

Corporate Credit Rating

New Update

Sector: Farming and Agriculture

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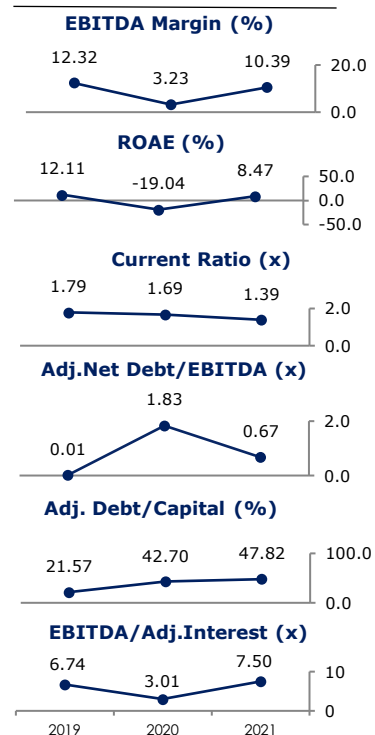
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RATINGS

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

* Assigned by JCR on August 18, 2022



BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated the "Banvit Bandırma Vitaminli Yem Sanayi A.Ş." in investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'AA-(tr)' with 'Negative' outlook and the Short-Term National Issuer Credit Rating at 'J1+(tr)' with 'Stable' outlook. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Banvit Bandırma Vitaminli Yem Sanayi A.Ş. (hereinafter referred to as "the Company", "the Group" or "Banvit") was established in 1968 in Bandırma/ Balıkesir. Main field of the Group consists of production slaughter, sale and marketing of feed, day-old broiler chickens, live chickens, chicken meat and further processing products, and turkey pups, turkey meat.

Banvit was listed on Borsa Istanbul in 1992. The Company's main ultimate controlling shareholder is TBQ Foods GmbH with 91.71% share. As of 3Q2022, the number of employees of the Company is 5,058 (FYE2021: 5,188).

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

Strengths

- Asset quality supported by low level of doubtful receivables,
- Positive net working capital and adequate level of current ratio, despite the decline in the ratio of net working capital to total assets as of 3Q2022,
- Studies carried out within the scope of sustainability,
- Continuation of being among the first 1000 exporters and top 500 Industrial Organizations of Türkiye contributing to the brand value,
- Long-lasting experience, significant market influence and successful track-record in the industry,
- High level of compliance with the corporate governance practices as a publicly listed company.

Constraints

- Significant deterioration in profitability indicators in 3Q2022,
- Negative FOCF, mainly arising from the acquisition of biological assets, creating an external funding need for the operational cycle,
- Notable increase in short-term financial liabilities as of 3Q2022 and expected increase in net debt-to-EBITDA multiplier as of FYE2022,
- Sizeable non-cash contribution of revaluation gains and currency translation difference in equity,
- High financing expenses arising from mainly interest expenses and foreign exchange losses pressuring net profit in 3Q2022,
- Short FX position mainly derived from foreign currency dominated trade payables,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points together the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA-(tr)'. Banvit's asset quality, positive net working capital, significant market share, increase in short-term debt pressure, deterioration in profitability indicators in 3Q2022, significant deterioration expected in leverage ratios in 2022 have been evaluated as important indicators for ratings and the outlook for Long-Term National Issuer Credit Rating is determined as 'Negative' and Short-Term National Issuer Credit Rating is determined as 'Stable'. The Company's growth strategy, profitability indicators, level of indebtedness, leverage ratios and asset quality 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.