

Corporate Credit Rating

New Update

Sector: Tire

Publishing Date: 13/12/2023

Team Leader

Çetincan Topçu

+90 212 352 56 73

çetincan.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	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

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 as '**AA+ (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 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 1,588 average number of personnel as of 30 September, 2023 (FYE2022: 1,685). In addition, Goodyear holds two production facilities in Sakarya and Kocaeli provinces of Republic of Türkiye with 15,600 and 2,995 tires/daily capacity, respectively.

Adeddy, registered address of Goodyear is located in Sarıyer, Istanbul. 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 in 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.

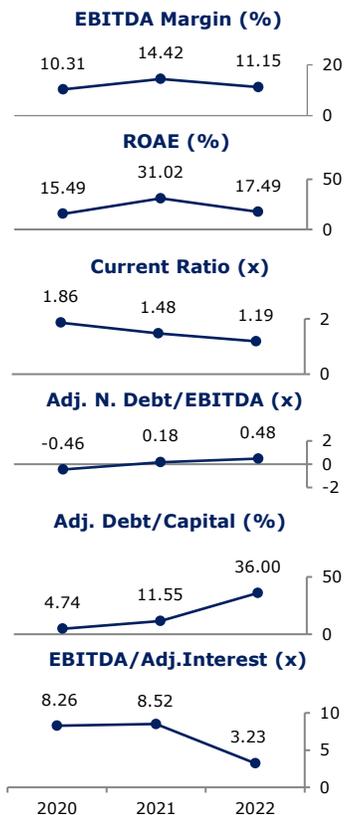
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- The advantages of operated name and logo with "Goodyear" and having long sector experience,
- Major improvement in cash metrics in 3Q2023 financials, resulting with favorable free cash flow,
- Despite notable uprise in financial debt starting from FYE2022, continuation of favorable financial leverage profile,
- Low collection risk and impaired receivables through received collaterals and presence of receivable insurance,
- Being a publicly listed company obliges to corporate governance compliance policies,
- Having reputable rankings over the years in the lists such as ISO 500 and TIM first 1,000 exporters contributing to the Company value.

Constraints

- Realized decrease in 3Q2023 sales quantity to a certain extent mainly from exports, resulting also with decline in the production days in the wake of global developments and demand,
- Rising financing expenses may additively pressure the net profit and result with further deterioration in interest coverage indicators,
- Sequentially realized and growing net FX short position that challenges resilience in the face of potential currency fluctuations,
- High import-dependence for raw materials and also being susceptible to price volatility as well as stiff competition landscape throughout tire sector along with the presence of multinational brands,
- Leading economic indicators signal global economic slowdown as 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 Ratings has been affirmed as '**AA+ (tr)**'. Benefits of operated name and logo with "Goodyear" and long lasting industry know-how, significant developments in cash metrics according to 9M2023 financial results, ongoing sufficient financial leverage indicators, minimal collection risk, high transparency in terms of corporate governance compliance, successful track record in terms of manufacturing and export volumes as important indicator0s for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'. Decrease in sales quantity and production figures in 9M2023 results, increasing financing expenses that may additively pressure bottom line results and interest coverage indicators, consecutively recorded net FX short position, import dependency regarding raw materials, intense competition landscape in the sector and leading economic indicators signaling global economic slowdown along with quantitative tightening actions targeting to restrict consumption growth and achieve a soft-landing on the domestic side and financial position of the ultimate shareholder 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.