

Corporate Credit Rating

New Update

Sector: Holding

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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	Stable	-
	International LC ICR	B+	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

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 revised the Long-Term National Issuer Credit Rating to 'BB+ (tr)' from 'BB (tr)' and affirmed 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 are determined at 'B+/Stable'.

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 Pancar Ekicileri Kooperatifi 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 6,772 employees as of FYE2023.

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

Strengths

- Long-term profile of financial debt and payment capacity in line with cash flow thanks to financial restructuring,
- 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 leverage indicators and debt burden limiting maneuvering capability,
- High financing expenses, derived from continuing debt burden, mainly stemming from unrealized FX losses pressuring bottom line results in FY2023,
- Previous year's losses pressuring on equity and high non-cash contribution of revaluation gains from paid in capital to growth in equity,
- Cost pressure due to increases in input costs in the food industry,
- Competition in the domestic/global FMCG industry,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been revised to 'BB+ (tr)' from '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, debt burden, high level of financing expenses; 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.

