

## Corporate Credit Rating

New  Update

**Sector:** Construction Materials Industry

**Publishing Date:** Sep 27, 2024

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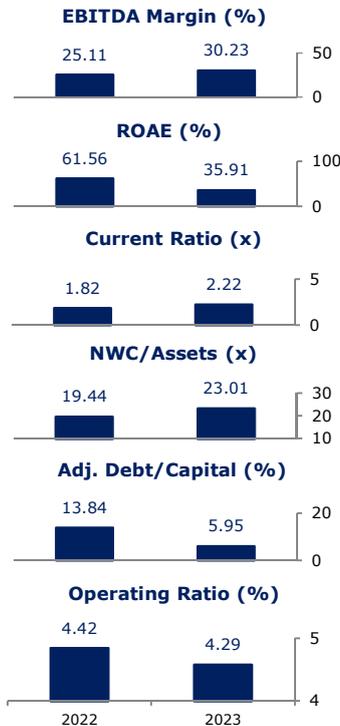
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R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB-	-
ISRs (Issue 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



## OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Oyak Çimento Fabrikaları Anonim Şirketi" in the investment level category with the highest credit quality and revised the Long-Term National Issuer Credit Rating to 'AAA (tr)' from 'AA+ (tr)' and affirmed 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 revised to 'BBB-/Stable' from 'BB/Negative' above the sovereign ratings and outlooks of Republic of Türkiye.

**Oyak Çimento Fabrikaları Anonim Şirketi** (hereinafter referred to as "Oyak Çimento Fabrikaları" or "the Group") produces and sells clinker and cement. The Group's involvement in the cement sector dates back to 1957, when the Adana Çimento became part of the OYAK Group. Furthermore, publicly traded cement companies of the Oyak Group- including Aslan Çimento A.Ş., Adana Çimento Sanayii Türk A.Ş., Bolu Çimento Sanayii A.Ş. and Ünye Çimento Sanayi ve Ticaret A.Ş. merged under Oyak Çimento Fabrikaları through takeover in May, 2020. Following of competition of legal process, the title of the Group was changed to Oyak Çimento Fabrikaları A.Ş.

The Group operates across 7 plants and sales in 7 geographical regions, with a total production capacity of 12.4mn tons of clinker and 22.5mn tons of cement. Moreover, as of December 28, 2023, Oyak Çimento Fabrikaları merged with its main shareholder OYAK Denizli Çimento A.Ş., consolidating all cement and concrete operations under a unified entity. Therefore, all cement-related companies and manufacturing facilities were gathered under a centralized management, ultimately resulting in improved operational efficiency throughout the Group.

The shares of the Group are traded in Borsa Istanbul under the ticker symbol "OYAKC" with the free float rate of 19.95% as of September, 2024. The main shareholder of the Group (80.05%) is TCC Oyak Amsterdam Holdings B.V. and ultimately controlled by Taiwan Cement Dutch Holdings B.V. with the share of 60% and Oyak Capital Investment B.V. with the share of 40%. The number of employees of the Group is 2,730 in FYE2023 (FYE2022: 2,424).

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

### Strengths

- Strengthened EBITDA and other core profitability indicators in FY2023, driven by the merger as well as effective cost management, albeit slight contraction in 1H2024,
- Solid financial outlook anchored by healthy cash surplus in FYE2023 resulting in strong coverage and leverage profile and maintained cash buffer in 1H2024,
- Favorable cash flow metrics alongside sound liquidity indicators ensuring stable financial foundation,
- Substantially high level of equity bolstered by retained earnings and internal fundraising capacity, despite the impact of inflation adjustments,
- Almost wholly collateralized receivables mitigating credit risk,
- Robust market presence through an expanding footprint, leveraging sustainable competitive advantages,
- Long-standing operating history and robust partnership structure with OYAK and Taiwan Cement Corporation, major players in the global cement industry,
- Compliance with corporate governance practices and quality standards as a publicly traded company.

### Constraints

- Competitive market structure of the cement sector,
- Foreign currency denominated energy costs may put pressure on profitability margins in certain circumstances,
- 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 the Long-Term National Issuer Credit Rating has been revised to 'AAA (tr)' from 'AA+ (tr)'. Taking into account the Group's profitability through effective cost management strategy, strong leverage and coverage positions, internal equity generation capacity and partnership structure with OYAK and TCC, as well as increasing energy cost and competitive structure of the sector 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 indicators, sustainability of domestic and international demands, market position and economic conditions in Türkiye will be closely monitored by JCR Eurasia Rating in the 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.