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

Corporate Credit Rating

☐New ☒Update

Sector: Food Products Industry
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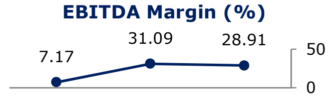
Team Leader
Muhammet Başar
+90 212 352 56 73
muhammet.basar@jcrer.com.tr
Senior Analyst
Pelin Erarslan
+90 212 352 56 73
pelin.erarslan@jcrer.com.tr
Assistant Analyst
Elif Sürücü
+90 212 352 56 73
elif.surucu@jcrer.com.tr

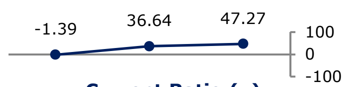
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A- (tr)**	**J2 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18, 2022*

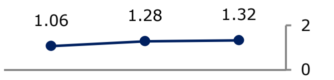
EBITDA Margin (%)



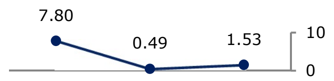
ROAE (%)



Current Ratio (x)

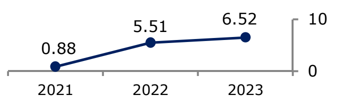


Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)

EBITDA/Adj.Interest (x)



KAYSERİ ŞEKER FABRİKASI ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the the consolidated structure of **"Kayseri Şeker Fabrikası Anonim Şirketi"** in the investment level category and affirmed the Long-Term National Issuer Credit Rating as **'A- (tr)'** and assigned 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 have been assigned as **'BB/Negative'** in parallel to international ratings and outlooks of Republic of Türkiye.

Kayseri Şeker Fabrikası Anonim Şirketi (hereinafter referred to as **"Kayseri Şeker"** or **"the Group"**) was established in 1954, started its operations with the establishment of Kayseri Sugar Factory in 1955. The shareholder structure of Kayseri Şeker after the IPO is as follows: Kayseri Beet Planters Cooperative with 49.80% share, Turkey Wealth Fund with 9.41% share and 23 Beet Planters Cooperatives and others with 25.77% share.

The main activity of Kayseri Şeker is the production of crystal sugar from sugar beet. Kayseri Şeker, own 3 sugar factories, has 16.74% of total quota for MY 2023/2024 in Türkiye. The Group ranks among the top 500 industrial companies (İSO 500) in Türkiye (ranked 163th in 2022 and 106th in 2021). Kayseri Şeker, through its subsidiaries, operates in fields such as livestock, greenhousing, warehousing, trade and transportation of fuel products and woven sack production.

Kayseri Şeker has been quoted on BIST since May 2023 through the ticker symbol **"KAYSE"** with the free float rate of 15.01%. The Group maintains its operations by staff force of 1,999 employees as of April 30, 2023 (FYE2022: 2,255).

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

Strengths	Constraints
• Visible improvement in sales revenue and strengthened market position along with a quota share of 16.74%, • Maintaining strong profitability ratios backed by augmented EBITDA generation capacity, • Reasonable net debt to EBITDA multiplier, albeit slight distortion due to increasing borrowing profile, • Substantial level of positive net working capital together with decent current ratio facilitating liquidity management, • Expected cash generation capability thanks to having high amount of investment properties, • Powered by its agricultural cooperative model with links to thousands of farmers, • Asset quality bolstered by the low collection risks and credible customer base, • Long-lasting presence dating back to 1955 and successful track-record in the sector, • High level of compliance with corporate governance practices and quality standards as a publicly traded company.	• Deterioration in CFO and FOCF metrics due to working capital changes in FY2023, • Short-term weighted funding structure squeezing financial flexibility, • Relatively low level paid in capital and sizeable part of equity stemming from revaluation gains, • Competition in the domestic/global FMCG industry, • Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed as **'A- (tr)**. Taking into account the Group's sustainable asset and sales growth, profitability outlook, long business track record, experienced and qualified management team, being one of the largest players in the sugar manufacturing sector, operational performance as well as, short term weighted funding structure, equity composition, competition in the sector and 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 Group profitability indicators, debt structure, liquidity position and asset quality, as well as market conditions regarding the sector 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 also be monitored.