

Corporate Credit Rating

New Update

Sector: Metal Industry

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Senior / Chief Analyst

Bora Pakyürek

+90 212 352 56 73

bora.pakyurek@jcrer.com.tr

Team Leader

Başak Erçevik

+90 212 352 56 73

basak.ercevik@jcrer.com.tr

Assistant Analyst

Ahmet Yasin Kansu

+90 212 352 56 73

ahmetyasin.kansu@jcrer.com.tr

R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
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 31, 2021

Tuğçelik Alüminyum ve Metal Mamülleri San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated the "Tuğçelik Alüminyum ve Metal Mamülleri Sanayi ve Ticaret A.Ş." and assigned the Long-Term National Issuer Credit Rating at 'BBB+ (tr)' and the 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 as 'BB/Stable' as parallel to international ratings and outlooks of the Republic of Türkiye.

Tuğçelik Alüminyum ve Metal Mamülleri Sanayi ve Ticaret A.Ş. (Tuğçelik or "the Company) was established in 1988 in İstanbul. The Company's main field of activity is to manufacture aluminum pieces based on high pressure injection and CNC machining techniques to be used in sectors such as automotive, white goods, electric-electronics, defense industry in line with the demands of customers. The Company produces battery covers, miscellaneous pieces, suspension bellows, wiper arms, cooling systems, convertible and sunroof systems to be used in electric vehicles for the automotive industry. For the white goods sector, the most important mechanics of the washing machines such as drum pulley, star pieces, engine cover, etc. are produced. The shares of automotive and white goods sectors' shares in total sales revenues realized as 63.49% and 36.51%, respectively at FYE2021.

The manufacturing activities have been conducted out in the Company's production plant located in Sancaktepe, İstanbul. The Company had an average of 371 employees throughout FY2021. The shares of the Company were offered to public in June 2014 with 'TUCLK' ticker and the actual outstanding share ratio of the Company was 53.66% as of 25.07.2022.

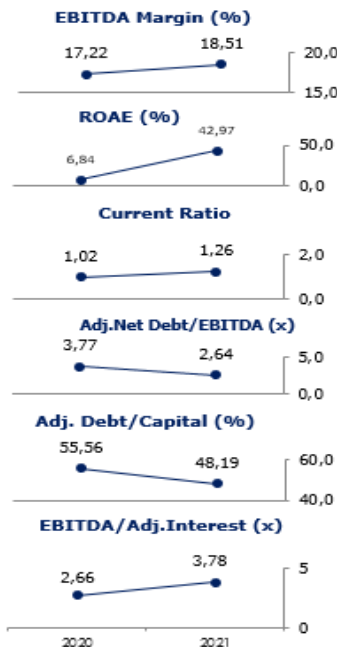
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Improvement in revenue generation capacity in FYE2021 and consistent EBITDA margin,
- Reasonable leverage profile proven by declining net debt/EBITDA,
- Recovery in net working capital facilitating liquidity management,
- Uptrend in export ratio providing natural hedge opportunities to a certain degree,
- Reputable customer base contributing to asset quality via limited doubtful receivables,
- Compliance with the corporate governance practices due to the listed status.

Constraints

- Pressure of FX expenses on bottom-line due to FC-weighted denomination of borrowings,
- Ongoing contribution of revaluation gains to equity in the analysed period,
- Geopolitical risks increasing uncertainties globally and supply chain risks,
- Susceptibility to commodity prices and challenging global conditions for industrials.



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. The Company's improving revenue generation, reasonable leverage metrics, low level of doubtful receivables, compliance with the corporate governance practices along with FC-weighted denomination of borrowings and susceptibility to commodity prices and challenging global conditions have been evaluated as important indicators for the 'Stable' outlooks for the Short and Long-Term National Issuer Credit Ratings. The Company's revenue generation performance, leverage profile, liquidity metrics, profitability margins and rising input costs 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.