

## Corporate Credit Rating

New  Update

**Sector:** FMCG

**Publishing Date:** June 19, 2023

**Team Leader**

Muhammet Başar  
 +90 212 352 56 73

[muhammet.basar@jcrer.com.tr](mailto:muhammet.basar@jcrer.com.tr)

**Analyst**

Elif San  
 +90 212 352 56 73

[elif.san@jcrer.com.tr](mailto:elif.san@jcrer.com.tr)

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	-
	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

## MİGROS TİCARET A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Migros Ticaret A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'AAA (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.

**Migros Ticaret A.Ş.** (hereinafter referred to as "Migros" or "the Group") was established 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 Anadolu Group's share reached 50% in 2017. The Group's principal activity is the sale of all kinds of food and consumer goods for retail consumption. The Group also operates in online food retailing and catering, payment and electronic money services, logistics (distribution by motorcycle) services, media (marketing of media assets) and shopping centre management. Migros operates in 2,855 stores in 81 provinces with Migros Jet, M, MM, MMM, 5M and Migros Toptan format stores, 132 stores in 9 provinces with Macrocenter and 4 stores with Mion. In addition to Migros Sanal Market, which was established in 1997 as Türkiye's first food retail e-commerce website and currently operates in 81 provinces, the Group increases its privileged service network to its customers through online channels with Macroonline, the online service channel of Macrocenter, Migros Hemen, Migros Yemek, Migros Ekstra and Tazedirekt, whose priority is natural nutrition. The total number of employees of the Group as of March 31, 2023 is 47,434 (As of December 31, 2022: 45,303).

Migros shares have been traded on Borsa Istanbul (BIST) since 1991 under the ticker symbol 'MGROS'. As of 1Q2023, 49.18% of Migros shares are publicly traded. The Group is controlled by AG Anadolu Grubu Holding A.Ş., its parent company. AG Anadolu Grubu Holding A.Ş. is controlled by AG Sinai Yatırım ve Yönetim A.Ş., and AG Sinai Yatırım ve Yönetim A.Ş. is a management company that ultimately manages, with equal representation of and by way of equal management by the Süleyman Kamil Yazıcı family and the Özilhan family, the affiliates of AG Anadolu Grubu Holding A.Ş.. AG Anadolu Grubu Holding A.Ş. holds a 50% indirect share in Migros.

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

### Strengths

- Maintaining revenue and EBITDA generation capacity with increasing number of branches and customers,
- Sustainable cash flow metrics underpinned by sound operational performance,
- Predominantly liquid asset-weighted qualified asset structure,
- Using Turkish Lira in lease agreements and significantly reducing the amount of foreign currency loans decreasing FX risk,
- Robust leverage profile proven by cash surplus position in FY2022,
- Omni-channel capabilities in line with its scale,
- As a publicly traded company, high level of compliance with Corporate Governance Practices,
- Sustainable growth and technological investments provide the power to create new products and brands,
- Existence of Anadolu Group Holding as dominant shareholder via diversified operations.

### Constraints

- Relatively low level of paid-in capital compared to asset and equity size,
- Competitive market structure in FMCG sector pressuring profitability indicators.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed as 'AAA (tr)'. Considering 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 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 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.

