



Announcement of Periodic Review: [Moody's announces completion of a periodic review of ratings of Turkiye Petrol Rafinerileri A.S.](#)

Global Credit Research - 02 Jun 2020

London, 02 June 2020 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Turkiye Petrol Rafinerileri A.S. (Tupras) and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Tupras' B1 rating reflects the company's dominant position in the Turkish market being the leading refiner in the country with sizable crude distribution capacity. The rating positively incorporates its exposure to a captive domestic market for refined products with

added flexibility to export and a financially strong and supportive shareholder in the form of Koc Holding A.S. (B1 negative).

The rating positioning takes into consideration the company's exposure to cyclical market conditions inherent to the refining industry, combined with emerging market risk factors, including public policy, regulatory and currency volatility risks. It also factors the asset concentration in Turkey (B1 negative) and potential for increased competition both domestically and internationally. The negative outlook reflects the expectation that Tupras' profitability and credit metrics will deteriorate in 2020 because of reduced demand for refined products stemming from the lock down measures introduced by the government in order to limit the spread of the coronavirus. Tupras' liquidity is adequate, supported by sizable unrestricted cash balances, low capital expenditure needs and decision not pay 2019 dividends. However, Moody's note that there are significant uncertainties related to the impact of the coronavirus on the company's credit metrics and liquidity as well as the shape of a future recovery in demand for refined products.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Refining and Marketing Industry published in November 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

This announcement applies only to EU rated and EU endorsed ratings. Non EU rated and non EU endorsed ratings may be

referenced above to the extent necessary, if they are part of the same analytical unit.

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