

Corporate Credit Rating

New Update

Sector: Chemicals Industry
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating 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

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated "Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş." in the investment grade category with high credit quality on the national scale and affirmed the Long-Term National Issuer Credit Rating at 'A (tr)' and affirmed the Short-Term National Issuer Credit Rating at '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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'Tarkim' or 'the Company') was established in 2009 in Manisa to produce and sell plant protection products. The Company's production facilities are established on a land of 20,020 m² of which 7,800 m² is closed area. The production capacity of the facilities is 12,080 tons/year. Tarkim has 160 pesticide brand licenses. The Company provides services to 1,625 members of Tarım Kredi Kooperatifi, other agricultural unions and pesticide dealers with its personnel located in 7 regions of Türkiye. The Company employed a total workforce of 92 as of FYE2024 (FYE2023: 90). The Company has been traded on Borsa Istanbul (BIST) since September 2023 under the symbol 'TARKM' and its current free float is 23.81%. The Company increased its paid-in capital from TRY 16mn to TRY 21mn through public offering and Tarkim's registered capital is TRY 250mn as of September 30, 2023. The Company's controlling shareholder Türkiye Tarım Kredi Kooperatifleri Merkez Birliği has 46% shares, Gübre Fabrikaları T.A.Ş. has 30% and the remaining shares are publicly traded as of FYE2024.

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

Strengths

- Sound equity level thanks to internal resource generation capacity
- Financial resilience maintained through adequate financial leverage and coverage indicators in FY2024
- Operating with net working capital surplus and comfortable level of current ratio providing buffer against incidental financial challenges
- Low collection risks supporting the asset quality, as proven by the negligible level of doubtful receivables
- Compliance with corporate governance principles as a publicly listed company
- Utilizing the synergy created within Agricultural Credit Cooperatives which have a strong brand image with a proven track record in various sectors

Constraints

- Substantial decline in EBITDA generation capacity and profitability metrics in FY2024 due to increasing raw material and production costs along with the impact of inflation accounting
- Long cash conversion cycle stemming from seasonality in line with industry
- High operating leverage reduces the Company's efficiency
- Dependence on imported ingredients for production may exert pressure on profit margins
- 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 Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's sound equity level, adequate leverage and coverage metrics, low level of collection risk, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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 profitability performance, debt level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.

