

## Corporate Credit Rating

New Update

**Sector:** Frozen Food & Oil  
**Publishing Date:** 27.01.2023

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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	AA-(tr)	J1+(tr)
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## Kereviş Gıda Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated consolidated structure of **Kereviş Gıda Sanayi ve Ticaret A.Ş.** in the investment-level category on the national scales and assigned 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 assigned as **'BB/Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

**Kereviş Gıda Sanayi ve Ticaret Anonim Şirketi** ('the Company' or 'Kereviş Gıda') was established in 1972. The Company operates in field of producing of frozen, canned food, oil and margarine. Products in the frozen product category include bakery products, vegetable and fruit products, potato and croquette products, meat products and aquatic products. Canned product categories include canned tuna, canned vegetables and ready meals. Production of frozen and canned products is carried out in 2 factories located in Bursa and Afyon. Production of oil and margarine is carried out in 3 factories located in İstanbul, Adana and Brunei. The Company produces frozen food products under the 'SuperFresh' brand and oil products under the 'Bizim', 'Teremyağ', 'Luna', 'Sabah', 'Yayla' and 'Halk' brands. The Company's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol **"KERVT"** since 1994.

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

### Strengths

- Steady improvement in sales revenue over the analysed years
- Improvement in EBITDA generation capacity and profitability metrics in 9M2022 period, despite the contraction in 2021
- Prudent collection policy supporting the asset quality through received letter of guarantees, receivable insurance and Direct Debit System
- Improvement in cash conversion cycle over the analysed years
- Having wide range of products with high brand awareness especially in domestic market and strong market share
- Favorable outlook for frozen food products
- Long experience in the sector and running through professional management approach
- High level of compliance with corporate governance practices as a company listed in BIST

### Constraints

- Increase in financial leverage ratios in 2021 especially in short-term, despite the improvement in leverage metrics in 9M2022 period
- Significant amount of other receivables from main shareholder distorting balance sheet integrity
- Weather conditions may be the source of risk for frozen food segment supply
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as **'AA- (tr)'**. The Company's increased sales revenue, improvement in EBITDA generation capacity, profitability indicators, collection ability, long experience in sector, indebtedness level, competitive nature of the sector, along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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 Company's sustainability of profitability performance, sales growth, equity level, developments in the domestic and global economy together with the trends in the industry 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.

