

## Corporate Credit Rating

New Update

**Sector:** Wholesale Trading

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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	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## OR-SAM TARIM VE ZİRAİ ÜRÜNLER-UNLU MAMULLER-İMALAT-PAZARLAMA VE DANIŞMANLIK TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Or-Sam Tarım Ve Ziraî Ürünler-Unlu Mamuller-İmalat-Pazarlama Ve Danışmanlık Ticaret A.Ş." in the investment grade category and assigned the Long-Term National Issuer Credit Rating as 'BBB (tr)' and 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'.

**Or-Sam Tarım Ve Ziraî Ürünler-Unlu Mamuller-İmalat-Pazarlama Ve Danışmanlık Ticaret A.Ş.** (referred to as "Or-Sam" or "the Company"), was established in 2007 in Samsun by 6 agricultural engineers to produce, trade, market, package, import, and export agricultural chemicals and fertilizers, plant seeds, agricultural products, and foodstuffs. The Company is an authorized distributor of agricultural product brands, such as Bayer, Hektaş, Corteva, etc., in the Black Sea Region.

In addition, with the new facility investment, the construction of which was completed in September 2023, the Company will export vegetables and fruits after drying, semi-freezing, and freezing. The Company's food processing plant is 14,000 m<sup>2</sup> and has a closed production area of 6,400 m<sup>2</sup>. Food processing plant also includes 1,600 m<sup>2</sup> of cold storage, 700 m<sup>2</sup> of packaging area, and 2,000 m<sup>2</sup> of production area.

As of the report date, Şinasi Tunçer, Gülden Fazilet Kargı, İbrahim Süzen, Abdullah Kalafat, and Ahmet Coşar have equal shares in the Company's shareholding structure. As of FYE2022, the Company has 44 employees totally (FYE2021: 46).

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

### Strengths

- Sustained revenue generation and profitability margins throughout the analyzed period,
- Moderate operating ratio and shortening cash conversion cycle pointing to operational efficiency,
- Investments in new business lines aimed at the export market, offer additional growth opportunities,
- Having competitive advantage as being one of the leading distributors of certain brands in northern region of Türkiye.

### Constraints

- Notably increased short-term financial borrowings due to the high CapEx need deteriorated the leverage and liquidity metrics, according to the 2023 corporate tax return,
- Inadequate equity structure compared to growing asset size,
- Uncollateralized structure of receivables,
- High dependency on agricultural productivity and climatic conditions,
- Room for improvement needs in the level of compliance with corporate governance practices,
- Leading economic indicators signal global economic slowdown while quantitative tightening actions aiming to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB (tr)'. Or-Sam's increase in sales revenue, asset quality, and investments aimed at the export market are 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 equity level, profitability indicators, cash flow and liquidity metrics, contribution of new investments to profitability, and cash loan exposure 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.

