JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

Corporate Credit Rating

☐New ☒Update

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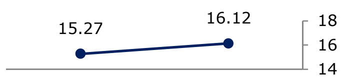
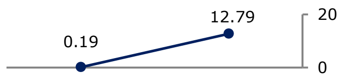
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*

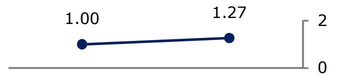
EBITDA Margin (%)



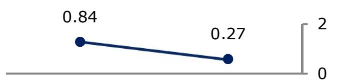
Net Working Capital/Assets (%)



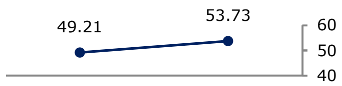
Current Ratio (x)



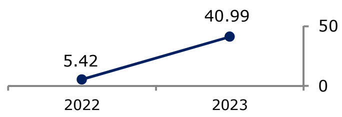
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



EBITDA = Gross Profit – OpEx (SG&A, Marketing and R&D expenses) + Depreciation & Amortization

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 grade category with the highest credit quality 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, 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 m² covered area, Brisa completed its second manufacturing plant in Aksaray with a 146k m² 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.

Brisa recorded TRY 26.5bn of net sales revenue in FY2023 with IAS 29 impact, TRY 8.87bn of revenues consisted of export sales. Brisa exports its products to 83 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 10.2% under the ticker name "BRISA".

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

Strengths	Constraints
• Maintaining a solid revenue structure in FY2023 thanks to well-diversified sales channels and high capacity utilization rates, • Improvement in profitability margins in FY2023 with supply chain and hedging policies along with efficiency efforts in production against cost increases, • Diversified product and service portfolio through the production of Bridgestone, Lassa, and Dayton branded tyres as well as tyre imports along with Mobility Centres, • Contribution of Sukuk and corporate bond issuances realized in FY2023 to the liquidity structure with robust cash flow metrics along with short-term net cash position as of FYE2023, • Decreased financial leverage metrics as of FYE2023 with improvement in profit margins and lower net debt position, • Access to international financing channels with the contribution of sustainability actions, • Reputable partnership structure backed by Sabancı Group and Bridgestone Corporation and co-operation with the world's leading automotive companies, • High level of compliance with Corporate Governance Practices.	• Fluctuations in demand in the global automotive sector together with rising costs may put potential pressure on the Company's profit margins, • Intense competitive environment of the tyre industry, including multinational players, • Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

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.

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