

Corporate Credit Rating

New Update

Sector: Rent a Car

Publishing Date: 30/03/2023

Manager

Fatih Lap

+90 212 352 56 73

fatih.lap@jcrer.com.tr

Senior Analyst

Nazim Candan

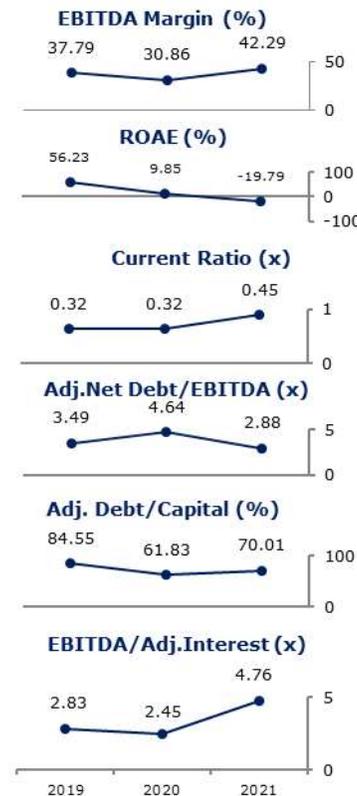
+90 212 352 56 73

nazim.candan@jcrer.com.tr

RATINGS

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

* Assigned by JCR on August 18, 2022



Zeplin Turizm Taş. Yat. San. ve Tic. Ltd. Şti.

JCR Eurasia Rating has evaluated **Zeplin Turizm Taşımacılık Yatırım San. ve Tic. Ltd. Şti.** in the investment level category and affirmed the Long-Term National Issuer Credit as '**BBB-(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 '**BB-/Negative**'.

Zeplin Turizm Taşımacılık Yatırım San. ve Tic. Ltd. Şti. (referred to as "the Company" or "Zeplin") operates in the fields of car rental services and headquartered in Antalya, Türkiye. The Company's has 47 branch office in İstanbul, İzmir, Ankara, Antalya, Kocaeli, Balıkesir, Manisa, Tekirdağ, Denizli, Muğla, Sakarya, Düzce, Eskişehir, and Burdur as well as 40 agencies in country wide as of reporting date. The Company, mainly focuses on daily car rental services. In addition to car rental services, the Company has also long-term leasing operations to corporate clients. Additionally, the Company closely monitors sectoral developments and chases the investment opportunity in the fields of "hourly car sharing" operations. As of reporting date, the Company number of vehicles of the fleet is reached approximately 15,000 vehicles.

Hakan Sevim owns the total share of the Company as of reporting date. The Company has no subsidiary or affiliate as of reporting date.

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

Strengths

- Steady improvement in revenue and EBITDA performance during the review period thanks to increase in sales volume of rental operations and selling prices
- Restoration of gross profitability indicators during the review period
- Improvement in financial leverage indicators
- Asset structure mainly consists of second-hand cars, capable of converting into cash rapidly
- Low level of collection risk and low level of customer concentration
- Benefiting from the high number of rental offices in various cities of Türkiye

Constraints

- Increasing financing expenses mainly driven by foreign exchange losses put pressure on net profitability
- Potential volatility in second-hand car prices in the market may put pressure on profitability
- Ongoing global chip shortage stands out as a potential risk for the Company and Industry
- Need for improvement in the level of compliance with Corporate Governance Practices
- Lack of information to reflect the Company's asset structure on audit report
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Ratings has been affirmed as '**BBB-(tr)**'. The Company's upward trend in revenue and EBITDA generation performance, profitability indicators, financial leverage ratios, and global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings '**Stable**'. The Company's sales performance, return on investments, profit margins, and liquidity level 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.