

## Corporate Credit & Issue Rating

New  Update

Sector: Energy

Publishing Date: 28/07/2020

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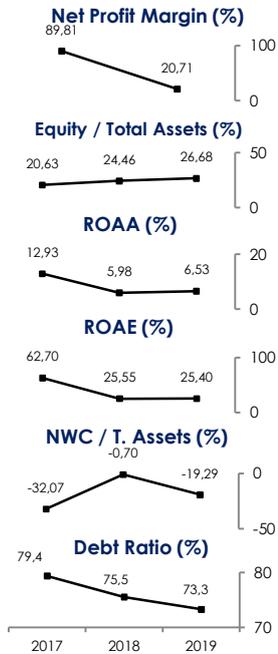
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## RATINGS

		Long	Short	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	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)	
Sponsor Support	1	-		
Stand-Alone	B	-		
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Neg.	-
LC		Neg.	-	

\*Assigned by JCR on April 10, 2020



## Tümad Madencilik Sanayi ve Ticaret A.Ş. Company Overview

Financial Data	2019*	2018*	2017*
Total Assets (000 USD)	429,938	366,230	190,703
Total Assets (000 TRY)	2,553,917	1,926,700	719,313
Equity (000 TRY)	681,495	471,238	148,359
Net Profit (000 TRY)	148,945	265,001	46,512
Sales (000 TRY)	719,262	295,053	3,772
Net Profit Margin (%)	20.71	89.81	N/M
EBITDA (000 TRY)	371,530	152,866	-11,510
EBITDA Margin (%)	51.65	51.81	N/M
ROAA (%)	6.53	5.98	12.93
ROAE (%)	25.40	25.55	62.70
Equity / Total Assets (%)	26.68	24.46	20.63
Net Working Capital / T. Assets (%)	-19.29	-0.70	-32.07
Debt Ratio (%)	73.32	75.54	79.37
Asset Growth Rate (%)	32.55	167.85	N/M

\* Audited Year-end Financial Statements

**Tümad Madencilik Sanayi ve Ticaret A.Ş.** (hereinafter referred to as "Tümad Madencilik" or "the Company"), a subsidiary of Nurol Group of Companies, was established in 1989. Tümad Madencilik is a metallic mining group with facilities, projects and explorations for various valuable and base metals. The strategy of the company is to be among the important gold producers of the country with economical and large scale mining projects by making advanced searches in potential mining sites.

In 2014, the Company acquired Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. and Lapseki Gold and Silver Mine Enrichment Project was added to Company's portfolio. Following the investment decision made as a result of detailed analysis and feasibility studies, as of July 2016 the construction of the project was began. In December 2017, the mine was commissioned and production started. In 2019, in addition to current pits, the underground mine quarry was commissioned and ore production started. As of 2019, 120.000 ounces of gold were produced in Lapseki Project. In 2017, the Company commenced İvrindi Gold and Silver Mine Enrichment Project and the construction phase of the project was completed in the first half of 2019 and gold production started in August 2019. As of the end of 2019, 12.500 ounces of gold were produced. The project is targeted to work at full capacity in 2020.

**Tümad Madencilik**, with its staff composed of 804 personnel as of FYE2019 (FYE2018: 415), is included in the **Nurol Holding** which is among the Turkey's well-known business groups with investments and operations mainly in the fields of construction, defence industry, energy and mining, finance, tourism, trade and service. All shares of the company belong to Nurol Holding.

JCR Eurasia Rating has evaluated the financial structure of "**Tümad Madencilik San. ve Tic. A.Ş.**" and the "**Cash Flows Relating to the Prospective Bond Issues**" and assigned the investment grade credit ratings of '**A- (Trk)**' on the Long-Term National Scale and '**A-1 (Trk)**' on the Short-Term National Scale, and assigned a '**Stable**' outlook for its Long-Term National grade. On the other hand, the Long-Term International Foreign and Local Currency Ratings and the outlooks regarding these ratings have been assigned as '**BB/ Negative**'.

### Strengths

- High level of investment-incentive and tax advantages,
- Stable cash inflow and high EBITDA generation capacity, and natural hedging opportunity derived from USD denominated sales,
- Relieved liquidity management and smooth debt service capability,
- Large mining field in the high potential region of gold and silver production,
- Continuation of strong potential for sponsor support.

### Constraints

- Continuing need to provide project finance and challenging investment environment,
- In spite of improvement in liquidity management, continuation of negative net working capital,
- Despite improvement in ratios of net financial debt to EBITDA ratio and EBITDA to interest expense ratio, not yet having converged to desired level,
- High volatility in gold prices, which creates uncertainty over future revenues,
- Need for improvement regarding the compliance level with corporate governance principles,
- Low granularity in terms of revenue concentration.