

## Corporate Credit Rating

New  Update

**Sector:** Coal Mining

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (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

## Türkiye Kömür İşletmeleri Kurumu Genel Müdürlüğü

JCR Eurasia Rating, has evaluated the "Türkiye Kömür İşletmeleri Kurumu Genel Müdürlüğü" in the investment level category and affirmed the Long-Term National Issuer Credit Rating as 'AAA (tr)' and the Short-Term National Issuer Credit Rating as '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.

Türkiye Kömür İşletmeleri Kurumu Genel Müdürlüğü ("TKİ" or "the Company") was established in 1957 and continues its activities around Türkiye. The Company currently operates in coal mining. As of March 2024, the Company's paid in capital amounts to TRY 1.00bn. All of the shares of the Company are owned by the Republic of Türkiye Ministry of Treasury and Finance.

The Company operates by employing approximately 23,000 people, 17,000 of which are employed with the service procurement model from the private sector and 6,000 people are employed in TKİ as of FYE2022.

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

### Strengths

- Despite increase in financial debt, strong leverage metrics with solid equity level supported by internal resource generation and non-cash contribution of revaluation
- Wide range of mining fields in diversified regions of Türkiye creating high potential for revenue generation capacity
- State owned partnership structure
- Proven track record in coal sector allowing for economies of scale and scope
- High barriers to enter for coal mining sector due to legal issues and capital requirements

### Constraints

- Limited rise in sales revenue along with decrease in sales volume and diminishing profitability margins in FY2023
- Negative free cash flow due to Capex creating external funding needs
- Other doubtful receivable deteriorating asset quality despite decrease of its share in growing balance sheet over the analyzed years
- Prominent operational and maintenance risk due to nature of mining sector
- Pressure of ESG factors on coal industry
- 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 the Long-Term National Credit Rating has been affirmed as 'AAA (tr)'. The Company's strong leverage metrics with solid equity level supported by internal resource generation and non-cash contribution of revaluation despite increase in financial debt, wide range of mining fields in diversified regions of Türkiye creating high potential for revenue generation capacity, state owned partnership structure, proven track record in coal sector allowing for economies of scale and scope, the Company's indispensable socio-politic activities for the public as well as the global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as 'Stable'. The Company's, continuity of cash generation capacity and profitability performance, adequacy of liquidity, indebtedness level, market position and regulations in the sector are the main factors that 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 framework about the sector will be monitored as well.

