

Corporate Credit Rating

New Update

Sector: Tourism

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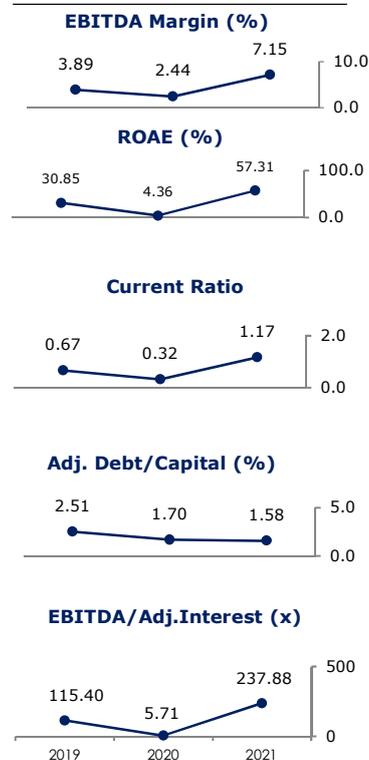
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on August 18, 2022



ETS Ersoy Turistik Servisleri A.Ş.

JCR Eurasia Rating, has evaluated the "ETS Ersoy Turistik Servisleri A.Ş." in the investment level category and upgraded the Long-Term National Issuer Credit Rating to 'AA (tr)' from 'A- (tr)' and assigned 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 were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

ETS Ersoy Turistik Servisleri A.Ş. (hereinafter referred to as "ETS Ersoy" or "the Company") began its operations in 1991 with its brand name of 'Etstur' in the realm of tour organizations in Türkiye together with sales and marketing of hotel accommodation options. Throughout its history of 30 years as the leading tour operator and travel agency in Türkiye, the Company has reached 60 destinations in Türkiye to which it organizes tours and vacation packages. ETS Ersoy deals with sales of airline tickets, visa services, visits to international conferences and fairs, organizations of congress and seminars as well. The Company carries out most of its operations under several brand names appealing to different customer segments, namely; 'Didimtur' which operates as a travel agency for mass customer Company, 'Ucuzabilet.com' which deals with the sales of airline tickets, 'Odamax.com' which serves as an online accommodation reservation platform, 'Otelpuan.com' which collects and publishes visitors' evaluations about the hotel facilities, and several others. ETS Ersoy has achieved an increasing sales performance in the last 5 years, except 2020, through its diversified range of services applied to different customer segments. The Company's sales revenues increased to TRY 4.1mn in FY2021, up from TRY 1.8mn in 2020 and reached to TRY 7.4mn in 9M2022 according to unaudited financials. The Company employed a total workforce of 767 as of FYE2021 (FYE2020: 801, FYE2019: 926).

ETS Ersoy's controlling shareholder is Mehmet Nuri Ersoy.

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

Strengths

- Solid balance sheet with net cash position
- Remarkable sales revenue growth in 2021 and 9M2022 supported by recovery in tourism industry
- Significant recovery in 2021 EBITDA margin
- Notable low portion of external borrowings among total resources
- Satisfactory equity level supported by the retained profit and internal resource generation capacity
- Long-lasting presence in the sector

Constraints

- Other receivables from related parties distorting balance sheet integrity
- Intense competition in the sector among the travel agencies
- Operating in a highly sensitive industry vulnerable to geopolitical, environmental and other challenges

Considering the aforementioned points, Company's the Long-Term National Issuer Credit Rating has upgraded to 'AA (tr)'. The Company's market share, position and experience in industry, profit margins, asset quality, equity structure, risk management policies ongoing recovery in sales performance after the pandemic, improvement in PAX number in 2022 and long experience in the sector with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle have been evaluated as important indicators for the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's financial debt structure, sales and profitability performance, continuity of EBITDA generation capacity and possible effects of the Russia – Ukraine tension on the Company 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 be monitored as well.