

## Corporate Credit Rating

New  Update

**Sector:** Aerospace and Defense Industry

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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	-
	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

## SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "SDT Uzay ve Savunma Teknolojileri A.Ş." in the investment level category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA+ (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 were determined as 'BB/Stable' in line with in line with sovereign ratings and outlooks of Republic of Türkiye.

**SDT Uzay ve Savunma Teknolojileri A.Ş.** (hereinafter "the Company" or "SDT"), was established on February 11, 2005 in Ankara, Türkiye. The fundamental purpose of founding the Company is to provide cutting-edge technological products and engineering services to strategically targeted domestic and international sectors. The Company seeks to develop products in specialized vertical domains by leveraging research and development (R&D) initiatives within the defense industry. The Company's core areas of operation include Radar, Electronic Warfare and Communication Systems, Mission Systems, Simulation Systems, Information Technologies, Production Programs, and the ACMI (Air Combat Maneuvering Instrumentation) Program.

The Company's revenue stream primarily derives from sales rooted in project-based engagements. The generation of revenue transpires via formal tender processes, as well as through solicited project-based orders and ad hoc sales. Additionally, SDT engages in collaborative endeavors through joint ventures and cooperative agreements to execute several projects collectively. Upon the culmination of projects executed within the context of joint ventures, the resultant revenue is apportioned commensurate with the respective ownership stake in the joint venture.

The Company, following its initial public offering (IPO) conducted on December 28-29, 2022, began trading on the Borsa Istanbul (BIST) on January 4, 2023, under the ticker symbol "SDTTR." As of the first quarter of 2024, Mr. Mehmet Dora holds a majority ownership with stake of 73.11% in the Company, while Mr. Mustafa Fatih Ünal owns 2.32%. Additionally, 21.12% of the Company's shares are publicly traded on the BIST, with 3.45% held by other shareholders. As of 1Q2024, the Company employs 240 personnel (FYE2023: 244).

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

### Strengths

- Steady increase in sales revenue supported by increasing backlog volume,
- Improving profitability indicators in FY2023 albeit decrease in 1Q2024,
- Robust leverage and coverage metrics with cash position,
- Solid customer portfolio supporting asset quality,
- Ongoing positive NWC underscoring liquidity outlook also consistent in 1Q2024,
- Strong equity level underlined by internal equity generation capacity,
- Transparency regarding adherence to corporate governance as an entity subject to Capital Market Law,
- Successful track record and niche accumulation of knowledge.

### Constraints

- Long cash conversion cycle and comparatively high OPEX affecting efficiency profile,
- Operational risk stemming from the nature of the business dynamics and volatile relations between countries.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The Company's increasing sales volume, improving profitability indicators, robust leverage and coverage metrics, customer portfolio, positive NWC, strong equity, transparency and successful track record as well as long cash cycle, high OPEX and operational risk due to nature of business 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 Company's financial structure, tight economic conditions and Türkiye's economy and its effects on the Company's activities 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.

