

Corporate Credit & Issue Rating

New Update

Sector: Cement

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RATINGS

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

*Assigned by JCR on August 14, 2018

Adana Çimento Sanayii T.A.Ş. Company Overview

Financial Data	2018/3**	2017*	2016*	2015*	2014*
Total Assets (000 USD)	302,015	309,389	269,787	308,372	376,289
Total Assets (000 TRY)	1,192,626	1,166,985	949,433	896,622	872,577
Equity (000 TRY)	691,629	761,858	793,461	807,222	761,461
Net Profit (000 TRY)	46,346	125,972	130,944	144,078	142,921
Sales (000 TRY)	151,231	471,026	383,989	428,122	439,573
Net Profit Margin (%)	30.65	26.74	34.10	33.65	32.51
ROAA (%)	n.a	13.48	16.55	19.73	21.37
ROAE (%)	n.a	18.34	19.08	22.25	24.05
Equity / Total Assets (%)	57.99	65.28	83.57	90.03	87.27
Net Working Capital / T. Assets (%)	-4.18	4.07	21.76	26.31	26.57
Debt Ratio (%)	42.01	34.72	16.43	9.97	12.73
Asset Growth Rate (%)	n.a	22.91	5.89	2.76	21.08

* Audited financial statements ** Interim financial statements

Adana Çimento Sanayii Türk A.Ş. (referred to as Adana Çimento or the Company) is one of six members of OYAK Çimento A.Ş. (OYAK Cement) which is wholly owned by Ordu Yardımlaşma Kurumu (OYAK). Founded in 1954, Adana Çimento is a prominent cement producer in the Mediterranean region of Turkey. The Company's core business is to produce white cement, clinker and ready-mixed concrete chiefly to meet the demand of concrete manufacturers and construction projects.

Adana Çimento is one of the only two white cement producers in Turkey, marking its position as a wide range service provider. The Company's production facilities in the region extended from Adana to Mersin, Hatay and Kahramanmaraş to Cyprus and have an annual production capacity of 2 million tons gray clinker, 960,000 tons white clinker, 5.15 million tons gray cement and 350,000 tons white cement.

Adana Çimento is listed on the Borsa Istanbul (BIST) since 1991 and was ranked 344th among Turkey's Top 500 Industrial Enterprises in 2017. Adana Çimento has a work force of approx. 350. Blue-collar employees (240) are covered by union agreement.

Strengths

- Mainly equity financed balance sheet, despite increases due to completed capacity investments
- OYAK Cement group member, providing synergies in management and cost structure
- Strong market position as one of the only two white cement producers
- Access to export markets and trade routes, granting flexibility in diversifying production
- Investment income generating portfolio, supporting net income
- Proven track record in the market with sound implementation of corporate governance procedures

Constraints

- High dividend pay-out ratio, resulting in limited internal resource generation capacity
- Geopolitical risk factors in the nearby export regions,
- Increasing oil & energy prices along with headwinds in Turkey market due to increasing mortgage rates & sharp currency movements, increasing costs
- Pressurized outlook in the construction sector, affecting the demand characteristics

