

Corporate Credit Rating

New Update

Sector: Hazelnut

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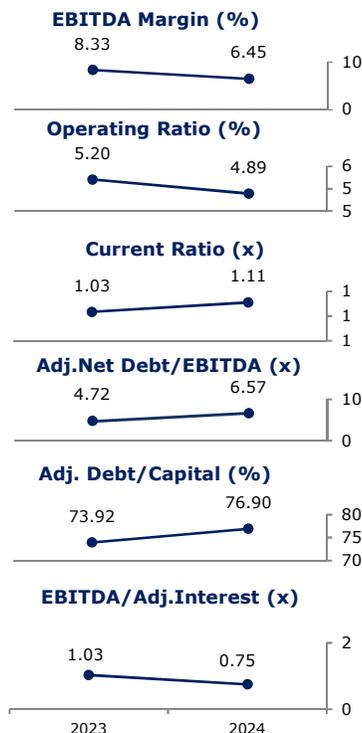
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A-(tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	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



BALSU GIDA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated **Balsu Gıda Sanayi ve Ticaret A.Ş.** in the investment-grade category with high credit quality and affirmed the Long-Term and Short-Term National Issuer Credit Rating as '**A-(tr)**' and '**J2 (tr)**' with '**Stable**' outlooks, respectively. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings have been affirmed as '**BB**' with '**Stable**' outlooks according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

Balsu Gıda Sanayi ve Ticaret A.Ş., (hereinafter referred to as 'Balsu Gıda' or 'the Company' or 'the Group') was established in 2001 in İstanbul under the name of Balsu Çikolata Gıda San. ve Tic. A.Ş., and in 2015 the Company has changed the name to Balsu Gıda Sanayi ve Ticaret A.Ş. while the history of the Group dates back to the 1980s. The Company's main activity is to process of hazelnut and trading of raw, blanched, roasted, diced, sliced, hazelnut meal and paste. Balsu Gıda is headquartered in İstanbul, Türkiye; however, its operations are carried out in facilities located in Sakarya and Ordu which were founded on an area of 106,455 square meters in total. Currently, annual hazelnut cracking capacities are 62,424 tonnes and 11,016 tonnes, respectively. In addition, the Sakarya plant is also engaged in hazelnut processing activities.

Balsu Gıda, is one of the leading hazelnut processor and exporter, has a global customer portfolio, mainly including producers in European market with notable track records as premium suppliers. The Company is wholesaler to several well-known global confectionary & chocolate leaders procuring hazelnut products. The Company was ranked as 218th largest manufacturer in the list of Türkiye's Top 500 Industrial Enterprises (İSO 500) in FY2023 (329th in 2022), concerning sales revenues generated from production figures, compiled annually by the Istanbul Chamber of Industry (İSO). In 2023, Balsu Gıda was ranked 153rd largest exporter company of Türkiye in the annual Top 1000 Exporter Companies list compiled by TIM -Turkish Exporters Assembly (154th in 2022). In the same list, the Company was also ranked as the 2nd largest exporter company of the Hazelnut and Products Industry in Türkiye for the last three years.

As of FYE2024, based on audited financial statements, the paid in capital of Balsu Gıda amounted to TRY 1bn (FYE2023: TRY 56.58mn) and was increased to TRY 1,112mn in February 2025 through the issuance of additional shares as part of IPO, with 278mn shares offered to the public. As of reporting date, the Company's controlling shareholder is CZ Holding A.Ş. ('CZ Holding'), a subsidiary of CZD Holding A.Ş. ('CZD Holding'), holding a 75% stake. The remaining 25% of shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "**BALSU**" since February 20, 2025. CZD Holding, which is owned by Zapsu family members, holds 90% of CZ Holding. The Company's headquarter and registered address is in İstanbul, while productions are carried out in Sakarya & Ordu provinces, and the sales offices are located in İstanbul, Oregon-USA, Munich-Germany, Hong Kong-China and La Florida & Pelarco - Chile. As of FYE2024, the Balsu Gıda sustains its operations with a workforce of 441 (FYE2023: 354).

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

Strengths

- Sales volume growth in FY2024 led to increase in revenue in both TRY and USD terms
- Net exporter status and solid export volume in FY2024, provides natural hedging opportunities
- Expected strengthening of equity base through the Initial Public Offering (IPO) proceeds realized in February 2025
- Exim insurance on receivables and commodity insurance on inventory support asset quality despite the customer concentration to certain extent through a portfolio of globally well-known clients
- Benefiting from government grants and project-based investment incentives supported by initiatives in the field of sustainability
- Ability to reach alternative funding sources and improvement in compliance with corporate governance practices, owing to listed status
- Long operational history and solid position in domestic market, with further expansion through global investments including international sales offices

Constraints

- Increase in financial debt and deterioration in the leverage and coverage ratios, even after adjusting for FX impact in FY2024 due to working capital and CapEx requirements
- Decline in profitability driven by rising input costs and OpEx
- High dependency on crop yields and climatic conditions combined with intense industry competition, including from multinational players, and sales mix may limit pricing power and put pressure on margins
- 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, Balsu Gıda's Long-Term National Issuer Credit Rating has been affirmed as '**A-(tr)**'. The Group's growth in sales volume and revenues, natural hedging opportunities, improved equity level through IPO, low collection risk, as well as the increasing trend of financial indebtedness and macroeconomic indicators in domestic and international markets, and global interest rate cycle, 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 growth in terms of sales volume, equity structure, liquidity position, profitability, debt structure and developments in the economy along with actions for a global soft landing gaining prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty are the main factors that will be closely monitored by JCR Eurasia Rating in the coming periods. The macroeconomic indicators at national and international markets, as well as the market conditions and the legal framework of the sector will also be monitored.