

Corporate Credit Rating

New Update

Sector: Food Products

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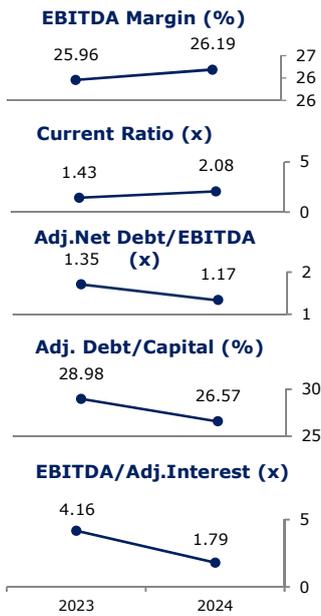
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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



DURUKAN ŞEKERLEME SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Durukan Şekerleme Sanayi ve Ticaret A.Ş." ("Durukan Şekerleme" or "the Company") in the investment grade category with high credit quality 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. 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 was established on June 26, 1987. In 1993, Durukan Şekerleme began focusing on lollipop production as the first category of its confectionery operations. The main operational areas of Durukan Şekerleme 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 has a total production capacity of 22,700 tons/year in its facilities with a closed area of approximately 31,000 m², built on a 19,802 m² land in Ankara, Sincan 1st OIZ. As of March 31, 2025, the Company's number of employees was 360.

The ownership of the Company is held by Durukan family. 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".

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

Strengths

- Favorable EBITDA margins in FY2023 and FY2024,
- Adequate leverage profile underpinned by modest level of net debt/EBITDA multiplier with the positive effect of gains from IPO in FY2024,
- Prominent share of export sales as a natural hedging mechanism to a certain extent,
- Satisfactory equity contribution in the funding structure,
- Net working capital surplus and favorable current ratio promoting liquidity metrics,
- Compatibility with the corporate governance practices,
- Low level of doubtful receivables,
- Deep-rooted operating history in the sector.

Constraints

- Decline in revenue and EBITDA generation in FY2024, continued in 3M2025,
- Negative cash flow from operations in FY2024,
- Deterioration in interest coverage metrics in FY2024, despite recovery in 3M2025,
- Long cash conversion cycle and significant inventory level heightening vulnerability to commodity price fluctuations,
- 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, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. The Company's satisfactory EBITDA margins, export sales acting as natural hedging mechanism, sufficient leverage profile, favorable equity contribution, and its long-standing presence in the industry as well as geopolitical risks-driven uncertainties and global tight financial 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 cost management capabilities 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.