

Corporate Credit Rating

New Update

Sector: Paper and Forest Products Industry

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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Alkim Kağıt Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated "Alkim Kağıt Sanayi ve Ticaret A.Ş." in investment level category with very high credit quality and assigned the Long-Term National Issuer Credit Rating as 'AA (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

Alkim Kağıt Sanayi ve Ticaret A.Ş. (hereinafter "the Company" or "Alkim Kağıt") was established in 1997 at the Organized Industrial Zone, Kemalpaşa, İzmir as a business unit of Alkim Alkali Kimya A.Ş. "Alkim Kimya". On June 30, 1999, after a demerger by means of capital in kind completely owned by Alkim Kimya it started to operate under the name Alkim Kağıt Sanayi ve Ticaret A.Ş. and, then was offered to public in November 2000 by means of a capital increase.

79.93% of the shares in the capital of Alkim Kağıt is held by Alkim Kimya and, the free float rate is 20.00%. Alkim Kağıt is listed at the Istanbul Stock Exchange under the code "ALKA". Alkim Kimya, main shareholder of Alkim Kağıt, was offered to public in 2000 and, the free float rate is 57.62%. Alkim Kimya is listed at the Istanbul Stock Exchange under the code "ALKIM".

The Company is also one of the four local industrial enterprises operating in the production of Türkiye's printing and writing paper, indicating 25%-30% of the production. The Company has an annual production capacity of 90,000 tons. Alkim Kağıt, which attaches importance to sustainability, generates steam electricity power for its own requirements with two cogeneration plants with a total generation capacity of 10.7 MW. Since the very beginning, Alkim Kağıt attaches importance to the nature and environment and, holds the certificates ISO 9001, ISO 14001, ISO 50001, OHSAS 18001 as well as FSC certificate.

The Company ranked 236th among the Türkiye's Second Top 500 industrial enterprises as of 2023.

The staff force of the Company was composed of 230 employees at June 30, 2024 (FYE2023:225).

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

Strengths

- Satisfactory sales volume thanks to high capacity occupancy and increasing export level,
- Expected notable increase in production capacity with the completion of ongoing investments financed mainly with equity capital,
- Ongoing cash surplus position providing financial flexibility,
- FFO and NWC at a favourable level together with notable level of liquid assets, facilitating liquidity management,
- Long lasting operating history,
- Compliance with corporate governance practices as a publicly traded company,

Constraints

- Notable contraction in profitability ratios in 1H2024 despite still stood at reasonable levels,
- Regular dividend payment restraining equity growth,
- Import dependency in product supply and competitive environment in the sector,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'AA (tr)'. The Company's satisfactory sales volume, expected notable increase in production capacity, positive cash flow metrics and NWC, cash surplus position and long operating history as well as decrease in profitability ratios in 1H2024 and global economic conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings were determined as 'Stable'. The Company's profitability performance, liquidity structure, efficiency of completed sizeable investments and indebtedness structure will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

