

## Corporate Credit Rating

New  Update

**Sector:** Wholesale Trade

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RATINGS	Long Term		Short Term
	National ICR	BB+ (tr)	J3 (tr)
ICRs (Issuer Credit Rating Profile)	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'.

**Parladı Metal Sanayi ve Ticaret Limited Şirketi** (hereinafter "the Company" or "Parladı 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 m<sup>2</sup>, Parladı Metal has significantly expanded its operations through internal investments. Presently, the Company operates within a spacious 22,000 m<sup>2</sup> 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, Parladı 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

- Revenue growth thanks to price hikes in line with FX rate, despite decline in kg-based sales volume in FY2022, and expected to continue in 2023 financials,
- Adequate net working capital and decent level of current ratio facilitating liquidity management,
- Reasonable efficiency indicators underpinned by fast cash cycle and relatively low level of operating ratio,
- FX gains arising from the nature of operations contributing to bottom-line and equity structure correspondingly,
- Prudent collection policy that increases asset quality via Direct Debiting System,
- Long-lasting presence in the sector dating back to 1977.

### Constraints

- Inadequate EBITDA may lead to difficulties in debt repayments and increasing trend of debt level puts pressure on EBITDA leverage and interest coverage metrics,
- High share of non-cash contribution of revaluation gains on equity,
- Fluctuations of global commodity prices may exert pressure on profitability margins,
- Improvement needs in the level of compliance with corporate governance practices,
- 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 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.

