

Corporate Credit Rating

New Update

Sector: Metal Industry

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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	-
	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 August 18, 2022

BMS BİRLEŞİK METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "BMS Birleşik Metal Sanayi ve Ticaret Anonim Şirketi" in the investment category and assigned the Long-Term National Issuer Credit Rating as 'BBB (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Negative' in line with the sovereign ratings and outlooks of Republic of Türkiye.

BMS Birleşik Metal Sanayi ve Ticaret Anonim Şirketi (referred to as "BMS Birleşik" or "the Company") was founded in İstanbul in 1999 to carry on business in the iron and steel industry with its backdrop dating back to 1968. The Company's operations continue in a galvanized steel wire production facility on a 20,000 m² area in Kocaeli Dilovası Machinery Specialization Organized Industrial Zone. The Company's main activity is to produce and sell hot-dip galvanized wire, Zn-Al coated steel wire, stranded wire and black annealed wire. BMS Birleşik has an annual production volume of 72,000 tons. BMS Birleşik provides raw materials to important sectors such as energy, agriculture, construction, automotive and exporting to 45 countries, mainly European, North and South American countries.

BMS Birleşik's main shareholders are Ali Zontur (30.84%), Mustafa Zontur (30.84%) and Ahmet Rauf Mollaoğlu (8.55%) as of FYE2023. 29.77% of Company shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "BMSTL" since 2022. The Company employed a staff force of 195 as of FYE2023 (FYE2022: 210).

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

Strengths

- High level of export-oriented sales underpinned by sustainable sales volume,
- Adequate profitability margins despite volatility in wire rod prices,
- Satisfactory leverage profile despite short-term weighted funding structure and the recent increase in debt level in FY2023,
- Expected improvement in profitability in the upcoming periods thanks to ongoing new investments,
- Asset quality supported by the insured receivable structure,
- Strong operating history and solid experience in the sector.

Constraints

- Inadequate coverage indicators over the reviewed periods,
- Insufficient operating ratio restricting efficiency,
- Volatile cash flow metrics rising external funding needs,
- Sensitivity of profit margins to volatility in raw material prices,
- 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 Long-Term National Issuer Credit Rating has been assigned as 'BBB (tr)'. Taking into account, the Company's high share of export sales, profitability margins, adequate leverage profile, new investments, insured receivables as well as inadequate coverage indicators, volatile cash flow metrics, volatility in raw materials and worsening in local and global economic conditions have been evaluated as important indicators for the outlooks for the Short and Long-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's revenue generation performance, liquidity metrics, profitability margins, level of debt and future of investments 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.

