

## Corporate Credit & Issue Rating

☒ New ☐ Update

**Sector:** Automotive

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**Chief Analyst, CFA**

Özgür Fuad Engin

+90 212 352 56 73

[ozgur.engin@jcrer.com.tr](mailto:ozgur.engin@jcrer.com.tr)

**Assistant Analyst**

Özge Deniz Yıldız

+90 212 352 56 73

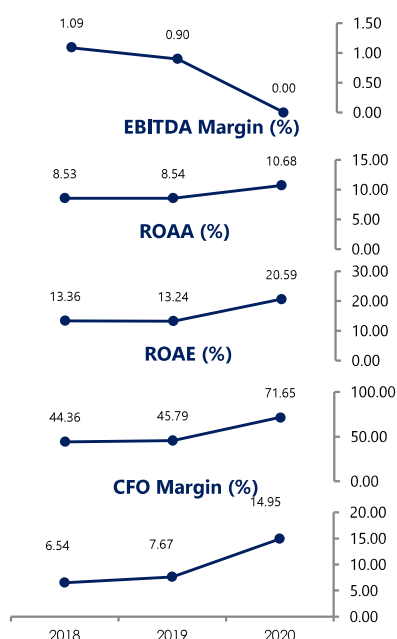
[ozge.yildiz@jcrer.com.tr](mailto:ozge.yildiz@jcrer.com.tr)

## RATINGS

		Long Term	Short Term
		AAA (Trk)	A-1+ (Trk)
Nation	Local Rating	AAA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook FC	Stable	Stable
	Outlook LC	Stable	Stable
Sovereign	Sponsor Support	1	-
	Stand-Alone	A	-
	Foreign	BB	-
	Local Currency	BB	-
	Outlook FC	Stable	-
	Outlook LC	Stable	-

\*Assigned by JCR on May 31, 2021

### Adjusted Net Debt / EBITDA (x)



## Ford Otomotiv Sanayi Anonim Şirketi

JCR Eurasia Rating, has evaluated **Ford Otomotiv Sanayi Anonim Şirketi** assigned the ratings on the Long-Term National Scale as '**AAA (Trk)**' and the Short-Term National Scale as '**A-1+ (Trk)**' with '**Stable**' outlooks.

Ford Otomotiv Sanayi A.Ş. ("hereinafter referred to as "Ford Otosan" or the "Company") was established in 1959. The company's field of activity is the manufacture, assembly and sale of motor vehicles, primarily commercial vehicles, the import and sale of passenger vehicles and the production, import and sale of spare parts for these vehicles. The company operates as a joint venture between Ford Motor Company and the Koç Group of Companies. The Company is listed on the Borsa İstanbul ("BİST") where 17.89% of its shares are publicly traded.

Ford Otosan is Turkey's largest commercial vehicle production company with the annual production capacity of 455,000 units and Turkey's biggest exporter. Furthermore, Ford Otosan is Ford's largest commercial vehicle manufacturing hub in Europe.

Transit and Custom models are manufactured at the Gölcük plant which has 330,000 units capacity and Courier model is manufactured at the Yeniköy plant which has 110,000 units capacity. Eskişehir Plant, which has an annual heavy truck production capacity of 15,000 units, manufactures Ford Trucks in addition to engines and engine systems for light and heavy commercial vehicles. Additionally, the Company has spare parts distribution center, sales and marketing departments and a research and development (R&D) centre located in Sancaktepe.

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

### Strengths

- Cash surplus against financial debt
- Increasing sales revenues and EBITDA generation capacity along with maintenance of orders and rising export volume
- Global and locally recognized brand advantages through its shareholder structure
- Leading manufacturer and exporter of Turkey
- Providing natural hedge through export sales
- High level of compliance regarding corporate governance implementations
- High emphasis on R&D activities important position in market share with sustainable production technology

### Constraints

- High correlation with macroeconomic dynamics in the sector,
- Global chip shortage that poses potential risk for automotive industry,
- Pricing limitations due to tax level and fluctuations on the value of Turkish Lira against hard currencies
- Impact of volatile market conditions and Covid-19 outbreak

Considering the above given points, Ford Otosan's Long-Term National Rating has been assigned as '**AAA (Trk)**'. Robust operational profitability together with significant liquidity, notable increase in bottom line result, salient asset growth, prudent collection policy, high net working capital despite its decreasing trend, robust equity structure, strong brand value of Ford Otosan along with multifarious products and services, have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as '**Stable**'.

JCR Eurasia Rating maintains its opinion that the financial stance of Koç Holding and Ford Motor Company indicates high level of financial supporting capacity regarding the fact that the shareholders has a long business track record and maintains its diversified industrial activities. Koç Group has leading brands in energy, automotive, consumer durables, finance sectors. Combined revenues of the Koç Group correspond to 6.4% of Turkey's GDP and Group's exports account for 6.7% of Turkey's total exports, as of the end of 2020. On the other hand, Ford Motor Company carries out the design, production, marketing and sales services of all kinds of passenger cars, commercial vehicles, SUVs and electric vehicles. Providing vehicle financing through Ford Motor Credit Company, the Company strives to be a leader in electric and autonomous vehicles and mobility solutions. Based on these assessments, the Company's Sponsor Support Note has been assigned as "**1**", which denotes moderate external support.

The Stand-Alone note is formed depending on the Company's sustained increase in internal equity generation capacity, growth potential, operational efficiency and effective market position. It is assumed that Ford Otosan has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support. In this respect, the Stand Alone rating of Ford Otosan has been assigned as '**A**' in JCR Eurasia Rating notation system.