

Corporate Credit Rating

New Update

Sector: Tourism

Publishing Date: October 27, 2023

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R A T I N G S		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	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	-
	Local Currency	Negative	-
	Local Currency	BB	-

* Assigned by JCR on August 18, 2022

ALVA EMLAK OTELCİLİK İNŞAAT TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the "Alva Emlak Otelcilik İnşaat Ticaret A.Ş." in the adequate investment level category and assigned the Long-Term National Issuer Credit Rating as 'BBB-(tr)' and the Short-Term National Issuer Credit Rating as 'J2 (tr)'. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB-/Negative'.

Alva Emlak Otelcilik İnşaat Ticaret A.Ş (referred to as 'the Company or Alva Donna') began its operations in 2017. The Company serves in domestic and overseas tourism management and investment activities, build or participate in hotels and tourism facilities related to entertainment and vacation and is headquartered in Antalya. The Company continues its activities with 2 hotels (Alva Donna Exclusive and Alva Donna World Palace) and a shopping mall (SheeMall AVM). As of FYE2022, the Company has 1,540 room capacity in total.

The only shareholder of Alva Emlak Otelcilik İnşaat Ticaret A.Ş. is Dobedan Investments Limited. The Company employed a staff force of 1,297 as of FYE2022 (FYE2021: 1,160).

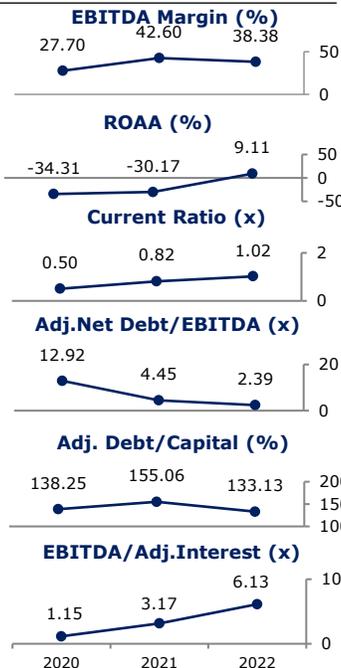
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Strong recovery in revenue thanks to higher occupancy rates converging pre-pandemic levels in FY2022,
- Decreasing trend in Net Debt to EBITDA multiplier thanks to improvement in EBITDA generation capacity,
- Know-how in tourism sector supported by brand image,
- Advantage of Türkiye being one of the favorite tourism centers in the world.

Constraints

- Due to significant FX loss resulting from FC loans, consecutive net losses recorded harming equity structure,
- High concentration of activities in a single geographical area,
- Further improvement needs in the level of compliance with Corporate Governance Practices,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB-(tr)'. Decreasing trend in adjusted net debt to EBITDA multiplier besides increasing EBITDA, recovery in revenues, know-how in the sector, advantage of locating in Türkiye, as well as high level of finance expenses due to FC loans, high concentration of customer portfolio, improvement need in Corporate Governance principles, and slow-down of global economic growth and domestic restrictive financial conditions have been evaluated as important indicators for the stability of the ratings and the outlook for Short-Term National Issuer Credit Rating is determined as 'Stable'. Considering resilient EBITDA margin, revenue growth expectation and enhancement in leverage ratios, the outlook for Long-Term National Issuer Credit Rating is determined as 'Positive'. The Company's sectorial regulations, level of debt, profitability ratios, cash flow generation, future of investments, the attainability of the Company's budgeted projections and European recession concerns 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.