

Corporate Credit Rating

New Update

Sector: Automotive

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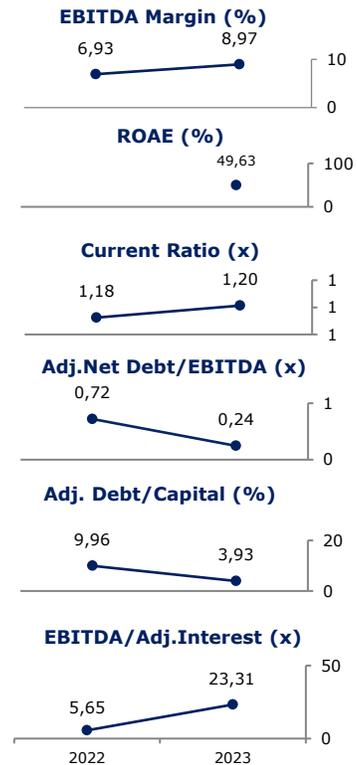
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)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

* Assigned by JCR on May 10, 2024.



Gelecek Otomotiv Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated **Gelecek Otomotiv Sanayi ve Ticaret A.Ş.** in the investment grade category with high credit quality on the national scales and assigned the Long-Term National Issuer Credit Rating as '**A (tr)**' and the Short-Term National Issuer Credit Rating as '**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 Türkiye.

Gelecek Otomotiv Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Gelecek Otomotiv" or "the Company") was established in 2004 in Diyarbakır. The Company operates in the automotive sector, specializing in the sales and after-sales services of Mercedes-Benz branded vehicles. It currently provides services to its customers through three branches in Diyarbakır, Erzurum and İstanbul. The Diyarbakır branch, established in 2004, covers an area of 10,000 m². The Erzurum branch, established in 2008, spans 18,500 m². The İstanbul branch, established in 2018, occupies 10,000 m². The Company conducts sales of passenger cars, light commercial vehicles, trucks, and buses through its branches, while the İstanbul branch is limited to the sales of passenger cars and light commercial vehicles. Other branches offer the full range of these product groups.

The average number of employees at the Company was 239 as of FYE2023.

As of FYE2023, Beşir Acar was the sole owner of the Company.

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

Strengths

- Operating with a satisfactory EBITDA margin over the analyzed years, despite experiencing a significant deterioration in the 9M2024 period according to Provisional Tax Return
- Sustained solid financial leverage metrics alongside satisfactory coverage indicators over the analyzed periods
- Operating with net working capital surplus and satisfactory level of liquidity metrics underpinned by advances received for orders
- Wide customer base and predominantly cash-based sales support collection ability and asset quality, as indicated by the low level of doubtful receivables
- Robust equity level strengthened by contribution of the retained earnings and monetary position gains
- Long-lasting presence in the industry

Constraints

- Expected deterioration in sales performance and profitability indicators due to the shift in sales model
- Conservative growth expectations and increasing competition in automotive industry
- Exposure to tax regulations and exchange rate fluctuations that directly affect the vehicle market
- Improvement needs in corporate governance practices
- 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 assigned as '**A (tr)**'. The Company's sales performance, profitability, EBITDA generation capacity, equity and liquidity structure along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National ratings are determined as '**Stable**'. The Company's sales and profitability performance, asset quality, liquidity position and debt structure 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.