



# Investor Presentation

1Q 2020

30.04.2020

**BRIDGESTONE**

**SABANCI**

# TURKEY'S LEADING TIRE MANUFACTURER



İSTANBUL



İZMİT



AKSARAY

**2 Plants**  
**2900**  
**Employees**



**izmit**

**Aksaray**

Covered  
Area

361.000 m<sup>2</sup>

146.000 m<sup>2</sup>

Production  
Capacity

11 M Units

2.5 M Units

**1,8 billion \$ investment in 30 years**

**1 tyre in  
every 2,5  
seconds**

**Aksaray – State of the art technology in Turkey  
300 M USD investment**

## BRISA AT A GLANCE



## Strong Partnership

Sabancı Holding (43,64%), Bridgestone (43,64%)  
Free float (10,2%), Bayraktar Family (2,5%)



## Brands, Products, Smart Services

**BRIDGESTONE**

**LASSA**

**profleet**  
Meydan a parantez

**DAYTON**

**bandag**

**OTO PRATİK**



## Manufacturing

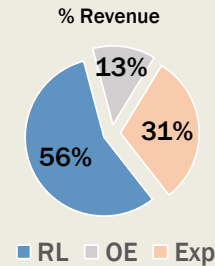
İzmit, Aksaray



## R&D Center



## Sales Channels



## Digital Solutions

Genba Room, BEC (Business Excellence Center)



## Our Talents

2900 employees



## Our Local & Global Network

1289 pos locally, 6000 pos globally, 83 countries

# Precautions for COVID-19

## Health and Safety First

### For employees

#### Action plans & Info sharing

- Risk committee meetings
- CEO Messages
- HRCD Mailings, Posters
- Online Town Hall
- Daily Risk Man. Action Plan

#### Programs

- Online Employee Support Program
- Witamin – Extra (online courses, podcast, link suggestions)
- BriLearn – Massive Open Courses
- Meetings via Teams with more than 190 participants

#### Working models

- Home Office
- Short Term Employment Models (White&Blue Collar)
- Digital Work Place

#### Hygiene & Precautions

- Thermal Camera Usage
- Catering & Shuttle service precautions
- Disinfectant & cologne implementations, continuous disinfection in offices & plants, disinfection for supplier trucks

### For society & customers

#### University students

- Brisa Academy – Open Courses

#### Customers

- Info@social media
- Disinfection for cars at Otopratik points
- Mobile Service camp
- Service Camp for Health Personal
- Disinfection at stores and social distance applications



### For Dealers, Business Partners, Suppliers

- CEO Messages – Mailing, Video
- Thank You messages
- BRBS – Dealer Info System sharings
- Precautions Messages by Ministry Of Health Messages



# Sustainability Measures

## We placed sustainability at the base of our business manner

### Environmental

#### Waste management

- “Zero Landfill” status at Izmit plant since 2016 and Aksaray Plant in 2018
- Waste per production tonnage decreased by 15% compared to the year 2012

#### Energy and carbon management

- Both Brisa plants certified for ISO 50001 standard for Energy Management System
- In 2019, energy savings at Izmit plant was up 72% vs 2008 levels
- Carbon emissions per unit rubber consumption was down 30% vs 2005 levels

#### Environmentally Friendly Products

- Supporting collection of used tires to recycle them
- Developing environmental friendly new products (Ecopia and Greenways) with lower weight and rolling resistance resulting in lower noise and carbon emissions.

#### Biodiversity focus

- In partnership with WWF-Turkey, Brisa sponsors “Let the Cranes Fly Forever” projects since 2013 to preserve crane breed in Çukurova Delta region creating awareness with informative sessions in schools with farmers and hunting associations.
- Brisa’s afforestation projects enabled growing 40,000 tree saplings of which 1750 were planted at its Izmit plant as part of target of becoming a “Zero Carbon Emissions” company in future

### Occupational Health and Social

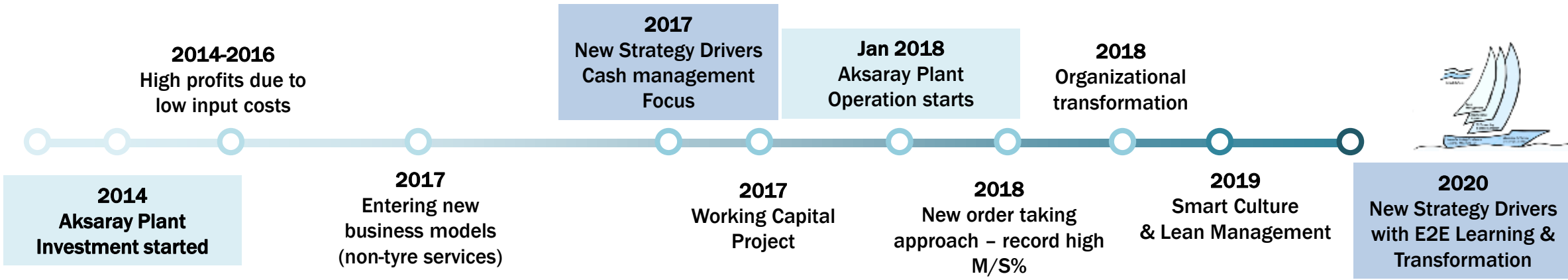
#### Health and Safety

- Brisa targets “Zero Occupational Accident” and has an Occupational Safety Simulation Centre as an active training ground to ensure this objective.
- As of end of 2019, company achieved 1,200 accident free working days
- Izmit plant has an OHSAS18001 Work Health and Safety Management System Certificate.
- Company plans to upgrade its work safety standards at both of its plants to the new ISO 45001 Work Health and Safety Management System Certificate in 2021.

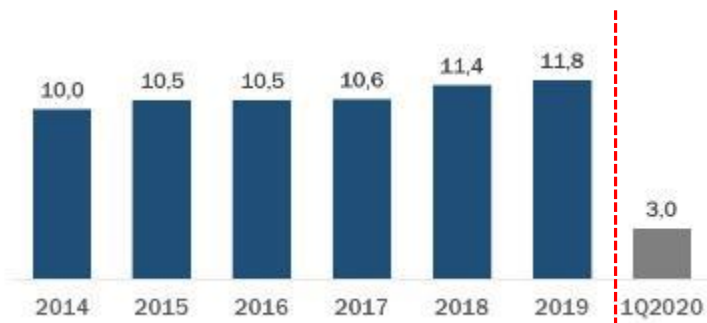
#### Contribution to education

- Revenues from Brisa Academy’s online education sessions and Brisa Educational Support Association funds student scholarships and educational projects such as “Vocational High School Coaching Program”, book collection campaigns, advanced data analytics projects, hosting university engineering students at Izmit Plant as part of “Courageous Engineers” Program.
- In 2019, Brisa managers came together with students from several universities in Turkey to share their experience and company assumed forum presidency positions during the 35th "International Conference of the Polymer Processing Society" that was hosted in Turkey.

# FOCUS SHIFTS, GREAT IMPACT



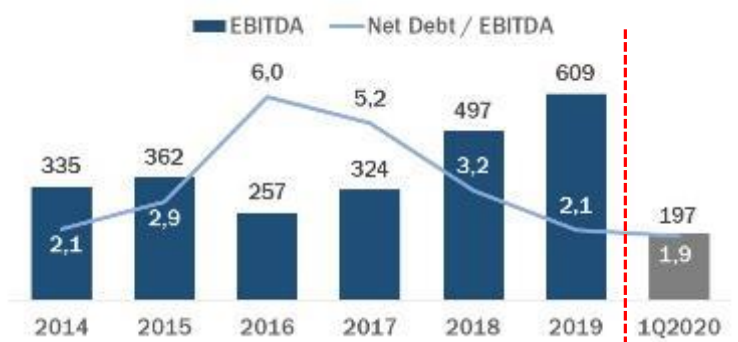
Production (M Units)



FCF (MTL), TWC Days



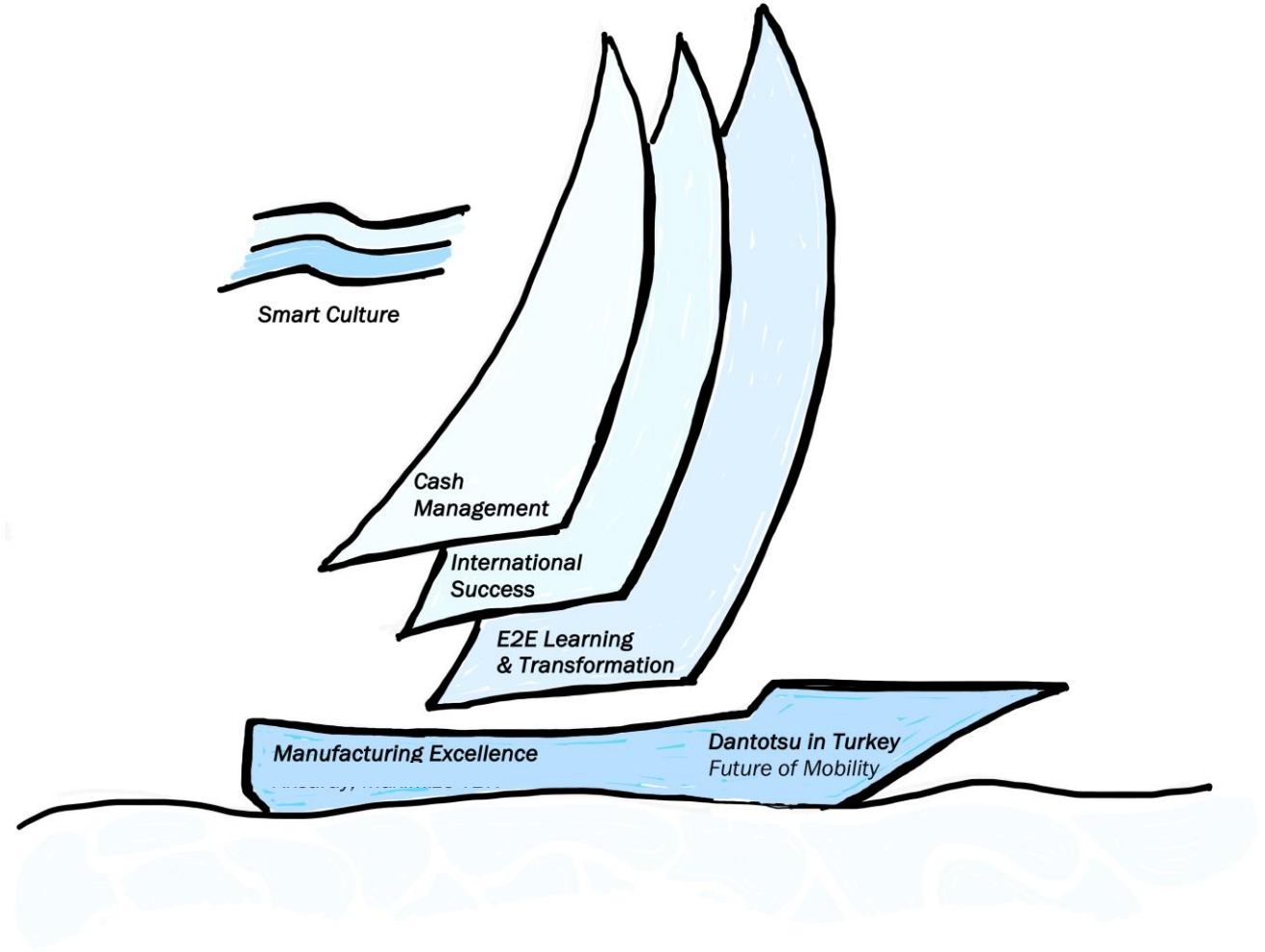
EBITDA (MTL), Net Debt / EBITDA



# OUR ESSENCE & STRATEGY



**WE DRIVE ON  
WITH COURAGE**



# REPLACEMENT CHANNEL- 56% of BRISA REVENUE



Market (M Units)	Q1			Sell-In M/S %	Q1		
	2020	2019	%		2020	2019	%
<b>Total</b>	<b>5,2</b>	<b>3,5</b>	<b>148%</b>	<b>Total</b>	<b>31%</b>	<b>28%</b>	<b>2,8%</b>
Consumer	4,7	3,1	150%	Consumer	31%	28%	2,6%
Commercial	0,5	0,4	130%	Commercial	33%	29%	4,3%

BRISA (K Tons)	Q1			BRISA Revenue (MTL)	Q1		
	2020	2019	%		2020	2019	%
<b>Total</b>	<b>24,2</b>	<b>17,9</b>	<b>135%</b>	<b>Total</b>	<b>536</b>	<b>384</b>	<b>139%</b>
Consumer	12,3	9,8	126%	Consumer	291	232	126%
Commercial	12,0	8,1	147%	Commercial	245	153	160%



**Dan totsu in Turkish Replacement Market**

**56% share**  
in Best & Better Category  
as of Feb-2020

**Proven Price Leadership**



# REPLACEMENT CHANNEL- STRONGEST LOCAL NETWORK

## Strongest sales network in Turkey

1289 pos, a Brisa pos makes  
2,5 times of competitors' pos

## Fast fit services

Otopratik and Propratik

## First and leading online tyre sales platform

Lastik.com.tr

**BRIDGESTONE LASSA** 497

**lastigim**  
BRIDGESTONE LASSA 656

**OTO PRATİK** 61

**ProPratik** 12

**Lastik Vs** 62

**lastik**  
com.tr 1



# BRISA – SOLUTION BUSINESS



B2C

E-charge for  
electrical cars

B2B

Passenger Car Fleet  
Service Module



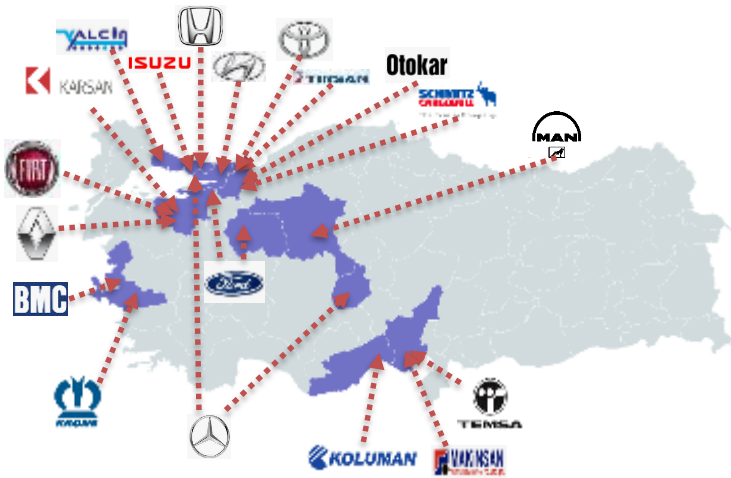
BRISA - Solution Business  
Leader in the industry

Measured 3.7 Million tires  
until today

15.812 fleet customers in  
the database

97 Profleet Consultants in  
the field

# OE CHANNEL- 13% of BRISA REVENUE



## Partnerships with Global OEMs



	Q1		
	2020	2019	%
Market (M Units)	1,6	1,7	95%
Market Share	22%	19%	3,3%
BRISA (K Tons)	5,7	4,1	139%
Brisa Revenue (MTL)	111	81	136%

## ACCELERATED NEW PRODUCT DEVELOPMENT

Tires for electric cars, first in Turkey

Started export for OE manufacturers

8 new products with latest technical developments

# INTERNATIONAL SALES CHANNEL – 31% of BRISA REVENUE

83

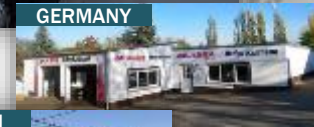
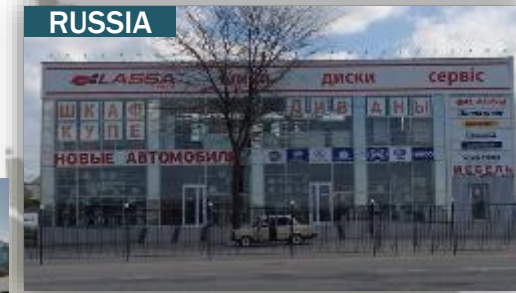
Countries

600

Lassa Branded Stores

6000

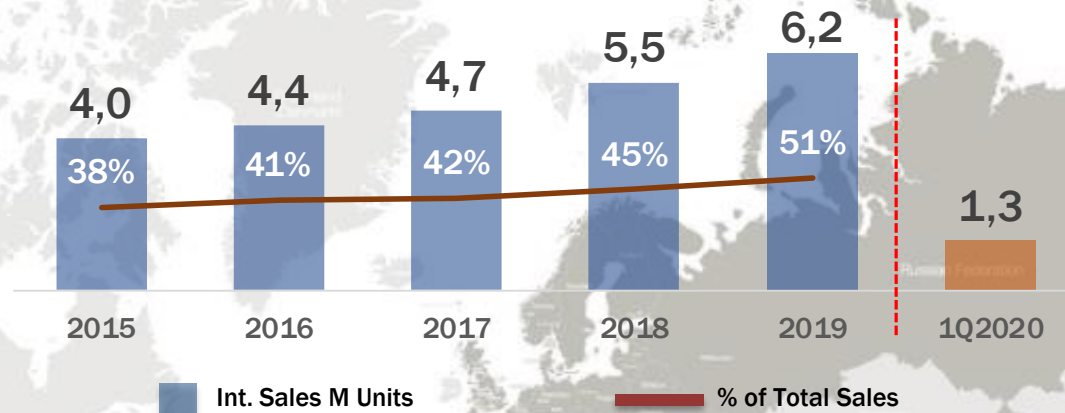
POS



# INTERNATIONAL SALES CHANNEL – 31% of BRISA REVENUE

**\$56 M Revenue**

..was \$63 M in 1Q2019



## OE Exports

increased from 0,8K Ton in 1Q2019 to 1,3K Ton in 1Q2020

Market	Q1		
	R1 (EU)	R2 (Non-EU)	
Regions Growth	-16%	-3%	
LASSA	-18%	-1%	

BRISA (K Tons)	2020	2019	%
Total	15,0	17,1	87%
Lassa	12,0	12,0	100%
BS	3,0	5,2	57%

BRISA Sales (M Units)	2020	2019	%
Total	1,3	1,6	85%
Lassa	1,1	1,1	102%
BS	0,2	0,5	43%

BRISA Revenue (MTL)	2020	2019	%
Total	287	293	98%
Lassa	231	209	111%
BS	55	84	66%

# LONG TERM, SUSTAINABLE TECHNOLOGY

R&D Center Certified in April 2017  
for OE, Replacement and Export  
with Bridgestone Technical Centers

**271**

New products for  
2019

**50**

Projects/year

**162 Million TL**

R&D Investment in  
last 5 years



# INCOME STATEMENT

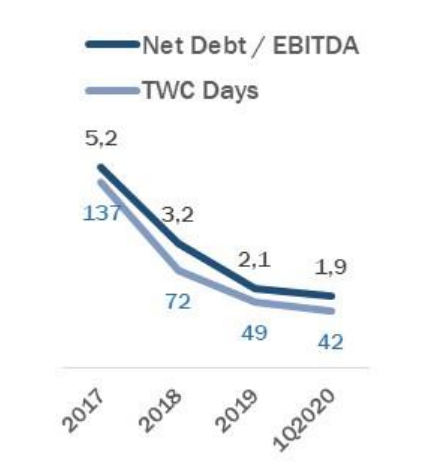
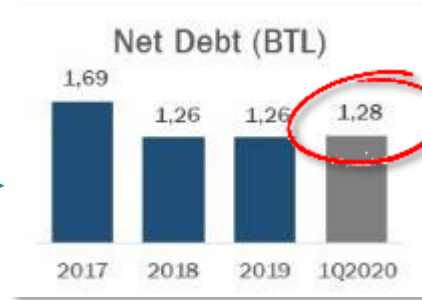
	Q1		
(M TL)	2020	2019	%
Tire Sales (K Ton)	44,9	39,2	● 115%
Net Sales	977	776	● 126%
Gross Profit	258	177	● 146%
%	26,4%	22,8%	
OPEX	(117)	(97)	● 121%
%	12,0%	12,5%	
EBITDA	197	125	● 158%
%	20,2%	16,1%	
Operating Profit <sup>1</sup>	141	79	● 177%
%	14,4%	10,2%	
Net Profit	76	(3)	● 2973%
%	7,8%	-0,3%	

<sup>1</sup> Operating profit does not include other financial income and expense

# CASH FLOW AND BALANCE SHEET

(M TL)	31.03.2020	31.12.2019
Total Financial Debt	3.399	3.160
Derivative Assets (-)	1.200	1.009
Cash <sup>1</sup> (-)	918	894
Net Financial Debt	1.281	1.257
<b>Cash Flow (M TL)</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Oper. Cash Flow	77	48
Investment (-)	(37)	(59)
Free Cash Flow	40	(11)
Change in Fin. Debt	63	525
Financial Expense	(89)	(84)
Dividend Paid	(34)	0
Other	16	21
Change in Cash	(4)	451
Change in Net Debt	67	74
<b>Ratios</b>	<b>31.03.2020</b>	<b>31.12.2019</b>
TWC (MTL)	592	281
TWC (Days)	42	49
Net Debt / EBITDA	1,9	2,1

## Last 4 Years



## Balance Sheet

(M TL)	31.03.2020	31.12.2019
Cash <sup>1</sup>	918	793
Receivables	931	669
Inventory	647	635
Other	3.299	3.183
Total Asset	5.795	5.280
Payables	987	1.023
Total Financial Debt	3.399	3.160
Financial Debt	2.199	2.151
CCS	1.200	1.009
Other Liabilities	415	199
Equity	995	897
Liability & Equity	5.795	5.280

## Highlights of Q1

Dividend of 31MTL was distributed

Continuous improvement in TWC Days  
From 49 to 42

<sup>1</sup> Cash includes time deposits having more than three months maturity



# Company Key Metrics

Key Metrics	Type	1Q			
		2020	2019	vs PY	vs PY %
Sales	MTL	977	776	201	126%
Domestic Sales	MTL	665	466	199	143%
Export Sales	MTL	312	310	2	101%
Export Sales	MUSD	56	63	-7	89%
EBITDA	MTL	197	125	73	158%
EBITDA	%	20,2%	16,1%	4,1%	
Net Income	MTL	76,2	-2,7	78,9	2973%
Sales (Tire)	KTonnage	44,9	39,2	5,7	115%
Domestic Sales	KTonnage	29,9	22,0	7,9	136%
Export Sales	KTonnage	15,0	17,1	-2,2	87%
Sales	Munit	3,0	2,9	0,0	101%
Domestic Sales	Munit	1,7	1,4	0,2	115%
Export Sales	Munit	1,3	1,5	-0,2	88%
Trade Working Capital Days*	#	42	49	-7	85%
WC Cycle*	#	9	7	1	118%
OPCF	MTL	77	48	29	160%
FCF	MTL	40	-11	51	-378%
Net Debt*	MTL	1.281	1.257	24	102%
Net Debt /EBITDA*	#	1,88	2,07	-0,18	91%

\* Compared to 31 December of previous year