

Corporate Credit Rating

New Update

Sector: Telco Device Distribution

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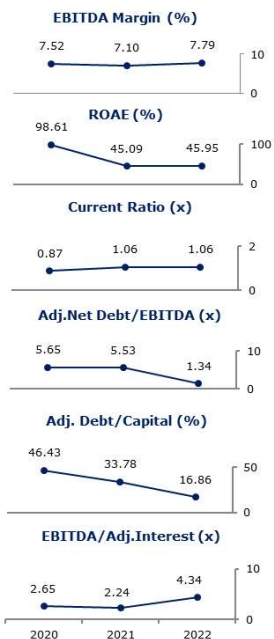
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
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 August 18, 2022



MobilTel İletişim Hizmetleri Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated consolidated structure of **MobilTel İletişim Hizmetleri Sanayi ve Ticaret A.Ş.** in investment-level category on the national scale and upgraded its Long-term National Issuer Credit Rating to '**A- (tr)**' from '**BBB+ (tr)**' and assigned the Short-Term National Issuer Credit Rating as '**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/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

MobilTel İletişim Hizmetleri San. ve Tic. A.Ş. (referred to as 'the Company', 'MobilTel' or 'the Group') was established in 2001 in İstanbul. As a flagship company of the Mıstaçoğlu Group, MobilTel, operates as one of the biggest distributors of mobile phones and other devices in Turkey, since October 2001. MobilTel, one of the main distributors of Türk Telekom since 2010, has sold and distributed millions of mobile phones and SIM cards in more than 20 years. The capacity to generate stable income continues with the distributorship agreement signed with Türk Telekom, which stipulates sales in the authorized region. MobilTel collaborates with powerful brands such as Apple, Samsung, Xiaomi, Oppo, Realme, Huawei, Honor, TCL, Alcatel, LG, General Mobile, Reeder, Casper and Sony in the device market.

The Company shares started to be trading on the Borsa İstanbul as of 25.11.2021, with the ticker symbol "MOBTL". Aydın Mıstaçoğlu is the main controlling shareholder with 70.24% share while 20.30% of the shares are publicly traded as of 2022.

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

Strengths

- Consistent operational profitability metrics over the analyzed years
- Significant improvement in financial leverage indicators as of 2022 year-end
- Ongoing revenue growth driven by unit price hikes coupled with solid demand as a result of acceleration of digitalization
- Strong distributorship agreement with well-known brands providing visibility on the cash flow
- Low level of doubtful receivables supporting asset quality
- Improvement in cash conversion cycle in 2022
- Satisfactory level of current ratio
- Margin accretive real estate segment supporting profitability indicators

Constraints

- Noteworthy contribution of non-cash revaluation gains to the bottom line and equity
- High level of customer concentration increasing the Company's level of dependence
- Competitive market conditions pressuring the profitability indicators in line with industry
- Import dependence on non-substituted high technology products portfolio
- Ongoing global chip shortage stands out as a potential risk ahead for the Company and industry
- 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 Rating has been upgraded to '**A- (tr)**'. The Company's profitability level, improvement in financial leverage indicators, cash generation ability, risk management practices, strong brand distributorship agreements along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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 sustainability of profitability performance, sales growth, asset quality, liquidity position, cash generation capacity, developments in the global economy, effects of the Covid-19 pandemic together with the trends in the industry 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.