

Corporate Credit Rating

□ New ☑ Update

Sector: Tourism

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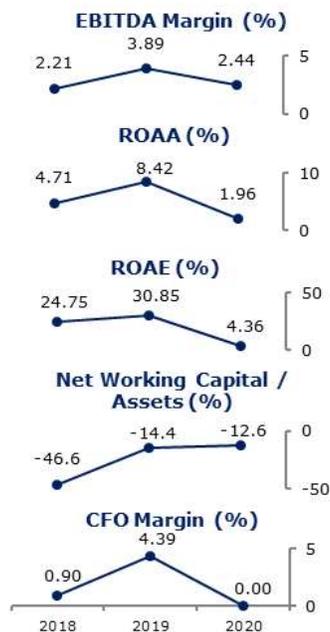
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RATINGS

		Long Term	Short Term	
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	FC	Stable	Stable	
	LC	Stable	Stable	
Sponsor Support	Stand-Alone	2	-	
	Stand-Alone	B	-	
Sovereign*	Foreign Currency	BB	-	
	Local Currency	BB	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by JCR on May 31, 2021



ETS Ersoy Turistik Servisleri A.Ş.

JCR Eurasia Rating, has evaluated the "ETS Ersoy Turistik Servisleri A.Ş." in the investment level category and upgraded the ratings on the Long-Term National Scale to 'A- (Trk)' from 'BBB+ (Trk)' and the Short-Term National Scale to 'A-1 (Trk)' from 'A-2 (Trk)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

ETS Ersoy Turistik Servisleri A.Ş. began its operations in 1991 with its brand name of 'Etstur' in the realm of tour organizations in Turkey together with sales and marketing of hotel accommodation options. Throughout its history of 30 years as the leading tour operator and travel agency in Turkey, the Company has now reached 60 destinations in Turkey to which it organizes tours and vacation packages. ETS Ersoy deals with sales of airline tickets, visa services, visits to international conferences and fairs, organizations of congress and seminars as well. The Company carries out most of its operations under several brand names appealing to different customer segments, namely; 'Didimtur' which operates as a travel agency for mass customer group, 'Ucuzabilet.com' which deals with the sales of airline tickets, 'Odamax.com' which serves as an online accommodation reservation platform, 'Otelpuan.com' which collects and publishes visitors' evaluations about the hotel facilities, and several others. ETS Ersoy has achieved an increasing sales performance in the last 5 years, except 2020, through its diversified range of services applied to different customer segments. The Company's sales revenues, which were 1,812 million TL as of FYE2020, were realized as 3,510 million TL as of the third quarter of 2021 and the Company declared a net profit of TRY 285.1mn as of end of the third quarter of 2021 in its tax return. The Company employed a total workforce of 801 as of FYE2020 (FYE2019: 926). The Company has increased its paid-in capital in 2018 from TRY 47mn to TRY 200mn.

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

Strengths

- Immunity to interest rate fluctuations thanks to lack of financial liabilities
- Foreign exchange long position
- Strong position in the tourism industry
- Internal resource generation capacity despite the negative effects of Covid-19 outbreak
- Solid equity structure
- Robust sales performance in the first nine month of 2021

Constraints

- The possible negative impact of the decrease in purchasing power of households on the demand
- Hyper competition in the market
- Existing uncertainty in domestic and international tourism despite the recovery in 2021

Considering the aforementioned points, the Company's the Long Term National Rating has been upgraded the ratings on the Long-Term National Scale to 'A- (Trk)' from 'BBB+ (Trk)'. JCR Eurasia Rating has assigned the 'Stable' outlook on the National Long and Short Term perspectives of ETS Ersoy. On the other hand, the Company's Long Term International Local and Foreign Currency Ratings are assigned as 'BB' with 'Stable' outlook. Continuity of profit generation capacity, adequacy of liquidity, status of the Covid-19 outbreak, change in purchasing power and the potential negative effects of the volatile conditions on the market and the economic cycle are the main factors that will be closely monitored in the upcoming period.

ETS Ersoy's shareholders constitute the foundation for the Company's sponsor support evaluations. It is considered that the Company's shareholders have the capacity to provide financial and administrative support to the Company in case of a possible need for his support. As a result, '2' has been assigned as the sponsor support note of the Company.

The Stand-Alone grade reflects the Company's financial resilience and capacity to meet its commitments and obligations through internal means and resources without resorting to its shareholders. ETS Ersoy's 'stand-alone rating' has been determined with regard to the Company's market share, position and experience in industry, profit margins, asset quality, equity structure, risk management policies, and the trends of the existing risks in the markets and the business environment. When the above factors are considered, our opinion is that ETS Ersoy has the desired level of experience, know-how and other required capabilities to manage the occurring/and potential additional risks in its financial structure through internal means. As a result of all of these factors, the stand-alone note of ETS Ersoy has been determined as (B).