JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit Rating

☐New ☒ Update

Sector: Farming and Agriculture
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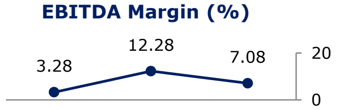
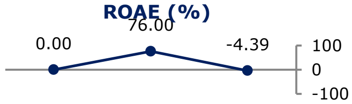
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A- (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating 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*

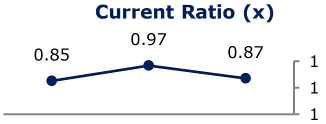
EBITDA Margin (%)



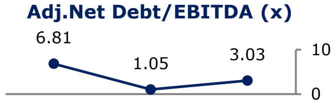
ROAE (%)



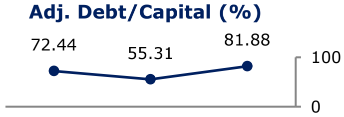
Current Ratio (x)



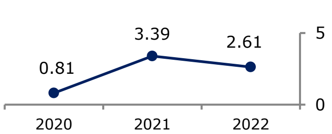
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Hastavuk Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **Hastavuk Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş.** in the investment category and revised the Long-Term National Issuer Credit Rating to **'A- (tr)'** from **'BBB+ (tr)'** and affirmed 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 assigned as **'BB /Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Hastavuk Gıda Tarım Hayvancılık Sanayi ve Ticaret A.Ş. (referred to as **"Hastavuk"** or **"the Company"**) was founded in Bursa in 1972 with the purpose of engaging in activities related to feed production, egg hatching and processing, broiler chick production, live poultry farming, chicken meat slaughtering, and marketing. In addition to its headquarters in Nilüfer, Bursa, the Company operates three feed factories located in Bursa, Sivrihisar, and Susurluk, along with three incubation facilities in Bursa, Balıkesir, and Sivrihisar, and a chicken meat processing plant in Susurluk. Additionally, the Company has breeding and pullet production facilities in Bursa, Eskişehir, and Afyon. The Company has two subsidiaries and two structured business consolidated in the financials. Hastavuk, Haspiliç Entegre Et Tesisleri and Has Lidaş Tarım Ürünleri Lisanslı Depoculuk are collectively will be referred to as 'the Group' in the report.

Hastavuk markets its products both domestically and internationally. As of FYE2023, the Company exported to a total of 33 countries, with its primary export markets being Iraq, Georgia, and Qatar. In 2023, Hastavuk was ranked as the 620th largest exporting company in Türkiye according to the annual Top 1000 Exporter Companies list prepared by the Turkish Exporters Assembly (TIM) (FY2022:442nd). Additionally, the Company achieved the 15th place in the intra-industry ranking compiled by the same organization. Also, in 2023, Hastavuk was ranked as the 283rd (FY2022: 278th) 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), compiled annually by the Istanbul Chamber of Industry (ISO).

As of FYE2023, the Company is managed equally by the Yılmaz and Sezer families.

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

Strengths	Constraints
• Ongoing revenue growth during the examined periods • Improvement in volatile core profit margins thanks to increased ability to reflect costs to prices in FY2023 and 1H2024 according to statutory results • Significant improvement in financial leverage ratios as well as interest coverage ratios as of FYE2023 according to Corporate Tax Return • Low level of doubtful receivables ratio supporting asset quality • Geographically diversified revenue structure and hard currency revenue stream provide resilience to the Company to a certain extent • Well-known brand recognition and long-lasting presence in the sector	• Absence of financial statements with independent auditor's report for FYE2023 limiting comprehensive analysis • Export restriction in poultry industry increases the domestic competition and may put pressure on profitability in the second half of 2024 • Risk of poultry diseases as an inherent industry risk together with restricted possibilities for diversification • Improvement needs in 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 Long-Term National Issuer Credit Rating has been revised to **'A- (tr)'**. The Company's revenue growth, improvement in leverage and coverage ratios, low level of doubtful receivables, geographically diversified revenue structure, well-known brand recognition in the sector along with export restriction in poultry industry, ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'**.** The Company's revenue and profitability performance, debt structure, liquidity position and asset quality 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.