

Corporate Credit Rating

New Update

Sector: Metal Industry

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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)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Affirmed by JCR on September 1, 2025

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET 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 high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'A+ (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 Credit Ratings and outlooks were assigned as "BB/Stable" as parallel to international ratings and outlooks of the Republic of Türkiye.

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Sarkuysan" or "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 m² in Gebze, Tuzla and Darica regions, with an indoor area of approximately 90,000 m², 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 FYE2025, Sarkuysan's subsidiaries and affiliates are as follows; Sar Makina A.Ş., Demişaş A.Ş., Sarda A.Ş., Bektaş A.Ş., CRW Metal A.Ş., Sartech Foods Gıda San. ve Tic. 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 1,353 employees as of FYE2025. (FYE2024: 1,306). Sarkuysan is wholly publicly owned corporation with its approximately 36,000 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

- Geographical diversification and reasonable share of export sales in total revenues, providing a natural hedge against currency risk to a certain extent,
- Asset quality supported by low collection risk through mostly insured and collateralized trade receivables constituting a material share of total assets,
- Favourable OPEX-to-Net sales ratio over the reviewed years and relatively short cash conversion cycle in FY2025, supporting operational efficiency,
- Long-standing operational track record since the 1970s, complemented by extensive sector knowledge,
- Compliance with Corporate Governance Practices as a publicly traded company.

Constraints

- Operating with limited core profitability, with a further decline in FY2025,
- Deterioration in the net debt-to-EBITDA multiplier due to a decrease in EBITDA generation, combined with an increase in net debt in FY2025,
- Negative CFO and FOCF metrics arising from working capital needs and capital expenditures in FY2025,
- Exposure to copper price volatility and import dependency inherent to the sector,
- As actions for a global soft-landing gain prominence, geopolitical risks and decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'AA- (tr)' to 'A+ (tr)'. The Group's high asset quality, favourable operating ratio, relatively short cash conversion cycle, exporter position as well as high import dependency, limited core profitability, negative CFO and FOCF and deterioration in the net debt-to-EBITDA multiplier in FY2025 are 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 Group's liquidity structure, profitability performance, and debt & equity level are the priority 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 the legal framework about the sector will be monitored as well.

