

Corporate Credit Rating

New Update

Sector: Fish Farming

Publishing Date: 14/12/2020

Chief Analyst

Bora Pakyürek

+90 212 352 56 73

bora.pakyurek@jcrer.com.tr

Assistant Analyst

Murat Yılmaz

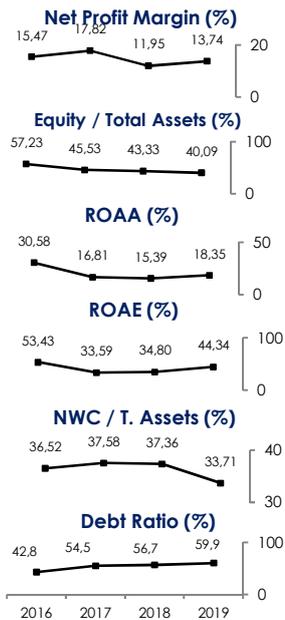
+90 212 352 56 73

murat.yilmaz@jcrer.com.tr

RATINGS

		Long Term	Short Term	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	A+ (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
Sponsor Support		2	-	
Stand-Alone		B	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

*Assigned by JCR on April 10, 2020



Gümüşdoğa Su Ürünleri Ürt. İth. ve İhr. A.Ş.

JCR Eurasia Rating has evaluated **Gümüşdoğa Su Ürünleri Üretim İthalat ve İhracat A.Ş. (Gümüşdoğa/Company)** in an investment-grade category and assigned the ratings as **“A+ (Trk)”** on the Long-Term National Scale and as **“A-1 (Trk)”** on the Short-Term National Scale with **‘Stable’** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned at **“BB+ / Negative”**.

Gümüşdoğa was established in 1995 at Milas, Muğla. Company had a total staff of 1,655 as of December 2019. The main operating field of Group is aquaculture fish production. Off-shore caging system is applied for sea bass, sea bream and trout aquaculture. Sea Bream and Sea Bass are produced in Muğla, Milas Kazıklı, Alagün, Tekeburnu, Toprakada, Gazitepe and İskele locations with capacity of 29,950 tonnes/year. Trouts are produced at rivers and dam reservoirs in Muğla, Elazığ, Malatya, Kayseri, Kütahya and Sinop with 20,600 tonnes/year capacity. Nearly half of the total sales is directed to the export channel. Main export markets are Germany, Netherland, Denmark, Italy, Spain and Canada. Besides, Gümüşdoğa has packaging facilities in Güllük, Milas and Keban. The Company also has a fish feed factory in Milas which helps the Company to maintain the core business at all phases.

Strengths

- Continuous sales growth supported with capacity expansions and new acquisitions
- Reputable brand name with rising production volume at all stages in various locations both domestic and abroad
- Providing a natural hedge through export sales despite the foreign currency dominated bank loans
- High EBITDA generation capacity coupled with consistent profit margins
- Less affected by the Covid-19 pandemic due to being in food sector

Constraints

- Significant operational risks related with the environmental concerns
- Difficulties in counting live fish stock which keeps great portion of the Company’s asset
- Risks arising due to the nature of the sector comprising live stock
- Further improvement needs in the level of compliance with Corporate Governance Practices given the Company’s size and international reach
- Ongoing uncertainties arising from the global Covid-19 pandemic, pressuring the local and global economic outlook

Considering the aforementioned points, the Company’s the Long-Term National Rating has been assigned at **‘A+ (Trk)’**. The Company’s proven track record, know-how, brand awareness and capability to access funding resources along with the deterioration both in local and global macroeconomic indicators and ongoing uncertainties due to the Covid-19 pandemic have been evaluated as important indicators for **‘Stable’** outlooks of long and short-term national ratings. On the other hand, the Company’s revenue and profitability performance, trend of short-term debt, risk impacts of the TRY’s depreciation on activities and local and global macroeconomic indicators during Covid-19 pandemic will be closely monitored by JCR Eurasia Rating.

It is considered that the major controlling shareholder, **Halil Gümüşel**, has the willingness and capability to ensure long term liquidity equity as well as provide efficient operational support to **Gümüşdoğa** within its financial capability if required, when taking into consideration the Company’s position achieved in its sector. In this regard, the Company’s Sponsor Support grade has been determined as **(2)** on JCR Eurasia Rating’s notation scale, denoting moderate level.

On the other hand, we, as **JCR Eurasia Rating**, believe that **Gümüşdoğa** has the sufficient experience and facilities to manage its obligations without any assistance from its shareholders taking in to account the Company’s know-how and long experience in domestic and overseas markets, current established customers with relatively high cash and profit generation potential, asset size and quality, equity-debt level, and experienced senior management team. Within this context, the Stand Alone note of **Gümüşdoğa** has been determined as **(B)** in the **JCR Eurasia Rating** notation system, indicating strong level.