Corporate Credit Rating

☐New ☒Update

Sector: Metal Industry
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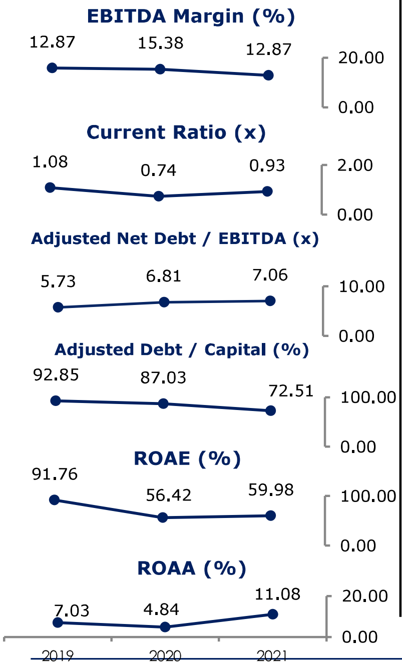
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**BBB (tr)**	**J2 (tr)**
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
	International LC ICR Outlooks	Stable	Stable
ISRs (Issue 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 31, 2021*



Döktaş Dökümcülük Ticaret ve Sanayi A.Ş.

JCR Eurasia Rating, has evaluated the **"Döktaş Dökümcülük Ticaret ve Sanayi A.Ş."** in the adequate investment level category and affirmed the Long-Term National Issuer Credit Rating as **'BBB (tr)'** and the Short-Term National Issuer Credit Rating at **'J2 (tr)'**. 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 Turkey.

Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. (referred to as **'the Company** or **Döktaş'**) began its operations in 1973. The main operations of the Company are production and trade of gray cast iron, nodular iron and aluminum castings for automotive, heavy commercial vehicles, construction and agricultural machinery industry. Orhangazi Iron Foundry maintains pig and ductile iron casting and machining capabilities and is Turkey's largest iron casting plant. In Manisa facilities, high and low-pressure aluminium casting and aluminium wheel production activities are performed. Manisa Aluminium Plant is the 2nd largest aluminium casting facility for the automotive sector in Turkey, while Aluminium Wheel Plant is Turkey's 4th largest aluminium wheel manufacturing facility. The Group has established business partnerships with internationally well-known local and foreign players through its wide sectoral experience, know-how and network along with the ability to establish beneficial and co-operative partnerships.

The main shareholder of Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. is Çelik Holding with the share of 94.71% as of FYE2021 which belongs to Güriş İnşaat ve Mühendislik A.Ş. (88.33%) and Güriş Holding (11.67%). Çelik Holding was established in 1974 and operates in the fields of industry, energy, tourism and mining sectors. 5.29% of Company shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "**DOKTA**" since 1986. The Company employed a staff force of app. 2,636 as of FYE2021 (FYE2020: 2,192).

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

Strengths	Constraints
• Sustainable operational performance thanks to presence in diversified sectors with wide product range and corporate customers, • Maintenance of profitability indicators, • Planned paid-capital increase by cash injection, • Expected improvement in operating profitability ratios thanks to new investments, • Having competitive advantages and operational synergy with robust parental shareholding structure due to being a Güriş Group company, • Benefiting from a highly experienced team in the sector.	• High level of the total debt inhibiting the Company's financial position, • High dependency on banks involved in the club loan, • Deterioration in cash flow metrics, • The need for funding for net working capital to sustain operations, • The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and weakening the risk appetite towards EMs.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed as **'BBB (tr)'**. Presence in diversified sectors with wide product range, predictability and consistency of sales revenues, maintaining export sales, focusing technological R&D investments, synergic relationship with Güriş Group, as well as high level of debts, high dependency on banks have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term National Issuer Credit Rating is determined as **'Positive'** and Short-Term National Issuer Credit Rating is determined as **'Stable'**. The Company's Sectorial regulations, level of debt ratio, profitability ratios, cash flow generation and the attainability of the Company's budgeted projections and geopolitical risks stemming from the Russia-Ukraine tension 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 framework about the sector will be monitored as well.