

Corporate Credit Rating

New Update

Sector: Tourism

Publishing Date: 27.01.2023

Manager

Abdullah DEMİRER

+90 212 352 56 73

abdullah.demirer@jcrer.com.tr

Analyst

Pelin HÜRATA

+90 212 352 56 73

Pelin.hurata@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	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 August 18, 2022

Voyag Turizm Otelcilik İşletmeleri ve İnşaat Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Voyag Turizm Otelcilik İşletmeleri ve İnşaat Ticaret A.Ş." in the investment category and upgraded the Long-Term National Issuer Credit Rating to 'A (tr)' from 'A- (tr)' and the Short-Term National Issuer Credit Rating to 'J1 (tr)' from 'J2 (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.

Voyag Turizm Otelcilik İşletmeleri ve İnşaat Ticaret A.Ş. (hereinafter referred to as "Voyag Turizm" or "the Company") was founded in 1999 and mainly engages in the hotel/lodging industry, serves with the brands, "Voyage" and "Maxx Royal", has 7 hotels in total an affiliate wholly owned by the Company. While 3 of hotels located in Muğla in southwest part of Türkiye, remaining 4 hotels located in Antalya in south part of Türkiye. As of reporting date, the Company has approximately 2,585 rooms with 5,966 bed capacity, including Caja by Max Royal which has been run through MRA Turizm ve Otel İşletmeciliği A.Ş., an indirect affiliate of the Company. Last but not least, the Company operates Sırakonaklar HEPP and Şavşat HEPP, hydroelectric power plants with and Kütahya SEPP, Poyra SEPP, solar energy power plants a total installed capacity of 161.1 MWe. As of 2021, the Company generated TRY 2,274 million of sales revenue, indicating 130.83% YoY growth.

The Company's ultimate controlling shareholder is Mehmet Nuri ERSOY with 100% share.

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

Strengths

- Significant improvement in sales revenue in 2021
- Upward trend in EBITDA margin during review period
- Improvement in financial leverage ratios
- Hard currency revenue stream provides resilience to the Company
- Diversified customer portfolio and location of entities
- Competitive advantage of Turkish tourism industry in the region
- Long-lasting presence in the sector

Constraints

- Low level of liquidity metrics despite improvement during review period
- Significant level of illiquid items in balance sheet
- High level of pledged and mortgaged tangible assets for borrowings that decreases the elasticity of assets
- Revaluation gains and FC translation differences weighted composition of equity
- 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 'A (tr)'. The Company's ongoing recovery in sales revenue, upward trend in EBITDA margin, improvement in financial indebtedness along 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, contribution of ongoing investment, 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.

