

Corporate Credit Rating

New Update

Sector: Food Products

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| RATINGS | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | BBB (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) | - |

* Affirmed by JCR on September 1, 2025

EBITDA Margin (%)

26.19 33.66

CFO Margin (%)

-35.39 -22.34

Current Ratio (x)

2.08 2.34

Adj.Net Debt/EBITDA (x)

1.22 2.40

Adj. Debt/Capital (%)

26.57 31.90

EBITDA/Adj.Interest (x)

1.79 9.14

2024 2025

DURUKAN ŞEKERLEME SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Durukan Şekerleme Sanayi ve Ticaret A.Ş." in the investment grade category and revised the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'BBB (tr)' and affirmed the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Issuer Credit Ratings were assigned as 'BB/Stable' in line with the sovereign ratings and outlooks of the Republic of Türkiye.

Durukan Şekerleme Sanayi ve Ticaret Anonim Şirketi ("Durukan Şekerleme" or "the Company") was established in 1987. In 1993, Durukan Şekerleme began focusing on lollipop production as the first category of its confectionery operations. The main operational areas of the Company include the manufacturing, marketing, and global distribution of a wide range of confectionery products. The Company became the exclusive supplier of the lollipop products under the Rocco brand, which is a PepsiCo-Frito Lay brand, following a special agreement made with PepsiCo-Frito Lay in 2003. Its portfolio includes hard candies like classic lollipops and bonbons, soft candies such as toffees and dragees, as well as liquid- and gum-filled sweets. The Company also produces sugar-free and organic lollipops, freeze-dried sour candies, spray liquids, and boutique chocolates. The Company is headquartered in Sincan, Ankara, and conducts all of its manufacturing activities at its wholly owned production facility located at the same location. The facility is situated on a land area of approximately 19,802 m² within the Sincan 1st Organized Industrial Zone and comprises around 31,000 m² of enclosed production space. As of March 31, 2026, the facility had a total annual production capacity of approximately 22,700 tons. In addition to its manufacturing operations in Ankara, the Company carries out its marketing and sales activities through its İstanbul branch. As of March 31, 2026, the Company employed a total of 325 personnel. The Company initiated its initial public offering (IPO) process in 2024 and commenced trading on Borsa İstanbul in September 2024 under the ticker symbol "DURKN". Following the IPO, 32.08% of the Company's shares became publicly traded. The remaining shares are held by the Durukan family.

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

Strengths

- Strong equity base supported by capital adjustment differences and share premiums,
- Natural hedging opportunities to a certain extent thanks to significant export revenues,
- Low level of doubtful receivables contributing to asset quality,
- Compliance with the corporate governance principles as a publicly traded company,
- Diversified product range available in various sales channels along with deep-rooted operating history.

Constraints

- Decline in revenue in FY2025 continuing with noteworthy contraction in 1Q2026,
- Notable deterioration in profit margins in 1Q2026, though operating with significant gross profit and EBITDA margins in FY2024 and FY2025,
- Increasing financial debt as of 1Q2026, following a moderate leverage profile as of FYE2025,
- Negative cash flow figures throughout the analyzed periods along with long cash conversion cycle,
- Significant inventory level heightening vulnerability to commodity price fluctuations,
- As actions for a global soft landing gain prominence, geopolitical risks and 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 revised from 'A- (tr)' to 'BBB (tr)'. The Company's equity level, export revenues, asset quality, corporate governance compliance level, product variety, sales channels, and track record along with sales and profitability performance in 1Q2026, financial liabilities, cash flow metrics, lengthy cash conversion cycle, and deterioration in local and global macroeconomic conditions have been evaluated as important indicators for the 'Stable' outlooks for the Long and Short-Term National Issuer Credit Ratings. The Company's sales, profit margins, leverage and coverage profile, liquidity and cash flow metrics, and input costs will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and the legal framework of the sector will be monitored.