

Corporate Credit Rating

New Update

Sector: Foreign Trade
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Team Leader

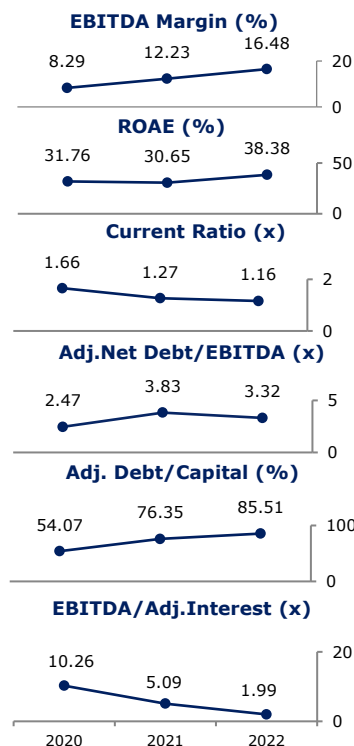
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



DOĞAN DIŞ TİCARET VE MÜMESSİLLİK A.Ş.

JCR Eurasia Rating has evaluated "Doğan Dış Ticaret ve Mümessillik A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit as 'A (tr)' and assigned the Short-Term National Issuer Credit Rating as 'J1 (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' in parallel to the international ratings and outlooks of the Republic of Türkiye.

Doğan Dış Ticaret ve Mümessillik A.Ş. (referred to as "the Company" or "Doğan Dış Ticaret") was founded in Istanbul in 1978 with the title of Doğu Otomotiv Sanayi ve Ticaret A.Ş. which subsequently adopted its current title in 1990. The Company operates in the fields of import, export, agency operations, import mediation, sales, and marketing services. In this context, the product supply portfolio consists of particularly cardboard products for the packaging industry, newsprint, magazine paper, and printing materials, as well as, raw materials such as wire rods and polyethylene and retail products such as baby care, textile, furniture, camping & sporting goods. Within the scope of its distributorship activities, the Company acts as the Turkish representative of Finland-based 'Stora Enso', one of the world's leading paper manufacturers, and Czech Republic-based cardboard and paper producer 'KRPA' as well as the representation of several producers in paper, metal and petrochemical sectors.

The Company's sole shareholder is Doğan Şirketler Grubu Holding A.Ş. (referred to as 'Doğan Holding' or 'Doğan Group') with 100% share ownership as of FYE2022. The Company has a strong shareholder structure with the ownership of Doğan Şirketler Grubu Holding A.Ş., which adds credibility, managerial expertise, and financial support to the Company. Doğan Dış Ticaret had total personnel of 40 as of December 31, 2022. (FYE2021: 37)

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

Strengths

- Increasing trend of sales revenues driven by diversified income stream and expected to continue in 2023 financials,
- Steady EBITDA generation capacity and sustainable core profitability margins supporting financial stability,
- Asset quality strengthened by low collection risks stemming from a credible customer base and negligible credit risk exposure due to the business model,
- Natural hedging opportunity in a certain extent derived from hard currency-denominated revenues,
- Doğan Group's operational support and the synergy created within the Group companies.

Constraints

- Negative CFO and FOCF resulting in increased external funding needs for the operational cycle,
- Relatively high financial leverage profile and increased financial expenses affecting interest coverage ratios,
- Long cash conversion cycle due to the nature of business,
- Steady dividend payout restraining equity growth,
- Customer concentration risk due to a limited number of specific customers,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'A (tr)'. Taking into account, the Company's long business track record, reputable shareholder structure, EBITDA generation capacity, as well as, short-term weighted debt structure, financing expenses, and concentration in a limited customer base 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 revenue generation performance, debt and equity structure, asset quality, liquidity metrics, and profitability margins 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.