

## Corporate Credit & Issue Rating

New Update

**Sector:** Automotive  
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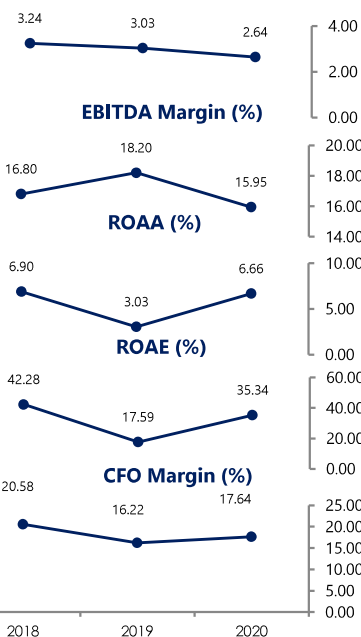
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## RATINGS

|                 |                  | Long Term | Short Term |        |
|-----------------|------------------|-----------|------------|--------|
|                 |                  | AA (Trk)  | A-1+ (Trk) |        |
| National        | Local Rating     | AA (Trk)  | A-1+ (Trk) |        |
|                 | Outlook          | Stable    | Stable     |        |
| International   | Foreign Currency | BB        | B          |        |
|                 | Local Currency   | BB        | B          |        |
|                 | Outlook          | FC        | Stable     | Stable |
|                 |                  | LC        | Stable     | Stable |
| Sponsor Support | 1                | -         |            |        |
| Stand-Alone     | A                | -         |            |        |
| Sovereign *     | Foreign          | BB        | -          |        |
|                 | Local Currency   | BB        | -          |        |
|                 | Outlook          | FC        | Stable     | -      |
|                 |                  | LC        | Stable     | -      |

\*Assigned by JCR on May 31, 2021

### Adjusted Net Debt / EBITDA (x)



## Otokoç Otomotiv Ticaret ve Sanayi A. Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated **Otokoç Otomotiv Ticaret ve Sanayi Anonim Şirketi** assigned the ratings on the Long-Term National Scale as '**AA (Trk)**' and the Short-Term National Scale as '**A-1+ (Trk)**' with '**Stable**' outlooks.

Otokoç Otomotiv Ticaret ve Sanayi A.Ş. ("hereinafter referred to as "Otokoç" or the "Company") was established in 1928 and offered the first investment of Koç Group's in the automotive industry. Otokoç is the dealer of Ford, Volvo, Fiat, Alfa Romeo, Jeep and Maserati brands. The Company's field of activity is to provide brokerage services, especially for the purchase and sale of all kinds of motor vehicles and spare parts, and to rent service and all kinds of land transport vehicles. Motor vehicle trading activities are provided under the Otokoç and Birmot brands, while car rental services are provided under the Avis, Budget, Zipcar and Payless brands.

It provides service in Turkey with 34 branches (17 Otokoç, 17 Birmot), 188 rental offices/points (89 Avis offices, 62 Budget offices and 37 Zipcar points), and 84 rental offices abroad. The number of employees of the Company as of 31 December 2020 is 2,583 (31 December 2019: 2.525).

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

### Strengths

- Improved debt ratios and financial leverage ratio
- Robust revenue growth in 2020 despite the pandemic
- Increasing trend of profitability indicators supporting equity level
- Global and locally recognized brand advantages through its shareholder structure
- Significant market share in Turkish market via strong brand reputation
- Diversified revenue streams comprising periodic lease income and automobile sales

### Constraints

- Competitive nature of the automotive industry
- High correlation with macroeconomic dynamics in the sector
- Global chip shortage that poses potential risk for automotive industry
- Pricing limitations due to tax level and fluctuations on the value of Turkish Lira against hard currencies
- Impact of volatile market conditions and Covid-19 outbreak

Considering the above given points, Otokoç's Long-Term National Rating has been assigned as '**AA (Trk)**'. Robust operational profitability together with significant liquidity, notable increase in bottom line result, salient asset growth, prudent collection policy, high net working capital despite its decreasing trend, robust equity structure, strong brand value of Otokoç along with multifarious products and services, 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**'.

"Otokoç Otomotiv Ticaret ve Sanayi A.Ş."s main shareholders are "Koç Holding A.Ş." and therefore the "Koç Family", who is the ultimate shareholder of the Koç Group. The shareholders of the Company have the willingness and experience to ensure long term liquidity and equity depending on the adequacy of their financial strength when required and to provide efficient operational support to "Otokoç Otomotiv Ticaret ve Sanayi A.Ş.". In this scope, "Sponsor Support" category has been assigned as '**1**', which denotes the highest level.

The Stand-Alone note is formed depending on the Company's sustained increase in internal equity generation capacity, growth potential, operational efficiency and effective market position. It is assumed that Otokoç has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support. In this respect, the Stand Alone rating of Otokoç has been assigned as '**A**' in JCR Eurasia Rating notation system.