

## Corporate Credit Rating

New  Update

**Sector:** Metal Industry

**Publishing Date:** March 28, 2025

### Team Leader

Muhammet Başar

+90 212 352 56 73

[muhammet.basar@jcrer.com.tr](mailto:muhammet.basar@jcrer.com.tr)

### Senior Analyst

Çağlanur Tekin Karakaya

+90 212 352 56 73

[caqlanur.tekin@jcrer.com.tr](mailto:caqlanur.tekin@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Negative	Negative
	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 (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## BMS BİRLEŞİK METAL SANAYİ VE TİCARET ANONİM ŞİRKETİ

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

**BMS Birleşik Metal Sanayi ve Ticaret Anonim Şirketi** (hereinafter referred to as "BMS Birleşik" or "the Group") was founded in İstanbul in 1999 to carry on business in the iron and steel industry with its backdrop dating back to 1968. The Group's operations continue in a galvanized steel wire production facility on a 20,000 m<sup>2</sup> area in Kocaeli Dilovası Machinery Specialization Organized Industrial Zone. The Group'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 intermediate goods 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 (27.84%) and Mustafa Zontur (27.84%) as of FYE2024. 44.32% of the Company shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "BMSTL" since 2022. The Group employed a staff force of 208 as of FYE2024 (FYE2023: 195).

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

### Strengths

- Sustainable sales volume supported by a significant share of export sales,
- Acceptable profitability margins despite the price volatility of wire rods,
- Expected improvement in sales volume in the upcoming periods thanks to ongoing new investments,
- The quality of assets bolstered by the insured receivable system,
- Established operational performance and extensive industry experience.

### Constraints

- Ongoing deterioration in net debt to EBITDA in FY2024 with the short-term weighted funding structure,
- Insufficient coverage indicators during the assessed periods,
- High operating ratio hindering efficiency,
- Fluctuating cash flow metrics increasing reliance on external funding,
- Profit margins' vulnerability to fluctuations in raw material prices,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engender considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'BBB (tr)'. Taking into account, the Group's high share of export sales, profitability margins, new investments, insured receivables, as well as insufficient leverage profile, 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 'Negative'. The Group's revenue generation performance, leverage profile, 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.

