

Corporate Credit Rating

New Update

Sector: Electrical Equipment Manufacturing

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Team Leader

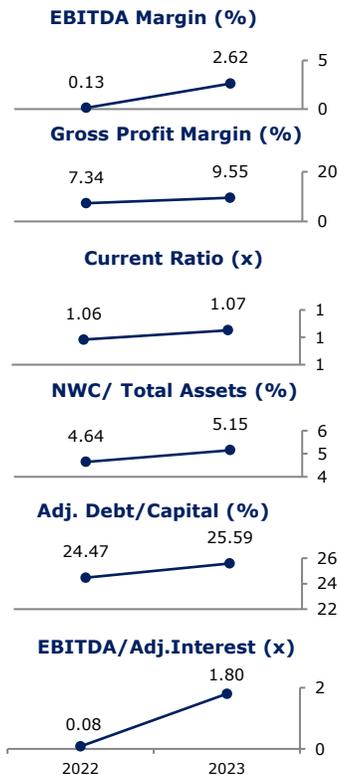
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB	-
ISRs (Issue Specific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



TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.

JCR Eurasia Rating, has evaluated the "Türk Prysmian Kablo Ve Sistemleri A.Ş." in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'AA+ (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BBB/Stable'.

Türk Prysmian Kablo ve Sistemleri A.Ş. (hereinafter referred to as "the Company" or "the Group" or "Türk Prysmian") was established in 1964. The Group manufactures all energy cables up to 220 kV, communication cables with copper conductors up to 3,600 pairs, and fiber optic cables. The Company's production facility is located in Mudanya, Bursa on an area of 180,000 m² with a closed area of 79,000 m². The Company's capacity utilisation rate was 75% in FY2023. (FY2022: 71%) The Company has an R&D centre in Mudanya, Bursa. The R&D center is one of the 26 centres within the Prysmian Group R&D family, which operates in the fields of cable production and material technologies on an international platform. According to the list of Türkiye's Top 500 Industrial Enterprises (ISO 500), the Company ranked 208th in 2023. (2022: 184th) In addition, according to the latest Top 1000 Exporter Companies list compiled by the Turkish Exporters Assembly (TIM), Türk Prysmian was ranked as the 407th biggest exporter in 2023. (2022: 430th) The current shareholder structure of the Company is Draka Holding B.V. (84%) and publicly held (16%). Currently, 16.25% of the Company's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "PRKAB" since 1986. The ultimate parent of the Group is Prysmian S.P.A. based in Italy. The number of personnel employed by the Group as of 1Q2024 is 588. (FYE2023: 589)

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

Strengths

- Cash surplus position as of FYE2023 and 1Q2024 as a result of business model thanks to favourable operating cycle,
- Asset quality strengthened by mostly collateralized and insured trade receivables,
- Continuation of being among the first 1000 exporters and top 500 Industrial Organizations of Türkiye contributing to the brand value,
- Contribution of energy-oriented public policies to the business size of the Company, which produces cables for wind and solar power plants,
- Operational and financial support of Prysmian Group, one of the worldwide leading energy and telecommunication cable manufacturers,
- Compliance with the corporate governance practices as a publicly listed company.

Constraints

- Decline in net sales revenues despite the improvement in capacity utilization rate in FY2023,
- Limited profit margins mainly due to derivative instrument cost and high financing expenses in parallel with the rising interest costs in the market,
- Tough competition in the industry and fluctuations in raw material prices stands out as a potential risk,
- Dependency of imported raw materials being a sector-wide issue,
- 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 points, the Company's Long-Term National Rating has been affirmed as 'AA+ (tr)'. Level of financial liabilities, liquidity structure, asset quality, cash conversion cycle, market position, R&D capabilities 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'. On the other hand, the Company's Long Term International Local and Foreign Currency ICR Ratings are affirmed as 'BBB' with 'Stable' outlook. The Company's international ratings have been given above the country ratings considering the financial standing of the parent company Prysmian S.P.A., which is based in Italy. The Company's growth strategy, profitability indicators, level of indebtedness, Prysmian Group's operational and financial support, and developments regarding the macro conditions 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.