

## Corporate Credit Rating

New Update

**Sector:** Food Industry/Hazelnut  
**Publishing Date:** 25/03/2024

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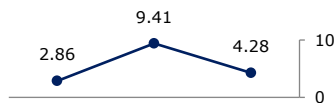
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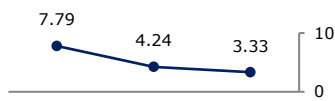
R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB-	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

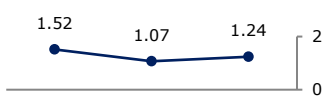
### EBITDA Margin (%)



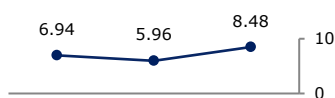
### Inventory Turnover (x)



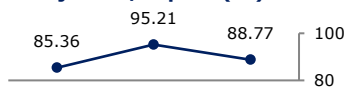
### Current Ratio (x)



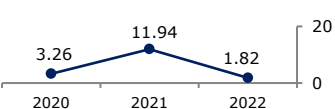
### Adj.Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



## Arslantürk Tarım Ürünleri Sanayi İthalat ve İhracat A.Ş.

JCR Eurasia Rating, has evaluated **Arslantürk Tarım Ürünleri Sanayi İthalat ve İhracat A.Ş.** in investment-level category and revised the Long-Term National Issuer Credit Rating from '**BBB (tr)**' to '**BBB- (tr)**' and the Short-Term National Issuer Credit Rating from '**J2 (tr)**' to '**J3 (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings of the Company were revised from '**BB**' to '**BB-**' with '**Negative**' outlook.

Arslantürk Tarım Ürünleri Sanayi İthalat ve İhracat A.Ş. (Hereinafter referred to as 'Arslantürk Tarım') was established in 1997 in Araklı province of Trabzon. The Company takes part in both the domestic and export markets by making the hazelnuts purchased from the Black Sea Region ready for sale in its crushing and processing facilities in Trabzon. These two facilities are built on a total of 19,814 m<sup>2</sup> of land and have an indoor area of 17,057 m<sup>2</sup> with 25,000 tons annual production capacity. Among the products offered for sale are various sizes of roasted/blanched hazelnuts, shelled hazelnuts, hazelnut shells and hazelnut paste. Besides, by joining the Rainforest Alliance program in 2014, it expands its certified product range and produces with more than 1,500 Organic & Rainforest Alliance certified farmers. Arslantürk Tarım was ranked as the 29<sup>th</sup> Largest Industrial Corporation in terms of revenue, according to the ISO Second 500 List published by Istanbul Chamber of Commerce. The Company's shareholding structure is composed by the family members, namely Sebahattin Arslantürk, Selahattin Arslantürk, İsmail Arslantürk, Sait Arslantürk and Mustafa Arslantürk each with 20% of shares. The Company employed a staff force of 264 in average in FY2022 (FY2021: 277).

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

### Strengths

- Foreign currency revenue streams and geographical diversification providing natural hedge via export sales in a certain extent
- Access to high quality products as a firm based in Türkiye, the leading country in global hazelnut industry
- Long-lasting presence in the sector and successful track-record

### Constraints

- Decreasing operating performance in terms of sales volume in FY2023 mainly related to the shrinking international demand for the price point
- Further deterioration in leverage metrics in 2023 and inclining indebtedness
- Derogation in interest coverage profile
- Volatility in product yield in the hazelnut market due to external conditions
- Limited financial analysis due to non-compliance of financial statements with IFRS standards
- Improvement needs in the corporate governance practices framework
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim 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 revised from '**BBB (tr)**' to '**BBB- (tr)**'. The Company's long-lasting track record in the industry, foreign currency revenue streams thanks to the predominant share of exports out of the total sales, advantageous standing related to the geographical diversification and accessibility to the high-quality products despite shrinking business volume for two consecutive years whereby decreasing operating performance, continuing deterioration in leverage metrics and inclining indebtedness, volatility in hazelnut market which is also susceptible to the macroeconomic conditions and other global downsides 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 EBITDA generation, cash flows, indebtedness level, profitability performance, liquidity level and effects of the global recession concerns 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.