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1969 Annual Report

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THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

The Goodyear Tire & Rubber Company of Canada, Limited

Board of Directors

R. C. BERKINSHAW, C.B.E., Q.C., *Toronto*
H. A. BRUNDAGE, *Toronto*
P. P. DAIGLE, *Montreal*
R. DeYOUNG, *Akron*
K. E. KENNEDY, Q.C., *Toronto*
LOUIS A.-LAPOINTE, Q.C., *Montreal*
H. G. MacNEILL, *Toronto*
J. C. MOON, *Toronto*
A. DEANE NESBITT, O.B.E., D.F.C., *Montreal*
BRUCE M. ROBERTSON, *Akron*
L. E. SPENCER, *Toronto*
R. V. THOMAS, *Akron*
G. F. TURNER, *Toronto*

Officers

L. E. SPENCER, *President and General Manager*
H. G. MacNEILL, *Executive Vice President—Sales*
J. C. MOON, *Executive Vice President—Manufacturing*
H. A. BRUNDAGE, *Vice President—Finance*
K. E. KENNEDY, Q.C., *Vice President and General Counsel*
G. F. TURNER, *Vice President—Goodyear Replacement Sales*
S. G. FEARMAN, *Vice President—Materials Management*
C. E. CLARKE, *Treasurer*
A. E. ROBINETTE, Q.C., *Secretary*
D. F. CATTO, *Comptroller*
G. E. BENNETT, *Assistant Comptroller*
R. D. COPELAND, *Assistant Comptroller*

Head Office: 3050 Lake Shore Boulevard West, Toronto 14, Ont.

Plants

Toronto, Ont. (2)
Bowmanville, Ont.
Collingwood, Ont.
Owen Sound, Ont.
St. Hyacinthe, Que.
Quebec City, Que.
Valleyfield, Que.
Medicine Hat, Alta.

Wholesale Distributor

St. John's, Nfld.
A. E. Hickman Company Limited

Sales Districts

Moncton
Quebec
Montreal
Ottawa
Metropolitan Toronto
Southern Ontario
Western Ontario
Northern Ontario
Winnipeg
Saskatoon
Calgary
Edmonton
Vancouver

1967: Goodyear's Greatest Year in Racing

Goodyear's greatest year in racing was highlighted in Canada by the clean sweep of Canada's first Grand Prix by Goodyear-shod cars. Jack Brabham, former world champion, won, followed by Dennis Hulme, who finished the racing season as world champion, and Dan Gurney. Hulme also won three of six Can-Am Challenge Cup races; another two were won by Bruce McLaren, also on Goodyears. Another highlight of Goodyear racing in Canada was the sweep of the Telegram Trophy Race for "Indianapolis 500" type cars by Bobby Unser, Roger McClusky and Gordon Johncock.

On the American circuit, A. J. Foyt's winning the Indianapolis 500 on Goodyears without a tire

change proved to the world of racing that Goodyear tires are indeed rugged and efficient.

On the international scene, Goodyear-shod cars proved to be eminently successful winning major races, including the Grands Prix of France, Belgium, Monaco and Germany and the Le Mans 24-hour endurance race.



Goodyear-Canada president, L. E. Spencer, left, was one of first to congratulate Brabham on Canadian Grand Prix win.



Brabham crosses finish line on Goodyears to capture Canada's first Grand Prix.

Goodyear's Good Will Ambassador "Mayflower" Over Expo 67

During its visit to Canada to celebrate the country's Centennial, the Goodyear airship "Mayflower" spent seven weeks in Montreal and two weeks in Toronto. It proved to be an outstanding attraction to adults and children alike at Expo 67 and the Canadian National Exhibition.





Goodyear Product Groups

Tire Products

TIRES & TUBES for

Automobiles
Trucks
Busses
Earthmovers
Construction
Mining
Logging
Farm and garden tractors
Implements
Industrial vehicles
Golf carts
Wheelbarrows
Lawnmowers
Motorcycles

Scooters
Racing cars
Trailers
Mobile homes
Aircraft
Military vehicles
"Go anywhere"
military and
civilian vehicles

Aircraft wheel and brake assemblies

General Products

INDUSTRIAL PRODUCTS

Conveyor belts
Steel cable conveyor belting
Flat transmission belts
Industrial V-belts
FHP V-belts
Poly V-belts
Fan belts
Positive drive belts
Variable speed belts
Snow vehicle drive belts
Track vehicle belts
Industrial hose
Automotive hose
Hydraulic hose
Engine and chassis mountings
Tracked vehicle components
Molded rubber products
Extruded rubber products
Printers' blankets and gums
Rubber sheet materials
Rubber and asbestos packing
Industrial rolls
Dock and ship fenders
Matting
Pillow tanks
Inflatable dunnage
Snowplow blades
Dri-liner products

MOLDED URETHANE PRODUCTS

Pliofoam
regular, full volume
and specially designed
sections for autos,
buses,
Pliotrim for mobile
instrument panels and padded
interior applications
Pliofilm
replacement for wood products



SHOE PRODUCTS

Neolite soles and heels
Crown Neolite soles and heels
Neolite Flex soles
Vulcabond unit soles
Vinabond unit soles
Neolite Crepe soles and
heels with Tufsyn
Chemigum soles and heels
Wingfoot soles and heels
Sport soles and heels
Neothane toplifts
Neolite toplifting
Crown Neolite toplifting

FILMS & ADHESIVES

Packaging Films

Pliofilm for

Coffee
Hydroscopic
products
Self-service foods
and other products

Vitafilm for

Produce
Meats
Heavy-duty packaging
(paper products, textiles,
hardware items)

Adhesives for

Industrial and
household uses
Pliobond
Pliogrip
Pliotac

To the Shareholders of The Goodyear Tire & Rubber Company of Canada, Limited:

Consolidated net sales of \$175,841,000 compared with \$154,224,000 in 1968. The growth of \$21,617,000 over last year represents a gain of 14.0%. It was the seventh consecutive year of increased sales.

Net income for the year amounted to \$1,232,000 or \$3.83 per common share. 1968 net income totalled \$171,000.

Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares. No common dividends were paid.

Taxes and duties of all kinds provided in 1969 totalled \$13,866,000, equivalent to \$53.90 per common share, as compared with \$10,820,000 or \$42.06 per share in 1968.

Net income for the year was adversely affected by an extended strike at the Valleyfield, Quebec plant and related productivity problems. Also, realignment and phasing-in of other plants' new machinery and equipment coupled with significantly large increases in costs of labour, materials and services adversely affected profits in 1969.

Total compensation paid to employees during the year aggregated \$50,878,000 as compared with \$44,206,000 for the year 1968. In addition, costs of the Company's pension, hospitalization, group insurance and related benefits increased to \$5,414,000 from \$3,951,000 in the prior year.

Capital expenditures for expansion, improvements and replacements of property in 1969 totalled \$12,945,000; depreciation amounted to \$6,820,000.

Heavy capital expenditure programmes required to meet greatly expanded market demands were substantially completed. Future capital expenditures will be geared to normal growth and modernization requirements.

The aggressive campaign to reduce costs and tightly control expenses will continue and will be accelerated in order to regain an early satisfactory profit position.

Goodyear entered into volume production on its Polyglas tire, a new type of tire built on a new concept in tire construction. The Polyglas tire features a bias-ply polyester cord body and fiberglass belts under the tread.

Not since the introduction of the tubeless tire has the public been presented with such an exciting new tire innovation.

Replacement demand for Polyglas tires, which give up to double the mileage at a price premium ranging from 25 to 35 per cent, is pressing the Company's current ability to supply them.

The new Polyglas tire now is offered as optional or original equipment by every car division of all the major automotive manufacturers.

While tires for automobiles, earthmovers, trucks, tractors, racing cars and all other types of vehicles are the Company's major products, Goodyear makes thousands of other products for home and industry.

The list includes instrument safety panels and foam cushioning for autos; rubber blades for snowplows; aircraft wheel and brake assemblies; hose; transmission and conveyor belts of all types, including steel cable conveyor belts; rubber railroad crossings; snow vehicle drive belts; packaging film for produce and meat packaging; shoe products, and many other items.

To-day's consumer looks for quality, safety and service; and, our Company offers all three through a nationwide network of sales outlets for our products.

The Goodyear dealer organization is the best in the industry, and much of the credit for our success is due to the leadership and loyalty of our dealers throughout Canada.

We also continued to strengthen our distribution by modernizing and increasing our retail store chain.

Effective January 1, 1970, the following personnel changes were made. Mr. L. E. Spencer moved to the position of Chairman of the Board and Mr. H. G. MacNeill, formerly Executive Vice-President—Sales, succeeded him as President and General Manager. Mr. G. F. Turner retired as Vice-President—Goodyear Replacement Sales, and was succeeded by Mr. D. W. Moriarty, formerly President of Seiberling — Canada. Mr. K. G. MacKenzie became President of Seiberling — Canada. Mr. Turner also retired as a Director.

People continue to be our most important resource; and, we salute the dedication, abilities and fine workmanship of Goodyear people country-wide.

Confident that the demand for our products will grow at a faster pace than the economy of Canada, we will continue to provide the necessary facilities and manpower to enable our Company to take full advantage of these opportunities as they develop and to maintain its position of leadership in our industry.

With the approval of the Board of Directors,



Chairman of the Board



President

February 3, 1970.

Consolidated Balance Sheet

Assets

	DECEMBER 31	
	1969	1968
	(in thousands)	
CURRENT ASSETS:		
Cash	\$ 167	\$ 204
Accounts receivable, less allowance for doubtful accounts: 1969 — \$711; 1968 — \$992	34,155	37,663
Inventories at lower of cost or market . .	42,949	41,087
Prepaid expenses	40	9
TOTAL CURRENT ASSETS	<u>77,311</u>	<u>78,963</u>

MISCELLANEOUS INVESTMENTS, at cost less allowances	558	822
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PROPERTIES AND PLANTS:

Land, buildings, machinery and equip- ment, at cost	120,198	108,699
Less: Depreciation	69,715	64,205
	<u>50,483</u>	<u>44,494</u>
	<u>\$128,352</u>	<u>\$124,279</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

Liabilities

	DECEMBER 31	
	1969	1968
	(in thousands)	
CURRENT LIABILITIES:		
Bank indebtedness	\$ 4,966	\$ 3,431
Loan from parent company	5,000	—
Accounts payable and accrued liabilities	15,034	14,945
Income and other taxes payable	1,089	780
Dividend payable on preferred shares	62	62
TOTAL CURRENT LIABILITIES	<u>26,151</u>	<u>19,218</u>
LONG TERM DEBT:		
Bank loans due 1971 under revolving credit agreements	43,475	47,175
Funded debt of subsidiary	400	450
	<u>43,875</u>	<u>47,625</u>
DEFERRED INCOME TAXES	3,309	3,197
DEFERRED INCOME	1,809	1,996

Shareholders' Equity

CAPITAL STOCK:		
4% cumulative redeemable sinking fund preferred shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized, issued and outstanding, 1969—123,473 shares; 1968—123,878 shares	6,174	6,194
Common shares, no par value:		
Authorized, 290,660 shares; issued and outstanding, 257,260 shares	129	129
CAPITAL SURPLUS	692	692
RETAINED EARNINGS	46,213	45,228
	<u>53,208</u>	<u>52,243</u>
	<u>\$128,352</u>	<u>\$124,279</u>

Consolidated Income Statement

	YEAR ENDED DECEMBER 31	
	1969	1968
	(in thousands)	
Net sales	\$175,841	\$154,224
Income from investments	74	120
	<u>175,915</u>	<u>154,344</u>
Deduct:		
Costs and expenses	167,303	149,500
Depreciation	6,820	6,523
Income taxes:		
Current	448	(1,046)
Deferred	112	(804)
	<u>174,683</u>	<u>154,173</u>
Net income for the year	<u>\$ 1,232</u>	<u>\$ 171</u>

Consolidated Retained Earnings Statement

	YEAR ENDED DECEMBER 31	
	1969	1968
	(in thousands)	
Balance at beginning of year	\$ 45,228	\$ 45,820
Net income for the year	1,232	171
	<u>46,460</u>	<u>45,991</u>
Deduct:		
Dividends:		
On 4% preferred shares	247	248
On common shares	—	515
	<u>247</u>	<u>763</u>
Balance at end of year	<u>\$ 46,213</u>	<u>\$ 45,228</u>

Notes to Consolidated Financial Statements

1. The accounts receivable at December 31, 1969 include \$1,945,000 due from affiliated companies, and \$2,742,000 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Certain store and warehouse properties are leased at minimum annual rentals which total \$1,788,000 for 1970. Most of the leases may be renewed by the Company on expiry.
3. The Company's total unfunded obligation for pension benefits arising from service prior to December 31, 1969 is estimated to be \$14,091,000 and has not been provided for in the accounts. Since 1958 the Company has been funding past service obligations by the payment of annual instalments which are charged against operations and proposes to continue this practice through 1989.
4. Remuneration to directors and senior officers of the Company in 1969 amounted to \$264,000.

Consolidated Statement of Funds

	YEAR ENDED DECEMBER 31	
	1969	1968
	(in thousands)	
SOURCE OF FUNDS:		
Net income for the year	\$ 1,232	\$ 171
Expenses not requiring a current outlay of funds—principally depreciation and deferred income taxes	6,827	5,719
Total from operations	<u>8,059</u>	<u>5,890</u>
Long term debt	—	26,975
Property disposals	136	315
Deferred income and investments	182	571
	<u>8,377</u>	<u>33,751</u>
 APPLICATION OF FUNDS:		
Expenditures for properties and plants	12,945	13,642
Long term debt	3,750	—
Dividends	247	763
Preferred shares redeemed	20	102
	<u>16,962</u>	<u>14,507</u>
Decrease (increase) in working capital	<u>\$ 8,585</u>	<u>\$(19,244)</u>

Auditors' Report

TO THE SHAREHOLDERS OF
THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1969 and the consolidated statements of income, retained earnings and funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Toronto, January 26, 1970.

Chartered Accountants.



Memory Belts run length of warehouse, discharging merchandise at pre-arranged destinations.

The Memory Belt: Goodyear Produces Canada's First

A conveyor belt with a memory — something new — and, in 1969, The Goodyear Tire and Rubber Company of Canada, Limited, manufactured and installed Canada's first one.

Called a Memory Belt, it is the latest concept in materials handling and serves as the nerve center of Dominion Stores' new \$7 million distribution center in suburban Toronto. Made at Goodyear-Canada's Bowmanville, Ontario, plant, the belt transports and sorts goods in the 600,000 square foot warehouse.

The Memory Belt differs from conventional conveyor belts in that goods carried on it are dumped automatically at various points in the warehouse. At no time are the cases touched by hands.

The belt's "brain" is a layer of shredded steel wire imbedded within the belt which can be magnetized with a certain pattern or code that becomes the "address" for each item being carried on the belt.

Using magnetic polarity, electronic equipment "writes" the address in the shredded wire directly beneath each item on the belt. When an item reaches a point where it is to be diverted, the code is "read" by an electronic device which activates an arm to sweep the item from the belt. When the item leaves the belt, its address is erased.

The system is reversible and can be used for either shipping or receiving merchandise.

Company a leader in manufacture of snow tracks

In 1969, The Goodyear Tire and Rubber Company of Canada, Limited became the second largest snow vehicle track manufacturer in North America. And based upon the company's forecasts and advance orders, it will become the industry's leader in 1970.

During 1969 new snow track manufacturing equipment was installed at the company's Bowmanville, Ontario plant and still more will be in operation before the end of the 1970 sales season.



Snow vehicle on Goodyear track goes over the hump.

When Goodyear foresaw the snow vehicle boom and aggressively entered the market two years ago, the initial production run was only 7,571 units. This year the company will supply one third of the tracks expected to be sold in North America.

Because snow vehicles are a relatively new market, most tracks are used as original equipment, but Goodyear-Canada is already gearing to meet the coming replacement demands from snowmobile owners.

