

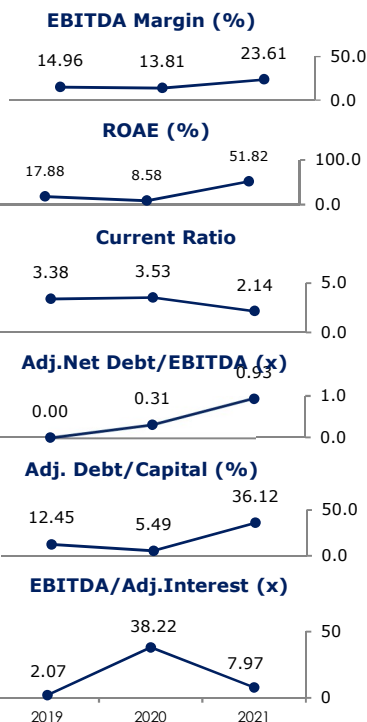
Corporate Credit Rating

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	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



Yükselen Çelik A.Ş.

JCR Eurasia Rating, has evaluated 'Yükselen Çelik A.Ş.' in the investment-level category and assigned the Long-Term National Issuer Credit Rating at 'A+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (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 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, in compatible with the DIN (Deutsches Institut für Normung - German Norms Institute) norm. 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 29.58% at FYE2021.

As of 31 December 2021, the average number of employees of Yükselen Çelik was 65. (31 December 2020: 45).

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

Strengths

- Notable increase in revenues and operating profitability at FYE2021 and ongoing improvement during FY2022
- Strong leverage profile proven by net debt/EBITDA and debt ratio in the analyzed period
- Maintaining the asset quality with low level of doubtful receivables
- Favorable liquidity profile guarding against immediate cash outflows
- Long lasting presence and experience in the sector
- High level of compliance with the corporate governance practices and international quality standards

Constraints

- Short-term weighted structure of financial liabilities
- Dependency on commodity prices leading to increasing borrowings in 1H2022
- The geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'A+' (tr). The Company's notable increase in revenue and operating profitability performance, strong leverage profile, low level of doubtful receivables, sufficient liquidity metrics, long lasting presence and experience in the sector and high level of compliance with the corporate governance practices along with geopolitical risks-driven uncertainties 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 operation process, cash flow and liquidity metrics, asset quality and profitability indicators 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.