

Corporate Credit Rating

New Update

Sector: Food Industry

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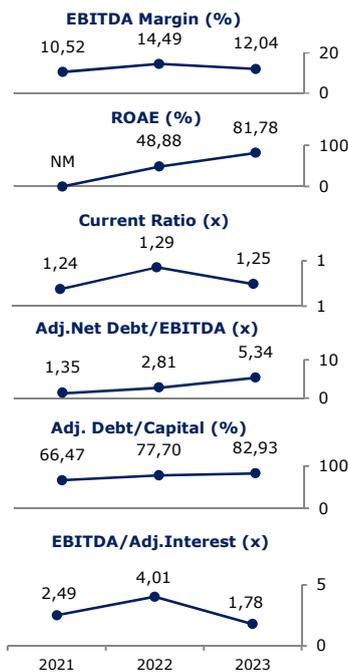
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 18, 2024.



EKOFOOD TARIM VE GIDA A.Ş.

JCR Eurasia Rating has evaluated "Ekofood Tarım ve Gıda A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'BBB (tr)' with 'Positive' outlook and the Short-Term National Issuer Credit Rating as 'J2 (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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Ekofood Tarım ve Gıda Anonim Şirketi (hereinafter referred to as "Ekofood" or "the Company") was established in 2010, operates its activities in Akhisar/Manisa. The main field of activity of the Company is production sun dried tomatoes, semi dried tomatoes and salted cherry pepper. Ekofood has also a R&D facility, therefore plans to produce vegan cheese, vegan sauces and chillipops in the coming years. The Company has an integrated production facility whose open area of 11,000 m² with 3,500 m² closed area and capacity of 17,500 tons/annually. Second production facility has become operational as of 2023 with the 5,000 m² open area. The Company procures tomatoes and peppers from its own rented lands and contractual farmers.

Ekofood was acquired by a Slovenian company named ETA Group, d.o.o. on July 3, 2024. The ultimate shareholder of the Company is ETA Group, d.o.o. with 100%.

The Company has staff force of 157 employees as of FYE2023 (FYE2022: 282).

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

Strengths

- Decreasing financial liabilities thanks to having cash injection in 2024 from new shareholder and expected improvement in leverage ratios for upcoming periods,
- Increasing EBITDA generation in analysed years, supported by sales volume,
- Natural hedge mechanism provided by export sales to a certain extent,
- High receivable collection capability driven by Exim Bank insurance for overseas sales,
- Recently completed investment is expected to support profitability,
- Engaging in food production sector whose elasticity in terms of demand is relatively low,
- Main shareholder, ETA Group, is operational strength and proven track record in various countries.

Constraints

- Widening gap between FX rate and inflation rate suppressing profit margins,
- Negative cash flow from operation causing external financial need for operational cycle,
- Competition in the dried food industry due to vast global and local producer companies,
- High level of climate effect dependency leads to exposure to volatile input prices due to nature of the business,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB (tr)'. The Company's business growth, significant share of export volume in total sales, EBITDA generation capability, assets quality, new shareholder structure, robust increase in paid-in capital, early payment cash loans through capital injection and recently completed new investment correspondingly anticipation for revenue have been evaluated as important indicators for the outlook of the ratings and the outlooks for Long-Term National Issuer Credit Ratings are determined as 'Positive'. The Company's activity 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.