

Corporate Credit Rating

☐ New ☒ Update

Sector: Tire

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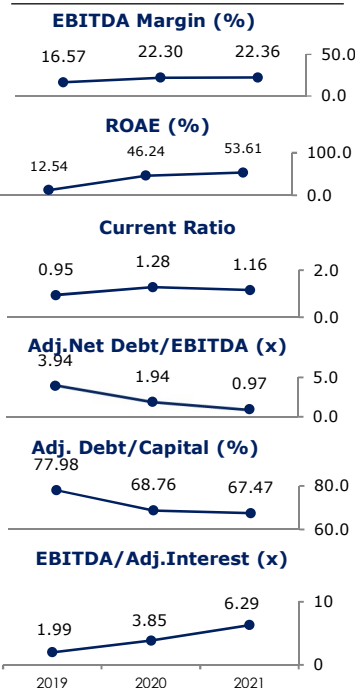
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	J2
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB+	J2
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated the "Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş." in the investment-level category and upgraded the Long-Term National Issuer Credit Rating to 'AAA (tr)' from 'AA+ (tr)' and assigned the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BBB+/Stable'.

Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. (Brisa or "the Company") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") with the aim of tire production. The Company, signed partnership with Bridgestone Corporation in 1988, started to produce and sell of Bridgestone and Lassa brand tires. In addition to İzmit plant span over 361k m² closed area, Brisa completed its second manufacturing plant in Aksaray on a 952k m² area with an investment of USD 300mn in January, 2018. As of FYE2021, 36.3% of revenues consisted of export sales, Brisa exports its products to 87 countries through more than 600 Lassa Tires branded shops and 6,000 sales points.

The Company is jointly controlled by Sabancı Holding (43.63%) and Bridgestone Corporation (43.63%) as of reporting date. Brisa shares have been traded on Borsa İstanbul Index (BIST) since 1986 with a free-float rate of 10.24% under ticker-name of "BRISA".

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

Strengths

- Strategic partnership with Bridgestone Corporation, one of the leading tire producers in the World and cooperation with the World's leading automotive companies,
- Substantial revenue growth in 2021, supported by well-recognized brands and strong distribution network on a global/local scale,
- Improvement in profitability margins in 2021 and strong financial results of 1Q2022,
- Solid short-term net cash position as a result of successful cash management,
- Sustainable financial leverage and equity structure,
- High level of compliance with Corporate Governance Practices owing to listed status.

Constraints

- Competitive environment in tire industry including multinational players,
- Unit cost price fluctuations and volatility of energy prices may put pressure on profitability margins,
- The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded to 'AAA (tr)'. Continuation of the Company's cash generation capacity and steady profitability indicators along with strong financial results of 1Q2022 have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's profitability performance, asset quality and equity structure will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.