

Corporate Credit Rating

New Update

Sector: Construction

Publishing Date: 30.11.2022

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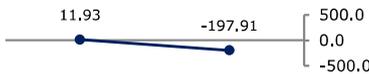
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RATINGS

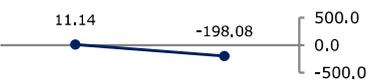
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB-	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating 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

EBITDA Margin (%)



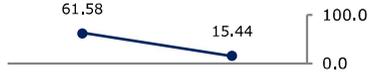
Net Profit Margin (%)



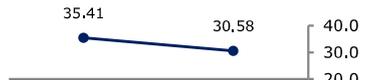
Current Ratio



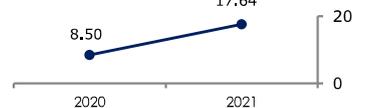
Equity/ Total Assets (%)



Adj. Debt/Capital (%)



Liquidity Ratio (x)



Şenkaya İnşaat Mühendislik San. ve Tic. Ltd. Şti.

JCR Eurasia Rating, has evaluated the "Şenkaya İnşaat Mühendislik San. ve Tic. Ltd. Şti." in the investment-level category and assigned the Long-Term National Issuer Credit Rating at 'BBB- (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 assigned as 'BB-/Negative'.

Şenkaya İnşaat Mühendislik San. ve Tic. Ltd. Şti. (hereinafter referred to as "Şenkaya İnşaat" or "the Company") was established in Aydın in 1995, with the aim of operating in the field of housing construction industry. Afterwards, the Company's headquarters moved from Aydın to İzmir and then to İstanbul in 2011. The Company has completed five housing projects in Aydın between 1997-2007 and four luxury housing projects in İstanbul between 2012-2020. As of the report date, the Company has the ongoing Privé Kemer project. The Privé Kemer project is carried out by a revenue-sharing model, and Şenkaya İnşaat's share is 50%. According to the Company's declaration, the Privé Kemer project consists of 3 phases, and the 1st phase currently 55% physically completed and 70% financially completed.

The Company has 13 employees as of FYE2021 (FYE2020: 8). The current shareholder structure of the Company is Ferruh Şenkaya (99.50%), Kadriye Beyza Şenkaya (0.50%).

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

Strengths

- Sizeable share of advances received contributing to liquidity management as of FYE2021
- Expected revenue streams from ongoing Privé Kemer project
- Cash surplus position against financial debts over the analyzed years
- Positive cash flow from operating activities in 2021
- Sustainable positive net working capital and adequate level of current ratio as of FYE2021

Constraints

- Low level of equity compared to asset size as of FYE2021
- Lack of availability of independent audit report for the periods before FY2021, restricting trend analysis to a certain extent
- Increasing construction costs weaken the appetite for housing investments and current mortgage interest rates pressure housing demand
- Improvement needs regarding risk management framework and corporate governance compliance policies
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points together the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB- (tr)'. The Company's residential sales revenue from completed projects in previous periods, expected revenue streams from ongoing Privé Kemer project, sizeable share of advances received in FYE2021, level of indebtedness, cash generation capacity along with volatile market 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 revenue and profitability performance, liquidity position, indebtedness, and local and global macroeconomic 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.