

## Corporate Credit Rating

New  Update

**Sector:** Automotive

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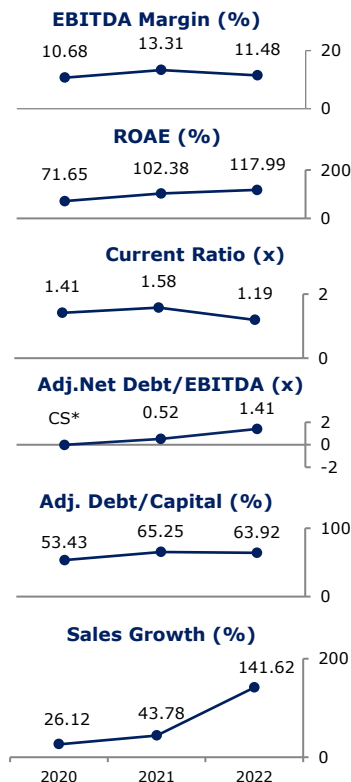
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

\* Assigned by JCR on Aug 18, 2022



\*CS: Cash Surplus

## FORD OTOMOTİV SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Ford Otomotiv Sanayi Anonim Şirketi" in the investment grade 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 have been assigned as "BB/Negative" as parallel to international ratings and outlooks of Republic of Türkiye.

**Ford Otomotiv Sanayi Anonim Şirketi** ("Ford Otosan", "the Group" or "the Company") was established in 1959 and at present manufactures, sells and imports motor vehicles, especially commercial vehicles, as well as spare parts for these vehicles. The Company is headquartered in İstanbul but conducts its manufacturing activities via 4 factories which are located in Türkiye (3 factories) and Romania (1) as of the report date. The Group has capacities of 474.5k units of commercial vehicles in Türkiye and 272k units of passenger and commercial vehicles in Romania, totaling to 746.5k units. Ford Otosan has an export-oriented business model with sales realized mainly to Ford Motor Company's European subsidiaries. Thanks to its export power, the Company has been the goods product export champion of Türkiye between 2015-2022. The Company was the leading commercial vehicle manufacturer (69%) of Türkiye while taking 28% share in Türkiye's total automotive production in 2022 according to the Investor Presentation (December 2023). Correspondingly, Ford Otosan consistently takes place in "Türkiye's Top 500 Industrial Enterprises Survey" of İstanbul Chamber of Industry. The Company ranked 3<sup>rd</sup> in the 2022 survey in terms of sales from production. Ford Otosan also takes place in Forbes magazine's "Global 2000" lists, which rank the largest companies in the world using four metrics: sales, profits, assets and market value. In the 2023 list, the Company ranked 1,229<sup>th</sup> (2022: 1,794<sup>th</sup>). As of 30.09.2023, Koç Group and Ford Deutschland Holding GmbH, which is a %100 subsidiary of Ford Motor Company, held 41% of the shares while the remaining shares (17.89%) were publicly traded on Borsa İstanbul (BIST). The shares of Ford Otosan have been traded on BIST since 1986 with 'FROTO' ticker.

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

### Strengths

- Notable sales growth supported by the acquisition of Craiova plant in Romania, continuing in 9M2023,
- Steady profit margins backed by solid cost-plus business model,
- Consistent CFO and FFO generation capacity facilitating liquidity management,
- Favorable leverage profile despite a slight increase as of FYE2022,
- Successful track record as being one of the top 3 industrial enterprises and exporters of Türkiye,
- Strong compliance with the corporate governance principles,
- Commitment to R&D and sustainability studies within the scope of "Future Now" vision,
- Being a joint venture of two reputable shareholders.

### Constraints

- Intense competition in the automotive industry along with high correlation with macroeconomic dynamics,
- Leading economic indicators signal global economic slowdown as quantitative actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. The Group's sales performance, profit margins, liquidity and cash flow metrics, leverage profile, market positions, sectoral experience, R&D capabilities and shareholder structure along with the industry's competitive and highly correlated nature and deterioration in local and global macroeconomic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Long and Short-Term National Issuer Credit Ratings. The Group's revenue generation performance, profitability, leverage profile, liquidity and cash flow metrics, and input costs will be closely monitored by JCR Eurasia Rating in the 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.