



Brisa

1Q 2022 Financial Results

Earnings Release

5 May 2022

Highest 1st Quarter Export Sales Record and Exceptional Financial Performance

Brisa, strengthened its financials with effective working capital management, well-managed financing through profound hedging and the balanced sales channel portfolio and productivity management. Brisa has the largest monthly shipment figures and the largest 1st quarter export sales records were achieved as of March 2022 and reached to 80,5 M USD. Brisa completed the acquisition of Arvento M2M in order to transform its existing tyre-focused business portfolio into a mobility solutions business during the first quarter. With this acquisition, the company aims to grow its pioneering services beyond its tyre business to transform into a solutions partner that simplifies the lives of fleet owners and drivers and provide efficiency and productivity.

Despite the challenging global and local conditions that we have been through, Brisa performed strongly in Q1 2022 due to all these developments. In the first 3 months of 2022 consolidated net profit doubled compared to last year and reached TL 614 million.

Brisa CEO, Mr. Haluk Kürkcü, reviewed the company's 2022 1st quarter performance; "We ensured the continuity of our operations with utmost efficiency through our production responsibility within the development process of our country. Focusing on our strategic priorities, we managed our costs and expenses properly, and continued our consistent and balanced growth in the midst of challenging global and local conditions we have been through. We accelerated our projects while we established a balance among our export markets. We have reached an important export shipment record milestone with our Lassa Tyres brand in the international markets where we operate. We achieved the highest monthly export shipment quantity in the history of Brisa, and we also broke the highest 1st quarter export sales record. All these results are a proof of our brand preference and success on a global scale. In the domestic market, we continued our leadership in the market with our tyre brands, Lassa Tyres and Bridgestone, and reached higher quantities than our 1st quarter targets together with the performance of our dealer network both in the consumer and commercial segments. We are working towards offering mobility, telematics, and tyre solutions with Arvento Mobile Systems, for which we have completed the acquisition process. Our country has very important logistic opportunities both in terms of manufacturing and in terms of its geographical location. We have a competitive advantage over countries we are in competition with through the empowerment of our experience in export markets, industrial expertise, logistic position, customer-oriented agile business management models, and digital transformation. We are working towards reaping the results of these opportunities and potential in the upcoming period."



CONSOLIDATED FINANCIAL HIGHLIGHTS

- Although, the effect of chip shortage on OEM side and also the shut downs because of the power cuts, we managed our costs and expenses properly, and the company achieved 72% q/q increase in its domestic sales revenue and 11% q/q growth in USD terms (+107% q/q in TL terms) in export revenue. Total revenue growth in 2022 is 84% q/q, reaching TRY2.714mn.
- Total GP margin rerealized %37,2 in the 1st quarter of 2022. Despite the challenging global and local conditions that we have been through, thanks to the effective pricing on-site hedge policies applied against currency volatility, and increased productivity. EBITDA level, which registered 102% q/q growth, reaching TRY795mn in 2022. Consequently, net profit doubled compared to same period last year and reached TRY614mn in 2022. (Mar YTD 2021: TL 281 million.)
- Net Debt/EBITDA is reached to 0,2 and the net debt was TRY299mn as a result of strong operational cash flow driven by effective working capital management and well-managed financing through profound hedging.

STRATEGIC HIGHLIGHTS

- Brisa completed the acquisition of Arvento M2M in order to transform its existing tyre-focused business portfolio into a mobility solutions business during the first quarter. Arvento shares representing 88.89% of total share capital have been acquired by Brisa on March 1, 2022 for a consideration of TRY 334.350.216 post adjusting for FX revaluation of Arvento's assets as of closing date. In accordance with the share purchase-sale agreement, The acquisition price will be remained subject to certain predetermined net cash and net working capital amounts adjustments based on the audited closing financial results as of March 1, 2022 of Arvento and the final acquisition price will be disclosed to public, once determined.
- As we achieve all these results, we are taking the necessary actions that will lead us to our net zero emission targets for 2050 from today and we are implementing the projects that will contribute to a low carbon economy. Recently, we made the largest solar roof investment in the region at our Aksaray Manufacturing Plant, which will prevent the emission of 3 thousand tons of CO2 per year.
- We have reached an important export shipment record milestone with our Lassa Tyres brand in the international markets where we operate. We performed above the market in 17 countries based in European, Middle Eastern, North African, and Commonwealth of Independent Nations regions and increased our market share. We achieved the highest monthly export shipment quantity in the history of Brisa, and we also broke the highest 1st quarter export sales record. All these results are a proof of our brand preference and success on a global scale.

Consolidated Brisa Financial Results

Sales Tonnage	3M 2022	3M 2021	Change %
Domestic	30.361	32.859	-7,6
Export	20.480	20.341	0,7
Total	50.841	53.199	-4,4
Sales Tonnage (Channel Based)			
Replacement	24.177	25.296	-4,4
OE	6.184	7.562	-18,2
Domestic Total	30.361	32.859	-7,6
Lassa Export	13.230	12.569	5,3
Bridgestone Export	7.249	7.772	-6,7
Export Total	20.480	20.341	0,7
General Total	50.841	53.199	-4,4
Net Sales (Million TL)			
Domestic Sales	1.659,0	962,4	72,4
Export Sales	1.055,2	510,2	106,8
Net Sales	2.714,2	1.472,5	84,3
Million US Dollar			
Export Sales	80,5	72,5	11,0
Summarized Income Statement (Million TL)			
Net Sales	2.714,2	1.472,5	84,3
Gross Profit	1.011,0	496,1	103,8
Operating Profit	731,5	336,5	117,5
Net Profit	614,2	281,8	117,9
Net Profit before one offs	619,0	274,9	125,2
EBITDA	794,9	394,5	101,5
EBITDA Margin%	29,3%	26,8%	2,50%
Net Profit Margin%	22,6%	19,1%	3,49%