

Corporate Credit Rating

New Update

Sector: Vehicle Distributorship

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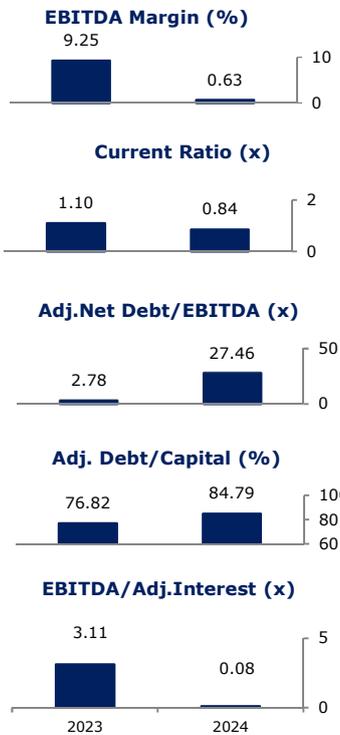
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International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

* Assigned by JCR on May 10, 2024



Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş." in the investment level category with high credit quality and revised the Long-Term National Issuer Credit Rating to 'A+ (tr)' from 'AA+ (tr)' and the Short-Term National Issuer Credit Rating to 'J1 (tr)' from 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' in line with sovereign ratings and outlooks of Republic of Türkiye.

Doğan Trend Otomotiv Ticaret Hizmet ve Teknoloji A.Ş. (referred to as 'Doğan Trend Otomotiv' or 'the Company' or 'the Group') was established on Oct 17, 2016, with the title of "Trend Motosiklet Pazarlama A.Ş.". The Company received its current title on July 17, 2020. Doğan Trend trades all kinds of vehicles, marine engines, diesel and gasoline engines, motorcycle auxiliary materials and spare parts. The Company provides sales, services, and auxiliary materials for Suzuki, MG, Piaggio, Kymco, Silence, Bimas/Okai, and Wallbox. In addition to these activities, the Company has fleet rental services and e-commerce platforms where it markets its mobility brands. As at the reporting date, the Group has 2 subsidiaries in which the Group owns all of the shares.

As of December 31, 2024, the total number of personnel of the Group is 375. (2023: 377). All shares of Doğan Trend Otomotiv belong to "Doğan Şirketler Grubu Holding A.Ş." The main activity fields of Doğan Holding are electricity production, petroleum products retail, industry and trade, automotive trade and marketing, financing and investment, internet and entertainment and real estate investments. 35.87% shares of Doğan Holding are traded on the Borsa Istanbul under the ticker symbol "DOHOL".

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

Strengths

- Reasonable increase in sales volumes in parallel with the sector ensures revenue stability and preservation of market share in FY2024,
- Ability to diversify customer groups and enhance market diversity by being a distributor of prominent brands in the automotive and motorcycle segments,
- High receivable collection capability thanks to the implementation of the DDS (Direct Debit System),
- Practices to improve the level of compliance with corporate governance principles due to debt instrument issuance,
- Proven successful and deep-rooted track record as a part of Doğan Holding, together with strong brand recognition.

Constraints

- Significantly shrinking profitability margins in FY2024 due to sectoral competition and increased financing costs,
- Significant deterioration in net debt to EBITDA ratio and interest coverage metric,
- High net period loss resulting in a sharp decline in equity ratio in FYE2024,
- High exposure to tax regulations and exchange rate fluctuations that directly affect the vehicle demand market,
- 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 revised to 'A+ (tr)' from 'AA+ (tr)'. The Group's reputable shareholder structure, stable sales revenue supported by sales volume, being distributor of prominent brands in the automotive and motorcycle segments 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 Group's financial structure, market conditions, EBITDA generation capacity, debt ratios, liquidity ratios and developments in the global economy together with the trends in the industries will be closely monitored by JCR Eurasia Rating in the upcoming periods.