

Corporate Credit Rating

New Update

Sector: Building Materials Industry

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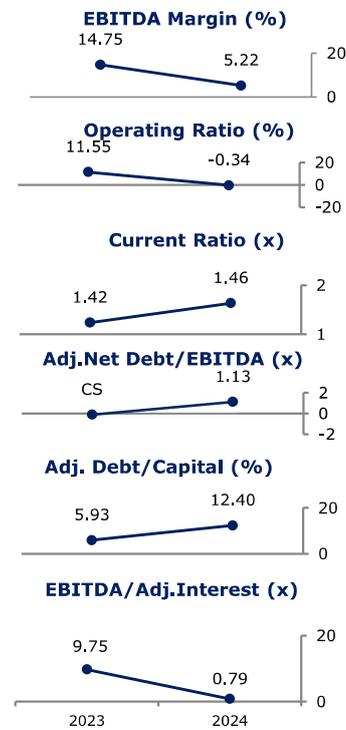
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
ISRs (Issue Specific Profile)	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



CS: Cash Surplus

KONYA ÇİMENTO SANAYİİ A.Ş.

JCR Eurasia Rating, has evaluated "Konya Çimento Sanayii A.Ş." in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'A+ (tr)' and the Short-Term National Issuer Credit Rating from 'J1+ (tr)' to 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings are affirmed at 'BBB+/Stable'.

Konya Çimento Sanayii A.Ş. ("Konya Çimento" or "the Company" or "the Group") was established in 1954. The main activity of the Company is production of different types of cement, clinker, aggregate, lime and ready mixed concrete. Konya Çimento has an annual production capacity of 2,973,599 tons of cement and 1,732,500 tons of clinker in 2024. As of March 31, 2025, the Company had a total of 374 employees, 110 white-collar and 24 blue-collar (December 31, 2024: 373). Konya Çimento has been publicly traded on Borsa İstanbul since 1989 with "KONYA" ticker with a public share ratio of 15.97% as of March 31, 2025.

The Company's main ultimate controlling shareholder is Parfacim S.A. with 81.88% share. Parfacim was established in 1974 and also is a French joint-stock corporation. The corporate purpose of Parfacim, a holding company, is the acquisition and management of transferable securities, shares in interests, and tangible and intangible assets. Parfacim is 100% owned by Vicat company.

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

Strengths

- Continued strong equity contribution, albeit the loss in bottom line in FY2024 and 1Q2025,
- Adequate financial leverage metrics despite sharp decrease in EBITDA generation and the loss of cash surplus position in FYE2024 and 1Q2025,
- Relatively short cash conversion cycle and reasonable liquidity metrics in FY2024,
- Immaterial level of doubtful receivables thanks to insured and collateralized receivable structure,
- Proven track record and sustainability practices with globally reputable shareholding structure,
- Compliance with Corporate Governance Practices and quality standards as a publicly listed company.

Constraints

- Notable decline in profitability metrics in line with cost pressures and inflation accounting practises in FY2024 and continuation of operating loss and net loss in 1Q2025,
- Significantly low level of paid-in capital compared to equity and total assets,
- Rising interest rates and limited EBITDA generation causing to worsening in interest coverage metrics in FY2024 and 1Q2025,
- Susceptibility of construction sector to macroeconomic conditions and input costs with competitive market structure of the cement and ready-mixed concrete sector,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'AA- (tr)' to 'A+ (tr)'. Long lasting industry experience and reputable shareholder structure, collateralized receivables, indebtedness level, equity structure, operational strength and risk factors in the markets, and business environment as well as the decline in profitability margins, low level of paid-in capital, worsening interest coverage metrics, sensitivity to changes in input costs and geopolitical risks-driven uncertainties 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 affirmed as 'Stable'. The Company's capital adequacy, financial structure and profit margins, indebtedness level, liquidity and cash flow metrics 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.