

Corporate Credit Rating

New Update

Sector: Chemicals Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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-	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific 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

MERKEZ ANADOLU KİMYA SANAYİ ÜRETİM PAZARLAMA A.Ş.

JCR Eurasia Rating, has evaluated "Merkez Anadolu Kimya Sanayi Üretim Pazarlama A.Ş." 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 assigned as 'BB-/Stable'.

Merkez Anadolu Kimya Sanayi Üretim Pazarlama A.Ş. (hereinafter referred to as 'Merkez Anadolu Kimya' or the 'Company') was established in 2001 in Antalya. The Company operates in the field of engaged in producing, trading and marketing all types of pesticides, chemicals, chemical fertilizers and animal fertilizers. The Company, which is primarily engaged in the production and marketing of powdered and liquid fertilizers, stated that it produces on order. It currently operates on a total of 16,000 acres of land. The current export volume is 5%. Exports are made to more than 20 countries including Egypt, Jordan, Tunisia, Saudi Arabia, Algeria, Albania. It is planned to increase the export volume in 2024 and beyond. The majority of products sold abroad are liquid fertilizers. The average number of personnel of the Company is 85 as of FYE2023. (FYE2022: 79) The Company's shareholder structure is 33% Ayhan Kasapoğlu, 33.50% Nevzat Kaçar, 33.50% Osman Dirican.

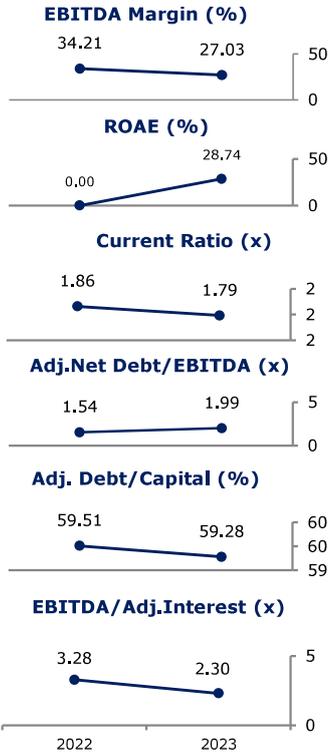
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Strong sales revenue growth in FY2023 driven by unit price increases, despite expected decline in FY2024
- Low level of impaired receivables supporting asset quality
- Reasonable equity base, supported by internal resource generation capacity
- Long-lasting presence and extensive know-how in the sector

Constraints

- Deterioration in financial leverage metrics in 2023 that expected to deepen further in 2024 due to decrease in EBITDA generation capacity
- Long cash conversion cycle leading external funding requirements
- High financing expenses pressuring bottom line and coverage metrics
- Import-oriented raw material prices and fluctuation in FX rates may suppress the profitability margins
- Need for improvement regarding compliance with corporate governance practices
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB- (tr)'. The Company's sales revenue growth, sector experience, equity and debt structure along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial 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 are determined as 'Stable'. The Company's indebtedness level, cash flow and liquidity level, coverage and leverage metrics as well as asset quality will be closely monitored by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.