

## Corporate Credit Rating

New  Update

**Sector:** Chemicals Industry  
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**Manager**

Abdullah DEMİRER  
 +90 212 352 56 73  
[abdullah.demirer@jcrer.com.tr](mailto:abdullah.demirer@jcrer.com.tr)

### Team Leader

Yeşim KARAOĞLU  
 +90 212 352 56 73  
[yesim.karaoglu@jcrer.com.tr](mailto:yesim.karaoglu@jcrer.com.tr)

### Assistant Analyst

Tuğba TOK  
 +90 212 352 56 73  
[tugba.tok@jcrer.com.tr](mailto:tugba.tok@jcrer.com.tr)

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

\* Assigned by JCR on August 18, 2022

## Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş." and affirmed the Long-Term National Issuer Credit Rating at 'A (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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

**Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.** (hereinafter referred to as 'Tarkim' or 'the Company') was established in 2009 in Manisa to produce and sell plant protection products. The Company's production facilities are established on a land of 20,020 m<sup>2</sup> of which 7,800 m<sup>2</sup> is closed area. The production capacity of the facilities is 12,080 tons/year. Tarkim has 157 pesticide brand licenses. The Company provides services to 1,625 members of Tarım Kredi Kooperatifi, other agricultural unions and pesticide dealers with its personnel located in 7 regions of Türkiye. The Company employed a total workforce of 94 as of FYE2022 (FYE2021: 85). The Company has been traded on Borsa Istanbul (BIST) since September 2023 under the symbol 'TARKM' and its current free float is 23.81%. The Company increased its paid-in capital from TRY 16mn to TRY 21mn through public offering and Tarkim's registered capital is TRY 250mn as of September 30, 2023. The Company's controlling shareholder Türkiye Tarım Kredi Kooperatifleri Merkez Birliği has 46% shares, Gübre Fabrikaları T.A.Ş. has 30% and the remaining shares are publicly traded as of 3Q2023.

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

### Strengths

- Ongoing upward trend in sales revenue in the analyzed periods
- Noteworthy improvement in EBITDA margin between 2020-2022, contracted in 9M2023 but still satisfactory level
- Improvement in financial leverage ratios in 2022 and expected to maintain in 2023
- Net working capital surplus and sufficient current ratios contributing to liquidity and efficiency
- Asset quality strengthened by low collection risk
- Strong equity level thanks to retained earnings and internal resource generation capacity
- Benefitting from the synergetic structure of Agricultural Credit cooperatives of Türkiye which have a reputable brand name with a proven track record in various business segments
- Improvement on compliance with the corporate governance practices following public offering

### Constraints

- Long cash conversion cycle stemming from seasonality in line with industry resulted in cash outflow from operations over the review period
- Dependence on imports in the supply of the ingredients used in production may put pressure on profit margins
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's sales revenue growth, satisfactory level of leverage indicators and noteworthy equity level along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's profitability performance, debt level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.

