

## Corporate Credit Rating

New  Update

**Sector:** Metal Industry

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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	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
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

## ÇEMTAŞ ÇELİK MAKİNA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated **Çemtaş Çelik Makina Sanayi ve Ticaret A.Ş.** in the investment grade category with very high credit quality 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/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

Çemtaş Çelik Makina Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'Çemtaş' or 'the Company') was established in 1970 in Bursa. The Company was initially established as a steel mill production unit, and later completed its integration by commissioning a modern medium-section rolling mill. The primary field of activity for Çemtaş is the production and sale of specialty steel in various qualities, including structural steels, carbon steels, alloy steels, quench and tempering steels, cold-work tool steels, boron steels, micro-alloyed steels, free-cutting steels, stainless steels, and spring steels. Çemtaş has been manufacturing for the automotive industry since 1998, with approximately 95% of its operations focused on the automotive industry. In addition, the Company has been manufacturing stabilizer bars since 2011. The Company carries out its production activities at its facility located in the Bursa Organized Industrial Zone, which covers a total area of 101,000 m<sup>2</sup>, including 60,000 m<sup>2</sup> of covered area. The Company's steel production capacity is 200,000 tons/year, and its stabilizer bar production capacity is 300,000 units/year. As of FYE2024, Çemtaş ranks 438<sup>th</sup> among Türkiye's largest companies in the Top 500 Industrial Enterprises list compiled by the İstanbul Chamber of Industry (FYE2023: 363<sup>rd</sup>).

Çemtaş's shares have been listed on the Borsa İstanbul (BIST) index with the ticker-name of 'CEMTS' since December, 1994. The head office of the Company is located in Bursa, and the number of personnel employed by the Company is 405 as of 1Q2025 (FYE2024: 402). As of 1Q2025, the Company's shareholder structure consists of Bursa Çimento Fabrikası A.Ş. (Bursa Çimento) with a 57.73% percentage ownership, with the remaining 42.27% publicly traded.

Established on July 14, 1966, Bursa Çimento manufactures and sells various construction materials, primarily cement, clinker and ready-mixed concrete. As of 1Q2025, the shareholder structure of Bursa Çimento consists of İsmail Tarman (32.78%), Tarman Çimento Yatırım San. ve Tic. A.Ş. (12.92%), Bems Bursa Emprime Plastik San. Tic. A.Ş. (8.67%), and other publicly traded shares (45.63%). Bursa Çimento's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "BUCIM" since 1988.

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

### Strengths

- Cash surplus position against financial debts owing to solid liquid assets during the periods analyzed
- Satisfactory operational profitability and interest coverage metrics in the periods analyzed, despite partial contraction in FY2024 and 1Q2025
- Collectability of trade receivables strengthened by insured and collateralized structure, along with supporting asset quality with insignificant level of doubtful receivables
- Sound equity base supported by retained earnings during the periods analysed, despite regular dividend payment
- In addition to FX long position on the balance sheet in the analysed periods, sustainable export volume and FX-denominated domestic sales provide a natural hedging mechanism against FX risk
- Deep-rooted experience in the sector supported by R&D activities and ESG-compliant high-tech production culture, along with operating within Tarman Group
- Compliance with the corporate governance practices as a publicly listed company

### Constraints

- Long cash conversion cycle due to maturity mismatch between collections and payments along with slow inventory turnover
- As a company mainly producing for the automotive industry, high correlation with macroeconomic indicators and automotive industry dynamics
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned '**AA- (tr)**'. The Company's strong liquidity metrics, cash surplus position against financial liabilities, reasonable operational profitability, strong interest coverage metric, solid equity base supported by internal profit generation capacity, receivable collection capability, innovative and high-tech business model supported by continuous R&D activities, sector experience and know-how 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 leverage metrics, asset structure, revenue streams, and developments regarding the macro conditions 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.

### Gross Profit Margin (%)

17.90 14.88

### EBITDA Margin (%)

15.52 11.26

### Current Ratio (x)

7.06 4.01

### Net Working Capital / Assets (%)

56.10 36.59

### Adj. Debt/Capital (%)

4.07 11.20

### EBITDA/Adj.Interest (x)

30.80 6.26

2023 2024