Corporate Credit Rating

☐New ☒Update

Sector: Cement & Plant Mixed Concrete
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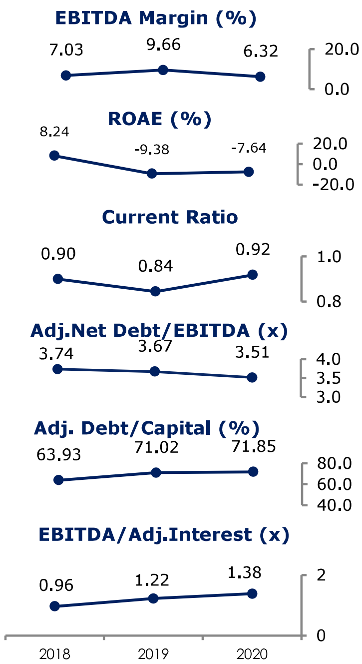
RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	**National ICR**	**BBB- (tr)**	**J3 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	J4
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB-	J4
	International LC ICR Outlooks	Stable	Stable
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 31, 2021*



Muhammet Gümüştaş Çimento Hazır Beton Nakliyat İnşaat Turz. Akaryakıt San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"Muhammet Gümüştaş Çimento Hazır Beton Nakliyat İnşaat Turz. Akaryakıt San. ve Tic. A.Ş."** in an investment grade category and affirmed the ratings on the Long -Term National Issuer Credit Rating as **"BBB- (tr)"** and the Short-Term National Issuer Credit Rating as **"J3 (tr)"** with **"Stable"** outlooks. On the other hand, the Long Term International Local and Foreign Currency Issuer Ratings and outlooks of the Company were assigned as **"BB- /Stable"**.

"Muhammet Gümüştaş Çimento Hazır Beton Nakliyat İnşaat Turz. Akaryakıt San. ve Tic. A.Ş." (hereinafter referred to as **"Gümüştaş"** or the **"Company"**) was established by Mr. Muhammet Gümüştaş in Trabzon in 2012 in order to trade construction products (mainly cement, plant mixed concrete and clinker) and also manufacture mixed concreate. In addition to Gümüştaş' establishment in 2012, Gümüştaş had started its activities in 1974 to operate in construction-contracting and transportation activities in the cement and ready-mixed concrete sectors.

Gümüştaş has 3 cement buildings with a storage capacity of 10,000 tons. Cement and slag are brought from different regions of Turkey and are stored in the Company's ports located in the Marmara Ereğli, Trabzon and Derince, which have 3 ships and 3 cement destruction machines. Also, shipments are carried out through these terminals. As of FY2020, the paid in capital and equity of Gümüştaş stood at TRY 120mn and TRY 91.14mn, respectively. Gümüştaş family has the total share of the Company as of the report date.

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

Strengths	Constraints
• Improvement in sales revenue particularly in FY2020 & FY2021 despite the headwinds of the economy • Financial structure supported by positive cash flow metrics • FFO level eases the liquidity management to a certain extent • Widespread distribution network due to the large number of vehicles within the Company • Long experience in cement and plant mixed concrete sectors that enables brand recognition and sector know-how	• Contraction in the EBITDA level and margin in FY2020 due to the volatility of the raw material prices dictated by foreign suppliers, though recovery seen in FY2021 • Permanent net losses recorded primarily caused by the financial expenses over the examined years • Debt ratio standing at high side • High and increasing impaired receivables level • High competition in the cement sector pressures profitability indicators • Improvement needs in compliance with corporate governance practices considering the Group's size and diversity of operating levels

Considering the aforementioned drivers, the Company's the Long-Term National Issuer Credit Rating has been affirmed as **"BBB- (tr)".** Market structure and business position, increase in revenue streams, protection of asset quality, competition and market efficiency in the national market as well as deterioration on local and global economic outlook due to Covid-19 pandemic on economic activities constitute the principle reasons underlying the assignation the outlooks for the Long and Short-Term National Ratings as **"Stable"**. Equity level, financial indicators, cash flow and liquidity level, EBITDA margin and net profit indicators are the priority issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.