

**CREDIT RATING REPORT**

**DATE:** 25.10.2022

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**İSÜER:** EKSUN GIDA TARIM SANAYİ ve TİCARET A.Ş.

**İSÜE:** -

**CORE BUSINESS**

FOOD

**NEW:**

**UPDATE:**

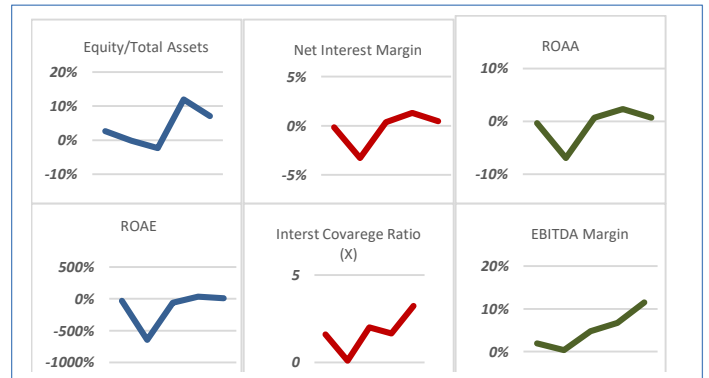
| Eksun Gıda Tarım Sanayi ve Ticaret A.Ş.<br>Ord. Prof. Kerim Gökay Caddesi, No: 36, Altunizade / İstanbul<br>Tel: (0216) 544 24 00<br><a href="http://www.eksun.com.tr">www.eksun.com.tr</a> | RATINGS*      |            |         |              |            |         |
|---|---------------|------------|---------|--------------|------------|---------|
|   | ISSUER RATING |            | OUTLOOK | ISSUE RATING |            | OUTLOOK |
|   | LONG TERM     | SHORT TERM |         | LONG TERM    | SHORT TERM |         |
| INTERNATIONAL FOREIGN CURRENCY  | -             | -          | -       | -            | -          | -       |
| INTERNATIONAL LOCAL CURRENCY  | -             | -          | -       | -            | -          | -       |
| NATIONAL RATING   | TR A-         | TR A-1     | Stable  |              |            |         |
|   | TR A-         | TR A-1     | Stable  |              |            |         |

\*Previous ratings are at the bottom right of the cells. **NR:** Not rated by DRC RATING. **Outlook:** Positive, Negative, Stable, Developing.

**SUMMARY:** Eksun Gıda Tarım Sanayi ve Ticaret A.Ş. (hereafter Eksun Gıda or the Company) has been confirmed a **long-term national credit rating of TR A- a short-term national credit rating of TR A-1 and outlook Stable**. The credit ratings reflect our opinion about the increase in company revenues for the last 5 years despite adverse conditions such as the Covid-19 Pandemic, which was effective in 2020 and 2021, Russian invasion of Ukraine in 2022 and rising inflation and energy costs on a global scale, integration of group companies under the parent company Eksim Yatırım Holding A.Ş. (hereafter Eksim Holding), diversified funding sources with Exim Bank rediscount credits used and lease certificates (sukuk) issued, despite the uncertain operating conditions, the market share in the sector is maintained, good management of economies of scale, the strength of marketing channels, the fact that the equity which was negative in 2019, turned into positive, though it remained at a low level, going on operations with low profitability and high leverage ratios and the working capital, which turned positive in 2021, could not reach the sufficient level.

**Key Financial Data (Million ₺)**

|                   | 2017  | 2018  | 2019  | 2020  | 2021    |
|-------------------|-------|-------|-------|-------|---------|
| Total Assets      | 385.2 | 478.5 | 439.2 | 746.6 | 1,331.3 |
| Trade Receivables | 178.6 | 219.6 | 155.2 | 196.8 | 450.3   |
| Inventories       | 108.4 | 133.3 | 135.3 | 275.7 | 540.6   |
| Trade Payables    | 127.1 | 238.7 | 305.5 | 327.7 | 517.6   |
| Equity            | 10.3  | -0.6  | -10.2 | 89.5  | 94.3    |
| Net Profit        | -1.2  | -30.0 | 3.3   | 13.7  | 7.3     |





Istanbul, October 25<sup>th</sup>, 2022

#### Financial Data

December 31<sup>st</sup>, 2021

(Million ₺)

|                       |         |
|-----------------------|---------|
| Total Assets          | 1,331.3 |
| Trade Receivables     | 450.3   |
| Inventories           | 540.6   |
| Financial Liabilities | 654.8   |
| Trade Payables        | 517.6   |
| Gross Sales           | 1.549.4 |
| Equity                | 94.3    |
| Net Profit/Loss       | 7.3     |

#### Financial Ratios

|                         |      |
|-------------------------|------|
| ROAA (%)                | 0.7  |
| ROAE (%)                | 8.0  |
| EBITDA Margin (%)       | 11.5 |
| Equity/Total Assets (%) | 7.1  |
| Net Profit Margin (%)   | 0.5  |

### Ratings Rationale, Outlook and Important Factors for the Future:

Eksun Gıda Tarım Sanayi ve Ticaret A.Ş. (hereafter Eksun Gıda or the Company) has been confirmed a **long-term national credit rating of TR A- a short-term national credit rating of TR A-1 and outlook Stable**. The credit ratings reflect our opinion about the increase in company revenues for the last 5 years despite adverse conditions such as the Covid-19 Pandemic, which was effective in 2020 and 2021, Russian invasion of Ukraine in 2022 and rising inflation and energy costs on a global scale, integration of group companies under the parent company Eksim Yatırım Holding A.Ş. (hereafter Eksim Holding), diversified funding sources with Exim Bank rediscount credits used and lease certificates (sukuk) issued, despite the uncertain operating conditions, the market share in the sector is maintained, good management of economies of scale, the strength of marketing channels, the fact that the equity which was negative in 2019, turned into positive, though it remained at a low level, going on operations with low profitability and high leverage ratios and the working capital, which turned positive in 2021 could not reach the sufficient level.

The going on increase in wheat prices due to the increase in demand conditions and exchange rates in 2022; compared to the previous year, the Company's gross sales revenues increased by 46.7% to ₺1,686.1 million, and with the increase in stocks, the total assets increased by 78.3% to ₺1.331.3 million. Despite the increase in costs of sales and operating expenses, the increase in net revenues increased operational profit to ₺131.1 million in 2021. In 2021, the Company's other income from main operations increased from ₺70.7 million to ₺233.4 million, mainly due to the fact

that foreign exchange gains rose to ₺195.9 million and rediscount revenues rose to ₺26.2 million. On the other hand, the increase in foreign exchange losses to ₺159.8 million and provision for doubtful receivables to ₺22.2 million was instrumental in the rise of other operating expenses to ₺186.1 million. Thus, in 2021, other net profit from main operations increased to 47.3 million ₺. Together with the increase in operational profit and other net profit from main activities, Eksun Gıda EBITDA reached its historical high level with 178.5 million ₺ in 2021. The Company's operating with low equity level and profitability ratios put pressure on credit ratings.

Eksun Gıda's financial statements as of 31 December 2020 and 31 December 2021 and the accompanying footnotes have been independently audited by 2 different audit firms and positive opinions have been expressed. In the independent audit report dated 31 December 2021, the financial statements for 2019 and 2020 were also rearranged. The financial data for 2020 and 2019 used in our credit rating report dated September 7, 2021 and our current credit rating reports are different. In this credit rating report, the independent audit report dated 31 December 2021 was taken into account, the financial data for the years 2020 and 2019 used in our previous report were rearranged and the financial calculations were performed again.

DRC RATING has confirmed the outlook of Eksun Gıda's National Long-Term Rating as "Stable". Diversification of funding sources, target of limiting foreign currency liabilities to foreign currency assets, public offering plans and high leverage ratios were taken into consideration and positive/negative factors were evaluated in determining the outlook.

The parent company Eksim Holding, is among the leading groups in Turkey with its investments in renewable energy generation, electricity distribution and wholesale and retail sale, food, construction and real estate sectors. According to the independent audit report of the Holding dated 31 December 2021, its total assets are ₺30.6 billion and more than 7 thousand people work in more than 20 subsidiaries under its roof.



Key factors to consider for the future change in rating and outlook are:

Positive

- Reducing the exchange rate risk by limiting the use of foreign currency loans to the amount of foreign currency assets,
- Strengthening equity,
- Increasing ROAA and ROAE,

Negative:

- Increases in financial debt costs and possible changes in exchange rates adversely affect profitability,
- With the global wheat supply crisis, energy and labor costs increase the costs of sales,
- The continuation of the low level in equities,

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