

Corporate Credit & Issue Rating

New Update

Sector: Construction
 Publishing Date: 17/09/2020

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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	n.a	n.a		
National	Local Rating	A- (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	n.a	n.a	
Sponsor Support	Stand-Alone	2	-	
	Stand-Alone	B	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Negative	-
		LC	Negative	-

*Assigned by JCR on April 10, 2020

Sur Yapı, Gayrimenkul Geliştirme ve Enerji Şirketleri

Company Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000 USD)	1,166,940	1,201,452	1,138,173	916,096	857,280
Total Assets (000 TRY)	6,931,858	6,320,719	4,293,076	3,223,925	2,492,627
Equity (000 TRY)	1,150,102	1,163,904	846,798	801,778	696,080
Net Profit (000 TRY)	-127,369	93,158	64,780	131,793	67,774
Sales (000 TRY)	674,191	433,839	402,370	380,758	354,034
Net Profit Margin (%)	-18.89	21.47	16.10	34.61	19.14
ROAA (%)	-2.34	1.02	1.88	4.44	2.84
ROAE (%)	-13.38	5.41	8.59	16.96	9.47
Equity / Total Assets (%)	16.59	18.41	19.72	24.87	27.93
Net Working Capital / T. Assets (%)	5.66	1.58	-7.78	-5.70	1.84
Debt Ratio (%)	83.41	81.59	80.28	75.13	72.07
Asset Growth Rate (%)	9.67	47.23	33.16	29.34	26.97

*Audited Combined Financial Statements

Suryapı, Real Estate Development and Energy Companies (hereinafter referred to as "Sur Yapı" or "the Company" or "the Group"), is a leading real estate development company, founded under the trade name **Sur Yapı İnşaat Taahhüt Ticaret Limited Şirketi** on October 13, 1992 in Turkey. The Group's main operation is to develop residential real estate projects primarily for sale and to undertake construction contracts. In addition, the Group develops office buildings and other commercial real estate projects, lease and manage shopping malls and has investments in the renewable energy production sector. With an operational track record spanning 28 years, the Group has built more than 6mn square meters living space and completed many remarkable residential real estate projects such as Exen İstanbul, Lavender, Ilkbahar, Gölbağçe, Mirage, Vitrin, İdilia, Tilia, Metrogarden, and Corridor. The Company has also built the outstanding shopping center projects of Axis İstanbul, Axis Kağıthane, Marka Bursa and Metrogarden.

Core projects expected to generate revenue in the upcoming years include the Antalya Urban Transformation Project in Antalya Kepez-Santral region, prestigious Kosuyolu Excellence project in Kadıköy, the Tempo City, Bahçeyaka and Topkapı Residentials on the European side and the Muhit, Şehir Konakları and Yeşilmafi projects on the Anatolian side of İstanbul. The Antalya Urban Transformation Project in the Kepez and Santral districts of Antalya is Europe's largest urban transformation project with a construction area of 2,500,000 m² consisting of approximately 19,000 independent units. The project is expected to reach TRY 10 bn in turnover. As of 31 December 2019, the Group employed a workforce of 463 (FYE2018:553). Company shares are fully owned by the Elmas Family. Sur Yapı's Long Term National Grade has been affirmed as "A- (Trk)" in JCR Eurasia Rating's notation.

Strengths

- Increased visibility for future revenues arising from the Company's proven track record, expanding business territory and sound project backlog
- Operations in different fields apart from housing sales creating revenue diversification and steady income generation
- Distinguished brand recognition in the sector and need-oriented marketing serving as a buffer against sales risk
- Revenue growth mainly derived from the contribution of real estate projects and energy sales as renewable energy projects become operational and outputs are sold at guaranteed tariffs
- Continuous improvement in asset base over the reviewed period
- High share of received advances, contributing to the liquidity level despite being displayed as debt in accounting standards and accounting
- Opportunities for growth and market expansion regarding housing demand provided by population growth, urbanization, and young demographic

Constraints

- Ongoing uncertainties arising from the global Covid-19 pandemic, pressuring the global economic outlook
- Relatively volatile mortgage interest rates temporarily constraining the investor appetite
- Foreign currency positions exerting pressure on profit and profitability ratios
- Need for a separate and efficient risk management unit and risk committee in the Board of Directors
- Highly competitive and fragmented market structure and price competition among national contractors in the key markets such as İstanbul, limiting the sector profit margin
- Considerable commitments and contingencies on asset portfolio
- High correlation with macroeconomic dynamics in the sector
- Persistent political and economic stresses along with regional tensions hosting uncertainties and exerting downward pressure on risk appetite of investors

