

Corporate Credit Rating

New Update

Sector: FMCG

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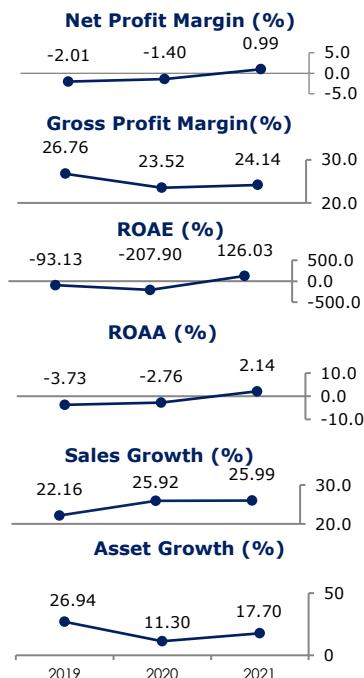
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Migros Ticaret A.Ş.

JCR Eurasia Rating has evaluated the "Migros Ticaret A.Ş." in the highest investment grade category and revised the Long-Term National Issuer Credit Rating from 'AA+ (tr)' to 'AAA (tr)' and the Short-Term National Issuer Credit Rating at '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/Stable' as parallel to international ratings and outlooks of Republic of Turkey.

Migros Ticaret A.Ş. (hereinafter referred to as "Migros" or "the Company") was established in Istanbul on July 26, 1954 as a joint venture of Switzerland the Federation of Migros Cooperatives and the Istanbul Municipality and approximately 40% of its shares were acquired by Anadolu Group in 2015 and the Group acquired approximately 50% of the shares in 2017. Migros' shares are listed in Borsa Istanbul (BIST) since 1991 with the ticker 'MGROS'. As of 1Q2022, 49.18% of Migros' shares are publicly traded. The Company which conducts its operations through its 2,598 store and 899 online sales centres located in Turkey in 81 cities, steadily expanded its business to become the one of the largest players in the Turkey National Supermarket chain.

Migros provides service with its Migros Jet, M, MM, MMM, 5M and Migros Toptan format stores with 2,481 stores in 81 provinces, and with Macrocenter in 117 stores in 7 provinces of Turkey. In addition, the Company, Migros Sanal Market, established in 1997 as Turkey's first food retail e-commerce site, offers services in 81 cities today, as well as Macrocenter's online service channel Macroonline, Migros Hemen and its priority is natural nutrition with Tazedirekt, which increases its privileged service network to its customers via online channels.

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

Strengths

- Net income generation in FY2021, maintaining EBITDA generation capacity and profitability indicators,
- Deleverage of financial net debts and clearing FX dominated financial borrowings decreasing vulnerability,
- Strong financial profile and cash buffer through strengthened cash flow generation easing liquidity structure,
- Predominantly liquid asset-weighted qualified asset structure,
- Omni-channel capabilities in line with its scale,
- Suitable operational performance indicators thanks to the income stream quality,
- Resilient business model through economic cycles,
- High level of compliance with corporate governance best practices.

Constraints

- Despite improvement, notably low equity and paid in capital level relative to asset size,
- Competitive market structure in FMCG sector pressuring profitability indicators,
- Concerns arising from the uncertainty created by the RU-UA war on input prices and economic activity particularly in logistics costs.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised to 'AAA (tr)'. Taking into account the branch network and online sales channels investments, sales growth, EBITDA generation capacity, predictable cash flow generation, experienced and qualified organizational structure, assets growth and preventing FX dominated debts, as well as, Russia-Ukraine crisis and geopolitical risks-driven uncertainties; 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'. An achievement of budget targets of the Company, debt ratio, profit margins and sustainability demand, regulations, as well as market conditions regarding the sector 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 be monitored as well.