

Corporate Credit Rating

New Update

Sector: Metal Industry

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Team Leader

Muhammet Başar

+90 212 352 56 73

muhammet.basar@jcrer.com.tr

Senior Analyst

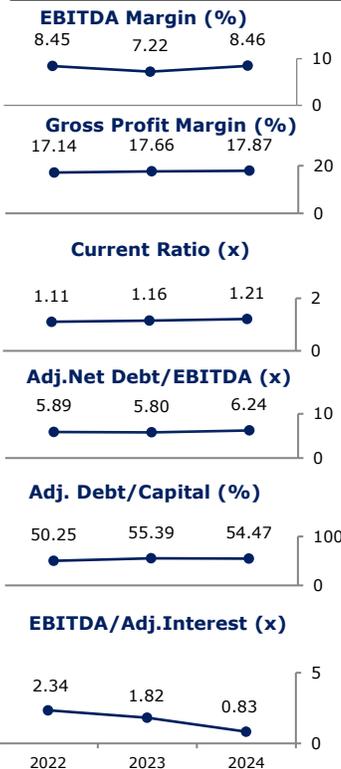
Pelin Erarslan

+90 212 352 56 73

peлин.erarslan@jcrer.com.tr

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

* Affirmed by JCR on September 1, 2025



ERCİYAS ÇELİK BORU SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Erciyas Çelik Boru Sanayi Anonim Şirketi" in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A- (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 are determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

Erciyas Çelik Boru Sanayi A.Ş. (hereinafter referred to as "Erciyas Çelik" or "the Group") was established in 1990 in Izmit in order to produce spiral welded steel pipes. The main activity of the Company is to manufacture spiral welded steel pipes of all kinds of steel and to coat the inside and outside of these pipes with epoxy, concrete, polyethylene, polypropylene, polyurethane, polyurethane, fusion bonded epoxy suitable for drinking water in accordance with international standards in order to protect the pipes from external factors. The Group manufactures natural gas, petrochemical and oil pipes, drinking water pipes, piling pipes, steel structure pipes, general and special purpose pipes and fittings. Erciyas Çelik continues its production in Düzce and Mersin production facilities. The total annual production capacity is approximately 600,000 tonnes of spiral welded steel pipe. Erciyas Çelik, carries out a large part of its production for overseas projects and attaches great importance to brand awareness, is the first spiral steel pipe manufacturer being included in the Turquality programme.

As of 1H2025, the number of personnel employed by the Group was 427. (FYE2024: 460). The head office of Erciyas Çelik is located in Istanbul. Erciyas Çelik has been listed on Borsa Istanbul (BIST) since January 13, 2022. Currently, 21.08% of its shares are traded on BIST under the code "ERCB". The Group's main ultimate controlling shareholder is Erciyas Holding A.Ş. with 42.77% share.

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

Strengths

- Increased EBITDA generation capacity through high value-added projects, despite the decline in revenue in FY2024 and 1H2025,
- Improved CFO and FOCF metrics in FY2024 supported by effective working capital management,
- Satisfactory production capacity to provide sustainable competitive advantage and export oriented revenue stream,
- Diversified funding structure through debt security issuances providing financial flexibility,
- Sustainability and productivity gains from R&D centre activities,
- Expansion projection in wagon production as well as the expectation of sectoral and geographical diversification to support revenues in the coming periods,
- Environmentally conscious production approach and having prestigious certificates enhancing quality standards,
- Compliance with corporate governance practices.

Constraints

- Elevated financing expenses suppressing bottom-line profit and deteriorating coverage multiplier in FY2024,
- Continuation of pressure on net debt to EBITDA multiplier, despite a slight improvement in 1H2025,
- Relatively high operating ratio mainly due to transportation and export expenses,
- High share of the related party receivables in assets in the analyzed periods,
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. The Group's increased EBITDA generation capacity, improved cash flow metrics, diversified financing structure, brand reputation, as well as deteriorated coverage multiplier, high share of related party receivables and continuation of pressure on 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 Group's profit and equity indicators, market position, debt structure, the sustainability of domestic and international demand and economic conditions in Türkiye will be closely monitored by JCR Eurasia Rating in the 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.