

Corporate Credit Rating

New Update

Sector: Food Industry
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Team Leader

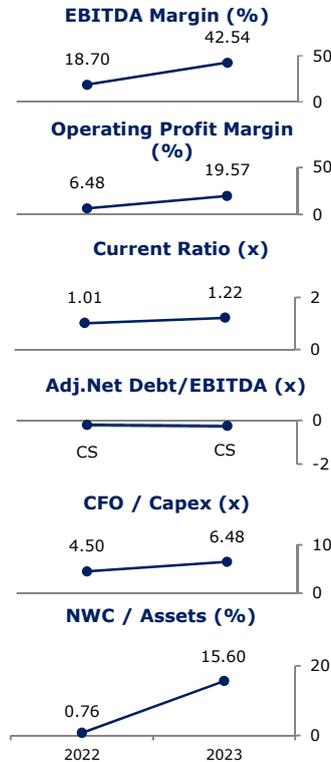
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific 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



TarımKredi Yağ Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **TarımKredi Yağ Sanayi ve Ticaret A.Ş.** in the investment grade category on the national scales 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'** as parallel to international ratings and outlooks of Republic of Türkiye.

TarımKredi Yağ Sanayi ve Ticaret A.Ş. (referred to as "TarımKredi Yağ" or "the Company") was established in Kırklareli in 2022 following its spin-off from Tarım Kredi Tedarik ve Üretim A.Ş. The Company's main line of business is the production and sale of sunflower oil, olive, and olive oil. Upon its founding, the Company started to operate 3 facilities in Kırklareli, Edirne and Balıkesir, which were previously operated under Tarım Kredi Tedarik ve Üretim A.Ş. The Company expanded its operations by acquiring a new sunflower oil production facility in Afyonkarahisar in 2024.

As of the reporting date, the sole shareholder of the Company is Tarım Kredi Tedarik ve Üretim A.Ş whose shares are solely held by Tarım Kredi Kooperatifleri Merkez Birliği. The Company had 226 employees as of FYE2023.

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

Strengths

- Adequate level of core profit indicators in FY2023, which is expected to be maintained in 2024 based on Provisional Tax Return data
- Positive cash flow from operations and free operating cash flow figures in FY2023
- Operating in a consumer staples industry with a relatively inelastic demand curve
- Having a unique agricultural cooperative model, supported by specific legislation, and connecting thousands of farmers across the country
- Despite not being listed on stock-exchange, compliance with the Corporate Governance Practices structure
- Utilizing the synergy created within Agricultural Credit Cooperatives which have a strong brand image with a proven track record in various sectors

Constraints

- Upward trend in financial borrowings due to capital expenditures and working capital needs during 2024 despite the comfortable level of financial leverage metrics as of FYE2023
- Low level of interest coverage ratio and incurred period loss in 1H2024 according to Provisional Tax Return
- Low level of equity-to-total assets ratio as of 1H2024 mainly driven by upward trend in indebtedness coupled with sizeable period loss according to statutory results
- Short track record limiting the trend analysis, as being a newly established company
- Commodity price volatility, regulatory risks inherent in the sector and ongoing supply chain disruptions due to regional conflicts
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as **'BBB+ (tr)'**. The Company's core profit indicators, cash flow metrics, corporate governance compliance level, business model, and the synergy created within Agricultural Credit Cooperatives along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's revenue and profitability performance, financial leverage indicators, liquidity position, debt structure and asset quality 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.