

Corporate Credit Rating

New Update

Sector: Electrical Equipment Industry

Publishing Date: Feb 27, 2025

Team Leader

Muhammet Başar

+90 212 352 56 73

muhammet.basar@jcrer.com.tr

Analyst

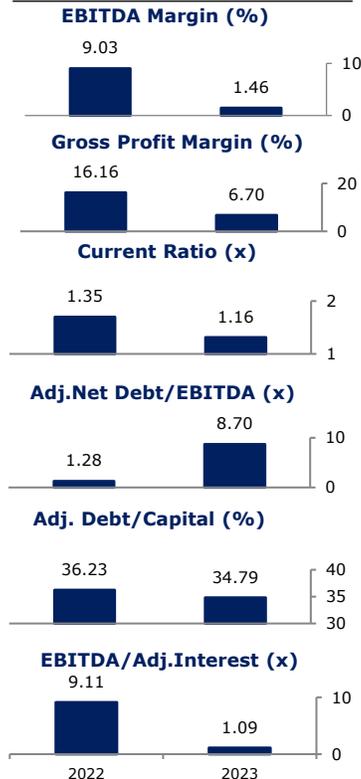
Muhammed Recep Durupinar

+90 212 352 56 73

recep.durupinar@jcrer.com.tr

R A T I N G S		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	-
	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



GERSAN ELEKTRİK TİCARET VE SANAYİ A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Gersan Elektrik Ticaret ve Sanayi Anonim Şirketi" in the investment-grade category and revised the Long-Term National Issuer Credit Rating to 'BBB (tr)' from 'A- (tr)' and affirmed 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 have been determined as 'BB/Stable' in parallel to international ratings and outlooks of Republic of Türkiye.

Gersan Elektrik Ticaret ve Sanayi Anonim Şirketi (hereinafter referred to as "Gersan" or "the Group") was established in 1985 and its roots go back to 1980. The main activity of the Group is to produce systems and materials that carry, combine and protect conductors on the line extending from power plants to the socket in the house. The Group's products include cable ducting systems, cable duct and ladder carriers, bus-bar duct systems, grounding and connection elements, underfloor duct and junction box systems, electrical distribution panels, G-Charge vehicle charging systems, G-Bus automation system, LED-bus lighting system and UVC LED systems. Gersan has a production facility in Çaycuma, Zonguldak. The Group maintains its operations by staff force of 570 employees as of 3Q2024.

Gersan's shareholders are Erkan İzgi with 13.48% and Gülfem Oktay with 0.41% 3Q2024. In addition, Gersan's shares are listed in Borsa İstanbul (BIST) since 2003 with the ticker "GEREL". As of 3Q2023, 86.10% of Gersan's shares are publicly traded.

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

Strengths

- Maintaining balance sheet leverage profile as of 3Q2024,
- Expectation of inflow of funds through planned paid in capital increase,
- Improvement of FX position through maintained export sales,
- Revenue growth potential thanks to product range,
- Long track record in the industry,
- Compliance with corporate governance practices.

Constraints

- Significant deterioration in net debt to EBITDA multiplier due to the decline in EBITDA generation in FYE2023 despite improvement in 3Q2024,
- A significant increase in financial indebtedness in 2024,
- Low levels of capacity utilization,
- Despite full provisioning, relatively high cumulative doubtful trade receivables,
- High financing expenses mainly stemming from FX losses and short-term weighted financial debt,
- Relatively high operational expenses pressuring operational efficiency,
- 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 Long-Term National Issuer Credit Rating has been revised to 'BBB (tr)' from 'A- (tr)'. Taking into account the Group's EBITDA generation capacity, revenue growth strategy, leverage indicators and experienced and qualified organizational structure, as well as, high cumulative doubtful receivables, high financing expense; 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'. An achievement of budget targets of the Group, debt ratio, profit margins and liquidity indicators, as well as market conditions regarding 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 also be monitored.