

Corporate Credit Rating

New Update

Sector: Wholesale Trading

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

* Assigned by JCR on May 10, 2024

GÖKHAN TARIM İLAÇLARI TİCARET VE SANAYİ A.Ş.

JCR Eurasia Rating has evaluated "Gökhan Tarım İlaçları Ticaret ve Sanayi A.Ş." 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 as 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as 'BB/Stable' in line with sovereign ratings and outlooks of Republic of Türkiye.

Gökhan Tarım İlaçları Ticaret ve Sanayi Anonim Şirketi (hereinafter referred to as "Gökhan Tarım" or "the Company") was established in 1992 in Selçuklu/Konya. The Company's main field activity is to distribute well-known agricultural product brands, such as Bayer and Hektaş, etc. in the Anatolia Region. The Company is engaged in the wholesale trade of agrochemical products, pesticides, herbicides, disinfectants, fungicides, plant growth regulators and other agrochemical products. There are 4 warehouses wholly owned by the Company, 3 of which are located in Karatay/Konya and 1 of which is located in Selçuklu/Konya/.

The Company's ultimate controlling shareholders are M. Gökhan Çamkerten with a 50.00% share and Ali Orhan Çamkerten with a 49.70% share as of FYE2022.

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

Strengths

- Strong profitability metrics and expected to continue in 2023 financials,
- Sound level of leverage and interest coverage indicators along with increasing EBITDA generation capacity,
- Reasonable efficiency indicators supported by operating ratio and declining cash conversion cycle,
- Relatively inelastic demand for agricultural products ensures a natural shield,
- Diversified product range provides sales revenue visibility throughout the year,
- Having advantage as being one of the leading distributors of certain brands with long lasting experience in the sector.

Constraints

- Decreasing equity level due to regular dividend payments in the reviewed years,
- Sectoral competition and climate conditions may affect the Company's operations,
- Improvement needs in the level of compliance with Corporate Governance Practices,
- 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.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. Taking into account, the Company's solid profitability indicators supported with revenue growth, low financial debts with strong leverage and coverage metrics, inelastic demand and efficiency performance, as well as deterioration in equity level, climate conditions and global economic slowdown signal 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, leverage metrics, efficiency indicators, equity structure and economic conditions in local and global environments are the priority issues to be 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 also be monitored.

