

Corporate Credit Rating

New Update

Sector: Wholesale Trade
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Manager

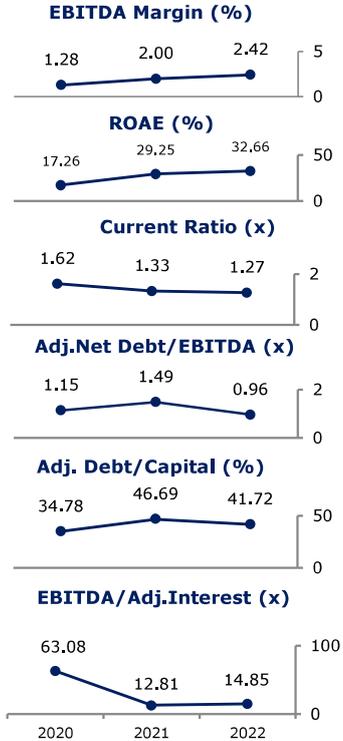
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific 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



Bayraktar Satış ve Dağıtım A.Ş.

JCR Eurasia Rating, has evaluated **Bayraktar Satış ve Dağıtım A.Ş.** and assigned the Long-Term National Issuer Credit Rating as '**BBB (tr)**' and the Short-Term National Issuer Credit Rating as '**J2 (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.

Bayraktar Satış ve Dağıtım A.Ş. (hereinafter referred to as 'Bayraktar' or 'the Company') was established in 1993 in Çanakkale. The Company's main activity is to purchase, sell and trade foodstuffs, tobacco, tobacco products and alcoholic beverages. The Company has a dealership agreement with Efes Pazarlama Dağıtım A.Ş., Coca-Cola Satış ve Dağıtım A.Ş. and Tadım Gıda Maddeleri San. Tic. A.Ş., and a distributorship agreement with Mey İçki Sanayi Ticaret A.Ş. and JTI Tütün Ürünleri Pazarlama A.Ş. The Company continues the dealership and distributorship activities of the relevant companies and markets, sells and distributes the products of the companies in Çanakkale, Balıkesir and Bursa regions. The Company has a total of six warehouses in Çanakkale, Biga, Ayvacık, Balıkesir, Bandırma and Edremit, and it continues its marketing, sales and distribution through these warehouses. The Company delivers around 1,400 different products to approximately 5,800 retail customers with more than 150 vehicles. The Company employed a total workforce of 206 as of FYE2022 (FYE2021: 198).

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

Strengths

- Sales revenue growth mainly driven by tobacco and alcohol business in 2022
- Upward trend in EBITDA margin
- Satisfactory level of financial leverage metrics and interest coverage ratios in the review period
- Reasonable liquidity structure with positive net working capital
- Steady and stable cash conversion cycle owing to cash and credit card sales
- Relatively inelastic demand for the majority of product range provides a natural shield
- Positive effect of tourism-based distribution regions to the Company's sales revenue
- Long-lasting trading relationships with globally and locally recognized brands

Constraints

- Negative FFO and CFO figures in 2022
- Regulations on tobacco and alcohol products together with campaigns to control demand
- Existence of counterfeit and illegal tobacco and alcohol market
- Improvement needs in 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 Long-Term National Issuer Credit Rating has been assigned as '**BBB (tr)**'. The Company's increasing EBITDA generation capacity and satisfactory leverage metrics along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 growth strategy, profitability indicators, financial leverage and asset quality 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.