

## Corporate Credit Rating

New Update

**Sector:** Food Retailing

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| 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            | -          |
| 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

## Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.

JCR Eurasia Rating, has evaluated the "Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'A+ (tr)' and upgraded the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

**Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.** (referred to as 'the Company' or 'Carrefoursa') engages in the food retailing industry through its hypermarket and supermarkets in Türkiye. Carrefoursa has 981 total stores, including 22 hypermarkets, 287 franchises, and 672 supermarkets (covering Mini, Gurme, Horeca and Bulut Mutfak formatted stores) with 548k square meters in 54 provinces of Türkiye as of September 2023 (FYE2022: 895 total stores). The Company shares have been trading on the Borsa Istanbul, with the ticker symbol 'CRFSA' since 2006. The Company was founded in 1991 and is headquartered in Istanbul, with a staff force of 10,423 as of September 2023 (FYE2022: 10,663). The major shareholder of Carrefoursa as of reporting date is Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding) with 57.12% share while Carrefour Nederland BV has 32.16% share in total. Moreover, the remaining part of its shares which is equivalent to 10.72%, were publicly traded. The main shareholder, Sabancı Holding, is one of Türkiye's leading conglomerates with operations in the fields of banking, financial services, energy, industrials, building materials and retail through its subsidiaries and affiliates with high experience lasting more than 50 years.

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

### Strengths

- Maintaining revenue generation capacity in FY2022 and 3Q2023 through a vast domestic store network supported by various formats along with alternative sales channels,
- Solid cash flow metrics and adequate level of liquidity indicators supported by cash and credit card sales owing to operating as a retailer,
- Sustainable level of EBITDA generation capacity and improvement in Net Debt/EBITDA ratio over the years with contribution of solid operational performance,
- As a publicly traded company, high level of compliance with Corporate Governance Practices,
- Backed by Sabancı group one of the leading groups in Türkiye and the global retail chain Carrefour.

### Constraints

- Continuation of negative equity level in 3Q2023 due to high level of accumulated losses together with net losses for the periods arising from financing expenses,
- Changing consumer preferences due to price volatility and competitive market structure in the FMCG sector, put potential pressure on profitability indicators,
- Leading economic indicators signal global economic slowdown whereas 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 affirmed as 'A+ (tr)'. The Company's store network and alternative sales channels via various store formats, reputable brand name, experienced and qualified organizational structure, strong cash generation capacity, as well as net losses due to financing expenses and negative equity structure 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 affirmed as 'Stable'. Achievement of budget targets of the Group, debt ratio, profit margins and sustainability demand, regulations, as well as market conditions regarding the sector and economic conditions in Türkiye 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 also be monitored.

