

## Corporate Credit Rating

New  Update

**Sector:** Construction Materials Manufacturing

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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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on Aug 18, 2022

## Çuhadaroğlu Metal Sanayi Ve Pazarlama A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of 'Çuhadaroğlu Metal Sanayi Ve Pazarlama A.Ş.' in an investment grade category and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating from 'J1+ (tr)' to 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' in line with the global and national scale rating matching published by JCR Eurasia Rating.

**Çuhadaroğlu Metal Sanayi Ve Pazarlama A.Ş.** (referred to as 'the Group' or 'Çuhadaroğlu Metal') was established in İstanbul by Master Architect Mr. Ahmet Çuhadaroğlu in 1974. The Group operates in aluminum profile, facade, door and window, architectural application segments. The Group, whose foundations were laid in 1954, has started to operate in the fields of aluminum door window joinery production and application, mainly for architectural applications in the construction sector since 1965. Çuhadaroğlu Metal created the Çekomastik silicone brand, which is used extensively in manufacturing in 1968. The Group has enriched its activities to include curtain wall and composite building elements and facade cladding commitments since 1978. The units that developed within the Çuhadaroğlu Group became 12 separate companies and formed Çuhadaroğlu Holding in 1996. Çuhadaroğlu Metal has been publicly traded on Borsa İstanbul since 2016 with "CUSAN" ticker with a public share ratio of 25.96% at FYE2023. As of 31 December 2023, the average number of employees of Çuhadaroğlu Metal is 616. (31 December 2022: 704).

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

### Strengths

- Positive net working capital easing liquidity management,
- Diversified revenue stream via contracting operations,
- Benefiting from FX income stream through exports, serving as a natural hedge mechanism to some degree,
- Long-lasting presence in the sector,
- High level of compliance with the corporate governance practices.

### Constraints

- Notable deterioration in leverage and coverage metrics due to decrease in EBITDA generation despite decline in net financial debt in 2023,
- Remarkable contraction in revenue and profitability margins in 2023 despite recovery signals attained as per 1Q2024 figures,
- Unfavorable effect of relatively high operating ratio on efficiency,
- High net loss figure in FY2023 with the further effect of increasing financing expenses,
- Increasing impaired receivables ratio,
- Dependence on imported raw materials in production rises sensitivity to price fluctuations,
- 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 Group's the Long-Term National Issuer Credit Rating has been revised from 'AA- (tr)' to 'BBB+ (tr)'. The Group's positive net working capital figures, diversified revenue generation via contracting operations, high level of FC-based revenues along with tight financial conditions and global macroeconomic concerns 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 revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, equity level, asset quality and operation process 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.

