

## Corporate Credit Rating

New  Update

**Sector:** Cement

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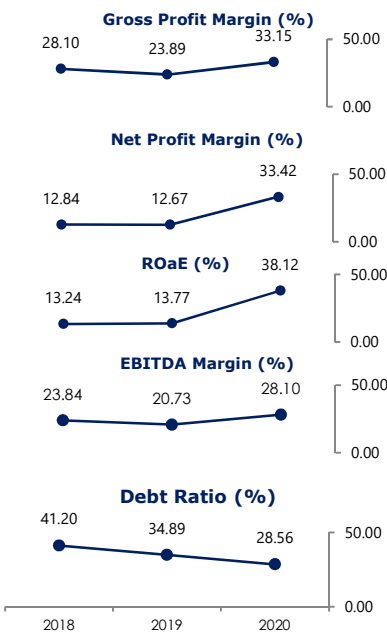
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## RATINGS

		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	Stable
		LC	Stable	Stable
Sponsor Support	2	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB		
	Local Currency	BB		
	Outlook	FC	Stable	
		LC	Stable	

\*Assigned by JCR on May 31, 2021



## Nuh Çimento Sanayi A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated the "Nuh Çimento Sanayi A.Ş (Nuh Çimento / Company / Group)" in high 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. On the other hand, the Long Term International Foreign and Local Currency ratings and outlooks were assigned as 'BB/Stable'.

Nuh Çimento has been operating for more than half a century. The Company and its subsidiaries were established aiming to operate in the field of various types of cement, lime, ready mixed concrete, aerated concrete, electricity generation, transportation, real estate and movable management, import, export services and trade sectors. The main partner of the Group and the parties holding the main control are respectively; Nuh Ticaret Sanayi ve Ticaret A.Ş. (44.13%) and Partas Tekstil İnşaat Sanayi ve Ticaret A.Ş. (16.41%). As of FYE2020, the paid in capital was TRY 150.21mn. The total number of personnel employed across Group operations reached 1,205 at the end of the year-2020. As of FYE2020, Nuh Çimento increased from 249<sup>th</sup> to 220<sup>th</sup> in the annual list of Turkey's Top 500 Industrial Enterprises compiled by the Istanbul Chamber of Industry. Nuh Çimento has 5.7 million tons cement and 4.6 million tons clinker production capacity and exports its production more than 50 countries through its port with an area of 57 thousand m<sup>2</sup>. According to Turkish Exporters Assembly's survey's results of Turkey Top 1,000 Exporters, while the Company was ranked 99<sup>th</sup> in general ranking, it took the 3<sup>rd</sup> place in sector ranking. The Company is registered with the Capital Markets Board (CMB) and its shares traded in Borsa Istanbul (BIST) since 2000 with the stock ticker "NUHCM".

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

### Strengths

- Steady progress in sales volume and remarkable profitability indicators
- Notable performance in operational and financial efficiency
- Continuously increasing equity level supported by internal equity generation
- EBITDA generation capacity and cash flow metrics strengthening leverage profile along with cash surplus facilitating liquidity management
- Effective natural hedge mechanism resulting from high export performance and domestic-dominated supplier structure
- Sustained successful financial performance in the third quarter of FY2021
- Port adjacent to the factory facilitating access to foreign markets
- Long lasting presence in the cement sector
- Sustainability strategies increasing adaptation ability to global environmental issues
- High level of compliance with corporate governance practices and quality standards

### Constraints

- Asset quality reduced by high overdue and impaired receivables ratio though largely originated from the past and fully provisioned
- Foreign currency-based energy costs which may exert pressure on profitability margins in specific conditions
- Ongoing uncertainties due to Covid-19 pandemic

Considering the aforementioned points, the Company's the Long-Term National Rating has been assigned as 'AA+ (Trk)'. Nuh Çimento's consistent increasing sales revenue and notable profitability figures, efficiency in operations, satisfactory internal equity generation, cash generation capacity, effective liquidity management, export-oriented strategy providing natural hedging, low indebtedness level, long track record in cement sector, environmental sustainability strategies, high level of compliance with corporate governance practices, as well as, increasing past due and impaired receivables, foreign currency based cost figures, and pandemic are important indicators for 'Stable' outlooks for Long and Short-Term National ratings. On the other hand, the Company's revenue and profitability performance, liquidity position, indebtedness, and local and global macroeconomic indicators will be closely monitored by JCR Eurasia Rating. The shareholders are considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to the Company. Due to long history partnership of shareholders, the Company's Sponsor Support grade has been determined as (2) on JCR Eurasia Rating's notation scale. The Stand-Alone Grade has been constituted particularly with respect to Nuh Çimento, being one of the leaders in sector, sustainable and efficient sales and profitability performance, easy access to and having a large export market, satisfactory equity level, cash generation capacity, low indebtedness level are the fundamental factors. Within this context, the Stand Alone note of Nuh Çimento has been determined as (A) in JCR Eurasia Rating notation system.