

Corporate Credit Rating

New Update

Sector: Compressor Production

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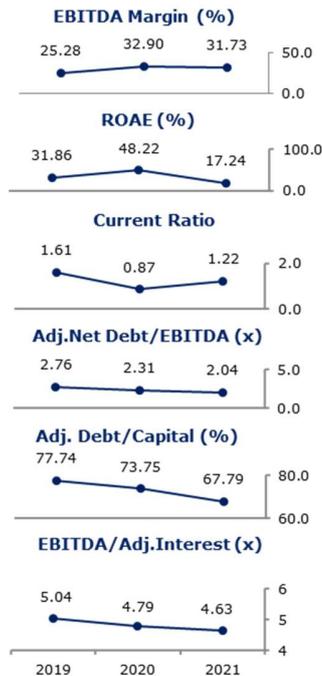
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
Sovereign*	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



Dalgakıran Makina Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Dalgakıran Makina Sanayi ve Ticaret A.Ş.** in investment-level category on the national scale and affirmed the Long-Term National Issuer Credit Rating at '**A- (tr)**'. On the other hand, the Long Term International Foreign and Local Currency have been assigned as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

Dalgakıran Makina San. ve Tic. A.Ş. (hereinafter "the Company" or "Dalgakıran"), was established in İstanbul in 1991 but its roots date back to 1965. The main operating field of the Company is compressor production and has sale and technic services in İstanbul, Ankara, İzmir, Bursa, Ukraine and Russia. The Company's shareholders are Ömer Dalgakıran, Adnan Dalgakıran and Ayhan Dalgakıran with the shares of 35.60%, 32.20% and 32.20% respectively.

According to survey's results of Türkiye's Top 1000 Exporters in 2021 announced by Turkish Exporters Assembly (TİM), the Company is ranked 403rd. The Company is also ranked 191st in ISO Second Top 500 List of 2021 according to production-based net sales.

As of end of FYE2021, the Company has 524 personnel (FYE2020: 441).

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

Strengths

- Sustainable growth in sales supported by export
- Sustainable profitability metrics
- Positive net working capital and satisfactory level of current ratio
- Revenue mostly consisting of foreign currencies providing natural hedge in a certain extent
- Research and development studies that support operations and income generation capacity
- Long operating history in compressor sector

Constraints

- High financing expenses pressuring bottom line results despite improvement in leverage ratios
- Negative cash flow metrics pressuring liquidity management
- Notably high non-cash contribution of revaluation gains in equity
- Further improvement needs in the level of compliance with corporate governance and risk management practices
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Rating has been affirmed at '**A- (tr)**'. The Company's sustainable growth in sales supported by export, sustainable profitability metrics, revenue mostly consisting of foreign currencies and long operating history in compressor sector have been evaluated as important indicators for the stability of the ratings and outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'. The Company's operational profitability performance, borrowing structure, return on investments, and liquidity level 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.