

Corporate Credit Rating

New Update

Sector: Snacks/FMCG

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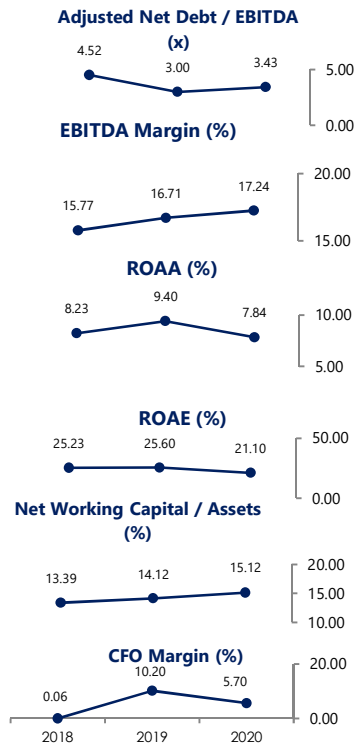
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RATINGS

		Long Term	Short Term
National	Local Rating	AA+ (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC Stable LC Stable	Stable Stable
Sponsor Support		1	-
Stand-Alone		A	-
Sovereign*	Foreign Currency	BB	-
	Local Currency	BB	-
	Outlook	FC Stable LC Stable	- -

*Assigned by JCR on May 31, 2021



ÜLKER BİSKÜVİ SANAYİ A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated National Corporate credit ratings of “**Ülker Bisküvi Sanayi A.Ş.**” in an investment grade category and assigned the ratings as “**AA+ (Trk)**” on the Long-Term National Scale and as “**A-1+ (Trk)**” on the Short-Term National Scale with “**Stable**” outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings and outlooks of the Company are assigned as “**BB/Stable**”.

“**Ülker Bisküvi Sanayi A.Ş.**” (herein referred to as “**Ülker Bisküvi**” or “**the Company**”) was established 77 years ago by Sabri Ülker and Asım Ülker, two brothers, commencing operations at a small workshop in İstanbul as a small bakery. The main operating fields of the Company, together with its subsidiaries is producing, selling and marketing biscuits, chocolate covered biscuits, crackers, cakes, chocolate and wafers in Turkey and internationally. Ülker Bisküvi has five factories for biscuit, cake, cracker & chocolate production in Turkey and two factories in Saudi Arabia, one in Kazakhstan and one in Egypt. As of June 2021, total production capacity of the Company is 960k tons/year in nine factories. The Company has been the market leader in biscuit and chocolate categories and ranked as 2nd in cake category in terms of market share in Turkey.

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 İstanbul (“BİST”), formerly named as İstanbul Stock Exchange, since 30 October 1996, as of 31 December 2003. As of June 30, 2021, the main shareholder and controlling party of the Group is pladis Foods Ltd with 51 % of the shares, the Ülker family members and Yıldız Holding A.Ş. had 7.48% shares and the remaining 41.52% shares of the Group is listed on Borsa İstanbul. The ultimate parent of the Group is Yıldız Holding A.Ş, pladis Foods Ltd is subsidiary of Yıldız Holding A.Ş with shares of 100%. Yıldız Holding is managed by Ülker Family.

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

Strengths	Constraints
<ul style="list-style-type: none"> Along with its well-diversified product portfolio, its leading position in Turkey in some categories as well as its upper tier position in the presence countries with its well-known brands, The effective product planning, cost optimization and pricing at which the market/demand dynamics allow have been the main drivers of the continuous growth in profitability figures, The FX denominated revenue streams through production and sales from facilities located outside Turkey and export-oriented business with its brands reduces the currency risk in some extent, Adequate liquidity profile which is also supported with the issuance of bonds and utilization of Syndicated loans, Upward trend in NWC and improvement in FFO provides stable liquidity management, A high degree of emphasis on corporate social responsibility, Enhanced practice of corporate governance principles and more transparent and professional in terms of its operations, business structure, financial standing, and investor relations as a BİST listed company, 	<ul style="list-style-type: none"> The hard currency denominated debt level has continued to pressure on equity, The possible negative effect of the ongoing raw material inflation to the profitability, Competition in the domestic and global snacks/ FMCG industry,

Considering the aforementioned points, the Company’s Long-Term National Rating has been assigned at “**AA+ (Trk)**”. The competitive advantage obtained through its predictable cash flow capacity supported by diversified income streams, production and export power, being the market leader in Turkey in biscuit and chocolate categories, and as well as a leading position with its operations portfolio, the steady revenue and EBITDA growth trend, long position in foreign currency, positive cash position in contrast to short term financial liabilities, high coherence to corporate governance practices, as well as deterioration on local and global economic outlook due to ongoing Covid-19 pandemic on economic activities constitute the principle reasons underlying the assignment the outlooks for the Long and Short-Term National Ratings as “**Stable**”. The Company’s cash flow and liquidity level, EBITDA margin and net profit indicators, possible acquisitions and financing, intra group relations, financial structure, fluctuations of the exchange rates are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

The financial strength and expected support of the Company’s shareholders lay the foundation Ülker Bisküvi’s Sponsor Support assessment. The willingness and financial strength of the Company’s owners to provide operational and financial assistance have been assessed with respect to the financial capabilities of the shareholders, Yıldız Holding A.Ş. The shareholders are thought to be willing to supply long-term liquidity and equity as well as operational support to the Company should such a need arise. With these assessments, the Company’s Sponsor Support Grade has been assigned as **(1)**, denoting a strong level.

The Stand Alone note of the Company has been constituted particularly with respect to the Company’s internal resource generation capacity and sales performance, asset quality, growth performance, equity structure, market shares, liquidity profile, profitability ratios, risk management practices and the development of existing risks in the market and business environment. When the factors above are considered, our opinion is that Ülker Bisküvi has reached a level of adequate experience and facilities to manage the occurring risks in its balance sheet through internal means without any assistance by its shareholders, provided that it maintains the expected customer level and efficiency in the market. The Stand-Alone Rating has been determined as **(A)**, in JCR Eurasia Rating’s notation system, indicating the highest level.