

Corporate Credit Rating

New Update

Sector: Construction

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Team Leader

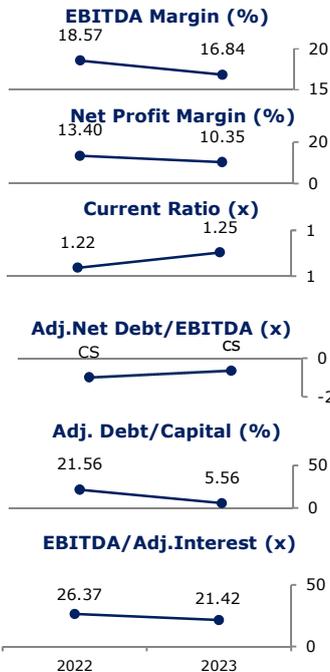
Alperen Adanır
+90 (212) 352 56 73
alperen.adanir@jcrer.com.tr

Analyst

Burak Afrin
+90 (212) 352 56 73
burak.afrin@jcrer.com.tr

| 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 | Stable | - |
| ISRs (Issue Specific Rating Profile) | International LC ICR | BB | - |
| | International LC ICR Outlooks | Stable | - |
| Sovereign* | National ISR | - | - |
| | International FC ISR | - | - |
| | International LC ISR | - | - |
| Sovereign* | Foreign Currency | BB (Stable) | - |
| | Local Currency | BB (Stable) | - |

* Assigned by JCR on May 10, 2024



CS: Cash Surplus

AL-KA İNŞAAT NAKLİYAT TAAHHÜT TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Al-Ka İnşaat Nakliyat Taahhüt Ticaret A.Ş." in the investment grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as 'A- (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Al-Ka İnşaat Nakliyat Taahhüt Ticaret A.Ş. (hereinafter referred to as "Al-Ka İnşaat" or "the Company") was established in Diyarbakır in 2000. Specializing in construction and contracting, it has developed a strong reputation for delivering projects of various types, some requiring sophisticated methods, from schools, public institution buildings, telecom as superstructure works to sewerage systems, agricultural irrigation and pond projects as infrastructure projects. The great majority of the Company's work portfolio has been contracted with the public authorities through tenders. Al-Ka İnşaat has a long-lasting track record in the construction industry. The successful project record of the Company is important for securing new tenders for new projects. Currently, the Company is perpetuating 17 projects, and all were contracted with the public authorities.

The Company's sole shareholder is Mehmet Kaya who is also the founder and the only board member as of the reporting date.

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

Strengths

- Revenue growth in FY2023 along with backlog value underpinning the visibility of future revenue generation,
- Strong financial profile characterized by cash surplus position in years reviewed leading sound coverage and leverage position,
- High ability of collecting receivables thanks to the ongoing works undertaken through tenders from public authorities,
- Notable share of equity size in asset financing supported by the paid-in capital, net profit and retained earnings as of FYE2023,
- Long-lasting operational track record and extensive know-how.

Constraints

- Susceptibility to risks inherent in tender-based business and according to the Tax Procedure Law in 1H2024, cost surplus in ongoing works,
- Improvement needs in the corporate governance practices framework along with key-person risk stemming from the ownership and management of the Company by one individual,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. The Company's experience in wide range of project types, predictable cash flow capacity supported by well-structured income streams thanks works contracted by governmental authorities, low level of indebtedness resulting with strong financial leverage indicators, along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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 profitability performance, asset quality and equity structure 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.