

## Corporate Credit Rating

New  Update

**Sector:** Food & Energy Industry

**Publishing Date:** 29.09.2023

**Team Leader**

Muhammet Başar

+90 212 352 56 73

[muhammet.basar@jcrer.com.tr](mailto:muhammet.basar@jcrer.com.tr)

**Analyst**

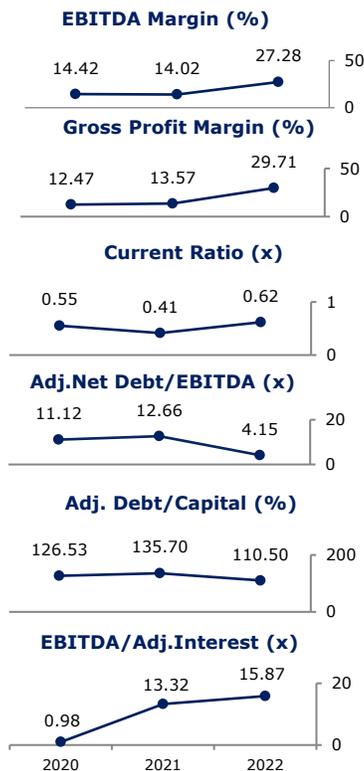
Muhammed Recep Durupinar

+90 212 352 56 73

[recep.durupinar@jcrer.com.tr](mailto:recep.durupinar@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BB (tr)	J3 (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 BİRLİK HOLDİNG ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Anadolu Birlik Holding Anonim Şirketi" in the speculative grade category and upgraded the Long-Term National Issuer Credit Rating from 'B (tr)' to 'BB (tr)' and assigned the Short-Term National Issuer Credit Rating at 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned at 'B+/Negative'.

**Anadolu Birlik Holding Anonim Şirketi** (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 Türkiye.

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 6,825 employees as of FYE2022 (FYE2021: 7,255).

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

### Strengths

- The expectation of improvement in debt payment capacity thanks to financial restructuring and converting financial borrowing into TRY,
- Improvement in revenue, core profitability margins and cash flow metrics in FY2022,
- 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

- Continuing relatively high leverage ratios despite improvement,
- High financing expenses, derived from continuing debt burden, mainly stemming from unrealized FX losses pressuring bottom line results in FY2022,
- Inadequate liquidity structure with continued net working capital deterioration,
- Continued sizeable negative equity due to previous year's loss,
- Cost pressure due to increases in input costs in the food industry,
- Competition in the domestic/global FMCG industry.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been upgraded from 'B (tr)' to '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; 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 also be monitored.