

Corporate Credit Rating

New Update

Sector: Automotive

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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	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

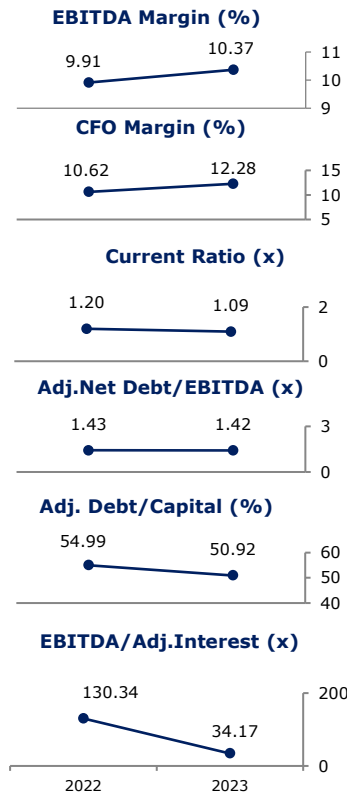
* Assigned by JCR on May 10, 2024

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. When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Issuer Credit Ratings were assigned as 'BB/Stable' in line with the sovereign ratings and outlooks of the Republic of Türkiye.

Ford Otomotiv Sanayi Anonim Şirketi ("Ford Otosan", "the Group" or "the Company") was established in 1959. The Group manufactures, sells, and imports motor vehicles, especially commercial vehicles, as well as spare parts for these vehicles. Ford Otosan is headquartered in İstanbul but the Group conducts its manufacturing activities via 4 factories: 3 in Türkiye and 1 in Romania. The Group has capacities of 474.5k commercial vehicles in Türkiye and 272k passenger and commercial vehicles in Romania, totaling 746.5k units. The Group has an export-oriented business model with sales realized mainly to Ford Motor Company's European subsidiaries. Thanks to its export power, Ford Otosan ranked 2nd in the general ranking and 1st in the sectoral ranking in the 2023 list of 'Türkiye's Top 1000 Exporters', a survey prepared regularly by the Turkish Exporters Assembly. Ford Otosan maintained its position as Türkiye's leading commercial vehicle manufacturer, accounting for 77% of the commercial vehicle production and 26% of the total automotive production in FY2023, according to the Investor Presentation (December 2024). Correspondingly, Ford Otosan has consistently ranked among the top 3 in the "Türkiye's Top 500 Industrial Enterprises" surveys by the İstanbul Chamber of Industry. The Company regained the 2nd position (after TÜPRAŞ) in the 2023 list, a spot it has frequently occupied since 2006, except for a temporary shift to 3rd in 2022. Moreover, 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 2024 list, the Company ranked 893th. As of 30.09.2024, Koç Group and Ford Deutschland Holding GmbH, a %100 subsidiary of Ford Motor Company, continued to hold 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 the BIST since 1986 with the 'FROTO' ticker.

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



Strengths

- Significant sales growth in FY2023, followed by a steady performance in 9M2024,
- Heightened but moderate leverage profile in 9M2024,
- Favorable coverage metrics,
- Sufficient liquidity indicators supported by steady cash flow generation,
- Export-oriented business model with EUR-cost plus export agreements,
- Top-tier market positions in commercial vehicles segment in Türkiye and Europe,
- Robust adherence to corporate governance principles, as evidenced by its inclusion in the Borsa İstanbul Corporate Governance Index,
- Strong shareholder structure as a joint venture of two reputable partners.

Constraints

- Profit margins converging to pre-pandemic levels in 9M2024, mainly influenced by macroeconomic dynamics,
- Competitive nature of the automotive industry,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. The Group's business model, sales performance, leverage and coverage profile, liquidity and cash flow metrics, market positions, corporate governance compliance level, sectoral experience, and shareholder structure along with profit margins, the industry's competitive 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 sales, profit margins, leverage and coverage 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 the legal framework of the sector will be monitored.