  
General Counsel & Secretary

## Other Corporate Officers

Gerald C. Bialek  
Vice President & Treasurer

James P. Keller  
Senior Vice President

Philip F. Kortokrax  
Senior Vice President

Jack J. McCracken  
Vice President,  
Assistant General Counsel  
& Assistant Secretary

<sup>1</sup> Member of the Nominating and Governance Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Compensation Committee



***COOPERTIRES***<sup>®</sup>

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