

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	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 "Pinar Entegre Et ve Un Sanayii A.Ş." in the very high investment-level category, affirmed the Long-Term National Issuer Credit Rating at 'AA- (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 determined as 'BB/Negative' in line with the international ratings and outlooks of Republic of Türkiye.

"Pinar Entegre Et ve Un Sanayii A.Ş." (hereinafter referred to as "the Company" or "Pinar Et") was established in İzmir in 1981. 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 'Pinar'.

Pinar Et 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 255 thousand m² open area. With its production, the Company launched a total of 525 products in 8 categories in 2022.

Pinar Et ranked 495th on the basis of revenue in the list of Türkiye's Top 500 Industrial Enterprises published by ISO (Istanbul Chamber of Industry) in 2022 (2021: 452nd).

The Company has 4 affiliates as of 3Q2023 and included in the financials by equity method.

The Company has a total of 866 employees as of 3Q2023 (FYE2022: 928).

As of the reporting date, the main ultimate controlling shareholder of the Company is "Yaşar Holding A.Ş." with 54.18% shares. The remaining 12.58% of the shares belongs to "Pinar Süt Mamülleri Sanayi A.Ş." and 33.24% of the shares are publicly traded on the BIST with the ticker symbol "PETUN".

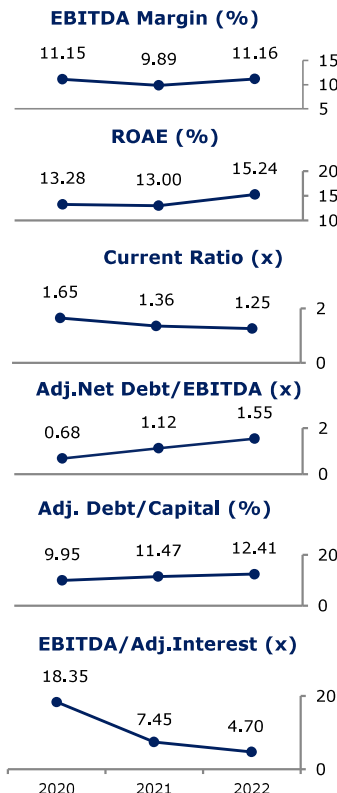
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Steady increase in sales revenue and EBITDA generation capacity in the analyzed periods and expected to continue in 2023 financials,
- Reasonable level of leverage indicators in the analyzed periods,
- Diversified product range thanks to its developing R&D center and new product-brand creation power,
- Having competitive advantages thanks to operational integration in production process,
- High level of compliance regarding corporate governance implementations,
- Operating in the food industry where demand elasticity is relatively low,
- Reputable brand name with a proven successful track record dating back to 1981.

Constraints

- Negative CFO and FOCF increasing the need for external financing in FY2022,
- Noteworthy contribution of non-cash revaluation to expansion of asset and equity size and low level of paid-in capital,
- Intense competitive environment in the food industry,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim 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 affirmed at 'AA- (tr)'. The Company's increasing sales revenue, reasonable level of leverage indicators, long-lasting presence in the sector as well as negative cash flow metrics, low level of paid-in capital and slowdown signal in the global economy 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 financial structure, sales and profitability performance, continuity of EBITDA generation capacity and debt structure 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 be monitored as well.