

## Corporate Credit Rating

New Update

**Sector:** Food Retail

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

\* Assigned by JCR on May 10, 2024

## ŞOK MARKETLER TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Şok Marketler Ticaret Anonim Şirketi" in the investment grade category with high credit quality and assigned 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 Republic of Türkiye.

Şok Marketler Ticaret Anonim Şirketi (hereinafter referred to as 'Şok Marketler' or 'the Company') was established in 1995 to operate in the retail sector in Türkiye, specifically focusing on fast-moving consumer goods (FMCG). The Company operates across all 81 provinces of Türkiye, with a workforce of 48,282 employees as of September 30, 2024. Over the years, the Company has expanded its business through various acquisitions. In 2011, the 100% shares of the Company purchased from Migros Ticaret A.Ş. by Yıldız Holding with 1,255 stores and 7 warehouses, and in 2013, the Company purchased the shares of Dim Devamlı İndirim Mağazacılık A.Ş., DiaSA, and Onur Ekspres Marketçilik A.Ş. Şok Marketler further expanded in 2015 by acquiring 80% of Mevsim Taze Sebze Meyve Sanayi ve Ticaret A.Ş. and later the remaining 20% in 2022. Additionally, in 2017, Şok Marketler acquired a majority stake in Teközel Gıda Temizlik Sağlık Marka Hizmetleri Sanayi ve Ticaret A.Ş., which was fully merged in 2019.

Since May 18, 2018, Şok Marketler's publicly traded shares have been listed on the Istanbul Stock Exchange (BIST). As of September 30, 2024, the Company operates a total of 10,961 stores, an increase from 10,725 stores at the end of December 2023.

As of the 3Q2024, Şok Marketler's ownership structure consists of Turkish Retail Investments B.V. with 24.27% of the Company's share capital, Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. holding 23.66%, European Bank for Reconstruction and Development with 5.72%, and other shareholders holding the remaining 46.35%.

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

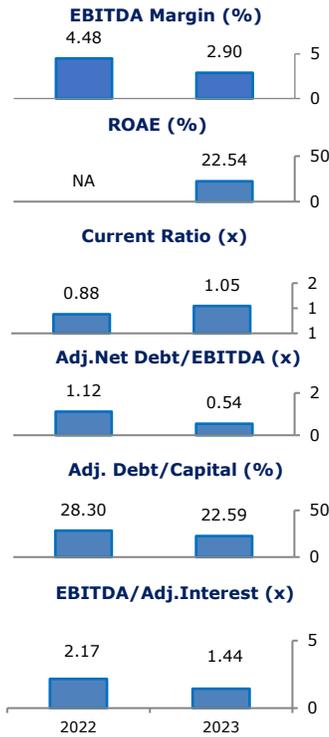
### Strengths

- Revenue growth driven by new store inaugurations and increase in average basket spend in FY2023 and 3Q2024,
- Strong cash-balance and absence of financial indebtedness apart from IFRS-16 liabilities, delivering cash surplus position in short-term,
- Robust cash flow performance and ample liquidity, fueled by significant volumes of cash and credit card transactions, and further reinforced by an efficient cash conversion cycle,
- Significant equity contribution in the resource composition despite the relatively low level of paid-in capital and dividend distributions,
- Established brand recognition, streamlined supply chain, strategic focus on private label products, and the rollout of new store concepts drive competitive advantage to some extent,
- Compliance with the corporate governance practices as a publicly traded company,
- Sustained presence in the sector and experienced shareholders in FMCG sector.

### Constraints

- Operating loss and a slight decline in profit margins in FY2023, alongside negative EBITDA in 3Q2024 with the IAS-29 effect,
- Changes in consumer preferences driven by price fluctuations and competitive dynamics in the FMCG sector, combined with rising personnel costs in 2024, exert pressure on profitability,
- Actions for a soft-landing in domestic market are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'AA+ (tr)'. Revenue growth through new store launches, strong cash-balance, robust cash flow performance, significant equity contribution, established brand recognition and streamlined supply chain as well as realized operating losses with the IAS-29 effect, pressure of price fluctuations and personnel expenses on profitability, and competitive sector structure 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'. The Company's profitability margins, EBITDA generation, liquidity profile, cash flow indicators, asset quality and indebtedness level 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.



NA: Not Applicable