

Corporate Credit Rating

New Update

Sector: Agrochemicals

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Team Leader

Alperen Adanir

+90 212 352 56 73

alperen.adanir@jcrer.com.tr

Senior Analyst

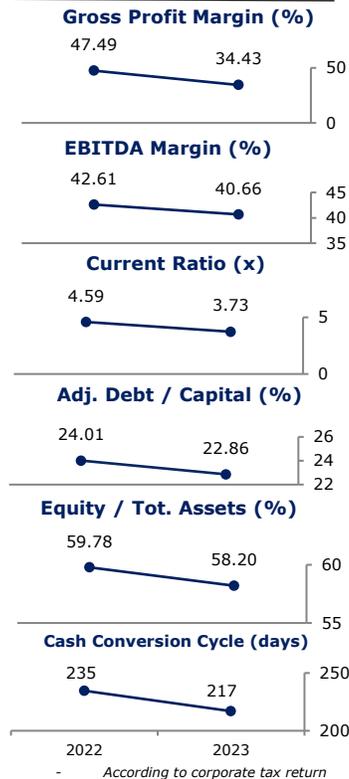
Derya Atalay Nemli

+90 212 352 56 73

derya.nemli@jcrer.com.tr

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

* Assigned by JCR on May 10, 2024



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 grade category with very high credit quality 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 assigned as 'BB/Stable' 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 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 FY2023, fertilizer sales volume increased by 37% to 90,525 tons compared to the previous year. In addition, the Company's fertilizer sales in tons increased by 56% in 1Q2024 compared to the same period of the previous year.

The sole shareholder of the Company is Tasaco Tarım San. Ve Tic. A.Ş. Tasaco Tarım's shareholder structure consists of Ali Behzat Özman (97.5%) and Esther Özman (2.5%). The average number of personnel employed within the Company in FY2023 is 199. (FY2022: 222)

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

Strengths

- Sustainable sales performance in FY2023 and 1Q2024, supported by an increase in volume-based sales YoY,
- Cash surplus position as of FYE2023 according to corporate tax return thanks to strong cash generation capacity,
- Satisfactory equity level supported by net profit and retained earnings over the periods analyzed, despite steady dividend payments,
- Low customer concentration and collection risk through diversified customer profile and extensive dealer network,
- Diversified product range, and geographical diversification through subsidiaries abroad,
- Industry experience with the know-how provided by the Company's long-term presence in the sector.

Constraints

- Absence of independent audit report for FY2023 limiting comprehensive analysis,
- Carrying high cost inventory as of FYE2022 causing decline in gross profit margin due to decreasing fertilizer prices in 2023,
- Long cash conversion cycle during the periods analyzed, particularly due to long inventory turnover period,
- Import dependency and exposure to fluctuations in the global input prices and weather conditions,
- 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.

As of the reporting date, since the Company's independent audit report for 2023 has not been finalized, the credit rating process is based on the audit report for 2022 and corporate tax returns for 2022 and 2023.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as 'AA- (tr)'. Sustainable sales performance, strong liquidity structure, asset quality, leverage profile, access to financial resources, experienced and qualified organizational 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 growth strategy, profitability indicators, level of indebtedness, trend of global fertilizer prices and its impact on profitability, 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.