

Corporate Credit Rating

New Update

Sector: Metal Industry

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Senior / Chief Analyst

Kasım Fatih Özudođru

+90 212 352 56 73

fatih.ozudogru@jcrer.com.tr

Team Leader

Çiđdem Kúçúkbakıcı

+90 212 352 56 73

ciğdem.kucukbakirci@jcrer.com.tr

Assistant Analyst

Işıl Arslan

+90 212 352 56 73

isil.arslan@jcrer.com.tr

R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021

Ege Çelik Endüstrisi Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Ege Çelik Endüstrisi ve Ticaret A.Ş." and assigned the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable'.

Ege Çelik Endüstrisi ve Ticaret A.Ş. (Ege Çelik or "the Company") was established in 1986 and started steel production in 2001 in Aliađa/İzmir. The Company provides steel billet, rebar, coil iron and industrial gases port and warehousing services in Turkey and exports to approximately 15 countries. The Company has 2mn tons liquid steel, 1.2mn tons rebar and coil iron production capacity. The central office of the Company is in Esentepe/İstanbul and has 479 employees totally end of 2020. The Company's main controlling shareholder is Gün Ünlüer with 97.96% and Vesile İrem Ünlüer with 2.06% as of FYE2020.

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

Strengths

- Reversal of the downward trend which started in 2018, with the robust increase in production and sales volume in 2021,
- Gross profit and EBITDA margin recovered significantly in the last two years,
- Positive net working capital and increase in cash generation capacity from operations,
- Reasonable level of indebtedness and coverage ratios,
- Having its own port decreasing operational expenses,
- Long operational track record and know-how in the industry,

Constraints

- Fluctuations in external factors, such as; FX rates, raw material prices, political tensions, may affecting revenue and profitability figures,
- Sizeable non-cash contribution of revaluation gains from tangible assets to growth in equity,
- Sectoral high import dependency of the main raw material production,
- Further improvement needs in Corporate Governance Practice.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. Ege Çelik's long operational track record and know how in the sector, sales and production capacity, increase in profitability figures, reasonable level of indebtedness are 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 sales volume, asset quality structure, profitability figures and sectoral regulations 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.

