## Corporate Credit Rating

☐New ☒Update

**Sector:** Construction Materials Manufacturing
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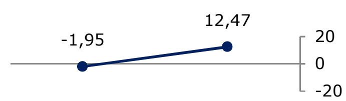
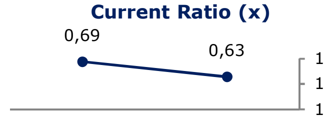
| RATINGS | | Long Term | Short Term |
|---|---|---|---|
| ICRs (Issuer Credit Rating Profile) | National ICR | BBB- (tr) | J3 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB- | - |
| | International FC ICR Outlooks | Stable | - |
| | International LC ICR | BB- | - |
| | International LC ICR Outlooks | Stable | - |
| ISRs (Issue Specific Rating Profile) | National ISR | - | - |
| | International FC ISR | - | - |
| | International LC ISR | - | - |
| Sovereign* | Foreign Currency | BB (Stable) | - |
| | Local Currency | BB (Stable) | - |

** Assigned by JCR on May 10, 2024*

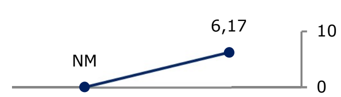
**EBITDA Margin (%)**



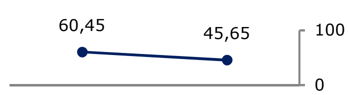

**Current Ratio (x)**



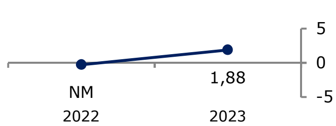

**Adj.Net Debt/EBITDA (x)**




**Adj. Debt/Capital (%)**




**EBITDA/Adj.Interest (x)**




# Batısöke Söke Çimento Sanayii T.A.Ş.

JCR Eurasia Rating, has evaluated '**Batısöke Söke Çimento Sanayii T.A.Ş.'** in an investment grade category and revised the Long-Term National Issuer Credit Rating from **'BB+ (tr)**' to **'BBB- (tr)'** and the outlook from **'Positive'** to **'Stable'.** The Short-Term National Issuer Credit Rating has affirmed at **'J3 (tr)'** with **'Stable'** outlook. On the other hand, the Long Term International and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BB-/Stable'** in line with the global and national scale rating matching published by JCR Eurasia Rating.

**Batısöke Söke Çimento Sanayii T.A.Ş.** (referred to as 'the Company or 'Batısöke') was established in Aydın in 1955 with the commercial title of Söke Çimento Sanayi Türk A.Ş. The Company was renamed as Batısöke Söke Çimento Sanayi T.A.Ş. after it was incorporated into Batı Anadolu Company with the value of USD 25mn in 1993. The Company operates in the field of cement production and has an annual production capacity of 3.39mn tons of cement and 2.80mn tons of clinker. As of FYE2023, Batısöke increased to 453th place in the annual list of Türkiye's First Top 500 Industrial Enterprises compiled by the Istanbul Chamber of Industry. Batısöke is one of the members of Batı Anadolu Group companies. The Group continues its operations with its seven companies and approximately 1,000 employees in four different sectors. Having started its journey with Batı Anadolu Çimento Sanayi A.Ş., an aggregate corporation founded with 100% Turkish capital, the Company which operates in cement, concrete, energy, and logistics fields currently export its products to more than 30 countries among 4 continents. Batıçim is the controlling shareholder of Batısöke, which possesses all shares except the ones which have been traded in BIST. Batısöke has been publicly traded on Borsa İstanbul since 2000 with "BSOKE" ticker with a public share ratio of 25.38% as of report date. As of 31 December 2023, the average number of employees of Batısöke was 359. (FYE2022: 356)

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

| Strengths | Constraints |
|---|---|
| • Increase in capacity utilization rate with the rise in cement sales volume,<br>• Improvement in gross profit and EBITDA generation in FY2023,<br>• Foreign currency indexed cash inflows providing natural hedge opportunity to a certain extent,<br>• Asset quality supported by low collection risk,<br>• Long-lasting presence and experience in the sector,<br>• Enhancement in the level of compliance with corporate governance practices. | • Insufficient level of leverage metrics due to high foreign currency denominated borrowings,<br>• Operating loss figure because of high level of net FX expenses at the analyzed period,<br>• Net working capital deficit in the analyzed period,<br>• Foreign currency denominated raw material and energy costs may put pressure on profitability margins in certain circumstances,<br>• Competitive and capital-intensive structure of the cement sector,<br>• Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side. |

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from **'BB+ (tr)** to '**BBB- (tr)**'. The Company's Long-Term National outlook revised from **'Positive'** to **'Stable'** considering increase in capacity utilization rate with the rise in cement sales volume, improvement in gross profit and EBITDA generation, asset quality and long-lasting presence in the sector along with tight financial conditions and global macroeconomic concerns. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, equity level, asset quality and operation process 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.