

## Corporate Credit Rating

New  Update

**Sector:** Wholesale Trading

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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (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 31, 2021

## Doğuş Otomotiv Servis ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Doğuş Otomotiv Servis ve Ticaret A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'A+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (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' as parallel to international ratings and outlooks of Republic of Turkey.

**Doğuş Otomotiv Servis ve Ticaret A.Ş.** ("Doğuş Otomotiv" or "the Company") was established on November 24, 1999 as a distributor of Volkswagen AG, and its activities include importing, marketing and selling automobiles and spare parts of Volkswagen Group brands, e.g. VW, Audi, Seat, Porsche, Bentley, Lamborghini and Scania, Scania Power Solutions and also Thermoking climate control systems. With a 50% interest in Yüce Auto Motorlu Araçlar Ticaret A.Ş. ("Yüce Auto"), the Distributor of Skoda brand, the Company exercises a significant influence but no control on the operations of Yüce Auto. Since the beginning of 2021 the Company also operates in the maritime industry in the field of after sales services and spare parts with Doğuş Marine Services business unit. The Company also operates in the used car market across Turkey throughout its dealer network under the brand name "DOD". The shares of the Company have been traded on Borsa Istanbul A.Ş. ("BIST") since June 2004.

The Company's main controlling shareholder is Doğuş Holding A.Ş. with 75.27% share and 10% of shares is owned by the Company itself. Shares were bought back in 2016. The remaining shares are traded in BIST. The average number of personnel working during the period is 791 for blue-collar employees (2020: 785 employees) and 1.372 for white-collar employees (2020: 1,343 employees).

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

### Strengths

- Significant improvement in leverage metrics, resulting cash surplus position,
- Improvements in cash flow metrics and EBITDA generation,
- Upward trend in profitability indicators in 2020 and 2021,
- Maintaining receivable quality with insignificant impaired receivables via VDF Factoring system,
- Solid portfolio of highly recognizable brands and established market position,
- Protecting income diversity by operating in multiple sectors,
- High level of compliance with Corporate Governance Practices.

### Constraints

- Limited pricing abilities due to tax items and the fluctuation of Turkish Lira, against foreign currencies,
- Global chip and raw material shortage stand out as a potential risk ahead for the company and industry,
- The competitive structure of the automotive industry, pressuring profitability.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'A+ (tr)'. Growth in the sales volume and profitability, trend in brand portfolio and brand recognition in the sector, strong cash flow metrics 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 Company's revenue and profitability performance, trend of trade receivables, impacts of the TRY's depreciation on activities 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.

