

Corporate Credit Rating

New Update

Sector: Metal Industry

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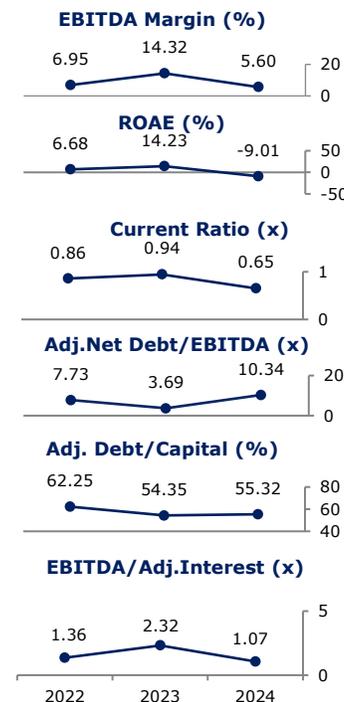
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International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

* Assigned by JCR on May 10, 2024



Döktaş Dökümcülük Ticaret ve Sanayi Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of "Döktaş Dökümcülük Ticaret ve Sanayi Anonim Şirketi" in the investment grade category and revised the Long-Term National Issuer Credit Rating from 'BBB+ (tr)' to 'BBB (tr)' and affirmed the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlook. 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 the international ratings and outlooks of the Republic of Türkiye.

Döktaş Dökümcülük Ticaret ve Sanayi Anonim Şirketi (hereinafter referred to as "Döktaş" or "the Group") was established in Orhangazi in 1973, in Bursa under the name of Koç Holding. Döktaş was acquired by Componenta Oyj, a Finland-based entity, in December 2006. Subsequently, on September 29, 2017, the shares of Döktaş were transferred to Döktaş Metal Sanayi ve Ticaret A.Ş., a special purpose entity. Finally, on June 29, 2018, Döktaş merged with Çelik Holding. The main operations of the Group are the production and trade of gray cast iron, nodular iron and aluminum casting parts and rims for automotive, heavy commercial vehicles, construction and agricultural machinery industry. Orhangazi Iron Foundry, Türkiye's largest iron casting plant maintains pig and ductile iron casting and machining capabilities. In Manisa facilities, high and low-pressure aluminum casting and aluminum wheel production activities are performed. Manisa Aluminum Plant is the 2nd largest aluminum casting facility for the automotive sector in Türkiye, while Aluminum Wheel Plant is Türkiye's 4th largest aluminum wheel manufacturing facility. The Group has established business partnerships with internationally well-known local and foreign players. The main shareholder of Döktaş is Çelik Holding with the share of 90.10% as of FYE2024. The shareholders of Çelik Holding are Güriş İnşaat ve Mühendislik A.Ş. (88.33%) and Güriş Holding (11.67%) as of FYE2024. 9.90% of Döktaş's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "DOKTA" since 1986. The Group's average number of personnel employed in FYE2024 is 2,861 (FYE2023: 2,937).

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

Strengths

- Upward trend in revenue generation in TRY-based despite the decline in EUR-denominated,
- Relatively short cash conversion cycle throughout the analyzed periods,
- Expected contributions to turnover and profitability in the long-term through new business contracts as well as the completion of ongoing investments,
- Long-term business relationships with well-known clients in the sector,
- Operational synergy with the Güriş Group
- Compliance with Corporate Governance Practices as a publicly traded company

Constraints

- Notable increase in Net Financial Debt/EBITDA multiplier and low interest coverage ratio in FY2024,
- Remarkable decrease in profit margins due to increasing costs in FY2024
- High operating ratio in the reviewed period,
- Pressure on profitability of high financing expenses,
- Deterioration in cash flow metrics and ongoing negative net working capital in FY2024,
- Susceptibility to volatility in raw material prices and sectoral risks may pressure on profitability metrics,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engender considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been revised from 'BBB+ (tr)' to 'BBB (tr)'. Consistent sales performance along with diversified product range, sustainable export revenues, working with well-known brands and being a member of the Güriş Group as well as deteriorated leverage and coverage ratios, contracted profit margins in FY2024 and volatility in raw materials 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 Group's profitability performance, the number of products sold, changes in financial debts, cash level and cash generation capacity, together with the trends in the sector, 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.