

Corporate Credit Rating

New Update

Sector: Construction Materials Manufacturing

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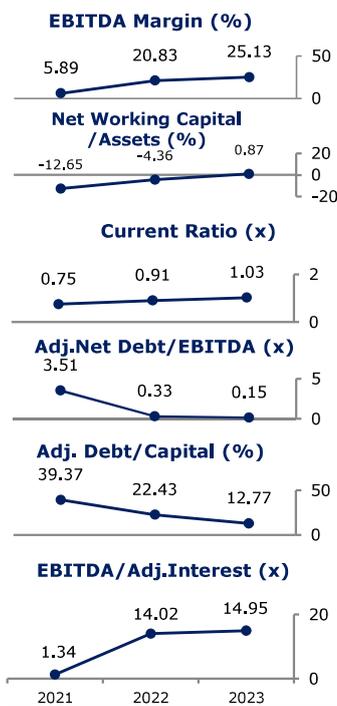
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR 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



Albayrak Hazır Beton Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating has evaluated the "Albayrak Hazır Beton Sanayi ve Ticaret Anonim Şirketi" 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 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Albayrak Hazır Beton Sanayi ve Ticaret Anonim Şirketi" (hereinafter referred to as 'Albayrak' or 'the Company') was established in Istanbul in 2003 with the title of 'Albayrak Hazır Beton Sanayi Ticaret Limited Şirketi' in order to purchase, sell, market, manufacture and export construction materials used in the production of all kinds of ready-mixed concrete. The Company operates with a 271-vehicle machine park and 5 ready-mixed concrete batching plants with a production capacity of 770 m³ of concrete per hour. The Company provides a wide range of services from Istanbul subways to public buildings, infrastructure, educational institutions and qualified real estate projects, including its own construction projects.

Albayrak's shareholders are Erdal Albayrak (33.33%), Şeref Albayrak (33.33%) and Osman Albayrak (33.33%) and its paid-in capital is TRY 201.00mn. As of FYE2023, the average number of personnel employed by the Company was 233 (FYE2022: 186).

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

Strengths

- Steady increase in sales volume and revenue through expanding operations,
- Upward trend of profitability indicators underpinned by EBITDA growth with operational efficiency,
- Robust financial leverage indicators despite slight increase in indebtedness in 2Q2024,
- Reasonable equity level underpinned by capital adjustment differences, revaluation gains and profit for the period,
- Low operating ratio and short cash cycle underlining efficiency outlook,
- Adequate level of interest coverage metrics in both FY2022 and FY2023,
- Industry experience with the know-how provided by its long-term presence in the sector.

Constraints

- Short-term borrowing structure,
- The potential for volatile raw material prices and exchange rates to put pressure on profitability margins,
- Susceptibility of construction sector to macroeconomic conditions,
- Improvement needs in the level of compliance with Corporate Governance Practices,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'A+ (tr)'. The Company's increasing business volume and sales revenues, EBITDA generation capacity, financial leverage profile, equity level, efficiency and coverage indicators, sector experience 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 profit generation performance, liquidity metrics and indebtedness structure 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.