

Corporate Credit Rating

New Update

Sector: Metal Industry

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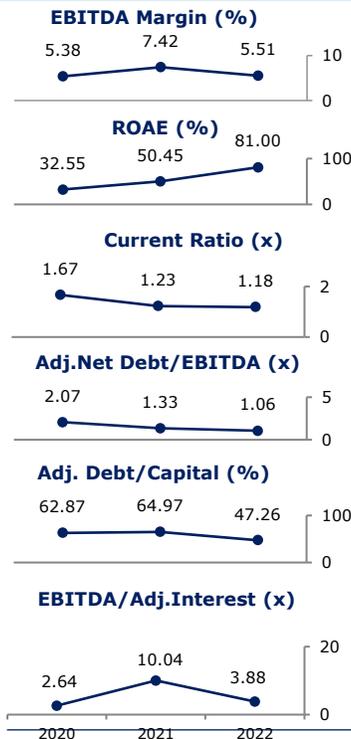
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign *	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



Ayes Çelik Hasır ve Çit San. A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Ayes Çelik Hasır ve Çit San. A.Ş." in the very high investment level category and assigned the Long-Term National Issuer Credit Rating as 'AA- (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 assigned as 'BB/ Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

With a track record dating back to 1978, **Ayes Çelik Hasır ve Çit San. A.Ş.** (hereinafter referred to as 'Ayes' or 'the Company' or 'the Group') has consistently expanded its operations. The Company, has been founded in Isparta, Türkiye in 1978 to start wire mesh production. The Company earned growth trend by having progress in machinery, production technology and human resources. Ayes built its second modern-technology factory of wire mesh and fence in İzmir, Türkiye in 2000 to increase production capacity. Ayes became the largest wire mesh producer in Türkiye by establishing the third factory in Kocaeli - Dilovası, Türkiye in 2006. Since 1978, Ayes has been serving the construction industry in the world as the pioneer of mesh wire production, complying with global standards.

Ayes has two major subsidiaries: Ayes Demir Çelik Tic. A.Ş., with the aim of engaging in renewable solar energy activities; Atabeyli Tarım Ve Güneş Enerjisi A.Ş., was established with the aim of operating in agriculture and renewable solar energy.

The Company's shares have been traded on Borsa İstanbul A.Ş. (BIST) since 2012. According to Central Registry Agency Inc. records; As of December 31, 2022, it is accepted that the shares corresponding to 51.08% of the Company's capital are in circulation (FYE2021: 48.66%). Ayes had a staff force of 182 as of December 31, 2022.(FYE2021: 176)

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

Strengths

- Maintenance of strong revenue in line with the increase in sales volume in the analysed period,
- Satisfactory equity structure supported by internal resource generation capacity and paid-in capital injection in FYE2022,
- Sustainable improvement in financial leverage indicators in the analysed period,
- Maintaining the asset quality with low level of doubtful receivables,
- Long track record in the sector and accumulated know how,
- As an institution subject to Capital Market Law, improved transparency with regard to corporate governance compliance.

Constraints

- Negative FOCF over the analysed period despite CFO turning positive in FY2022,
- The cyclicality inherent in the steel industry which keeps profit margins volatile, contracted profitability figures in FY2022,
- Sector-wide issue of high import dependency of the main raw materials,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned factors, the Company's the Long-Term National Rating has been assigned as 'AA- (tr)'. Strong presence in the local market, sustainable operational performance, predictable profit margins, leverage indicators, low level of doubtful receivables, with its well-positioned subsidiaries, as well as ongoing uncertainties globally have been evaluated as important indicators for the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's debt and equity level, additional cash flows that will be generated by completed and ongoing investments, profitability indicators and expansion in export markets 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.