

Corporate Credit Rating

New Update

Sector: Tourism

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB+ (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	B+	-
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

EMEÇ TURİZM İNŞAAT TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Emeç Turizm İnşaat Ticaret Anonim Şirketi" in the speculative grade category and assigned the Long-Term National Issuer Credit Rating as 'BB+ (tr)' and the Short-Term National Issuer Credit Rating as 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'B+/Stable'.

Emeç Turizm İnşaat Ticaret Anonim Şirketi (hereinafter "the Company" or "Emeç Turizm") was established in 2014, marking its entry into the tourism and hospitality industry. The Company owns and operates the J'adore Deluxe Hotel & Spa, which commenced operations in 2016. The hotel is located in Antalya Manavgat, a notable tourist destination in Türkiye. The J'adore Deluxe Hotel & Spa operates seasonally from March to December. This period aligns with the region's peak tourist seasons, optimizing occupancy and service provision. Moreover, the hotel features a total of 429 rooms, designed to cater to a variety of guest needs.

The Company's shareholding structure consists of Hakan Şimşek, who holds a 50% stake, and Mustafa and İlhan Güzel, who each hold a 25% stake. The Company employed a staff force of 201 as of FYE2022 (FYE2021: 124).

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

Strengths

- Increasing EBITDA generation capacity along with reasonable margins in FY2022 and FY2023 thanks to revenue growth driven by the rise in room rates and occupancy rates,
- Shortening cash conversion cycle pointing to operational efficiency,
- Diversified international clientele and attractive location of the hotel,
- Advantage of Türkiye being one of the world's favorite tourism centers.

Constraints

- Significant FX loss resulting from FC loans leading consecutive net losses further exacerbating the already negative equity structure,
- High level of financial debts despite partial improvement in leverage profile as of FYE2022 and significant currency risk despite natural hedge to some extent,
- Low level of current ratio and persistent net working capital deficit pressuring liquidity management,
- Lack of data to reflect the Company's profile regarding key performance metrics,
- Improvement needs in the level of compliance with corporate governance practices,
- 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.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BB+ (tr)'. Taking into account, the Company's increasing sales performance backed by occupancy and room rates, shortening cash conversion cycle, diversified customer profile and location of hotel as well negative equity structure, increasing debts and currency risk and inadequate liquidity profile 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 profitability indicators, debt and equity level, sustainability of domestic and international demands, market position and economic conditions in Türkiye will be closely monitored by JCR Eurasia Rating in the 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.

