

## Corporate Credit Rating

New  Update

**Sector:** Mining

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

\* Assigned by JCR on May 10, 2024

## KALTUN MADENCİLİK SANAYİ NAKLİYE VE AKARYAKIT TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Kaltun Madencilik Sanayi Nakliye ve Akaryakıt Ticaret A.Ş." in the investment-level category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at '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 have been determined as 'BB/Stable' in line with sovereign ratings and outlooks of Republic of Türkiye.

**Kaltun Madencilik Sanayi Nakliye ve Akaryakıt Ticaret Anonim Şirketi** (hereinafter "Kaltun Madencilik" or "the Group") was established in 1986, located in Aydın, Türkiye. Kaltun Madencilik's principal activities are the mining, crushing, enrichment and sale of feldspar and quartz in Aydın/Çine, Muğla/Milas-Yatağan and Afyon regions. Kaltun Madencilik is one of the largest sodium feldspar producers in Türkiye with 65 mining sites, 15 of which are active. Feldspar products are used as raw materials in ceramic, glass, composite stone, paint, filtration, silicone cable and other related industries.

The fully consolidated subsidiaries are engaged in the export of sodium feldspar to Europe and Africa zone, primarily to Italy and Spain, the sale of Kaltun Madran branded water and chalcedony mining. The Group, which makes the majority of its sales abroad, stands out in the sector with its customer-oriented product recipes and widespread delivery network. In 2022, Kaltun Madencilik was ranked as the 343<sup>th</sup> (2021: 399<sup>th</sup>) in the annual list of first 500 Largest Industrial Enterprises of Türkiye.

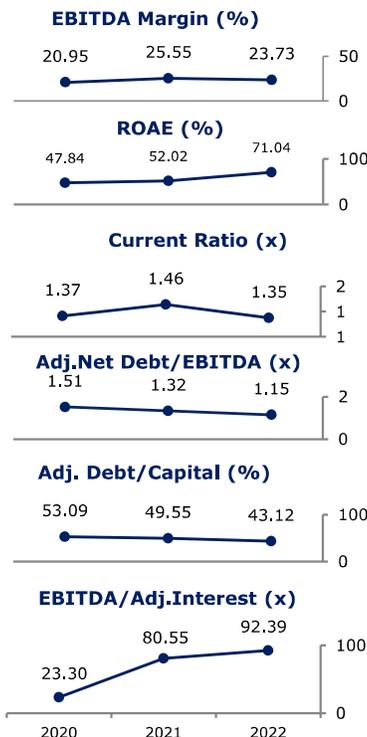
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Upward trend in revenue outlook on the back of export-intensive business model and demand,
- Growing EBITDA generation capacity coupled with adequate profitability margins in FY2022 and expected to maintain in 2023 financials,
- Adequate debt repayment levels in leverage metrics despite slight increase in 2023 financials due to ongoing investments,
- Robust interest coverage metrics despite increasing indebtedness,
- Natural hedging opportunity in a certain extent derived from hard currency denominated export revenues with a diversified product portfolio,
- Long track record and deep-rooted knowledge in the sector.

### Constraints

- Negative FOCF due to cash outflow from investment activities may create a need for external financing,
- Pressure on efficiency ratios due to high operating ratio and long cash conversion cycle despite the improvement in receivable collection period in FY2022,
- Receivables from related parties continue to increase,
- Significant operation and maintenance risks and ESG impact due to the nature of mining business,
- Further improvement needs in 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 Group's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Taking into account, the Group's adequate profitability margins, strong leverage profile, long lasting experience, as well as pressure on efficiency indicators, external financing needs due to the negative FOCF metrics 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 Group's profitability performance, leverage metrics, investment processes, efficiency indicators 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.