

## Corporate Credit Rating

☐ New ☒ Update

**Sector:** Tyre

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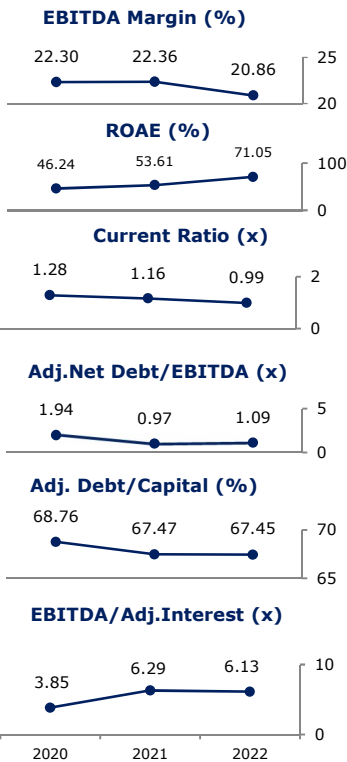
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
	International LC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

\* Assigned by JCR on Aug 18, 2022



## 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 affirmed the Long-Term National Issuer Credit Rating as '**AAA (tr)**' and the Short-Term National Issuer Credit Rating as '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as '**BBB+ /Stable**'.

**Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.** (referred to as "Brisa" or "the Company") was established in 1974 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") with the aim of tyre production. The Company signed a partnership with Bridgestone Corporation in 1988 and started to produce and sell Bridgestone and Lassa brand tyres. Currently comprising many major brands Bridgestone, Lassa, Dayton, Firestone, Kinesis and Bandag, the Company conducts its manufacturing operations through 2 plants located in İzmit and Aksaray, Türkiye. In addition to the İzmit plant spanning over 361k m<sup>2</sup> covered area, Brisa completed its second manufacturing plant in Aksaray with a 146k m<sup>2</sup> covered area with an investment of USD 300mn in January 2018. İzmit plant has 11mn units, Aksaray plant has 2.5mn units of annual production capacity. As of FYE2022, 33.8% of revenues consisted of export sales. Brisa exports its products to 88 countries and has more than 600 Lassa Tyres 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 the ticker name "BRISA".

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

### Strengths

- Revenue growth in FY2022 and 1Q2023 due to partial recovery of supply chain issues in the automotive sector,
- Sustainable profitability through effective pricing, hedging policies and increased efficiency in production,
- A broad product portfolio with the manufacture of tyres Bridgestone, Lassa, and Dayton branded, along with tyre imports,
- Co-operation with the world's leading automotive companies and a solid global/local distribution network,
- Strong cash generation capacity and contribution of sukuk and corporate bond issuances in 1Q2023 to liquidity structure,
- Adequate financial leverage indicators and equity structure,
- Actions in the field of sustainability,
- Reputable partnership structure backed by Sabancı Group and Bridgestone Corporation,
- High level of compliance with Corporate Governance Practices.

### Constraints

- Potential fluctuations in demand in the automotive industry, which is adversely affected by the chip crisis and global tightening, may have a negative impact on the Company,
- The competitive environment of the tyre industry, including multinational players along with the raw material prices that may change depending on global market conditions, may put pressure on profit margins,
- As China's reopening and stable exchange rates generate significant headwinds to Türkiye's exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as '**AAA (tr)**'. The Company's strong revenue and EBITDA generation capacity, profitability indicators, leverage metrics, asset quality, risk management implementations, successful track record, and long experience in the sector, along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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.