

Corporate Credit Rating

New Update

Sector: Automotive

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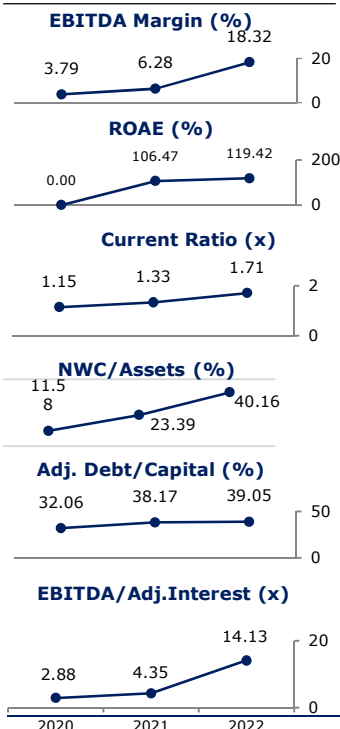
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| RATINGS | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | AA-(tr) | J1+(tr) |
| | National ICR Outlooks | Stable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

* Assigned by JCR on August 18, 2022



Özmutlubaş Otomotiv Sanayi ve Ticaret Limited Şirketi

JCR Eurasia Rating, has evaluated "Özmutlubaş Otomotiv Sanayi ve Ticaret Limited Şirketi" in the investment level category on the national scales and assigned the Long-Term National Issuer Credit Rating at 'AA-(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.

Özmutlubaş Otomotiv Sanayi ve Ticaret Limited Şirketi (hereinafter referred to as 'Özmutlubaş Otomotiv' or 'the Company') was established in İzmir in 1999 and the authorized dealer and service provider of Volvo Trucks and Renault Trucks. The Company provides sales of spare parts and after sale services of related brands also provides second-hand vehicle sales. The Company's head office is located İzmir and there are two showrooms in Antalya and Denizli. In 2022 The Company's heavy vehicles sales numbers reached to total of 853 trucks, 44 of which were second-hand trucks (2021: 810). In the first 11 months of 2023, total sales number realized 827 trucks, 159 of total sales which were second-hand.

Özmutlubaş Otomotiv's main controlling shareholders are Ali Mutlubaş ve Ahmet Mutlubaş.

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

Strengths

- Steady increase in sales revenue during the analyzed periods supported by sales volume and price increases which is expected to maintain in 2023
- A solid balance sheet with net cash position during review periods and continued in 2023
- Operating with net working capital surplus over the analyzed years and adequate level of current ratio
- Ability to generate cash flow from operations and free operating cash flow figures
- Asset quality strengthened by high collection ability of receivables
- The advantage of being the authorized dealer of reputable brands

Constraints

- Limited EBITDA margin due to nature of sector, despite the improvement in EBITDA and profitability metrics in last two years
- Improvement needs in corporate governance practices
- 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, Company's the Long-Term National Issuer Credit Rating has been assigned at 'AA-(tr)'. The Company's sales performance, comfortable level of financial leverage metrics, long lasting dealership of reputable brands, experience in the sector 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 liquidity position, sales and profitability performance, EBITDA generation capacity, asset quality, equity level and debt structure will be closely monitored by JCR Eurasia Rating in the 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.