

Corporate Credit Rating

New Update

Sector: Alcoholic Beverages and Tobacco Manufacturing

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RATINGS

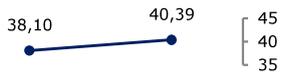
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	-
	National ISR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

* Assigned by JCR on May 10, 2024

EBITDA Margin (%)



Gross Profit Margin (%)



Current Ratio (x)



Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Türk Tuborg Bira ve Malt Sanayii A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Türk Tuborg Bira ve Malt Sanayii A.Ş." in the highest investment grade category and affirmed the Long-Term National Issuer Credit Rating as "AAA (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 Ratings and outlooks of the Company were assigned as "BB / Stable" parallel to international ratings and outlooks of the Republic of Türkiye.

Türk Tuborg Bira ve Malt Sanayii A.Ş. ("Türk Tuborg" or the "Company") was established in 1969 in Pınarbaşı-Izmir. The main fields of activity of the Company are the production of beer and malt to be sold in domestic and international markets, and their marketing and distribution. Türk Tuborg's factory, which is an integrated facility with an annual production capacity of 36 thousand tons of malt and around 579 million litres of beer, is one of the largest breweries in Türkiye. Türk Tuborg's long-standing cooperation and international partnerships with Carlsberg, the world's 3rd largest beer producer, was made the Company one of the leading companies in the Turkish beer market. In addition, Türk Tuborg exports to 6 continents and 83 countries in total, including prominent export markets such as Iraq, where the Company is the market leader, and England, Canada, Germany and the Turkish Republic of Northern Cyprus.

The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1989 and 5.01% of shares are publicly traded on the BIST with the ticker symbol "TBORG" as of 30.09.2024, while the controlling shareholder is "International Beer Breweries Ltd." with a share of 94.99% as of the report date. Türk Tuborg distributes almost all of the beer it produces via "Tuborg Pazarlama A.Ş.", a subsidiary of which Türk Tuborg owns 99.99% shares. Also, Tuborg Pazarlama makes the domestic sales and distribution of these products around the world. As of 30 September, 2024, the paid in capital and equity of Türk Tuborg Bira ve Malt Sanayi A.Ş. stood at TRY 322.51mn and TRY 15.81bn, respectively.

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

Strengths

- Sustained revenue and sales volume growth in FY2023 and further improvement in sales as of 3Q2024 thanks to market expansion
- Enhancement in EBITDA generation and favourable profitability ratios in FY2023 coupled with increase in profitability metrics in 3Q2024
- Sound level of financial leverage and interest coverage profile with cash surplus position in the examined period
- Satisfactory liquidity management supported by positive cash flow metrics and considerable level of net working capital
- Low collection risk of receivables contributing to asset quality
- High level of equity compared to total liabilities
- Possessing a brand awareness in domestic market due to multi-brand strategy and collaboration with important international brands namely, Carlsberg
- Compliance with the corporate governance principles and international quality standards
- Long-lasting track record and geographical diversification of export revenues

Constraints

- High level of operating expenses compared to total revenues in the examined period
- Taxation and pricing policy causing a potential contraction in the domestic market
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned drivers, the Company's the Long-Term National Issuer Credit Rating has been affirmed as "AAA (tr)". The competitive advantage obtained through its long-lasting presence in the sector, profitability indicators, debt service capacity with cash surplus position, robust liquidity position, production and export power, competition and market efficiency in the inter/national market, the steady revenue and EBITDA growth trend in 3Q2024, political tensions and other global downsides have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term and Short-Term National Issuer Credit Ratings are determined as "Stable". The Company's equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators are the prior issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored as well.