

Corporate Credit Rating

New Update

Sector: Industrial Equipment Industry

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Chief Analyst

Çiğdem Küçükbakırcı
 +90 212 352 56 73
ciğdem.kucukbakirci@jcrer.com.tr

Senior Analyst

Abdurrahim Torun
 +90 212 352 56 73
abdurrahim.torun@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Tümosan Motor ve Traktör Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the "Tümosan Motor ve Traktör Sanayi A.Ş." in the high investment grade category and revised the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'A (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (tr)' to 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlooks of the Company were assigned as 'BB/Negative' according to JCR-ER's national-global mapping methodology.

Tümosan Motor ve Traktör Sanayi A.Ş. (referred to as 'Tümosan Motor' or 'the Company'), was established in 1975 to produce motor drive and transmission organs and similar equipment, but has concentrated its operations on diesel engine and tractor production. The first diesel engine manufacturer of Türkiye, Tümosan not only provided diesel engines to tractors with the same brand, but also produced diesel engines for other brands for long years.

Tümosan Motor manufactures diesel engines and tractors with a production capacity of 75,000 diesel engines and 45,000 tractors in its Konya factory, which has a total area of 1.6 million m², 132.000 m² of which is closed. This facility with production capacities takes place in the first ranks among the largest manufacturing plants in Turkey. At present, the Company produces tractors with 268 models in 10 series and 25 main models. Apart from the agricultural machine engines, the Company also produce yacht-marine, generator and forklift engines. Currently, Tümosan Motor continues with its operations through 86 dealers, 387 services and 42 spare part dealers across the country.

The Company was founded initially as a public enterprise and then included in the scope of privatization. The Company shares acquired by Albayrak Group company, Alçelik Çelik Yapı, in July 2004. Albayrak Group which is established in 1952, one of Turkey's diversified conglomerates active across 6 business segments namely; construction, industry, logistic, services, media and tourism with 30 companies that employ close to 9,500 workers. As of the current period, Tümosan Motor's shareholders are Ereğli Tekstil (60.87%) which is controlled by Albayrak Family, Albayrak Family members with 10.44% shares and 28.69% of the total shares are publicly traded on Borsa Istanbul (BIST). On December 5, 2012 the shares of the Company were offered to public and have been traded on the Borsa Istanbul (BIST) with the 'TMSN' ticker-name. The Company currently takes places in the constituents of BIST Star, BIST 100, BIST Industrials, BIST Konya, BIST Metal Products and Machinery.

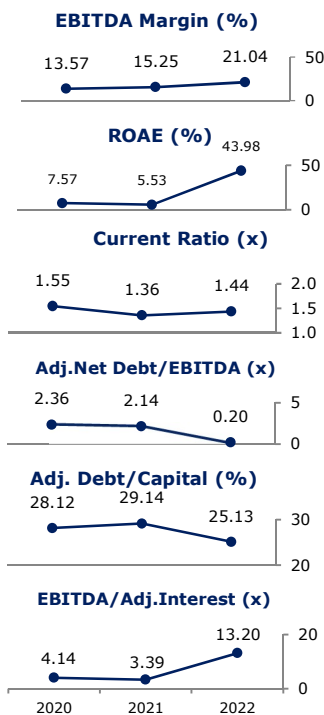
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Significant enhancement in leverage and coverage metrics, thanks to broad-based expanded profit margins, without a remarkable increase in external funds in FYE2022,
- Maintaining reasonable equity contribution by virtue of solid internal resource generation capacity, despite partially high non-cash revaluation gains,
- Improvement in cash cycle indicators through supplier diversity and promotion of early collections,
- Satisfactory level of cash flow metrics, along with moderate size of cash and cash equivalents,
- Long-lasting experience, brand awareness, and incentives for the industry increasing ability to resist possible drawbacks,
- Potential growth prospects, with vertical integration activities supported by R&D and Türkiye's increasing importance for the sector in the region.

Constraints

- Sector-specific cyclical risks, emanating from agricultural productivity, ESG regulations and supply chain bottlenecks,
- Compromising prudent financial stance in case of financing additional investments using leverage,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.



Considering the aforementioned points, the Company's the Long-Term National Rating has been revised from 'A- (tr)' to 'A (tr)'. Expansion of asset size, adequate equity level, increase in net sales, upward trend in EBITDA generation capacity, Tümosan Motor's sector experience and brand awareness have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's financial structure, efficiency of investments, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities are closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.