

Corporate Credit Rating

New Update

Sector: Food Products Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (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 (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

ATAKEY PATATES GIDA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Atakey Patates Gıda Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'AA- (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (tr)' to 'J1+ (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' as parallel to international ratings and outlooks of Republic of Türkiye.

Atakey Patates Gıda Sanayi ve Ticaret A.Ş. ('Atakey Patates', or 'the Company') was established on September 21, 2012. As of 28 June 2019, TFI Tab Gıda Yatırımları AŞ. ('TFI' or 'the Group'), acquired the shares from Özgörkey Gıda Ürünleri Sanayi ve Ticaret AŞ for USD 12.5mn and became the main controlling party of the Company. The Company supplies frozen fried potatoes to TFI's restaurants, its associated organizations operating in China and third parties. The Company is engaged in the production of all kinds of potatoes, the supply of raw and auxiliary materials, the selection of seeds and their manufacture, export, import, purchase, wholesale and retail sale, marketing, distribution and management. The facility, in which the Company operates its production activities, was established on a total of 74,000 sqm of closed area on 156,000 sqm of land in Afyonkarahisar with a production capacity of 91.8mn tons per year. As of 30 September 2024, the average number of personnel employed during the year is 219 (31 December 2023: 229).

Atakey Patates's shares started to be traded on the Istanbul Stock Exchange (BIST) with the ticker of 'ATAKP' on July 27, 2023. After the public offering of Atakey Patates, the capital share has changed and the share of TFI Tab Gıda has decreased from 100% to 79.70% and 20.03% of the shares have been publicly listed.

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

Strengths

- Cash surplus position with the increase in cash and cash equivalents following the funds obtained from public offering in FYE2023,
- Steadily growing sales and production volumes in reviewed periods, albeit TRY-based decline in 3Q2024 due to inflation accounting,
- Satisfactory equity contribution despite low level of paid-in capital compared to asset size as of reviewed periods,
- Improved net working capital and satisfactory cash flow metrics,
- Favorable interest coverage ratios as of reviewed periods,
- Despite a slight increase, satisfactory operating ratio underpinning the efficiency,
- Compliance with corporate governance practices as a publicly traded company.

Constraints

- Contraction of profit margins in 2023 and 3Q2024,
- Disadvantages of dependence on a single agricultural product, sector and intra-group sales in some extent,
- Business model that requiring high inventory levels leading to an extended cash conversion cycle,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'A- (tr)' to 'AA- (tr)'. The Company's established market position, shareholder structure, financing capabilities, improvement in leverage metrics, and recognition in the sector as well as global macroeconomic conditions and diminishing profit margins have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Rating have been affirmed as 'Stable'. The Company's cash flow metrics, inventory level, equity structure, profitability metrics, fulfilments of covenants related to loans and indebtedness structure 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 be monitored as well.

EBITDA Margin (%)

29.21 25.73

Current Ratio (x)

1.24 2.42

Adj.Net Debt/EBITDA (x)

1.22 CS

Adj. Debt/Capital (%)

36.98 17.11

EBITDA/Adj.Interest (x)

7.60 6.92

2022 2023
 CS: Cash Surplus