

Corporate Credit Rating

New Update

Sector: Tourism

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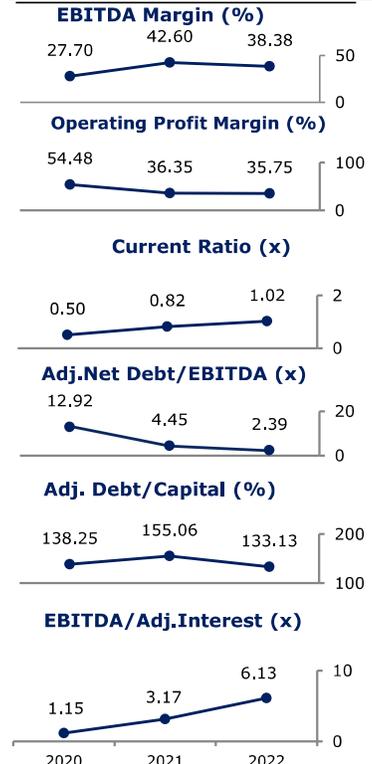
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB-(tr)	J2 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Positive	-
	International LC ICR	BB-	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



ALVA EMLAK OTELCİLİK İNŞAAT TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Alva Emlak Otelcilik İnşaat Ticaret A.Ş." in the investment-grade category and affirmed the Long-Term National Issuer Credit Rating at 'BBB- (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as 'BB-/Stable'.

Alva Emlak Otelcilik İnşaat Ticaret A.Ş. (hereinafter referred to as "the Company" or "Alva Emlak") began its operations in 2017. The Company serves in domestic and overseas tourism management and investment activities, builds or participates in hotels and tourism facilities related to entertainment and vacation and is headquartered in Antalya. The Company continues its activities with 2 hotels (Dobedan World Palace and Dobedan Exclusive Hotel) and a shopping mall (SheeMall AVM). As of FYE2023, the Company has 1,540 room capacity in total.

The only shareholder of Alva Emlak is Dobedan Investments Limited. According to the Corporate Tax Return, the Company employed a staff force of 1,251 as of FYE2023 (FYE2022: 1,297).

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

Strengths

- Growth in revenue through sustainable room occupancy rates,
- Solid level of profitability indicators in the analyzed years and expected to maintain in 2023 financials,
- Enhancement in adjusted net debt to EBITDA multiplier thanks to the improvement in EBITDA generation capacity and expected to continue in 2023 financials,
- Improvement in coverage metrics in the analyzed years,
- FX based revenues derived from diversified customer portfolio providing a natural hedge to a certain extent,
- Geographical advantage of Türkiye being one of the favorite tourism centers in the world.

Constraints

- Increase in indebtedness pressuring in debt ratio in the analyzed years and expected to continue in 2023 financials,
- High operating ratio and working capital deficit in 2023 financials squeezing efficiency,
- Operating in a highly sensitive sector vulnerable to geopolitical, environmental and other challenges,
- Room for improvement in the level of compliance with Corporate Governance Practices.
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

As of reporting date, the independent audit report for 2023 has not been finalized. Therefore, for the year 2023, the credit rating process is based predominantly on the Corporate Tax Return, other financial statements, Credit Centre data and trial balance.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'BBB- (tr)'. Taking into account, the Company's revenue growth, sufficient profitability metrics with the expectation of remain in 2023 financials and adequate net debt to EBITDA multiplier, as well as high debt ratio, ongoing negative net profit for the periods over the years, specific risks in the sector and global economic slowdown signal have been evaluated as important indicators for the stability of the ratings and considering resilient EBITDA margin, revenue growth expectation and enhancement in leverage ratios, the outlooks for Long-Term National Issuer Credit Rating is determined as 'Positive' and Short-Term National Issuer Credit Rating is determined as 'Stable'. The Company's profitability performance, leverage metrics, efficiency indicators, equity structure and economic conditions in local and global environments are the priority issues to be 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 also be monitored.