SAHA
Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri

11 August 2021

Credit Rating

Long-term (National):
(TR) BBB+
Outlook:
Stable

Short-term (National):
(TR) A2
Outlook:
Stable

Expiry Date:
11 August 2022

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UNİFO Gıda ve Savunma Sanayi Tic. A.Ş.

Rating Summary

Founded in 1995, Unifo Gıda ve Savunma Sanayi ve Ticaret A.Ş. (UNIFO) is a member of Uyar Holding. Producing packaged ready meals at international standards in its production facilities built on a closed area of 12,071 m² in Kocaeli-Gebze Organized Industrial Zone, UNIFO produces microwaveable packaged ready meals, sandwiches, canned food, outdoor ration products under diversified brands such as "ta!da!" and "Unifood", and packaged Turkish coffee under the brand "Sahure Hanım". In addition, the Company produces and distributes metal and plastic tray/plate packaging, retort bags, MRE (Meal Ready to Eat) and IRP (Individual Ration Pack) food packages for military needs and ready-to-eat catering.

UNIFO carries out these activities with its subsidiary Sidaş Gıda ve Ambalaj San. ve Tic. A.Ş. operating in its production facilities in the city of Yozgat and through Garanti Giyim Kompozit Teknolojileri San. Ve Tic. A.Ş., which is a subsidiary of the parent company Uyar Holding, operating in the Sakarya production facilities.

Following our comparative analysis of the sector and examination of financial/operational risks carried by the Company, as well as its domestic market history and position, UNIFO received a long-term (National) rating of **BBB+** and a short-term rating (National) of **A2**.

Outlook

UNIFO increased its sales revenues by 38% to TL 447.3 million in 2020 (2019: TL 323.8 million). The profit for the year 2020, on the other hand, decreased relatively to TL 13.3 million (2019: TL 18.1 million).

In 2020, the Company's trade receivables increased by 58.6% to TL 127.9 million (2019: TL 80.7 million), while inventories increased by 63.1% to TL 46.3 million (2019: TL 28.4 million). In return for the fund deficit in working capital, short-term financial liabilities increased from TL 41.6 million in 2019 to TL 119.3 million in 2020.

The Company increased its paid-in capital to TL 30 million in 2020 by covering it from its retained earnings (2019: TL 13.3 million). The accumulated profit of TL 57.1 million after the capital increase is considered as a positive indicator.

The Company's outlook is evaluated as **"Stable"**, considering the its past experience, positive trends in the food and catering industry following the pandemic, and other factors.

Methodology

SAHA's credit rating methodology is composed of quantitative and qualitative sections to affect the final note with specific weights. Quantitative analysis components consist of SAHA Score, Company's distance from the point of default, its performance compared to the sector, analysis of the financial risks, and the assessment of cash flow projections. Default point analysis measures the distance from the point of default and it is based on relevant sector firms' past financial performances, ratios derived from a distinctive default statistics, and statistically derived coefficients. This analysis is based on genuine statistical study of SAHA, covering companies in Turkey. Comparative performance analysis of the sector determines the position of the company concerned in comparison with the sector firms' recent financial performances. Financial risk analysis covers the evaluation of the company's financial ratios on the basis of objective criteria. Liquidity, leverage, asset quality, profitability, volatility and concentration are treated as sub-headings in this analysis. Finally, scenario analysis tackles the company's future base and stress scenario projections subject to scrutiny in the context of the firm's financing tool and assesses the risks of fulfillment of obligations.

Qualitative analysis covers operational issues such as sector and company risks as well as administrative risks in the context of corporate governance practices. Sector analysis evaluates the nature and rate of growth of the sector, its competitive structure, structural analysis of customers and creditors, and sensitivity of the sector to risks at home and abroad. Company analysis discusses market share and efficiency, growth trend, cost structure, service quality, organizational stability, access to domestic and foreign funding sources, off-balance sheet liabilities, accounting practices, and parent / subsidiary company relationships.

Corporate governance plays an important role in our methodology. The importance of corporate governance and transparency outshines once again in the current global financial crisis we witness. Our methodology consists of four main sections; shareholders, public disclosure and transparency, stakeholders, and board of directors. The corporate governance methodology of SAHA can be accessed at www.saharating,com.

Rating Definitions

Our long-term credit ratings reflect our present opinion regarding the mid to long term period of one year and above; Our short-term credit ratings reflects our opinion regarding a period of one year. Our long -erm credit rating results start from AAA showing the highest quality grade and continue downward to the lowest rating of D (default). Plus (+) and minus (-) signs are used to make a more detailed distinction within categories AA to CCC.

Companies and securities rated with long-term AAA, AA, A, BBB and short-term A1 +, A1, A2, A3 categories should be considered "investment worthy" by the market.

Short Term	Long Term	Rating Definitions
(TR) A1+	(TR) AAA (TR) AA+ (TR) AA (TR) AA-	The highest credit quality. Indicates that ability to meet financial obligations is extremely high. For securities, it is an indication of no more than a slight additional risk as compared to risk-free government bonds.
(TR) A1	(TR) A+ (TR) A	Credit quality is very high. Very high ability to fulfill financial obligations. Sudden changes at the company level and/or economic and financial conditions may increase investment risk, but not significantly.
(TR) A2	(TR) A- (TR) BBB+	High ability to fulfill financial obligations, but may be affected by adverse economic conditions and changes.
(TR) A3	(TR) BBB (TR) BBB-	Sufficient financial ability to fulfill its obligations, but carries more risk in adverse economic conditions and changes. If securities; has adequate protection parameters, but issuer's capacity to fulfill its obligations may weaken in face of adverse economic conditions and changes.

Companies and securities rated with long-term BB, B, CCC, and short-term B1, B2, C categories should be considered "speculative" by the market.

(TR) B1	(TR) BB+ (TR) BB (TR) BB-	Carries minimum level of speculative features. Not in danger in the short term, but faces negative financial and economic conditions. If securities; below investment level, but on-time payments prevail, or under less danger than other speculative securities. However, if the issuer's capacity to fulfill its obligations weakens, serious uncertainties may unfold.
(TR) B2	(TR) B+ (TR) B (TR) B-	Currently has the capacity to fulfill financial obligations, but highly sensitive to adverse economic and financial conditions. If securities; there is a risk in due payment. Financial protection factors can show high fluctuations depending on the conditions of the economy, the sector, and the issuer.
(TR) C	(TR) CCC+ (TR) CCC (TR) CCC-	Well below investment grade. In considerable danger of default. Fulfillment of its financial obligations depends on the positive performance of economic, sectoral and financial conditions. If securities; there are serious uncertainties about the timely payment of principal and interest.
(TR) D	(TR) D	Event of default. The company cannot meet its financial obligations or cannot pay the principal and/or interest of the relevant securities.

Disclaimer

This Credit Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) in collaboration with UNIFO and is based on information disclosed to the public by UNIFO.

This report, edited by SAHA A.Ş. analysts based on their best intentions, knowledge base and experience, is the product of an in-depth study of the available information which is believed to be correct as of this date. It is a final opinion about the overall credibility of the institutions and/or debt instruments they have issued. The contents of this report and the final credit rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment decisions or other purposes.

SAHA A.Ş. has embraced and published the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies on its web site (www.saharating.com) and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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