

Corporate Credit Rating

New Update

Sector: Metal Industry

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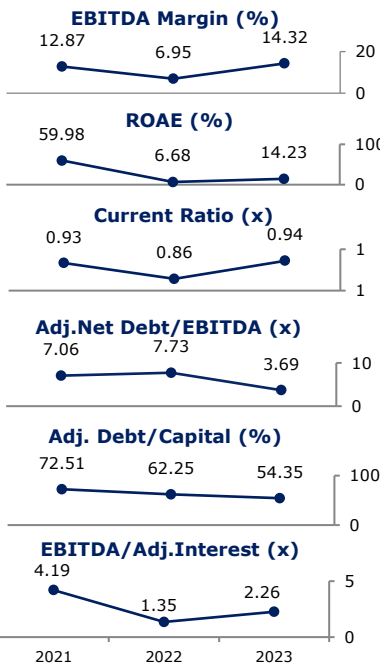
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| RATINGS | | Long Term | Short Term |
|--------------------------------------|-------------------------------|---------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | BBB+ (tr) | J2 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Negative | - |
| | International LC ICR | BB | - |
| ISRs (Issue Specific Rating Profile) | National ISR | - | - |
| | International FC ISR | - | - |
| | International LC ISR | - | - |
| Sovereign* | Foreign Currency | BB (Negative) | - |
| | Local Currency | BB (Negative) | - |

* Assigned by JCR on Aug 18, 2022



DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Döktaş Dökümcülük Ticaret ve Sanayi A.Ş." in the investment level category and revised the Long-Term National Issuer Credit Rating to 'BBB+ (tr)' from 'BBB (tr)' and affirmed 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 have been determined as 'BB/Negative' in parallel to sovereign ratings and outlooks of Republic of Türkiye.

Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. (hereinafter referred to as "the Group" or "Döktaş") was established in Orhangazi in 1973, in Bursa under the name of Koç Holding. Döktaş was acquired by Componenta Oyj, a Finland-based entity, in December 2006. Subsequently, on September 29, 2017, the shares of Döktaş were transferred to Döktaş Metal Sanayi ve Ticaret A.Ş., a special purpose entity. Finally, on June 29, 2018, Döktaş merged with Çelik Holding. The main operations of the Group are the 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, Türkiye's largest iron casting plant maintains pig and ductile iron casting and machining capabilities. In Manisa facilities, high and low-pressure aluminum casting and aluminum wheel production activities are performed. Manisa Aluminum Plant is the 2nd largest aluminum casting facility for the automotive sector in Türkiye, while Aluminum Wheel Plant is Türkiye's 4th largest aluminum wheel manufacturing facility. The Group has established business partnerships with internationally well-known local and foreign players.

The main shareholder of Döktaş is Çelik Holding with the share of 90.01% as of FYE2023. The shareholders of Çelik Holding are Güriş İnşaat ve Mühendislik A.Ş. (88.33%) and Güriş Holding (11.67%) as of FYE2023. 9.99% of Döktaş's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "DOKTA" since 1986. The Group's average number of personnel employed in FYE2023 is 2,937 (FYE2022: 2,879).

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

Strengths

- Robust sales revenues supported by steady sales volume and diversified product portfolio in different sectors,
- Enhancement in profitability indicators in FY2023 despite expected contraction in the next period due to rising production and labor costs,
- Significant improvement in cash flow metrics in FY2023,
- Expected future revenue growth thanks to ongoing and completed investments,
- Having competitive advantages and operational synergy with robust parental shareholding structure due to being a Güriş Group company,
- High compliance level of Corporate Governance Practices thanks to its experienced team.

Constraints

- Continuation of high indebtedness suppressing the Group's financial position despite partial improvement in net debt to EBITDA multiplier in FY2023,
- Relatively low levels at current ratio and net working capital despite the improvement,
- Relatively low EBITDA to adjusted interest paid multiplier along with volatility,
- High operating ratio despite partial improvement in the reviewed periods,
- Susceptibility to volatility in raw material prices and sectoral risks may pressure on profitability metrics,
- 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 Long-Term National Issuer Credit Rating has been revised to 'BBB+ (tr)' from 'BBB (tr)'. Taking into account, the Group's robust sales revenues, improvement in profitability indicators and cash flow metrics, expected enhancements through ongoing and completed investments as well as high level of indebtedness, relatively low level of EBITDA to adjusted interest paid multiplier and global economic slowdown signal 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 revenue generation performance, leverage profile, liquidity metrics and profitability margins 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.