JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit Rating

☐New ☒Update

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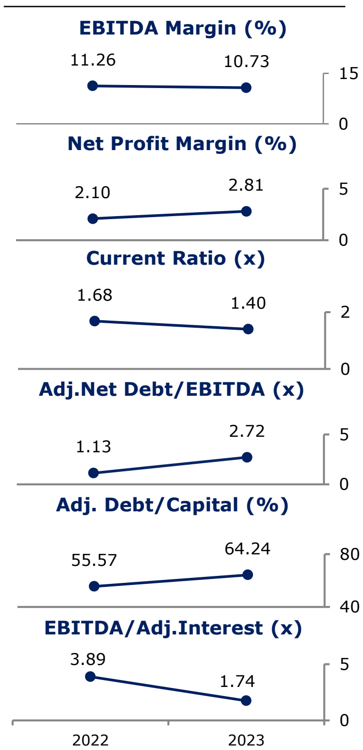
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A+ (tr)**	**J1 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating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

** Assigned by JCR on May 10, 2024*



Yayla Agro Gıda San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated **"Yayla Agro Gıda San. ve Tic. A.Ş."** in the investment grade category with the high credit quality and revised the Long-Term National Issuer Credit Rating from **'AA- (tr)'** to **'A+ (tr)'** and the Short-Term National Issuer Credit Rating from **'J1+ (tr)'** to **'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.

Yayla Agro Gıda San. ve Tic. A.Ş. (hereinafter referred to as "Yayla Agro" or "the Company") was founded in 1996. The Company specializes in the production and trade of pulses, rice, and ready-to-eat foods. The Company manages domestic sales, serving over 60,000 points through dealers in 67 cities, and exports to more than 80 countries via 14 dealers and agents. The Company operates in three key locations:

Headquarters and packaging facility in Ankara, processing, production, and packaging facility in Mersin, spanning a total area of 85,500 sqm. In addition to these facilities, the Company has a new factory investment in Niğde, planned to be operational in 2025. The factory will be built on a 127,000 sqm plot with a closed area of approximately 120,000 sqm. As of 3Q2024, the investment has incurred costs of TRY 3.1bn.

As of 3Q2024, the Company employs 703 personnel (FYE2023: 613). The Company's shares have been publicly traded since 2022, and as of 3Q2024, 24.52% of shares are listed on the Borsa İstanbul (BİST).

Yayla Agro, according to the İstanbul Chamber of Commerce's First Top 500 List, was ranked at the 275th largest industrial corporation in Türkiye in terms of revenue generated from production, marking a change from its 2022 position at 274th in 2023. Additionally, in 2023, Yayla Agro was ranked 668th (2022: 958th) overall and 59th (2022: 77th) in its sector on the list of the top 1,000 exporters prepared by the Türkiye Exporters Assembly.

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

Strengths	Constraints
• Income from FX protected deposits providing a shield for bottom-line profitability, • Strong liquidity indicators thanks to readily marketable inventories (RMI) and cash assets as of FYE2023, • Natural hedging opportunity against FX exposure through high export despite decline in abroad sales in FY2023 & 3Q2024, • Long track record and brand reputation built on innovative, value-added, and ready-to-eat nutrition products across both domestic and international markets, • Availability of substantial incentives and tax benefits stemming from the Niğde factory investment, • Compliance with corporate governance practices owing to listed status and ESG initiatives.	• Decrease in sales revenue and EBITDA generation capacity in FY2023 and ongoing downtrend in sales performance as of 3Q2024 compared to the previous period, • Deterioration in financial leverage ratios and interest coverage indicators due to increasing net financial debts in FY2023 as a result of ongoing Capex, • Continuous marketing efforts due to highly competitive environment in the industry, • Global risks facing the food industry, • 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 points, the Company's the Long-Term National Rating has been revised from **'AA- (tr)'** to **'A+ (tr)'**. The Company's liquidity indicators, export volume and long track record in the industry 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'**. On the other hand, the Company's new factory investment process in Niğde, revenue and profitability performance, risk impacts of the TRY's depreciation on activities 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.