



**17 September 2021**

### Credit Rating

**Long-term (National):**

**(TR) A**

**Outlook:**

**Stable**

**Short-term (National):**

**(TR) A1**

**Outlook:**

**Stable**

**Expiry Date:**

**17 September 2022**

### **Beyaz Filo Oto Kiralama A.Ş**

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## **Beyaz Filo Oto Kiralama A.Ş.**

### **Rating Summary**

Beyaz Filo Oto Kiralama A.Ş. ("Beyaz Filo" or "the Company") was incorporated with the merger of Flap A.Ş. ("Flap"), established in 1993 and Beyaz Oto Kiralama, Turizm ve Sigortacılık A.Ş. ("Beyaz Oto"), established in 2004. In 2006, Flap Kongre ve Toplantı Hizmetleri A.Ş. was spun-off to carry out congress organization activities and the parent company with ongoing fleet rental services changed its title to Beyaz Filo Oto Kiralama A.Ş.

The Company offered "Fleet Leasing" services until 2016. From then on, the operation shifted to new and second-hand vehicle sales, spare parts sales and providing authorized services. A Peugeot Dealer (Balıkesir Branch) was purchased at the end of 2015, and an Opel Dealer (Ankara Branch) was obtained in 2016. Starting from 2019, "Citroen" dealership was added to the brand portfolio. In 2021, Beyaz Filo started to carry out "Renault-Dacia" new vehicle sales and after-sales services by purchasing 100% of Edirne Servis ve Otomotiv A.Ş. shares.

With its registered auction brand "Beyaz Sistem Müzayede", the Company provides retail and/or auction sales of second-hand vehicles supplied from end consumers, intermediaries and fleet rental companies.

The Company went public in 2012 and initially 9.73% of its shares began to be traded on the stock exchange. As of the report date, 21.63% of the Company is open to the public.

### **Outlook**

The Company realizes 90% of its sales to fleet leasing companies, which are its target audience. In 2020, 9,714 of Peugeot, Citroen and Opel brand vehicles, of which 105,450 were sold across Turkey, were sold by Beyaz Filo (9.21%), ranking first among dealers in all 3 brands. The auction sales of second-hand vehicles at the Company premises covering an area of 37,000 m<sup>2</sup> amounted to 2,951 in 2020.

With the easing of restrictions imposed due to the COVID-19 outbreak, the recovery in demand has had a positive impact on the Company's operations. As of the end of 2020, Company sales increased by 67.6% compared to the previous year and reached TL 1.3 billion (2019: TL 775.6 million). Again in the same period, Gross Profit increased by 53.6% to TL 63.1 million (2019: TL 41 million), Operating Profit increased by 126% to TL 50.2 million (2019: TL 22.2 million) and that of Net Profit increased by 160.9% to TL 37.7 million (2019: TL 14.5 million). The moderate increase continued in the first half of 2021, with

a sales revenue of TL 776.9 million and a Net Profit of TL 16.8 million, and the end-2019 figures have already been achieved.

The Company provides services only in the domestic market, and the supply is also met by domestic distributors. Therefore, it has no foreign currency liabilities and is not affected by fluctuations in exchange rates. Beyaz Filo met its financial borrowing needs by using cost-effective debt instruments (CGF) by taking advantage of the government incentives offered due to the pandemic. Currently, financial liabilities of the Company are minimal.

In addition to all these factors, considering Beyaz Filo's shareholding structure, industry experience and moderate growth targets on one hand, uncertainties created by the extraordinary developments in the global trade environment and money markets, together with the Covid-19 outbreak on the other, the Company's both short and long-term outlook is determined as "Stable".

## Macro-Economic Outlook

**World:** The most current and previous global growth projections of international organizations such as the International Monetary Fund (IMF), the World Bank and the Organization for Economic Development and Cooperation (OECD) for 2020 and 2021 are given below:

Organization	Source	2021		2022	
		(Current)	(Previous)	(Current)	(Previous)
IMF	July 2021 World Economic Outlook Report (prev.: April 2021)	6.0% ↔	6.0%	4.9% ↑	4.4%
World Bank	June 2021 World Economic Prospects Report (prev.: January 2021)	5.6% ↑	4.0%	4.3% ↑	3.8%
OECD	May 2021 Economic Outlook Report (prev.: March 2021 Interim Report)	5.8% ↑	5.6%	4.4% ↑	4.0%

IMF's July 2021 Global Economic Outlook Report states that the national economic differences increased even more compared to the April report. According to the report, the global economy will grow by 6% in 2021 and 4.9% in 2022. Expectations for developing countries for 2021 were revised downwards, while the developed economies were updated upwards. It was emphasized that the 0.5% increase in the global growth forecast in 2022 resulted from the additional financial support expected in the 2<sup>nd</sup> half of 2021 in developed countries, especially the USA, and the improvement in health conditions.

With the increasing concerns about the economic effects of the Covid-19 epidemic, the US Federal Reserve Bank, who lowered the policy rate to 0.00-0.25% range at the beginning of March 2020, has not changed the level since. In his speech at the Jackson Hole Symposium in August 2020, FED Chairman Jerome Powell stated that the monetary policy strategy had been changed, and announced that the loose monetary policy would be continued without increasing the interest rates, allowing for a period to even exceed the "average" 2% inflation level that the bank would target from now on. The US gross domestic product, which grew by 33.4% (QOQ) in Q3 of 2020, when the restrictions brought by the pandemic were relatively loosened, recorded a growth of 4.1% in the last quarter and 6.4% in Q1 of 2021. In Q2 of 2021, the US economy grew by 6.5% on an annual basis. The ongoing economic recovery, reopening of institutions and the government's support for the Covid-19 outbreak were effective in the increase in GDP in the 2<sup>nd</sup> half of the year.

The consumer price index (CPI) in the USA increased by 5.3% in August compared to the same period of the previous year. On a monthly basis, it was realized as 0.3% (below the market expectation of 0.4%), the lowest increase in the last 7 months. Fed Chairman Jerome Powell stated that inflation is rising, however, this increase is largely due to temporary factors. While there were discussions about inflation and withdrawal of incentive policies, the US Senate approved the infrastructure package, which envisages a new investment of USD 550 billion. The bipartisan package needs the approval of the House of Representatives to become law.

Following the July meeting, Fed Chairman Jerome Powell reiterated that the Committee will continue to monitor the effects of incoming data on the economic outlook while evaluating the appropriate monetary policy stance and will be ready to adjust its monetary policy stance accordingly if risks arise that may prevent the achievement of targets. It was stated that the Federal Open Market Committee aims to achieve the maximum employment and 2% inflation target in the long-term, it was also emphasized that the supportive stance of the monetary policy is expected to be maintained until these targets are achieved.

In the 2021 Summer Economic Forecast Report published by the EU Commission, the growth forecast for 2021 increased by 0.6 percentage points for the European Union and 0.5% for the Eurozone, to 4.8% and 4.5%, respectively, compared to the spring term report. While expressing the expectation that the economies of both regions will grow by 0.1% in 2022 compared to the previous report, the Commission predicted that the EU and Eurozone will reach the pre-crisis level in real GDP only in the last quarter of 2021.

**Turkey:** The following table shows the latest official 2020-2021 growth forecasts of the IMF, OECD and the World Bank on Turkey, which recorded a growth of 1.8% in 2020. In its May 2021 update, the OECD has reduced its 2021 growth forecast of 5.9% in January to 5.7%, and for 2022, increased its expectation from 3.0% to 3.4%. In the Regional Update Report published in June 2021, the World Bank revised its January 2021 projections for Turkey and increased its 2021 forecast from 4.5% to 5%, while the 2022 forecast was reduced from 5% to 4.5%. The IMF lowered its 2021 real economic growth forecast for Turkey by 0.2 points to 5.8% in its World Economic Outlook report in July and also lowered its 2022 growth forecast, predicting a growth of 3.3%. In the April report of the IMF, it was estimated that the Turkish economy would grow by 6.0% in 2021 and 3.5% in 2022.

International credit rating agency Fitch Ratings' growth expectation for Turkey in 2021 was increased from 6.3% to 7.9% due to the high turnover effect and the ongoing resistance in economic activity, especially after the strong performance in the first quarter of the year.

Organization	Source	2021		2022	
		(Current)	(Previous)	(Current)	(Previous)
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In order to eliminate the risks and take under control inflation expectations, and to re-establish the disinflation process as soon as possible, the CBT increased the policy rate to 10.25% with an increase of 200 bps following its September 2020 meeting, to 15% with an increase of 475 bps in November, followed by an additional 200 bps increase to 17% in December, and finally to 19% with 200 bps increase at its March 2021 meeting. In the resolution text of the March meeting, it was emphasized that an additional strong and front-end monetary tightening would be applied, taking into account the risks on inflation expectations, pricing behavior and the medium-term inflation outlook. At its August meeting, MPC decided to keep the policy rate constant at 19%. Moreover, at the third inflation meeting of the year, the Central Bank updated its inflation forecast from 12.2% to 14.1% for the end of 2021. In the meeting, it was stated that within the framework of basic assumptions and short-term projections, inflation is expected to gradually converge to the targets, under an outlook that the policy rate will continue to be formed at a level above inflation, while maintaining the strong disinflationary effect. In this framework, it is estimated that the inflation will be 14.1% at the end of 2021, and will stabilize by decreasing to 7.8% by the end of 2022 and to the medium-term target of 5% by the end of 2023. The CBT underlined that the current tight stance in monetary policy will be resolutely maintained until the significant decrease in the forecast path of the inflation report is achieved.

According to the Foreign Trade Expectation Survey conducted by the Ministry of Trade quarterly, the Export Expectation Index for the 3<sup>rd</sup> quarter of 2021 decreased by 4.4 points compared to the previous quarter and was realized as 127.6. When the diffusion indices of the questions included in the Export Expectation Index are analyzed, the evaluations regarding the export expectation for the next 3 months, export order expectation and the currently registered export order level affect the index in a downward direction. On the other hand, evaluations regarding the export orders in the last 3 months have affected the index in an upward direction.

The Import Expectation Index for Q3 of 2021 increased by 2.9 points compared to the previous quarter, to 114.5. Among the questions included in the Index, the import expectation (next 3 months), the currently registered import order level, and the evaluations of the import order level for the last 3 months affected the index in an upward direction, while the evaluations regarding the import unit price expectation (next 3 months) led the index to decrease.

The main macro-economic developments in Turkey as of our reporting date can be summarized as follows:

Indicator	Current Value	Present Value	Summary
Growth (TUIK)	<u>2021-Q2</u> 21.7%	<u>2021-Q1</u> 7.00%	First estimate of GDP for the second quarter of 2021; the GDP chained volume index increased by 21.7% compared to the same quarter of the previous year. When the content of GDP is examined; in the second quarter of 2021, as a chained volume index compared to the previous year, services increased by 45.8%, industry by 40.5%, professional, administrative and support service activities by 32.4%, other service activities by 32.3%, information and communication activities by 25.3% public administration, education, human health and social services service activities increased by 8.5%, real estate activities by 3.7%, construction by 3.1% and agriculture, forestry and fisheries by 2.3%. Finance and insurance activities, on the other hand, decreased by 22.7%.
Unemployment (TUIK)	<u>2021/07</u> 12.0%	<u>2021/06</u> 10.60%	The number of unemployed in Turkey aged 15 and above was 3,902,000 in July 2021 with an increase of 506,000 compared to the previous month. Unemployment rate increased by 1.4 points to 12.0%. The number of people employed increased by 125,000 in July 2021 compared to the previous month to 28,730,000, while the employment rate increased by 0.2 points to 45.1%.

Indicator	Current Value	Present Value	Summary
<b>Inflation</b> <b>CPI</b> <b>PPI</b> (TUIK)	<u>2021/08</u> <b>19.25%</b>	<u>2021/07</u> <b>18.95%</b>	The rise in CPI in August was 1.12% compared to the previous month, 11.65% compared to December of the previous year and 19.25% compared to the same month of 2020. The 12-month average was an increase of 15.78%. PPI increased by 2.77% in August compared to the previous month, by 28.51% compared to December of the previous year and 45.52% compared to the same month of 2020. The twelve-month average was an increase of 31.34%.
<b>Industrial Production Index</b> (TUIK)	<u>2021/07</u> <b>8.7%</b>	<u>2021/06</u> <b>23.9%</b>	The Industrial Production Index increased by 8.7% in July 2021 compared to the same month last year. When the sub-sectors are analyzed, the mining and quarrying sector index increased by 15.2% compared to the same month of the previous year, the manufacturing industry sector index by 7.9% and the electricity, gas, steam and air conditioning production and distribution sector by 11.7%.
<b>Car and Light Commercial Vehicle Sales</b> (ODD)	<u>2021/08</u> <b>58,454</b>	<u>2021/07</u> <b>47,849</b>	In the January-August period of 2021, the Turkish automobile and light commercial vehicle total market increased by 24.3% compared to the same period of the previous year, to 501,004 units. The decrease was 5.0% compared to August of 2020, with 58,454 units.
<b>Housing Sales</b> (TUIK)	<u>2021/08</u> <b>141,400</b>	<u>2021/07</u> <b>107,785</b>	Residential sales in Turkey decreased by 17.0% in August 2021 compared to the same month of the previous year with 141,400 units. Istanbul got the lions share with 24,286 units sold (17.2%).
<b>Turkish PMI</b> (ISO-IHS Markit)	<u>2021/08</u> <b>54.1</b>	<u>2021/07</u> <b>54.0</b>	The headline PMI, which was 54.0 in July, rose to 54.1 in August, pointing to a strong improvement in the performance of the manufacturing sector and has reached its high level since January. Thus, operating conditions strengthened for the third month in a row.
<b>Eurozone PMI</b> (IHS Markit)	<u>2021/08</u> <b>61.4</b>	<u>2021/07</u> <b>62.8</b>	Eurozone Manufacturing Purchasing Managers Index (PMI), announced by IHS Markit, decreased to 61.4 points in August from 62.8 points in July and showed the slowest growth in the last 6 months.
<b>Economic Confidence Index</b> (TUIK, CBT)	<u>2021/08</u> <b>100.8</b>	<u>2021/07</u> <b>100.1</b>	The economic confidence index which was 100.1 in July, increased by 0.7% in August to 100.8. The increase in the economic confidence index stemmed from the increases in consumer, real sector (manufacturing industry), service, retail trade and construction sector confidence indices.
<b>Banking Sector NPL Ratio</b> (BRSA)	<u>2021/07</u> <b>3.71%</b>	<u>2021/06</u> <b>3.66%</b>	In July 2021, the asset size of the Turkish Banking Sector reached TL 6,712,255 million. Loans increased 8.6% to TL 3,882,699 million, while securities increased by 11.8% to TL 1,142,813 million. During this period, the NPL ratio of loans was 3.71%.
<b>Budget Balance</b> (TL Billion) (Ministry of Treasury and Finance)	<u>2021/08</u> <b>40.8</b>	<u>2021/07</u> <b>-45.8</b>	In August 2021, central government budget expenditures were TL 105.7 billion, budget revenues were TL 146.5 billion and budget surplus was TL 40.8 billion. In addition, primary budget expenditures were realized as TL 92 billion and primary surplus was TL 54.5 billion.
<b>Current Account Balance</b> (USD Million) (CBT)	<u>2021/07</u> <b>-683</b>	<u>2021/06</u> <b>-1,127</b>	The current account deficit decreased by USD 1,306 million compared to July of the previous year to USD 683 million. As a result, the twelve-month current account deficit was USD 27,832 million.

## Company Overview

The Company was established in 1993 under the title Flap A.Ş. to carry out two main activities, congress organization and fleet rental. In 2006, Flap Kongre ve Toplantı Hizmetleri A.Ş. was established to carry out congress organization activities and the parent company which continued its fleet rental services, changed its title to Beyaz Filo Oto Kiralama A.Ş.

The shareholding structure as of our report date is as follows:

Shareholders	Share in Paid-in Capital (TL)	Share in Total Equity(%)
Gürkan Gençler	29,672,247.00	29.77
Gökhan Saygı	29,672,248.50	29.77
Flap Kongre Toplantı Hizmetleri A.Ş.	18,776,754.60	18.84
Free Float	21,566,252.90	21.63
<b>Paid-in Capital</b>	<b>99,687,500.00</b>	<b>100.00</b>

In 2018, a capital increase of TL 54.4 million TL was realized, partially covered from the distributable profit of the previous year, and from the premium on issued shares and retained earnings. As of our report date, the total paid-in capital is TL 99.69 million (12/2017: TL 45.3 million). The Company initially started to be traded on the Emerging Companies Market in 2012 and is currently traded on the Main Market of the Istanbul Stock Exchange BIST.

The subsidiaries of Beyaz Filo are:

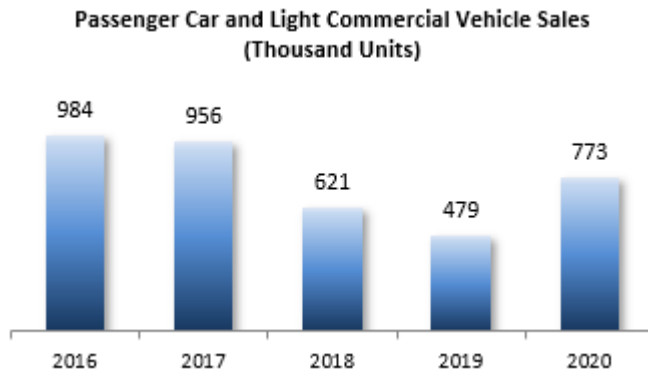
Subsidiaries			
Company	Scope of Activity	Establishment & Operation	Participation (%)
Edirne Servis ve Otomotiv A.Ş.	Automotive	Turkey	100.00

The current Board structure of Beyaz Filo is given below:

Members	Title
Gürkan Gençler	Chairman
Gökhan Saygı	Vice-chairman
Murat Nadir Tansel Saraç	Board Member
Metin Ersin	Board Member
Mehmet Levent Erdemir	Independent Board Member
Mahmut Kaan Doğan	Independent Board Member

## Industry Outlook

According to the Automotive Manufacturers Association (OSD) data, total production in 2020 decreased by 11% compared to 2019 with 1,297,854 units. In the same period, car making decreased by 13%, resulting in 855,430 units. Total exports in 2020 decreased by 27% compared to the previous year to 916,543 units.



Based on the Automotive Distributors Association (ODD) data, the chart on the left shows the unit sales of cars and light commercial vehicles in Turkey as of the last 5 years. Accordingly, it is seen that vehicle sales have recovered as of 2020 after the decline in 2018 and 2019. The contraction experienced in 2019 reached the lowest level since 2008, which was 494,000 units.

Price hikes in the new vehicle market caused the demand to shift to the second-hand market. According to Indicata data, 2,053,055 units were sold in the second-hand online passenger and light commercial vehicle market in Turkey in 2020, an increase of 16% compared to 2019 (1,771,257 units).

[https://www.indicata.com.tr/download/Aralik2020\\_Turkiye\\_Otomotiv\\_2el\\_Online\\_Pazar\\_Trend\\_Raporu.pdf](https://www.indicata.com.tr/download/Aralik2020_Turkiye_Otomotiv_2el_Online_Pazar_Trend_Raporu.pdf)

Passenger Car and Light Commercial Vehicle Market						
Months	2015	2016	2017	2018	2019	2020
January	34.615	32.713	35.323	35.076	14.373	27.273
February	55.331	52.825	46.965	47.009	24.875	47.122
March	83.302	82.948	73.802	76.345	49.221	50.008
April	91.602	84.887	75.998	71.126	30.971	26.457
May	81.542	93.904	85.422	72.755	33.016	32.235
June	86.158	91.540	83.658	51.037	42.688	70.973
July	83.836	58.533	82.297	52.734	17.927	87.401
August	82.577	71.556	72.536	34.346	26.246	61.533
September	64.025	67.593	71.352	23.028	41.992	90.619
October	64.255	83.000	91.752	21.571	49.075	94.733
November	84.601	122.309	100.859	58.204	58.176	80.141
December	156.173	141.912	136.240	77.706	90.500	104.293
Total	968.017	983.720	956.204	620.937	479.060	772.788

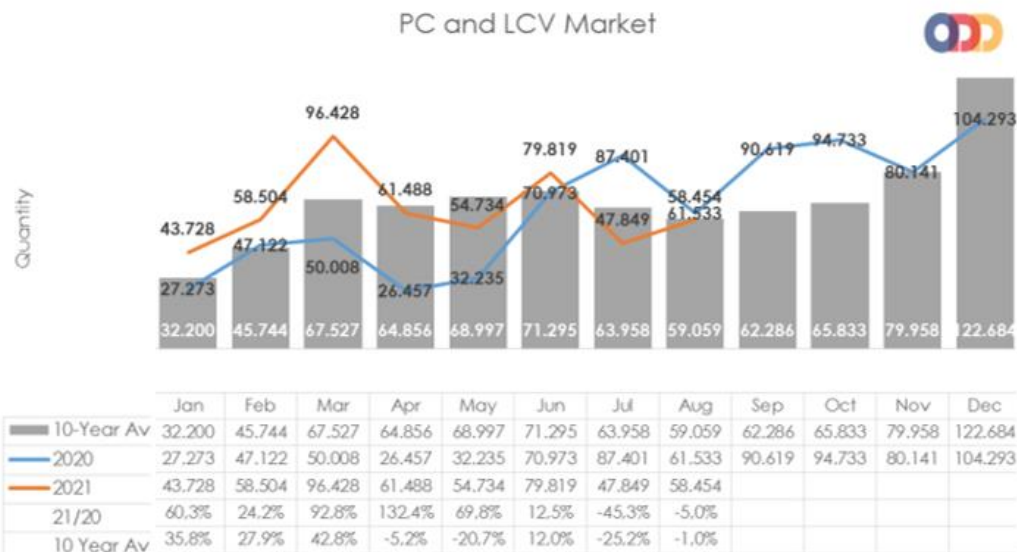
The table on the left shows the monthly development of the Car and Light Commercial Vehicle Market size in Turkey. The market, which declined in 2018 and 2019, gave positive signals as of the second half of 2020. Despite the difficulties experienced in the supply of chips following the pandemic, consumers' preference of self-transportation instead of public transportation had a positive effect on the sales figures of the automotive sector.

Global automotive production was 95.7 million units in 2018, 92.2 million in 2019 and 77.6 million in 2020. Production in Europe, which was 18.4 million in 2019, decreased to 17 million at the end of 2020. The US market on

the other hand, decreased from 17 million in 2019 to 14.4 million units in 2020.

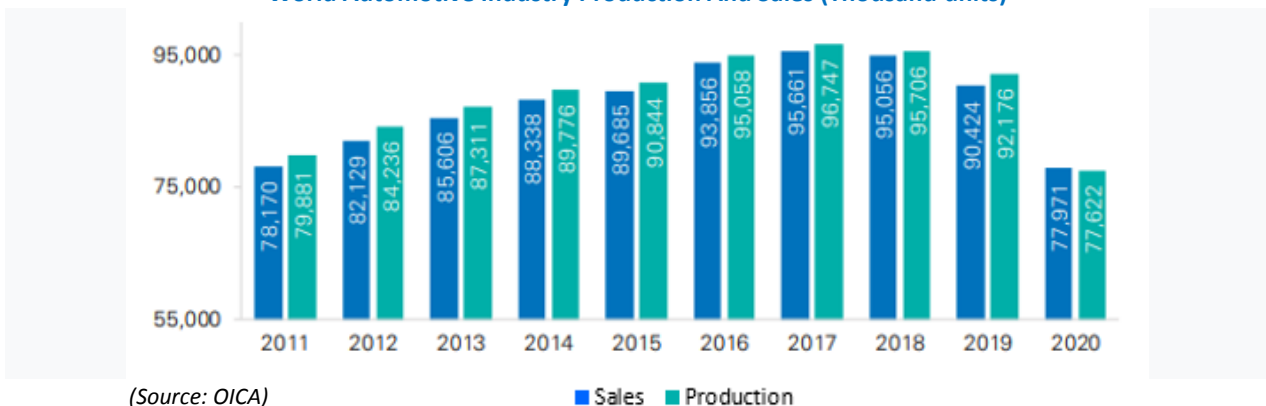
Between January-August 2021, the total Turkish automobile and light commercial vehicle market increased by 24.3% compared to the same period of the previous year, to 501,004 units. As of end-June 2021, Turkey ranked 6<sup>th</sup> in Europe with an increase of 52.4% in automobile and 67.2% in light commercial vehicle production.

The annual development of the automobile and light commercial vehicle market with the 10-Year Average:



(Source: Automotive Distributors Association)

### World Automotive Industry Production And Sales (Thousand units)



(Source: OICA)

■ Sales ■ Production

According to LMC Automotive's 2021 closing forecasts as of the 2<sup>nd</sup> quarter of 2021, the total global automotive market in 2021 is expected to reach 90,966 million units, with an increase of 12.1% compared to the previous year. It is estimated that this figure will increase to 96,469 million units in 2022, an increase of 6% compared to 2021.

## Key Financial Indicators

(1000 TL)

Balance Sheet	2018/12	2019/12	2020/12	2019 %	2020 %
<b>Current Assets</b>	<b>135.527</b>	<b>282.355</b>	<b>381.586</b>	108,3% ▲	35,1% ▲
Cash and cash equivalents	12.638	47.559	65.707	276,3% ▲	38,2% ▲
Trade receivables	59.342	191.335	135.239	222,4% ▲	(29,3%) ▼
Other receivables	407	131	563	(67,8%) ▼	328,5% ▲
Inventories	18.973	9.837	168.123	(48,2%) ▼	1.609,0% ▲
Assets to be sold	-	-	-	-	-
Other current assets	44.167	33.492	11.954	(24,2%) ▼	(64,3%) ▼
<b>Fixed assets</b>	<b>36.047</b>	<b>9.068</b>	<b>24.349</b>	(74,8%) ▼	168,5% ▲
Tangible assets	7.167	5.862	18.376	(18,2%) ▼	213,5% ▲
Intangible assets	495	1.038	458	109,7% ▲	(55,8%) ▼
Financial investments	1	1	-	0,0% —	(100,0%) ▼
Valuation of equity investments	-	-	-	-	-
Deferred tax assets	1.452	2.019	1.692	39,0% ▲	(16,2%) ▼
Other fixed assets	26.931	148	3.822	(99,5%) ▼	2.491,1% ▲
<b>Total Assets</b>	<b>171.574</b>	<b>291.422</b>	<b>405.934</b>	69,9% ▲	39,3% ▲
<b>Short term liabilities</b>	<b>59.122</b>	<b>168.376</b>	<b>243.860</b>	184,8% ▲	44,8% ▲
Short term financial loans	2.092	24.604	3.000	1.076,0% ▲	(87,8%) ▼
Current portion of long term loans	11.019	3.394	4.143	(69,2%) ▼	22,1% ▲
Trade payables	27.888	42.916	132.884	53,9% ▲	209,6% ▲
Diğer Finansal Yükümlülükler	7	85.669	44.187	-	-
Other short term liabilities	18.116	11.794	59.646	(34,9%) ▼	405,7% ▲
<b>Long term liabilities</b>	<b>5.635</b>	<b>2.712</b>	<b>7.124</b>	(51,9%) ▼	162,7% ▲
Long term financial loans	3.726	-	5.880	(100,0%) ▼	-
Diğer Finansal Yükümlülükler	-	-	-	-	-
Other long term liabilities	1.909	2.712	1.244	42,1% ▲	(54,1%) ▼
<b>Equity</b>	<b>106.818</b>	<b>120.334</b>	<b>154.950</b>	12,7% ▲	28,8% ▲
Paid-in capital	99.688	99.688	99.688	0,0% —	0,0% —
Other equity	44	(908)	(813)	(2.171,1%) ▼	10,4% ▲
Legal capital reserves	3.039	3.039	3.848	0,0% —	26,6% ▲
Retained earnings	3.608	4.048	14.480	12,2% ▲	257,7% ▲
Net Income	440	14.468	37.748	3.189,0% ▲	160,9% ▲
<b>Total Liabilities &amp; Equity</b>	<b>171.574</b>	<b>291.422</b>	<b>405.934</b>	69,9% ▲	39,3% ▲

(Source: Rasyonet)

(1000 TL)

Income Statement	2018/12	2019/12	2020/12	2019 %	2020 %
Sales revenue	610.176	775.579	1.300.047	27,1% ▲	67,6% ▲
COGS	580.735	734.488	1.236.927	26,5% ▲	68,4% ▲
<b>Gross operational profit</b>	<b>29.442</b>	<b>41.092</b>	<b>63.120</b>	<b>39,6% ▲</b>	<b>53,6% ▲</b>
Operational costs (R&D+Sales+Admin. Costs)	21.090	19.489	16.127	(7,6%) ▼	(17,3%) ▼
<b>Net operational profit</b>	<b>8.351</b>	<b>21.603</b>	<b>46.993</b>	<b>158,7% ▲</b>	<b>117,5% ▲</b>
Other operational costs	949	610	3.220	(35,7%) ▼	427,6% ▲
<b>Operational profit</b>	<b>9.300</b>	<b>22.213</b>	<b>50.213</b>	<b>138,8% ▲</b>	<b>126,0% ▲</b>
Profit/Loss from investments	(306)	-	-	100,0% ▲	—
Net capital gains by equity method	-	-	-	—	—
<b>Profit Before Interest</b>	<b>8.994</b>	<b>22.213</b>	<b>50.213</b>	<b>147,0% ▲</b>	<b>126,0% ▲</b>
Interest income	1.189	1.660	4.207	39,6% ▲	153,4% ▲
Interest expenses	9.131	5.256	6.624	(42,4%) ▼	26,0% ▲
<b>Net Income before tax</b>	<b>1.052</b>	<b>18.618</b>	<b>47.796</b>	<b>1.669,5% ▲</b>	<b>156,7% ▲</b>
Taxes	612	4.150	10.049	577,8% ▲	142,1% ▲
<b>Ongoing operations net income</b>	<b>440</b>	<b>14.468</b>	<b>37.748</b>	<b>3.189,0% ▲</b>	<b>160,9% ▲</b>
Net income from terminated operations	-	-	-	—	—
<b>Net Income</b>	<b>440</b>	<b>14.468</b>	<b>37.748</b>	<b>3.189,0% ▲</b>	<b>160,9% ▲</b>

The supply problems caused by the chip crisis in the conjuncture that surfaced with the global epidemic in 2019 adversely affected the automotive industry. On the other hand, there has been a recovery in the sector since 2020 with the effect of the preference of using private vehicles instead of public transportation due to the epidemic and the accumulated demand in the previous year.

The revenue of the Company increased by 67.6% in 2020 with the effect of price movements and reached to TL 1.3 billion (2019: TL 775.6 million). Beyaz Filo managed to maintain its position in the domestic market in this period. Again in the same period, Gross Profit increased by 53.6% to TL 63.1 million (2019: TL 41 million), Operating Profit increased by 126% to TL 50.2 million (2019: TL 22.2 million) and that of Net Profit increased by 160.9% to TL 37.7 million (2019: TL 14.5 million).

Of the 58,953 units of sales of the PSA group (Peugeot Société Anonyme) brands (Peugeot, Citroen, Opel) in the domestic market in 2019, 7,365 units (12.49%) were sold by Beyaz Filo, increasing to 9,714 in 2020 (9,21%) of the 105,450 units of total sales. In the first half of 2021, with the contribution of Renault-Dacia brand vehicles, a total sale of 4,745 units was realized in 5 brands, a growth of 36.59% compared to the first half of the previous year. Nevertheless, it will also be necessary to consider that the possible supply problems that may be experienced in the coming days due to the effects of the global epidemic may adversely affect sales.

Having started to provide new and second-hand vehicle sales and service instead of fleet rental services since the end of 2015, the Company's equity has steadily increased. It reached TL 155 million in 2020 with an increase of 28.8% (2019: TL 120.3 million).

The Company's short-term liabilities decreased by 87.8% at the end of 2020, and there was none by June 2021. On the other hand, the Company, which has applied to the factoring and supplier financing system in order to meet the intense demands from time to time, has a debt of TL 25 million under 'other financial liabilities with a maturity of less than 1 month' as of June 2021. In addition, as of June 2021, the long-term borrowing, which was obtained at an affordable cost by taking advantage of government incentives due to the pandemic, has an outstanding short-term balance of TL 6.5 million and a long-term balance of TL 1.4 million. The average leverage ratio as of 2020 year-end and 2021 interim is 1.5.

Since the Company only provides domestic service, purchases and sales are realized in local currency, hence there is no currency risk reflected in the financial statements. However, since the vehicles sold are imported, fluctuations in exchange rates have an indirect effect on demand.

Due to the investment in the construction of the plaza in Balıkesir to perform sales of PSA vehicles and provide after-sales services, the Tangible Fixed Assets reached TL 18.5 million at the end of 2020, with an increase of 213.5% compared to the previous year (2019: TL 5.9 million). The construction of the environmentally friendly plaza, which produces its own electricity and does not have a carbon footprint, on an area of 7,335 m<sup>2</sup>, has been completed and started to operate.

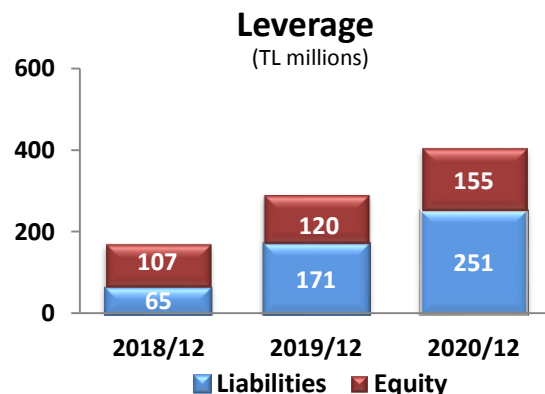
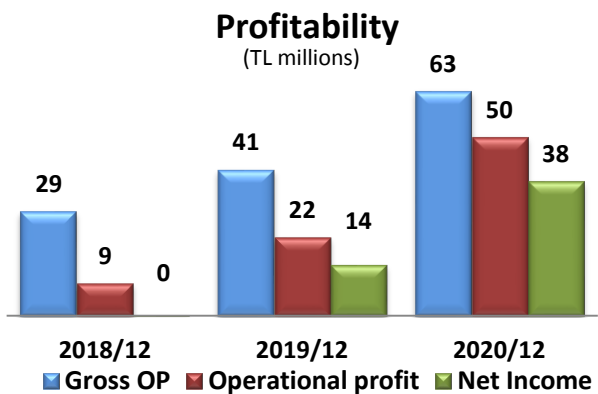
The Company's inventory reached TL 168 million at the end of 2020. Having experienced an increase in stocks from time to time, the Company declared that it makes its purchases from the distributor following the incoming demand, and shortly after carries out the transfer transactions and sells them out. Following the developments in



the current year, the stock balance of TL 126.5 million as of June 2021 decreased to TL 67.6 million TL by August 2021.

## Financial Ratios

Main Financial Ratios	2018/12	2019/12	2020/12
<b>Liquidity</b>			
Net Working Capital / Total Assets	0.45	0.39	0.34
Current Ratio – Current Assets / Short-Term Liabilities	2.29	1.68	1.56
Acid Test Ratio – (Current Assets – Inventories) / ST Liabilities	1.97	1.62	0.88
Cash Ratio – Liquid Assets / ST Liabilities	0.21	0.28	0.27
Inventories / Current Assets	0.14	0.03	0.44
Inventories / Total Assets	0.11	0.03	0.41
<b>Financial Structure</b>			
Leverage Ratio - Total Debt / Equity	0.61	1.42	1.62
Debt Ratio - Total Debt / Total Assets	0.38	0.59	0.62
Short Term Liabilities / Total Debt	0.91	0.98	0.97
Short Term Liabilities / Total Assets	0.34	0.58	0.60
Short Term Financial Liabilities / Short Term Liabilities	0.22	0.17	0.03
Financial Debt / Total Assets	0.10	0.10	0.03
<b>Operating Ratios</b>			
Receivables Turnover Rate - Sales / ST Trade Receivables	10.28	4.05	9.61
Inventory Turnover Rate - COGS / Inventories	30.61	74.66	7.36
Accounts Payable Turnover Rate - COGS / ST Accounts Payable	20.82	17.11	9.31
Current Asset Turnover - Sales / Current Assets	4.50	2.75	3.41
Working Capital Turnover - Sales / Net Working Capital (Including Rent)	7.99	6.80	9.44
Tangible Fixed Assets Turnover - Sales / Tangible Fixed Assets	85.13	132.31	70.75
Equity Turnover Rate - Sales / Equity	5.71	6.45	8.39
Asset Turnover Rate - Sales / Total Assets	3.56	2.66	3.20
<b>Profitability</b>			
Gross Profitability - Gross Profit / Sales	4.8%	5.3%	4.9%
EBITDA 1 Margin - (Operating Profit + Depreciation) / Sales	1.9%	3.2%	3.9%
EBITDA 2 Margin - (Gross Profit - Operating Expenses + Depreciation) / Sales	1.8%	3.2%	3.7%
Operating Profitability - Net Operating Profit / Sales	1.5%	2.9%	3.9%
Net Profitability - Net Profit for the Year / Sales	0.1%	1.9%	2.9%
COGS / Sales	95.2%	94.7%	95.1%
Operating Expense / Sales	3.5%	2.5%	1.2%
Asset Profitability – Profit for the Year / Total Assets	0.3%	5.0%	9.3%
Return on Equity – Profit for the Year / Shareholders' Equity	0.4%	12.0%	24.4%



## Corporate Governance

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Being publicly traded, the Company has provided substantial compliance with the Capital Markets Board's (CMB) Corporate Governance Principles and has implemented most of the necessary policies and measures. Even though a small number of improvements are needed, management and internal control mechanisms have been created effectively and are in operation. Majority of the corporate governance risks are identified and managed actively. The rights of shareholders and stakeholders are respected in a fair manner, public disclosure and transparency is at sufficient levels and structure and operation of the board of directors is built on sound basis. Though it does not pose a great risk, certain improvements in one or more of these areas might be required.

## Methodology

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SAHA's credit rating methodology is composed of quantitative and qualitative sections to affect the final note with specific weights. Quantitative analysis components consist of SAHA Score, Company's distance from the point of default, its performance compared to the sector, analysis of the financial risks, and the assessment of cash flow projections. Default point analysis measures the distance from the point of default and it is based on relevant sector firms' past financial performances, ratios derived from a distinctive default statistics, and statistically derived coefficients. This analysis is based on genuine statistical study of SAHA, covering companies in Turkey. Comparative performance analysis of the sector determines the position of the company concerned in comparison with the sector firms' recent financial performances. Financial risk analysis covers the evaluation of the company's financial ratios on the basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis tackles the company's future base and stress scenario projections subject to scrutiny in the context of the firm's financing tool and assesses the risks of fulfillment of obligations.

Qualitative analysis covers operational issues such as sector and company risks as well as administrative risks in the context of corporate governance practices. Sector analysis evaluates the nature and rate of growth of the sector, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. Company analysis discusses market share and efficiency, growth trend, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships.

Corporate governance plays an important role in our methodology. Our methodology consists of four main sections; shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at [www.saharating.com](http://www.saharating.com).

## Rating Definitions

Our long-term credit ratings reflect our present opinion regarding the mid to long term period of one year and above; Our short-term credit ratings reflects our opinion regarding a period of one year. Our long-term credit rating results start from AAA showing the highest quality grade and continue downward to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction within categories AA to CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered “investment worthy” by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Indicates that ability to meet financial obligations is extremely high. For securities, it is an indication of no more than a slight additional risk as compared to risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is very high. Very high ability to fulfill financial obligations. Sudden changes at the company level and/or economic and financial conditions may increase investment risk, but not significantly.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations, but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer’s capacity to fulfill its obligations may weaken in face of adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B1, B2, C categories should be considered “speculative” by the market.

(TR) B1	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but faces negative financial and economic conditions. If securities; below investment level, but on-time payments prevail, or under less danger than other speculative securities. However, if the issuer’s capacity to fulfill its obligations weakens, serious uncertainties may unfold.
(TR) B2	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but highly sensitive to adverse economic and financial conditions. If securities; there is a risk in due payment. Financial protection factors can show high fluctuations depending on the conditions of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below investment grade. In considerable danger of default. Fulfillment of its financial obligations depends on the positive performance of economic, sectoral and financial conditions. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. The company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

## Disclaimer

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