Corporate Credit Rating

☒New ☐Update

Sector: Construction Materials Industry
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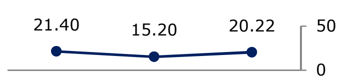
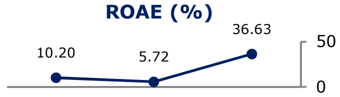
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	
	International FC ICR Outlooks	Negative	
	International LC ICR	BB	
	International LC ICR Outlooks	Negative	
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign *	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on Aug 18, 2022.*

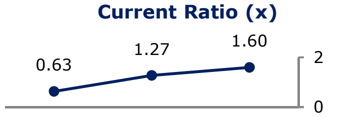
EBITDA Margin (%)



ROAE (%)



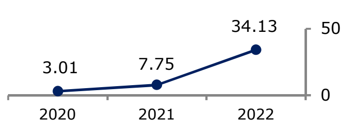
Current Ratio (x)



Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)

EBITDA/Adj.Interest (x)



Boğaziçi Beton Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated "**Boğaziçi Beton Sanayi Ve Ticaret A.Ş.**" in the investment level category with a very high credit quality and assigned the Long-Term National Issuer Credit Rating at '**AA+ (tr)**' and the Short-Term National Issuer Credit Rating at '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Negative**', as parallel to international ratings and outlooks of Republic of Türkiye.

Boğaziçi Beton Sanayi ve Ticaret A.Ş. (hereinafter referred to as '**Bobet**, or '**the Company**') was established in 2003 based in İstanbul. The main activity of the Company is the production and sale of all kinds of ready-mixed concrete. The Company has one of the largest aggregate mining furnace operation on the European side of İstanbul with an annual capacity of 6mn tons. The Company operates with 31 ready-mixed concrete plants in 21 different locations in İstanbul. Bobet ranked at 564th of Türkiye's Second Top 500 Industrial Enterprises as of 2021 (2020:458th). As of FYE2022, the Company has 1,233 employees (FYE2021: 1,003 employees). Moreover, Bobet's wide vehicle fleet, currently consisting of 591 vehicles, provides the Company with flexibility and geographical dominance in its operations.

The majority ownership of the Group is held by Zengin family with 70.00%, that established the Company in 2003. 30.00% shares of the Company are traded on the Borsa İstanbul (BIST) as of FYE2022 under the ticker symbol "BOBET" since June, 2021.

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

Strengths	Constraints
• Notable improvement in sales revenue and EBITDA generation capacity in FY2022, • Visible improvement in profitability metrics in FY2022, • Robust cash flow metrics easing liquidity management, • Maintaining net cash position in the last two years providing room for future expansion, • High collection capability supporting asset quality, • Cost management implications and rapid cash cycle supporting efficiency, • Brand recognition along with urban transformation plans of the government and favorable sector outlook promising further growth, • Greater transparency about corporate governance compliance as an entity subject to Capital Market Law.	• High dividend amount limiting equity growth despite strong leverage metrics, • Significant operation & maintenance risks and ESG impact on concrete industry, • As China's reopening and stable exchange rates generate significant headwinds to Türkiye's exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points such as increasing sales revenue, EBITDA generation capacity, improving profitability margins, robust cash flow metrics and positive NWC, asset quality, rapid cash conversion cycle and greater transparency, the Company's the Long-Term National Issuer Credit Rating has been assigned at '**AA+ (tr)**'. The Company's, growth performance, market position, sectoral developments and risk factors in the markets have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'. The Company's financial structure, China's reopening, tight economic conditions and Türkiye's economy and its effects on the Company's activities 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.