

Corporate Credit Rating

New Update

Sector: Food Product Industry
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Team Leader

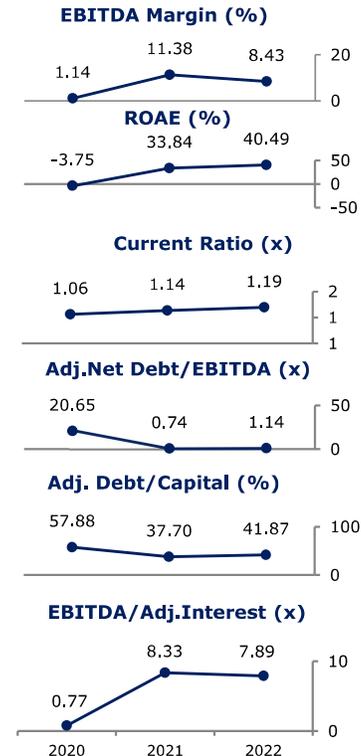
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



GEDİK TAVUKÇULUK VE TARIM ÜRÜNLERİ TİCARET SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Gedik Tavukçuluk ve Tarım Ürünleri Ticaret Sanayi A.Ş." in the investment-grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Gedik Tavukçuluk ve Tarım Ürünleri Ticaret Sanayi A.Ş. (hereinafter referred to as "Gedik Tavukçuluk" or "the Company") was established in 1993 in Uşak. The main field of the Company consists of feed stuff, day-old broiler chick and chicken production; chicken meat slaughtering, chicken meat and other delicatessen products marketing. Gedik Tavukçuluk has a feed production facility, two slaughterhouses, an incubation facility, a warehouse, a liaison office in Uşak/Eşme and small breeding facilities in seven different villages of Eşme. The Company is managed by Gedik Family and employed a total workforce of 3,041 as of FYE2022. (FYE2021: 2,706) In addition, Gedik Tavukçuluk was ranked as the 123rd (2022: 169th) largest manufacturer of Türkiye with respect to sales revenue generated from production figures in the annual list of 500 Largest Industrial Enterprises of Türkiye (ISO500) in 2023. It is stated by the Company that the market share of the Company is 8%, and it is 5th in the Türkiye poultry industry.

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

Strengths

- Substantial increase in EBITDA generation thanks to rise in prices in 2023 as per corporate tax return,
- Sustainable leverage and coverage metrics supported by augmentation in EBITDA and expected to maintain in 2023 financials,
- Reasonable equity level supported by increased paid-in capital via retained earnings in 2023 corporate tax return,
- Direct debit system in the use of dealers and chain market customer portfolio supporting asset quality and liquidity,
- Improvement in cash conversion cycle and working capital turnover ratio pointing efficiency,
- Expected gradual growth, following to completion of investments covering integrated facility and SPP,
- Long-lasting presence and know-how in the sector.

Constraints

- Absence of financial statements with independent auditor's report for FYE2023 limiting comprehensive analysis,
- Mainly currency indexed COGS and regulatory environment may put pressure on profit margins,
- Deterioration in cash flow metrics mainly owing to increase in inventories, trade receivables and CAPEX in FY2022,
- High competition in the poultry industry,
- Risk of poultry diseases as an inherent industry risk together with restricted possibilities for diversification,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

As of reporting date, the independent audit report for 2023 has not been finalized. Therefore, for the year 2023, the credit rating process is based predominantly on the Corporate Tax Return, other financial statements, Credit Centre data and trial balance.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. Taking into account, the Company's adequate leverage and coverage indicators, reasonable profitability margins, as well as pressure on profitability due to the currency indexed COGS, global economic slowdown signal have been evaluated as important indicators for the stability of the ratings and considering resilient EBITDA generation capacity as per 2023 corporate tax return, expected enhancement in leverage ratios despite the increase in indebtedness in 2023 financials, the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Positive' and Short-Term National Issuer Credit Rating is determined as 'Stable'. The Company's profitability performance, leverage metrics, efficiency indicators, equity structure and economic conditions in local and global environments are the priority issues to be 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 also be monitored.