Corporate Credit Rating

☐New ☒Update

Sector: Industrial Equipment Industry

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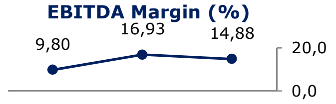
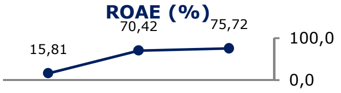
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	**National ICR**	**AAA (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Profile)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

** Assigned by JCR on Aug 18, 2022*

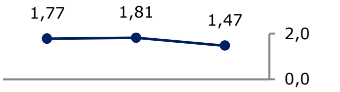
EBITDA Margin (%)



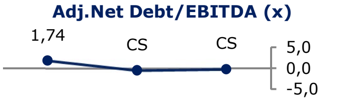
ROAE (%)



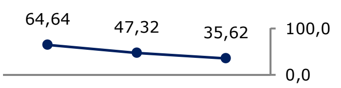
Current Ratio



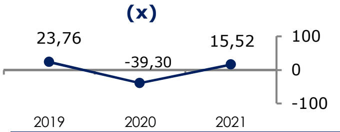
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Türk Traktör ve Ziraat Makineleri A.Ş.

JCR Eurasia Rating, has evaluated the **"Türk Traktör ve Ziraat Makineleri A.Ş."** in the highest investment grade category 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 Ratings and outlooks of the Company were assigned as **'BB/Negative'** according to JCR-ER's national-global mapping methodology.

"Türk Traktör ve Ziraat Makineleri A.Ş." (hereinafter referred to as **"TürkTraktör"** or **"the Company"**), established on June 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. by MKE, TZDK, Ziraat Bankası, Tariş, Çukobirlik and MinneapolisMoline from the US and main operating field of Company is manufacturing and trading of farm tractors, harvesters and other agricultural machinery and equipment. The title of the Company was changed as TürkTraktör Ziraat Makineleri A.Ş. in 1968 following the purchase of 25% of the shares held by Ege Makina ve Ticaret A.Ş., a group company of the Koç Holding A.Ş. ("Koç Holding").

TürkTraktör continues to stand by the farmers with its widespread sales and service network throughout Turkey. TürkTraktör, transfers its 68 years of experience 4 continents in the world and services to farmers all over Türkiye with 131 tractor sales dealers, 147 spare parts dealers and 35 construction equipment dealers. In addition to Company's import and distribution agreement signed with CNHI International SA, for the domestic oriented activities of providing sales, marketing and after-sales services for New Holland and Case branded imported construction equipment, TürkTraktör also started to manufacture the Case and New Holland construction equipment in Türkiye in 2020. The major shareholders of the Company are Koç Holding and CNHI Osterreich GmbH, and 25% of shares are publicly traded on the BIST with the ticker symbol "TTRAK".

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

Strengths	Constraints
• Steady growth in sales revenues and EBITDA generation capacity supported by increasing demand and sectoral incentives, • Increasing equity level thanks to solid internal resource generation capacity despite dividend distribution policy, • Maintaining the satisfactory level of cash flow metrics with liquid financial structure, • Sustaining market leader position, with extensive sales network, additional investments, R&D activities, product and market diversity, • Successful track record with the contribution of the synergy provided by Koç Holding and CNH Industrial partnership and Case and New Holland brands, • High level of compliance with corporate governance practices.	• High dependence on the agricultural sector in tractor sales and sector-specific cyclical risks, emanating from ESG regulations and supply chain bottlenecks, • Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at **'AAA (tr)'**. The competitive advantage owing to established market position, the positive contribution of the recovery in tractor sectors to Company's sales and production amounts and EBITDA generation capacity, improved financial leverage levels with strengthened equity via solid internal resource generation capacity, expanding sales revenue in domestic and international markets with large nationwide number of dealers and sales points, high liquid balance sheet composition, financing capabilities through the ease of financial access, world-wide export power, manufacturing facilities that are compliant with international quality standards and synergies created by Koç Group and CNHI International SA have been evaluated as important indicators for the determination of the ratings and the outlooks for the Long and Short-Term National Ratings are determined as **'Stable'**. Sustainability of the Company's sales performance, cash and EBITDA generation performance together with the trends in the sector, the continuity of liquid financial structure, financial leverage levels, national and international policy implementation to the sector, the developments regarding the global and domestic macroeconomic indicators and the generation of internal resources and cash flows to meet debt payments are the principle factors will be continued to be monitored as well.