

## Corporate Credit Rating

New  Update

**Sector:** Automotive

**Publishing Date:** Mar. 28, 2025

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## OTOSOR OTOMOTİV A.Ş.

JCR Eurasia Rating has evaluated "Otosor Otomotiv A.Ş." in the investment level category with high credit quality and revised the Long-Term National Issuer Credit Rating to 'A (tr)' from 'A- (tr)' and the Short-Term National Issuer Credit Rating to 'J1 (tr)' from 'J2 (tr)' with 'Stable' outlooks. The Long-Term International Foreign and Local Currency ratings and outlooks were also determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of the Republic of Türkiye.

**Otosor Otomotiv A.Ş.** (hereinafter referred to as "Otosor" or "the Company") was founded by Osman Hakan Demirel on December 15, 2017, specializing in the sale of pre-owned vehicles. The Company's sales model is predicated on monthly installment plans ranging from 3 to 48 months, necessitating a minimum down payment of 30% of the vehicle's value. Beyond vehicle sales, Otosor extends services such as immediate vehicle purchase options, trade-in programs to facilitate new acquisitions, and sale and leaseback arrangements, allowing customers to sell their vehicles to the Company and lease them back for continued use.

As of the report date, Otosor operates through its website and maintains a presence in over 1,500 locations across Türkiye. The Company's headquarters are located in Ataşehir, İstanbul. The average number of personnel employed during FY2024 was 86 (FY2023: 86). A Board of Directors meeting on March 24, 2021, resolved to transfer all shares held by sole shareholder Osman Hakan Demirel to "Neo Portföy Yönetimi A.Ş. Dördüncü Nurol Girişim Sermayesi Yatırım Fonu," which was subsequently renamed "Nurol Portföy Yönetimi A.Ş. Dördüncü Nurol Girişim Sermayesi Yatırım Fonu" as per the Public Disclosure Platform statement dated April 15, 2022.

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

		Long Term	Short Term
<b>ICRs (Issuer Credit Rating Profile)</b>	<b>National ICR</b>	<b>A (tr)</b>	<b>J1 (tr)</b>
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
<b>ISRs (Issue Specific Rating Profile)</b>	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
<b>Sovereign*</b>	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

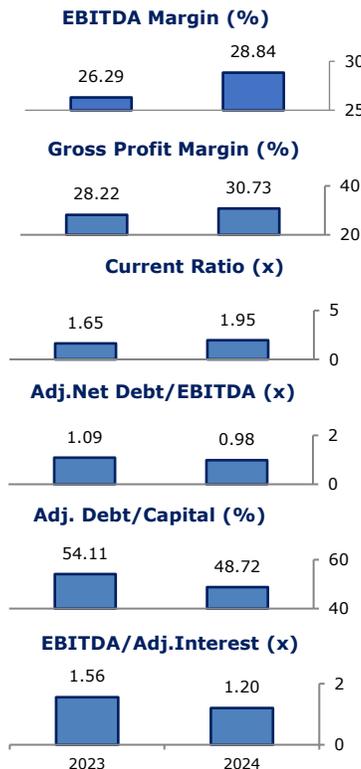
\* Assigned by JCR on May 10, 2024

### Strengths

- Robust increase in sales revenue and EBITDA in FY2024,
- Satisfactory profitability ratios in the analyzed period,
- Maintaining a low level of net debt to EBITDA multiplier in the reviewed period, despite the increased debt level,
- Asset quality supported by low level of doubtful receivables,
- Diversified borrowing profile through subordinated loans and debt security issuances contributing to borrowing structure,
- Well organized management infrastructure and in close cooperation with Nurol Bank.

### Constraints

- Long cash conversion cycle leading high external borrowing needs due to the nature of operations,
- Negative cash flow metrics indicating funding need for operational cycle,
- Relatively low coverage indicators in the reviewed period,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to 'A (tr)' from 'A- (tr)'. The Company's revenue generation capacity, improved profitability, sustainable leverage indicators, solid equity structure and strong shareholder support as well as weak cash generation capacity and existing risks in the markets and business environment 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 attainability of the indebtedness indicators, cash flow metrics, profitability margins and sustainability of demand in the market will be closely monitored by JCR Eurasia Rating in the 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.