

Corporate Credit Rating

New Update

Sector: Wholesale Trade

Publishing Date: 27/12/2024

Team Leader

Elif Kırilangıç Keçeli

+90 212 352 56 73

elif.keceli@jcrer.com.tr

Senior Analyst

Oktay Mutlu

+90 212 352 56 73

oktay.mutlu@jcrer.com.tr

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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Opet Petrolçülük A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Opet Petrolçülük A.Ş." in investment grade category with very high credit quality, affirmed the Long-Term National Issuer Credit Rating as 'AA+ (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/Stable', as parallel to 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 1,878 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 mineral oil company, Fuchs. It also supplies and sells jet fuel via THY-Opet, a 50-50% partnership with Turkish Airlines, and EV charging station operation via WAT Mobilite in which it holds 24% stake. Opet's subsidiary THY Opet, which serves a number of domestic and international airlines in all airports throughout Türkiye, reached jet fuel sales of 1,008,283 m3 in 2023.

The consolidated assets of the Company were TRY 54.00bn as of FYE2023, respectively, and revenues were TRY 277.85bn in FY2023. The average number of personnel employed across operations in the Group was 974 as of June 30, 2024 (December 31, 2023: 1,005). The main shareholders of the Company were Koç Holding A.Ş. and Koç Family Members with 50.00% shares, and Regnum Holding A.Ş. with 50.00% shares as of June 30, 2024. Opet is a member of Koç Group of Companies and a joint venture of Koç Holding. 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 2023 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

- Substantial improvement in EBITDA in FY2023 despite volatility in EBITDA margins in the analyzed period
- Notable recovery in the net debt to EBITDA metric as of FYE2023
- Adequate equity level underpinned by internal means despite sizable dividend payments
- Varied funding structure through the issuances of corporate bonds
- Solid position in the sector along with brand perception and a wide-range distribution network
- Being a joint venture of one of the Türkiye's leading investment holding companies; Koç Holding

Constraints

- Restricted profit margins inherent in the industry
- Low level of interest coverage ratio
- Severe market competition resulting from dealer's bargaining power
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'AA+ (tr)'. The Company's significant increase in EBITDA in FY2023, notable recovery in the net debt to EBITDA metric as of FYE2023, adequate equity level as well as restricted profit margins in the industry, low interest coverage ratio, intense competition in the market and tight financial conditions have been evaluated as important indicators for the 'Stable' outlook for the Long and Short-Term National Issuer Credit Ratings. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity and cash flow metrics, equity level, and sovereign risk exposure 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.

(*) Koç Holding 2023 Annual Report, based on Turkish Statistical Institute's 2023 data.

