Corporate Credit Rating

☒New ☐Update

Sector: Automotive Industry
Publishing Date: 30.12.2024

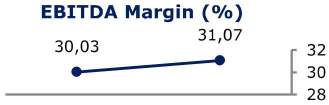
Team Leader
Halil İbrahim YAMAN
+90 212 352 56 73
halil.yaman@jcrer.com.tr

Analyst
Yasin YEREBAKAN
+90 212 352 56 73
yasin.yerebakan@jcrer.com.tr

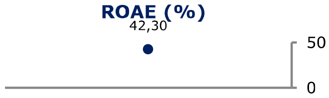
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	**National ICR**	**BBB+ (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Profile)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

** Assigned by JCR on May 10, 2024*

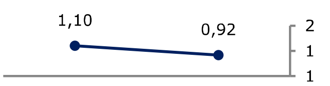
EBITDA Margin (%)



ROAE (%)

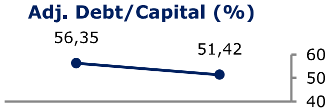


Current Ratio (x)

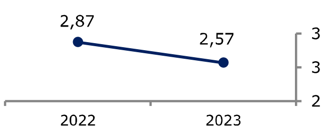


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Simmoto Otomotiv Sanayi ve Ticaret Ltd. Şti.

JCR Eurasia Rating, has evaluated **Simmoto Otomotiv Sanayi ve Ticaret Ltd. Şti.** in the investment grade category on the national scales and 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 were assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Simmoto Otomotiv Sanayi ve Ticaret Ltd. Şti. (hereinafter referred to as "Simmoto Otomotiv" or "the Company") was established in 2015 in Adana. The Company subsequently relocated its operations to Aksaray, where it currently conducts its manufacturing activities. The Company primarily engages in the production of two- and three-wheeled motorized and non-motorized vehicles, including electric and gasoline-powered models, under the Motolux brand through its widespread dealer network. The Company operates with more than 200 dealerships and over 300 service points across the Türkiye. Its product portfolio mainly includes motorcycles, scooters, buggies, tricycles and UTV vehicles.

The Company's main headquarter and factory are located in the Organized Industrial Zone in Aksaray, covering an area of 27,000m². This facility serves as the core production hub, specializing in two and three wheeled e-group vehicles and also includes integrated operations for a painting facility and charging device manufacturing. Additionally, the Company has a second factory in Aksaray, covering 10,000m², focusing on the production of key components such as motorcycle chassis, trailers, and protective bars. Furthermore, the Company also has another facility in Konya dedicated to producing steel and aluminium rims for its motorcycles.

The Company's sole shareholder is Mustafa Kurt.

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

Strengths	**Constraints**
• Robust revenue growth over the years underpinned by increasing sales volume which is expected to continue in FY2024 with the completion of capacity expansion investments • Strong EBITDA generation capacity over the analyzed years • Operating with reasonable level of net debt to EBITDA multiplier over the years, despite upward trend in financial debts in FY2024 • Wide customer base and secured receivables support collection ability and asset quality as indicated by low level of doubtful receivables • Positive outlook for the demand in the motorcycle sector supported by market dynamics	• Net working capital deficit and inadequate level of current ratio coupled with long cash conversion cycle in FY2023 • Deterioration in interest coverage ratio in 9M2024 period according Provisional Tax Return • Improvement needs in compliance with corporate governance practices • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

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, liquidity structure, leverage and coverage metrics 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 ratings are determined as **'Stable'**. The Company's sales and profitability performance, asset quality, liquidity position and debt structure 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.