

Corporate Credit Rating

New Update

Sector: Rent a Car

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RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	J4
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB-	J4
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021

Zeplin Turizm Taş. Yat. San. ve Tic. Ltd. Şti

JCR Eurasia Rating has evaluated **Zeplin Turizm Taşımacılık Yatırım San. ve Tic. Ltd. Şti.** in an investment level category and revised the Long Term National Issuer Credit Rating from **'BB- (tr)' to 'BBB- (tr)'** and the Short-Term National Issuer Credit Rating at **'J3 (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'**.

Zeplin Turizm Taşımacılık Yatırım San. ve Tic. Ltd. Şti. ('the Company' or 'Zeplin Turizm Taşımacılık') operates in the fields of car rental services. Headquartered in Antalya, the Company's has 38 branch office in Adapazarı, Ankara, Antalya, Denizli, İzmir, İstanbul and İzmit as well as 42 agencies in country wide as of FYE2020. The Company, mainly focuses on car rental to corporate clients, rents an average of 2,500 vehicles per day. Additionally, the Company closely monitors sectoral developments and chases the investment opportunity in the fields of "hourly car sharing". Hakan Sevim has the total share of the Company as of FYE2020. The Company has no subsidiary or affiliate as of FYE2020.

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

Strengths

- Steady EBITDA generation capacity
- Robust increase in revenue in 2021 compared to 2020
- High number of rental offices in various cities of Turkey
- Low credit risk level evidenced by client structure and concentration level
- Client portfolio including corporate companies that supports asset quality
- Asset structure, capable of converting into cash rapidly
- Expected positive outlook in the medium and long term of fleet leasing sector due to willingness of companies to prefer leased vehicles

Constraints

- Increasing net debt mainly stemming from increase in fleet size
- Increasing financing expenses mainly driven by foreign exchange losses put pressure on net profitability
- Rapid fluctuations in used-car prices in the market and the global chip shortage stands out as a potential risk ahead for the Company
- High FX and interest rates volatilities affecting debt service capacity of corporates and increasing uncertainty
- Need for improvement in the level of compliance with Corporate Governance Practices

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Ratings has been revised to **'BBB- (tr)'**. The Company's upward trend of revenue figure, satisfactory profitability indicators, internal resource generation capacity, limited collection risk, and high level of fx currency denominated bank borrowings have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings **'Stable'**. The Company's revenue and profitability performance, borrowing structure, liquidity position, and fluctuations in used car prices 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.

