

RATING NOTIFICATION

Rating Agency	: JCR AVRASYA DERECELENDİRME A.Ş.	
Rated Company	: Otokar Otomotiv ve Savunma Sanayi A.Ş.	
Address	: Maslak Mahallesi Taşyoncası Sokak No:1/F F2 Blok Kat:2 34485 Sarıyer, İstanbul- Türkiye	
Phone & Fax No	: 0212 352 56 73 – 0212 352 56 75	
Date	: 30/05/2024	
Subject	: Article 26 of the CMB Serial VIII, No. 51 Communiqué on Principles	

Capital Markets Board of Türkiye (SPK)- To the Accounting Standards Department Central Securities Depository of the Turkish Capital Markets (MKK)- Public Disclosure Platform

JCR Eurasia Rating has evaluated "Otokar Otomotiv ve Savunma Sanayi A.Ş.".

- Strong revenue and EBITDA growth with rising sales figures in FY2023
- High level of export share in the turnover
- Considerable liquid asset level easing liquidity management in a certain extent
- Competitive advantages through strong R&D center and new product-brand creation power
- Diversified external financing sources through bond issuance in FY2023
- Strong presence in Turkish defense industry and commercial vehicle industry with reputable brands and proven successful track record in various countries
- High level of compliance regarding corporate governance implementations
- Being a subsidiary of one of the Türkiye's leading investment holding companies; Koç Holding
- Maintaining high financial leverage despite the improvement in FY2023
- Notably low interest coverage metrics
- Noteworthy financing expenses exerting pressure on net profitability
- Significant increase in net debt as of 1Q2024
- High inventory level increasing external financing need and exposure to price fluctuations to a degree
- Long cash conversion cycle
- Defense industry specific operational risk related with trade barriers of countries
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

The Long-Term National Issuer Credit Rating rating of "Otokar Otomotiv ve Savunma Sanayi A.Ş." has been revised from 'AA (tr)' to 'A+ (tr)' considering the above mentioned issues. All notes of the Company are determined as follows.

Long-Term National Issuer Credit Rating	:	A+ (tr) / (Stable Outlook)
Long-Term National Issuer Credit Rating	:	J1 (tr) / (Stable Outlook)
Long Term International Foreign Currency Issuer Credit Rating	:	BB / (Stable Outlook)
Long Term International Local Currency Issuer Credit Rating	:	BB / (Stable Outlook)
Long-Term National Issuer Specific Rating	:	-
Short-Term National Issuer Specific Rating	:	-

NOTE: JCR AVRASYA DERECELENDIRME A.Ş. ratings are objective and independent opinions regarding the creditworthiness of a security and/or issuer and should not be considered as a recommendation to buy, hold, sell or lend any security. Unless otherwise stated, rating reports are valid for 1 year from the date of publication. The validity date of interim reviews cannot exceed the validity date of the original report.

Regards, JCR AVRASYA DERECELENDİRME A.Ş.

Şevket GÜLEÇ Executive Vice President Prof. Dr. Feyzullah YETGİN General Manager

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