

## 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 Aug 18, 2022.

## DEMİSAŞ DÖKÜM EMAYE MAMÜLLERİ SANAYİ A.Ş.

JCR Eurasia Rating has evaluated "Demisaş Döküm Emaye Mamülleri Sanayi A.Ş." in the investment level category and affirmed the Long-Term National Issuer Credit Rating at 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating at 'J2 (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/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

Demisaş Döküm Emaye Mamülleri Sanayi A.Ş. (hereinafter "the Company" or "Demisaş") was established in 1974 to operate in the field of metal foundry. The production facilities of the Company are located in Bilecik with over 130.000 m<sup>2</sup> area and the headquarter of the Company is located in Kocaeli. The Company's production facility's annual theoretical capacity is currently 80.000 tons as of the reporting date. The Company began producing refrigerator compressor parts in 1989, automotive production in 1994, and highly sophisticated security brake parts in 2001. The number of employees of the Company was 685 as of 2023-Q3 (FYE2022: 685).

The Company's ultimate controlling shareholder is Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. ("Sarkuysan") with 44,44% of shares. Demisaş has been a publicly listed company in Borsa İstanbul since 1997 with an actual outstanding shares ratio of 55.56% as of 2023-Q3 (31.12.2022: 55.56%).

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

### Strengths

- Steady increase in production&sales volume until 2023 and reasonable export sales over the years,
- Recovery in EBITDA generation capacity in Q3'2023,
- Low impaired receivables and trade relation with well-known brands supporting asset quality,
- Strong partnership structure with controlling shares as well as solid experience and reputable brand name in the sector,
- Attaching great importance to R&D activities and tax advantages obtained from incentive certificate.

### Constraints

- Notable increase in financing expenses in Q3'2023 distorting bottom line results,
- Short-term debt structure, which started to increase in 2022, deteriorating the leverage profile,
- Distortion in cash generation capacity, creating external funding needs for operational cycle,
- Noteworthy contribution of non-cash revaluation to asset size and equity,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'BBB+ (tr)'. The Company's asset quality, market position, sales performance, profit indicators, sectoral developments and risk factors in the markets 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 capital adequacy, financial structure, sales performance, asset quality, growth performance, profitability ratios and the trends of the existing risks in the markets and the business environment 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.

