

Corporate Credit Rating

New Update

Sector: Automotive Spare Parts

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

* Assigned by JCR on August 18, 2022

Ayd Otomotiv Endüstri Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Ayd Otomotiv Endüstri Sanayi ve Ticaret A.Ş.** in investment-level category and affirmed the Long-Term National Issuer Credit Rating at **'AA (tr)'** and Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned at **'BB/Negative'** according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of Republic of Türkiye.

Ayd Otomotiv Endüstri Sanayi ve Ticaret A.Ş. (Ayd Otomotiv or "the Company") was officially registered by Konya Trade Registry Office in March, 1984 and started its activities in the same year. On the other hand, the history of its activities dates back to 1975 with production of suspension and steering wheel parts as stated on the Company website. Moreover, the main activity of Ayd Otomotiv is defined as the production of spares parts regarding motor land vehicles.

The Company's current shareholder is Aydın Family, maintaining 100% of the total shares. As of the report date, Harun Aydın, and Şerife Aydın have 95% and 5% of the shares respectively. The Company ranked 184th in ISO Türkiye's Top 500 Industrial Enterprises Report in 2021.

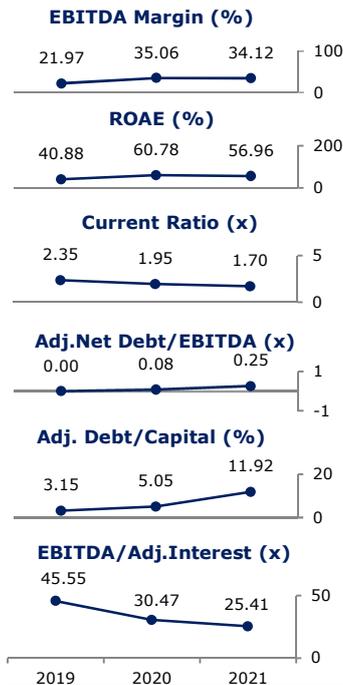
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Continuous growth performance supported by diversified product range and high share of export sales
- Resilient key profitability indicators
- Low level of leverage despite increase in indebtedness
- Sustainable trend in net working capital
- Solid equity level supported by internal resource generation
- Natural hedging in a certain extent as a result of predominantly foreign currency-based revenue
- Long track record in the sector dating back to 1975

Constraints

- Vulnerable to cyclicity due to global supply and demand conditions
- Improvement needs in the level of corporate governance practices
- As China's reopening and stable exchange rates generate significant headwinds to Türkiye's exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'AA (tr)'**. Continuous growth performance supported by diversified product range and high share of export sales, resilient key profitability indicators, low level of leverage despite increase in indebtedness, solid equity level supported by internal equity generation and long track record in the sector dating back to 1975 as well as geopolitical risks-driven uncertainties and global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National ratings are determined as **'Stable'**. The Company's revenue and profitability performance, liquidity position, financial indebtedness, developments in the global economy and also impact of global recession concerns and uncertainty due to geopolitical risks arising out of Ukraine war and sanctions on Russia are the main factors that 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 frame about the sector will be monitored as well.