Corporate Credit Rating

☐New ☒Update

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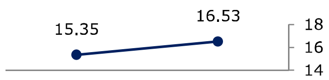
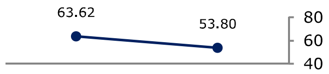
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A+ (tr)**	**J1+ (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating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

** Assigned by JCR on May 10, 2024*

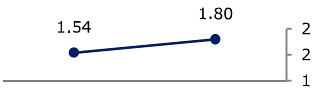
EBITDA Margin (%)



ROAE (%)

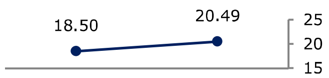


Current Ratio (x)

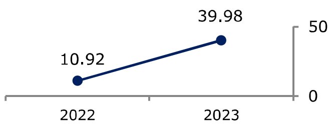


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Doğuş Otomotiv Servis ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **"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 from **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Doğuş Otomotiv Servis ve Ticaret A.Ş. ("Doğuş Otomotiv", "the Group" 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 Oto"), 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 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 Türkiye throughout its dealer network under the brand name "DOD".

With the actions taken in 2023, the majority shares of Doğuş REIT were purchased from the parent company Doğuş Holding. Doğuş Otomotiv also became the Türkiye distributor of "Novamarine" brand "boats and speedboats", "Wielton" brand "semi-trailer products". Doğuş Şarj Sistemleri Pazarlama ve Ticaret AŞ ("D-Charge"), one of the subsidiaries has been granted a license to operate a charging network throughout the country. In May 2024, a distributorship agreement has been signed with ABERG Service Sp. z o. o, outlining that the Company will carry out the sale of original spare parts and services for semi-trailer products of Wielton group brands (Wielton, Langendorf, Fruehauf) in Türkiye.

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 65.50% share and 2.77% of shares is owned by the Company itself as of FY2023. The remaining shares are traded in BIST.

According to the PDP notification dated 29.04.2024, it was decided to convert the 10 percent share owned by Doğuş Holding into shares traded on the stock exchange. According to the PDP notification dated 12.03.2024, the sale of repurchased shares, representing 2.77% of the Company's capital, to institutional investors was carried out by special order method at Borsa İstanbul.

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

Strengths	Constraints
• Boosted revenue and profitability metrics by rising volumes, in line with high demand and record sales across the market during 2023, • Robust leverage and coverage outlook thanks to substantial EBITDA production in FY2022 and FY2023, • Solid equity base despite dividend distributions and notably low paid-in capital level, • Satisfactory liquidity outlook supported by FFO generation, • Operational efficiency and partial revenue diversity provided by subsidiaries, • Conformity of compliance with Corporate Governance Practices as publicly a traded company.	• Contractionary effect of quantitative tightening steps on the domestic side, expected to reduce total demand in the sector, as reflected in the monthly sales of April 2024, • Declined market share due to intense competition and new entrants, limited by the positioning advantage of strong brands.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at **'A+ (tr)'**. Growth in the sales volume and profitability, brand recognition in the sector, strong cash flow metrics as well as recent share acquisition with increasing indebtedness level 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 affirmed as **'Stable'**. The Company's revenue and profitability performance, trend of trade receivables, impacts of the TRY's depreciation on activities, market share, and indebtedness level 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.