

Corporate Credit Rating

New Update

Sector: Food Products Industry

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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 (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

KENT GIDA MADDELERİ SANAYİİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Kent Gıda Maddeleri Sanayii ve Ticaret Anonim Şirketi" in the investment grade category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AAA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed at 'BBB+/Stable' above the sovereign ratings and outlooks of Republic of Türkiye.

Kent Gıda Maddeleri Sanayii ve Ticaret Anonim Şirketi (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 72,700m² 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 Şıpevdi. The chocolate category boasts brands like Milka, Bonibon, Toblerone, and Cadbury, while Oreo takes the lead in the biscuit category.

As of FYE2023, 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.

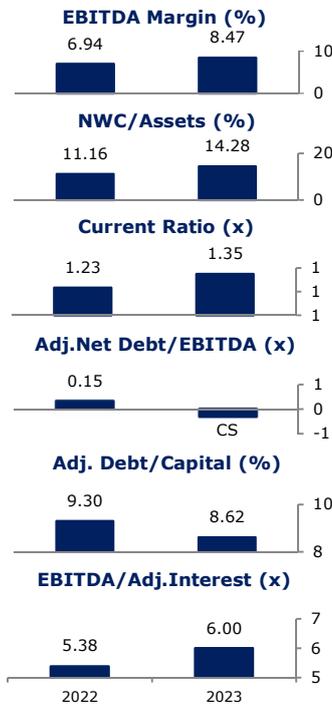
Strengths

- Augmented EBITDA generation capacity coupled with sustainable profitability profile over the reviewed period,
- Strong financial outlook characterized by healthy cash surplus in FYE2023 leading sound coverage and leverage profile and maintained solid position in 1Q2024,
- Favourable cash flow metrics alongside solid liquidity indicators ensuring stable financial foundation,
- Geographical spread in overseas sales and diversity in the product range reinforcing the revenue stream,
- Hard-currency income generation capacity thanks to the high share of export sales, providing natural hedge in a certain extent,
- Established longevity in the sector and strong parental shareholding structure with the one of the world's largest snack company Mondelez,
- High level of compliance with corporate governance practices and quality standards as a publicly traded company.

Constraints

- High level of OpEx in parallel with the sector,
- Sensitivity to global prices driven by the reliance on foreign currency-indexed raw materials despite commodity hedge mechanism,
- Intense competition in domestic and global FMCG industries,
- Leading economic indicators signal global economic slowdown aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. Taking into account 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.



(*) Cash Surplus