

Corporate Credit Rating

New Update

Sector: Construction Industry

Publishing Date: 04.07.2024

Team Leader

Alperen Adanır

+90 212 352 56 73

alperen.adanir@jcrer.com.tr

Senior Analyst

Derya Atalay Nemli

+90 212 352 56 73

derya.nemli@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (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 May 10, 2024

EBITDA Margin (%)



Gross Profit Margin (%)



Current Ratio (x)



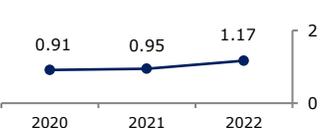
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



Current Ratio (x)



DOKA ENDÜSTRİ LİMİTED ŞİRKETİ

JCR Eurasia Rating, has evaluated the "Doka Endüstri Limited Şirketi" in the investment grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as 'A (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.

Doka Endüstri Limited Şirketi (hereinafter referred to as "Doka Endüstri" or "the Company") was founded in 1983 under the title of DO-KA Çelik Konstrüksiyon San. Tic. Ltd. Şti. in İstanbul. The Company operates in the manufacture and trade of rack cabinets, telecommunication cabinets, heavy steel construction, heavy machinery, bucket elevators, and industrial radial fans. The Company's sectors of sales are cement, mining, construction, fertiliser, iron-steel, energy and refinery. The Company has two production facilities in Sancaktepe/ İstanbul and Hendek/ Sakarya. The capacity utilisation rate of the facilities was 51% in FY2023. The Company has an investment plan to increase its production capacity by 50% in Hendek/Sakarya facility. The Company has completed a total of 65 works and has 11 ongoing works as of the report date. The size of the ongoing works is TRY 634mn and the remaining part of the ongoing works is TRY 217mn as of the reporting date.

The current shareholders structure of the Company consists of Veysel Doğan (85%) and Hacı İsmail Doğan (15%). The number of the personnel employed by the Company was 230 in FY2023. (FY2022: 280)

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

Strengths

- Sustainable sales performance together with visibility of future revenue streams thanks to current backlog capacity,
- Cash surplus position as of FYE2023 thanks to low level of financial liabilities driven by the business model mainly financed by advances received,
- Hard-currency income generation capacity thanks to the reasonable level of export sales, providing a hedge against foreign exchange risk,
- Diversified product range servicing various sectors providing financial resilience,
- Long experience in the sector.

Constraints

- Deterioration in operational profit margins in FY2023 and the potential pressure on profitability margins in the upcoming period arising from fluctuations in steel prices and increasing labour costs,
- Noteworthy receivables from shareholders not tied to a certain maturity and repayment plan,
- Improvement needs in the level of compliance with corporate governance practices,
- 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 Company's the Long-Term National Rating has been assigned as 'A (tr)'. Sustainable revenue generation capacity, profitability indicators, asset quality, improvement in the share of exports in total sales in FY2023, strong leverage profile 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 growth strategy, profitability indicators, level of indebtedness, 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.