

## Corporate Credit Rating

New  Update

Sector: Motor Vehicle Marketing  
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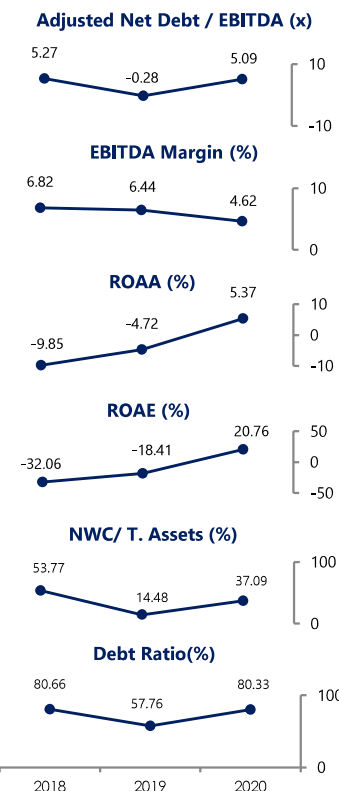
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### RATINGS

		Long Term	Short Term
National	Local Rating	<b>AA- (Trk)</b>	<b>A-1+ (Trk)</b>
	Outlook	<b>Stable</b>	<b>Stable</b>
	Issue Rating	<b>AA- (Trk)</b>	<b>A-1+ (Trk)</b>
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	-

\*Assigned by JCR on May 31, 2021



## Suzuki Motorlu Araçlar Pazarlama A.Ş.

JCR Eurasia Rating, has evaluated **Suzuki Motorlu Araçlar Pazarlama A.Ş.** in investment-level category on the national scale and affirmed the ratings on the Long Term National Scale as **'AA- (Trk)'** and Short-Term National Scale as **'A-1+ (Trk)'** with **'Stable'** outlooks.

**Suzuki Motorlu Araçlar Pazarlama A.Ş.** (referred to as 'the Company' or 'Suzuki Pazarlama'), commenced its operations in mid-2015 under the roof of Doğan Şirketler Grubu Holding A.Ş., is engaged in the sales, spare parts and service of automobiles, motorcycles and marine engines. Suzuki vehicles are imported to Turkey for the first time in 1984 and have a certain brand awareness and customer base in domestic market. Following the kickoff of the Company's operations, Suzuki vehicles has begun to increase its influence in the market. Despite the sector has faced with a contraction due to rapid depreciation of the value of Turkish Lira in recent years, existence of Special Consumption Tax (SCT) on automobiles and Covid-19 pandemic, Suzuki Pazarlama achieved to increase its market share in scope of new brand automobile sales. In addition, the Company also enlarged its sales base and market share in motorcycles and marine engines market, and displayed a significant volume increase in second hand vehicle sales and car rental operations. The Company's sole shareholder is Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş.

The automotive industry is an important economic power and capital-intensive sector globally. The sector, which plays an important role in the development of countries, also supports the global economy. The automotive industry consumes the production of industries such as iron, petrochemical, aluminum, steel, glass, textile, plastic and rubber. Therefore, any problem that may occur in the sector is of strategic importance due to the possibility of rapidly spreading to other sectors.

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

Strengths	Constraints
<ul style="list-style-type: none"> <li>Improvement in bottom line result in 2020</li> <li>Foreign currency position creates a barrier for potential currency losses in the current circumstances</li> <li>Adequate level of net working capital despite the deterioration in current ratio</li> <li>Diversification of revenues through alternative services</li> <li>Backed by Doğan Holding one of the well-known and experienced brands in Turkey</li> <li>Asset quality strengthened by high collection ability of receivables via 'Direct Debit System'</li> </ul>	<ul style="list-style-type: none"> <li>Volatility in operational cash flow metrics due to rapid changes in inventories and receivables</li> <li>Squeezed profit margins due to high tax level and fluctuations on the value of Turkish Lira against hard currencies</li> <li>Global chip shortage stands out as a potential risk ahead for the company and industry</li> <li>Pandemic on global and local economies overhang as a systematic risk</li> </ul>

Considering the aforementioned points, Suzuki Pazarlama's Long Term National Rating has affirmed at **'AA- (Trk)'**. Growth in the sales volume, the positive trend in brand portfolio and recognition in the sector, diversity in revenue generation and strong shareholder structure with the ongoing effects of the pandemic 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'**. On the other hand, the Company's revenue and profitability performance, cash flow and liquidity metrics, net profit indicators, risk impacts of the TRY's depreciation on activities and local and global macroeconomic indicators during Covid-19 pandemic 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.

Doğan Şirketler Grubu Holding A.Ş., the sole shareholder of Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş. that holds 100% stake of Suzuki Pazarlama, operates in the fields of energy, industry, foreign trade, financial services, tourism, and other areas and is quoted in Borsa Istanbul with ticker DOHOL. Doğan Group is considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to Suzuki Pazarlama. In this regard, the Company's Sponsor Support Grade has been assigned as **(1)** in JCR Eurasia Rating's notation system.

The Company's 'stand-alone rating' has been determined with reference to the Company's market share, sales growth, asset quality, risk management policies and the trends of the existing risks in the markets and the business environment by taking its internal sources into account. When these factors are considered, our opinion is that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. As a result of all of these factors, the stand-alone note of the Company has been determined as **(A)**.