

Corporate Credit Rating

New Update

Sector: Refinery

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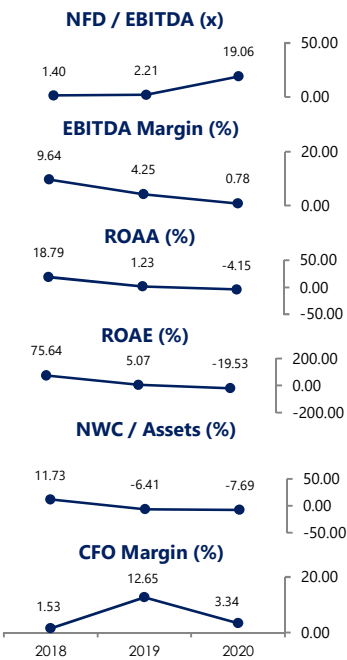
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RATINGS

	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 Stable LC Stable	Stable
Sponsor Support	1	-
Stand-Alone	A	-
Sovereign*		
Foreign Currency	BB	-
Local Currency	BB	-
Outlook	FC Stable LC Stable	-

*Assigned by JCR on May 31, 2021



TÜRKİYE PETROL RAFİNERİLERİ A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated **Türkiye Petrol Rafinerileri A.Ş.** in an investment level category and assigned the Long-Term National Note at **'AA (Trk)'** and the Short-Term National Note at **'A-1+ (Trk)'** with **'Stable'** outlooks. Long Term International Local and Foreign Currency ratings and outlooks of the Company are capped at **'BB/Stable'**, the same level as the sovereign ratings and outlooks of Turkey.

Refining operations of **Türkiye Petrol Rafinerileri A.Ş.** (hereinafter referred to as "TÜPRAŞ" or "Company"), which has started in 1955 by processing domestic crude oil in Batman, has continued with four refineries established in İzmit, İzmir, Kırıkkale and Batman since 1983. Batman Refinery was commissioned in 1955 as the first refinery in Turkey. İzmit Refinery, with a 1 million tons/year capacity, was commissioned in 1961. İzmir Refinery, with a 3 million tons/year refining capacity, was commissioned in 1972. İpraş and the three other refineries were united under TÜPRAŞ in 16 November 1983. The Company is mainly engaged in to refine all kinds of crude oil, petroleum and chemical products, to sustain all kinds of commercial operations of produced and imported crude oil, petroleum and chemical products including export along with the storage and transportation activities during production and selling stages and operates four refineries for this purpose. The Company operating four refineries with a total capacity to handle an annual 30 mn tons of crude with 7 mn m³ total storage capacity.

The company is owned by Enerji Yatırımları A.Ş. (51%). Enerji Yatırımları A.Ş., the parent of the Company is controlled by Koç Holding A.Ş., Koç Family and the companies owned by Koç Family. Koç Holding is active in the fields of energy, finance, consumer durables, automotive and other operations with experience lasting 95 years. Koç Holding is a publicly traded company and USD 6,113 mn market cap as of 29 Dec. 2021. Koç Holding's core energy business is congregated under TÜPRAŞ including Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. 'Ditaş', OPET Petrolcülük A.Ş. 'Opet', Körfez Ulaştırma A.Ş., Tupras Trading Ltd, 18 subsidiaries with 10 Jvs.

TÜPRAŞ is registered at the Capital Markets Board ("CMB") of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. ("BİST") (previously known as Istanbul Stock Exchange ("ISE")) since 1991. As at 30 September 2021, the shares quoted on the BİST are 49% of the total shares. Market cap of the company is USD 3,200 mn as of 29 Dec.2021.

Strengths

- Cash surplus against short term financial debts
- Noteworthy improvement in profitability figures in financial results of IFRS Report 9M2021
- Largest market share in industry
- Strong export volume
- Subsidiaries Jv and operational plant divergence that contributes risk mitigation of revenue generation
- Effective risk management and prudent financial management.
- Long track record in sectors and strong shareholder structure
- As a publicly traded company, high level of compliance with corporate governance practices

Constraints

- Equity ratio in decrease trend over years
- Financing expenses put pressure on bottom line
- The volatility caused by the fact that the prices of petroleum products are determined in global markets reducing predictability
- The negative effects of the Covid-19 pandemic on economies and the uncertainties it caused

Considering the aforementioned points, the Company's Long-Term National Rating has been assigned as **'AA'**. The Company's strong shareholder structure, strategic significance in the industry, market share, market cap, and noteworthy improvement in profitability figures in 9M2021 have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as **'Stable'**. Sustainability of the Company's profit generation performance together with the trends in the industry are to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and global markets, as well as market conditions and legal framework of the sector will be continued to be reviewed.

Controlling shareholder of the Company, Enerji Yatırımları A.Ş., the parent of the Company is controlled by Koç Holding A.Ş., Koç Holding A.Ş. has strong reputation in the energy, finance, consumer durables and automotive sectors. Koç Holding A.Ş. generated approx. TRY 24.4bn operating profit in 9M2021. In this regard, company's Sponsor Support Grade has been assigned as **(1)** in JCR Eurasia Rating's notation, indicating the highest level.

The "Stand Alone" rating has been determined as **(A)** taking into consideration the Company's ability to self-manage its through its own capabilities.