

**Corporate & Issue Credit Rating**
**Cement Sector  
Production**

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	n.a.	n.a.	
National	Local Rating	A (Trk)	A-1 (Trk)	
	Outlook	Positive	Stable	
	Issue Rating	A (Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Affirmed by Japan Credit Rating Agency on October 7, 2016

**Chief Analyst:** Orkun İNAN / +90 212 352 56 73  
 orkuni@jcrer.com.tr

Bolu Çimento Sanayii A.Ş.					
Financial Data	1Q2017**	2016*	2015*	2014*	2013*
Total Assets (000 USD)	174,481	181,411	212,131	211,879	136,477
Total Assets (000 TRY)	634,448	638,423	616,793	491,325	291,284
Equity (000 TRY)	341,939	426,536	411,847	328,637	230,249
Net Profit (000 TRY)	10,403	106,350	106,716	99,440	44,640
Sales (000 TRY)	92,090	452,355	406,287	329,722	255,824
Net Profit Margin (%)	11.30	23.51	26.27	30.16	17.45
ROAA (%)	n.a.	21.27	23.71	29.59	21.17
ROAE (%)	n.a.	31.84	35.48	41.44	25.88
Equity / Total Assets (%)	53.90	66.81	66.77	66.89	79.05
Net Working Capital / T. Assets (%)	-2.91	11.65	12.42	15.53	28.03
Debt Ratio (%)	46.10	33.19	33.23	33.11	20.95
Asset Growth Rate (%)	-0.62	3.51	25.54	68.68	19.59

\*End of Year, \*\*First Quarter of Year

**Company Overview**

"Bolu Çimento Sanayii Anonim Şirketi and its Subsidiary" (to be referred hereinafter as 'Bolu Çimento', or 'the Company'), Bolu Çimento Sanayii A.Ş., established in 1968, was acquired with a 25% stake by Ordu Yardımlaşma Kurumu (OYAK) Group in 1969 and Bolu plant entered operation in 1974. The Company's shares have been traded on the BIST since 1986. In 1990, OYAK increased its stake in Bolu Çimento to approximately 50%.

Bolu Çimento's cement and clinker production capacity are 5.5 mn. and 2.5 mn.tons/year, respectively. In 2016, Bolu Çimento produced 2.4 mn.tons of cement, 1 mn.tons of slag, and 2.2 mn.tons of clinker. Currently, Bolu Çimento's plants are located in Bolu, Ankara and Ereğli. The Company had a staff force of 361 personnel as of March 31, 2017.

The major qualifying shareholders of the Company's shares are OYAK Çimento A.Ş. and IPO 49.99% and 50.01% as of March 31, 2017.


**Strengths**

- Strong sales figures strengthening profitability notably thanks to robust demand,
- Well positioned to reap benefits both in the region via diversified products and group synergy,
- Sound EBITDA performance profit shaped mainly by operational efficiency and cost control,
- The low level of net debt ratio and sustaining asset quality thanks to conservative capital base mitigating financial adversities,
- Recovery of Turkish economic activities and expected further acceleration due to strong construction sector demand,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance thanks to sound and prudent management team.

**Constraints**

- Vulnerable structure to fuel, electricity fluctuating margins,
- Strong correlation between the demand of cement products and macroeconomic factors,
- Highly intensive and fragmented market competition leading to margin pressure,
- Dividend policy which mandates the distribution of the entire amount of the distributable profits, reducing the share of equity in funding and trimming liquid reserves,
- Increasing volatility in the markets, global economic slump leading to economic slowdown and upward pressure on interest and exchange rate.

**Publication Date: July 28, 2017**
**"Global Knowledge supported by Local Experience"**