

Corporate Credit Rating

New Update

Sector: Food Products Industry

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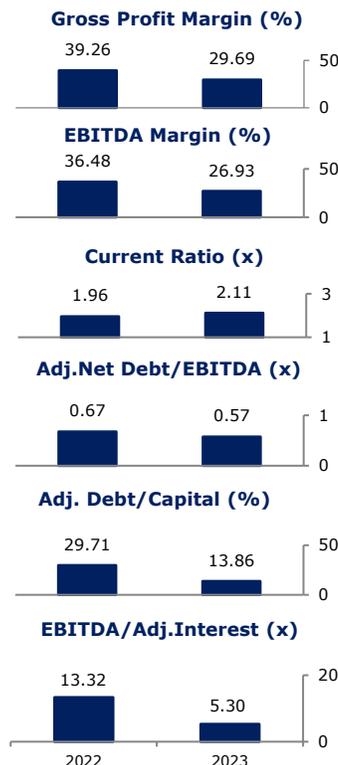
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| RATINGS | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | AA (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable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

* Assigned by JCR on May 10, 2024



Tukaş Gıda Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated consolidated structure of "Tukaş Gıda Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality, 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/Stable', in line with the sovereign ratings and outlooks of Republic of Türkiye.

Tukaş Gıda Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Tukaş" or "the Group") was established in 1962 under the name of "Turgutlu Konservelik A.Ş." and changing its commercial title to "Tukaş Gıda ve San. A.Ş." in 2002. Tukaş was purchased by Ordu Yardımlaşma Kurumu ('OYAK') in 1967 and finally purchased by Okullu Family in 2014.

Tukaş has been quoted on the Borsa Istanbul Stock Exchange (BIST), since 1994. As of March 31, 2024, 37.82% of shares are publicly traded on the BIST with the ticker symbol "TUKAS", whilst the controlling shares belong to Okullu Family members.

With its over 50 years of track record, Tukaş operates in the field of production of all kinds of foodstuffs, primarily tomato paste, canned food and pickles, and the sells these products in domestic and international arena. The Group's facilities are located in Torbalı, Akhisar, Manyas and Niğde with an average staff of 966 in FY2023, which 54.76% of was constant.

Tukaş was ranked as the 303rd largest manufacturer of Türkiye with respect to sales revenues generated in FY2022 in the list of 500 Largest Industrial Enterprises of Türkiye published in 2023 (2022: 256th), compiled annually by the Istanbul Chamber of Industry (ISO).

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

Strengths

- Maintaining low level of net debt to EBITDA multiplier over the last two years despite expected increase in financial debt in 2024 financials due to investments,
- Diversified product portfolio and production elasticity supporting revenue and profit generation capacity despite contraction in volume and margins in FY2023,
- High collection ability thanks to credible customer portfolio underpinning asset quality,
- Solid equity level supported by paid-in capital increase in FYE2023, though notable contribution of IAS 29 adjustment in the last two-year period,
- Expected operational volume growth, increase in production capacity and economies of scale through ongoing investments,
- Established brand reputation through 62 years presence in the sector,
- Enhanced practices of corporate governance principles.

Constraints

- Short-term dominated funding structure in the analysed period limiting interest coverage ratios,
- Long cash conversion cycle due to seasonality effect and business model pressuring efficiency indicators,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned factors, the Group's the Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Sustainable revenue performance, diversified product portfolio, effective risk management practices, strong brand identity and competitive advantage obtained through long business track record as well as ongoing uncertainties globally have been evaluated as important for the stability of the ratings and the outlooks for Long- and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Group's debt and equity level, liquidity and profitability indicators 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.