

Corporate Credit Rating

New Update

Sector: Automotive Supplier
Publishing Date: March 29, 2023

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (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 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

EGE ENDÜSTRİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Ege Endüstri ve Ticaret Anonim Şirketi" in the highest investment-grade category, assigned the Long-Term National Issuer Credit Rating as 'AAA(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 Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' in parallel to the international ratings and outlooks of Republic of Türkiye.

Ege Endüstri ve Ticaret Anonim Şirketi (hereinafter "Ege Endüstri" or "the Group") was established in 1964, located in Izmir, Türkiye, manufactures axles, axle parts and suspension components. The Group has been designing and producing front and rear axles, additional axles, trailer axles, suspension systems and their parts for commercial vehicles since 1974. Ege Endüstri has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1986. 34.67% of shares are publicly traded on the BIST with the ticker symbol "EGEEN", while the rest of the shares belong to Ege Endüstri Holding (63.63%) and others, real persons and legal entities with a shareholding of less than 10% (1.70%). The ultimate main shareholder of the Group is the Bayraktar Family. The headquarter of the Group is located in Izmir and the production facility of the Group is located in Izmir. As of FYE2022, the total number of employees of the Group is 581 (FYE2021: 559).

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

Strengths

- Sustainable operational performance thanks to presence in diversified geography and corporate customers,
- Sound financial position and cash surplus via strengthened cash flow generation capacity,
- Strong liquidity management and sound liquidity ratios,
- Sustainability in profitability ratios underpinning internal equity generation,
- Solid market influence thanks to its long-lasting presence in the sector and successful track-record,
- High level of compliance regarding corporate governance implementations.

Constraints

- Long cash conversion cycle due to maintaining of inventories as its business base,
- Low level of paid-in capital in comparison to the equity and asset size of the Group pressuring on equity quality,
- Global chip shortage that poses potential risk for automotive industry.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'AAA (tr)'. Taking into account established market position, operational performance, long term customer structure, cash flow metrics, funding structure, profitability indicators, leverage level, successful track record in the sector, corporate governance practices, experienced and qualified organizational structure, as well as, vulnerability of the sector to macroeconomic conditions and sectoral metrics 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 determined as 'Stable'.

The Group's financial structure, expected cash flow generation from ongoing investments, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Group's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

