## Corporate Credit Rating

☐New ☒Update

**Sector:** Retail Trade
**Publishing Date:** 29.12.2022

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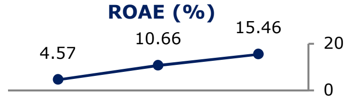
| RATINGS | | Long Term | Short Term |
|---|---|---|---|
| ICRs (Issuer Credit Rating Profile) | National ICR | AA+ (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | |
| | International FC ICR Outlooks | Negative | |
| | International LC ICR | BB | |
| | 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) | - |

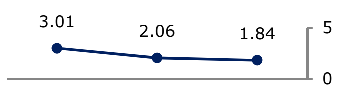
* *Assigned by JCR on Aug 18, 2022.*

**EBITDA Margin (%)**

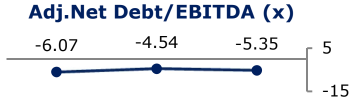

**ROAE (%)**



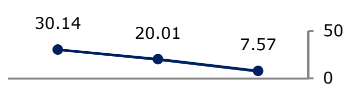

**Current Ratio(x)**



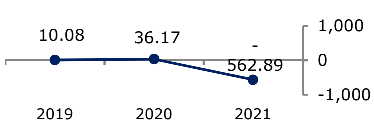

**Adj.Net Debt/EBITDA (x)**




**Adj. Debt/Capital (%)**




**EBITDA/Adj.Interest (x)**




# ENKA Pazarlama İhracat İthalat A.Ş.

JCR Eurasia Rating has evaluated "**ENKA Pazarlama İhracat İthalat A.Ş.**" in the very high investment level category and revised the Long-Term National Issuer Credit Rating from '**AA (tr)**' to '**AA+ (tr)**' and assigned the Short-Term National Issuer Credit Rating at '**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/Negative'**, as parallel to international ratings and outlooks of Republic of Türkiye.

**ENKA Pazarlama İhracat İthalat A.Ş.** (hereinafter referred to as '**Enka'**, or '**the Company**') engages in marketing and after-sales services of construction machinery, road construction equipment, lifting equipment, industrial products and spare parts. Established in 1972, Enka entered in the sector of machinery sales for Hitachi excavators, wheel loaders, and construction equipment. With a focus on the construction machinery, industrial products, and lifting equipment sectors, Enka provides sales and after-sales services throughout Türkiye through its 57 dealers, 5 regional directorates, 1 branch, and 1 liaison office. In order to meet the demand from its customers, the Company has 5 service centers, all of which are certified by TSE and have an ISO 9001:2015 quality certificate. The Company owns indoor and outdoor facilities in Istanbul, Ankara, Izmir, Adana, Diyarbakır and the Mersin Free Zone. ENKA Pazarlama distributes a range of products and brands, including construction machinery (Hitachi, XCMG, Bell, Dynapac, Tana, Shantui), industrial products (Mitsubishi, Shanghai Diesel, SDMO) and lifting equipment (TCM, Tailift & CT Power, HSC, Sumitomo, Tadano, Palfinger, XCMG).

Almost all shares of the Company, (99.997%), are owned by Enka İnşaat ve Sanayi Anonim Şirketi (hereinafter referred as '**the Group'**). It was established in 1957. Engineering & construction is mainly operation of Group and Group provides full range of design and engineering, procurement, in-house welded fabrication, modularization, construction, commissioning and start-up, operation and maintenance, and project management services in Türkiye and abroad. As of FYE2021 the Company has 153 workers (FYE2020: 148).

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

**Strengths**

- Notable improvement in the sales amount thanks to widespread service network and sale offices,
- Increasing EBITDA generation capacity and profitability margins supported by gross profit,
- Robust cash flow metrics and net cash position easing liquidity management,
- Favorable business dynamics resulting in negative cash conversion cycle and consistent positive NWC,
- Maintaining solid financial structure supported by the limited financial debt in 3Q2022,
- FX based sales mitigating currency risk exposure,
- Being a subsidiary of well-known conglomerate and half a decade history in the sector.

**Constraints**

- Low paid in capital compared to asset size,
- Sector-wide issue of import dependence on merchandise requirements,
- 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 such as improvement in sales, increasing EBITDA amount and other profitability margins, notably high cash flow and net cash position, negative cash conversion cycle and sound net working capital, solid financial structure also persistent in 3Q2022 and half a decade of sector history the Company's the Long-Term National Issuer Credit Rating has been revised from '**AA (tr)**' to '**AA+ (tr)'**. The Company's, growth performance, market position, 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 financial structure, attainability of the budgeted projections, the possible impacts of the Russia-Ukraine War on the global and Türkiye's economy and its effects on the Company's activities 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.