Corporate Credit Rating

☒New ☐Update

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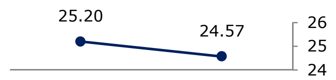
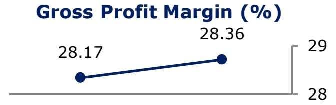
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*

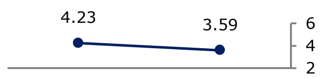
EBITDA Margin (%)



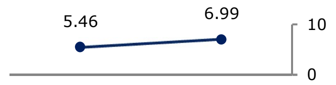
Gross Profit Margin (%)



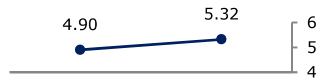
Current Ratio (x)



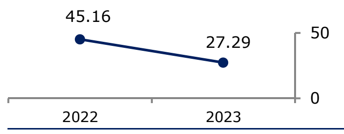
OPEX/Net Sales (%)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



BURSA ÇİMENTO FABRİKASI ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated **"Bursa Çimento Fabrikası A.Ş."** in the investment grade 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 were assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Bursa Çimento Fabrikası Anonim Şirketi (referred to as 'Bursa Çimento' or 'the Company' or 'the Group') was established on July 14, 1966, to provide the cement demand of the Bursa Region. The factory, which started operating in 1969 with a clinker production capacity of 230,000 tons and a cement grinding capacity of 250,000 tons, has upgraded its clinker production capacity to 1,400,000 tons and its cement grinding capacity to 2,850,000 tons with the investments made over time. The Group produces cement, clinker and ready-mixed concrete. The number of personnel employed in the Company as of 1H2024 is 1,031 (FY2023: 1,033). The current shareholding structure of Bursa Çimento consists of İsmail Tarman (32.71%), Tarman Çimento Yatırım San. Ve Tic. A.Ş. (12.92%), Bemsa Bursa Emprime Plastik San. Tic. A.Ş. (8.67%), Other Publicly Traded Shares (45.70%). Currently, 36.07% of the Company's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "BUCIM" since 1988.

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

Strengths

- Reasonable level of EBITDA margins in the analyzed periods despite the partial contraction in 1H2024,
- Solid financial leverage ratios despite increased long-term borrowing in 1H2024 along with maintaining short-term cash surplus position over the analyzed periods,
- Reasonable cash generation capacity supporting investment expenditures to a certain extent,
- Aiming to increase efficiency and profitability by reducing costs within the scope of ongoing modernization investment,
- Strengthened equity structure backed by satisfactory internal resource generation despite dividend payments,
- Deep-rooted experience in the sector and compliance with corporate governance practices as a publicly listed company.

Constraints

- Foreign currency denominated raw material and energy costs may pressure on profit margins in a certain circumstance though partially minimizing FX risk by export sales,
- Competitive and capital-intensive structure of the cement 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 EBITDA margins, strong leverage profile, robust equity base, favorable liquidity profile, long track record in the sector and high level of compliance with the corporate governance practices along with foreign currency denominated energy costs and global macroeconomic concerns have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings have been determined as **'Stable'**. The Company's revenue and profitability performance, cash flow generations, liquidity and financial leverage level 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.