

Corporate Credit Rating

New Update

Sector: Automotive Suppliers

Industry

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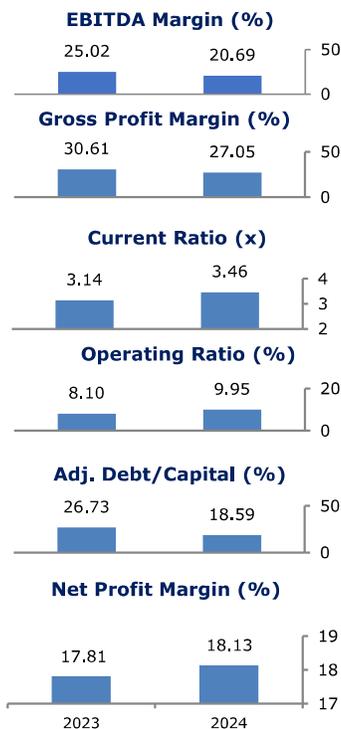
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



EGE ENDÜSTRİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Ege Endüstri ve Ticaret Anonim Şirketi" in the investment-level category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the 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 are determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of the Republic of Türkiye.

Ege Endüstri ve Ticaret Anonim Şirketi (hereinafter referred to as "Ege Endüstri" or "the Group") was established in 1964 and is located in İzmir, Türkiye. The Group's main field of activity is to manufacture axles, axle parts and suspension components. The Group has been designing and producing front and rear axles, tag axles, trailer axles, suspension systems and their parts for commercial vehicles since 1964. Ege Endüstri has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1986. 35.20% of its 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% (1.17%) as of FYE2024. The ultimate main shareholder of the Group is the Bayraktar Family.

The Group's headquarters is located in İzmir, and as of 2022, it initiated a facility investment covering an area of 60,000 m² within the İzmir Free Zone, aimed at consolidating its two production operations under a single roof. The new facility commenced production as of November 2024. The average number of employees of the Group was approximately 588 in FY2024 (FY2023: 571).

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

Strengths

- Sustainable profitability indicators in the analyzed periods despite decrease particularly in FY2024 due to mainly rising operational and production costs,
- Solid financial leverage metrics backed by cash surplus position alongside satisfactory coverage indicators over the analyzed periods,
- Favorable liquidity indicators through significant level of net working capital and notable cash balance in the reviewed periods,
- Export-oriented business model with long-term agreements,
- Low collection risk contributing to receivable and asset quality,
- Compliance with corporate governance practices and quality standards as a publicly traded company,
- Top-tier market position with its deep-rooted history and creative approach in R&D initiatives.

Constraints

- Contraction in revenue generation due to TAS29 effect despite sustained sales volume in FY2024,
- Long cash conversion cycle due to maintaining of inventories as its business base,
- Notably low level of paid-in capital compared to asset and equity size despite strong equity base,
- 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 Group's Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. Taking into account, the Group's maintained profitability indicators, cash surplus position leading strong leverage indicators, export-oriented business agreements, as well as decline in sales revenue and global economic slowdown 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 profitability performance, leverage metrics, efficiency indicators, equity structure and economic conditions in local and global environments are the priority issues to be 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 also be monitored.