

## Corporate Credit Rating

New  Update

**Sector:** Automotive

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

\* Assigned by JCR on August 18, 2022

## Gaziantepi Kardeşler Motorlu Araçlar Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated the "Gaziantepi Kardeşler Motorlu Araçlar Sanayi ve Ticaret Anonim Şirketi" and assigned the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (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' as parallel to international ratings and outlooks of Republic of Türkiye.

**Gaziantepi Kardeşler Motorlu Araçlar Sanayi ve Ticaret Anonim Şirketi** (referred to as 'the Company' or 'Gaziantepi Kardeşler') was established in İstanbul in 2011. The Company has been carrying out retail sales of Ford Trucks and Otokar for more than ten years until March 2023, currently serves only as the dealer and authorized service of DAF Trucks. While the main supplier of the Company has been Ford Trucks since 2011, a distributorship agreement was signed with DAF Trucks in September 2022. The Company carries out its activities in a plaza consisting of 3,000 m<sup>2</sup> closed area in a 12,250 m<sup>2</sup> land in Esenyurt, İstanbul.

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

### Strengths

- Significant sales revenue growth in 2022 mainly driven by increase in unit sales prices
- Net cash position in the last two years thanks to low level of financial debt
- Favourable cash conversion cycle stimulates cash generation capacity
- Low level of operating ratio increasing efficiency of the Company
- Notable improvement in interest coverage ratios in 2022
- FX indexed sales revenue providing natural hedge opportunity in a certain extent
- Long lasting presence and extensive know-how in the sector

### Constraints

- Low level of EBITDA margin compared to business size
- The majority of equity level is composed of revaluation gains
- Limited pricing abilities due to tax items, sector specific regulations and the fluctuations of Turkish lira against hard currencies
- Improvement needs in 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 assigned at 'A (tr)'. The Company's net cash position, sales revenue growth, sufficient interest coverage ratios 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 Issuer Credit Ratings are determined as 'Stable'. The Company's profitability performance, debt level and cash generation capacity together with 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.

