

Corporate Credit & Issue Rating

New Update

Sector: Construction

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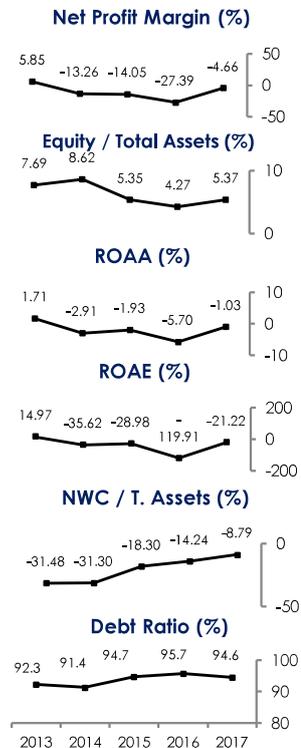
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RATINGS

		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable	Stable
	Issue Rating	LC Stable	Stable
National	Local Rating	BBB (Trk)	A-3 (Trk)
	Outlook	Stable	Stable
	Issue Rating	BBB (Trk)	A-3 (Trk)
	Sponsor Support	2	-
Stand-Alone	B	-	
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable	-
	Issue Rating	LC Stable	-

* Affirmed by JCR on November 10, 2017



Çelikler Taahhüt İnşaat ve Sanayi A.Ş.

Company Overview

Financial Data	2017	2016	2015	2014	2013
Total Assets (000 USD)	2,935,432	2,926,953	2,921,902	2,410,509	2,646,759
Total Assets (000 TRY)	11,072,157	10,300,531	8,495,722	5,589,729	5,648,979
Equity (000 TRY)	594,214	439,364	454,381	482,080	434,574
Net Profit (000 TRY)	-127,573	-513,594	-154,747	-158,572	55,831
Sales (000 TRY)	2,735,541	1,874,835	1,101,108	1,195,715	955,103
Net Profit Margin (%)	-4.66	-27.39	-14.05	-13.26	5.85
ROAA (%)	-1.03	-5.70	-1.93	-2.91	1.71
ROAE (%)	-21.22	-119.91	-28.98	-35.62	14.97
Equity / Total Assets (%)	5.37	4.27	5.35	8.62	7.69
Net Working Capital / T. Assets (%)	-8.79	-14.24	-18.30	-31.30	-31.48
Debt Ratio (%)	94.63	95.73	94.65	91.38	92.31
Asset Growth Rate (%)	7.49	21.24	51.99	-1.05	572.48

Çelikler Taahhüt İnşaat ve Sanayi A.Ş., (hereinafter referred to as “Çelikler İnşaat” or “the Company”), commenced its operations in 1958, is an active player in contraction and construction market in Turkey. The Company has a special focus on PPP projects such as highways, dams, bridges, railways, irrigation and sewage systems, tunnels, viaducts and interchanges along with other forms of infrastructure and superstructure projects. In recent years, the Company expanded its operations to energy sector. In this market, Çelikler İnşaat handles the production of electricity in power plants and sales the electricity generated. Besides, the Company has several investments in tourism and machinery equipment leasing activities.

Çelikler İnşaat amplified its operation base in energy sector by winning the privatization tenders for Seyitömer and Orhaneli & Tunçbilek Thermal Power Plants. In this regard, the Company has subsidiaries named Çelikler Seyitömer Elektrik Üretim A.Ş. and Çelikler Orhaneli Tunçbilek Elektrik Üretim A.Ş. Following the acquisitions of named power plants, the Company became one of the major players in the sector with 1,175 MW coal based thermal plant installed capacity. Moreover, the Company plans new investments with installed capacity of 1,000 MW. In addition, Çelikler İnşaat has won a privatization tender as joint venture of Çelikler-Kolin-Kalyon for Çayırhan Thermal Power Plant which is on investment phase for now and planned installed capacity is 800 MW. The Company's geothermal and hydroelectric investments has 154 MW installed capacity.

As of December 31, 2017, the Company employed a workforce of 5,346, including its subsidiaries. (FYE2015: 3,682)

Strengths

- Notable surge in total revenues in 2017, similar to previous year's results
- Sustainable EBITDA and improvement in operational efficiency
- Decline in impaired receivables ratio and low level of collection risk
- Incentives on Energy Sector: Domestic Coal Usage in Thermal Power Plants and Capacity Mechanism
- High revenue generation capacity of Afşin-Elbistan Thermal Power Plant
- Successfully completed infrastructural projects for the last 60 years that ensures the capability of the Company

Constraints

- Inveterate net loss in bottom line of income statement
- Remarkably high debt ratio, threatening the equity level of the Company.
- The committed capital increase has not been yet completed
- High short foreign currency position causing the Company to be fragile against FX volatility
- Need for adjustment in electricity unit prices due to currency mismatch
- Macroeconomic Indicators and Its Negative Effects on Cost of Funding and Investments