

## Corporate Credit Rating

New  Update

**Sector:** Wholesale of Tobacco and Beverage Products

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### Team Leader

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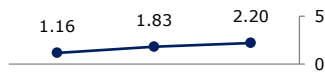
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

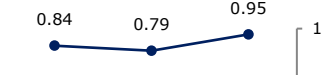
### EBITDA Margin (%)



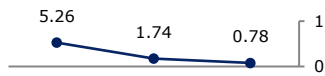
### ROAE (%)



### Current Ratio (x)



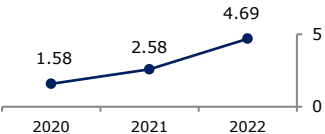
### Adj.Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



## Güzel İnşaat Malzemeleri Tütün Mamülleri Alkollü Alkolsüz İçecekler Gıda Maddeleri Paz. Sat. Tic. ve San. Ltd. Şti.

JCR Eurasia Rating, has evaluated "Güzel İnşaat Malzemeleri Tütün Mamülleri Alkollü Alkolsüz İçecekler Gıda Maddeleri Paz. Sat. Tic. ve San. Ltd. Şti." in the investment-level category and assigned the Long-Term National Issuer Credit Rating as 'BBB+ (tr)' with 'Stable' outlook and the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Güzel İnşaat Malzemeleri Tütün Mamülleri Alkollü Alkolsüz İçecekler Gıda Maddeleri Paz. Sat. Tic. ve San. Ltd. Şti. (hereinafter referred to as 'Güzel Tütün' or 'the Company') was established on September 15, 1997, in Mersin. The Company currently sells and distributes cigarettes and alcoholic beverages. The Company's cigarette sales cover the eastern districts of Antalya and the entire city of Mersin, and its current cigarette sales point is 3,935. The Company also sells and distributes wholesale alcoholic beverages in a total of 2,860 points in Mersin, Adana, Gaziantep, Hatay, Kahramanmaraş, Karaman, Kilis and Osmaniye.

Güzel Tütün's headquarters is in Anamur/Mersin. According to the audit report, as of FY2022, the Company employed an average of 114 personnel (FY2021: 114). The Company's current shares belong to Ayhan Güzel at 70%, Hasan Güzel at 10%, Arif Güzel 10% and Pınar Aksoy at 10%.

The key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Growth of sales in both quantity and value during the review periods, continued income performance in FY2023,
- Sustainable financial leverage metrics thanks to a steady adjusted net debt outlook and improvement in EBITDA margin,
- Although profit margins are low due to the nature of the sector, core profitability metrics have increased during the review periods,
- Short cash conversion cycle, low concentration risk thanks to the wide sales and distribution network,
- Collaborations with important brands and a solid regional position.

### Constraints

- Despite the uptrend in equity during the review periods, quite low paid-in capital size compared to the operation size,
- The potential pressure on demand from a significant tax burden on product prices,
- Limited marketing activities in cigarette and alcoholic beverages sales and tightening of legal regulations under the influence of the authority and health organizations
- Leading Economic Indicators Signal Global Economic Slowdown Whereas 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 assigned as 'BBB+ (tr)'. Satisfactory revenue growth and EBITDA generation capacity, sustainable low financial leverage ratios, short cash conversion cycle due to the nature of the sector, along with domestic interest rate hiking cycle and taxes, 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 profitability performance, the number of products sold, changes in financial debts, cash level and cash generation capacity, together with the trends in the wholesale sector, 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.