

Corporate Credit Rating

New Update

Sector: Food Products Industry

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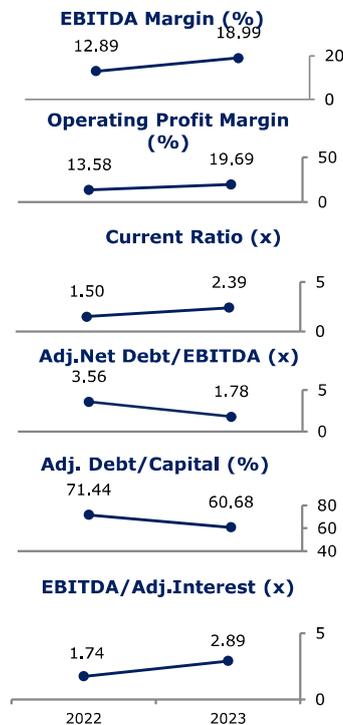
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	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



Including JCR Eurasia Rating's adjusted net debt calculation

ÜLKER BİSKÜVİ SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated "**Ülker Bisküvi Sanayi A.Ş.**" in the investment grade category with very high credit quality and 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 assigned as '**BB/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

Ülker Bisküvi Sanayi A.Ş. ("**Ülker Bisküvi**" or "**the Company**" or "**the Group**") was established in 1944 by Sabri Ülker and Asım Ülker. 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 FYE2023. The Company has been the market leader with 35% market share in snack categories in Türkiye.

The Company which was registered at the Capital Markets Board, merged under its own title with Anadolu Gıda Sanayi A.Ş., whose shares have been quoted on Borsa İstanbul A.Ş. ("BIST"), formerly named as İstanbul Stock Exchange, since 30 October 1996. As of the report date, the main shareholder and controlling party of the Company is pladis Foods Ltd ("pladis") with 47.23% of the shares, the Ülker family members and Yıldız Uluslararası Gıda Yatırım A.Ş. ("Yıldız Uluslararası") have 13.13% shares and 39.64% shares of the Company are traded on BIST with the ticker ULKER. The ultimate parent of the Company is Yıldız Uluslararası that pladis is a subsidiary of it. Yıldız Uluslararası is managed by Ülker Family.

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

Strengths

- Improvement in leverage and coverage metrics thanks to sound EBITDA and FFO generation in FY2023 and 1H2024,
- Sustained increase in profitability metrics in FY2023 and 1H2024 through continued effective inventory and cost management,
- Solid cash generation performance and strong liquidity metrics on the back of diversified funding methods with long-term indebtedness,
- Improving equity level mainly supported by retained earnings and net profit in the analyzed periods,
- High brand recognition with strong market share in a highly competitive industry,
- Emphasis on sustainability and compliance with Corporate Governance Practices.

Constraints

- Relatively high indebtedness level and ongoing FX-weighted borrowing structure may suppress profitability metrics,
- Inherently dependent structure on changes in raw material prices such as cocoa and wheat due to the nature of the business,
- 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 points, Ülker Bisküvi's the Long-Term National Issuer Credit Rating has been affirmed at '**AA (tr)**'. The Group's EBITDA and cash generation capacity, continuation of the upward trend in profitability metrics, liquidity indicators, equity structure, high brand reputation and strong market share, as well as high indebtedness level with FX-weighted debt structure, dependence on raw material prices and 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 affirmed at '**Stable**'. Ülker Bisküvi's equity level, financial structure and profit margins, liquidity and cash flow metrics 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.