

Corporate Credit Rating

New Update

Sector: Industrial Equipment Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating 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	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	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 "Tümosan Motor ve Traktör Sanayi A.Ş." in the high investment grade category and affirmed the Long-Term National Issuer Credit Rating as 'A (tr)' and the Short-Term National Issuer Credit Rating as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlooks of the Company were affirmed 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 1976 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 Türkiye. 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 183 dealers, 372 services and 32 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 İstanbul (BIST). On December 5, 2012 the shares of the Company were offered to public and have been traded on the Borsa İstanbul (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.

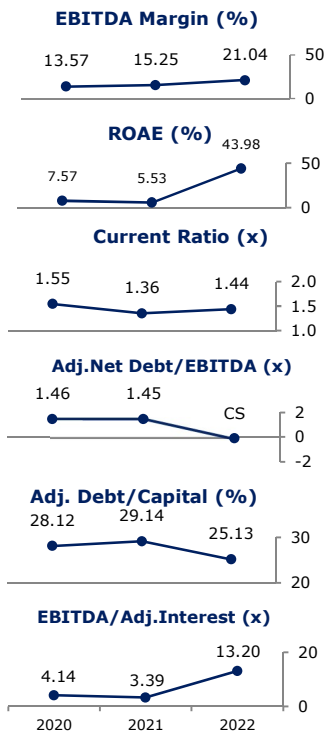
Strengths

- Favorable interest rates and incentivized domestic production, bolstered the increase in turnover and profitability metrics, despite the market share decline during 2023,
- Solid leverage metrics supported by liquidity position,
- Asset quality backed by extensive dealer network and collateralized structure of receivables,
- Expanding product/client base to some extent by utilizing domestically produced engines, which were developed through intensive R&D efforts,
- Long-lasting experience, brand awareness, and promotion in the industry increasing ability to resist possible drawbacks,
- Compliance with the corporate governance practices as a publicly listed company.

Constraints

- Considering the cyclicity in the industry and current tight financial conditions, possible decline in sales volume and profit margins during 2024,
- Dependency on agricultural productivity and climatic conditions,
- Leading economic indicators signal global economic slowdown.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. Expansion of asset size, adequate equity level, increase in net sales, upward trend in EBITDA generation, 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 affirmed as 'Stable'. The Company's sales volume, market share, profitability figures, financial structure, efficiency of investments, the possible impacts of the regional tensions on global and Türkiye's economy and its effects on the Company's activities will be 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.



CS= Cash Surplus