

## Corporate Credit Rating

New  Update

**Sector:** Operational Leasing  
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| RATINGS                                 |                               | Long Term   | Short Term |
|---|-------------------------------|-------------|------------|
| ICRs<br>(Issuer Credit Rating Profile)  | National ICR                  | A- (tr)     | J2 (tr)    |
|   | National ICR Outlooks         | Stable      | Stable     |
|   | International FC ICR          | BB          | -          |
|   | International FC ICR Outlooks | Stable      | -          |
|   | International LC ICR          | BB          | -          |
|   | International LC ICR Outlooks | Stable      | -          |
| ISRs<br>(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 10, 2024

## BORLEASE OTOMOTİV ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of **"Borlease Otomotiv Anonim Şirketi"** in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'A- (tr)'** and the Short-Term National Issuer Credit Rating at **'J2 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as **'BB/Stable'** in line with the sovereign ratings and outlooks of Republic of Türkiye.

**Borlease Otomotiv Anonim Şirketi** (hereinafter referred to as **"the Group"** or **"Borlease"**) commenced its activities in 2013 with an operational fleet leasing service. In 2015, the Group acquired Ayka Sigorta which was established in 2001 with the aim of determining the needs and expectations of the customers in order to propose effective insurance solutions. In 2018, the Group bought all the shares of Magdeburger Sigorta from Allianz Sigorta. Magdeburger Sigorta was established in 1844 in Magdeburg, Germany and has become one of the world's leading insurance companies since its establishment. In 2019, the Group acquired Sixt Türkiye which provides daily rental services. After the franchise agreement was signed with Sixt AG, it was decided to sell the Urban Fleet and Popy Car companies in order to expand the short-term leasing activities by focusing on the global brand Sixt. The Group transferred its shares in Ayka Sigorta to Bor Holding in 2019. Also, the Group has sold its shares in its subsidiaries Magdeburger Sigorta A.Ş., İstasyon Şarj Hizmetleri A.Ş. and Alesta Sigorta Acentalığı ve Aracılık Hizmetleri Ticaret Ltd. Şti. to Bor Holding A.Ş. in 2022.

The main shareholder of Borlease is Bor Holding A.Ş. with a share of 69.35% as of FYE2024. 30.65% of the Group shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol **"BORLS"** since October, 2023. The Group employed a staff force of 363 as of FYE2024 (FYE2023: 372).

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

### Strengths

- Consistent sales revenue supported by rental income and second-hand vehicle sales, with reasonable EBITDA generation
- Sufficient net debt to EBITDA multiplier despite slight deterioration in FY2024,
- Low customer concentration and collection risk due to the nature of the business supported by an efficient cash conversion cycle,
- Expansion of fleet size during the period under review, coupled with the strategic benefit of rental offices in prime locations,
- Compliance with corporate governance principles as a company listed in BIST.

### Constraints

- Inadequate coverage metrics as a result of high interest expenses,
- Net working capital shortfall and persistently low liquidity ratios during the period under review,
- Potential volatility in second-hand car prices along with highly correlated macroeconomic dynamics and sector regulations,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at **'A- (tr)'**. Taking into account, the Group's sustained sales revenue, reasonable EBITDA margin, sufficient net debt to EBITDA multiplier, asset quality, favorable level of cash conversion cycle, fleet size growth, as well as low level of EBITDA to adjusted interest paid multiplier, net working capital deficit and worsening in local and global economic conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Short and Long-Term National Issuer Credit Ratings are determined as **'Stable'**. The Group's revenue generation performance, profitability margins, leverage profile and liquidity metrics will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.

