Corporate Credit Rating

☐New ☒Update

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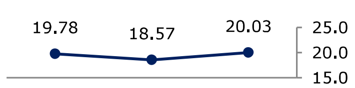
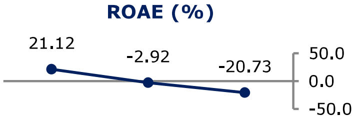
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)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

* *Assigned by JCR on Aug 18, 2022*

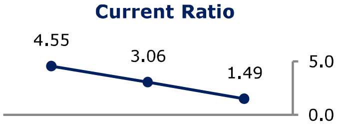
EBITDA Margin (%)



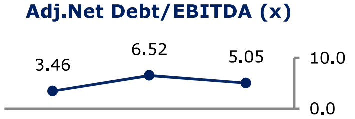
ROAE (%)



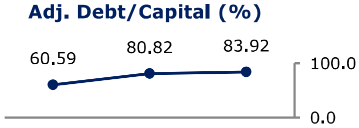
Current Ratio



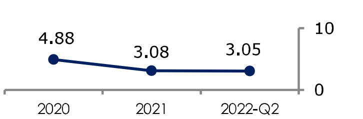
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Ülker Bisküvi Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the **"Ülker Bisküvi Sanayi A.Ş."** in the investment-level category and the Long-Term National Issuer Credit Rating revised from 'AA+ (tr)' to - **'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 assigned as **'BB/Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

"Ülker Bisküvi Sanayi A.Ş." (herein referred to as "Ülker Bisküvi" or "the Company") was established 78 years ago by Sabri Ülker and Asım Ülker, two brothers, starting operations at a small workshop in İstanbul as a small bakery. Producing, selling, and marketing biscuits, chocolate-covered biscuits, crackers, cakes, chocolate, and wafers in Türkiye and abroad are the Company's primary business activities. In addition to nine factories for biscuit, cake, cracker & chocolate production in Türkiye, Ülker Bisküvi also operates two factories in Saudi Arabia, one in Kazakhstan and one in Egypt. The Company's thirteen facilities have a total manufacturing capacity of approximately 1.4 million tons per year as of FYE2021. In terms of market share in Türkiye, the Company has been the market leader in the biscuit and chocolate categories and ranked second in the cake category.

The Company which is registered at the Capital Markets Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on Borsa Istanbul A.Ş. ("BIST"), formerly named as Istanbul Stock Exchange, since 30 October 1996, as of 31 December 2003. As of June 30, 2022, the main shareholder and controlling party of the Company is pladis Foods Ltd ("pladis") with 51% of the shares, the Ülker family members and Yıldız Holding A.Ş. ("Yıldız Holding") have 7.48% shares and the remaining 41.52% shares of the Company are traded on BIST with the ticker ULKER. The ultimate parent of the Company is Yıldız Holding that pladis is a subsidiary of it. Yıldız Holding is managed by Ülker Family.

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

Strengths	Constraints
• Sustaining its high market shares with a wide range of products in Türkiye as well as its other presence countries, • Effective product planning, cost reduction, and pricing at levels permitted by market and demand dynamics have been the primary factors behind sustainable profitability figures, • FX denominated income streams from production and sales conducted at locations outside Türkiye and export-oriented business contributing the currency risk management, • Sustainable diversification of funding sources, • High level of compliance with corporate governance practices as a company listed in BIST, • Focusing on sustainable and efficient production in its entire supply chain.	• Deteriorating FOCF and leverage metrics in 2021 through the acquisition of Önem Gıda, • High amount of debt with short-term maturity constraining the liquidity management, • Suppressed bottom line and low resilience to currency fluctuations due to the high level of FX denominated debts, • The profitability figures are exposed to raw material price movements and demand dynamics, • Market competition in the FMCG/snacks sector both locally and globally.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised to **'AA- (tr)'** from 'AA+ (tr)' Predictability of cash flow supported by a variety of income sources, production and export power, being the market leader of Türkiye in biscuit and chocolate categories, a leading position with its operations portfolio, the steady revenue and EBITDA growth trend, high coherence to corporate governance practices, as well as deterioration of leverage metrics, high amount of debt with near-term maturity and short foreign currency position 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 cash flow and liquidity level, EBITDA margin and net profit indicators, outcomes of the acquisition and its financing, intra group relations, financial structure, fluctuations of the exchange rates and increasing raw material prices 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.