

Corporate Credit Rating

New Update

Sector: Food Products Industry

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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	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Göknur Gıda Maddeleri Enerji İmalat İthalat İhracat Ticaret ve Sanayi A.Ş.

JCR Eurasia Rating, has evaluated 'Göknur Gıda Maddeleri Enerji İmalat İthalat İhracat Ticaret ve Sanayi A.Ş.' in the investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'A- (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed at 'BB/Negative', in parallel with the international ratings and outlook of the Republic of Türkiye.

Göknur Gıda Maddeleri Enerji İmalat İthalat İhracat Ticaret ve Sanayi A.Ş. (referred to as 'Göknur Gıda' or 'the Company' or 'the Group') was established in 1993 in Kayseri to engage in the production activities of non-alcoholic beverages and various foodstuffs from fruits. The Company produces clear and cloudy fruit juice concentrates, fruit purees/puree concentrates, fruit juices and frozen fruits by processing a wide range of organic and conventional fruits. The range of products manufactured by the Company consists of directly pressed water, deionized products, natural shell oils, natural fruit flavours, IQF frozen products, concentrated products, dried seeds, pureed concentrate, pureed products and fresh fruit. The Company operates in the sector with 'Drops', 'Get One', 'Absolutely' and 'Göknur Grain' brands. The Company produces in its facilities located in Niğde, Adana and Afyonkarahisar with daily fruit processing capacity of 7,200 tonnes. In addition, the Company has orchards (apple, peach, sour cherry, pomegranate, pear, quince and sweet cherry) with a total area of 10,000 decares in Afyonkarahisar, Niğde and Adana. The Company's facility, located in Mersin Free Zone and with a closed area of 12,000 m², has a daily capacity of processing 240 tons of fruit concentrate. The products produced in the Niğde, Adana and Afyonkarahisar facilities and the products supplied from abroad are reprocessed in Mersin Facility (mixing, filling and packaging) and is sold to 85 countries. On the other hand, the Group has two biogas power plants with a total installed capacity of 2.4 MW, and the fruit pulp obtained from the production facilities in Niğde and Afyonkarahisar is used in electricity generation.

The shareholders of the Company are Turkey Juice Company S.A.R.L. (54.01%), Aslanali Tarım A.Ş. (13.43%), Tjara Gg Gıda Yatırım A.Ş. (6.10%), Al Yasra Investment Company Limited (3.82%) and rest of the shares (22.64%) have been traded on Borsa İstanbul (BIST) since March, 2023. The controlling partner of Turkey Juice Company S.A.R.L., a Luxembourg-based SPV, is Venture Capital Bank.

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

Strengths

- Noteworthy increase in equity thanks to internal equity generation and public offering gains in 1H2023,
- Sufficient net working capital and moderate level of current ratio facilitating the liquidity management in 1H2023,
- Considerable level of export revenues ensuring a natural hedge and contributing to FX position in 2022 and 1H2023,
- Adequate level of coverage metrics over the analysed periods,
- Customer portfolio consisting of inter/nationally reputed brands, supporting receivables quality,
- Long-lasting presence in the sector and established production capacity,

Constraints

- Contraction in EBITDA generation and deterioration in profit margins due to the noteworthy increase in cost of sales in 1H2023,
- Although the slight recovery in short-term debt service capacity in 2022, still standing at an insufficient level,
- Negative CFO and FOCF due to working capital requirement in 1H2023
- High concentration in export side and severe competitive environment of the domestic and global FMCG industries,
- Exposure to risks such as climatic conditions and diseases in fresh fruit and vegetable production activities where seasonality is effective,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, while domestic restrictive financial conditions limiting access to finance,

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. Considering the low collection risk, strengthened equity structure, considerable level of export revenues, sufficient net working capital and reputable customer portfolio, satisfactory production capacity and product range as well as contraction in EBITDA generation, deterioration in profit margins, significant short-term debt service requirement, negative CFO and FOCF levels have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings has been affirmed at 'Stable'. The Company's indebtedness level, profitability figures, debt service capacity, efficiency of ongoing investment on production activities, production and sales volume, domestic and global market conditions and the possible impacts of the global macroeconomic policies on Türkiye's economy and its effects on the Company's activities are 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.

