

Corporate Credit Rating

New Update

Sector: Wholesale Trading
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (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

GRAINTURK HOLDİNG ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Grainturk Holding Anonim Şirketi" in the investment-level category and assigned the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating at to 'J1 (tr)' with 'Stable' outlooks. 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 sovereign ratings and outlooks of the Republic of Türkiye.

Grainturk Holding Anonim Şirketi ('Grainturk Holding' or 'the Company') was established in 2014, however, its history dated back to main shareholder's grain trading activities started in 1987. Grainturk Holding and its subsidiaries ('Grainturk Group' or 'the Group') are primarily engaged in wholesale agricultural product trade and also in licensed warehousing, fresh fruit production and cotton processing. The Group has a total storage capacity of 260,000 tons, with its 48 steel silos and horizontal warehouses built on an area of 118,000 m² in Hatay region.

Grainturk Holding's shares were offered to public in April, 2023 and the ratio of quoted shares is 20%. The main controlling shareholder is Murat İçcan with 67.2% shares as of September, 2024. The number of personnel employed within the Group as of September, 2024 is 115. (FYE2023: 116)

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

Strengths

- Following the adverse impact of earthquake disaster on operations in 2023, recovered profit margins according to 9M-2024 results,
- Satisfactory financial risk metrics in terms of leverage and coverage indicators in the examined periods,
- Strong equity level supported by profit retention policies and funds from initial public offering,
- Sufficient liquidity framework with positive net working capital,
- Ongoing and planned investments in various sectors providing revenue growth potential for upcoming periods,
- Compliance with corporate governance practices as a publicly traded company.

Constraints

- Decrease in both revenue and ton-based sales volume in 9M-2024,
- Negative free cash flow driven by long cash conversion cycle and high CapEx in the examined periods,
- Exposure to volatile commodity prices due to vulnerability of grain production to drought and extreme weather conditions as well as global supply and demand conditions,
- 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.

The Company's consolidated and audited financial statements include inflation adjustments. Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2023 for E2023 and 2022 as well as 30 September 2024 for 9M-2024 and 9M-2023.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned at 'A (tr)'. The Company's potential to grow its revenue with ongoing/planned investments as well as possible impact of high investment appetite on financial risk metrics have been evaluated as important indicators for the outlook and outlook of Long-Term National Issuer Credit Ratings is determined as 'Stable'. The Company's liquidity and leverage position, sales performance, debt figures and profitability indicators 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 legal framework about the sector will be monitored as well.

