

Brisa

4Q 2021 Financial Results

Earnings Release

18 February 2022

Net Income Doubled and Net Cash Position Achieved

2021 was a period when Brisa was trying to manage the exchange volatility and rising raw material prices. Despite increasing raw material prices, the company achieved record high results with the right steps taken in effective pricing, volume growth through its strategic supply chain position that is close to Europe and CIS countries and pertinent hedging against currency risks coupled . As a part of our "Operational excellence", strategy, we increased our productivity in 2021 in our İzmit Manufacturing Plant, which has proven its production success, and Aksaray factory, which we launched in 2018 equipped with smart applications.

In line with the increasing demand for tires, Brisa also performed strongly in 2021. Total sales revenue reached TL 6.634 million, EBITDA margin remained at similarly to the previous year and realized 22,4%. The company increased export sales revenue by 30% in USD, corresponding to 61% TL terms on a y/y basis. Consequently, 2021 net profit doubled compared to last year and reached TL 1004,6 million. With solid performance in cash managementwith the improvement in working capital days, earnings quality has improved sharply in 2021 and reached TRY613mn

Evaluation of Brisa CEO Haluk Kürkçü : *"Brisa, as the leader of the Turkish tire market with its products and services beyond tires, is one of the important building blocks of the Sabancı Group ecosystem. With this responsibility, we have made sustainability the basis of our decisions by managing our risks correctly, demonstrating our financial resilience once again. In the field of "operational excellence", we enrich the value we offer for all our stakeholders with our domestic production and R&D power, also our value-added products and services in domestic and international markets at our İzmit factory, which has proven its production success, and our Aksaray factory equipped with smart technologies. We reinforce our leadership with the investments we make in our dealer network, brands and services. With our Bridgestone, Lassa and Otopratik brands, we implement pioneering practices to provide the best experience for our customers.*

FINANCIAL HIGHLIGHTS

- 2021 domestic volumes increased by 14% compared to the same period of the previous year and the Company's export sales volume exceeded the growth in the European and European markets, and the total export sales tonnage was 29%. All these developments yielded 20% y/y total volume growth in 2021 compared to the same period of the previous year.
- The company achieved 54% y/y increase in its domestic sales revenue and 30% y/y growth in USD terms (+61% y/y in TL terms) in export revenue which was mainly driven by solid volume growth.Strong domestic and expot sales growth translated into 56% y/y total revenue growth in 2021, reaching TRY6,634mn.

- Total GP margin realized %30,4 in 2021. Despite the exchange rate volatility and upward trend in raw material prices occurred especially in the last quarter of the year, Q4 GP margin remained at similarly to the previous months in 2021 and Q4 GP ratio realized %29,4, thanks to the effective pricing on-site hedge policies applied against currency volatility, and increased productivity. Volume growth driven revenue performance passed through the EBITDA level, which registered 55% y/y growth, reaching TRY1.486mn in 2021. Consequently, net profit doubled compared to same period last year and reached TRY1.005mn in 2021. (DEC YTD 2020: TL 540 million.)
- The company reached TRY613mn net cash in 2021 as a result of strong operational cash flow driven by effective working capital management and well-managed financing through profound hedging.

STRATEGIC HIGHLIGHTS

- Lassa's exports increased parallel to the same level in European and non-European markets, therefore market share has maintained. The first shipment to Kazakhstan took place in the first half of 2021. Our Lassa Tyres brand entered into Hungarian market, the only country in Europe that has never shipped before. Lassa Tyres branded products reach to a total of 87 countries with the addition of 2 new markets during 2021.
- The number of Otopratik and Propratik stores reached 95 points in 41 provinces. In 2021, the service was introduced to vehicle owners, where they can see the maintenance and repair prices of their vehicles easily by entering their own vehicle information, and instantly make an online appointment.
- Negotiations were completed and a share purchasing agreement contract was signed for the acquisition of Arvento Mobil Systems to accelerate Brisa's sustainable mobility solutions. Necessary permits and approvals have been obtained and the closing procedures will be completed in 2022

Brisa Financial Results

Sales Tonnage	12M 2021	12M 2020	Change %
Domestic	125.674	109.861	14,4
Export	80.342	62.171	29,2
Total	206.017	172.032	19,8
Sales Tonnage (Channel Based)			
Replacement	98.150	87.212	12,5
OE	27.524	22.649	21,5
Domestic Total	125.674	109.861	14,4
Lassa Export	50.989	42.657	19,5
Bridgestone Export	29.354	19.514	50,4
Export Total	80.342	62.171	29,2
General Total	206.017	172.032	19,8
Net Sales (Million TL)			
Domestic Sales	4.180,5	2.710,9	54,2
Export Sales	2.453,7	1.526,0	60,8
Net Sales	6.634,3	4.236,9	56,6
Million US Dollar			
Export Sales	291,4	224,6	29,8
Summarized Income Statement (Million TL)			
Net Sales	6.634,3	4.236,9	56,6
Gross Profit	2.015,9	1.276,4	57,9
Operating Profit	1.248,4	731,3	70,7
Net Profit	1.004,6	539,9	86,0
Net Profit before one offs	922,6	455,8	102,4
EBITDA	1.485,9	956,5	55,3
EBITDA Margin%	22,4%	22,6%	-0,18%
Net Profit Margin%	15,1%	12,7%	2,40%

9M 2021	9M 2020	Change %
90.070	77.998	15,5
59.657	44.401	34,4
149.727	122.400	22,3
69.664	62.690	11,1
20.405	15.309	33,3
90.070	77.998	15,5
38.191	31.657	20,6
21.467	12.744	68,4
59.657	44.401	34,4
149.727	122.400	22,3
2.815,0	1.858,1	51,5
1.689,5	1.035,8	63,1
4.504,5	2.893,9	55,7
218,7	159,9	36,8
4.504,5	2.893,9	55,7
1.383,5	845,7	63,6
884,5	471,7	87,5
669,9	312,7	114,2
642,4	291,9	120,1
1.058,6	640,8	65,2
23,5%	22,1%	1,36%
14,9%	10,8%	4,07%

4Q 2021	4Q2020	Change %
35.605	31.863	11,7
20.685	17.770	16,4
56.290	49.632	13,4
28.486	24.523	16,2
7.118	7.340	-3,0
35.605	31.863	11,7
12.798	11.000	16,3
7.887	6.770	16,5
20.685	17.770	16,4
56.290	49.632	13,4
1.366	853	60,1
764,2	490,2	55,9
2.129,8	1.342,9	58,6
73	65	12,4
2.130	1.343	58,6
632,4	430,7	46,8
364	260	40,2
334,6	227,3	47,3
280,3	163,9	71,0
427,3	315,8	35,3
20,1%	23,5%	-3,45%
15,7%	16,9%	-1,21%