

CREDIT RATING REPORT

DATE: 21.04.2022

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ISUER: EKOVAR ÇEVRE GRUP DÖNÜŞÜM ATIK DEPOLAMA İNŞAAT TAAHHÜT
SANAYİ VE TİCARET A.Ş.

İSSUE: -

CORE BUSINESS

WASTE MANAGEMENT

NEW:

☒

UPDATE:

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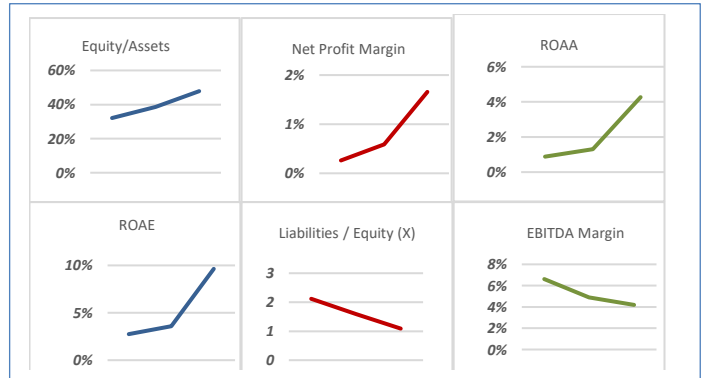
	RATINGS*					
	ISSUER RATING		OUTLOOK	ISSUE RATING		OUTLOOK
	LONG TERM	SHORT TERM		LONG TERM	SHORT TERM	
Ekovar Çevre Grup Dönüşüm Atık Depolama İnşaat Taahhüt Sanayi ve Ticaret A.Ş. Mutlukent Mahallesi, 1961. Cadde, No:60, Çankaya / Ankara Tel: (0312) 999 00 20 www.ekovar.com.tr	-	-	-	-	-	-
INTERNATIONAL FOREIGN CURRENCY	-	-	-	-	-	-
INTERNATIONAL LOCAL CURRENCY	-	-	-	-	-	-
NATIONAL RATING	TR BBB+ NR	TR A-2 NR	Positive NR			

*Previous ratings are at the bottom right of the cells. NR: Not rated by DRC RATING. Outlook: Positive, Negative, Stable, Developing.

SUMMARY: Ekovar Çevre Grup Dönüşüm Atık Depolama İnşaat Taahhüt Sanayi ve Ticaret A.Ş. (hereafter Ekovar or the Company) has been assigned a **long-term national credit rating of TR BBB+ a short-term national credit rating of TR A-2 and outlook Positive**. The credit ratings reflect our opinion that the waste management sector did not lose its vitality in 2020 and 2021, when the negative impact of the Covid-19 Pandemic (Pandemic) on commercial activities was intense. Since 2007, the Company has been serving in the integrated waste management sector, the development of which has started in Turkey a short time ago. Especially with the investments made since 2018, Ekovar has reached a capacity of 40 thousand m² closed and 110 thousand m² open storage area, 3 factories, 107 licensed vehicles and 66 licensed trailers, besides having many customers, mainly electricity distribution, petro chemistry, city hospitals and industrial establishments, in 7 regions of Turkey in 8 fields of activity, all of which are licensed. In addition to aforementioned, the ratings reflect our opinion of the Company's balanced financial resource and equity structures, low collection and exchange rate risks, existence of experienced management staff, growth of its assets and revenue, low profitability ratios and also sectoral regulations, incentives and restrictions below EU standards.

	2019	2020	2021*
Total Assets	63.7	120.2	195.8
Trade Receivables	17.8	12.1	23.8
Inventories	5.5	11.9	19.8
Trade Payables	7.5	7.8	12.9
Equity	20.4	46.3	93.7
Net Profit	0.3	1.2	6.7

*Data for 2021 has not been audited





İstanbul, April 21th, 2022

Financial Data

December 31st, 2020

(Million ₺)

Total Assets	120.2
Trade Receivables	12.1
Inventories	11.9
Financial Liabilities	56.4
Trade Payables	9.1
Gross Sales	204.2
Equity	46.3
Net Profit/Loss	1.2

Financial Ratios

ROAA (%)	1.3
ROAE (%)	3.6
EBITDA Margin (%)	4.9
Equity/Total Assets (%)	38.5
Total Liabilities/Equity	1.6

Ratings Rationale, Outlook and Important Factors for the Future:

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According to the data published by Turkish Statistical Institute on 23 December 2021, a total of 104.8 million tons of waste, 30.9 million tons of which is hazardous, was generated in Turkey in 2020. While 78.3 million tons of 127.4 million tons of waste processed in waste disposal and recycling facilities in 2020 were disposed of, 49.1 million tons were recovered. While energy is recovered by burning 1.3 million tons of waste in co-incineration facilities with a waste recovery license, a total of 47.6 million tons of metal, plastic, paper, minerals, etc. waste is recovered.

Meanwhile the number of other recycling facilities increased from 2,009 in 2018 to 2,509 in 2020, the number of compost facilities increased from 8 to 9, and the number of disposal/incineration facilities increased to 50 from 40.

The audit report of Ekovar, which was initiated due to the Sukuk issue planned and forms the basis for the credit rating report, includes the financials of 2019 and 2020. Since the audited 2021 financials are not ready as of the date of the credit rating report, Ekovar's financial reports prepared in accordance with the Tax Procedure Law (TPL) for 2021 have been examined. Compared to the previous year, the Company's assets increased by 88.5% to ₺120,2 million, its total short-term financial debts of ₺16,3 million grew by 64.5% to ₺56,4 million, its shareholders' equity increased by 126%, 4 grew to ₺46,3 million, net sales revenues grew by 89.3% to ₺203,2 million and net profit grew by 327.4% to ₺1,2 million. According to the financial tables prepared according to TPL, in 2021, the Company's assets are 195,8 million ₺, its financial debts are 65,2 million ₺ of which 15,9 million ₺ are short term, its net sales revenues are 406,9 million ₺ and its net profit is 6,7 million ₺. DRC RATING has determined the outlook of Ekovar's National Long-Term Credit Rating as "Positive". The growth potential of the waste management sector, lithium battery recycling and Western Aegean and Southern Marmara industrial waste (slag) recovery, intermediate storage and disposal facility investments, ongoing works of which total contract value exceeds 1,3 billion ₺ to be completed in the short and medium term, liquidity ratios, and corporate governance structure that is not strong enough were taken into account and positive/negative factors were evaluated in determining the outlook.

Key factors to consider for the future change in rating and outlook are:

Positive

- Increasing profitability ratios,
- The decrease in the weight of short-term financial debts in total liabilities,
- Increasing prices of minerals obtained from recycled wastes in international markets,

Negative:

- Decreased financial flexibility due to liquidity ratios,
- Disruption of the balance between free cash flows and financial liabilities,
- Weakening of the equity structure due to the insufficient increase in the profit for the period,



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