

## Corporate Credit Rating

New  Update

**Sector:** Mining

**Publishing Date:** 21/03/2023

**Manager**

Fatih Lap

+90 212 352 56 73

[fatih.lap@jcrer.com.tr](mailto:fatih.lap@jcrer.com.tr)

**Team Leader**

Çetincan Topçu

+90 212 352 56 73

[cetincan.topcu@jcrer.com.tr](mailto:cetincan.topcu@jcrer.com.tr)

**Senior Analyst**

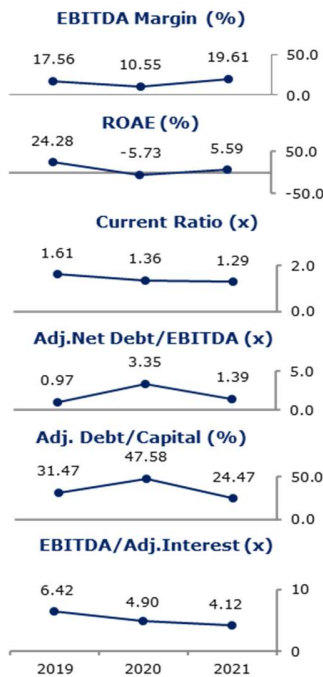
Ömer Faruk Çağlar

+90 212 352 56 73

[omer.caglar@jcrer.com.tr](mailto:omer.caglar@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	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 assigned the Long-Term National Issuer Credit Rating at ‘AAA (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.

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 February 2023, 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 20,000 people, 15,500 of which are employed with the service procurement model from the private sector and 4,093 people are employed in TKİ.

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

### Strengths

- Improvement in sales volume and EBITDA generation capacity
- Enhancement in profitability ratios since 2021
- High potential revenue generation through a variety of mining fields in diversified regions of Türkiye
- Advantage of economies of scale and scope thanks to long experience in coal sector
- High barriers to enter for coal mining sector due to legal issues and capital requirements
- State owned partnership structure

### Constraints

- Fully short-term indebtedness profile as a result of negative free cash flow and long cash conversion cycle
- High level of other doubtful receivables deteriorating asset quality
- Significant operational and maintenance risks due to nature of mining
- Pressures of ESG factors on coal industry
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company’s the Long-Term National Credit Rating has been assigned at ‘AAA (tr)’. The Company’s improvement in sales volume and EBITDA generation capacity, enhancement in profitability ratios, state owned partnership structure and the Company’s indispensable socio-politic activities for the public 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 revenue generation capacity and profitability performance, adequacy of liquidity and indebtedness level 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.