

Corporate Credit Rating

⊠New □Update

Sector: Engineering & Construction **Publishing Date:** Mar. 29, 2024

Team Leader

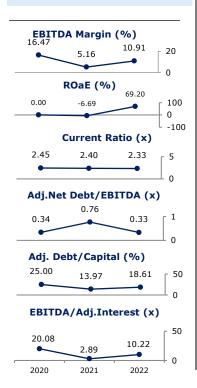
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| RATINGS | | Long Term | Short Term |
|--|-------------------------------------|------------------|---------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | A- (tr) | J2 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Negative | - |
| | International LC ICR | ВВ | - |
| | 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 | | | |



GÜNGÖR ELEKTRİK SANAYİ VE TİCARET LİMİTED ŞİRKETİ

JCR Eurasia Rating, has evaluated "Güngör Elektrik Sanayi ve Ticaret Ltd. Şti." in the investment-level category and assigned the Long-Term National Issuer Credit Rating as 'A- (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 determined as 'BB/Negative' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Güngör Elektrik Sanayi ve Ticaret Ltd. Şti. (hereinafter referred as **"Güngör Elektrik"** or **"the Company"**) established on January 4, 1989. The main field of activity of the Company is to provide construction contracting, engineering services and operation & maintenance services for electric power transmission, distribution and generation facilities. Currently, the Company is actively engaged in 11 construction projects, with a contract amount of TRY 2.68bn + USD 42.63mn + EUR 3.45mn. The headquarter of the Company is in Ankara, Türkiye. The Company employed a staff force of 176 as of FYE2022 (FYE2021: 153).

The Company's main ultimate controlling shareholder is Mustafa Güngör with 94% share.

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

Strengths

Constraints

- Ability to collaborate with public authorities, proven by a portfolio of completed and ongoing projects and sturdy backlog value indicating foreseeable revenue stream,
- Fair level of profitability margins despite its volatile outlook,
- Satisfactory level of leverage indicators combined with sound equity level underpinning financial profile,
- Passable liquidity outlook coupled with positive cash flow metrics and enhanced level of net working capital,
- Extensive sectoral experience derived from a lengthy operational track record.

- Currency mismatch between tender rates and raw material prices may put strain on profitability,
- Room for improvement regarding corporate governance compliance level,
- 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 the Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. Taking into account the Company's robust backlog value, reasonable profitability and liquidity outlook, decent financial profile as well as currency mismatch within the operational process and 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 sales and profitability performance, cash generation and liquidity structure, indebtedness level and attainability of the Group's budgeted projections 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.