

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	A+ (tr)	J1 (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 ICR	Stable	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign *	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

ULUSOY UN SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Ulusoy Un Sanayi ve Ticaret A.Ş." in the investment-level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A+ (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 sovereign ratings and outlooks of Republic of Türkiye.

Ulusoy Un Sanayi ve Ticaret Anonim Şirketi (referred to as 'the Group' or 'Ulusoy Un') was established in 1989 to manufacture, trade, import and export all kinds of foodstuffs such as flour, semolina, pasta and biscuits made of cereals and pulses. The main activity of Ulusoy Un is the production, trade of wheat flour, bran and other feed raw materials, domestic and foreign sales, as well as domestic and international trade of various cereals, especially wheat. The Group has production facilities in various regions of Türkiye and the total production capacity of the Group is 4,415 tonnes/day as well as silos, warehouses and free zone warehouses with a grain storage capacity of 300,000 tons. Ulusoy Un started exporting in 1995 and has exported flour and grain products to 107 countries to date. The Group has 9 subsidiaries and 1 affiliate as of the reporting date. Licensed warehousing activities and sales channels are managed with these companies, of which Ulusoy Un is the sole shareholder. The Group ranked 243th in Türkiye's Top 500 Industrial Enterprises in 2023 (2022: 273th).

Ulusoy Un is managed by members of the Ulusoy Family. The main shareholder of Ulusoy Un is Eren Günhan Ulusoy with the share of 37.57% as of 3Q2024. Ulusoy Un's shares (38.74%) have been traded on Borsa İstanbul Index (BIST) since 2014 under the ticker-name of "ULUUN".

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

Strengths

- Strong business model that generates sustainable revenue stream and cash flow through international agricultural commodity trading and flour production operations,
- Cash surplus against financial borrowings supporting financial flexibility in 3Q2024,
- Healthy cash conversion cycle and liquidity metrics,
- Operating in the food industry where demand elasticity is relatively low,
- As a publicly traded company, compliance with Corporate Governance Practices.

Constraints

- Continuation moderate decline in profitability margins in 3Q2024,
- Short-term dominated funding structure in the analysed period limiting interest coverage ratios,
- Noteworthy contribution of non-cash revaluation to expansion of asset and equity size,
- 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 factors, the Group's the Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. The Group's sales performance, EBITDA generation capacity, large cash and liquid investment position, asset quality, positive cash flow from its core business 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 Group's financial structure, market conditions, EBITDA generation capacity, financial leverage ratios, liquidity ratios and developments in the global economy together with the trends in the industries 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.

