

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	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

DOĞUŞ OTOMOTİV SERVİS VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Doğuş Otomotiv Servis ve Ticaret A.Ş." 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 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks assigned at '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 operations 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 Group" brands "semi-trailer products", "Mate.bike" brand "electric bicycles", "Aerofoils" brand "electric hydrofoil surfboards". 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.

The shares of the Company have been traded on Borsa İstanbul A.Ş. ("BİST") since June 2004. The Company's main controlling shareholder is Doğuş Holding A.Ş. with 60.50% share as of March 31, 2025. The remaining shares are traded in BİST.

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. According to the PDP notification dated 09.12.2024, the Company's 5 percent of capital share owned by Doğuş Holding turned into shares traded on the stock exchange by realizing the sale to institutional investors.

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

Strengths

Constraints

- Robust leverage metrics in the reviewed periods, despite slight attrition in 1Q2025,
 - High-level of equity contribution thanks to strong internal resource generation in recent years, albeit sizeable dividend distributions and low level of paid-in capital,
 - Solid cash generation supported liquidity as of FYE2023 and FYE2024, despite the allocation of cash balances toward inventory procurement in 1Q2025,
 - Sound coverage metrics through interest surplus position in FY2024 and 1Q2025,
 - VDF Factoring system mitigating the collection risk to large extent, while other subsidiaries provide a degree of income diversification,
 - Recognized brand portfolio supports the sustainment of market share and sales volumes amid volatility driven by market conditions,
 - Compliance with the corporate governance practices as a publicly traded company.
- Growing market share of new entrants coupled with tax regulations has resulted in price-focused competition, exerting downward pressure on margins, as evidenced in 2024 and 1Q2025, in addition to low market share in EV segment,
 - 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 Company's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. Robust leverage metrics, high-level of equity contribution, solid cash generation, sound coverage metrics, mitigated collection risk, recognized brand portfolio and sustained market share as well as growing market share of new entrants and price-focused competition and low market share in EV segment 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, 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.

