

## Corporate Credit Rating

New  Update

**Sector:** Metal Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## TUĞÇELİK ALÜMİNYUM ve METAL MAMÜLLERİ SAN. ve TİC. A.Ş.

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

**Tuğçelik Alüminyum ve Metal Mamülleri San. ve Tic. A.Ş.** ("Tuğçelik Alüminyum" or "the Company") was established in 1988, İstanbul. The main activity field of the Company 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-electronic, defence industry in line with the demands of customers. The Company manufactures battery covers, miscellaneous pieces, suspension bellows, wiper arms, cooling systems, convertible and sunroof systems to be used in electric vehicles for the automotive industry. Meanwhile, the most important mechanics of the washing machines such as drum pulley, star pieces, engine cover, etc. are manufactured for the white goods sector. The shares of automotive and white goods sectors' shares in total sales revenues realized as 54% and 46%, respectively at FYE2022. The average number of employees of the Company was 528 as of 2023-Q1. 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 53.65% as of 3 July 2023.

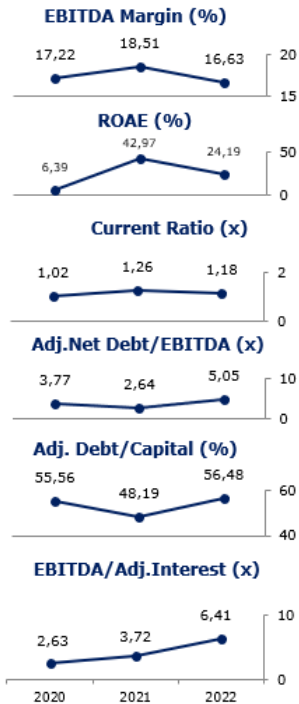
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Growth in sales revenue and EBITDA generation capacity underpinned by sales volume increase over the examined periods,
- FX based revenue stream provides resilience for currency risk,
- Low doubtful trade receivable amount, considering the sales revenue and trade receivable size,
- Tax advantages obtained with the investment incentive certificate,
- High level of compliance with Corporate Governance Practises due to being publicly listed company.

### Constraints

- Deterioration on leverage metrics in 2022 due to increased indebtedness for the new factory investment,
- Continued financial pressure due to unrealized high FX expenses primarily stemming from long-term investment loans suppresses the bottom line profit,
- Having customer concentration although long-term contracts,
- Notable share of revaluation gains in equity along with relatively limited contribution of paid-in capital despite the support of retained earnings,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, coupled with domestic restrictive financial conditions limit access to finance.



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised as 'BBB (tr)'. The Company's improving revenue generation, experience in the sector, sectoral developments as well as deterioration on leverage metrics, local/global economic conditions 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 revenue generation performance, leverage profile, liquidity metrics, profitability 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.