

Corporate Credit Rating

New Update

Sector: Automotive Spare Parts

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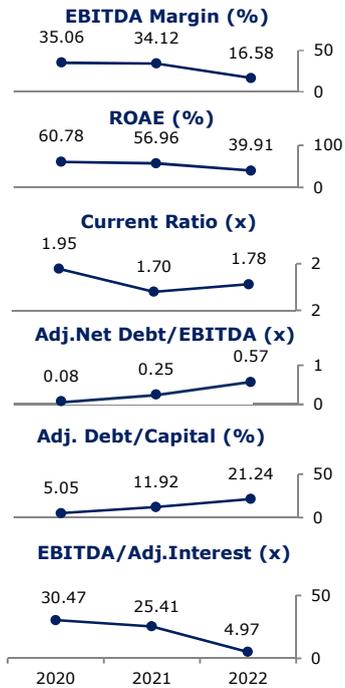
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International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

* Assigned by JCR on May 10, 2024



Ayd Otomotiv Endüstri Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Ayd Otomotiv Endüstri Sanayi ve Ticaret A.Ş.** in investment-grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as '**AA (tr)**' and Short-Term National Issuer Credit Rating as '**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/Stable**' 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 independent audit report is subject to consolidation. The subsidiary is engaged in spare parts trading. The title of its subsidiary is S.P.P. Otomotiv Sanayi ve Dış Ticaret A.Ş.

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 99% and 1% of the shares respectively. The Company ranked 176th in ISO Türkiye's Top 500 Industrial Enterprises Report in 2022.

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

Strengths

- Low level of financial leverage despite increase in indebtedness due to Capex
- Strong equity level supported by internal resource generation according to FY023
- Revenue structure supported by a recognized customer network and product diversity
- Hard currency denominated revenue stream with geographical diversification mainly driven by export-oriented business model
- Deep rooted operating history and solid experience in the sector dating back to 1975

Constraints

- Deterioration in profitability metrics during the review periods, despite still at a sustainable level
- Negative FOCF due to Capex leading additional increase in indebtedness
- High operating ratio deteriorating operational efficiency
- Vulnerable to cyclicity due to global supply and demand conditions
- Improvement needs in the level of compliance with corporate governance practices
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as '**AA (tr)**'. The Company's low level of leverage and coverage structure despite increase in indebtedness, revenue stream supported by diversified product range and high share of export sales, solid equity level supported by internal equity generation and long track record in the sector dating back to 1975 as well as 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, adequacy of liquidity, indebtedness level, market position and regulations in the sector 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 framework about the sector will be monitored as well.