

Corporate Credit Rating

New Update

Sector: Retail Trading
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Team Leader

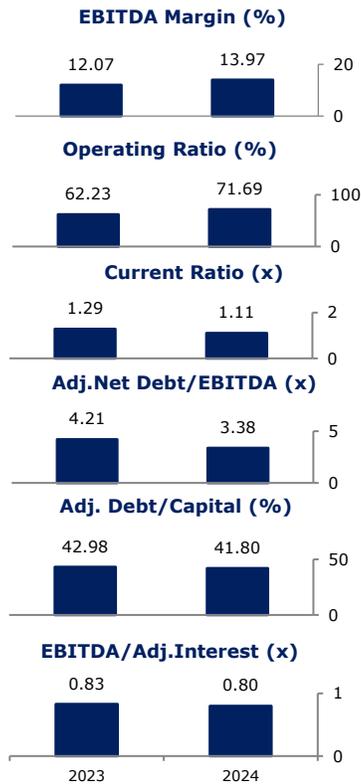
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB-	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



DAGI GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Dagi Giyim Sanayi ve Ticaret Anonim Şirketi" 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 'J3 (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-' with 'Stable' outlooks.

Dagi Giyim Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "Dagi Giyim" or "the Group") was established in 1984. The Group's shares were acquired by the Koç Family in 2004. Its shareholder is Mahmut Nedim Koç with 56.17% as of FYE2024. In addition, Dagi Giyim's shares are listed in Borsa İstanbul (BIST) since 2011 with the ticker "DAGI". As of FYE2024, 43.83% of Dagi Giyim's shares are publicly traded. Mahmut Nedim Koç is the main shareholder of Dagi Giyim.

Dagi Giyim has been serving its customers since 1984 by selling underwear, pajamas, nightgowns, tracksuits, maternity and maternity clothes, swimwear, sea shorts, home wear products. The Group has sales in 119 stores both in Türkiye and abroad as of FYE2024. 83 of the stores are domestic retail stores, 13 are domestic franchising stores and 23 are foreign franchising stores. In addition to the physical stores, the Group also has an online store. The Group maintains its operations by staff force of 738 employees as of FYE2024 (FYE2023: 767).

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

Strengths

- Sustainable sales revenue and EBITDA generation capacity supported by maintaining reasonable sales volume,
- Improvement in cash flow metrics thanks to increased net cash from operating activities,
- Asset quality strengthened by the low collection risks thanks to nature of business,
- Diversified income stream thanks to differentiated products and sales channels,
- Compliance with corporate governance practices.

Constraints

- Operating losses mainly due to high operational expenses in the reviewed periods,
- Relatively high level of net debt to EBITDA multiplier despite slight improvement,
- Insufficient coverage metrics due to high interest payments,
- Deepening of FX short position due to the increase in FX denominated financial debts in FYE2024,
- Low-level of operational efficiency due to long cash conversion cycle,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'BBB- (tr)'. Taking into account the Group's long business track record, sustainable of asset and sales growth, experienced management team, predictability operational performance, as well as short-term weighted debt structure, high financing expenses and FC financial debts; has 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'. An achievement of budget targets of the Group, debt ratio, profit margins and liquidity indicators, as well as market conditions regarding the sector 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 also be monitored.