Corporate Credit Rating

☐New ☒Update

Sector: Tire
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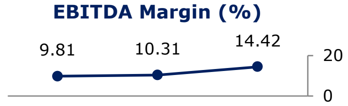
Chief Analyst
Fatih Lap
+90 212 352 56 73
fatih.lap@jcrer.com.tr
Team Leader
Çetincan Topçu
+90 212 352 56 73
cetincan.topcu@jcrer.com.tr
Analyst
Doğukaan Taşören
+90 212 352 56 73
dogukaan.tasoren@jcrer.com.tr

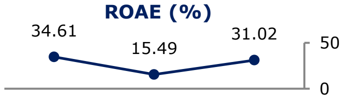
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)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

* Assigned by JCR on August 18, 2022

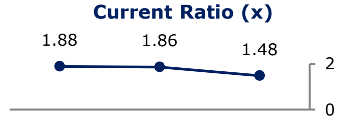
EBITDA Margin (%)



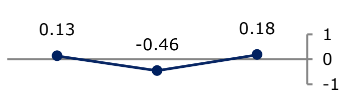
ROAE (%)



Current Ratio (x)

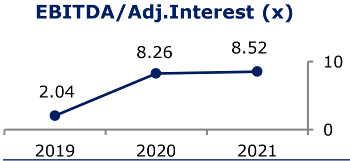


Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)

EBITDA/Adj.Interest (x)



GOODYEAR LASTİKLERİ TÜRK ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated **Goodyear Lastikleri Türk A.Ş.** in investment-level category and affirmed the Long-Term National Issuer Credit Rating at **'AA+ (tr)'** and 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 also assigned as **'BB/Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

Goodyear Lastikleri Türk Anonim Şirketi (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 Türkiye as a subsidiary of "The Goodyear Tire & Rubber Company" and maintains 1,555 average number of personnel as of 30 September, 2022 (FYE2021: 1,615). In addition, Goodyear holds two production facilities, one in Sakarya province and the other being located in Kocaeli province of Republic of Türkiye. Headquarters of the Company are currently positioned in Sarıyer, Istanbul. The Company has 15,625 and 2,976 daily tire production capacity in its Adapazarı and İzmit production facilities, respectively as of 3Q2022.

Moreover, paid in capital of the Company amounts to TRY 270mn (Registered capital: TRY 400mn) 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".

Furthermore, ultimate shareholder, The Goodyear Tire & Rubber Company, maintains 57 factories in 23 different countries along with two innovation centers positioned in USA and Luxembourg and has approximately 72,000 employees within its structure, having more than 100 years of experience in the sector since its establishment in 1898. The Goodyear Tire & Rubber Company also possesses 100% of Goodyear S.A.'s shares.

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

Strengths	Constraints
• Consistent increase in sales revenue supported by recovery in sales volume in FY2021 and 3Q2022 • Despite increase in financial debt at 3Q2022, continuation of robust financial leverage profile • Ongoing low doubtful trade receivables compared to trade receivables size, demonstrating low collection risk • Long lasting experience in the sector, being backed by globally well-known partner and continuation of successful track record in terms of manufacturing and export volumes that supports the brand identity • As an institution subject to Capital Market Law, high transparency with regard to corporate governance compliance	• Decreasing tendency in CFO that also results with deterioration in FOCF starting from FY2021 due to CAPEX • Consecutively recorded FX short position that makes endurance difficult against possible currency shocks • Fluctuations in raw material prices and increase in production costs may affect the profitability indicators • Stiff competition environment throughout tire industry including multinational players • Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Ratings has been affirmed at **'AA+ (tr)'**. Consistent increase in sales revenue supported by recovery in sales volume in FY2021 and 3Q2022, ongoing robust financial leverage profile despite increase in financial debt at 3Q2022, low doubtful trade receivables, high experience in the sector, being backed by globally well-known partner and successful track record in terms of manufacturing and export volumes, high transparency in terms of corporate governance compliance 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'**. Decreasing trend in CFO along with negative FOCF figures, consecutively recorded FX short position, fluctuations in raw material prices and increasing production costs, stiff competition environment of the Company's sector, global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe 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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