## Corporate Credit Rating

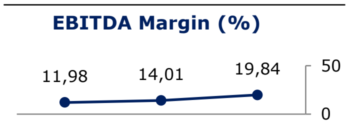
☐New ☒Update

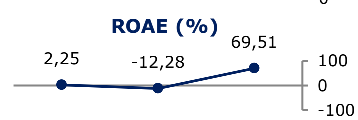
**Sector:** Construction Materials Industry
**Publishing Date:** 25/08/2023

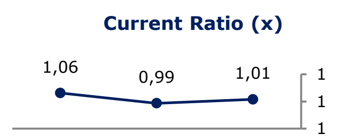
**Team Leader**
Muhammet Başar
+90 212 352 56 73
muhammet.basar@jcrer.com.tr
**Senior Analyst**
Pelin Erarslan
+90 212 352 56 73
pelin.erarslan@jcrer.com.tr

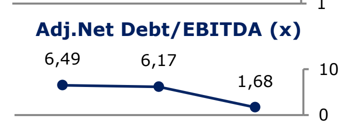
| RATINGS | | Long Term | Short Term |
|---|---|---|---|
| ICRs (Issuer Credit Rating Profile) | **National ICR** | **A- (tr)** | **J2 (tr)** |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Negative | - |
| | International LC ICR | BB | - |
| | International LC ICR Outlooks | Negative | - |
| ISRs (Issue Specific Rating Profile) | National ISR | - | - |
| | International FC ISR | - | - |
| | International LC ISR | - | - |
| Sovereign* | Foreign Currency | BB Negative | - |
| | Local Currency | BB Negative | - |

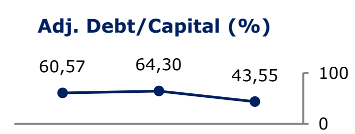
** Assigned by JCR on Aug 18, 2022*

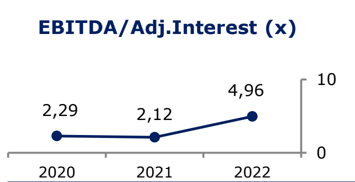



# GÖLTAŞ GÖLLER BÖLGESİ ÇİMENTO SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **"Göltaş Göller Bölgesi Çimento San. ve Tic. A.Ş"** in the investment level category and upgraded the Long-Term National Issuer Credit Rating from **'BBB- (tr)'** to **'A- (tr)'** and assigned the Short-Term National Issuer Credit Rating as **'J2 (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'** in parallel to international ratings and outlooks of Türkiye.

**Göltaş Göller Bölgesi Çimento San. ve Tic. A.Ş.** (referred to as '**the Company'** or **'Göltaş'**) was established in 1969 as one of the first private sector cement factories to meet the cement needs of mainly Isparta, Burdur, Antalya, Muğla and Denizli regions. The main activity of the Company, which sells domestically and overseas, is the production of clinker, cement and ready-mixed concrete. Currently, Göltas has 3,150,000 tons/year clinker and 5,068,800 tons/year cement production capacity in two rotary kilns and five cement mills. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1995. Currently, 57.40% of shares are publicly traded on the BIST with the ticker symbol "GOLTS". The Company exports cement and clinker to 43 countries. Göltaş has two subsidiaries as Göltaş Hazır Beton ve Yapı Elemanları Sanayi ve Ticaret A.Ş. and Göltaş Enerji Elektrik Üretim A.Ş. Göltaş and its consolidated subsidiaries are hereinafter referred to as "**the Group**". As of 1Q2023, the average number of the Group's personnel working during the year is 486.

The Company's main ultimate controlling shareholder is Göl Yatırım Holding A.Ş. with 30.72% share.

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

| Strengths | Constraints |
|---|---|
| • Notable growth in sales revenue thanks to mainly price and also exchange rate hikes,<br>• High increase in EBITDA margin with effective cost management and pricing in FY2022,<br>• Improvement in coverage and debt leverage ratios due to increasing EBITDA generation capacity and well managed financing operations,<br>• Progress in operating ratio and cash conversion cycle pointing to efficiency,<br>• Investments completed and planned within the scope of sustainability,<br>• High level of compliance with corporate governance practices and quality standards as a publicly traded company,<br>• Long track record in the sector and synergy of group companies. | • High portion of the increase in equity arises from the non-cash items in FYE2022,<br>• Despite strong improvement in cash flow metrics, negative FOCF level continues slightly in FY2022,<br>• Foreign currency-based and volatile energy costs may put pressure on profitability margins though minimizing FX risk with export sales,<br>• Competitive market structure of the cement sector,<br>• 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 Group's Long-Term National Issuer Credit Rating has been upgraded from **'BBB-'** to **'A- (tr)'**. The Group's long track record in the sector, notable revenue growth and EBITDA generation capacity, improved coverage and debt leverage ratios, shortened cash cycle, completed and ongoing investments in the scope of sustainability, as well as, continuity of negative FOCF, sizeable non-cash contribution of revaluation gains in equity, competitive structure of cement sector and restrictive domestic financial conditions limit access to finance 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 macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.