Corporate Credit Rating

☐New ☒Update

Sector: Fleet Leasing
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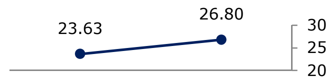
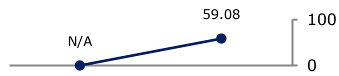
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**BB (tr)**	**J3 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	B+	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating 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*

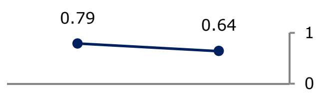
EBITDA Margin (%)



ROAE (%)

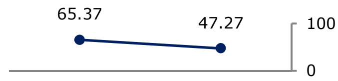


Current Ratio (x)

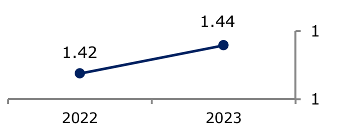


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



N/A: Not Applicable.

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 affirmed the Long-Term National Issuer Credit Rating at **'BB (tr)'** and the Short-Term National Issuer Credit Rating at **'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") founded in İstanbul in 2014, the Company specializes in operational fleet leasing services for individual and corporate clients. The organization maintains six locations: five Garenta branches dedicated to vehicle rental operations and one facility focused on automobile sales. The Company's Garenta rental branches operate across Tekirdağ, Kırklareli, and Edirne provinces. The Company is headquartered in Başakşehir, İstanbul.

The Company is controlled by Bülent Tan who owns all shares. The Company's paid-in capital is TRY 500mn as of the report date (FYE2023: TRY 104mn). Tan TR Otomotiv had a workforce of 10 as of FYE2023 (FYE2022: 9).

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

Strengths	Constraints
• Sustainable revenue growth owing to increasing fleet size during the review period which is maintained in FY2024 according to statutory financials • Notable amount of paid-in capital increase during the review period and FY2024 mainly supported by retained earnings and cash injections • Diversified customer base and credit card sales' contribution to receivable and asset quality • Streamlined process for converting used cars into cash	• Contraction in profitability margins in FY2024 Corporate Tax Return, despite reasonable level in FY2023 • Deterioration in net debt/EBITDA multiplier in FY2024 according to Corporate Tax Return due to upward trend in financial borrowings • Increased financing expenses exerting pressure on bottom line and weakening coverage metrics • Negative net working capital and low level of current ratio due to capital intensive nature of the sector • Sector-specific regulations and high correlation with macroeconomic dynamics may lead to fluctuations in demand • Pledges provided against financial loans on vehicles limiting the elasticity of the assets • Improvement needs in compliance with corporate governance practices • 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 affirmed at **'BB (tr)'**. The Company's sustainable revenue growth, diversified customer base and low collection risk, equity structure, ability to convert used cars into cash rapidly, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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 financial structure, sales and profitability performance, continuity of EBITDA generation capacity, adequacy of liquidity 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.