

Corporate Credit Rating

New Update

Sector: FMCG (Food) & Energy
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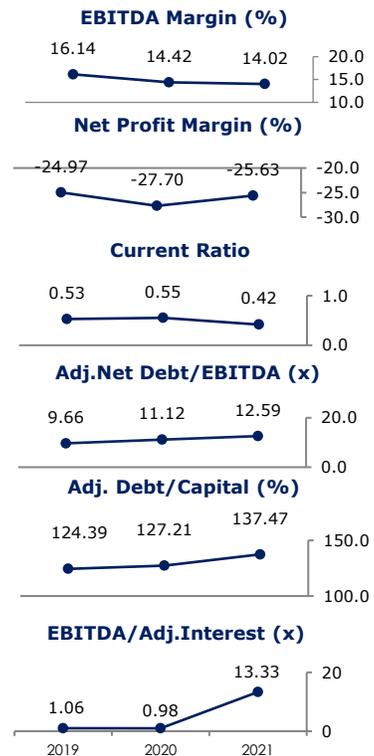
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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB- (tr)	J4 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	B	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	B	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



Anadolu Birlik Holding A.Ş.

JCR Eurasia Rating has evaluated the "Anadolu Birlik Holding A.Ş." in speculative-grade category and affirmed the Long-Term National Issuer Credit Rating as 'BB- (tr)' and assigned the Short-Term National Issuer Credit Rating as 'J4 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as 'B/Negative'.

Anadolu Birlik Holding A.Ş. (hereinafter referred to as "ABH" or "the Group") has its roots Konya Şeker Factory, whose foundations were laid by Konya Beet Planters Cooperative in the 1950s. ABH was established in 2008 as a roof company of the institutions, formed by horizontal and vertical growth of Konya Şeker in the recent years after its foundation. The main shareholder of ABH with the share of 64% is Konya Pancar Ekicileri Kooperatifi, one of the largest co-ops in Turkey.

ABH is responsible to manage the its subsidiaries. The Group has operations in different sectors such as the manufacturing of energy, sugar, milk & meat products, chocolate, cake, biscuits, fresh & frozen foods, fresh beverages, sunflower oil, seeds, sapling, fodder, bioethanol and livestock breeding. The Group holds the well-known brand "Torku" in packaged food products with a wide and diverse product portfolio. The Group maintains its operations by an average staff force of 7,255 employees as of FYE2021.

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

Strengths

- Maintaining of revenue and EBITDA generation capacity with its subsidiaries,
- Strong market position with "Torku" brand and sizable & diversified products,
- Powered by its agricultural cooperative model with links to thousands of farmers,
- High collection capability thanks to diversified sectors and wide customer portfolio,
- Long track record in the sector enabling economies of scale and scope.

Constraints

- High level of financial leverage pressuring the current financial structure,
- Notable negative equity structure mainly stemming from consecutive losses,
- Remarkable FX short position and interest expenses pressuring profitability due to USD weighted financial debt structure,
- Low level of cash flow metrics and short-term financial debt structure pressuring liquidity management,
- Cost pressure due to increases in input costs in the sectors in which the Group operates,
- Competition in the domestic/global FMCG (Fast moving consumer goods) industry.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been affirmed as 'BB- (tr)'. Taking into account the Group's long business track record, fund generation capacity, brand recognition, sustainable of asset and sales growth, experienced and qualified management team, being one of the largest players in the sugar manufacturing sector, as well as, Russia-Ukraine crisis and geopolitical risks-driven uncertainties; 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'. An achievement of budget targets of the Group, debt ratio, profit margins and regulations, as well as market conditions regarding the sector 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.