

Corporate Credit Rating

☑ New ☐ Update

Sector: Chemicals Industry

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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (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)	-

* Affirmed by JCR on August 21, 2026

MERCAN KİMYA SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Mercan Kimya Sanayi ve Ticaret Anonim Şirketi" in the investment grade category and assigned the Long-Term National Issuer Credit Rating as 'BBB+ (tr)' and 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 determined as 'BB/Stable' in line with sovereign ratings and outlooks of Republic of Türkiye.

Mercan Kimya Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "Mercan Kimya" or "the Group") was established in 2004, while its origins date back to 1977, when the business commenced operations as a sole proprietorship. The Group is engaged in the production and trading of paraffin, paraffin emulsions, petroleum jelly and liquid paraffin. Its manufacturing activities are carried out at its production facility located on an approximately 20,000 m² site in Denizli, Türkiye.

The Group has been engaged in export activities since 1984, which are currently carried out through its subsidiary Dermokim Kimya Sanayi ve Ticaret Limited Şirketi ("Dermokim"). In addition to paraffin production, the Group is engaged in the import and sale of raw materials used in the cosmetics, detergent and industrial sectors through Cosmer Kimya Sanayi ve Ticaret Anonim Şirketi ("Cosmer"). According to information obtained from the Group, Cosmer accounts for approximately 30-35% of the Group's consolidated revenue. Furthermore, Rowax Global SRL ("Rowax"), based in Romania, was previously engaged in paraffin production, while its current activities are focused on solar power plant investments. The Group also operates in the e-commerce sector through Fevup Brands E-Ticaret ve Bilişim Teknolojileri A.Ş. ("Fevup"), in which its ownership stake increased to 75% in September 2026.

The Group holds one of the leading position in the domestic paraffin industry, supported by its long-standing sector experience, established customer portfolio and diversified product range. Furthermore, the Group's investment in a new production facility in Gebze, Kocaeli, is currently underway, aiming to domestically manufacture certain chemical products that are currently imported and marketed through Cosmer. The facility, with an enclosed area of approximately 4,015 m². The investment is expected to reduce dependence on imported finished products, diversify the Group's production portfolio and contribute positively to its revenue generation and profitability in the forthcoming periods.

Mercan Kimya has been listed on Borsa İstanbul ("BIST") since May 2021 under the ticker symbol "MERCN". As of the report date, the Group's founder, Gültekin Okay Salgar, held 25.04% of the share, Berkin Salgar held 17.98%, and Sinan Salgar held 17.94%, while the remaining 39.04% of the shares were publicly traded. The Group employed 166 personnel as of 1H2026.

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

"Strengths"

- Improved EBITDA generation and profitability margins in FY2025 despite declining sales revenue,
- Strong equity base despite a low level of paid-in capital,
- R&D capabilities and new product investments supporting innovation and future revenue growth and profitability,
- As a publicly traded company, compliance with corporate governance practices,
- Strong market position in the domestic paraffin industry supported by long-standing sector experience.

Constraints

- Increase in indebtedness in FYE2025 and 1H2026 driven by ongoing investments, pressuring leverage metrics,
- Limited coverage metrics in the reviewed years and further deterioration in 1H2026,
- Weak cash flow generation, resulting in negative CFO and FOCF metrics,
- Deepened FX short position as of 1H2026 arising from USD and EUR-denominated financial debt,
- Tight liquidity profile with limited net working capital and a short-term weighted debt structure,
- Sector-wide high import dependency and price volatility of raw materials,
- Geopolitical tensions intensify inflationary pressures, constraining the easing of global financial conditions.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. Taking into account the Group's established market position, improved profitability and strong equity, as well as increased indebtedness, weak cash flow generation and limited coverage metrics 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 revenue generation capacity, profitability performance, liquidity adequacy 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 also be monitored.

