

## Corporate Credit Rating

New  Update

Sector: Agrochemicals  
 Publishing Date: 29/12/2020

### Chief Analyst

Özgür Fuad Engin, CFA  
 +90 212 352 56 73  
[ozgur.engin@jcrer.com.tr](mailto:ozgur.engin@jcrer.com.tr)

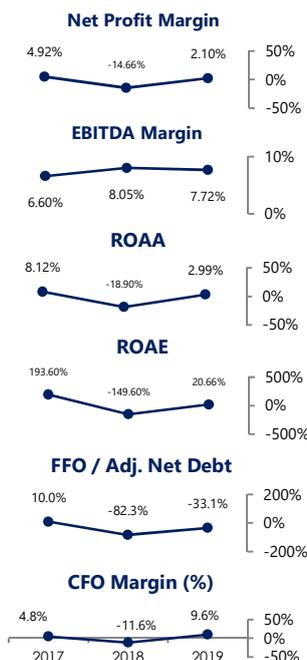
### Assistant Analyst

İsa Yılmaz  
 +90 212 352 56 73  
[isa.yilmaz@jcrer.com.tr](mailto:isa.yilmaz@jcrer.com.tr)

## RATINGS

		Long Term	Short Term	
International	Foreign Currency	B	C	
	Local Currency	B	C	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	BBB+ (Trk)	A-2 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
LC		Negative	-	

\*Assigned by JCR on April 10, 2020



## Alp Ateş Gübre A.Ş.

JCR Eurasia Rating has determined the Long Term National credit rating of **Alp-Ateş Gübre A.Ş.** ('Alp Ateş' or 'the Company') in the investment-level category of '**BBB+ (Trk)**' on the long-term national scale and '**A-2 (Trk)**' on the short-term national scale with '**Stable**' outlooks. Long Term International Local and Foreign Currency ratings of the Company are assigned as '**B**', according to JCR-ER's global to local ratings mapping methodology.

Alp-Ateş is established as an Iskenderun/Hatay based company in 2003 to import, export and manufacture chemical and organic fertilizers. The Company later expanded its activities in the fields of organic and chemical fertilizers, accumulating experience and knowledge in fertilizer business and becoming a prominent regional supplier in Turkey.

The Company's facilities with 50K m2 area comprise 175,000 - 195,000 tons of storage capacity, depending on fertilizer types and daily packaging capacity of 3,000 tons. The Company's main market is local, comprising a network of nearly 700 dealers. The facility has an annual production capacity of 360K tons of NPK composite fertilizer. The Company continues capacity and product development investments so as to support its business growth.

Turkey lacks raw material sources like natural gas, phosphate rock and potassium salts required to produce fertilizers, therefore imports most of its need. While total production capacity of industry is over 6.0 Mt/year, AN, CAN, DAP, Urea and compound fertilizers are the main outputs in the production facilities. Consumption fluctuated around 6.0 mn tons/year in the last consecutive five years while blended production volume recorded around 3.9 mn tons in the same period.

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

### Strengths

- Diversified product range including value-added products with relatively higher profit margins
- Continued improvement in fundamental profitability rates
- Production capabilities supporting the large fertilizer product spectrum
- Customer network comprising major players and various distributors in its region
- Falling bank loan utilization, instead opting for trade finance

### Constraints

- Share of direct or indirect imports in the procurement of the active ingredients used in the production
- Foreign exchange risk exposure due to the sector's limited export capacity and dependence on imports for the inputs used in production
- Global product prices and weather conditions
- Albeit the industry is Covid-19 resilient, pandemic on global and local economies overhang as a major uncertainty

Considering the aforementioned factors, Company's the Long Term National Rating has been assigned at '**BBB+ (Trk)**'. The Company's increased profitability, production capacity, customer network, ability to trade-finance its working capital, are the main pillars of the rating. Alp-Ateş's net debt ratios, financial management policy, ongoing increase in sales figures, uncertainties arising due to the pandemic and its dependence on imports are the main determinants of the "stable" outlook regarding rating. JCR-ER will monitor the global and domestic macroeconomic indicators, in particular with respect to the size and scope of the post-pandemic recovery, commodity & agricultural product prices.

The majority shareholders of Alp-Ateş are Alpaydın Family, founders of the Company. Considering the track record of the Company and existing capital structure, Sponsor Support Rating is assigned as **(3)**, indicating an adequate level. Alp-Ateş' Stand-Alone rating has been determined as **(B)** in the **JCR Eurasia Rating** notation system.