

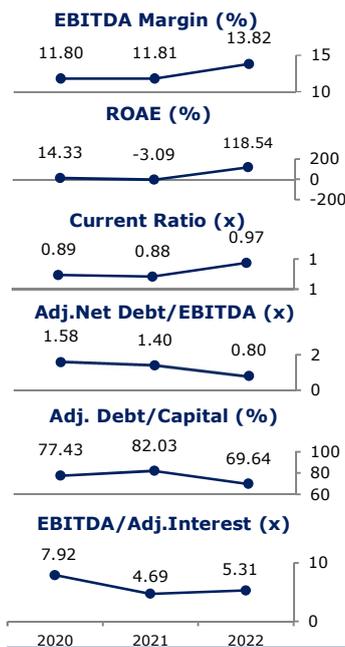
Corporate Credit Rating

☑New ☐Update

Sector: Non-Food Retail
Publishing Date: Sep. 8, 2023
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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)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



EBEBEK MAĞAZACILIK ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Ebebek Mağazacılık A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'A (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/Negative' in parallel to international ratings and outlooks of Republic of Türkiye.

Ebebek Mağazacılık A.Ş. (hereinafter referred to as "Ebebek" or "the Group") established in 2001. Ebebek has been a prominent player in the retail of mother-baby products in Türkiye. The Group is dedicated to catering to the comprehensive needs of mothers and babies, spanning from prenatal care to the early years of childhood, up to 4 years of age. Ebebek employs a dual approach to sales, encompassing both retail stores and online e-commerce platforms. The Group, initially established solely as an online storefront, transitioned to a physical retail presence in 2005, adopting the "click to brick" operational paradigm. In this context, Ebebek's retail stores are strategically situated in conveniently reachable locations, predominantly within shopping centers, staffed by an average of 11 sales associates, and boast an average footprint of 948m². As of August 2023, the Group has established a presence with a network of 220 stores across 62 cities within Türkiye. Moreover, the Group operates a substantial 40,000 m² warehouse in the Gebze region.

The shares of the Group are traded in Borsa Istanbul under the ticker symbol "EBEBK" with the free float rate of 25.00% as of September 7, 2023. The Group employed a staff force of 3,663 as of FYE2022 (FYE2021: 3,332).

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

Strengths

- Diversified product portfolio and nationwide store network support Group's market position,
- Sustainable profitability indicators supported by sales performance,
- Maintaining strong leverage and coverage ratios backed by augmented EBITDA generation capacity, despite increasing financial debt,
- Sound financial structure underpinned by positive cash flow metrics,
- Low level of doubtful receivables supporting asset quality,
- Successful track-record and strong shareholding structure with nationally recognized partners.

Constraints

- High operational expense due to the nature of business,
- Relatively low equity level in comparison to asset size,
- Low level of current ratio along with negative working capital turnover tightened liquidity management,
- Intense competition through pushing low-price and shift the selections quickly in the sector by retailers,
- Global economic growth slows down evidenced by trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. The Group's sustainable profitability indicators, positive cash flow metrics, strong leverage and coverage ratios, shareholding structure, as well as low equity level, high operational expenses due to nature of business and competitive structure of the sector 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 determined as 'Stable'. The Group's financial structure, financing expenses, term structure of existing financial debt, profitability ratios, cash flow and liquidity indicators, leverage profile 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 also be monitored.