

## Corporate Credit Rating

□ New ☒ Update

**Sector:** Shipyard

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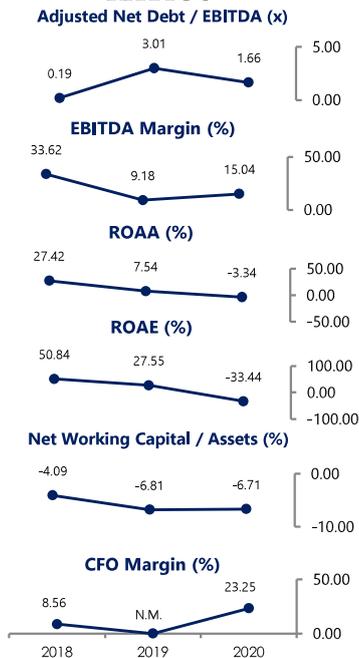
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### RATINGS

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

\*Assigned by JCR on May 31, 2021

### RATIOS



## Cemre Marin Endüstri A.Ş.

JCR Eurasia Rating has evaluated the structure of "Cemre Marin Endüstri Anonim Şirketi" and affirmed the ratings on the Long-Term National Scale as 'BBB+ (Trk)' and the Short-Term National Scale as 'A-2 (Trk)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as 'BB' with 'Stable' outlooks.

**Cemre Marin Endüstri Anonim Şirketi** (hereinafter "the Company" or "Cemre Marin"), was founded in 2011 and offers shipbuilding, maintenance and repairing services with Cemre I and Cemre II shipyards in Yalova. The building framework of shipyard of the Company consists of offshore vessels, passenger vessels, fishing vessels and aquaculture vessels. Over the last 10 years, the Company has completed and delivered 57 ships, has 9 shipbuilding projects in progress currently. Cemre Marin has the capacity for 25,000 tons of steel construction and 8 new-building delivery annually. Cemre I has total area of 78,000 m<sup>2</sup>, including 17,000 m<sup>2</sup> in closed area with lifting capacity up to 250 tons. Cemre II has total area of 70,000 m<sup>2</sup>, including 25,000 m<sup>2</sup> in closed area with lifting capacity up to 500 tons.

The Company's main controlling shareholders are Orhan Gülcek (44%), Hüseyin Toftar (34%) and Necmedin Çubuk (22%). The Company employed a staff force of 197 as of FYE2020 (FYE2019: 156)

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

#### Strengths

- Predictable cash flow thanks to its business model and sales revenues,
- Expansion of operational volume over the period,
- Low collection risk and high quality of accounts receivables supported by collaterals,
- Maintaining average margins of EBITDA and gross profit thanks to ongoing operational performance,
- Specialized knowledge of the shipyard sector, the services offered for niche markets and the level of technological capacity,
- Strictly regulated environment and environmentally friendly approach.

#### Constraints

- Due to financial and deferred tax expenses, consecutive net losses recorded harming equity structure,
- Operational risk stemming from vulnerable and volatile relations between countries,
- Structural vulnerability of the sector to global market conditions and intensive market competition.

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed as 'BBB+ (Trk)'. Taking into account balanced structure of financial statements, the rising level of cash flow from operations (CFO), the high value-added product portfolio and flexibility of meeting demand with different product base; the Company's outlook for Long and Short-Term National ratings has been determined as "Stable". The developments regarding to the operational strength of the Company, the level of net working capital need, the level of debt ratio and the sustainability of demand in the market are to be monitored in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored.

The Sponsor Support notes and risk assessments in this regard reflect the financial and non-financial positions and expected assistance by controlling shareholder within the shareholding structure of the Company. The financial strength and expected support of the Company's shareholders lay the foundation Cemre Marin's Sponsor Support assessment. The willingness and financial strength of the Company's owners to provide operational have been assessed with respect to shareholders. It is considered that the controlling shareholders, Orhan Gülcek, Hüseyin Toftar and Necmedin Çubuk, have the willingness to ensure long-term liquidity and equity should such a need arise and the experience to provide efficient operational support to Cemre Marin Endüstri A.Ş. In this scope, "Sponsor Support" category has been affirmed as '2' in the JCR Eurasia Rating notation system. This grade signifies an adequate external support to the Company.

The Stand-Alone note is formed depending on the Company's capacity utilization rate, operational efficiency, equity structure, growth rates of sales, existing risk position and risk associated with the environment and financial markets. It is assumed that Cemre Marin Endüstri A.Ş. has enough experience and accumulation of infrastructure to manage risks incurred in the balance sheet without shareholder support, provided that they monitor their existing customers' positions. In this respect, the Stand-alone rating of Cemre Marin Endüstri A.Ş. has been affirmed as 'B' in JCR Eurasia Rating notation system.