Corporate Credit Rating

☐New ☒Update

Sector: Retail (Non-Food)
Publishing Date: 19/12/2024

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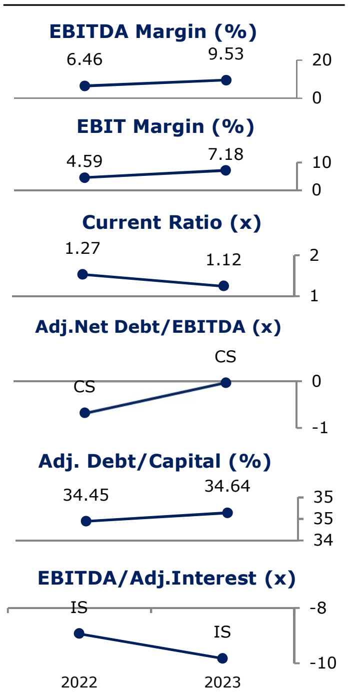
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*



"CS": Cash Surplus
"IS": Interest Surplus

Setur Servis Turistik A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **"Setur Servis Turistik A.Ş."** in investment grade category with the highest credit quality, revised the Long-Term National Issuer Credit Rating from **'AA+ (tr)'** to **'AAA (tr)'** and affirmed the Short-Term National Issuer Credit Rating at **'J1+ (tr)'**. Outlook for Long-Term National Issuer Credit Rating has been revised from **'Positive'** to **'Stable'**. 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 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 tourism sector, Setur provides services with its 5 branches, 64 agencies and 104 system agencies as of FYE2023. Duty-free sales carried out via 53 Setur duty-free stores at airports, land borders and seaports 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 5,440 yachts in 10 marinas, including 5,183 in Türkiye and 257 in 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 8.60bn as of FYE2023 and revenues were TRY 12.55bn in FY2023. Setur is a member of Koç Group of Companies and a subsidiary of Koç Holding. 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. with the shares of 55.38%, 24.11% and 13.24%, respectively. The Koç Group is Türkiye's largest industrial and services group in terms of revenues, exports, number of employees and market capitalization. The Group has leading brands in energy, automotive, consumer durables and finance sectors. As of 2023 year-end, consolidated revenues of the Koç Group correspond to around 8% 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	Constraints
• Substantial growth in consolidated revenue and EBITDA performance in FY2023 and 1H2024 • Ongoing cash surplus position compared to financial debt indicating solid leverage ratios as of FYE2023 and 1H2024 • Maintained profit margins and robust coverage profile over the analyzed period • Sustained satisfactory equity positions driven by internal means • Diversified revenue streams resulting from engagement in different business segments • Foreign currency-based revenue acting as a natural hedge in a certain extent • Extensive sales network coupled with well-established brand reputation • Being a subsidiary of one of the Türkiye's leading investment holding companies; Koç Holding	• Fierce market competition among travel agencies • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from **'AA+ (tr)'** to **'AAA (tr)'**. The outlook for Long-Term National Issuer Credit Rating has been revised from **'Positive'** to **'Stable'** considering the Company's significant increase in consolidated revenue and EBITDA in FY2023 and 1H2024, ongoing cash surplus position against financial debt as of FYE2023 and 1H2024, sustained profit margins in the analyzed period, strong equity level as well as tight financial conditions. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity and cash flow metrics, 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 2023 Annual Report, based on Turkish Statistical Institute's 2023 data.