

Corporate Credit Rating

New Update

Sector: FMCG

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Senior Chief Analyst

Orkun Inan

+90 212 352 56 73

orkun.inan@jcrer.com.tr

Assistant Analyst

Buke Bora

+90 212 352 56 73

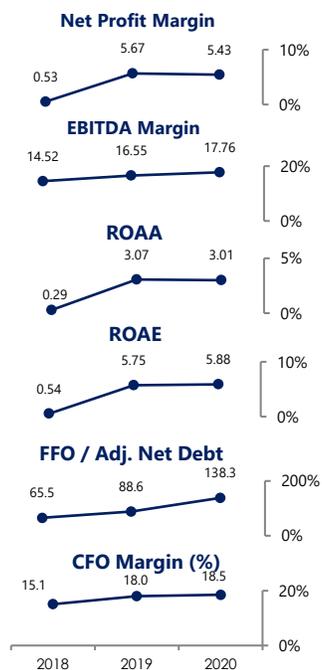
buke.bora@jcrer.com.tr

RATINGS

		Long Term	Short Term
National	Local Rating	AAA (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable LC Stable	Stable Stable
Sponsor Support		1	-
Stand-Alone		A	-
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

*Assigned by JCR on May 31, 2021

RATIOS



Anadolu Efes Biracılık ve Malt Sanayi A.Ş and Its Subsidiaries

JCR Eurasia Rating has evaluated the consolidated structure of “**Anadolu Efes Biracılık ve Malt Sanayi A.Ş and Its Subsidiaries**” and assigned the ratings on the Long-Term National Scale as ‘**AAA (Trk)**’ and the Short-Term National Scale as ‘**A-1+ (Trk)**’ with ‘**Stable**’ outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as ‘**BBB-**’ with ‘**Stable**’ outlooks.

Anadolu Efes Biracılık ve Malt Sanayi A.Ş and Its Subsidiaries (hereinafter “the Group” or “Anadolu Efes”) was established with two breweries (Istanbul and Izmir) in 1969 for the beer operations. The Group has become a key player at short notice in the domestic beer market. The Group has totally 21 factories which includes 3 factories in Turkey, 11 in Russia, the rest of them in different countries. Anadolu Efes is operating as one of the most important players in its region with 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 26 bottling plants in 10 countries, including Turkey among others.

The Group exports its products to more than 70 countries in line with more than two-thirds of its net sales in international markets. According to the Group’s management figures, Anadolu Efes ranked 5th and 10th in Europe and the World in terms of the largest brewer by production volume, respectively. The Group has included beer and soft drinks brands to its product portfolio and operates in a wide geographic region together with its export markets shipping to worldwide.

The Group’s shareholders are AG Anadolu Grubu Holding A.Ş. and AB InBev Harmony Limited with the shares of 43.05% and 24.0%, respectively. Anadolu Efes (AEFES) is traded in Borsa Istanbul with the 32.95% free float rate.

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

Strengths

- Remaining low level of financial risk indicators through stable internal equity generation,
- Predictable cash flow generation thanks to beer and soft-drink operations,
- Maintaining of the robust profitability indicators,
- Solid cash conversion cycle and liquidity ratios,
- Diversification of geography across the world and widened product diversity providing income stream and competitive advantages,
- Being the market leader in all beer operations and in some soft-drink operations,
- Strong partnership structure and high level of corporate governance strengthening market position.

Constraints

- Despite being the market leader, slowdown in market share of beer operations and consumption of alcoholic beverages in Turkish market,
- Diversified currency revenues leading mismatch due to USD based debt structure,
- Global economic slowdown exacerbated by Covid-19 pandemic.

Considering the aforementioned points, the Group’s the Long-Term National Rating has been assigned as ‘**AAA (Trk)**’. Considering strong operational performance, widened income stream, valuable asset structure via its subsidiaries, manageable debt profile, sales growth rates and free cash flow generation; the Group’s outlook for Long and Short-Term National ratings has been determined as “**Stable**”. The macroeconomic indicators at national and international markets, as well as, market conditions and possible negative effects of Covid-19 pandemic about the sector will be continued to be monitored.

The Sponsor Support notes and associated risk assessments reflect the financial and non-financial positions of Anadolu Group, the controlling shareholder of the Anadolu Efes. It is assumed that the stated shareholders remain committed to the Group’s mission and maintenance of operational activity and should be able to provide long-term liquidity and equity if such a need arise. In this regard, the Group’s Sponsor Support Grade has been assigned as “**1**”, which denotes the highest level of external support.

The Stand-Alone note is formed depending on the Group’s operational efficiency, sufficient knowledge and market share. It is assumed that Anadolu Efes has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support, provided that the Group continues to have their existing customers’ positions and economic conjunctures are not further deteriorated. In this respect, the Stand-alone rating of Anadolu Efes has been assigned as (**A**) which signifies “the highest level” in JCR Eurasia Rating notation system.