



BRISA INVESTOR BULLETIN 2016 Q4

BRIDGESTONE

LASSA

DAYTON



REPLACEMENT MARKET – 61% OF BRISA'S REVENUE

Vehicle Sales (K Units)	2016 FY	2015 FY	%
Passenger Car	757	726	4%
LCV	227	242	-6%
HCV	24	43	-44%
Tractor	55	67	-17%
Total	1.063	1.078	-1%

Market * (K Units)	2016 FY	2015 FY	%
Consumer	13.495	13.708	-1,6%
Commercial	1.963	1.903	3,2%
Total	15.458	15.611	-1,0%

Brisa Sales (K Units)	2016 FY	2015 FY	%
Total	4.838	4.938	-2%

Brisa Sell-out ** (K Units)	2016 FY	2015 FY	%
MS%	30,60%	27,40%	+3,1PP

Vehicle Sales (K Units)	2016 Q4	2015 Q4	%
Passenger Car	268	225	19%
LCV	80	80	-1%
HCV	8	13	-40%
Tractor	7	22	-66%
Total	362	339	7%

Market * (K Units)	2016 Q4	2015 Q4	%
Consumer	3.951	3.582	10,3%
Commercial	590	546	8,1%
Total	4.541	4.128	10,0%

Brisa Sales (K Units)	2016 Q4	2015 Q4	%
Total	1.452	1.351	7%

Brisa Sell-out ** (K Units)	2016 Q4	2015 Q4	%
MS%	31,70%	29,40%	+2,3PP

- High growth in Passenger Car sales in Q4 due to special consumption tax which took effect since Nov 2016.
- Increase in winter tyre market in Q4 due to strong winter conditions.
- Brisa let high dealer inventory to be reduced, refrained from inventory pile-up in dealer. Strong improvement in Sell-out market share
- Inventory returns used as a tool for risk management, another factor for loss in Sell-in market share

*Sell-in to the dealer

** Sell-out from dealer to the consumer

OE MARKET – 12% OF BRISA'S REVENUE

Vehicle Production (K Units)	2016 FY	2015 FY	%
Passenger Car	951	791	20%
LCV	508	521	-2%
HCV	26	47	-44%
Tractor	51	51	-1%
Total	1.536	1.410	9%

Vehicle Production (K Units)	2016 Q4	2015 Q4	%
Passenger Car	310	225	38%
LCV	137	148	-7%
HCV	6	13	-54%
Tractor	12	12	-6%
Total	464	397	17%

Brisa OE Tyre Sales (K Units)	2016 FY	2015 FY	%
Total	1.436	1.683	-15%

Brisa OE Tyre Sales (K Units)	2016 Q4	2015 Q4	%
Total	372	439	-15%

- Passenger Car Vehicle production increased in Q4 2016 compared with the same period in the previous year.
- Market share loss in OEM's .

EXPORT MARKET – 27% OF BRISA'S REVENUE

Export Sales (K Units)	2016 FY	2015 FY	%
EUROPE	2.692	2.532	6%
ME & A & OTH	1.449	1.302	11%
CIS	255	225	13%
Total	4.396	4.059	8%

Export Sales (K Units)	2016 Q4	2015 Q4	%
EUROPE	638	632	1%
ME & A & OTH	313	272	15%
CIS	86	72	21%
Total	1.037	976	6%

- Increase in Lassa export sales in 2016 Q4 is mostly from CIS and ME & Africa. Focus increased at MEA & CIS region and penetration increased at the current markets.
- Lassa Tyres Sales in Europe grew by 31,3% in Q4 2016, while the market grew only by 3,8%
- Lassa sales in Europe in 2016 FY increased 9% while the market grew only by 1% : While Western EU Pool stayed stable (0,5%), Central EU Pool continued to grow with 11%. LASSA generated a growth of 8% in Western Europe, while Central Europe sales grew 18%.
- 15 % increase realised in the Middle East markets, despite the limited foreign currency allocation in Egypt, Iran, Libya and the non-tariff barriers in Morocco and Algeria.
- The CIS markets still suffers from the depreciation of the local currencies. Ukraine sales grew by 148%, thanks to investment in channel management and B2B marketing.
- CIS markets have been trying to recover the effects of local currency deterioration and showed 13% growth in 2016. When Ukraine and Russia markets are growing, Belarus and Caucasian markets are still in stagnation.

TOTAL SALES AND REVENUE BREAKDOWN

K Units	2016 Q4	2015 Q4	% Δ
Total	2.861	2.766	3%
<i>Replacement</i>	1.452	1.351	7%
<i>OE</i>	372	439	-15%
<i>Export</i>	1.037	976	6%

K Units	2016 FY	2015 FY	% Δ
Total	10.670	10.680	0%
<i>Replacement</i>	4.838	4.938	-2%
<i>OE</i>	1.436	1.683	-15%
<i>Export</i>	4.396	4.059	8%

REVENUE - M TL	2016 Q4	2015 Q4	% Δ
Total	494	519	-5%
<i>Replacement</i>	322	346	-7%
<i>OE</i>	53	62	-14%
<i>Export</i>	118	111	6%

REVENUE - M TL	2016 FY	2015 FY	% Δ
Total	1.766	1.802	-2%
<i>Replacement</i>	1.087	1.107	-2%
<i>OE</i>	205	250	-18%
<i>Export</i>	474	445	7%

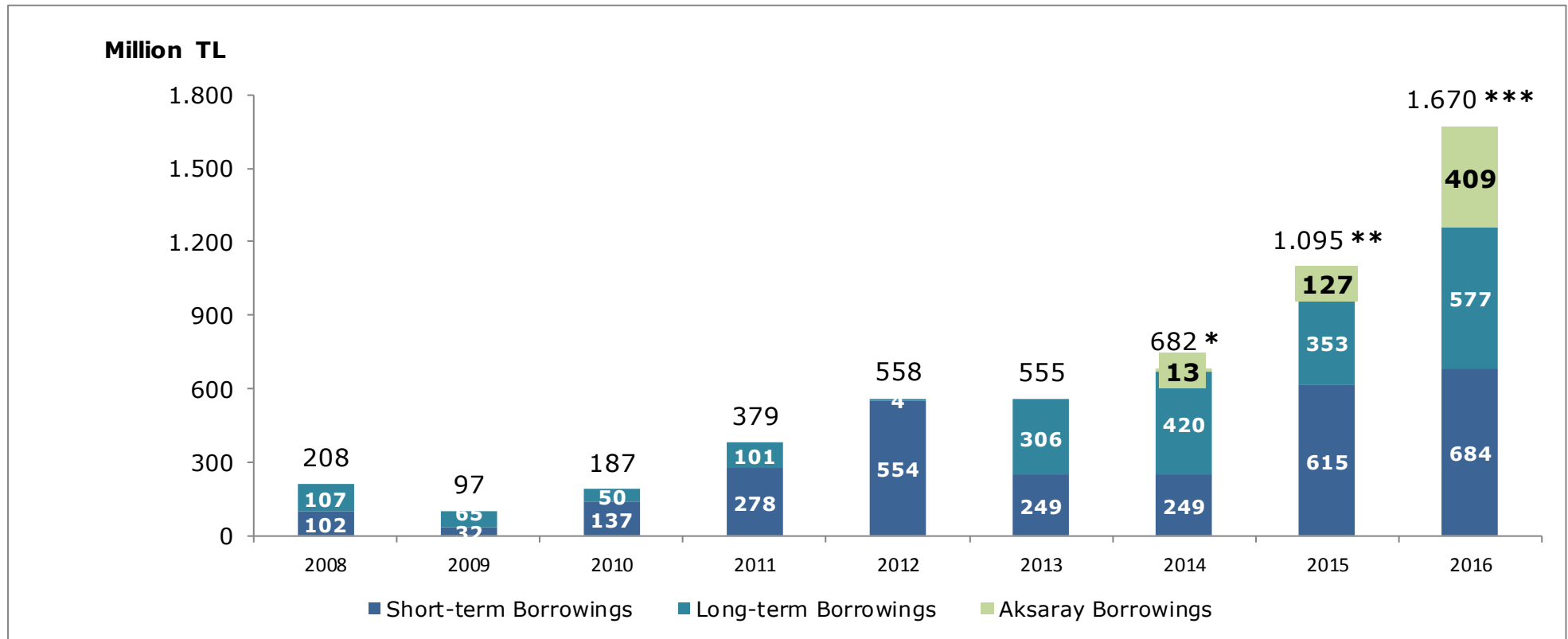
M TL	2016 Q4	2015 Q4	% Δ	2016 FY	2015 FY	% Δ
Net Sales	494,1	519,4	-4,9%	1.766,5	1.801,9	-2,0%
Gross Profit	140,6	186,3	-24,5%	518,6	561,4	-7,6%
	% 28,5%	35,9%		29,4%	31,2%	
EBITDA	83,7	137,1	-38,9%	241,7	361,5	-33,2%
	% 16,9%	26,4%		13,7%	20,1%	
EBIT	76,8	113,8	-32,5%	218,6	296,8	-26,4%
	% 15,6%	21,9%		12,4%	16,5%	
Net Profit	34,0	81,3	-58,2%	80,1	197,2	-59,4%
	% 6,9%	15,6%		4,5%	10,9%	

- Parellel to global, regional and local economic/political conditions, lower growth rates and trading volumes resulted with a limited growth.
- Excluding the 2 pp in 2015 FY and 5 pp in 2015Q4 hedging profit impact on GP%, in 2016 margin improved.
- 42 mn TL impact of hedging gain in 2015, which does not exist in 2016
- Reduced expenses excluding new big expense items like FCB sponsorship and rent for external warehouse(will be closed soon).
- Inventory level of both dealers and Brisa optimized as of 2016 end.
- Pro-active provisioning for receivables and aged tyres
- Increase in financial expenses : Non-capacity investment, dividend payment, and increased interest rates (Capacity investment finance expenses are capitalised), interest payment on the whole loan, including investment loan

M TL	31.12.2016	31.12.2015		31.12.2016	31.12.2015
Current Assets	1.333	1.235	Current Liabilities	1.155	944
<i>Cash</i>	86	61	<i>Short term bank borrowings</i>	737	615
<i>Trade Receivables</i>	826	763	<i>Short term trade payables</i>	360	270
<i>Inventory</i>	364	358	<i>Other</i>	58	59
<i>Other</i>	57	54			
Long Term Assets	1.503	901	Long Term Liabilities	1.111	536
<i>Tangible Assets</i>	1.160	734	<i>Long term bank borrowings</i>	637	359
<i>Other</i>	343	167	<i>Aksaray borrowings</i>	409	127
			<i>Other</i>	64	49
			Equity	570	657
Total Assets	2.836	2.136	Total Liabilities	2.836	2.136

	31.12.2016	31.12.2015
Net Financial Debt (*) / Equity	2,26	1,39
Debt (*) / Equity	3,26	2,06
Net Financial Debt / EBITDA (*)	5,33	2,53
Net sales/TWC	2,13	2,12
TWC (M TL)	830	851

(*) Debt amounts do not include borrowings for Aksaray plant.



TOTAL BANK LOANS

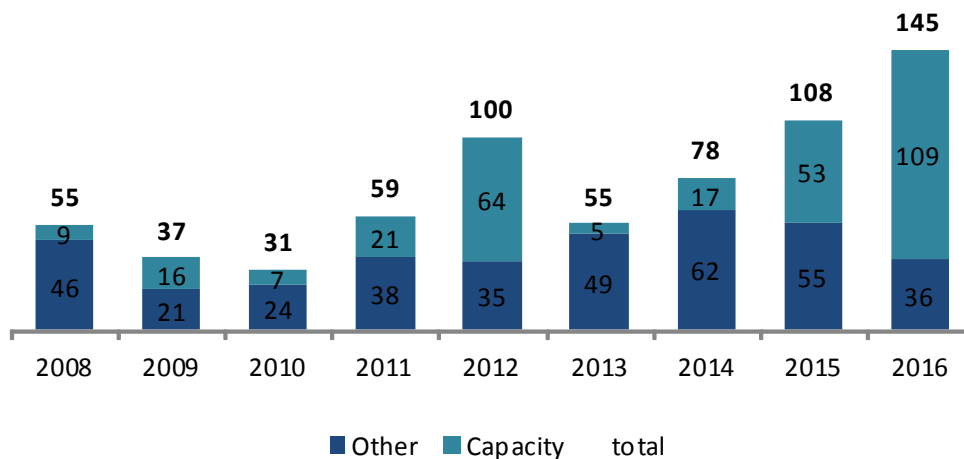
31.12.2016

M TL	Amount	Effective Rate (%)
EUR	9	0,75%
USD	90	2,77%
TL	1.320	10,47%
Total in TL	1.670	

- * 13m TL for Aksaray plant investment
- ** 127m TL for Aksaray plant investment
- *** 409m TL for Aksaray plant investment

Cash Flow (K TL)	2016	2015
EBITDA	241.656	361.514
Change in Working Capital	20.806	(212.848)
Operational Cash Flow	262.461	148.666
Investment	(503.062)	(229.488)
Free Cash Flow	(240.601)	(80.822)
Dividend	(166.930)	(161.597)
Credit undertaken/(Paid Back)	590.246	395.575
Financial Expenses	(178.089)	(68.495)
Tax / Other	20.397	(33.796)
Beginning Balance	60.713	9.847
Ending Balance	85.736	60.713

M USD



- Total 667 m USD investment in the last 9 years
- 300 m USD of this amount is only capacity related
- Other investment mainly consists of maintenance capex at the plant including efficiency improvement projects, environmental investment, IT investments and investment to sales points/dealers

BRİSA

BRİSA BRIDGESTONE SABANCI
LASTİK SANAYİ VE TİCARET A.Ş

Disclaimer Statement

The information and opinions contained in this document have been compiled or arrived at by Brisa from sources believed to be reliable and in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in this document constitute the Company's judgement as of the date of this document and are subject to change without notice. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient. The company does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

