Corporate Credit Rating

☐ New ☒Update

Sector: Foreign Trade
Publishing Date: Dec. 27, 2024

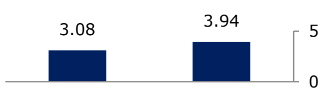
Team Leader
Muhammet Başar
+90 212 352 56 73
muhammet.basar@jcrer.com.tr

Senior Analyst
Muhammet Selim Bilici
+90 212 352 56 73
selim.bilici@jcrer.com.tr

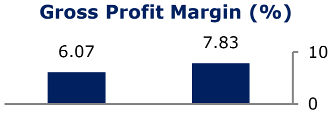
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A (tr)**	**J1 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating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

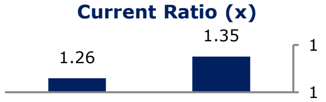
EBITDA Margin (%)



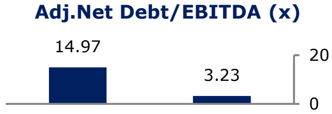
Gross Profit Margin (%)



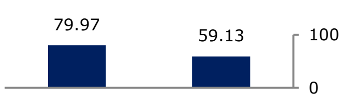
Current Ratio (x)



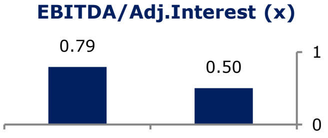
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



DOĞAN DIŞ TİCARET VE MÜMESSİLLİK A.Ş.

JCR Eurasia Rating, has evaluated **"Doğan Dış Ticaret ve Mümessillik A.Ş."** in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'A (tr)'** and the Short-Term National Issuer Credit Rating at **'J1 (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/Stable'** 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 Doğuş 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. The sale of newsprint and magazine papers, whose share in the turnover declined over the years, was terminated as of 1H2024.

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 FYE2023. The Company has a strong shareholder structure with the ownership of Doğan Holding, which adds credibility, managerial expertise, and financial support to the Company. Doğan Dış Ticaret had employed 40 personnel as of December 31, 2023. (FYE2022: 40)

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

Strengths	Constraints
• Maintaining sales revenue and EBITDA generation capacity in FY2023, whereas the expectation of contraction together with quitting from some product groups in 2024, • Notable recovery in net debt to EBITDA multiplier in FY2023 despite the increase in bank debt level in 3Q2024 financials, • 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.	• Low level of coverage indicators in the last two-year period, • Short-term weighted debt structure, despite a slight recovery in debt ratio, • 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 and challenges in the collection of a portion of receivables, • Import-orientated operations and exposure to volatile commodity prices weaken predictability, • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'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, and customer concentration 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 capacity, profitability performance, debt and equity structure, asset quality, and liquidity adequacy 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.