

Corporate Credit Rating

New Update

Sector Wholesale Trading
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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 | Stable | - |
| | International LC ICR | BB | - |
| ISRs (Issue Specific Rating Profile) | International FC ISR | - | - |
| | International LC ISR | - | - |
| | Foreign Currency | BB (Stable) | - |
| Sovereign* | Local Currency | BB (Stable) | - |

* Assigned by JCR on May 10, 2024

DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Despec Bilgisayar Pazarlama ve Ticaret A.Ş." in the investment-level category and assigned the Long-Term National Note at **A (tr)** and 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/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

The foundations of "Despec Bilgisayar Pazarlama ve Ticaret A.Ş." (hereinafter "Despec" or "the Company") date back to 1995, and it operates as a distributor of Information Technology (IT) consumables and mobile phones, catering to computer firms and stationery suppliers. Its product offerings are categorized into several groups, including smartphones, laser toners, ink cartridges, and various accessories. A substantial portion of its sales revenue is generated through the distribution of popular global brands such as Realme, HP, and Canon. In addition to these brands, Despec also distributes products from other renowned international brands, including Epson, IBM, Samsung, Xerox, Apple, Philips, and Targus.

The Company's headquarters is located in Istanbul, with branches in Ankara and Gebze.

The ownership structure consists of 49.13% held by "Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi" ("Datagate"), while the remaining 50.87% is publicly traded on the Borsa Istanbul Stock Exchange (BIST) under the ticker symbol 'DESPC' since 2010. It should be noted that 40.76% of Datagate's shares are also publicly traded and listed on the BIST under the ticker symbol 'DGATE'. Datagate is a subsidiary of "İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş." (hereinafter referred to as "İndeks"). Also, 57.53% of İndeks' shares are traded on BIST under the symbol 'İNDES.' In other words, Despec is ultimately a part of the İndeks Group, hence, the ultimate control of Despec is held by Nevres Erol Bilecik through İndeks.

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

Strengths

- Distributing well-known brands and offering a diverse range of products, combined with increasing demand for certain product categories, driving sales growth,
- Maintained reasonable leverage ratios in 2022 & 2023 & Q3-2024,
- Strong receivable collection capability through largely secured receivables, despite a certain degree of customer concentration on chain stores,
- Positive cash flow metrics in reviewed periods,
- Operating as a member of an established group with a broad presence in the sector.

Constraints

- Industry's competitive dynamics pressuring profit margins,
- Bottom-line losses eroding equity share in reviewed periods,
- Indirect dependence on imports within the product range,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, coupled with actions for a soft-landing are at the forefront.

The Company's audited financial statements include inflation adjustments, which have been made in accordance with the provisions of TMS 29 "Financial Reporting in Hyperinflationary Economies" regarding changes in the general purchasing power of the Turkish Lira. The amounts for the years ending in 2022 and 2023 are presented in terms of the purchasing power of the Turkish Lira (TRY) as of December 31, 2023. The amounts for the 9-month periods in the unaudited financial statements are presented in terms of the purchasing power of the Turkish Lira as of September 30, 2024.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as **'A (tr)'**. The Company's revenue generation, sufficient insurance for receivable coverage, diversified product portfolio, financial risk metrics and sector outlook 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 competition in the sector and volatility in material prices will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, and legal framework about the sector will be monitored as well.

