Corporate Credit Rating

☐New ☒Update

Sector: Metal Industry
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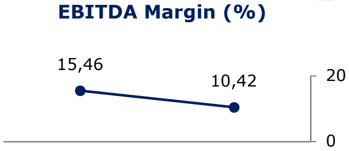
Team Leader
Elif Kırlangıç Keçeli
elif.keceli@jcrer.com.tr
+90 212 352 56 73
Analyst
Orhan Kara
+90 212 352 56 73
orhan.kara@jcrer.com.tr

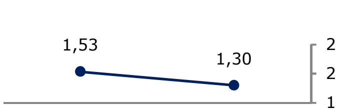
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*

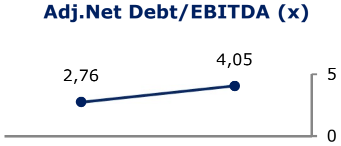
EBITDA Margin (%)



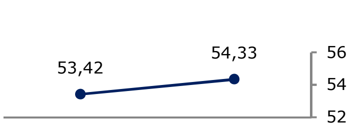
Current Ratio (x)



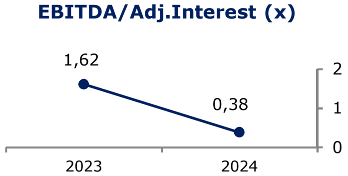
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Yükselen Çelik A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **'Yükselen Çelik A.Ş.'** in the investment grade category and affirmed 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 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.

Yükselen Çelik A.Ş. (referred to as 'the Company or 'Yükselen Çelik') was established in İstanbul in 1989. The main field of activity of the Company is to manufacture, to make foreign and domestic trade of all kinds of carbon and alloyed and non-alloyed, stainless, tool, qualified and unqualified iron and steel products which are used in the machinery, automotive, ship, defense industry and railway industries, together with providing steel service center services. The main production facility of Yükselen Çelik is located in Esenyurt, İstanbul with an annual capacity of 100k tons. The construction of a new facility in Dilovası, established on a total area of 5,000 square meters completed in 2023. The products that Yükselen Çelik trades are listed under three main headings in ascending order with added value as; carbon steels, alloy steels and tool steels. Under these three main headings, the Company sells "standard products", "design products" with specifications and/or patents belonging to the Company, and the products of companies that it distributes. The Company trades these products directly, as well as selling processed products by providing steel service center services. Yükselen Çelik has been publicly traded on Borsa İstanbul since November 2019 with "YKSLN" ticker with a public share ratio of 39.23% as of report date. Main shareholders of the Company have been Göktürk family. As of 30 June 2025, the average number of employees of Yükselen Çelik is 54. (31 December 2023: 68). Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Consistent CFO and FFO generation capacity coupled with positive net working capital in 2024, • Long-lasting presence in the sector, • Compliance with the corporate governance practices.	• Contraction in revenue and profitability margins with suppressed sales volumes in 2024, also continued in 1Q2025, • Deterioration in leverage and coverage metrics due to decrease in EBITDA generation despite declining net financial debt, • Net losses in the analyzed period mainly caused by high financing expenses, • Long duration of cash conversion cycle, • Dependence on imported raw materials in production rises sensitivity to price fluctuations, • As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at **'BBB+ (tr)'**. The Company's declining financial debs, CFO and FFO generation capacity, and long-lasting presence in the sector along with deterioration in profitability, leverage and coverage indicators, tight financial conditions and global macroeconomic concerns have been evaluated as important indicators for the stability of the ratings and the outlooks for Long-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, equity level, sovereign risk exposure, asset quality, occupancy rates and operation process 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.