

Corporate Credit Rating

New Update

Sector: Non-Food Retail

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific 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

SUWEN TEKSTİL SANAYİ PAZARLAMA A.Ş.

JCR Eurasia Rating, has evaluated "Suwen Tekstil Sanayi Pazarlama A.Ş." in the investment grade category with good credit quality and assigned the Long-Term National Issuer Credit Rating at 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (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.

Suwen Tekstil Sanayi Pazarlama A.Ş. ("Suwen" or "the Company") was originally established on August 5, 2003, in Istanbul under the name Ekofer Tekstil Parfümeri Sanayi Pazarlama Limited Şirketi. In 2018, the Company took its current trade name. Suwen is a retail company that designs and markets a wide range of products under its own brand in both domestic and international markets, including lingerie, homewear, hosiery, shapewear, beachwear collections, and maternity products. As of FYE2024, the Company operates through 175 stores and 5 franchisees across Türkiye, along with 9 stores and 9 franchisees abroad, reaching a total presence in 66 cities across 11 countries. The Company is headquartered in Ümraniye, Istanbul.

The Company is held by Özcan Sümer (10.52%), Birol Sümer (10.45%), Ali Bolluk (10.38%), Çiğdem Ferda Arslan (3.62%), while the remaining 65.03% of the Company's shares have been publicly traded on Borsa Istanbul (BIST) with the ticker of 'SUWEN' since April 2022. As of FYE2024, the consolidated financial statements include the Company and its subsidiary, which is "Suwen Lingerie SRL." is active in retail trade. As of FYE2024, the total number of personnel employed within the Company is 1,147 (FYE2023: 1,005).

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

Strengths

- Steady year-over-year growth in sales figures, backed by the expanding retail footprint,
- Sustaining the operations with reasonable profitability indicators, despite the declined EBITDA margin and period loss in 1Q2025,
- Moderate leverage and coverage metrics as of 2023 and 2024, albeit slight deterioration in 1Q2025,
- Satisfactory equity level mainly supported by the internal resource generation,
- Retail chain sales and collateralized receivables from dealers supporting the collection risk in a certain extent,
- Brand awareness backed by omni-channel sales across domestic market,
- Compliance with corporate governance practices as a publicly traded company.

Constraints

- High OpEx to total sales ratio as a nature of the business,
- Long cash conversion cycle mainly stemming from extended inventory holding duration,
- Supplier concentration risk arising from related party procurements,
- Fierce competition in the readymade garment industry, stemming from fast-fashion retailers pushing low-price and shifting the selections quickly,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engender considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. The Company's strong sales performance, reasonable profitability indicators, moderate leverage and coverage metrics, satisfactory equity level, asset quality, and compliance to corporate governance practices as well as high OpEx, long cash conversion cycle, competition in the sector 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 assigned as 'Stable'. The Company's profitability margins, equity level, market position, leverage and coverage ratios, receivables management, cash flow metrics, funding structure, 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.

