

Corporate Credit Rating

New Update

Sector: Fleet Leasing
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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	BBB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	AA- (tr)	J1+ (tr)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

VDF FİLO KİRALAMA A.Ş.

JCR Eurasia Rating, has evaluated "VDF Filo Kiralama A.Ş." (referred to as "the Company" or "VDF Filo") in the investment-level category and upgraded the Long-Term National Issuer Credit Rating from 'A (tr)' to 'AA- (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were reamed 'BBB/Stable'.

VDF Filo was established in 2016 in Istanbul and operates in the field of fleet leasing. The Company, which employs 61 employees as of 2Q2023 (FYE2022: 63) became one of the important players in Türkiye with 14,600 contracts as of August/2023 (FYE2022: 15,250, FYE2021: 14,166). The Company had 14,935 vehicles as of August/2023 (FYE2022: 16,210, FYE2021: 15,364).

The Company is managed by VDF Servis that is controlled by Volkswagen (%51) and Doğuş (%49) Groups. The Volkswagen Group has more authority on the management of the Company and the Company's activities are constantly monitored. In addition, the most important part of the Company's vehicles is the Volkswagen brand, and they are supplied by the Doğuş Group. Besides Volkswagen, Renault, Fiat, Skoda, Audi, Toyota, Peugeot and other brand vehicles are also used in the activities.

The Company has started to issue capital market instruments as of the beginning of 2023 with an issue ceiling of TRY 1bn.

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

Strengths

- Solid and increasing profitability margins
- Consistent revenue growth capability
- Opportunity of borrowing from VW Group which has the significant share in financial liabilities and LoC provided by Volkswagen Financial AG ensuring comfort to meet liabilities
- Diversified top-tier clientele structure supporting asset quality
- Contractual obligations income
- Asset structure that can be converted to cash rapidly
- Strong management framework and reputable shareholder structure

Constraints

- Insufficient liquidity metrics due to growth strategy and high financial leverage though a significant portion of borrowings consist of related parties
- Potential price volatility and tax regulations in automobile prices
- 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 the Long-Term National Rating has been upgraded from 'A (tr)' to 'AA- (tr)'. The Company's profitability margins, asset structure and steady revenue growth ability 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'. Sustainability of the Company's profitability performance, changes in market share and equity level together with the trends in financing opportunity and fleet leasing sectors are going to be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.

