

Corporate Credit Rating

New Update

Sector: Industrial Equipment Industry

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Manager

Abdullah DEMİRER
 +90 212 352 56 73

abdullah.demirer@jcrer.com.tr

Team Leader

Yeşim KARAOĞLU
 +90 212 352 56 73

yesim.karaoglu@jcrer.com.tr

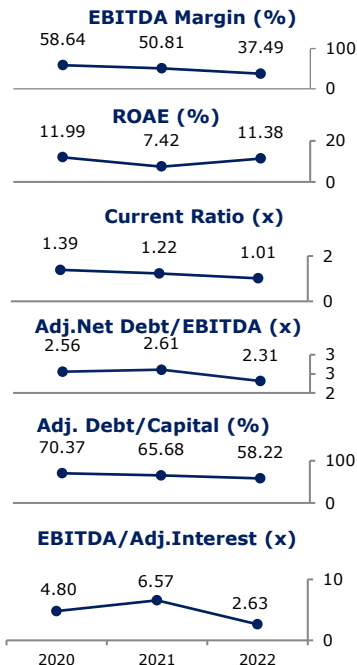
Assistant Analyst

Fatih Furkan BALCIOĞLU
 +90 212 352 56 73

fatihfurkan.balcioglu@jcrer.com.tr

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	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB Negative	-
	Local Currency	BB Negative	-

* Assigned by JCR on August 18, 2022



Gimas Girgin Makina İmalat Montaj ve Mühendislik San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated **Gimas Girgin Makina İmalat Montaj ve Mühendislik San. ve Tic. A.Ş.** in the investment-level category on the national scale and revised its Long-Term National Issuer Credit Rating to **'BBB+ (tr)'** from **'BBB (tr)'** and affirmed its 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 were assigned at **'BB/Negative'** as parallel to international ratings and outlooks of Republic of Türkiye.

Gimas Girgin Makina İmalat Montaj ve Mühendislik San. ve Tic. A.Ş. (referred to as 'the Company' or 'Gimas') was established in 1976 in İzmir and operates in manufacture and assembly of machines and components of machines in the fields of machinery, mining, cement, renewable energy, thermal and nuclear power plant. The products include mills used in cement industry, turbines and generator parts used in energy production, pressure vessels used in refineries, heat exchangers used in cement, mining and coal power industries. Gimas has total production area of 75.000 m², including 27.000 m² closed area with 17,450 ton/year production capacity.

Gimas is owned and managed by Girgin Family members. The Company's main controlling shareholder is Bekir Girgin with 86% share ownership as of reporting date.

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

Strengths

- Maintaining revenue generation capacity in 2022 and 9M2023, along with recovery in core profitability ratios in 9M2023 after notable deterioration in 2022
- Order-based business model with advance payments from customers easing liquidity management
- FX revenue stream mitigates currency risk in a certain extent
- Diversification across industries to manage concentration risk
- Low level of doubtful receivables ratio supporting asset quality

Constraints

- Short-term weighted debt structure suppressing liquidity and coverage ratio
- High level of financing expenses pressurizes the bottom-line and expected to further increase in FYE2023 due to EUR loan utilization
- Despite the improvements over the analyzed periods, still high level of cash conversion cycle as a nature of business
- Sizeable contribution of non-cash revaluation gains from tangible assets to equity structure
- Room for improvement regarding corporate governance compliance level
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised to **'BBB+ (tr)'**. The Company's FX based revenue stream, order based business model, ability to receive advances from its customers along with short-term weighted debt structure, high level of financing expenses, high level of cash conversion cycle ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 revenue and profitability performance, debt structure, liquidity position and asset quality 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.