

Corporate Credit Rating

New Update

Sector: Industrial Equipment Industry

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Senior Analyst / Team Leader

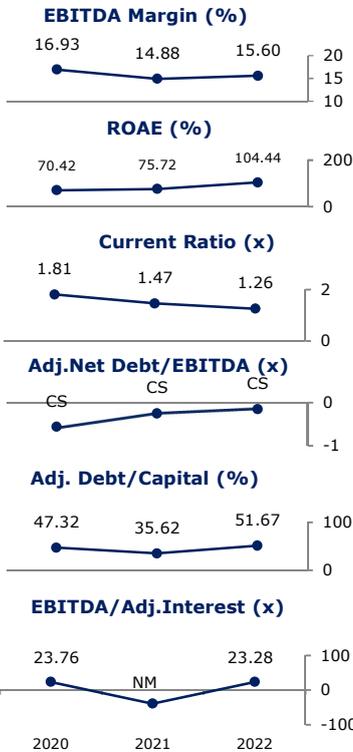
Abdurrahim Torun

+90 212 352 56 73

abdurrahim.torun@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issue 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
 NM: Not Meaningful

Türk Traktör ve Ziraat Makineleri A.Ş.

JCR Eurasia Rating, has evaluated "Türk Traktör ve Ziraat Makineleri A.Ş." 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 Ratings and outlooks of the Company were affirmed 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"), was established on June 1954 in Ankara, as Minneapolis Moline Türk Traktör ve Ziraat Makineleri A.Ş. by MKE, TZDK, Ziraat Bankası, Tarış, 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 Türkiye. TürkTraktör, transfers its 7 decades of experience 4 continents in the world and services to farmers all over Türkiye with 131 tractor sales dealers, 150 spare parts dealers and 33 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 equipments 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

- Favorable loan conditions and incentives provided a competitive edge through high demand, thereby bolstering turnover, profitability and cash flow metrics during the reviewed periods,
- Satisfactory equity level despite high dividend distribution and low paid-in capital level,
- Strong asset quality, predominantly backed by robust liquidity position,
- Moderate indebtedness level and alternative funding opportunities including bond issuance relieving financial management in a certain extent,
- Sustainability of growth and market leader position being cemented through partnership structure, R&D activities and wide dealer network,
- Being publicly traded supports compliance with corporate governance practices.

Constraints

- While incentives still present an advantage, the current monetary tightening environment may pose challenges to preserving current sale volume,
- High dependence on the agricultural sector, which is highly sensitive to climatic conditions.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. The Company's competitive advantage owing to established market position with large nationwide number of dealers and sales points, the positive contribution of domestic ease monetary policy which sustained during the review period, high liquid balance sheet composition, manufacturing facilities that are compliant with international quality standards and synergies created by Koç Group and CNH International SA have been evaluated as important indicators for the determination of the ratings and the outlooks for the Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. Sustainability of the Company's sales volume performance considering the current tightening monetary steps, agricultural productivity, mainly related to climatic conditions, dividend policy, cash flow metrics, profitability figures, sectoral demand, national and international policy implementation to the sector, the developments regarding the global and domestic macroeconomic indicators will be continued to be monitored.