

## Corporate Credit Rating

New  Update

**Sector:** Food

**Publishing Date:** 25/11/2021

**Chief Analyst**

Özgür Fuad Engin, CFA

+90 212 352 56 73

[ozgur.engin@jcrer.com.tr](mailto:ozgur.engin@jcrer.com.tr)

**Assistant Analyst**

İsa Yılmaz

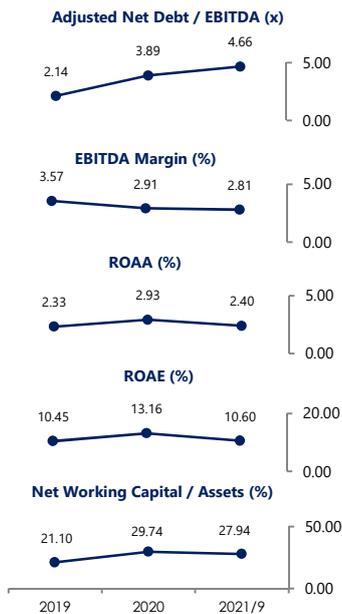
+90 212 352 56 73

[isa.yilmaz@jcrer.com.tr](mailto:isa.yilmaz@jcrer.com.tr)

### RATINGS

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

\*Assigned by JCR on May 31, 2021



## Ulusoy Un Sanayi ve Ticaret A.Ş. and Its Subsidiaries

JCR Eurasia Rating, evaluated “Ulusoy Un Sanayi ve Ticaret A.Ş.” in the investment-level category and assigned the Long-Term National Note at ‘A (Trk)’ and the Short-Term National Note at ‘A-1 (Trk)’ with ‘Stable’ outlooks. The Long Term International Foreign and Local Currency ratings and outlooks were also assigned at ‘BB/Stable’ above the sovereign ratings’ and outlooks’ of the Republic of Turkey.

Ulusoy Un Sanayi ve Ticaret Anonim Şirketi (referred to as “The Company” or “Ulusoy Un”) was established in 1989 to manufacture, trade, import and export all kinds of foodstuffs such as flour, semolina, pasta and biscuits made of cereals and pulses. The main activity of Ulusoy Un is the production, trade of wheat flour, bran and other feed raw materials, domestic and foreign sales, as well as domestic and international trade of various cereals, especially wheat. The company has three factories with a total wheat processing capacity of 2100 tons/day, including 1700 tons/day in Samsun and 400 tons /day in Çorlu, as well as silos, warehouses and free zone warehouses with a grain storage capacity of 300,000 tons. Ulusoy Un started exporting in 1995 and has exported flour to 92 countries to date. In 2020, it realized 6% of the sector’s exports in Turkey. There are 4 subsidiaries within the Group. Licensed warehousing activities and sales channels are managed with these companies, of which Ulusoy Un is the sole shareholder. The Company generated TRY 7,119 bn of sales revenue in Last Twelve Months, indicating 63.9% YoY growth as of 3Q2021. The company ranked 345th in Turkey’s Top 500 Industrial Enterprises in 2020.

Ulusoy Un is managed by members of the Ulusoy Family. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 2014.

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

Strengths	Constraints
<ul style="list-style-type: none"> <li>Established track record with a solid export profile and sustainability in revenue and EBITDA generation capacity mainly triggered by international sales</li> <li>Operating with robust net working capital supporting the Company’s liquidity position</li> <li>Effective risk management and supported asset quality derived from receivable insurance policies</li> <li>As a publicly traded company, compliance with Corporate Governance Practices</li> </ul>	<ul style="list-style-type: none"> <li>Negative cash flow metrics indicating funding need for operational cycle</li> <li>Relative high debt level and short maturity profile of financial liabilities</li> <li>Pressure on profitability ratios due to increasing financing costs largely due foreign exchange translation expenses</li> <li>Ongoing uncertainties arising from the global pandemic and Covid-19 outbreak’s unprecedented damage on the national and global economy</li> </ul>

Considering the aforementioned points, the Company’s the Long-Term National Rating has been assigned as ‘A+ (Trk)’. Company’s established market position, financial policy and ease of access to financing, shareholder structure & financing capabilities, global macroeconomic conditions and being recognized in the sector 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’. JCR Eurasia Rating will continue to monitor the developments regarding the macro conditions, progress on the current investments and profit margins.

The Sponsor Support notes and risk assessments in this regard reflect the financial and non-financial positions and expected assistance by controlling shareholder within the shareholding structure of the Company. The financial strength and expected support of the Company’s shareholders lay the foundation Ulusoy Un’s Sponsor Support assessment. The willingness and financial strength of the Company’s owners to provide operational and financial assistance have been assessed with respect to the financial capabilities of the shareholders, Ulusoy family. The shareholders are thought to be willing to deliver support to the Company should such a need arise. The Company’s Sponsor Support Grade has been assigned as ‘2’. This grade signifies a strong support to the Company.

The Stand Alone Note of the Company has been constituted particularly with respect to the Company’s reputable brand name, risk management practices, growth rates, capability to access financial sources, development of market, operational condition risk and know-how level. JCR Eurasia Rating has determined that the Company has reached sufficient knowledge, experience and accumulation of infrastructure to manage risk incurred in the balance sheet without shareholder support. In this respect, the Stand-Alone rating of the Company has been assigned as (AB) in JCR Eurasia Rating notation system, which signifies a strong company, good management, operating environment and future expectations.