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# Investor Presentation H1 2023

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Aug 2023



01

Macroeconomic Environment and Brisa Highlights

02

Market & Sales Operations

03

Financial Performance

04

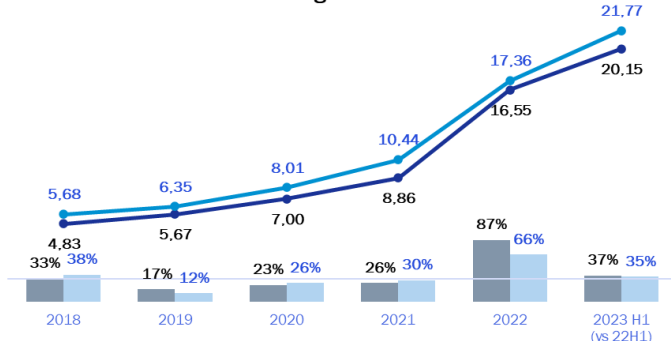
Sustainability

01

## Macroeconomic Environment and Brisa Highlights

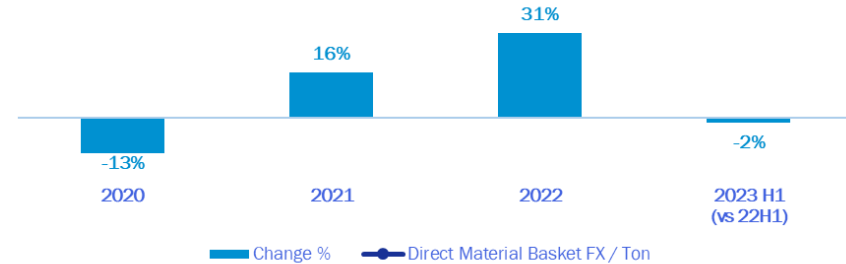
# The macroeconomic environment has been challenging with high inflation, increasing FX rates and funding costs

Average FX Rates

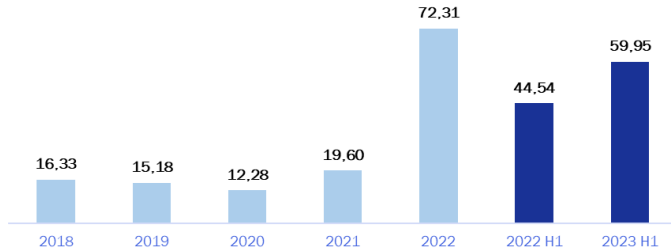


Source:CBT — USD/TL Change — EUR/TL Change — USD/TL — EUR/TL

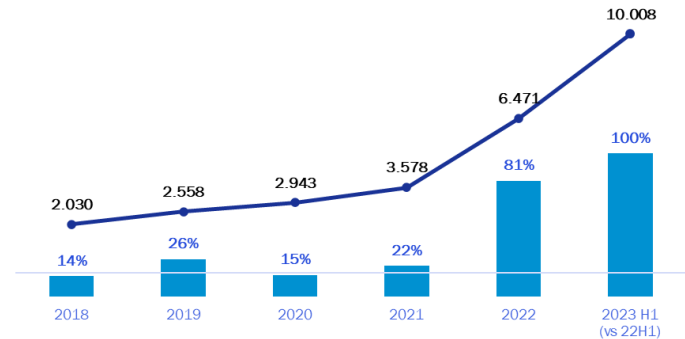
Direct Material Basket FX / Ton



Consumer Price Index  
12 months averages change %



Gross Minimum Wage



Source:Official Gazette — Increase % — Gross Minimum Wage

Source: TURKSTAT

## Strong Results

Revenue Growth  
**54%**

EBITDA Growth  
**47%**

Net Income\* Growth  
**48%**

## Resilient Balance Sheet

Low Leverage

Balanced FX Position

Best-in-class Trade Working  
Capital Days

Diversified Financial  
Instruments i.e. First  
Corporate Bond Issuance

## Strong Steps towards Mobility Transformation

112 Otopratik, Propratik service  
centers

37 e-charge stations

IoT solutions with Arvento

## Leading Industry in Sustainability

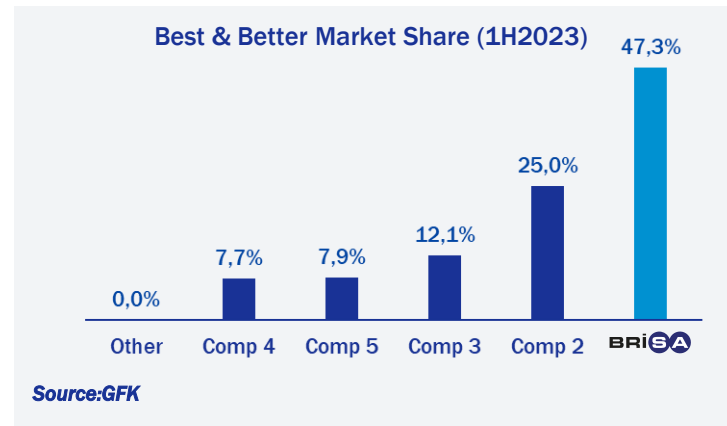
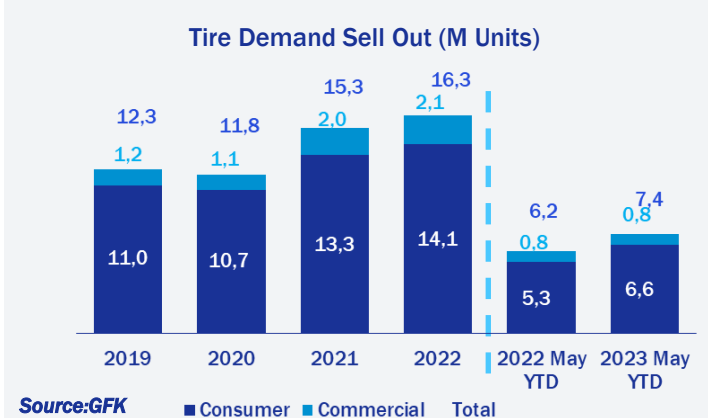
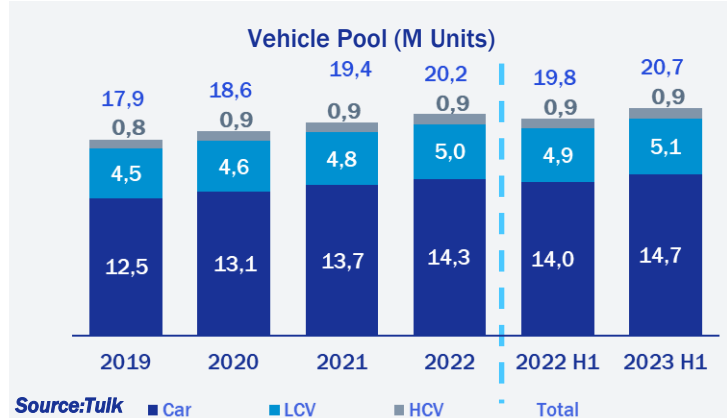
Sustainalytics ESG Risk  
Evaluation: Low Risk

IDC Awards: The Project of the  
Year: Brisa Factory Smart Heating  
System (IoT project)

02

Market & Sales Operations

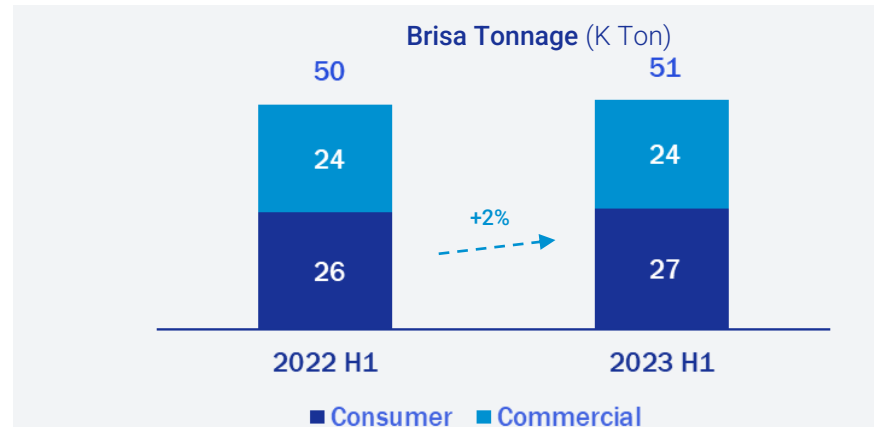
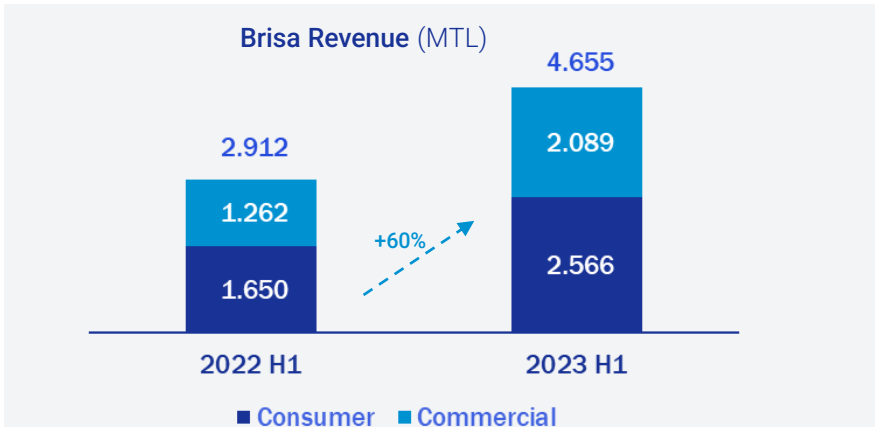
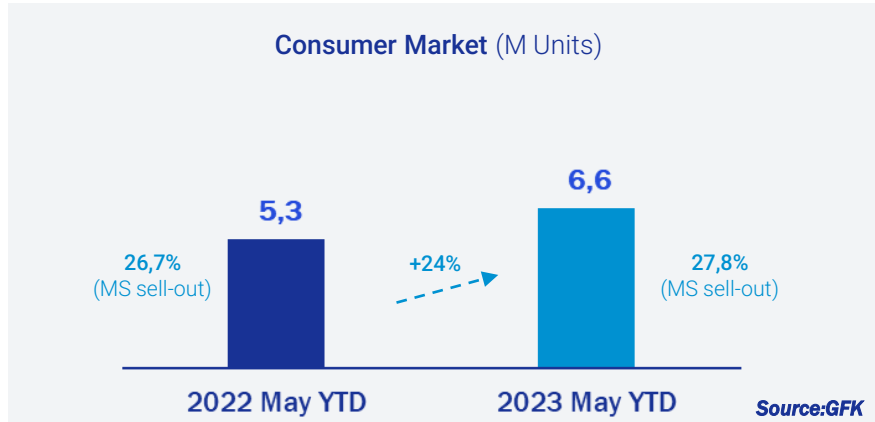
# Replacement Channel - Undisputable Leadership maintained in RL channel



Vehicle pool CAGR  
+3% between  
2019-2023

Dan totsu in Turkish  
Replacement Market  
keeping risk levels  
very low and robust  
collection scheme in  
the contracting  
liquidity environment

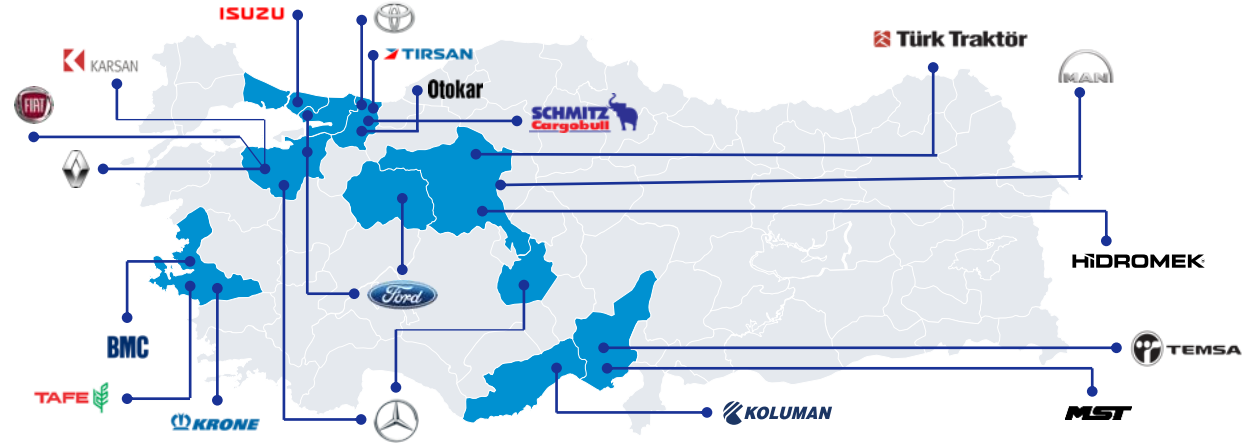
# Replacement Channel – Sell-out market share gains with active sales network and strong brand





# OE Channel – Continuous growth with new capabilities and new projects

Strong R&D on OE,  
New products  
with latest technical  
developments, 55 series for  
Trailer segment, U-AP002 for  
Coach & Buses



**Iveco**  
1st All Season  
LVR tire



**Otokar**



**Otokar**  
Sultan-LSR launch



**Solis**

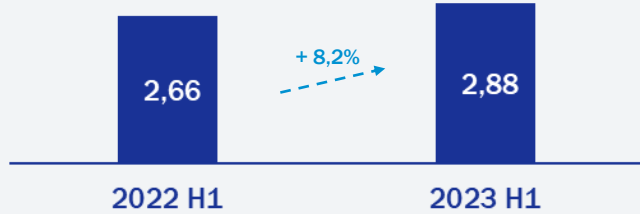
**Solis/Yanmar**

New AG Customer

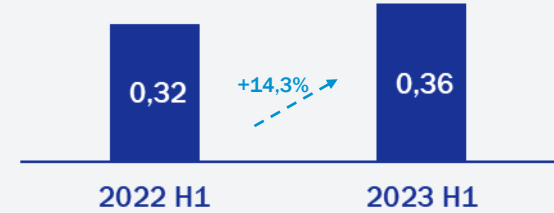
Treyler 55 Series sales

# OE Channel – Overperformed the market growth with robust business model as the main supplier of leading OEMs

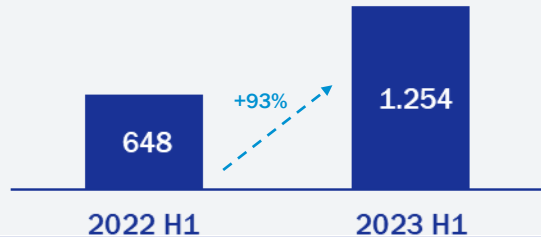
Consumer Market (M Units)



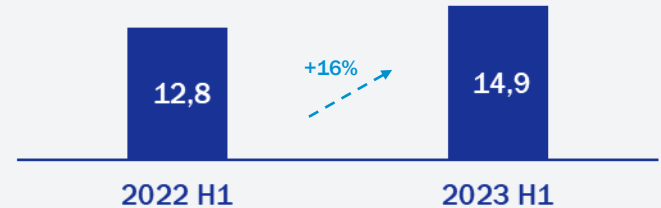
Commercial Market (M Units)



Brisa Revenue (MTL)



Brisa Sales (K Ton)



# Lassa Export Channel – Resilient performance in international markets despite slowdowns, price pressures and regulatory challenges



**88** Countries



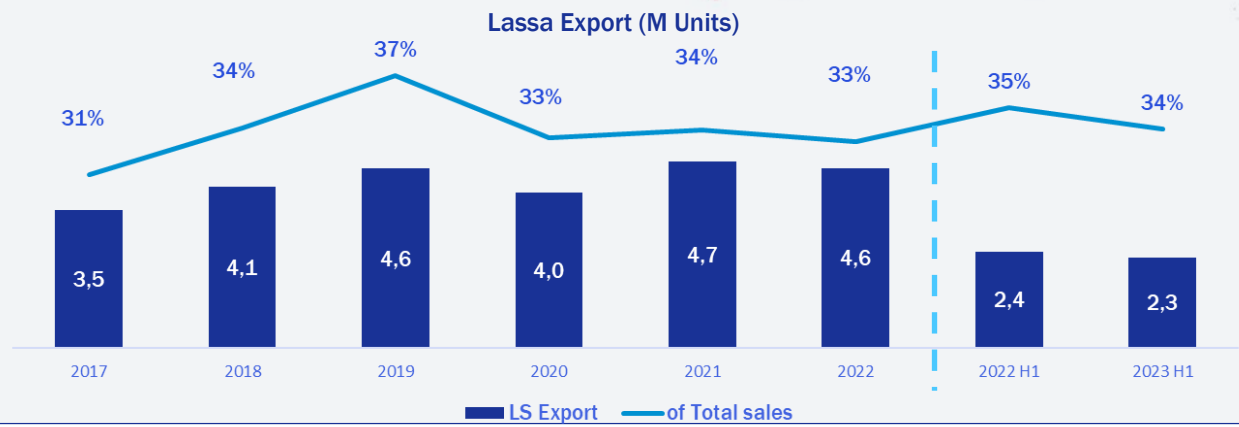
**600+** Lassa Branded Stores

**Expansion to Brazil**

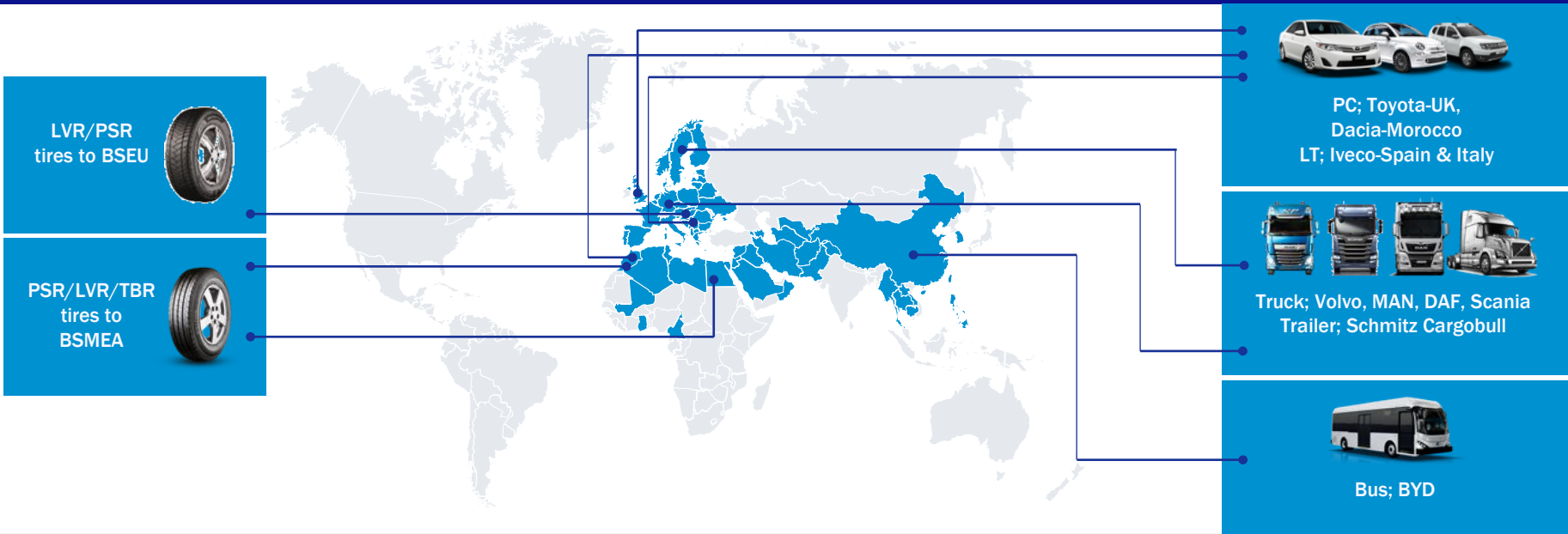
Market share gains in

**18** Countries

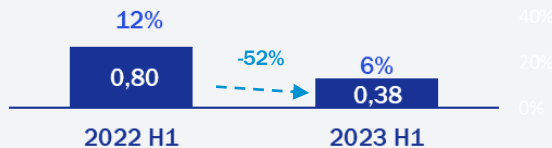
- Europe: Bulgaria, Croatia, Bosnia-Herzegovina, Montenegro, Germany, UK, Italy, Sweden .
- Non - Europe: Libya, Morocco, Tunisia, Algeria, Belarus, Ukraine, Kazakhstan, Iraq, Uzbekistan and UAE



# Bridgestone Export Channel – Adapting to EU Slowdown and Addressing LC Issues



Bridgestone Direct Sales Network (M Units)

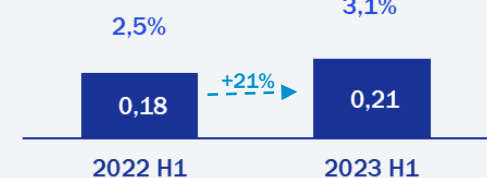


\* Due to slowdown in EU, ongoing LC issues in Egypt.

Dayton LVR tires export to Morocco for fighting segment

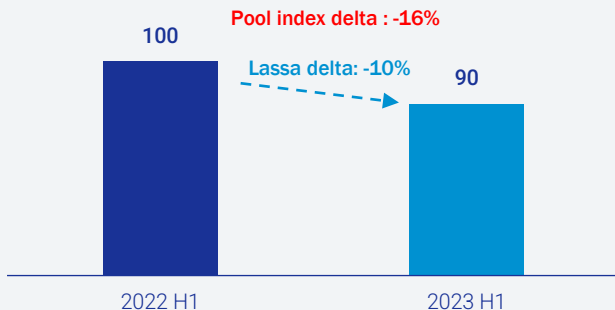
Release new Duravis All Season for light trucks

OEM Export Sales Network (M Units)

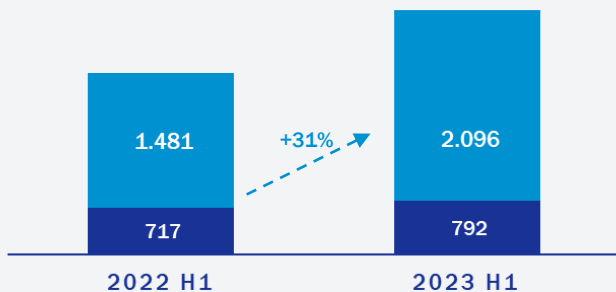


# International Sales in Total – Outperformed the markets we are in

## International Markets (Index)

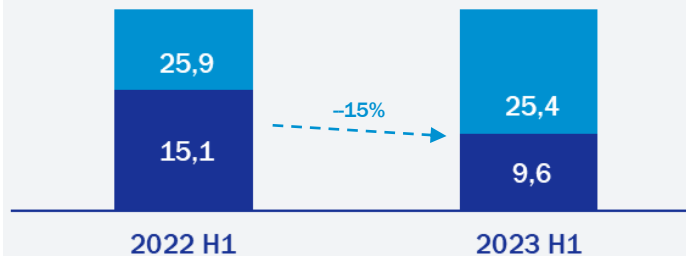


## International Sales Revenue (MTL)



■ Bridgestone ■ Lassa

## International Sales Tonnage (K Ton)



■ Bridgestone ■ Lassa

Despite tough environment, Lassa sales outperformed compared to R1&R2 market.

Evolve to "Solutions Business", leveraging the strengths and expertise of Tire & Rubber Business as the only company investing in mobility in Turkey

## FLEET SERVICES

- Leader in digital fleet solutions with 10 different services
- Operational productivity and cost minimization with Profleet Fleet Management
- 40% reduction in fleet tyre cost with retread services, Bandag

14K+fleet customers  
107 field team  
2017 customer visits

## ELECTRIFICATION

- Services for all consumer and commercial tyre types with our 37 esarj stations at Otopratik, Propratik and BS performance center points in cooperation with Esarj, a subsidiary of Enerjisa.
- Tyres for electric vehicles (Low rolling resistance, low noise level, lightness )
- HEV-EV maintenance in 40 Fast Fit Services: Completion of trainings, new design for workshop, totem and outside sign, purchasing special tools and safety materials.

2023 Target:  
70 E-charge stations,  
EV maintenance in 50 new  
Otopratik service points

## END TO END SERVICES

- Mobile and onsite mounting services
- E-commerce: Lastik.com.tr
- New generation vehicle maintenance experience with Otopratik with online price quoting & instant booking
- First in customer experience: Digital Tyre Assistant

2023 Target: Reach 150  
Otopratik and Propratik service  
points

03

Financial Performance

# 1st Half 2023 performance



**54%**  
Revenue  
Growth



**21,6%**  
EBITDA  
Margin



**58%**  
Net Sales  
Revenue  
per ton



**-2,8%**  
Tonnage  
Change



**114**  
FCF\*\*  
Million TL



**1.380**  
Net Income\*  
Million TL

vs.PY  
48%



**18**  
TWC Days\*\*\*



**0,32**  
Net DEBT/  
EBITDA\*\*\*

- \* Excludes one-off tax expense due to additional earthquake tax and also deferred tax revenue impact arising from tax incentive. Net income including one off is 1.147 MTL.
- \*\* FX indexed deposit reclassification is not included as its nature is also a cash equivalent with 3 months maturity & excluding early payments due to fx holding limitations.
- \*\*\*Excluding early payment due to fx holding limitations.

## Revenue Channel Breakdown

RL 4.654MTL

TR OE 1.217MTL

LS Exp 2.096MTL

BS Exp 827MTL

Other 360MTL

(\*includes revenues of Arvento,Bandag,Nontyre.)



# 2nd Quarter 2023 performance



**39%**  
Revenue  
Growth



**22,0%**  
EBITDA  
Margin



**52%**  
Net Sales  
Revenue  
per ton



**-8,54%**  
Tonnage  
Change



**328**  
FCF\*\*  
Million TL



**587** vs.PY  
86%  
Net Income\*  
Million TL



**18**  
TWC Days\*\*\*



**0,32**  
Net DEBT/  
EBITDA\*\*\*

\* Excludes one-off deferred tax revenue impact arising from tax incentive. Net income including one off is 610 MTL.

\*\* FX indexed deposit reclassification is not included as its nature is also a cash equivalent with 3 months maturity & excluding early payments due to fx holding limitations.

\*\*\*Excluding early payments due to fx holding limitations.

## Revenue Channel Breakdown

RL 2.297MTL

TR OE 634MTL

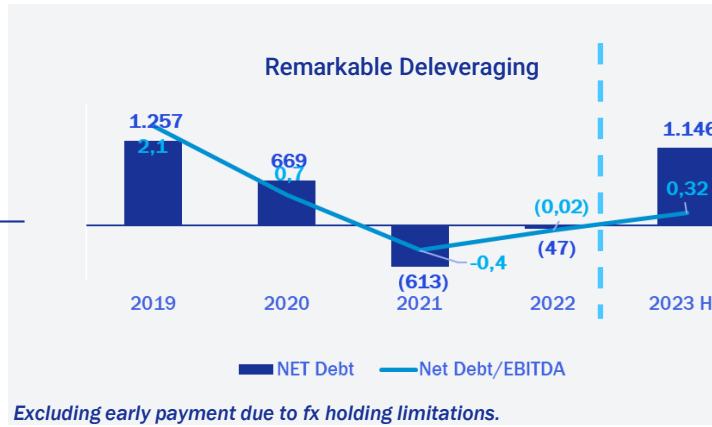
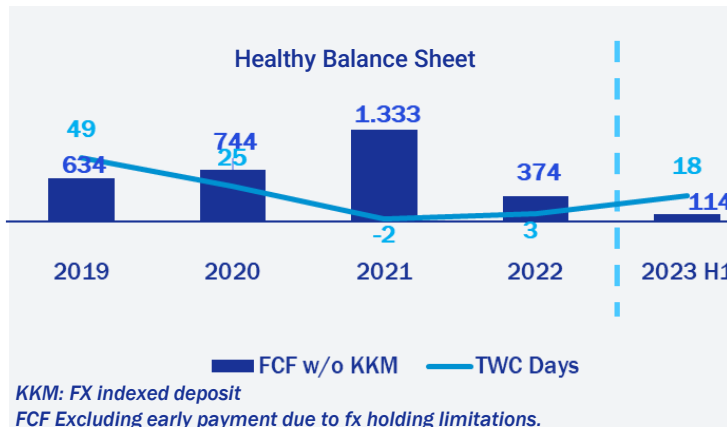
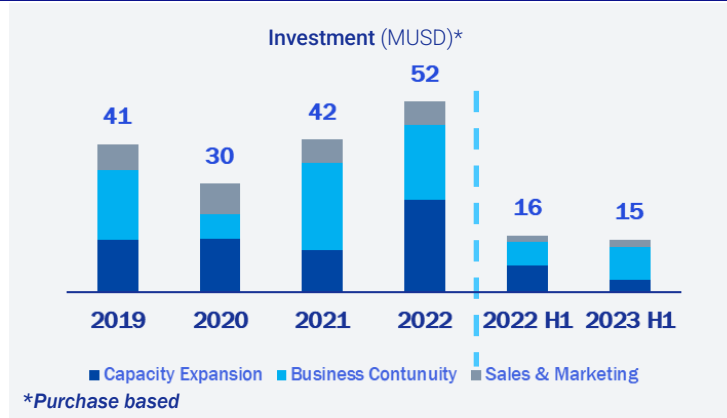
LS Exp 976MTL

BS Exp 393MTL

Other 194MTL

(\*includes revenues of Arvento,Bandag,Nontyre.)

# Resilient balance sheet with strong profitability



- Continued investments
- Sustainable profitability
  - Pricing agility and Strong order book
  - Cost management
  - Operational Efficiency
- Well-managed financing through profound hedging and very low leverage

# 48% net income\* growth thanks to robust operating performance accompanied with strong financial management

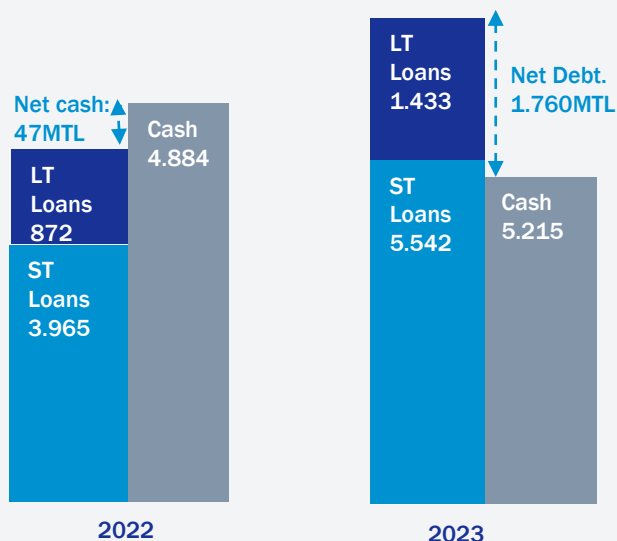
	2023 Q2				2023			
	MTL		MUSD		MTL		MUSD	
	2023 Q2	vs PY	2023 Q2	vs PY	2023 H1	vs PY	2023 H1	vs PY
Revenue	4.494	139%	212	102%	9.156	154%	454	112%
EBITDA	988	178%	47	131%	1.979	147%	98	107%
EBITDA Margin	22,0%	5 pp	22,0%	5%	21,6%	-1 pp	21,6%	-1%
Operating Profit	894	186%	42	137%	1.799	148%	89	109%
OP Margin	19,9%	5,0%	19,9%	5%	19,6%	-0,7%	20%	-1%
KKM Inc/Exp	125	1149%	6	847%	233	1942%	12	1419%
Net income	610	197%	29	146%	1.147	124%	57	91%
Net Income w/o one-off*	587	186%	28	137%	1.380	148%	69	108%

EBITDA margin realized at 21,6%

Successful financial management

\* One-offs: Deferred tax revenue impact arising from tax incentives, earthquake additional 10% tax, and early retirement related payments.

# Strong liquidity with balanced FX position and very low leverage



(M TL)	31.12.2022	30.06.2023
Cash	4.884	5.215
Receivables	2.401	3.423
Inventory	2.364	2.624
Other	5.922	6.668
<b>Total Asset</b>	<b>15.572</b>	<b>17.930</b>
Payables	4.376	3.500
<b>Total Financial Debt</b>	<b>6.793</b>	<b>9.158</b>
Financial Debt	4.837	6.975
CCS	1.956	2.183
Other Liabilities	1.107	1.995
Equity	3.296	3.277
<b>Liability &amp; Equity</b>	<b>15.572</b>	<b>17.930</b>

Normalization in TWC days, still far below global and local competitors

Still significantly low level of ND/EBITDA of 0,50 despite one-time early payments

# Strong cash flow generation except for one-time early payments which will contribute to the next quarter's cash flow generation

	2023Q2				2023			
	MTL		MUSD		MTL		MUSD	
	2023Q2	Δ PY	2023Q2	Δ PY	2023H1	Δ PY	2023H1	Δ PY
EBITDA	988	433	47	11	1.979	629	98	7
Oper. Cash Flow	-89	-250	-4	-15	39	-195	2	-14
Oper. Cash Flow*	526	365	25	15	654	420	32	17
Investment (-)	-198	0	-9	3	-540	-130	-27	1
Free Cash Flow w/o KKM	-287	-250	-14	-11	-501	-325	-25	-13
Free Cash Flow w/o KKM*	328	365	15	18	114	290	6	18
KKM	697	697		0	505	505	25	25
Free Cash Flow After KKM	410	447	19	22	4	181	0	12
Change in Fin. Debt	-1.199	-1.692	-57	-88	1.794	942	89	31
Financial Expense	-178	-81	-8	-2	-327	-162	-16	-5
Dividend Paid	0	0	0	0	-1.192	-529	-59	-14
Other	-333	-307	-16	-14	-325	-543	-16	-31
Change in Cash	-686	-1.018	-32	-54	570	503	28	24

Dividend of 1.192 MTL distributed

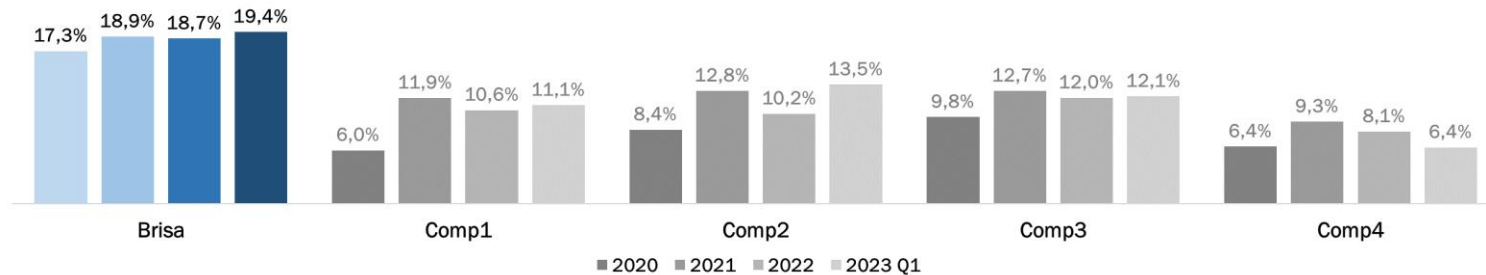
\*Other: Foreign Exchange difference gain from financial policy

\*Excluding early payment due to fx holding limitations.

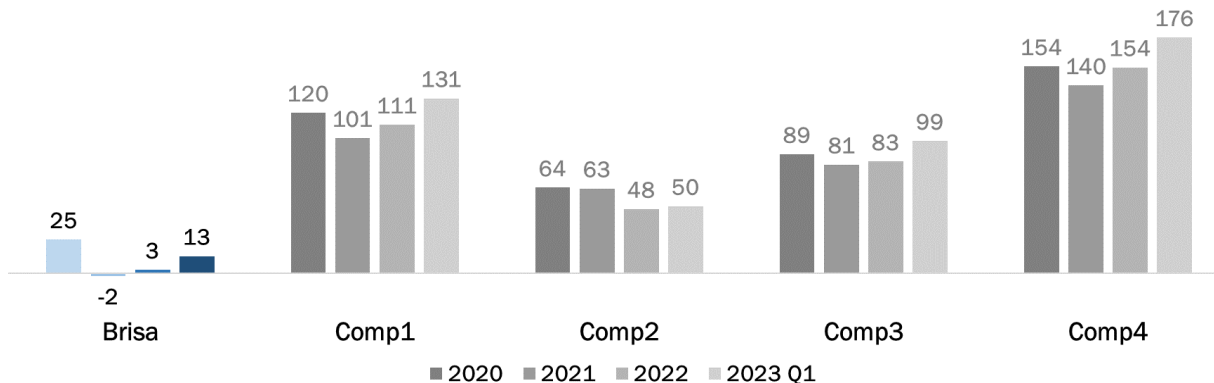
# Best-in-class operating margins and Trade Working Capital Days

## Operating Income Margin

(Operating Income = Gross Profit - S&A R&D Expense)



## Trade Working Capital Turnover Days



## 04

## Sustainability



- SBTi, Targets Set Category, acc.to 1.5°C scenario, 1st international tyre company
- Turkey Water Security Leader, 4th time
- Climate Change Global Leader, 6 time in Turkey, 1st time Globally
- Supplier Engagement Global Leader, 4th time
- Ecovadis Gold Status
- Leed, Gold Certificate, Academy Building



- Refinitiv, Excellent A Grade
- SROI:
 

1:7	1:6	1:3
Students	Women	Women
High School & University	At Dealers	Engineers
- Digital Maturity Index Score above Turkey average
- Digital Tyre Assistant, TUSIAD Digital Transformation in Industry Program, “Sustainability of Technology” award
- Bloomberg GEI, 72 Above Universe & Industry average
- “Best Sustainability Project of The Year ” by IDC Awards, “Sustainability Special Award” by Sabancı DNA





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