

Hunland Trade Kft.

Hungary, Agribusiness

Rating composition

Business risk profile		
Industry risk profile	BBB	B+
Competitive position	B+	
Financial risk profile		
Credit metrics	BB	BB
Liquidity	+/-0 notches	
Standalone credit assessment		BB-
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Parent/government support	+/-0 notches	
Governance & structure	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		BB-

Key metrics

			Scope estimates	
Scope credit ratios	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	Net interest income		>20x	Net interest income
Scope-adjusted debt/EBITDA	4.5x	4.7x	4.7x	4.9x
Scope-adjusted funds from operations/debt	21%	20%	20%	20%
Scope-adjusted free operating cash flow/debt	-10%	19%	7%	4%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook (collectively):

- Debt/EBITDA of below 4.0x on a sustained basis
- Improved business risk profile, e.g. demonstrated by improved operating profitability on a sustained basis

The downside scenarios for the ratings and Outlook (individually):

- Debt/EBITDA above 6.0x on a sustained basis
- Negative free operating cash flow

Issuer

BB-

Outlook

Stable

Senior unsecured guaranteed bond (ISIN: HU0000360680)

BB-

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Related methodology

[General Corporate Rating](#)

[Methodology](#), Feb 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none">• Market leader in Hungarian livestock export• Integrated business model that reduces exposure to economic downturns• Strong diversification by customers, suppliers and geographies• Stable although limited EBITDA margin	<ul style="list-style-type: none">• Weak profitability compared to agribusiness peers• Free operating cash flow exposed to swings in working capital• Low diversification in product portfolio

2. Rating Outlook

The Stable Outlook incorporates our view that key credit metrics will develop as forecasted, with debt/EBITDA between 4.5 – 5.0x and positive free operating cash flow generation at around 5%. It also incorporates Hunland Trade’s position as the leading Hungarian livestock exporter and our expectation that Hunland Trade’s EBITDA margin will remain stable at around 2%.

3. Corporate profile

Founded in 1992 and headquartered in Bugyi, Hungary, Hunland Trade Kft has a prominent role in the global livestock and meat trade. It sells and buys livestock (breeding cattle, slaughtering cattle, sheep, lambs, goats, pigs and piglets), as an integrated member of Hunland Group. It supplies beef, pork and lamb meat as well as poultry meat. Its only subsidiary, through a 88% stake, is Hunland Trans Kft. The company is fully indirectly owned by Joseph Janssen (74.69%) and Suzanne Janssen (25.31%).

Family-owned trader of livestock (cattle, pigs, goat and sheep)

4. Rating history





Date	Rating action/monitoring review	Issuer rating & Outlook
17 December 2025	Affirmation	BB-/Stable
18 December 2024	Affirmation	BB-/Stable
14 December 2023	Upgrade	BB-/Stable

5. Financial overview (financial data in EUR 000's)

Scope credit ratios	Scope estimates				
	2023	2024	2025E	2026E	2027E
Scope-adjusted EBITDA interest cover	Net interest income		>20x	Net interest income	
Scope-adjusted debt/EBITDA	4.5x	4.7x	4.7x	4.9x	4.4x
Scope-adjusted funds from operations/debt	21%	20%	20%	20%	22%
Scope-adjusted free operating cash flow/debt	-10%	19%	7%	4%	11%
Liquidity	>200%	>200%	>200%	>200%	>200%
Scope-adjusted EBITDA					
EBITDA	9,450	10,478	9,976	9,501	9,976
Other items	(34)	(84)	-	-	-
Scope-adjusted EBITDA	9,416	10,395	9,976	9,501	9,976
Scope-adjusted Funds from operations					
Scope-adjusted EBITDA	9,416	10,395	9,976	9,501	9,976
less: Scope-adjusted interest	671	303	(45)	102	293
less: cash tax paid	(1,262)	(577)	(559)	(526)	(557)
Other non-operating charges before FFO	-	(376)	-	-	-
Scope-adjusted Funds from operations (FFO)	8,825	9,745	9,372	9,077	9,712
Scope-adjusted Free operating cash flow					
Scope-adjusted Funds from operations	8,825	9,745	9,372	9,077	9,712
Change in working capital	(13,114)	(1,393)	(2,973)	(4,399)	(2,406)
Non-operating cash flow	-	-	-	-	-
less: capital expenditures (net)	(187)	880	(3,138)	(4,202)	(2,365)
Scope-adjusted Free operating cash flow (FOCF)	(4,475)	9,232	3,261	476	4,941
Scope-adjusted Net cash interest paid					
Net cash interest per cash flow statement	(671)	(303)	45	(102)	(293)
Change in other items	-	-	-	-	-
Scope-adjusted Net cash interest paid	(671)	(303)	45	(102)	(293)
Scope-adjusted debt					
Reported financial (senior) debt	63,919	59,857	60,392	60,392	60,385
less: cash and cash equivalents ¹	(21,140)	(11,326)	(13,224)	(14,234)	(16,740)
Scope-adjusted debt (SaD)	42,780	48,532	47,169	46,159	43,645

¹ 50% of cash netted as per balance sheet from 2024

6. Environmental, social and governance (ESG) profile²

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk) 
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) 
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests) 

ESG factors:  credit positive  credit negative  credit neutral

In 2025 Hunland Group published its ESG report for the second year in a row, outlining its detailed strategy including several core topics organised alongside the three ESG pillars:

- 1. Environmental:** energy consumption, emissions, pesticide use, circular economy, research and development, and animal welfare
- 2. Social:** employee satisfaction and welfare, occupational health and safety, and education and training of employees
- 3. Governance:** digitalisation, ethical operations and risk management

The most important steps taken in 2025 towards the goals include:

- The renewal of the truck fleet to significantly reduce energy consumption.
- 25% reduction in antibiotic use per animal in the livestock and animal health operations.
- Investment in the internal sustainability of operations (rollout of e-invoicing, digital signatures, new recruiting system) to make the business more efficient and less resource-intensive.

Scope highlights the complex nature of the intragroup financing between Hunland Trade and its sister companies. Specifically, the debt structure is complex, with different group entities acting as guarantors while raising multiple layers of debt seniorities. This makes the ranking for credit claims difficult to ascertain and could complicate a workout in case of a company default. This is seen as credit negative but does not lead to a negative rating-adjustment for ESG rating drivers as this is already reflected in the more conservative assessment of the financial risk profile.

ESG topics identified alongside the three pillars

² These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: B+

The business risk profile is driven by the moderate market share and the highly diversified supplier and customer portfolios, as well as the geographical outreach. The concentrated product portfolio, and comparatively weak operating profitability are constraints.

We classify Hunland Trade’s main activity of livestock trade as belonging to the agribusiness industry. The industry risk profile of agribusiness companies is defined by high cyclicity, high entry barriers and low substitution risk.

Industry risk profile: BBB

According to the Hungarian Central Statistics Office, animal output accounts for around 37% of Hungary’s EUR 10.3bn of agricultural output in 2024 and is the country’s second biggest source of agricultural income, while crop output accounts for half of agricultural output and is the top source of agricultural income. Within animal output in Hungary in 2024, poultry ranks first (12% of agricultural output), followed by pigs (9%), cattle (5%), and sheep and goats (2%). Thus, the livestock market on which the issuer depends (cattle, pigs and sheep) accounts for around 16% of domestic agricultural production.

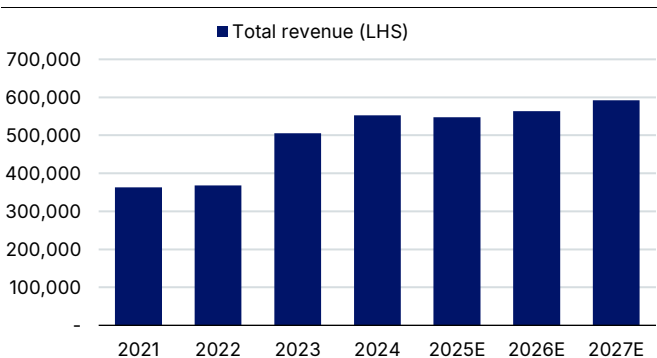
Hunland Trade’s cattle exports account for more than 70% of Hungary’s cattle exports, followed by pigs (around 30%) and sheep and goats (around 50%). This makes the company Hungary’s leading livestock exporter.

Market leader in Hungarian livestock export

During 2024, the double-digit topline growth observed in 2023 slowed but organic growth remained significant (+9.4% YoY). This positive development is attributable to a further increase in volumes sold, especially on Middle Eastern markets. Additionally, the moderate increase in selling prices continued in 2024. In 2025, we expect relatively stagnant revenues (-1% YoY) as a result of i) weaker H1 topline generation (-3.5% compared to H1 2024), negatively influenced by market distortions caused by the foot-and-mouth disease outbreak in Hungary and the resulting export restrictions on livestock; and ii) a return to business as usual in H2, with 2.5% average organic growth forecasted.

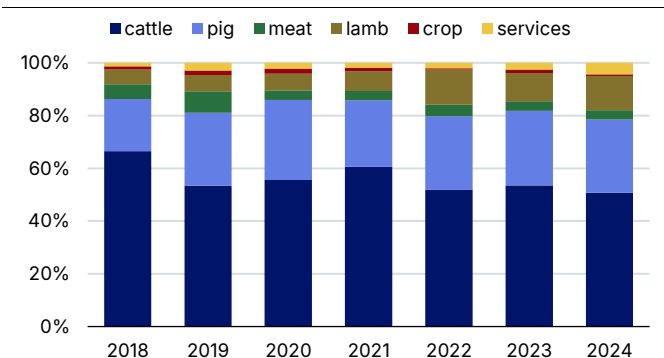
Beyond 2025, we expect moderate and sustained organic topline growth without significant volatility. However, we highlight that the base case excludes the effects of a EUR 100m capex plan, which we still deem discretionary. The plan, if executed, could result in a significant increase in capacity at the sister companies and thereby a rapid increase in sold volumes and turnover at Hunland Trade.

Figure 1: Development of revenues inc. forecast (EUR '000s)



Source: Hunland Trade, Scope (estimates)

Figure 2: Revenue breakdown by product over time (%)



Source: Hunland Trade, Scope (estimates)

Livestock consistently accounts for around 90% of revenue (2024: 91%), followed by meat at around 5%-10%. As both activities relate to the same market category, we do not consider revenue to be diversified by sources. Nevertheless, diversification is strong by livestock type, with 50%-65% of total sales from cattle, 20%-30% from pigs and 5% from lamb.

Limited product diversification

On average, half of sales are realised in four countries (out of around 40 countries). Hungary remains the most important, with around 31% of the total sales as of 2024. Around half of the supply comes from Hungary, typically from sister companies, and the rest from about 20 other countries.

Strong diversification by suppliers, customers and geographies

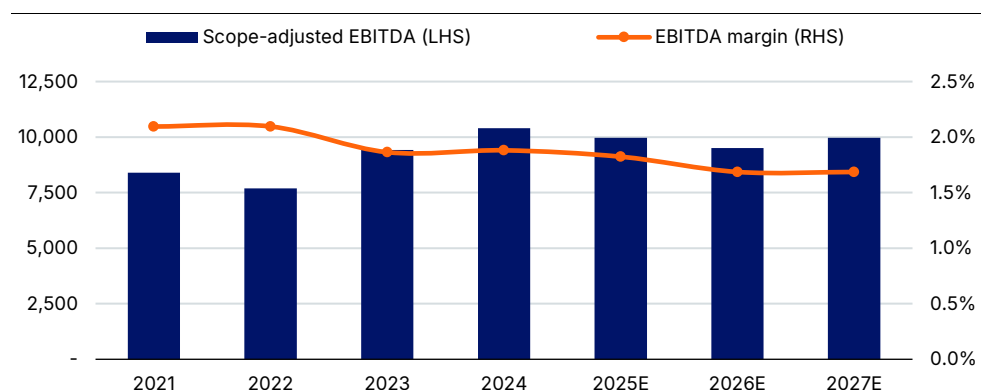
Three of Hunland Trade's 10 main suppliers are sister companies: Hunland Production Kft, Bovinia Kft and Hunland Trans Kft. The sister companies are also guarantors of Hunland Trade's bond issued under the Hungarian Central Bank's Bond Funding for Growth Scheme. These four suppliers represented 40% of the top 10 suppliers in terms of turnover in 2024.

The customer portfolio remains well diversified, with the top 10 representing around 40% of total sales as of 2024 (2023: 32%) and the biggest accounting for 8%. The majority of customers are livestock wholesalers (around 82% of the customer portfolio) while the rest are meat processors. Customers are credit-insured, while customers located in high-risk countries pay for their services only either with prepayment or against letter of credit from a commercial bank.

Operating profitability remained low, although without significant volatility (2024 EBITDA margin: 1.9%). We highlight the fact that the issuer is primarily engaged in the trading of agricultural products – an industry with comparatively narrow profit margins compared to those of producers. From 2025, we assume a slightly more conservative outlook on Hunland Trade's EBITDA margin (forecasted to be around 1.7% until 2027) in anticipation of potential wage pressures and a slowdown of price growth over the coming years.

Comparatively weaker, but stable EBITDA margin

Figure3: Development of EBITDA (EUR '000s) and EBITDA margin (%)



Source: Hunland Trade, Scope (estimates)

8. Financial risk profile: BB

The financial risk profile benefits from the very strong interest cover and moderate leverage, while being constrained by the volatile cash flow cover.

Hunland Trade's interest cover remains the strongest element of the financial risk profile. The issuer's cross-currency interest swap since 2022 for the full term of its senior unsecured guaranteed bond allows it to pay interest in euros instead of forints, as the bond's notional amount in forints was swapped for euros. However, due to the significant difference in base interest rates between the euro and forint, the swaps resulted in negative interest rates in euros (-0.8% on average), meaning that Hunland Trade is actually receiving interest instead of paying it. Additionally, Hunland Trade receives interest after the intercompany loans provided to sister companies (allocation of proceeds from the bond issuance). This is expected to result in consistently positive interest income in the upcoming years.

Interest cover benefitting from high interest income

Scope anticipates that leverage, as measured by debt/EBITDA, will remain relatively stable at close between 4.5x and 5.0x until 2026. This is due to Scope's expectation of relatively stable EBITDA and the plan for the scheduled amortisation of the senior unsecured bond to be fully refinanced

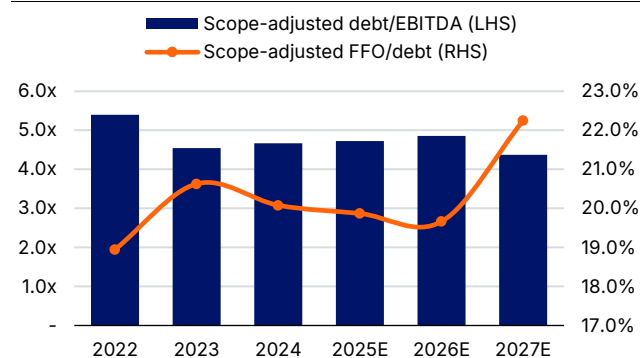
Leverage expected to be sustained around 5.0x

by new bank loans, resulting in a stagnant level of financial debt. It is important to note that cash is partially netted (50% of cash on balance sheet) to account for the intra-year volatility of working capital levels. The movement in the cash level can significantly influence the leverage metrics.

Free operating cash flow is more volatile than EBITDA, significantly impacted by shifts in net working capital. Scope forecasts considerable volatility going forward, with cash flow cover as measured by free operating cash flow/debt to fluctuate between 4% and 14% until 2027.

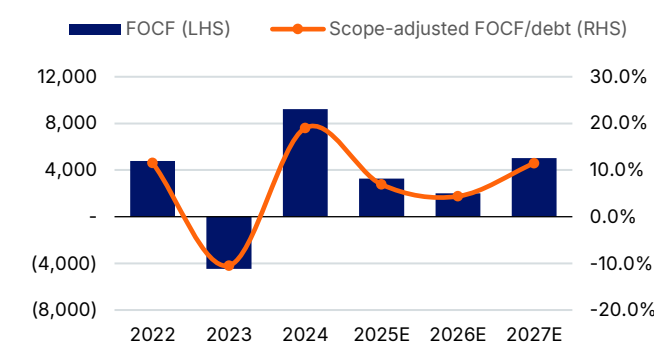
Volatile FOCF generation

Figure 4: Development of leverage metrics



Source: Hunland Trade, Scope (estimates)

Figure 5: Development of FOCF (EUR 000s) and cash flow cover (%)



Source: Hunland Trade, Scope (estimates)

Liquidity is assessed as adequate as sources in the liquidity forecast for 2026 fully cover uses (EUR 6.2m of short-term debt at YE 2025). Sources comprise EUR 20.7m of unrestricted cash forecasted at YE 2025 and free operating cash flow forecasted at EUR 0.5m. Additionally, Hunland Trade has a EUR 5m working capital facility which might serve as an additional source of liquidity.

Adequate liquidity

Scope highlights that Hunland Trade's senior unsecured bond issued under the Hungarian National Bank's Bond Funding for Growth Scheme has a covenant requiring the accelerated repayment of the outstanding nominal debt amount (HUF 24.2bn) if the debt rating of the bond stays below B+ for more than two years (grace period) or drops below B- (accelerated repayment within 30 days). Such a development could adversely affect the company's liquidity profile. The rating headroom to entering the grace period is two notches. Scope therefore sees no significant risk of the rating-related covenant being triggered.

Table 1. Liquidity sources and uses (in EUR '000s)

	2024	2025E	2026E
Unrestricted cash (t-1) ³	21,140	16,951	20,748
Open committed credit lines (t-1)	4,670	4,670	4,670
Free operating cash flow (t)	9,232	3,261	476
Short-term debt (t-1)	156	330	6,231
Liquidity	>200%	>200%	>200%

Source: Hunland Trade, Scope (estimates)

³ We consider EUR 5.7m unused bond proceeds as restricted cash, as there funds are earmarked

9. Supplementary rating drivers: +/- 0 notches

Supplementary rating drivers are credit-neutral.

Scope highlights the complex group structure and frequent related-party transactions and intra-group financing with companies outside of the rated entity's scope of activities, e.g. with sister companies operating under the same roof (ESG factor: credit-negative).

One or more key drivers of the credit rating action are considered an ESG factor.

10. Debt rating

Scope has affirmed the BB- rating of the senior unsecured guaranteed bond, at the same level as the issuer rating.

Senior unsecured guaranteed
bond rating: BB-

Scope expects an 'above-average' recovery for the HUF 24.2bn guaranteed senior unsecured bond, which is based on an anticipated liquidation value in a hypothetical default scenario occurring in 2027. The guaranteed senior unsecured bond ranks below short-term and long-term debt raised from financial institutions (excluding the bond) and payables that are secured by asset pledges.

Scope's recovery expectation takes into consideration uncertainties regarding the value of claims at the guarantors' (Hunland Trans Kft, Bovinia Kft, Hunland Production Kft, Hunland Dairy Kft, HLT Production, Hunland Service, HLT Telep, Hunland Feed and Hunland Group Holding) level at the point of a hypothetical default of the bond issuer. The value of claims at default is strongly driven by short-term assets such as inventory, receivables and financial assets whose value Scope deems as uncertain at default. It also considers uncertainties about the debt positions of the guarantors at the point of a hypothetical default of the bond issuer and the seniority of the claim. Hence, Scope has refrained from granting an uplift to the bond rating above the issuer rating.

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