

Corporate Credit Rating

☐ New ☒ Update

Sector: Operational Leasing

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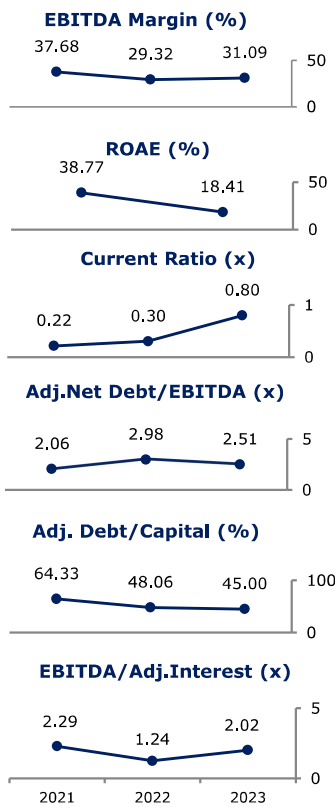
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



Hedef Araç Kiralama ve Servis A.Ş.

JCR Eurasia Rating, has evaluated **Hedef Araç Kiralama ve Servis A.Ş.** in the investment grade category with high credit quality on the national scale and affirmed its Long-Term National Issuer Credit Rating at '**A (tr)**' and Short-Term National Issuer Credit Rating at '**J1 (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/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

Hedef Araç Kiralama ve Servis A.Ş. (referred to as 'the Company' or 'Hedef Filo') was founded in 2003 in Istanbul and specializes in the fleet rental of various motor vehicle brands. The Company operates offices in Istanbul, Izmir, Bursa, Ankara, and Konya, employing 170 staff members as of the end of 2023. By this time, the Company manages a fleet of 14,311 vehicles. Beyond fleet leasing, Hedef offers operational leasing through its online sales platform "Filomingo," catering primarily to self-employed professionals such as pharmacists, lawyers, and accountants. They also provide hourly and daily car rentals via the "Tiktak" car-sharing service and sell second-hand cars through "OtoNet." Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama A.Ş. ("Tiktak") was established on June 1, 2021. Hedef Filo owns 36.46% of Tiktak, giving it significant influence but not control, and thus it is included in the consolidation using the equity method of accounting. Additionally, in 2023, the Company acquired "Letgo Mobil," "Otonet". Tiktak, Letgo Mobil and Otonet were classified as assets held for sale according to a board decision on December 25, 2023. Additionally, "Project EV" was established on April 14, 2023, as a 100% subsidiary of Hedef Filo, to serve as an electric vehicle rental platform.

As of 31 December, 2023, shareholder structure is as follows; Önder Erdem (50%) and Ersan Öztürk (50%).

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

Strengths	Constraints
- Growth in sales revenue driven by second hand car sales and maintaining core profitability metrics in 2023 - Strong equity structure mainly supported by internal resource generation capacity - Multiyear contracts providing revenue visibility - Low doubtful receivable ratio supporting receivable quality - Steady demand outlook in the fleet leasing sector due to the willingness of companies to prefer leased vehicles - Long standing sector experience and adequate level of compliance with corporate governance practices	- Market risk exposure due to debts with floating rate - Increasing fleet renewal costs and working capital requirements causing further external financing need - Volatility in second-hand car prices in the market may put pressure on profitability - High level of operating ratio putting pressure on efficiency and profitability - Deterioration in cash flow metrics mainly due to significant acquisitions in FY2023 - Sector specific regulations and high correlation with macroeconomic dynamics may result fluctuations in demand - Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**A (tr)**'. The Company's growth in sales revenues, equity structure, high revenue visibility, long sector experience and adequate level of compliance with corporate governance practices along with high market risk exposure due to floating rate of issued debts, high level of operating ratio and ongoing uncertainties arisen from geopolitical tensions as well as 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 revenue and profitability performance, debt structure, liquidity position and asset quality 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.