

## Corporate Credit Rating

New  Update

**Sector:** Aerospace & Defense

Industry

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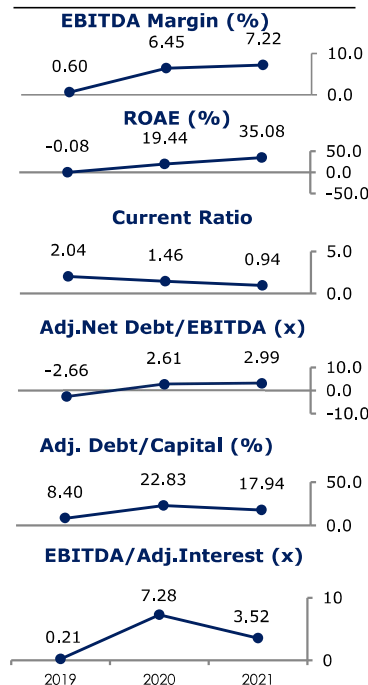
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021



## Aselsan Elektronik Sanayi ve Ticaret A.Ş

JCR Eurasia Rating, has evaluated the "Aselsan Elektronik Sanayi ve Ticaret A.Ş." in the highest investment level category 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 Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

Aselsan Elektronik Sanayi ve Ticaret A.Ş. ("Aselsan" or "the Company") was established for the purpose of performing for all types of organizations, enterprises and consumers; all sorts of research, development, engineering, production, test, assembly, integration and sales services, provisioning of after sales services, merchandising, having merchandise; in relation to various software, device, system tools, equipment and platforms within the scope of electrical, electronics, microwave, electro-optics, guidance, computer, informatics, cryptology, security, mechanics, chemistry and similar subjects within the field of land, air, sea and space appliances; and for the purpose of conducting all kinds of undertakings and activities within the scope of project engineering, consultancy, servicing, training, contracting, construction, publishing, commercial, administration of business enterprise and internet services. The Company was established at the end of 1975 and started its production activities in Ankara Macunköy facilities at the beginning of 1979.

The main shareholder of the Company is the Turkish Armed Forces Foundation ("TAFF"), which holds 74.20% of its capital. TAFF was established on 17 June 1987 with the Law 3388 to enhance the warfare of capability of Turkish Armed Forces through national defense industry establishing new defense industry areas and procuring warfare armament by providing the financial and spiritual support of Citizens. The Company is registered in the Capital Markets Board ("CMB") and its shares have been traded in Borsa Istanbul A.Ş. ("BIST") since 1990. As of 31 December 2021, the Company's free float is 25.80% (2020: 25.80%). The average number of employees of the Company as of 31 December 2021 is 9,905 (2020: 8,692).

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

### Strengths

- Worldwide recognized brand name in the global defense league,
- Being an outstanding firm in the military sector with regard to R&D activities,
- Subsidies and incentives gained via R&D spending,
- Keeping the asset quality, primarily backed by receivables from public sector,
- Rising profitability boosting the capability to generate internal equity,
- Financial risk measurements supported by a liquidity bulwark,
- The dominance of FX based contracts and expanding export operations providing long FX position,
- Operating in a strategic and important industry,
- Corporate Governance Practices are followed to a high degree.

### Constraints

- Extended receivable terms and amounts, restraining cash flow metrics,
- Sector specific operational risks,
- The increase in net debt levels has continued in the first quarter of 2022 despite continuation of strong leverage metrics.

Considering the aforementioned points together with additional public support, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'AAA (tr)'. The long existence of Company, being the biggest players in sector, continuous increase in sales and profitability, liquidity profile, term structure of existing debt facilities and sectoral developments have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's profit and equity indicators, macroeconomic indicators at national and international markets, as well as market conditions and regulations will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.