

## Corporate Credit Rating

New Update

**Sector:** Metal Industry  
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## RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific 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

### EBITDA Margin (%)



### ROAE (%)



### Current Ratio (x)



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



### Adj. Debt/Capital (%)



### EBITDA/Adj.Interest (x)



## MEGA METAL SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Mega Metal Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and revised the Long-Term National Issuer Credit Rating from "A+ (tr)" to "AA- (tr)" and the Short-Term National Issuer Credit Rating from "J1 (tr)" to "J1+ (tr)" with "Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Ratings and outlooks of the Company have been assigned as "BB /Stable" as parallel to international ratings and outlooks of the Republic of Türkiye.

"Mega Metal Sanayi ve Ticaret A.Ş." (hereinafter referred to as "Mega Metal" or the "Company") was formally founded in 2004 in order to produce oxygen-free electrolytic copper wire production in Kayseri. Also, the Company manufactures and exports these products in international and domestic trade. Mega Metal's production plant is located in Kayseri, which has an indoor area of 45,000 square meters and a total area of 75,000 square meters. The Company's current capacity is 48,000 tons in copper wire production annually, considering the main production line. The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 15 December 2023 and 23.68% of shares are publicly traded on the BIST with the ticker symbol "MEGMT" as of FYE2023. The paid in capital and equity of Mega Metal stood at TRY 265mn and TRY 2.77bn, respectively in FYE2023. Also, Mr. Cüneyt Ali Turgut has been the ultimate shareholder of "Mega Metal San. ve Tic. A.Ş." as of the report date.

Mega Metal, which meets a notable portion of Türkiye's superfine copper wire production, exports to more than 30 countries all over the world particularly to the European Union countries. The Company serves in the energy production, power generation and distribution, electricity, electronics, communications, renewable energy, electrical appliances, white goods, special industrial applications (robotics), aviation and automotive sectors with its unique oxygen-free electrolytic copper wires.

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

### Strengths

- Enhancement in EBITDA generation in FY2023 thanks to various product range and high-capacity utilization rates
- Satisfactory debt service capacity underpinned by improvement in net debt/EBITDA multiplier in FY2023
- Positive cash flow metrics and net working capital level facilitating liquidity management
- Maintaining profitable operations by ability to generate periodic income
- Operational efficiency supported by short cash conversion cycle
- Geographical diversification of export revenues preventing concentration risk in international operations
- High compliance with the corporate governance principles
- Long-lasting track record along with differentiation in the sector thanks to the production of silver-plated copper wire

### Constraints

- Relatively low profitability margins as a nature of the business
- Significant share of non-cash contribution of foreign currency translation differences in equity
- Competitive structure of the sector
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned drivers, the Company's the Long-Term National Issuer Credit Rating has been upgraded to "AA- (tr)" from "A+ (tr)". The competitive advantage obtained through its steady growth in revenue streams, ongoing EBITDA generation, liquidity profile, diversified production and processing capacity, protection of asset quality, competition and market efficiency in the inter/national market, political tensions and other global downsides have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term and Short-Term National Issuer Credit Ratings are determined as "Stable". The Company's equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators are the prior issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored as well.