

Corporate Credit Rating

New Update

Sector: Food

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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	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
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 31, 2021

Dardanel Önentaş Gıda Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Dardanel Önentaş Gıda Sanayi A.Ş." and assigned the Long-Term National Issuer Credit Rating as 'A- (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (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', same as country ceiling.

Dardanel Önentaş Gıda Sanayi A.Ş. (hereinafter referred to as 'Dardanel', or 'the Group'), was established in 1984, manufactures cooked and packed fish products including tuna, sardine, anchovy, mackerel, and salmon fish products, as well as canned sweet corn and tomato paste in its factories located in Turkey.

Dardanel's products are marketed domestically and internationally, under the Dardanel brand. The Group has 5 subsidiaries including "Dardanel Dağıtım A.Ş.", "Çanakkale Dardanel Spor Kulübü A.Ş.", "Ton Radyo Televizyon ve Yayıncılık A.Ş.", "Dardanel Greece S.A" and "Dardanel Midye Üretim A.Ş." as of 1Q2022.

The ultimate shareholder with 68.60% of the Group's shares is Niyazi Önen Holding A.Ş. and 31.40% of Dardanel shares are publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "DARDL" and has been on the BIST stars market since April, 2021.

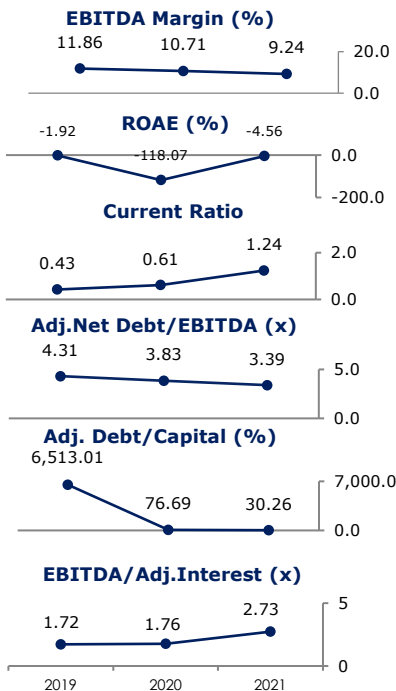
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Stable expansion of operational volume over the period supported via domestic and export sales figures,
- Low per capita consumption of canned sea food in Turkey promising further growth opportunities in the medium and long-term,
- Maintaining a dominant market share position and brand reputation in the sector thanks to a low competitive environment,
- Increased sales force by diversifying its product range in all consumer segments with different brands,
- Contribution of paid-in capital increase in FY2021, though negative retained earnings limiting equity growth,
- The growth potential in Group's export level with its power to spread to different locations,
- Established brand reputation through 38 years presence in the sector.

Constraints

- Increase in short-term debt level limiting leverage metrics,
- Increasing cost of sales level and rising financing expenses dominated by FX losses exerting downward pressure on profitability,
- Dependence on imports for production and rising cost of raw material procurement,
- Inadequate hedging mechanism in order to mitigate foreign currency short position.



Considering the aforementioned factors, the Group's the Long-Term National Rating has been assigned as 'A- (Tr)'. The Group's long business track record, sustainable sales revenue, brand identity, further export potential, paid-in capital increase, along with increasing financial expenses, dependence on import for raw materials and ongoing macroeconomic uncertainties 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 debt and equity level, additional cash flows that will be generated by completed and ongoing investments, profitability indicators and expansion in export markets 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.