

## Corporate Credit Rating

New Update

**Sector:** Automotive Spare Parts

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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021

## AYD OTOMOTİV ENDÜSTRİ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated **Ayd Otomotiv Endüstri Sanayi ve Ticaret A.Ş.** in investment-level category and assigned 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 as '**BB/Stable**' as parallel to international ratings and outlooks of Republic of Turkey.

**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 100.00% of the total shares. As of FYE2020, Harun Aydın, Akif Aydın and Şerife Aydın have 65%, 30% and 5% of the shares respectively. The Company ranked 232<sup>th</sup> in ISO Turkey's Top 500 Industrial Enterprises Report in 2020.

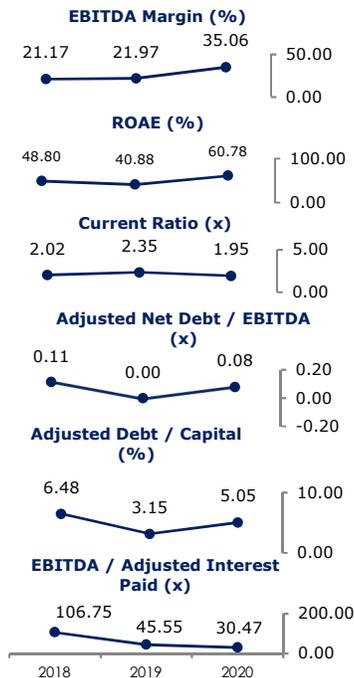
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Consistent growth in revenue supported by exports to wide customer portfolio
- Consistency at increase of EBITDA and profitability ratios
- High equity level supported by internal equity generation
- Revenue mostly consisting of foreign currencies providing natural hedge
- Broad product range portfolio contributing to revenue stream
- Deep-rooted operating history and solid experience in the sector dating back to 1975

### Constraints

- Negative FOCF due to Capex pressuring liquidity management
- Improvement needs in the level of corporate governance practices
- Uncertainty due to geopolitical risks arising out of Russia-Ukraine war and sanctions on Russia



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**AA (tr)**'. Consistent growth in revenue and EBITDA generation in FY2020 that reflect to profitability margins, natural hedge due to foreign currency based revenue, broad product range portfolio, 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 investment causing negative FOCF, improvement needs in corporate governance practices and uncertainty due to geopolitical risk arising out of Ukraine-Russia war 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.