

Corporate Credit Rating

New Update

Sector: Fleet Leasing

Publishing Date: 13.06.2024

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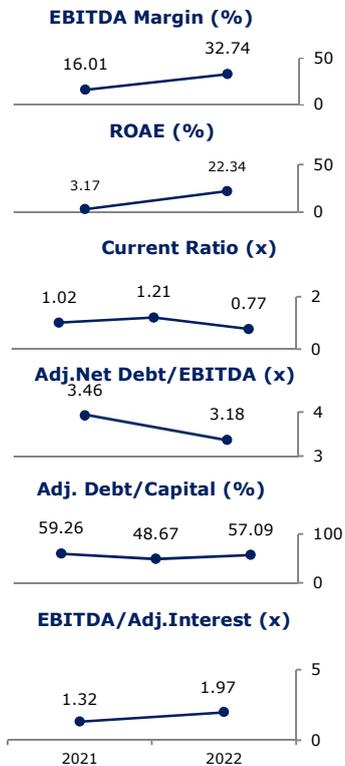
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	B+	-
ISRs (Issue Specific Rating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

* Assigned by JCR on May 10, 2024



Tan Tr Otomotiv İnşaat Turizm Sanayi Ve Ticaret Limited Şirketi

JCR Eurasia Rating, has evaluated **Tan Tr Otomotiv İnşaat Turizm Sanayi Ve Ticaret Limited Şirketi** in the speculative grade category on the national scales and assigned the Long-Term National Issuer Credit Rating as '**BB (tr)**' and the Short-Term National Issuer Credit Rating as '**J3(tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**B+/Stable**'.

Tan Tr Otomotiv İnşaat Turizm Sanayi Ve Ticaret Limited Şirketi (referred to as "Tan Tr Otomotiv" or "the Company") was established in Istanbul in 2014. The main activity of the Company is the operational fleet leasing for both individuals and commercial customers. The Company has five offices in total, two of them are engaged in car-sales activities and others act as branch offices to rent cars. These offices are located in Tekirdağ's different districts as Garenta branches. Bülent Tan is founder of the Company and holds 100% of the Company shares. The Company has 9 employees as of FYE2022 (FYE2021: 10).

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

Strengths

- Notable improvement in EBITDA margin in FY2022 which is maintained in FY2023 according to Corporate Tax Return
- Low level of operating ratio supporting efficiency over the analyzed years
- Diversified customer base mitigates revenue concentration risk and low collection risk provided through sales via credit card
- Capability of converting the second-hand cars into cash rapidly

Constraints

- Limited trend analysis due to the absence of audited financial statements for the previous periods
- Upward trend in financial borrowings in 2023 and 2024 due to vehicle purchases and working capital needs
- Limited interest coverage metrics which may deteriorate further due to increasing funding cost
- Net working capital deficit occurred in 2022 pressuring liquidity indicators
- High non-cash contribution of revaluation gains in equity structure despite the capital increases made in 2022 and 2023
- Volatility in demand may arise due to sector-specific regulations and high correlation with macroeconomic dynamics
- Improvement needs in the level of compliance with corporate governance practices
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**BB (tr)**'. Notable improvement in EBITDA margin, diversified customer base and low collection risk, low level of operating ratio, ability to convert the second hand cars into cash rapidly, sector-specific regulations along with ongoing uncertainties arising 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 revenue and profitability performance, financial leverage indicators, liquidity position, debt structure and asset quality 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.