

Corporate Credit

New □Update

Sector: Tomato paste and

canned food

Publishing Date: 27/12/2021

Senior Analyst

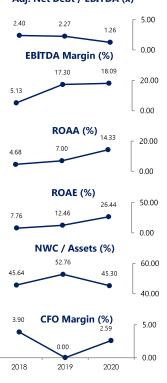
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RATINGS

			Long Term	Short Term
onal	Local Rating		AA+ (Trk)	A-1+ (Trk)
Nationa	Outlook		Stable	Stable
International	Foreign Currency		ВВ	В
	Local Currency		BB	В
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Sponsor Support			1	-
Stand-Alone			A	-
Sovereign*	Foreign		BB	-
	Local Currency		BB	-
	Outlook	FC	Stable	-
		LC	Stable	-
* Assigned by JCR on May 31, 2021				

Adj. Net Debt / EBITDA (x)



TAT GIDA SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated National Corporate credit ratings of "TAT Gida Sanayi A.Ş." in a high-level 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. Long Term International Local and Foreign Currency ratings and outlooks of the Company are capped at "BB/Stable", the same level as the sovereign ratings and outlooks of Turkey.

"TAT Gıda Sanayi A.Ş." (hereinafter referred to as "TAT Gıda" or the "Company") was established in 1967 under the corporate name "Tat Konserve Sanayi A.Ş." before changing its name to "TAT Gıda Sanayi A.Ş." in 2013. The Company is a subsidiary of Koç Holding A.Ş., whose main field of activity includes all kinds of commercial commodities, food, beverages, agricultural, animal foodstuffs and harvests, their raw and primary materials, including frozen, dried, powdered types, auxiliary, additives, sugary and unsweetened products in order to carry out the production, distribution, marketing, domestic and international trade and brokerage of semi-finished and whole products of juice and canned food

The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1993 and 41.40% of shares are publicly traded on the BIST with the ticker symbol "TATGD", while the controlling shareholder is "Koç Holding A.Ş." and therefore Koç family members. As of FY2020, TAT Gıda is the market leader in Turkey in the tomato paste, ketchup and tomato products category under the corporate name of TAT brand. The Company's production activities are located in facilities in Mustafakemalpaşa-Bursa, Karacabey-Bursa and Torbalı-İzmir with an average staff of 1,084 in FY2020. As of FY2020, the paid in capital and equity of TAT Gıda Sanayi A.Ş. stood at TRY 136mn and TRY 704.75mn, respectively. Koç Holding A.Ş. is the ultimate shareholder of the Company with a share of 43.7% at FY2020.

Strengths Constraints

- Robust debt service capacity supported with resilient operating cash flow
- Low financial leverage with a large equity base comprised of retaining earnings and strong debt metrics
- Improvement in sales revenues and EBITDA/margin generation capacity particularly in FY2020 & 9M2021 due to high-level nationwide product differentiation with continuous investments
- Prudent financial management with the support of positive cash flow metrics
- Robust net working capital and upward trend in FFO provide solid liquidity metrics
- Considerable share of export sales among total sales and geographical diversification of exports
- Reputable market presence and sector know-how more than 50 years demonstrated by an ability to profitably protect and asset growth and high market share in main categories, particularly in tomato products, tomato paste, ketchup, pickles in Turkey
- Having a strong business profile in the national / international market with the support of wellestablished parent company
- Focus on sustainability projects by making investments particularly to reduce emissions, carbon footprint and use of fossil fuels

- Seasonality in production activities and dependency on weather conditions, drought, flood and disease
- Competitive market structure particularly in foreign markets namely, Europe and China
- Uncertainties on global and local economy, triggered by ongoing coronavirus outbreak

Considering the aforementioned drivers, the Company's the Long-Term National Rating has been assigned as "AA+(Trk)". The competitive advantage obtained through its predictable cash flows, profit indicators, satisfactory debt service capacity, production and export power, competition and market efficiency in the inter/national market, the steady revenue and EBITDA growth trend and organizational framework compatible with the group size 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 assignation the outlooks for the Long and Short-Term National Ratings as "Stable". The Company's equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators 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.

"TAT Gıda Sanayi A.Ş."'s main shareholders are "Koç Holding A.Ş." (43.7%) and therefore the "Koç Family", who is the ultimate shareholder of the Koç Group. The shareholders of the Company have the willingness and experience to the ensure long term liquidity and equity depending on the adequacy of their financial strength when required and to provide efficient operational support to "TAT Gıda Sanayi A.Ş.". In this scope, "Sponsor Support" category has been assigned as (1), which denotes the highest level.

Taking into account the Company's market shares, equity level, ongoing operations, liquidity reachability, internal resource generation capacity, growth rates and EBITDA generation capacity, we, as JCR Eurasia Rating, state the opinion that the Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet regardless of any assistance from the shareholders, if it preserves its current customer level, efficiency and existing macroeconomic level in the market. Within this context, the "Stand-Alone" grade of the Company has been assigned at (A) in the JCR Eurasia Rating notation system, indicating the highest level.