

Corporate Credit Rating

New Update

Sector: Wholesale Trade

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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	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

Opet Petrolçülük A.Ş.

JCR Eurasia Rating has evaluated "Opet Petrolçülük A.Ş." in high investment grade category and upgraded the Long-Term National Issuer Credit Rating from 'AA (tr)' to 'AA+ (tr)' and affirmed 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 assigned as 'BB/Negative', parallel to the international ratings and outlooks of the Republic of Türkiye.

Opet Petrolçülük A.Ş. (hereinafter referred to as "Opet" or "the Company" or "the Group") was established by Öztürk Family in 1992. Opet has been jointly managed by the Öztürk Group and the Koç Group since 2002. The main activities of the Company are retail sales, commercial and industrial fuel sales, storage and international product trade in the fuel distribution sector. With more than 900 employees, 1,827 stations including the Sunpet brand and 1.1 million m3 of storage capacity, Opet manages an extensive service network throughout Türkiye with 5 terminals and provides high-quality products and services to its customers. Opet manufactures and markets lubricants through its subsidiary Opet-Fuchs, a 50-50% partnership with the German lubricant company, Fuchs Petrolub SE. It also supplies and sells jet fuel via THY-Opet, a 50-50% partnership with Turkish Airlines. Opet's subsidiary THY Opet, which serves a number of domestic and international airlines in all airports throughout Türkiye, reached jet fuel sales of 785,902 m3 in 2021.

The consolidated assets of the Company were TRY 14.66bn and revenues were TRY 56.01bn as of December 31, 2021. The average number of personnel employed across operations in the Group was 951 as of December 31, 2021 (December 31, 2020: 920). Opet is a member of Koç Group of Companies. The Koç Group is Türkiye's largest industrial and services group in terms of revenues, exports, number of employees and market capitalization. The Group has leading brands in energy, automotive, consumer durables and finance sectors. As of 2021 year-end, consolidated revenues of the Koç Group correspond to around 8% of Türkiye's GDP and Group's exports account for approximately 7% of Türkiye's total exports.

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

Strengths

- Increase in revenues in FY2021 and further improvement signals regarding 9M2022*** results
- Ongoing EBITDA generation performance and its improving trend
- Satisfactory equity level supported by retained profits over the years
- Diversified borrowing sources via corporate bond issuances
- Brand awareness of Opet together with its terminals and broad distribution network of its stations creating competitive advantage
- Solid know-how and track record in the fuel distribution sector
- Being a subsidiary of one of the Türkiye's leading investment holding companies; Koç Holding

Constraints

- Robust bargaining power of dealers creating intense competition in the market
- Decreasing profit indicators in FY2022
- Restricted profit margins in the sector
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

(***) Income statement prepared in accordance with tax procedure law (VUK)

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded from 'AA (tr)' to 'AA+ (tr)'. Considering increase in revenues at FYE2021 together with further improvement signals during FY2022, ongoing EBITDA generation, satisfactory equity level, intense competition in the market as well as geopolitical risks-driven uncertainties; the outlooks for Long and Short-Term National Issuer Credit Ratings have been determined as 'Stable'. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, foreign currency position, intense competition in 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.

(*) As of 14.02.2022, the short-term rating notations have been revised. Revised notations of 'J1+ (tr)' is corresponded to ex-notations of 'A-1+ (Trk)'.

