Corporate Credit Rating

☐New ☒Update

Sector: Retail (Non-Food)
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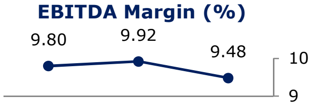
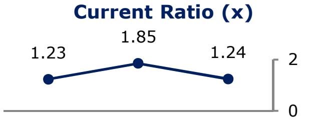
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**AA+ (tr)**	**J1+ (tr)**
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific 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*

EBITDA Margin (%)

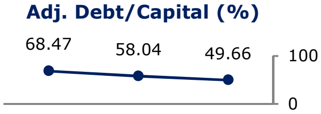


Current Ratio (x)

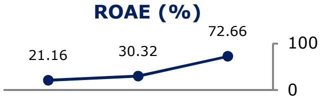


Adj.Net Debt/EBITDA (x)

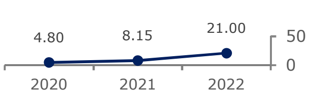
Adj. Debt/Capital (%)



ROAE (%)



ROAA (%)



Setur Servis Turistik A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **"Setur Servis Turistik A.Ş."** in an investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as **'AA+ (tr)'** and revised the outlook from **'Stable'** to **'Positive'**. The Short-Term National Issuer Credit Rating has affirmed as **'J1+ (tr)'** with **'Stable'** outlook. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as **'BB/Negative'**, parallel to international ratings and outlooks of the Republic of Türkiye.

Setur Servis Turistik A.Ş. (hereinafter referred to as "Setur" or "the Company" or "the Group") was established in 1965 by Koç Holding. Setur operates in the fields of duty-free store management, domestic and international tour operations and hotel reservations, air ticket sales, visa services, cruise travel, congress and seminar events and international training organization. In the tourism sector, Setur provides services with its 5 branches, 47 agencies and 139 system agencies as of FYE2022. Duty-free sales carried out via 51 Setur duty-free stores at airports, land borders and seaports in 20 regions constitute a significant share in Setur's revenue.

The Group also operates in marina sector via its subsidiary of Tek-Art Kalamış ve Fenerbahçe Marmara Turizm Tesisleri A.Ş. ("Tek-Art"). The main activities of Tek-Art are marina services, providing technical service to the yachts and renting shops located in the marinas. The Group operates its marina activities under the brand name of "Setur Marinas" which is one of the few marina chains in Mediterranean basis and the leader in Türkiye with approximately 20% market share. Setur Marinas has a total berth capacity of 5,419 yachts in 10 marinas, including 5,162 in Türkiye and 257 abroad. Its marinas are located in Kalamış & Fenerbahçe, Yalova, Ayvalık, Çeşme, Kuşadası, Marmaris, Kaş, Antalya, Finike in Türkiye and on the Lesbos Island in Greece. Reflecting the advantages derived from being a marina chain to its customers, Setur Marinas launched "the chain marina campaigns" in early 2018 for customer loyalty.

The consolidated assets of Setur were TRY 3.16bn as of FYE2022 and revenues were TRY 4.84bn in FY2022. Setur is a member of Koç Group Companies and a subsidiary of Koç Holding A.Ş. The main shareholders of the Company were Zer Merkezi Hizmetler ve Ticaret A.Ş., Koç Holding A.Ş. and Temel Ticaret ve Yatırım A.Ş. The Koç Group is Türkiye's largest industrial and services group in terms of revenues, exports, number of employees and market capitalization, and has leading brands in energy, automotive, consumer durables and finance sectors. As of 2022 fiscal year-end, consolidated revenues of the Koç Group correspond to around 9% of Türkiye's GDP* and Group's exports account for approximately 7% of Türkiye's total exports*.

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

Strengths

- Significant increase in revenue and EBITDA generation in FY2022 together with consistent profit margins with further improvement as per 9M2023 provisional tax return figures
- Cash surplus position against financial debt indicating robust leverage profile as of FYE2022
- Favourable liquidity and coverage metrics in the analysed period
- Satisfactory equity level backed by internal generation capacity
- Diversified borrowing sources via corporate bond issuances
- Revenue diversification owing to operations in different segments
- Foreign currency denominated revenue composition providing natural hedge in a certain extent
- Broad sales network along with well-known brand perception
- Being a subsidiary of one of the Türkiye's leading investment holding companies; Koç Holding

Constraints

- Intense competition in the sector among the travel agencies
- 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 the Long-Term National Issuer Credit Rating has been affirmed as **'AA+ (tr)'**. The Company's outlook for Long-Term National Issuer Credit Ratings has been revised from **'Stable'** to **'Positive'** considering significant growth in revenue and EBITDA in FY2022 together with major improvement in revenue performance and profitability indicators in the Company's solo financial statements prepared in accordance with tax procedure law (VUK) in 9M2023, and cash surplus position against financial debt as of FYE2022. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, equity level and sovereign risk exposure 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.

(*) Koç Holding 2022 Annual Report, based on Turkish Statistical Institute's 2022 data.