Corporate Credit Rating

☒New ☐Update

Sector: Food Products
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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	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
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

EBITDA Margin (%)

13,66   11,45   13,90   ⌐ 20,00
                             └ 0,00

ROAE (%)

0,45   -6,94   23,23   ⌐ 50,00
                             ├ 0,00
                             └ -50,00

Current Ratio (x)

1,03   0,98   0,86   ⌐ 2,00
                             └ 0,00

Adj.Net Debt/EBITDA (x)

7,40   6,02   1,91   ⌐ 10,00
                             └ 0,00

Adj. Debt / Capital (%)

75,69   55,92   31,60   ⌐ 100,00
                             └ 0,00

EBITDA /Adj. Interest (x)

7,53   1,30   3,62   ⌐ 10,00
                             └ 0,00

2020   2021   2022

SELVA GIDA SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"Selva Gıda Sanayi A.Ş."** in the investment level category and assigned the Long-Term National Issuer Credit Rating at **'BBB (tr)'** and the Short-Term National Issuer Credit Rating at **'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/ Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

Selva Gıda Sanayi A.Ş. (hereinafter referred to as "Selva Gıda" or "the Company" or "the Group") was established in 1988 to manufacture flour made from cereals. In the following years, Selva Gıda started to produce semolina and pasta, and today it has reached a product variety of over 180 pasta, semolina and flour products in 15 categories. Although the company can also produce flour and semolina, the main focus of its production and activities is pasta production. The company has 675 tons daily production capacity in factory in Konya Organized Industrial Zone. As of 30 September 2023, the average number of personnel employed by the Company during the year is 194 persons (31 December 2022: 182).

36.03% share of the Company belong to Loras Holding A.Ş., 21.28% belongs to İmaş Makina Sanayi A.Ş. and the remaining 42.69% is traded in the stock market.

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

Strengths	Constraints
• Upward trend in sales revenue over the analysed years underpinned by the sales volume and price increases which maintained in 2023-Q3, • Improvement in leverage and coverage risk indicators in reviewed periods, • Expected increase in sales volume after completion of ongoing investments, • Compliance with corporate governance practices as a publicly traded company.	• Ongoing net working capital deficit and increasing share of short-term financial debt in the funding structure, pressuring liquidity metrics, • Volatility on profitability and contraction in 2023-Q3, compared to previous period, • Noteworthy contribution of non-cash re-valuation to expansion of asset size and equity, • Intense competition due to low barriers to enter into the pasta sector and large number of global and local companies, • 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 the Long-Term National Issuer Credit Rating has been assigned as **'BBB (tr)'**. The Company's increasing sales volume, long experience in the sector as well as geopolitical risks-driven uncertainties 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'**. Indebtedness profile, profit margins, sustainability of domestic and international demand and regulations, as well as market conditions are the prior issues be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators of national and international markets, market conditions, and the legal frameworks of the sector will be monitored.