

Corporate Credit Rating

New Update

Sector: Food

Publishing Date: 19.12.2023

Team Leader

Çetincan TOPÇU

+90 212 352 56 73

cetincan.topcu@jcrer.com.tr

Senior Analyst

Zafer Kamil AYDIN

+90 212 352 56 73

zafer.aydin@jcrer.com.tr

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	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

YAYLA AGRO GIDA SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated "Yayla Agro Gıda San. ve Tic. A.Ş." (referred to as "Yayla Agro" or "the Company") in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'AA-(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 Credit Ratings and outlooks were affirmed as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

The Company was founded in 1996 by Hasan Gümüş. The Company is engaged in the production and trade of pulses, rice and ready to eat foods. The Company efficiently manages its domestic sales, reaching over 60,000 points through dealers in 65 different cities and conducts export activities to more than 80 countries with 14 dealers and agents. The Company operates in 3 key locations:

Head Quarter and packaging facility in Ankara, processing, production and packaging facility in Mersin with total area of 85.5K sqm. In addition to these factories, the Company has a new factory investment in Niğde. The factory will be built on a land of 127K square meters and will have closed area of approximately 120K square meters. The investment is planned to consist of 2 phases and the first phase will be activated in 1Q2024. As of 3Q2023, cost of TRY 1.4bn has been incurred for the investment.

The Company was officially listed on Borsa Istanbul on May 11, 2022. According to the notification on the Public Disclosure Platform dated 21/07/2023, an offer has been made for the acquisition of 53.33% of Tat Gıda San. A.Ş.'s ("Tat Gıda") shares. The tender process is still ongoing.

In 2022, according to the Istanbul Chamber of Commerce's First Top 500 List, Yayla Agro was ranked at the 274th largest industrial corporation in Türkiye in terms of revenue generated from production, marking a change from its 2021 position at 273rd. Furthermore, according to the data from the Türkiye Exporters Assembly, the Company ranks 77th in its sector and 958th overall among the top exporters in 2022.

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

Strengths

Constraints

- Robust revenue figures and EBITDA generation capacity with substantial export volume in FY2022
- Strong leverage metrics when accounting for readily marketable inventories ("RMI") despite increase in cash conversion cycle in 2023
- Adequate liquidity metrics attributed to cash assets and current assets primarily composed of RMI
- Additional income opportunities through investment gains from bank deposits as of 3Q2023
- Brand recognition with innovative, value-added, healthy, and ready-to-eat nutrition products in both domestic and international markets
- A seasoned and experienced sales force with a longstanding presence in the sector
- Access to high levels of investment incentives and tax advantages
- High compliance with corporate governance practices owing to listed status and ESG initiatives

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed as 'AA-(tr)'. The Company's robust revenue figures, strong leverage metrics, EBITDA generation capacity, asset quality and readily marketable inventories have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as 'Stable'. Sustainability of the Company's new factory investment process in Niğde, profitability metrics, cash conversion cycle and Tat Gıda's tender process together with the trends in financing opportunity and sector are going to be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.

