

Corporate Credit Rating

New Update

Sector: Food Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Altıncılık Gıda ve Süt Sanayi Ticaret A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Altıncılık Gıda ve Süt Sanayi Ticaret A.Ş." in the investment grade category, assigned the Long-Term National Issuer Credit Rating as 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable', in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Altıncılık Gıda ve Süt Sanayi Ticaret A.Ş." (hereinafter referred to as "Altıncılık" or "the Group") was established on November 21, 1996 in İstanbul, Türkiye. Altıncılık changed its status from a limited company to a joint stock company and its trade name was became the current form as of October 18, 2011. The Group is currently engaged production, marketing and sale of dairy products.

As of the reporting date, Altıncılık has 6 subsidiaries with the trade names "Kefir Süt Sanayi ve Ticaret Ltd. Şti." ("Kefir Süt"), "Altıncılık Zeytin Zeytinyağı ve Gıda Sanayi ve Ticaret A.Ş." ("Altıncılık Zeytin"), "İmfo Depolama ve Lojistik Ticaret A.Ş." ("İmfo Depolama"), İşbilen Plastik ve Ambalaj Paz. San. Tic. A.Ş." ("İşbilen Plastik"), "Saraç Pazarlama ve Gıda Ürünleri Ticaret Ltd. Şti." ("Saraç Pazarlama") and "Besar Toptan Gıda Pazarlama ve San. Tic. Ltd. Şti." ("Beşar").

The Group's shares were publicly offered on May 29, 2024. As of reporting date, the shareholders of Altıncılık were Mehmet Ali Altıncılık with 34.87% share, Kemal Altıncılık with 31.39% share and other 3.5% share. 30.24% of shares are traded on the Borsa İstanbul (BIST) with the ticker symbol of "ALKLC".

The Group has a total of 269 employees, as of 1Q2024 (FYE2023: 257).

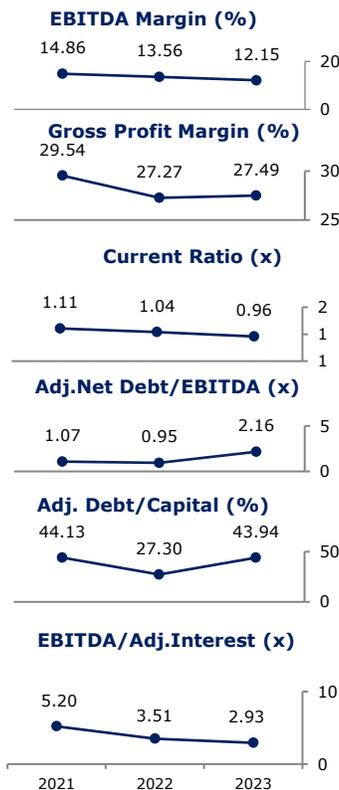
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Sustainable improvement in sales performance supported by volume growth over the examined period,
- Maintenance of EBITDA generation capacity and other profitability indicators in the analyzed period,
- Reasonable net debt to EBITDA multiplier in the analyzed period despite increase in FYE2023,
- Operating in the food industry where demand elasticity is relatively low,
- Expected improvement in compliance with corporate governance principles thanks to the public offering process,
- Long-lasting presence in the sector.

Constraints

- High level of operating ratio pressuring efficiency indicators in the analyzed period,
- Net working capital deficit compelling liquidity management in FYE2023 though expected to mitigate through IPO process,
- Low and decreasing level of interest coverage ratios over the years,
- Volatility in the production costs may put pressure on profit margins,
- Intense competitive environment in the food 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 Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. Consistent sales and EBITDA performance, reasonable financial leverage and long-lasting presence in the sector as well as efficiency indicators, low level of interest coverage ratios and slowdown signal in the global economy 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'. The Group's debt and equity level, liquidity and profitability indicators will be closely monitored by JCR Eurasia Rating in the 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.