

Corporate Credit Rating

New Update

Sector: Wood and Forest Products

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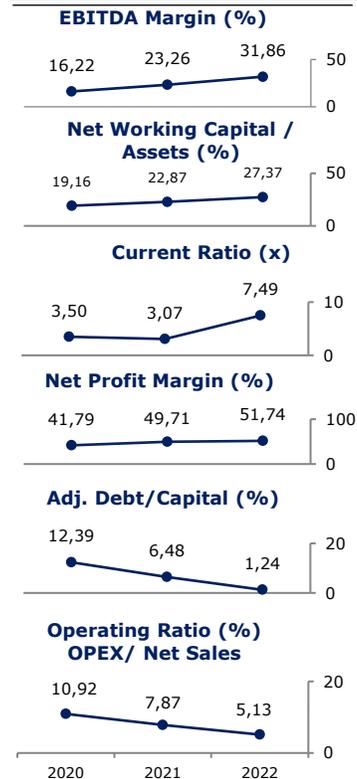
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
Sovereign*	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



Konya Kağıt Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated "Konya Kağıt Sanayi ve Ticaret A.Ş." in investment level category and assigned 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 were assigned as 'BB/Negative' in line with the global and national scale rating matching published by JCR Eurasia Rating.

Konya Kağıt Sanayi ve Ticaret A.Ş. (hereinafter "the Company" or "Konya Kağıt") was incorporated in 1988. Konya Kağıt carries out its operations in Konya (head office) and İstanbul Güneşli (branch office) on a total area of 105.000 m². The Company's Konya headquarter facilities consist of 3 main production units: paper production, cardboard packaging and notebook production. In addition, İstanbul Güneşli Branch has a cardboard packaging facility. The Company is also one of the four local industrial enterprises operating in the production of Türkiye's printing and writing paper, indicating 25.00% of the production. The Company, which attaches importance to sustainability, has a cogeneration plant with a power of 5.5 MWh in Konya Centre Facilities. Based on low fuel consumption and high energy efficiency, a significant portion of the Company's electricity and steam needs are met from this facility, which is powered by natural gas. In addition, the Company has FSC (Forest Stewardship Council) certification in paper production. The Company has been traded on Borsa İstanbul since November 26,2021 with the ticker; "KONKA".

Since 1998, the Company has ranked among the Top 500 and second Top 500 industrial enterprises of the Istanbul Chamber of Industry (İSO), and as of 2022, it ranked 65th among the Türkiye's Second Top 500 industrial enterprises (2021: 135th). The average staff force of the Company was composed of 461 employees at September 30,2023 (FYE2022:458).

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

Strengths

- Improvement in EBITDA generation performance in FY2022 together with sales revenues growth,
- Ongoing cash surplus position providing financial flexibility,
- FFO and NWC at a favorable level together with notable level of liquid assets, facilitating liquidity management,
- Broad sectoral experience due to long operating history,
- Operational and financial synergy with group companies,
- Compatibility with the corporate governance practices and emphasis on sustainability,

Constraints

- Notable contraction in profitability ratios in Q32023,
- Non-cash contribution of revaluation gains in shareholder's equity,
- Leading economic indicators signal global economic slowdown as 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 'AA- (tr)'. The Company's broad sectoral experience and long operating history, cash surplus position, improvement in sales revenues by FY2022 as well as decrease in profitability ratios in Q32023 and global economic conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings were determined as 'Stable'. The Company's profitability performance, liquidity structure, efficiency of completed sizeable investments and indebtedness structure 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.