

Corporate Credit Rating

New Update

Sector: Agrochemicals, Port Management

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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	-
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 Aug 18, 2022

Ege Gübre Sanayii A.Ş.

JCR Eurasia Rating has evaluated "Ege Gübre Sanayii A.Ş." in the investment level category with very high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'AA (tr)' and affirmed 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.

"Ege Gübre Sanayii A.Ş." ("Ege Gübre", "the Company", or "the Group") was established in 1973. The Company operates in the fields of chemical fertilizer manufacture, import, internal and external sales. The Company conducted fertilizer production activities in its factory located in Aliğa/İzmir with an annual production capacity of 297,000 tons. As of 31.05.2022, the Company suspended its composite fertilizer production for an indefinite period due to the increase in fertilizer prices and the contraction in demand. Although composite fertilizer production is suspended indefinitely, commercial fertilizer sales continue depending on foreign supply opportunities. In addition to chemical fertilizer production, the Company has carried out its port management operations in Aliğa/İzmir since 2004. The Company offers container, liquid, general, dry bulk cargo handling and warehousing services. The Company also has provided services to third parties importing liquid raw materials with 23 tanks of different volumes in general warehouse status since 1992.

The shares of the Company have been traded on Borsa Istanbul since 6 January 1986 with ticker of EGGUB and 46.11% of the shares are publicly traded. As of the report date, the Company's qualified shareholders are Genç Holding A.Ş. with 40.77% of the shares and Recep Gencer with 13.12% of the shares.

As of December 31, 2022, the Company employed a staff force of 500 (FYE2021: 457).

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

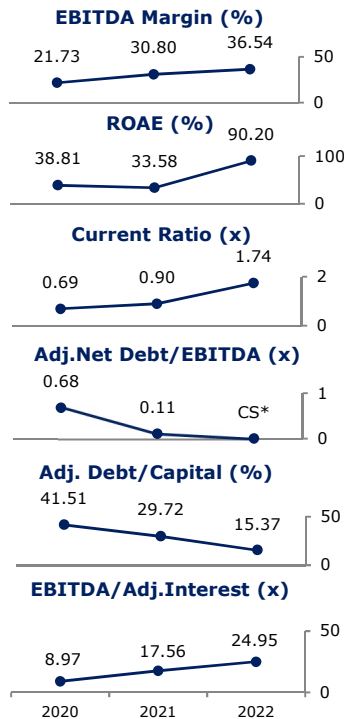
Strengths

- Maintaining revenue and EBITDA growth along with favourable operational results in port management in FY2022
- Cash flow generation capacity and cash surplus status against financial debts as of FYE2022
- Positive net working capital contributing to liquidity management as of FYE2022
- Strong equity level mainly dominated by retained earnings
- Long lasting presence in the sector and successful track-record
- High level of compliance regarding corporate governance implementations

Constraints

- Suspension of composite fertilizer production for an indefinite period as of 31.05.2022 due to the increase in fertilizer prices and the contraction in demand
- Import dependency in raw material supply and price fluctuations in the fertilizer industry
- Sensitive nature of the port management industry to geopolitical, environmental and other challenges
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded from 'AA- (tr)' to 'AA (tr)'. The Company's successful track-record in the sector with reputable brand name, cash flow generation capacity and notable profitability performance have been evaluated as important indicators for 'Stable' outlook of the Long and Short-Term National Issuer Credit Ratings. The Company's revenue and profitability performance, cash generation capacity, liquidity level 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.



(*) CS: Cash Surplus