

Corporate Credit Rating

☐ New ☒ Update

Sector: Frozen Food & Oil

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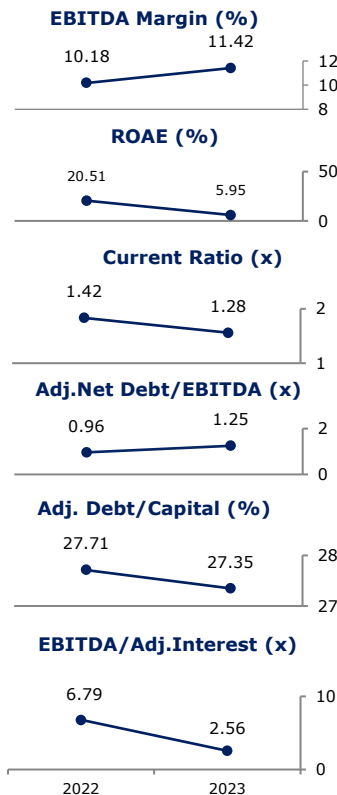
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated **Kerevitaş Gıda Sanayi ve Ticaret A.Ş.** in the investment-grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'AA- (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 assigned as **'BB/Stable'**.

Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as **'Kerevitaş Gıda'** or **'the Company'** or **'the Group'**) was established in 1972. The Company operates in the 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. Donuk Fırıncılık (DFU) produces frozen bakery products in its factory in the Dudullu Organized Industrial Zone and sells in Türkiye and foreign markets. 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 **"KERVIT"** since 1994. 29.49% of the Company's shares were publicly traded as of the report date.

Yıldız Holding, is one of the leading Turkish conglomerates in terms of size and operations in various industries including biscuits, chocolate, food and edible oil, wholesale and retailing, and investment services, owns 60.53% of Kerevitaş Gıda's shares as of report date.

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

Strengths	Constraints
<ul style="list-style-type: none"> Maintaining a leading position in the local edible oil and frozen food sectors and preserving brand awareness with a wide range of products, High level of interest income from the funds transferred to main shareholder supporting leverage, coverage and bottom line profitability, Customer portfolio constituting well-known brands and partially collateralized structure mitigating the collection risk, Short cash conversion cycle supporting efficiency, Sufficient equity contribution compared to asset size, mainly fed by capital adjustment differences, Proven track record with reputable shareholder structure, Significant emphasis on sustainability alongside with compatibility to corporate governance principles. 	<ul style="list-style-type: none"> Decline in revenue in FY2023, and 3Q2024 compared to the same period of previous year, mainly due to decrease in edible oil sales and IAS-29 effect, Increased operational expenses during the examined periods, Reliance on imports for the main raw material of the oil segment may pose potential risks, High dependency on agricultural productivity and climatic conditions, 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 Long-Term National Issuer Credit Rating has been affirmed at **'AA- (tr)'**. Kerevitaş Gıda's high brand reputation and market share, maintained leverage metrics through receivables from the main shareholder, decline in mainly edible oil business revenue, corporate governance principles and sustainability level, and increase in operational expenses are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are affirmed at **'Stable'**. The Company's sales performance and high OpEx, market share, external impacts due to climatic conditions and high dependence on imports, cash loan exposure, and fund relations with Yıldız Holding trend 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.