

## Corporate Credit Rating

New  Update

**Sector:** Production of canned vegetables and fruits

**Publishing Date:**  
20/08/2021

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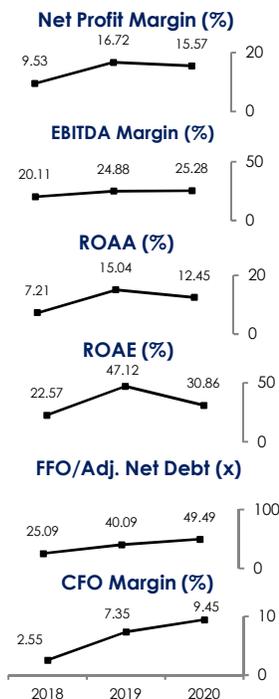
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### RATINGS

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

\*Assigned by JCR on May 31, 2021



## Tukaş Gıda Sanayi ve Ticaret A.Ş. and Its Subsidiaries

JCR Eurasia Rating has evaluated Tukaş Gıda Sanayi ve Ticaret A.Ş. ("Tukaş", 'the Company' or 'the Group') in the investment-level category of '**AA- (Trk)**' on the long-term national scale and '**A-1+ (Trk)**' on the short-term national scale with '**Stable**' outlooks. Long Term International Local and Foreign Currency ratings of the Company are assigned as '**BB/Stable**', same as country ceiling.

Tukaş Gıda Sanayi ve Ticaret A.Ş. is established in 1962 under the name "Turgutlu Konservecilik A.Ş." before changing its name to "Tukaş Gıda ve San. A.Ş." in 2002. The Company was purchased by OYAK in 1967 and then in 2014, Okullu Gıda purchased the Company. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1994. 34.28% of shares are publicly traded on the BIST with the ticker symbol "TUKAS", while the controlling shareholder belongs to Okullu family members. With its over 50 years of track record, Tukaş operates in the field of production of all kinds of foodstuffs, primarily tomato paste, canned food and pickles, and the sells these products in domestic and international arena. The Company's production activities are located in facilities in Torbalı, Akhisar and Manyas with an average staff of 929 in FY2020, which 42% of was constant.

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

#### Strengths

- Established brand reputation through 59 year presence in the sector
- Sustainability in revenue through a diversified product portfolio
- Moderate financial leverage even accounting for the non-cash revaluation gains effect
- Operating volume growth through ongoing investments mainly providing capacity increases and cost advantage
- Credible customer portfolio of leading national chain markets underpinning revenue and EBITDA generation
- The growth potential in Company's export level with its power to spread to different locations
- Supported asset quality derived from receivable insurance policies

#### Constraints

- Despite decreasing leverage and debt ratio, short term dominated funding structure couple with external funding needs for continuous investments
- Seasonality in production activities as main production is based on fresh fruits and vegetables leading risks such as climatic conditions, drought, flood and disease
- Ongoing uncertainties arising from the global pandemic and Covid-19 outbreak's unprecedented damage on the economic activities affecting investment plans

Considering the aforementioned factors, Company's the Long-Term National Rating has been assigned at '**AA- (Trk)**'. The Company's long business track record, sustainable sales revenue, wide recognition in the sector, further export potential, low non-performing receivables level supported by receivable insurance, strengthened equity level through revaluation gains, natural hedge mechanism through FX income generation capacity via increasing export revenue, expectation of further improvement in profit generation capacity with completion investments and capability to access funding resources along with ongoing uncertainties due to the Covid-19 pandemic have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as '**Stable**'. Sales and profitability performance, EBITDA margin, progress on the ongoing investments and additional cash flows that will be generated by completed and ongoing investments, indebtedness structure, expansion in export markets, local and global macroeconomic indicators are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

The controlling shareholder, the **Okullu Family**, are thought to possess the financial strength and willingness to provide long-term liquidity and equity to Tukaş as well as providing effective operational support should such a need arise. Within this regard, the Company's **Sponsor Support** grade has been assigned as **(2)** in JCR Eurasia Rating's notation system.

On the other hand, as JCR Eurasia Rating, regardless of the support at the shareholder level, taking into account Tukaş's brand reputation, solid customer portfolio, EBITDA generation capacity, funding profile, strengthened equity level, immunity against FX losses and the development of existing risks in the markets and business environment by using its internal sources, the Company is assumed to have reached a level of experience to manage the incurred risks on its balance sheet provided that there is no significant deterioration in the macro-economic outlook and maintains the current customer base is deemed strong. Within this regard, the Company's **Stand-Alone Grade** has been assigned as **(A)** in JCR Eurasia Rating's notation system, denoting a high level.