

Corporate Credit Rating

New Update

Sector: Wholesale Trading of FMCG

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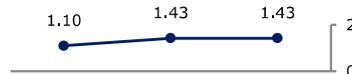
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR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

* Assigned by JCR on May 10, 2024

Gross Profit Margin (%)



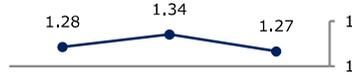
EBITDA Margin (%)



Net Profit Margin (%)



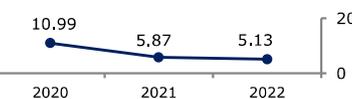
Current Ratio (x)



Net Working Capital / Assets (%)



Adjusted Debt / Capital (%)



HÜSEYİN VE İBRAHİM KAPLAN DİNO GIDA SANAYİ VE TİCARET LİMİTED ŞİRKETİ

JCR Eurasia Rating, has evaluated the "Hüseyin ve İbrahim Kaplan Dino Gıda Sanayi ve Ticaret Limited Şirketi" in the investment grade category with high credit quality assigned the Long-Term National Issuer Credit Rating as '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.

Hüseyin ve İbrahim Kaplan Dino Gıda Sanayi ve Ticaret Limited Şirketi (hereinafter referred to as 'Dino Gıda' or 'the Company') was established in 1983. The main field of activity of the Company is the distribution of alcoholic beverages and tobacco products of 'Efes Pilsen' and 'Philip Morris' brands in Manisa, Muğla and İzmir regions. Dino Gıda continues its activities with a wide dealership network consisting of 11,000 dealers, and the tobacco group accounts for approximately 95.32% of its total sales revenue in FY2023 (FY2022: TRY 92.57%).

The current shareholder structure of the Company consists of İbrahim Kaplan (90%) and Mustafa Kaplan (10%). The head office of the Company is located in Menderes, İzmir, and the Company has 3 branches in Muğla, and Manisa. The average number of personnel employed within the Dino Gıda is 146 as of FYE2023 (FYE2022: 135).

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

Strengths

- Significant growth in sales revenues driven by the increase in sales volume in tobacco products segment together with unit price increases in FY2023
- Strong financial leverage indicators thanks to net cash surplus position as a consequence of cash generation capability and limited external financing needs over the analysed periods
- Highly diversified customer base and geographically diversified distribution network reduce the risk of concentration to a certain extent
- Competitive advantage provided by collaborations with well-known brands in the domestic and global markets and regional position
- Long-term experience in the sector

Constraints

- Sector-specific low profit margins, despite efficiency indicators supported by a low operating ratio
- The potential pressure on demand from a significant tax burden on product prices
- Limited marketing activities in cigarette and alcoholic beverages sales and tightening of legal regulations under the influence of the authority and health organizations
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

As of the reporting date, since the Company's independent audit report for 2023 has not been finalized, the credit rating process is based on the audit report for 2022 and corporate tax returns for 2022 and 2023.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. The Company's revenue growth, sustainable financial leverage and coverage metrics, diversified customer base and dealer network, equity structure, along with domestic interest rate hiking cycle and taxes, 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'. sales and profitability performance, level of financial indebtedness, asset quality, equity structure, cash generation capacity and trends in 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 be monitored as well.