

### **Corporate Credit Rating**

□New ⊠Update

Sector: Automotive
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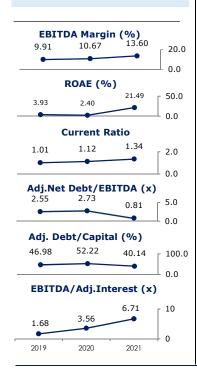
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	J2
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB-	J2
	International LC ICR Outlooks	Stable	Stable
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-



# ANADOLU ISUZU OTOMOTİV SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş." in the high investment-level category and revised the Long-Term National Issuer Credit Rating from A (tr) to 'AA (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 Issuer Credit Ratings and outlooks were affirmed at 'BBB-/Stable'.

The foundations of "Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş." (hereinafter referred to as 'Anadolu Isuzu' or 'the Company') were laid in 1965. The Company started its activities with the production of light trucks and motorcycles under the name of Çelik Montaj, and the production of Skoda light trucks continued until 1986. The Company assumed its current name through a license agreement signed with Isuzu Motors Ltd. in 1983, and production of Isuzu vehicles started at the Istanbul Kartal Plant in 1984. The Company operated in the commercial vehicle segment of the automotive industry, aftersales services and a widespread dealer and technical service network. The Company carries out both the manufacturing and marketing of commercial vehicles; trucks, light trucks, buses, midi-busses with production facilities based in Sekerpinar, Cayirova and marketing of and pick-up truck. The Çayırova manufacturing facility of the Company is established on a 300k m<sup>2</sup> of land, and it has 97k m<sup>2</sup> of indoor space. Along with the current manufacturing facilities and machinery park, its total annual production capacity is about 19,000 units in a year (8,000 truck, 7,300 pick-up/light truck, 1,152 bus, 2,560 midi-bus). Providing service to its customers with 94 authorized service providers in 60 provinces across Turkey, Anadolu Isuzu has distributors in 45 countries. The Company's financial statements are fully consolidated with its %100 owned subsidiary Ant Sınai ve Tic. Ürünleri Paz. A.Ş., which trades automotive spare parts.

In the current situation, 55.4% share of the Company belong to AG Anadolu Grubu Holding A.Ş., 16.99% belongs to Isuzu Motors Ltd., 9.46% belongs to Itochu Corporation Tokyo, 3.28% belongs to Itochu Corporation İstanbul and the remaining 14.87% is traded in the stock market.

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

### Strengths

### Increase in sales volume on unit bases and upward trend in revenue, particularly in 2021.

- Improve in profitability metrics driven by EBITDA generation capacity,
- Further strengthened net Debt/EBITDA level through years,
- Positive net working capital in the last four years and satisfactory liquidity structure,
- Currency risk management by utilizing derivative instruments for hedge purposes and hard-currency income generation capacity by high export sales volume,
- Operational strength and proven track record in various countries of main shareholders and the synergy created.

## Constraints

- Global chip and raw material shortage causing supply chain bottlenecks for the company and sector,
- The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and increasing uncertainty,
- Noteworthy contribution of non-cash revaluation to expansion of asset size and equity.

Considering the aforementioned points, the Long-Term National Rating of Company has been revised to 'AA (Trk)'. Additionally, positive developments in the automotive sector in 2021 and accordingly the increase in Company's sales volume and profitability, liquidity profile, term structure of existing debt facilities, strong shareholder structure and group synergy are the drivers of the "Stable" outlook on the ratings. Debt and equity level, cash flow and liquidity metrics, asset quality, net profit indicators and domestic/global sectoral developments are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

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