

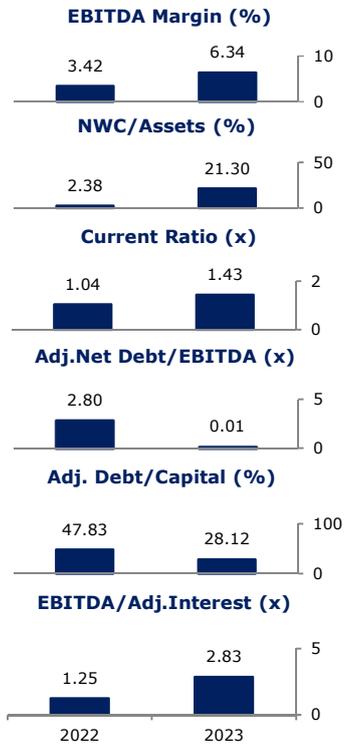
Corporate Credit Rating

New Update

Sector: Retail Trading
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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	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



EBEBEK MAĞAZACILIK ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Ebebek Mağazacılık A.Ş." in the investment level category with high credit quality and revised 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 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' in parallel to sovereign 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 accessible locations, predominantly within shopping centers, staffed by an average of 11 sales associates, and boast an average footprint of 948m². As of August 2024, the Group has established a presence with a network of 255 stores across 67 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 4,391 as of June 2024 (FYE2023: 3,961).

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

Strengths

- Enhanced EBITDA margin and generation capacity underpinned by unit-based sales expansion in FY2023 and 1H2024,
- Robust leverage ratios together with short-term cash surplus in FY2023 and maintained solid position in 1H2024 despite rising financial debt,
- Strong liquidity indicators alongside positive cash flow metrics ensuring stable financial foundation,
- Varied product line-up combined with multiple sales channels and nationwide store network fortifying the Group's market presence and share,
- Low level of doubtful receivables due to nature of business supporting asset quality,
- Proven track record and robust shareholding structure with nationally recognized partners possessing expertise across diverse sectors,
- Compliance with corporate governance practices and quality standards as a publicly traded company.

Constraints

- Operating loss in FY2023 and 1H2024, driven by elevated financing expenses associated with forward operations,
- Inadequate level of coverage metrics due to high financing expenses despite partial recovery in 1H2024,
- High operational expense in parallel with the sector,
- Intense competition in textile division through pushing low-price and shift the selections quickly in the sector by retailers,
- 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 Group's the Long-Term National Issuer Credit Rating has been revised to 'A+ (tr)' from 'A (tr)'. Taking into account the Group's sustainable profitability indicators, positive cash flow metrics, strong leverage profile, robust shareholding structure and nationwide store network with multiple sales channels as well as operating loss, inadequate coverage metrics, 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.