

Corporate Credit Rating

New Update

Sector: Industry

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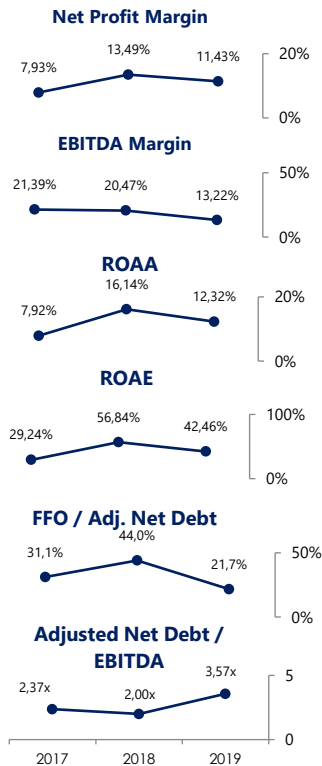
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RATINGS

		Long Term	Short Term
National	Local Rating	A (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sponsor Support	Sponsor Support	2	-
	Stand-Alone	AB	-
	Foreign	BB	-
Sovereign	Local	BB	-
	Outlook	FC Stable LC Stable	- -

*Assigned by JCR on May 31, 2021



Teknorot Otomotiv Ürünleri Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating evaluated **"Teknorot Otomotiv Ürünleri Sanayi ve Ticaret A.Ş."** in an investment grade category at national level and assigned the ratings as **"A (Trk)"** on the Long-Term National Scale and as **"A-1 (Trk)"** on the Short-Term National Scale with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **"BB/ Stable"**.

Teknorot Otomotiv Ürünleri Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Teknorot Otomotiv" or "the Company") was established in 1992 and has been producing for domestic and foreign markets in the automotive aftermarket part industry. The Company's roots are back to 1979 and it is a private enterprise. Its shareholders are Leon Kalma with 32.50%, İsak Aseyo with 32.50%, Mişel Kalma with 32.20% and İsmail Selik with 2.50%.

Teknorot Otomotiv is involved in manufacturing of steering and suspension spare parts products. The Company operates on 80.6k m² open, 127k m² closed and total 207.6k m² area. Teknorot Otomotiv's main products are tie rod group, steering group, z-rod group, suspension group and rubber group products. The Company has established business partnerships with internationally well-known local and foreign players through its wide sectoral experience, know-how and network along with the ability to establish beneficial and co-operative partnerships. Teknorot Otomotiv exports to approximately 90 countries in 6 continents, mainly Europe Countries. There are its marketing companies in Spain and Argentina, its manufacturing and marketing in India, Hong Kong and China.

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

Strengths

- Sustainability of the profitability indicators,
- High equity level supported by internal equity generating,
- Sustainable operational performance thanks to automotive aftermarket sector demand,
- Focusing technological R&D investments supporting market position,
- Having competitive advantages via marketing and manufacturing companies located abroad,
- Natural hedging via maintaining of export sales.

Constraints

- Downward trend of cash flow metrics pressuring liquidity management,
- Intense competition in the sector forcing margins,
- Global economic slowdown exacerbated by the covid19 pandemic affecting commodity prices.

Considering the aforementioned points, the Company's the Long-term National Rating has been assigned at **'A (Trk)'**. Taking into account internal equity generation capacity, technological R&D investments, resilience of foreign exchange-weighted income structure against market fluctuations and experienced and qualified organizational structure, as well as, geopolitical risks-driven uncertainties; the Company's outlook for Long and Short-Term National ratings has been determined as **"Stable"**. An achievement of budget targets of the Company, debt ratio, profit margins and sustainability of domestic and international demands, regulations, as well as market conditions regarding the sector are the priority issues to be monitored in the following period.

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected support of the shareholders of the Company. It has been assessed that main shareholder Kalma Family has the willingness and financial strength to provide long term liquidity or equity for and the adequate experience to provide efficient operational support to the Company. Taking into consideration the shareholder's role in the sector, investments and activities the Company's Sponsor Support grade has been determined as **(2)** on JCR Eurasia Rating's notation scale. This grade denotes an adequate external support to the Company.

The Stand-Alone note is formed depending on the Company's effectiveness, corporate brand awareness, operational efficiency, equity structure, sales growth, profit margins converging to generating internal equity and sectoral experience. It is considered that Teknorot Otomotiv and its managerial staff have reached the level of sufficient experience and facilities to manage its obligations even in case the shareholders do not provide any assistance. In this respect, the Stand Alone note of the Company has been assigned as **'AB'** in the JCR Eurasia Rating notation system.