

Corporate Credit Rating

New Update

Sector: Operational Leasing

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (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	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB Negative	-
	Local Currency	BB Negative	-

* Assigned by JCR on Aug 18, 2022

KAYA SEYAHAT TURİZM SAN. VE DIŞ TİC. LTD. ŞTİ.

JCR Eurasia Rating, has evaluated "Kaya Seyahat Turizm San. ve Dış Tic. Ltd. Şti." in the investment level category and affirmed the Long-Term National Issuer Credit Rating as 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (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/Negative' in parallel to international ratings and outlooks of Türkiye.

Kaya Seyahat Turizm San. ve Dış Tic. Ltd. Şti. (hereinafter referred to as "Kaya Seyahat" or "the Company") roots back to 1988, was established in 2000. Kaya Seyahat operates in the fields of personnel and student shuttle transportation and long-term car rental services. The Company's onhareholders are Ahmet Kaya and Mehmet Kaya with equal shares as of March, 2023.

The Company operates with 7,171 vehicles for rental purposes and 120 vehicles for transportation service with a total of TRY 6.81bn insurance amount as well as 554 staff force. Kaya Seyahat's main costumers are public institutions and well-known corporates mainly in Ankara. The Company has established business partnerships with nationally well-known local players through its wide sectoral experience, know-how and network along with the ability to establish beneficial and co-operative partnerships.

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

Strengths

- Revenue growth through customer retention and price increases in FY2022,
- Improvement in debt leverage thanks to slight decline in net debt and increase in EBIT figure in FY2022,
- Low collection risk due to receivables from public institutions and well-known companies,
- Long-term agreements supporting predictable cash flow,
- The majority of companies still prefer operational leasing although the sector has declined in terms of fleet size in recent years,
- Competitive advantage based on the increase in the variety of vehicles in the fleet as well as personnel transportation service.

Constraints

- Decline in EBIT margin resulting from the inability to reflect all cost increases to prices,
- Due to the nature of the sector, the high level of financial debts and accordingly the limitation of auto-financing capacity by financing expenses,
- Revaluation gains accounted for a large share of equity as of FYE2022,
- Vehicle demands can be affected by sectoral regulations and a high correlation with macroeconomic dynamics,
- Improvement needs in the level of compliance with corporate governance practices,
- 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 as 'BBB+ (tr)'. The Company's long track record in the sector, revenue growth, improvement in debt leverage ratios, low credit risk, predictable cash flow thanks to long term agreements, offering diversity of vehicles, as well as transportation service, decline in EBIT margin, high level of financial debts and expenses, the high amount of non-cash items in equity and restrictive domestic financial conditions limit access to finance 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 macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.

