

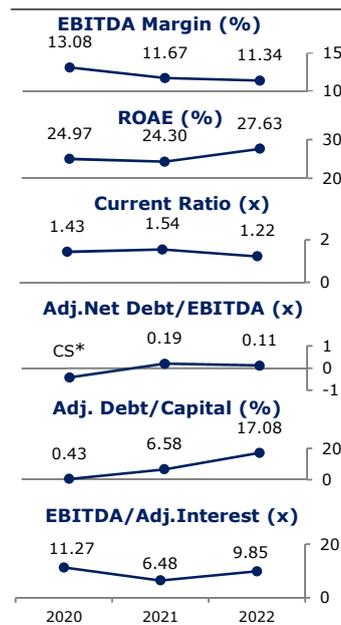
## Corporate Credit Rating

☑New ☐Update

**Sector:** Food Products Industry  
**Publishing Date:** August 31, 2023  
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
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



(\*) Cash Surplus

## KENT GIDA MADDELERİ SANAYİİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Kent Gıda Maddeleri Sanayii ve Ticaret A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'AAA (tr)' and the Short-Term National Issuer Credit Rating as '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 'BBB+/Stable'.

**Kent Gıda Maddeleri Sanayii ve Ticaret A.Ş.** (hereinafter referred to as "Kent Gıda" or "the Company") was established in 1956. The Company is engaged in the manufacture and sale of confectionery, chewing gum, chocolate and cocoa products. The production of confectionery products is carried out in a total closed area of 72,700m<sup>2</sup> in Gebze/Kocaeli. The Company's prominent brands encompass a range of products in various categories. In the confectionery segment, these brands include Jelibon, Olips, Missbon, Topitop, Kent, and Tofita. In the chewing gum segment, notable brands are First, Falım, Bubbalo, Trident, Love is, Tipitip, and Şipsevdi. The chocolate category boasts brands like Milka, Bonibon, Toblerone, and Cadbury, while Oreo takes the lead in the biscuits category.

As of FYE2022, the Company's main shareholder is Cadbury Schweppes Overseas (referred as Cadbury) with 99.46% share. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1990 and currently, 0.54% of shares are publicly traded on the BIST with the ticker symbol "KENT".

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

### Strengths

- Diversification in geographical area and product range underpinning revenue stream,
- Sustainable EBITDA generation capacity in line with gross profit over the reviewed period,
- Solid leverage and coverage metrics albeit increased financial debt in FYE2022,
- Moderate liquidity indicators together with positive cash flow metrics providing mild financial structure,
- Low level of doubtful receivables contributing to asset quality,
- Foreign exchange linked revenues providing natural hedge with a certain extent,
- Successful track-record and strong parental shareholding structure including partners known across the globe, promoting internationally valid creditworthiness,
- Enhanced practices of corporate governance principles.

### Constraints

- Despite a slight decrease in operating ratio, relatively high OpEx due to the nature of the business,
- The profitability figures exposed to raw material price movements and demand dynamics,
- Intense competition in domestic and global FMCG industries,
- Global economic growth slows down evidenced by trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'AAA (tr)'. The Company's sales and EBITDA performance, strong leverage and coverage positions, natural hedge mechanism and shareholding structure, as well as high operational expenses due to nature of business, raw material fluctuations and competitive structure of the sector 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 profitability indicators, sustainability of domestic and international demands, market position and economic conditions in Türkiye 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 also be monitored.