

Corporate Credit Rating

New Update

Sector: Automotive Spare Parts

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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*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* 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 as '**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 spare parts regarding motor land vehicles. The Company's independent audit report is subject to consolidation. The subsidiary is engaged in spare parts trading namely S.S.P. Otomotiv Sanayi ve Dış Ticaret A.Ş.

As of the rating report date, Harun Aydın owns all shares of the Company. The Company ranked 171st in ISO Türkiye's Top 500 Industrial Enterprises Report in 2023.

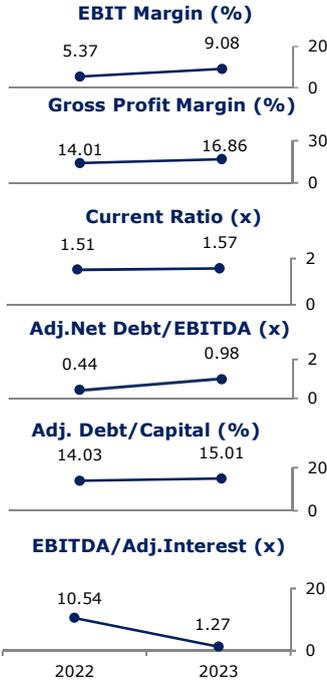
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Resilient financial leverage metrics despite increase in indebtedness over the analysed periods
- Sustainable core profitability along with continuous sales growth supported by diversified product range and high share of export sales during the reviewed periods including FY2024 corporate tax return results
- Continuation of strong liquidity profile with increasing net working capital and positive cash flow metrics in FY2023
- Solid equity level supported by internal resource generation during reviewed periods
- 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

- Sharp increase in financing expenses in FY2023 and ongoing high level as per FY2024 corporate tax return
- Susceptible to cyclicity of automotive sector due to global supply and demand conditions
- Improvement needs in compliance with corporate governance practices
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty



Considering the aforementioned points, the Company's the Long-Term National Credit Rating has been affirmed as '**AA (tr)**'. The Company's resilient financial leverage metrics despite increase in indebtedness over the analysed periods, sustainable core profitability along with continuous sales growth supported by diversified product range and high share of export sales during the reviewed periods including FY2024 corporate tax return results, continuation of strong liquidity profile with increasing net working capital and positive cash flow metrics in FY2023, solid equity level supported by internal resource generation during reviewed periods, 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 as well as other global downsides have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as '**Stable**'. The Company's, revenue and profitability performance, adequacy of liquidity, indebtedness level and market position records 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.