

Corporate Credit Rating

New Update

Sector: Food Retailing

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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	Stable	-
	International LC ICR	BB	-
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

CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş.

JCR Eurasia Rating has evaluated the "CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'AA- (tr)' and the Short-Term National Issuer Credit Rating as '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/Stable' 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') was founded in 1991 to engage in the food retailing industry through its hypermarket and supermarkets in Türkiye. CarrefourSA has 1,184 total stores, including 22 hypermarkets, 489 franchises and 673 supermarkets (covering Süper, Mini, Gurme, Horeca and Mutfak formatted stores) with 586k square meters in 67 provinces of Türkiye as of September 2024 (FYE2023: 1,047 total stores).

The Company shares have been trading on the Borsa İstanbul A.Ş. (BİST), with the ticker symbol 'CRFSA' since 2006. 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.

The Company's headquarters is in Istanbul. The number of personnel in the Company is 9,862 as of 3Q2024 (FYE2023: 10,519).

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

Strengths

- Continuing increase in revenues thanks to alternative sales channels and wide domestic store network in analysed years,
- Rapid cash conversion cycle through cash and credit card sales owing to operating as a retailer,
- Reasonable adjusted net debt to EBITDA ratio thanks to the continued increase in EBITDA generation capacity despite the increase in net debt as of 3Q2024,
- Partnership with Sabancı Group, one of the leading groups in Türkiye, and a global retail chain Carrefour,
- Compliance with corporate governance practices as a publicly traded company.

Constraints

- Partial contraction in cash flow led to external financing requirement to meet operational cycle in 3Q2024,
- Pressure on profit margins due to intense competition in the retail sector, rapidly changing consumer preferences and price fluctuations,
- Negative net profit margin due to increased financial expenses as of 3Q2024,
- 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 Long-Term National Issuer Credit Rating has been affirmed as 'AA- (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, capability to access funding resources, as well as net losses due to high financing and marketing expenses 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.

