

Corporate Credit Rating

New Update

Sector: Alcoholic Beverages & Tobacco Industry

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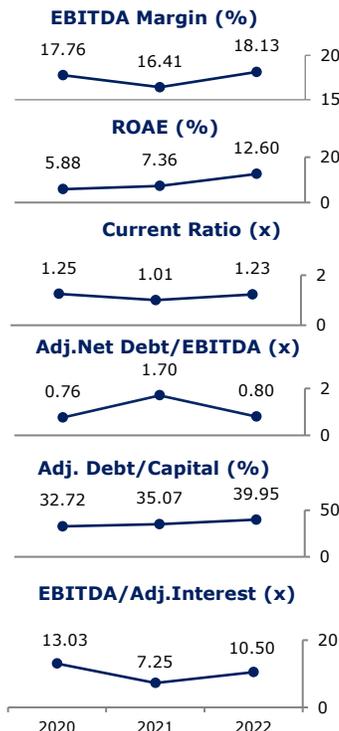
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB+	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



Anadolu Efes Biracılık ve Malt Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Anadolu Efes Biracılık ve Malt Sanayi A.Ş." in the highest investment level category, affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been affirmed at 'BB+' due to macroeconomic uncertainties in the Group's largest markets of Russia and Türkiye with 'Stable' outlooks.

Anadolu Efes Biracılık ve Malt Sanayi A.Ş. (hereinafter "the Group" or "Anadolu Efes") was established in 1969 with two breweries including Istanbul and Izmir in Türkiye for the beer operations. The Group has become a key player at short notice in the domestic beer market. The Group has totally 21 breweries which includes 3 in Türkiye, 11 in Russia, the rest of them in different countries. Anadolu Efes is operating as one of the most important players in its region with 21 breweries, 5 malteries, 1 hops processing facility and 1 preform plant in 6 countries, and 30 bottling plants in 11 countries, including Türkiye among others.

The Group exports its products to more than 70 countries in line with more than two-thirds of its net sales to international markets. According to the Group management figures, Anadolu Efes ranked 5th and 9th in Europe and the World in terms of the largest brewer by production volume, respectively. The Group has included beer and soft drinks brands to its product portfolio and operates in a wide geographic region together with its export markets shipping to worldwide.

As of 1H2023, the Group's shareholders are AG Anadolu Grubu Holding A.Ş. and AB InBev Harmony Limited with the shares of 43.05% and 24.00%, respectively. Anadolu Efes (AEFES) is traded on the Borsa İstanbul (BIST) with a free float rate of 32.95%.

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

Strengths

- Maintaining low level of financial leverage indicators over the analysed period,
- Credible and well-established businesses supporting sustainable cash flow generation,
- Robust profitability indicators providing internal equity generation thanks to price adjustments mainly in beer operations,
- Solid cash conversion cycle and liquidity metrics,
- Diversification of geography across the World and widened product portfolio providing balanced income stream,
- Competitive advantages thanks to being the market leader in all beer operations excluding Ukraine and in some soft-drink operations,
- Strong partnership structure and improved transparency with regard to corporate governance compliance.

Constraints

- High level of operating expenses to net sales ratio despite decreasing trend,
- Diversified currency revenues leading mismatch due to USD dominated debt structure,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned factors, the Group's the Long-Term National Rating has been affirmed at 'AAA (tr)'. The Group's strong operational performance and income stream, valuable asset structure via its subsidiaries, manageable debt profile and cash flow generation capacity along with ongoing macroeconomic uncertainties in the Group's one of the largest markets of Russia and Türkiye have been evaluated as important 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.