Corporate Credit Rating

☒New ☐Update

Sector: Mining

Publishing Date: 25/12/2024

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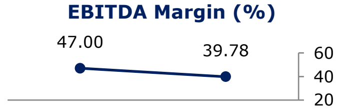
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

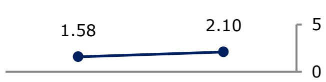
** Assigned by JCR on May 10, 2024*

EBITDA Margin (%)



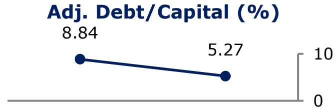
Gross Profit Margin (%)

Current Ratio (x)

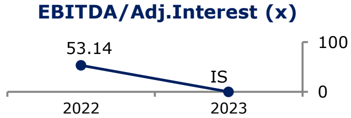


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



-IS: Interest Surplus
-CS: Cash Surplus

CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated **CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi** in the investment grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as **'A+ (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 have been assigned as **'BB/Stable'**, as parallel to international ratings and outlooks of Republic of Türkiye, according to JCR-ER's national-global mapping methodology.

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "CVK Maden" or the "Company" or the "Group") was founded on September 5, 2006, under the name "CVK Krom Maden Sanayi ve Ticaret Anonim Şirketi", the Company began using its current trade title on November 22, 2011. The main activity of the Company is the production, marketing and sale of chrome, gold, marble, travertine, lead, zinc, copper and magnesite ores. The Company is also engaged in the acquisition and sale of mining licenses. The Company, including its subsidiaries, holds a total of 24 mining and exploration licenses as of rating report date, which encompasses exploration activities in the provinces of Çanakkale, Bursa, Balıkesir, Kayseri, Kütahya, İzmir, Yozgat, and Erzincan in Türkiye. The Company is engaged in different mineral exploration and value-added mineral production investments. The Sarıalan Gold Operation Project in Balıkesir, one of the Company's investments projected to start its operations in FY2025, encompasses both the production facility and tailings pond initiatives. The "UMREK Coded Mineral Reserve Report" indicates that the total measured reserves stand at 538,625 ounces, while the total probable reserves are recorded at 25,156 ounces.

The Company's paid-in capital is TRY 42mn as of the rating report date and the shareholders are Hüseyin Çevik (74.08%), and publicly traded (25.92%). Its shares have started to be traded on BIST with the ticker "CVKMD" on April 13, 2023, and included in BIST100 index on December 20, 2024. As of FYE2023, according to the audit report, the Company employs an average of 104 personnel (FYE2022: 113).

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

Strengths	Constraints
• Solid leverage profile along with cash surplus position as of FYE2023 and 3Q2024, though effects of additional funding needs through planned investments to be monitored, • Sustainable hard currency revenue generation capacity backed by growth in sales volume over the analyzed periods, • Satisfactory core profitability indicators along with EBITDA generation capacity, despite downtrend mainly due to appreciation of TRY against foreign currency in real terms, • Strong equity structure supported by prior years' profits as of 3Q2024, along with additional funds raised through an IPO, • Sufficient level of current ratio and positive net working capital facilitate effective liquidity management, • Having benefits from long-term mining licenses, supported by reserves report under UMREK standards, • Compliance with corporate governance practices owing to listed status and ability to reach alternative financial sources.	• Carrying concentration risk on customers and in terms of product type as a nature of business, • High sensitivity to fluctuations in commodity prices globally and exposure to cyclicality due to changes in global market demand, • Significant operational risks and ESG impact due to the nature of mining industry, • 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 **'A+ (tr)'**. The Company's EBITDA generation capacity, ongoing Capex, remainder ore reserves, internal equity generation capacity, along with ongoing uncertainties arising from geopolitical tensions as well as the global interest rate cycle, 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 profitability performance, cash level and debt structure together with commodity prices and the trends in the industry 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 frame about the sector will be monitored as well.