

## Corporate Credit Rating

New  Update

**Sector:** Metals Industry

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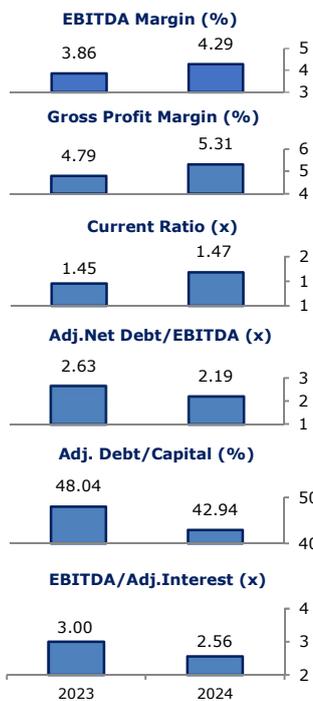
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stabil	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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



## Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA- (tr)' and the Short-Term National Issuer Credit Rating at '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 the international ratings and outlooks of the Republic of Türkiye.

**Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş.** (referred to as "Sarkuysan", "the Company" or "the Group") was established in 1972 and engages in production of electrolytic copper, copper tubes and copper busbars. The Group, which produces electrolytic copper products, copper tubes and copper busbars over an area exceeding 200,000 m<sup>2</sup> in the Gebze, Tuzla and Darca regions, with an indoor area of approximately 90,000 m<sup>2</sup>, increased its initial capacity of 10,000 tons/year to over 200,000 tons/year and became a global company. Using the "sks" brand on its products, Sarkuysan meets a substantial part of the domestic demand while exporting around half of its production range to more than 70 countries in 5 continents. Sarkuysan is a group of companies; as of FYE2024, Sarkuysan's subsidiaries and affiliates are as follows; Sar Makina A.Ş., Demisaş A.Ş., Sarda A.Ş., Bektaş A.Ş., CRW Metal A.Ş. and also Turkish industrial organisation in the USA with Sark Wire, in Bulgaria with Sark Bulgaria and BEMKA-KUPFERLACKDRAHT GmbH in Germany which conducts the promotion and marketing activities of enamelled winding wires. Sarkuysan has also an agency in Italy, where is an important country for direct marketing purposes of the products as part of the Company's busy export operations. Furthermore, Sarkuysan's facilities located at the Aegean Free Trade Zone manufacture and export products with high added value.

The Group maintains its operations by an average staff force of 1,306 employees as of FYE2024. (FYE2023: 1,272). Sarkuysan is wholly publicly owned corporation with its approximately 37,000 partners and there are no shareholders holding 10% or more shares alone among the 'B share group' which is composed of bearer shares and 'share group A' is granted with the privilege of selection of the members of the board of directors. Nearly all of its shares have been traded on the Borsa Istanbul Stock Exchange ("BIST") since the Exchange was inaugurated in 1986.

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

### Strengths

- Notable recovery in financial expense thanks to decrease in financial debt as of FYE2024,
- Ongoing net working capital surplus,
- Collection ability of receivables thanks to collateralization,
- Hard currency income generation capacity thanks to considerable level of export sales,
- Large footprint in the sector with five decades of industry experience,
- Compliance with Corporate Governance Practices as a Publicly Traded Company.

### Constraints

- Operating with low level of core profitability margins despite a slight recovery in FY2024,
- Slight contraction in revenue generation in FY2024 due to competition and shrinking demand in overseas market,
- Sector-wide issue of high import dependency of the main raw materials,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

The Group's audited financial statements include inflation adjustments. Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2024. Considering the aforementioned points, Sarkuysan's the Long-Term National Issuer Credit Rating has been affirmed at 'AA- (tr)'. Sarkuysan's collateralized trade receivable structure, sectoral experience, exporter position as well as high import dependency, decrease in sales volume and revenue generation in FY2024, sectoral developments and risk factors in the markets 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'. Sarkuysan's revenue growth, continuity of EBITDA generation capacity, equity level, debt ratio and profit margins 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.