

## Corporate Credit Rating

New  Update

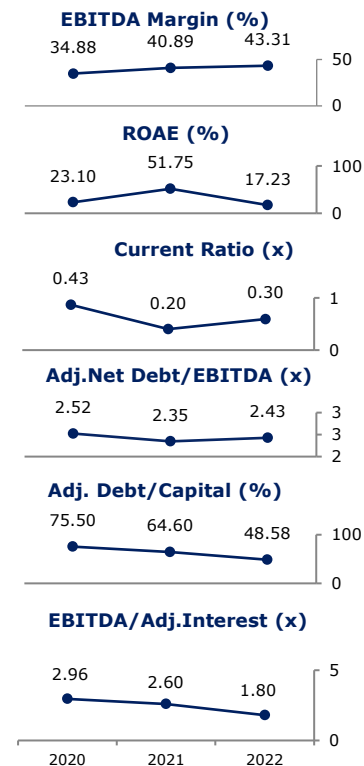
**Sector:** Fleet Leasing  
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR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

\* Assigned by JCR on August 18, 2022



## Hedef Araç Kiralama ve Servis A.Ş.

JCR Eurasia Rating, has evaluated **Hedef Araç Kiralama ve Servis A.Ş.** in the investment-level category on the national scale and affirmed its Long-Term National Issuer Credit Rating at '**A (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlooks were assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

**Hedef Araç Kiralama ve Servis A.Ş.** (referred to as 'the Company' or 'Hedef Filo') was established in 2003 in Istanbul and operates in the fields of fleet rental business of all brands of motor vehicles. The Company, which has one of the largest customer manager teams in Türkiye, serves its customers in offices in Istanbul, Izmir, Bursa, Ankara and Konya while it employs 182 employees as of FYE2022. The Company's vehicle fleet consisted of 13,845 vehicles as of FYE2022. In addition to fleet leasing, Hedef also carries out operational leasing through its online sales channel "Filomingo" mainly to self-employed people like pharmacists, lawyers, public accountants etc., hourly/daily car rentals which is a car sharing model under the "Tiktak" brand and second hand car sales through "OtoNet". Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama A.Ş. (Tiktak) was established as of June 1, 2021. Hedef Filo owns 33.35% of the shares of Tiktak, which is an associate that Hedef Filo has significant influence but not control or joint control. Hence, it's included to the consolidation by using the equity method of accounting.

As of 31 December, 2022, shareholder structure is as follows; Önder Erdem (50%) and Ersan Öztürk (50%).

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

### Strengths

- Upward trend in EBITDA generation capacity during the review period mainly driven by gain on second hand car sales
- Steady improvement in adjusted debt to capital ratio
- Multiyear contracts providing earnings predictability
- Very limited foreign currency exposure and utilization of derivative instruments when necessary
- Diversified customer structure supporting asset quality
- Ongoing strong demand outlook in fleet leasing sector due to willingness of companies to prefer leased vehicles

### Constraints

- Downward trend in interest coverage ratios
- Ongoing new vehicle supply shortage
- Persistent net working capital deficit due to nature of business
- Exposure to second-hand car prices
- Revaluation gains accounted for a large share of equity
- Sector specific regulations and high correlation with macroeconomic dynamics may result fluctuations in demand
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**A (tr)**'. Upward trend in operational profitability margins, improved debt to capital ratio, diversified and qualified customer portfolio 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 Issuer Credit Ratings are determined as '**Stable**'. The Company's revenue and profitability performance, debt structure, liquidity position, and asset quality 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.