

Corporate Credit Rating

New Update

Sector: Mining

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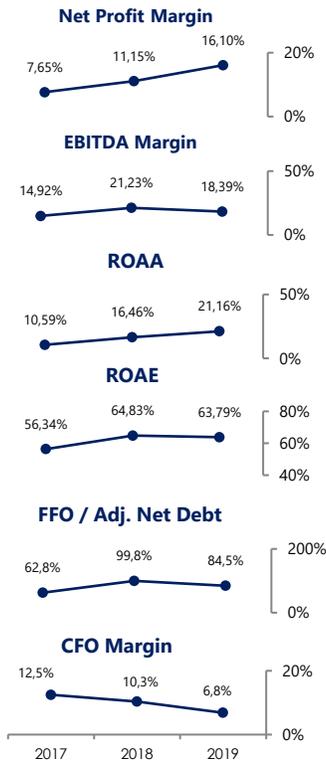
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RATINGS

		Long Term	Short Term
National	Local Rating	AA- (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB+	B
	Local Currency	BB+	B
	Outlook	FC Negative LC Negative	Negative Negative
Sovereign	Sponsor Support	2	-
	Stand-Alone	A	-
	Foreign	BB+	-
	Local	BB+	-
	Outlook	FC Negative LC Negative	- -

*Assigned by JCR on April 10, 2020



Kaltun Madencilik Sanayi Nakliye ve Akaryakıt Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Kaltun Madencilik Sanayi Nakliye ve Akaryakıt Ticaret A.Ş.** in investment-level category on the national scale and assigned the ratings on the Long-Term National Scale as **'AA- (Trk)'** and the Short-Term National Scale as **'A-1+ (Trk)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB+'** with **'Negative'** outlooks.

Kaltun Madencilik Sanayi Nakliye ve Akaryakıt Ticaret A.Ş. (hereinafter referred to as "Kaltun Maden" or "The Company") was established in 1986 and operates in the mining industry. The Company produces quartz, mica, magnesite, potassium and clay, especially sodium feldspar. The founding partners are Mehmet Tuncer, the father of the current chairman of the board of directors Yüksel Tuncer, and Raşit Kalkan. The Kalkan family left the partnership completely in 2000 and transferred all its shares to the Tuncer Family. Currently, all management and shares of the Company belong to the Tuncer family. Roughly 90% of the Company's EBITDA is from sodium feldspar.

Kaltun Maden is one of the largest mine producers in Turkey with 56 fields located in 3 main regions: Aydın, Muğla, Afyon the Company's main products are sodium feldspar and quartz. These products are used as raw materials in ceramic, glass, composite stone, paint, filtration, silicone cable and other related industries. Kaltun Maden, which is one of the most well-known companies of the sector worldwide in the export of sodium feldspar in Turkey, has also played an important role in the world as a producer of micronized and granular quartz. The Company exports to about 70 countries, mainly Italy, Spain, USA and Russia. The Company has marketing companies in some of these countries and its dealers in some of them.

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

Strengths

- High equity level supported by internal equity generating,
- Having the competitive advantages of being the largest company in feldspar production in Turkey,
- Upward trend of cash flow metrics easing liquidity management,
- Positive impact of downward trend of indebtedness on sustainability,
- Customer portfolio consisting of high recognized brands.

Constraints

- Unsecured structure of trade receivables driving vulnerability,
- Having industry specific operational risks,
- Albeit the industry is Covid-19 resilient, pandemic on global and local economies overhang as a major uncertainty

Considering the aforementioned points, the Company's the Long-term National Rating has been assigned at **'AA- (Trk)'**. Taking into account internal equity generation capacity, available reserve and predictable cash flow generation, resilience of foreign exchange-weighted income structure against market fluctuations and experienced and qualified organizational structure, as well as, geopolitical risks-driven uncertainties; the Company's outlook for Long and Short-Term National ratings has been determined as **"Stable"**. An achievement of budget targets of the Company, debt ratio, profit margins and sustainability of domestic and international demands, regulations, as well as market conditions regarding the sector are the priority issues to be monitored in the following period.

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected support of Tuncer Family. It has been assessed that the main shareholder Mr. Yüksel Tuncer has the willingness and financial strength to provide long term liquidity or equity for and the adequate experience to provide efficient operational support to the Company. Taking into consideration the shareholder's role in the sector, investments and activities the Company's Sponsor Support grade has been determined as **(2)** on JCR Eurasia Rating's notation scale. This grade denotes an adequate external support to the Company.

The Stand-Alone note is formed depending on the Company's current market size and effectiveness, corporate brand awareness, operational efficiency, equity structure, growth rates of sales, profit margins converging to generating internal equity and sectoral experience. It is considered that Kaltun Maden and its managerial staff have reached the level of sufficient experience and facilities to manage its obligations even in case the shareholders do not provide any assistance. In this respect, the Stand Alone note of the Company has been assigned as **'A'** in the JCR Eurasia Rating notation system.