

Corporate Credit Rating

New Update

Sector: Automotive

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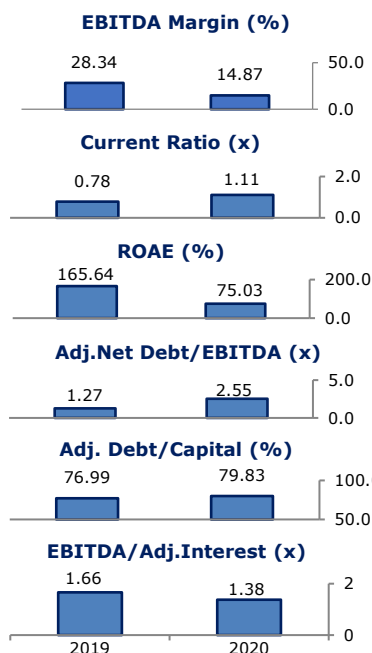
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign *	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Otosor Otomotiv A.Ş.

JCR Eurasia Rating has evaluated "Otosor Otomotiv A.Ş." in the investment-grade category, assigned 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 have been assigned at 'BB / Stable'.

"Otosor Otomotiv A.Ş." (hereinafter referred to as 'Otosor' or 'the Company') was established by Osman Hakan Demirel on December 15, 2017 to offer second-hand term automotive sales. All of its sales are carried out on a monthly repayment basis with maturities ranging from 3 months to 48 months, provided that a minimum of 30% of the vehicle price is received from its customers in advance. Otosor receives an average of 25,000 requests per year and sells around 4,000 units per year. Otosor currently offers second-hand term automotive sales through its 1,500 dealers across the country. The Company's head office is located in Ataşehir, İstanbul and the average number of personnel working within the Company during FY2021 is 63 (FY2020:44). Currently, the Company has 82 employees.

At the Board of Directors meeting held on March 24, 2021, it has been decided to transfer all shares of Osman Hakan Demirel, who is the 100% shareholder of the Company, to Neo Portföy Yönetimi A.Ş. Dördüncü Nürol Girişim Sermayesi Yatırım Fonu. According to the Public Disclosure Platform statement dated April 15, 2022, the title of the fund has been changed to Nürol Portföy Yönetimi A.Ş. Dördüncü Nürol Girişim Sermayesi Yatırım Fonu.

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

Strengths

- Improvement in the sales revenue supported by extensive dealer network,
- Strengthened risk management with pledge and insurance mechanism,
- Diversified borrowing profile through debt security issuances contributing to borrowing structure,
- Well organized management infrastructure and in close cooperation with Nürol Bank.

Constraints

- High external borrowing needs due to the nature of operations,
- Low level of equity and high dividend pay-out ratio restraining equity growth,
- Competitive nature of the automotive industry pressuring profitability indicators,
- Lack of availability of independent audit report for past periods, limiting trend analysis,
- Further improvement needs in the level of compliance with corporate governance practices.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB (tr)'. The Company's sales performance, EBITDA generation capacity, asset quality, liquidity structure, diversified borrowing profile and risk management practices 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 financial structure, attainability of the Company's budgeted projections, efficiency of investments, the possible impacts of the Russia-Ukraine War on the global and Turkey's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.