

Corporate Credit Rating

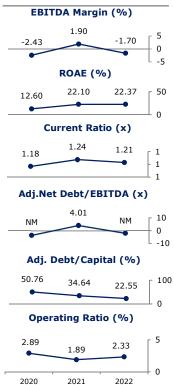
⊠New □Update

Sector: Wholesale Trade Publishing Date: March 29, 2024 Team Leader Muhammet Başar +90 212 352 56 73 muhammet.basar@jcrer.com.tr Assistant Analyst Elif Sürücü +90 212 352 56 73

elif.surucu@jcrer.com.tr

| RATINGS | | Long Term | Short Term |
|--|-------------------------------------|------------------|---------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | BB+ (tr) | J3 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | B+ | - |
| | International FC ICR Outlooks | Negative | - |
| | International LC ICR | B+ | - |
| | International LC ICR Outlooks | Negative | - |
| 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



PARLADI METAL SANAYİ VE TİCARET LİMİTED ŞİRKETİ

JCR Eurasia Rating, has evaluated **"Parladı Metal Sanayi ve Ticaret Limited Şirketi"** in the speculative grade category and assigned the Long-Term National Issuer Credit Rating as **'BB+ (tr)'** and the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as **'B+/Negative'**.

Parladi Metal Sanayi ve Ticaret Limited Şirketi (hereinafter **"the Company"** or **"Parladi Metal"**) began its operations in 1997 in Bursa. The Company is to provide the purchase, sale, processing and export of all kinds of sheet metal, iron, steel, profile and materials made of them and all metal profile materials used in the automotive and white goods industry. Founded initially as a metal processing workshop spanning 150 m², Parladi Metal has significantly expanded its operations through internal investments. Presently, the Company operates within a spacious 22,000 m² facility, reflecting its growth and development over the years. Furthermore, in 2012, the Company augmented its manufacturing capacity by procuring four slitting machines, facilitating its expansion into international markets. Presently, Parladi Metal exports its products to several countries, such as Tunisia, Egypt, Poland, Bulgaria, Italy, Finland, and France. Notably, overseas sales accounted for 7.88% of its revenue in FY2022. The Company employs 115 people through under its umbrella as of FYE2022 (FYE2021: 194).

As of FYE2022, the Company's main shareholder is Halil Parladı, with 60.00% shares. Moreover, Mehmet Parladı and Bahar Parladı Akşen each hold a 15.00% stake, while Ayşe Parladı holds 10.00% of the shares.

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

| - | Strengths | Constraints | |
|-------------|--|--|--|
| - | Revenue growth thanks to price hikes in | Inadequate EBITDA may lead to | |
| - | line with FX rate, despite decline in kg- | difficulties in debt repayments and | |
| | based sales volume in FY2022, and | increasing trend of debt level puts | |
| | expected to continue in 2023 financials, | pressure on EBITDA leverage and | |
| | Adequate net working capital and decent | interest coverage metrics, | |
| | level of current ratio facilitating liquidity | High share of non-cash contribution of | |
| 5 | management, | revaluation gains on equity, | |
| 0 -5 | Reasonable efficiency indicators underpinned by fast cash cycle and relatively low level of operating ratio, | Fluctuations of global commodity prices may exert pressure on profitability margins, | |
| 50 0 | FX gains arising from the nature of operations contributing to bottom-line and equity structure correspondingly, | Improvement needs in the level of compliance with corporate governance practices, | |
| 1 1 1 | Prudent collection policy that increases asset quality via Direct Debiting System, Long-lasting presence in the sector dating back to 1977. | Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve | |

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as **'BB+ (tr)'**. Taking into account, the Company's increasing sales performance, strong liquidity position, operational efficiency, prudent collection policy and long-lasting presence, as well as inadequate EBITDA generation, leverage and coverage profile, equity structure and global commodity prices 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 indicators, debt and equity level, sustainability of domestic and international demands, market position and economic conditions in Türkiye 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.

a soft-landing in the domestic side.

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