

Corporate Credit Rating

New Update

Sector: Metal Industry

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Team Leader

Abdurrahim Torun
 +90 212 352 56 73

abdurrahim.torun@jcrer.com.tr

Senior Analyst

Cihan Durgut
 +90 212 352 56 73

cihan.durgut@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

KIRAÇ GALVANİZ TELEKOMİNİKASYON METAL MAKİNE İNŞAAT ELEKTRİK SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Kıraç Galvaniz Telekomunikasyon Metal Makine İnşaat Elektrik Sanayi ve Ticaret A.Ş." in the investment grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as 'A (tr)' and the Short-Term National Issuer Credit Rating as '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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Kıraç Galvaniz Telekomunikasyon Metal Makine İnşaat Elektrik Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'Kıraç Galvaniz' or 'the Company') was established in 2006 in Bursa, Türkiye. The Company's main activities are the manufacture of steel guardrails and hot dipped galvanizing, as well as the sale/assembly of motorcycle protective barriers, sound and noise barriers, solar energy systems construction, crash cushions, traffic signs and plates, pedestrian guardrails. The Company has two branches, 'Kıraç Georgia Branch' established in Georgia in 2018 and 'Kıraç Galvaniz Sucursala Bucuresti' established in Romania in 2023. The Company has two production facilities with a total area of 10,000 m².

As of the 2Q2024, the shareholding structure of the Company is Feyzi Kıraç (35%), Fehmi Emre Kıraç (15%), Can Kıraç (15%), Havva Kıraç (5%), Serkan Malçok (30%). Kıraç Galvaniz have been publicly traded on the Borsa Istanbul A.Ş. ("BIST"), since Augustus 14, 2024. The Company increased its capital from TRY 125mn to TRY 170mn by issuing 45 million nominal shares at a price of TRY 24.00 per share. With this offering, 26.46% of the Company's shares went public.

The Company's number of employees as of June 2024 is 144 (2023: 135).

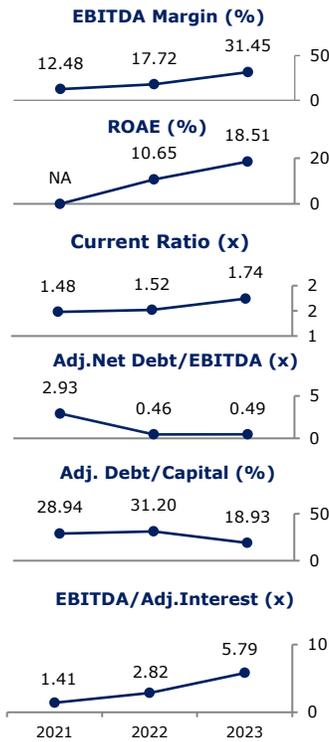
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Increasing revenue and sound core profitability metrics in 2023 and 1H2024,
- Solid leverage metrics in the periods under review,
- Funds following the IPO held in 3Q2024, expected to further fortify liquidity and equity structure,
- Exports supporting the resilience against FX risk to some extent,
- Ongoing investment and certificated products anticipated to enhance revenue growth in upcoming periods,
- Well-known client portfolio, despite concentration in sales and partially collateralized receivable structure enhance asset quality,
- Compliance with the corporate governance practices as a recently publicly listed company.

Constraints

- Operating with high OpEx/sales ratio,
- Prolonged cash conversion cycle, due to slow inventory turnover pressuring efficiency,
- Dependency on foreign currency regarding raw material prices may cause fluctuations in profitability margins,
- Leading economic indicators signal global economic slowdown while quantitative tightening actions aiming to restrict consumption growth and achieve a soft-landing in the domestic side.



NA: Not Applicable

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. Upward trend in revenues, solid leverage metrics, favorable impacts of the funds to be collected from the IPO on liquidity and equity, presence in both local and foreign market, ongoing investment, well-known customer portfolio as well as operating with high operating ratio, long cash conversion cycle, and dependence on currency-dependent 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 Company's profitability margins, EBITDA generation, liquidity profile, cash flow indicators, asset quality, contribution of the ongoing investments to financials 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.