

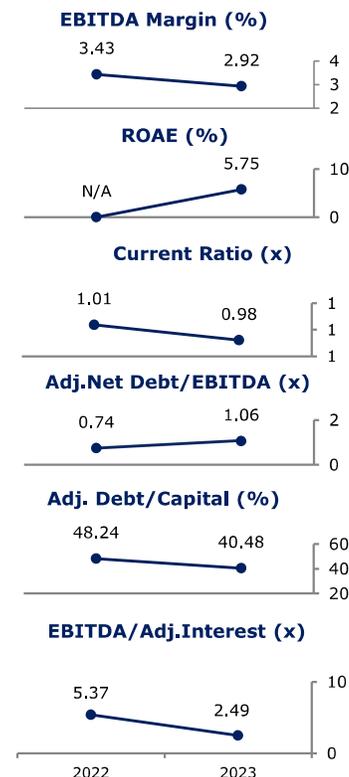
Corporate Credit Rating

New Update

Sector: Wholesale 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	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
ISRs (Issue Specific Rating Profile)	National ISR	A+ (tr) Stable	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



N/A: Not Applicable

SHELL & TURCAS PETROL A.Ş.

JCR Eurasia Rating, has evaluated "Shell & Turcas Petrol A.Ş." in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'A+ (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 affirmed as 'BBB+/Stable'.

Shell & Turcas Petrol A.Ş. (hereinafter referred to as "Shell & Turcas" or "the Company") was established in 2006 in İstanbul. In 2006, Shell PLC and Turcas Petrol A.Ş. have merged their fuel retail operations in Türkiye under the name of Shell & Turcas Petrol A.Ş. Newly established company, Shell & Turcas Petrol A.Ş., started its operations in July, 2006 and operates in purchase, sale, import and export, storage and distribution of all kinds of fuel and lubricants. 30% share of Shell & Turcas Petrol A.Ş. belongs to Turcas Petrol A.Ş. and 70% to the Shell Company Turkey Ltd. Shell is a global group of energy and petrochemical companies, employing 103,000 people and with operations in more than 70 countries. Shell & Turcas is one of the leading companies in the Turkish Petroleum industry operating with 1,180 fuel stations, lubricant production facilities, retail and commercial sales as of May, 2024. The Company ranking as the 2nd largest fuel distribution company in domestic fuel sales as per Energy Market Regulatory Authority (EMRA) of Türkiye. The Company has 763 employees totally in 2023 (FYE2022: 765).

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

Strengths

- Increased sales volume during the reviewed periods, despite contraction in revenue generation due to IAS 29 impact in 2023,
- Supporting asset quality via extensive customer base and low level of impaired receivables,
- Reduced financial indebtedness coupled with adequate leverage metrics despite slight deterioration in 2023,
- Diversification of funding structure through corporate bond issuances,
- Maintaining market share over the analyzed years,
- Increasing mobility and strengthening market position through sustainable investment in electric charging infrastructure,
- Brand awareness and industry experience thanks to the reputable global partner's track record.

Constraints

- Contraction in profitability indicators in 2023 due to impact of restricted profit margins inherent in the industry, despite slight recovery in 1Q2024 as per provisional tax return,
- Potential cost increases due to the renewal period of dealers and its impact on cost management,
- Quantitative tightening actions aiming to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. No separate rating report has been compiled as the resources obtained from the bond issue will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The planned bond issue carries no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating but do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities. Additionally, competitive advantage obtained through long operating history and solid brand awareness, maintaining market share in the sector, increase in sales volume, decline indebtedness level, increasing number of charging stations through with electric charging stations investments, diversification in funding structure such as bond issuance are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed as 'Stable'. The Company's revenue and profitability performance, indebtedness level, cash flow and liquidity level, coverage and leverage indicators, equity level, fluctuations 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.