

Corporate Credit Rating

New Update

Sector: Tire

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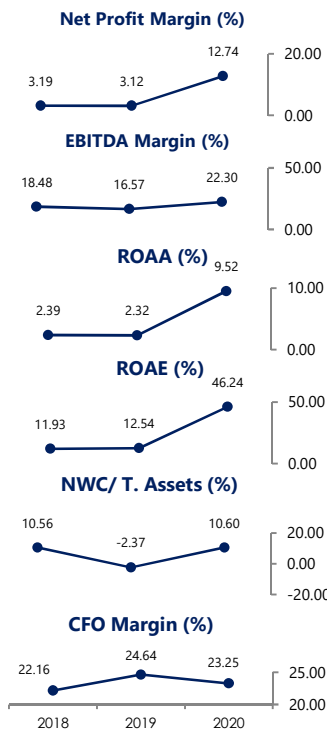
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RATINGS

		Long Term	Short Term
National	Local Rating	AA+ (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BBB+	A-2
	Local Currency	BBB+	A-2
	Outlook	FC Stable LC Stable	Stable
Sovereign*	Sponsor Support	1	-
	Stand-Alone	A	-
	Foreign Currency	BB+	-
Sovereign*	Local Currency	BB+	-
	Outlook	FC Negative LC Negative	-

*Assigned by JCR on April 10, 2020



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

JCR Eurasia Rating evaluated “**Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.**” (referred to as ‘the Company’ or ‘Brisa’) in investment level category and assigned the Long-Term National Note at ‘**AA+ (Trk)**’ and the Short-Term National Note at ‘**A-1+ (Trk)**’ with a ‘**Stable**’ outlooks. The Long Term International Foreign and Local Currency ratings and outlooks were also assigned at ‘**BBB+/Stable**’.

Brisa 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 FYE2020, 35.8% 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 report date. Brisa shares have been traded on Borsa İstanbul Index (BIST) since 1986 with a free-float rate of 10.16% under ticker-name of “BRISA”.

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

Strengths

- Strategic partnership with Bridgestone Corporation, one of leading tire producers of the World and cooperation with World’s leader automotive companies
- Steady revenue growth over the years, supported by well-recognized brands and strong distribution network on global/local scale
- Noteworthy improvement in profitability indicators in 2020 and strong financial results of Q1’21
- Solid cash position as a result of successful cash management
- Sustainable financial leverage and robust equity structure

Constraints

- Covid-19 outbreak creating uncertainty on global and local economic outlook
- Intense competition environment throughout tire industry including multinational players

Considering the aforementioned points, the Company’s the Long Term National Rating has been assigned at ‘**AA+ (Trk)**’. In view of the continuation of the Company’s cash generation capacity and steady profitability indicators along with strong financial results of Q1’21, the outlooks for long and short term national ratings is determined as ‘**Stable**’. The Company’s profitability performance, asset quality, equity structure and continuing impacts of Covid-19 on economic activity are to be monitored by JCR Eurasia Rating in the forthcoming period.

Sabancı Holding, one of the Brisa’s main shareholder, is among the most reputable groups in Turkey. The Group specialized in the fields of banking, energy, retail, financial services, cement along with various industries and had a consolidated asset size of TRY 542bn as of Q12021. Bridgestone Corporation is based in Japan, has around 180 manufacturing plants and R&D facilities around the world and one of the leading tire&rubber company of the world. When considered from this point of view, the main shareholders are considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to Brisa. In this regard, the Company’s Sponsor Support Grade has been assigned at (1), denoting high level of external support in JCR Eurasia Rating’s notation system. The Company’s ‘Stand-Alone Rating’ has been constituted with respect to the Company’s market shares, growth rates, asset quality, equity structure, risk management practices, and the development of existing risks in the markets and business environment by using its internal sources. In this context, the Stand-Alone grade of the Company has been assigned at (A), indicating highest level in the JCR Eurasia Rating notation system.