

Corporate Credit Rating

New Update

Sector: Agrochemicals

Publishing Date: 23.08.2023

Manager

Fatih Lap

+90 212 352 56 73

fatih.lap@jcrer.com.tr

Senior Analyst

Derya Atalay Nemli

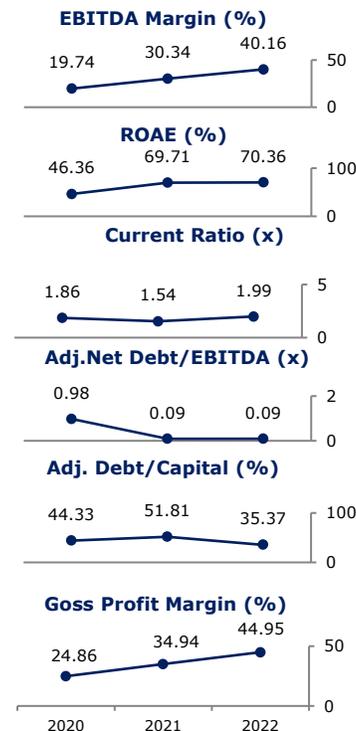
+90 212 352 56 73

derya.nemli@jcrer.com.tr

RATINGS

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	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



DOKTOR TARSA TARIM SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the "Doktor Tarsa Tarım Sanayi Ve Ticaret A.Ş." in the investment-level category and affirmed 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 affirmed as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Doktor Tarsa Tarım Sanayi Ve Ticaret A.Ş. (hereinafter referred to as "Doktor Tarsa" or "the Group" or "the Company") was established in 1987. The main activity of the Group is fertilizer production. The Group also operates in soil conditioners, irrigation equipment, packaging trade, and laboratory services. Doktor Tarsa manufactures more than 3,000 types of products such as peat, vermiculite, conventional agricultural fertilizers, special water-soluble fertilizers, foliar fertilizers, trace elements, dosing pumps, automation systems, flower seeds, vegetable seeds, wheat germ, fodder seeds, corn chips and potato production, fruit saplings. In FY2022, fertilizer sales volume decreased by 49.44% to 66,323 tons compared to the previous year. In addition, the Group's fertilizer sales in tons increased by 13.87% in 1Q2023 compared to the same period of the previous year.

The current shareholder of the Company is Tasaco Tarım San. Ve Tic. A.Ş. (100%). The average number of personnel employed within the Group in FY2022 is 320. (FY2021: 252)

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

Strengths

- Strong improvement in core operational profitability indicators and EBITDA margin in FY2022,
- Strong leverage profile despite short-term weighted funding structure,
- Low collection risk supporting asset quality,
- Liquidity metrics at sufficient levels guarding against immediate cash outflows, despite the decline in cash metrics as of FYE2022,
- Significant share of equity in the funding of operations and strong equity level mainly dominated by retained profits despite steady dividend payments,
- Diversified product range underpinning revenue stream,
- Deep-rooted operating history and solid experience in the sector.

Constraints

- Decrease in capacity utilization rate in parallel with the contraction in fertilizer sales on volume bases in FY2022,
- Long cash conversion cycle,
- Regulations causing fluctuations in the sector may increase competition and put pressure on profit margins,
- Dependence of global product prices and weather conditions,
- Improvement needs in corporate governance practices,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed as 'AA- (tr)'. On the other hand, the Company's long track record in the sector, geographical diversified revenue structure, ability to access financing channels, strong liquidity structure 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 revenue and profitability performance, liquidity position, level of indebtedness, and developments regarding the macro conditions 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.