

## Corporate Credit Rating

New  Update

Sector: Tire

Publishing Date: 22/12/2021

### Chief Analyst

Fatih Lap  
 +90 212 352 56 73  
[Fatih.lap@jcrer.com.tr](mailto:Fatih.lap@jcrer.com.tr)

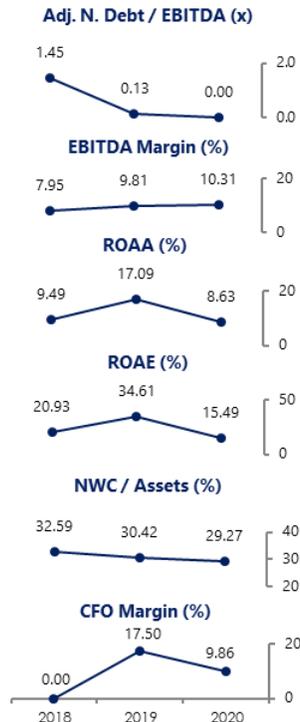
### Analyst

Doğukan Taşören  
 +90 212 352 56 73  
[dogukan.tasoren@jcrer.com.tr](mailto:dogukan.tasoren@jcrer.com.tr)

## RATINGS

		Long Term	Short Term
National	Local Rating	AA+ (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sovereign	Sponsor Support	1	-
	Stand-Alone	A	-
	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

\*Assigned by JCR on May 31, 2021



# Goodyear Lastikleri Türk Anonim Şirketi

JCR Eurasia Rating, has evaluated **Goodyear Lastikleri Türk Anonim Şirketi** in high investment-level category on the national scale and assigned the ratings on the Long-Term National Scale as **'AA+ (Trk)'** and Short-Term National Scale as **'A-1+ (Trk)'** with **'Stable'** outlooks.

**Goodyear Lastikleri Türk A.Ş.** (referred as "Goodyear" or "the Company") was officially established in 1961. The Company continues its activities in the production and sale of radial passenger car, light truck, minibus, truck and bus tires under the brands of Goodyear, Fulda, Sava, Debica and Kelly. Moreover, it operates in Turkey as a subsidiary of "The Goodyear Tire & Rubber Company" and has 1.607 (FYE2020: 1.817 personnel) average number of personnel as of 30 September, 2021. In addition, Goodyear holds two production facilities, one in Sakarya and the other being located in Kocaeli province of Republic of Turkey. Also, headquarters of Goodyear are currently positioned in Sarıyer, Istanbul.

Moreover, paid in capital of the Company amounts to TRY 270.00mn (Registered capital: TRY 400.00mn) in which Goodyear S.A. is the controlling shareholder with its 74.60% shares. The remaining 25.40% of the shares are traded on Borsa Istanbul ("BIST") under the ticker-name of "GOODY".

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
<ul style="list-style-type: none"> <li>Consistent growth in operational profitability continuing in Q32021</li> <li>Notably low financial borrowings compared to asset size</li> <li>Strong equity structure supported by net profit and retained earnings</li> <li>Prudent collection policy and high cash level enhances the asset quality at large extent</li> <li>High industry experience thanks to operations in national and international markets along with multifarious products</li> <li>Successful track record in terms of manufacturing and export volumes, contributing to brand value</li> <li>High level of compliance regarding corporate governance implementations</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in sales volume mainly stemming from Covid-19, though recovery in third quarter</li> <li>Intense competition environment throughout tire industry including multinational players</li> <li>Currency rate fluctuations, raw material, and freight costs may put a strain to profit margins</li> <li>Global rubber shortage may affect the tire industry</li> <li>Worldwide uncertainty increases after Covid-19 pandemic pressuring the local and global economic outlook</li> </ul>

Considering the above given points, Goodyear's Long-Term National Rating has been assigned as **'AA+ (Trk)'**. Consistent growth in operational profitability continuing in Q32021, notably low financial borrowings, prudent collection policy together with high cash level, strong equity structure, high industry experience as well as having operations in national and international markets, successful track record in terms of manufacturing and export volumes and high level of compliance regarding corporate governance practices have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short Term National ratings are determined as **'Stable'**. Conversely, downfall in sales volume, fluctuations in currency rate, raw material and freight costs, intense competition environment in the sector, rubber shortages that may affect the industry and worldwide uncertainty increases in the wake of Covid-19 pandemic will be closely monitored by JCR Eurasia Rating in upcoming periods.

The Sponsor Support notes and associated risk assessments reflect the financial and non-financial positions of the shareholders of the Company. It is considered that the main shareholder of the Company, Goodyear S.A., intends to maintain its dominance over Goodyear in the long term and have the willingness and experience to ensure long-term liquidity and equity within their financial capability together with efficient operational support when required. In this regard, the Company's Sponsor Support Grade has been assigned as **(I)** in JCR Eurasia Rating's notation.

Additionally, the Stand Alone note of the Company has been constituted particularly with respect to the internal resource generation capacity, sales performance, equity structure, market shares, liquidity profile, profitability ratios, risk management practices, development of existing risks in the business environment and capability to access financing sources in times of need. Consequently, our opinion is that the Company has reached the level of sufficient experience, facilities to manage the incurred risks on its balance sheet regardless of any help from the shareholders. Within this context, the Stand Alone note of Goodyear has been determined as **(A)** in the JCR Eurasia Rating notation system.