

Corporate Credit Rating

New Update

Sector: Fleet Leasing

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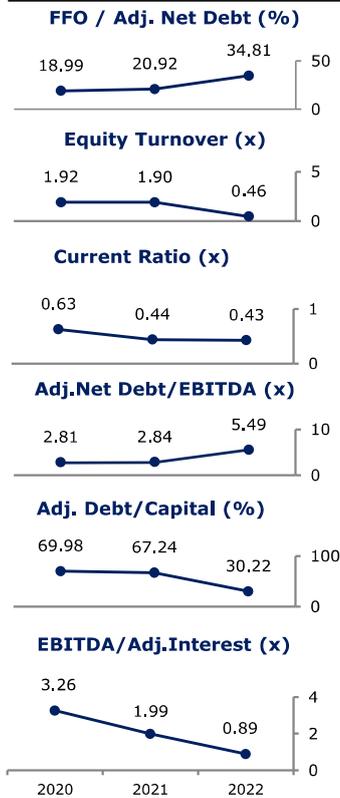
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RATINGS		Long Term	Short Term
ICRS (Issuer Credit Rating Profile)	National ICR	BB+ (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	B+	-
	International LC ICR Outlooks	Negative	-
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



Osmanli Filo Yönetimi Araç Kiralama ve Alım Satım Gıda Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated "Osmanli Filo Yönetimi Araç Kiralama ve Alım Satım Gıda Sanayi ve Ticaret Anonim Şirketi" in the speculative-level category and downgraded the Long-Term National Issuer Credit Rating from 'BBB- (tr)' to 'BB+ (tr)' and assigned the Short-Term National Issuer Credit Rating as 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'B+ / Negative'.

Osmanli Filo Yönetimi Araç Kiralama ve Alım Satım Gıda Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "Osmanli Filo" or "the Company") was established on March 08, 2013 in İzmir. The Company operates in operational fleet leasing and used-car sales under the "Osmanli Filo" brand. The portfolio of the Company includes more than 1,500 vehicles in the passenger, commercial and light commercial segments, and Osmanli Filo rents vehicles to more than 300 customers, most of which are at the corporate level. The Company is headquartered in İzmir/Bornova and employed an average of 17 personnel as of FYE2022 (FYE2021: 16). Ali Osman Enç, the chairman of the board of directors of the Company, is also the owner of the Company. There are no other shareholders or board members. Apart from Osmanli Filo, three other companies are operating under the name of Osmanli Group: Osmanli Dağıtım, Osmanli Gıda, and Osmanli Gayrimenkul.

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

Strengths

- Moderate equity contribution despite the high level of revaluation gains,
- Low level of collection risk supported by a diversified customer portfolio, predictable income expectation with long-term contracts,
- In parallel with the fleet leasing sector, a significant portion of the Company's asset size consists of vehicles that can be converted into cash,
- Steady demand in the fleet rental sector as a result of companies' continued trends towards rental vehicles.

Constraints

- Limited increase in sales revenues within the inflationary conjuncture,
- Insufficient EBITDA generation in FY2022 to cover high-interest payments as a result of increasing debt,
- The continuation of the increase in borrowings indicated in the previous rating report and the significant deterioration in net debt to EBITDA multiplier, particularly in the short-term,
- Need for additional resources due to the mismatch between loan payments and long-term rental income,
- Improvement needs in compliance with corporate governance practices along with key-person risk stemming from the ownership and management of the company by one individual,
- Vehicle demands can be affected by sectoral regulations and a high correlation with macroeconomic dynamics,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been downgraded from 'BBB- (tr)' to 'BB+ (tr)'. Limited increase in sales revenues, stagnation in EBITDA production, and continuing increase in debt, along with ongoing uncertainties arising from geopolitical tensions as well as the global interest rate hiking cycle, 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 profitability performance, intragroup fund transfer, cash level, cash generation capacity and the trends in the industry 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 frame about the sector will be monitored as well.