

Corporate Credit Rating

New Update

Sector: Hazelnut Trade

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	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	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Gürsoy Tarımsal Ürünler Gıda Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Gürsoy Tarımsal Ürünler Gıda Sanayi ve Ticaret A.Ş." in the investment-grade category and revised the Long-Term National Issuer Credit Rating from 'BBB+ (tr)' to 'BBB (tr)' and affirmed the Short-Term National Issuer Credit Rating as 'J2 (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 international ratings and outlooks of Republic of Türkiye.

Gürsoy Tarımsal Ürünler Gıda Sanayi ve Ticaret A.Ş. (referred to as 'Gürsoy' or 'the Company') was established in Ordu in 1986 but its roots date back to 1933. The Company's field of activity is the production and trade of hazelnuts and hazelnut products. According to survey's results of Türkiye's Top 1000 Exporters in 2023 announced by Turkish Exporters Assembly (TİM), the Company is ranked 739th (2022: 869th). Gürsoy has global customer portfolio, mainly including producers in European market with notable track records as premium suppliers. The Company wholesales to several well-known global confectionary & chocolate leaders procuring hazelnut products. Gürsoy's main factory is located in Ordu and has one branch each in Düzce and İstanbul. The Company's shareholders are Nejdet Gürsoy, Dursun Oğuz Gürsoy, Şükran Gürsoy, Ayla Gürsoy and Halit Gürsoy with the shares of 48.25%, 48.10%, 1.75%, 1.75%, 0.15%, respectively.

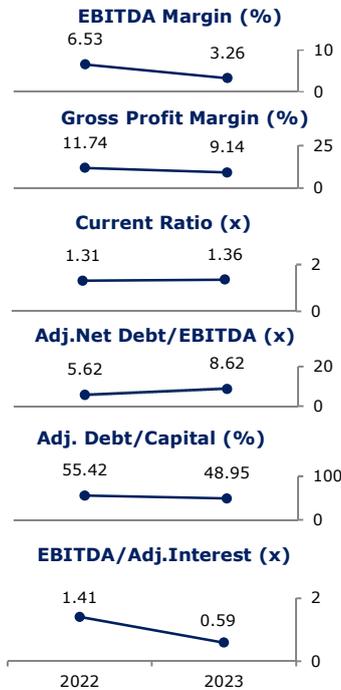
Key rating drivers, as strengths and constraints, are provided below:

Strengths

- Growth in sales revenue and volume in FY2023 backed by export providing hard currency income to some extent
- Reduced concentration risk through diversified customer base and having no doubtful receivables
- Experienced shareholders in the hazelnut trade and established track record in the business
- Access to high quality products as a company based in hazelnut production world leader Türkiye

Constraints

- Contraction in profitability ratios as of FY2023 due to increase in raw material costs and operating expenses
- Negative figures in cash flow metrics and long cash conversion cycle leading to increase in indebtedness for financing working capital deficit resulting in deterioration of short term financial leverage and coverage metrics in FY2023 despite improvement expectation in FY2024
- Susceptible to the inherent volatility in yield, and prices within the hazelnut market as a result of climate conditions and external factors
- Intense competition in the hazelnut industry including multinational players may exert pressure on profitability
- Improvement needs in the level of corporate governance practices
- 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



Considering the aforementioned points, the Company's the Long-Term National Credit Rating has been revised from 'BBB+ (tr)' to 'BBB (tr)'. The Company's growth in sales revenue and volume in FY2023 backed by export providing hard currency income, reduced concentration risk through diversified customer base and having no doubtful receivables and experienced shareholders in the hazelnut trade and established track record in the business as well as the global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as 'Stable'. The Company's, revenue and profitability performance, adequacy of liquidity, indebtedness level, market position and regulations in the sector are the main factors that 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.