Corporate Credit Rating

☒New ☐Update

Sector: Wholesale Trade
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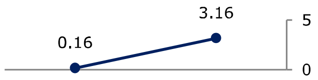
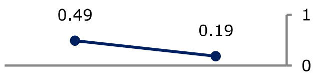
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB- (tr)	J4 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	B	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18, 2022*

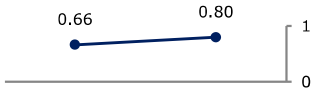
Oper. Profit Margin (%)



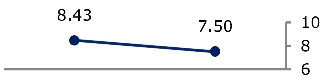
FFO Debt Serv. Cov. (x)



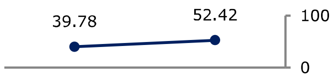
Current Ratio (x)



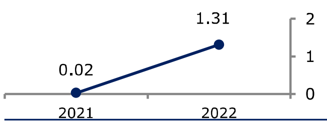
Equity Turnover (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Osmanlı Tedarik Dağıtım Gıda Üre. İnş. San. ve Tic. Ltd. Şti.

JCR Eurasia Rating, has evaluated **"Osmanlı Tedarik Dağıtım Gıda Üretim İnşaat Sanayi ve Ticaret Limited Şirketi"** in the speculative-level category and assigned the Long-Term National Issuer Credit Rating at **'BB- (tr)'** with **'Stable'** outlook and the Short-Term National Issuer Credit Rating at **'J4 (tr)'** with **'Stable'** outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'B/Negative'.**

Osmanlı Tedarik Dağıtım Gıda Üretim İnşaat Sanayi ve Ticaret Limited Şirketi (hereinafter referred to as Osmanlı Tedarik or "the Company") was established on January 15, 2007 in Manisa. The main activity of the Company is the distribution, marketing and logistics operations of products such as food, cigarettes and beverages, especially in the Aegean region. The Company serves approximately 21k sales points in Bursa, Manisa, İzmir, Aydın and Selçuk. The Company's average number of personnel in 2022 is 233 people. (2021:209)

Ali Osman Enç, the chairman of the board of directors of the Company, is also the owner of the Company. There are no other shareholders or board members. Apart from Osmanlı Tedarik, three other companies are operating under the name of Osmanlı Group: Osmanlı Filo, Osmanlı Gıda, and Osmanlı Gayrimenkul. JCR-ER also rates Osmanlı Filo and is in the revision process as of the date of this report.

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

Strengths

- Moderate equity contribution despite the high level of revaluation gains,
- Advantages of strong global and domestic brands and wide distribution network to the Company's activities,
- Improvement in financial performance according to 2Q2023 provisional tax return.

Constraints

- Limited EBITDA generation capacity as a result of the solid increase in OpEx in FY2022,
- Increase in financial debt in line with deteriorating cash flow metrics due to insufficient cash flow, which continues in 2023,
- Bottom-line loss incurred during the review periods due to the effect of financial expenses,
- Improvement needs in compliance with corporate governance practices along with key-person risk stemming from the ownership and management of the company by one individual,
- Limited trend analysis due to absence of financial statements for the previous periods,
- 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 assigned as **'BB- (tr)'.** Positive outlook in sales revenues as of 2Q2023, strong collaborations with global and local brands, sharp increase in financial borrowing, along with ongoing uncertainties arising from geopolitical tensions as well as the global interest rate hiking cycle, 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 performance, intragroup fund transfer, cash level, cash generation capacity and the trends in the industry 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 frame about the sector will be monitored as well.