

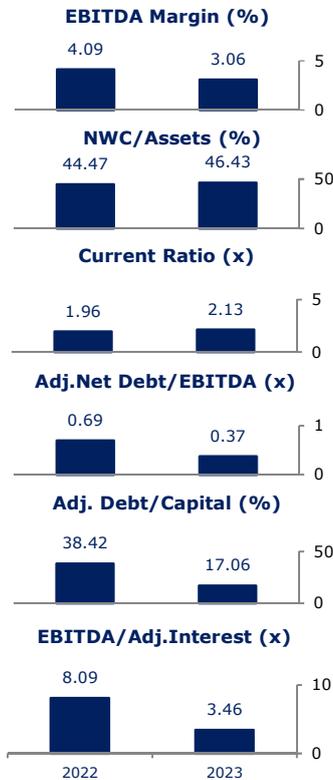
Corporate Credit Rating

New Update

Sector: Wholesale Trading
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| RATINGS | | Long Term | Short Term |
|---|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating 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 | - |
| 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



UZUN OTOMOTİV AKARYAKIT GIDA İNŞAAT SANAYİ VE TİCARET LİMİTED ŞİRKETİ

JCR Eurasia Rating, has evaluated "Uzun Otomotiv Akaryakit Gıda İnşaat Sanayi ve Ticaret Ltd. Şti." in the investment level category and revised the Long-Term National Issuer Credit Rating to 'BBB (tr)' from 'BBB- (tr)' and the Short-Term National Issuer Credit Rating to 'J2 (tr)' from 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' in parallel to sovereign ratings and outlooks of Republic of Türkiye.

Uzun Otomotiv Akaryakit Gıda İnşaat Sanayi ve Ticaret Ltd. Şti. (hereinafter referred to as "Uzun Otomotiv Akaryakit" or "the Company") primarily specializes in wholesale fuel sales, catering to the fuel requirements of numerous public and private entities across a broad geographical area. The Company's operational reach spans the entire Aegean Region and key cities such as Istanbul, Ankara, Samsun, Çanakkale, Bursa, Balıkesir, Bilecik, Sakarya, Eskişehir, Isparta, Antalya, Konya, Kayseri, Niğde, and Burdur.

Operating within the fuel sector, Uzun Otomotiv Akaryakit manages a fleet of 30 vehicles and holds 6 LPG (liquefied petroleum gas) and 13 fuel oil licenses. Beyond wholesale fuel sales, the Company is engaged in various other activities, including the acquisition, sale, and leasing of diverse motor vehicles, participation in construction projects, trade of petroleum and petroleum products, as well as the establishment and operation of fuel stations. The Company's management is centralized at its headquarters in Denizli. Alongside this main office, the Company operates five commercial branches in Denizli and maintains two warehouses located in Antalya and Izmir.

As of FYE2023, The Company's sole shareholder is Mustafa Uzun, and total of 142 staff members are employed.

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

Strengths

- Sustained growth in revenues and EBITDA bolstered by higher fuel sales volumes in tonnage terms along with increased automotive sales in FY2023,
- Solid leverage position marked by manageable amount of financial debt and enhanced EBITDA generation capacity,
- Positive cash flow metrics together with favorable NWC position and strong current ratio facilitating liquidity management,
- Favorable operating ratio and short cash conversion cycle pointing to operational efficiency,
- Additional revenue streams from the sale of new and second-hand vehicles supporting cash flow,
- Broad client portfolio encompassing both public and private institutions coupled with minimal client concentration ensuring stable and visible revenue streams.

Constraints

- Limited and volatile profit margins driven by the sector's inherent characteristics, along with fluctuations in oil prices,
- Increased credit utilization is expected to suppress leverage profile in 2024 financials,
- Suboptimal level of EBITDA interest coverage metric with decline in FY2023,
- Room for improvement in the level of 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 revised to 'BBB (tr)' from 'BBB- (tr)'. Taking into account the Company's strong sales performance, enhancement in leverage profile, moderate liquidity position, reasonable efficiency indicators as well as, volatile and limited profitability indicators, suboptimal level of EBITDA interest coverage and 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 profit and equity indicators, market position, sustainability of domestic and international demands and economic conditions in Türkiye 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 also be monitored.