

Corporate Credit Rating

New Update

Sector: Industrial Equipment Industry

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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	-
	International LC ICR Outlooks	Stable	-
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

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 assigned as ‘**BB/Stable**’ 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 the Company is manufacturing and trading of farm tractors, harvesters and other agricultural machinery and equipment. The title of the Company was changed as Türk Traktör 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 128 tractor sales dealers, 145 spare parts dealers and 32 construction equipment dealers as of 3Q2024. In addition to distribution agreement signed with CNHI International SA, 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 Österreich GmbH with 37,50% shares, and remaining 25% of shares are publicly traded on the BIST with the ticker symbol “TTRAK”.

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

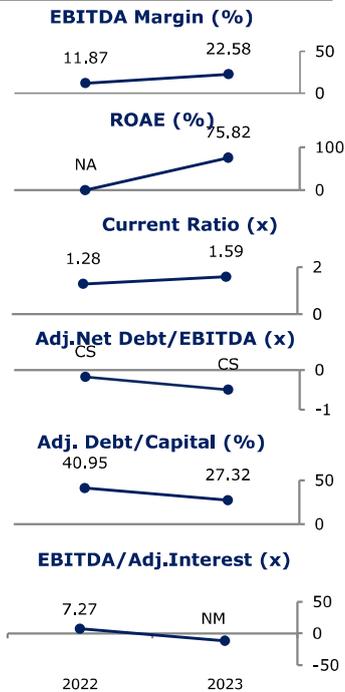
Strengths

- Continued increase of high-level equity contribution, albeit sizeable dividend distributions and despite low level of paid-in capital,
- Collateralized structure of receivables with broad dealer network backing asset quality,
- Strong debt service metrics, despite slight attrition as of 3Q2024,
- Moderate liquidity metrics, despite declined liquid assets and extending cash cycle as of 3Q2024,
- SPP investments, aimed to meet ESG sensitivities expected to contribute to cost control,
- Market leader position in the domestic market for 18 consecutive years, via solid brand recognition, in addition to partnership structure,
- Compliance with the corporate governance practices as a publicly listed company.

Constraints

- Weakness in demand conditions as reflected a relative decline in sales volume, revenue and profitability margins in 3Q2024 result, compared to the same period of the previous year,
- High dependence of operations on agricultural productivity and sectoral regulations, despite diversification efforts.

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 solid equity composition with continuing increase, collateralized structure of receivables, moderate liquidity metrics, SPP investments and partnership structure including Koç Holding and CNHI Österreich have been evaluated as important indicators for the stability of the ratings and the outlooks for the Long and Short-Term National Issuer Credit Ratings are affirmed as ‘**Stable**’. The Company’s sales performance and profitability especially considering the declining demand during 2024, agricultural productivity, mainly related to climatic conditions, dividend policy, national and international policy implementation to the sector, the developments regarding the global and domestic macroeconomic indicators will be continued to be monitored.



CS: Cash Surplus
 NM: Not Meaningful
 NA: Not Applicable