

Corporate Credit Rating

New Update

Sector: Automotive Suppliers Industry

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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	-
	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

Genckaya Otomotiv Sanayi ve Ticaret A.Ş

JCR Eurasia Rating has evaluated "Genckaya Otomotiv Sanayi ve Ticaret A.Ş." in the investment grade category with high credit quality, revised the Long-Term National Issuer Credit Rating to 'A+ (tr)' from 'A (tr)' and affirmed 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 determined as 'BB/Stable', in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Genckaya Otomotiv Sanayi ve Ticaret A.Ş." (hereinafter referred to as "Genckaya Otomotiv" or "the Company") was established in 1999 in Ankara, Türkiye. The Company changed its status from a limited company to a joint stock company and its trade name has become its current form as of March 13, 2017. The Company operates as a distributor and wholesaler in the diesel fuel systems and electrical systems sector.

Genckaya Otomotiv, which has been operating as an authorised Bosch service for 30 years in the field of diesel fuel systems testing and repair, has undertaken the duty of distributing and wholesaling diesel fuel systems and electrical systems as an authorised dealer of Bosch Automotive since 1999 and Delphi since 2016. The Company also distributes global brands such as VDO (Continental), Hella, Sachs, Swag, Trw, Valeo, HC Cargo and Norma.

The Company has a total of 50 employees, as of FYE2023 (FYE2022: 48).

As of FYE2023, the sole shareholder of Genckaya Otomotiv were Mehmet Çetinkaya with 100% share.

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

Strengths

- Cash surplus position in the last two years,
- Sustainable sales performance supported by diversified product range,
- Improvement in EBITDA generation capacity and other profitability indicators in FY2023,
- Export-oriented revenue structure providing natural hedge mechanism to a certain extent,
- Increasing equity level in comparison with asset size as of FYE2023,
- Reasonable cash cycle and low level of operating ratio supporting efficiency indicators,
- Accumulated know-how and long experience in the sector.

Constraints

- Negative Free Operating Cash Flow in FY2023,
- Having supplier concentration despite long-term cooperation,
- Further improvement needs in corporate governance practices,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned factors, the Company's the Long-Term National Issuer Credit Rating has been revised to 'A+ (tr)' from 'A (tr)'. Net cash position against financial debt, considerable share of export in revenue and accumulated know-how in the sector as well as negative free operating cash flow and slowdown signal in the global economy 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 debt and equity level, liquidity and profitability indicators will be closely monitored by JCR Eurasia Rating in the 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.

