

Corporate Credit Rating

New Update

Sector: Engineering & Construction

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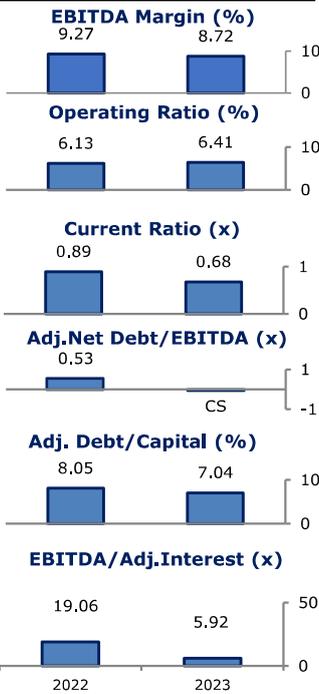
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



ALACALI İNŞAAT SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Alacalı İnşaat Sanayi ve Ticaret A.Ş." in the investment grade category, assigned the Long-Term National Issuer Credit Rating as 'BBB (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 were determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Alacalı İnşaat Sanayi ve Ticaret A.Ş." (hereinafter referred to as "Alacalı İnşaat" or "the Company") was established in 1987 in İstanbul, Türkiye. The Company's main field of activity is the production and assembly of prefabricated construction parts. The production facility is located in Tekirdağ is built on 60 decares of land and consists of 3 factories. Carcass products, columns, beams, etc. items are produced. Since 1999, it is the sole authority of Ala-Sawa System in Türkiye, which is owned by its partners in Japan.

As of FYE2023, Hasan Ali Karahan holds 94.63%, Cemalifer Ongun 3.69%, Muzaffer Işıldar 1.26% and Fatma Begüm Karahan 0.42% of the Company's share capital.

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

Strengths

- Increasing sales revenue in FY2023 and expected to continue in 2024 financials,
- Net cash position in FY2023 and low level of net debt to EBITDA multiplier in FY2024 according to CTR,
- Rapid cash cycle supporting efficiency indicators,
- Accumulated know-how gained through business partnerships in Japan,
- Long-lasting presence in the sector dating back to 1987.

Constraints

- Increasing construction costs exerting pressure on profit margins in the sector,
- Noteworthy non-cash contribution of revaluation gains to expansion of asset and equity size in the analyzed periods,
- Improvement needs in compliance with corporate governance and risk management practices,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB (tr)'. The Company's increasing sales revenue, net cash position and rapid cash cycle as well as noteworthy non-cash contribution of revaluation gains to equity and uncertainties in the global economy 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 financial structure, sales and profitability performance, liquidity and leverage indicators will be closely monitored by JCR Eurasia Rating in the 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.