

## Corporate Credit Rating

New  Update

**Sector:** Food Industry/Hazelnut

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| R A T I N G S                        |                               | Long Term   | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile)  | National ICR                  | BBB-(tr)    | J3 (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

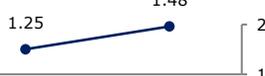
### EBITDA Margin (%)



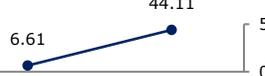
### Operating Ratio (%)



### Current Ratio (x)



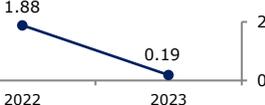
### Adj.Net Debt/EBITDA (x)



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



## Arslantürk Tarım Ürünleri Sanayi İhracat ve İthalat A.Ş.

JCR Eurasia Rating, has evaluated "Arslantürk Tarım Ürünleri Sanayi İhracat ve İthalat A.Ş." in the investment grade category and affirmed the Long-Term National Issuer Credit Rating at 'BBB- (tr)' and 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 as 'BB-/Stable' according to JCR-ER's national-global mapping methodology.

**Arslantürk Tarım Ürünleri Sanayi İhracat ve İthalat A.Ş.** (Hereinafter referred to as 'Arslantürk Tarım' or 'the Company') was established in 1997 in Araklı province of Trabzon. The Company takes part in both the domestic and export markets by making the hazelnuts purchased from the Black Sea Region ready for sale in its crushing and processing facilities in Trabzon. These two facilities are built on a total of 19,814 m<sup>2</sup> of land and have an indoor area of 17,057 m<sup>2</sup> with 25,000 tons annual production capacity. Among the products offered for sale are various sizes of roasted/blanched hazelnuts, shelled hazelnuts, hazelnut shells and hazelnut paste. Besides, by joining the Rainforest Alliance program in 2014, it expanded its certified product range and produces with more than 1,500 Organic & Rainforest Alliance certified farmers. The Company's shareholding structure is composed of family members, with Sebahattin Arslantürk, Selahattin Arslantürk, Sait Arslantürk, and Mustafa Arslantürk each holding a 20% ownership shares. As of the report date, the remaining 20% of shares, previously held by the late İsmail Arslantürk, has been distributed to his heirs in accordance with inheritance shares. The Company employed a staff force of 222 in average in FY2023 (FY2022: 264).

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

### Strengths

- Substantial inventory size with high liquidity potential thanks to the market demand
- Natural hedging opportunity to a certain extent against FX liabilities through export sales
- Ease of access to high quality products, owing to Türkiye's highest hazelnut production in the world
- Proven history and experience in the hazelnut sector

### Constraints

- Limited profitability margins due to the intense competition in the hazelnut market and low value-added products despite modest growth in sales revenues
- Compelling interest coverage metrics in addition to the high financial leverage ratios in the analyzed years
- Relatively low equity contribution compared to the growing total assets mainly arising from increasing inventory size as of FYE2023, despite paid-in capital increase in December 2024
- Susceptible to the inherent volatility in yield, and prices within the hazelnut market as a result of climate conditions and external factors
- Improvement needs in the corporate governance practices framework
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'BBB- (tr)'. The Company's significant inventory size with quick convertibility into cash thanks to the market demand of the hazelnuts, natural hedging opportunity thanks to the export sales, advantageous standing related to the accessibility to the high-quality products and long-lasting track record in the business despite constricted profitability indicators due to the competition in the market, high financial leverage ratios along with low interest coverage profile, relatively low equity contribution within, volatility in hazelnut market and other global downsides 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 Company's revenue and profitability performance, cash flows, indebtedness and liquidity level will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national, as well as market conditions and legal framework about the sector will be monitored as well.