

Corporate Credit Rating

New Update

Sector: Farming and Agriculture

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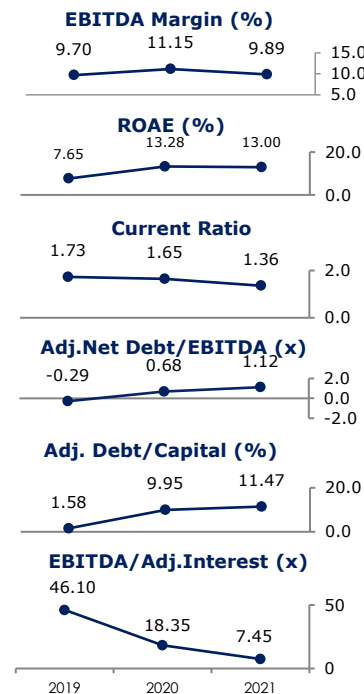
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug. 18, 2022



PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

JCR Eurasia Rating has evaluated "Pınar Entegre Et ve Un Sanayii A.Ş." in the very high investment-level category, assigned the Long-Term National Issuer Credit Rating as 'AA- (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 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

"Pınar Entegre Et ve Un Sanayii A.Ş." (hereinafter referred to as "the Company" or "Pınar Et") was established in İzmir in 1985. The Company operates in the production of meat and by-products of cattles, ovines, poultry and fish, as well as the production of frozen dough products and ready-to-eat meals under the brand name of 'Pınar'. It has a slaughtering and processing capacity of 102 thousand cattles, 408 thousand ovines and 1.8 million turkeys in its facilities with 50 thousand m² closed and 259 thousand m² open area. With its production, the Company launched a total of 350 products in 8 categories in 2021.

Pınar Et ranked 452nd on the basis of revenue in the list of Türkiye's Top 500 Industrial Enterprises published by ISO (Istanbul Chamber of Industry) in 2021 (2020:380th).

The Company's main ultimate controlling shareholder is Yaşar Holding A.Ş. with 54% share. Remaining 13% share belongs to Pınar Süt Mamülleri Sanayi A.Ş. and 33% of shares are publicly traded on the BIST with the ticker symbol "PETUN".

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

Strengths

- Upward trend in sales revenues over the analyzed period,
- Steady increase in EBITDA generation capacity in reviewed years,
- Sustainable enhancement in liquidity profile with net working capital and solid cash flow metrics, supported by increasing FFO and CFO in FYE2021 despite deterioration in 3Q2022,
- Low level of net debt to EBITDA multiplier in reviewed years,
- Operating in the food industry where demand elasticity is relatively low,
- Diversified product range thanks to its developing R&D center and new product-brand creation power,
- Having competitive advantages thanks to operational integration particularly in turkey,
- High level of compliance regarding corporate governance implementations,
- Reputable brand name with a proven successful track record dating back to 1985.

Constraints

- Significant increase in financial liabilities in 3Q2022 due to investments and working capital requirement,
- Noteworthy contribution of non-cash revaluation to expansion of asset and equity size and low level of paid in capital,
- Relatively high dividend pay-out ratio,
- Intense competitive environment in the food industry,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned at 'AA- (tr)'. The Company's generation capacity, improvement in sales performance, positive NWC and cash flow metrics, long-lasting presence in the sector and market share of the Company as well as increasing debt burden due to ongoing investment, growing uncertainties arising from geopolitical tensions and European recession concern have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's financial structure, sales and profitability performance, efficiency of investments, continuity of EBITDA generation capacity and debt structure 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.