

Corporate Credit Rating

☒ New ☐ Update

Sector: Electrical Contracting
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	CCC (tr)	J5 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	CC	J5
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	CC	J5
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 31, 2021

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated "Anel Elektrik Proje Taahhüt ve Ticaret A.Ş." and assigned the Long-Term National Issuer Credit Rating at 'CCC (tr)' and the Short-Term National Issuer Credit Rating at 'J5 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'CC/Stable'.

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (hereinafter "the Company" or "Anel Elektrik") was established in 1986 in İstanbul. The main field of activity of the Company is to supply service of electrical and mechanical contracting, real estate projects and telecommunications. The Company have completed 37 projects between 2007-2017, 27 of which located in Türkiye, 6 in Qatar and 4 in Azerbaijan. The Company has currently 14 ongoing projects, 7 of which located in Qatar, 3 in UAE, 1 in Azerbaijan and 3 in Türkiye. As of June 2022, the Company has circa USD 218.41mn of backlog with a USD 1,232mn contract value. The labor force of the Company was 2,408 as of FYE2021 (FYE 2020: 804).

Anel Elektrik has been a publicly listed company in Borsa İstanbul since 2010 with an actual outstanding shares ratio of 35.71% as of the end of 2021 (31.12.2020:26.79%).

The Company's ultimate controlling shareholder is Rıdvan ÇELİKEL.

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

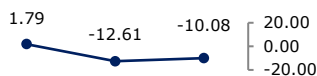
Strengths

- Reasonable backlog value,
- Successfully completed wide range of projects,
- Natural hedging by FX oriented revenue stream in a certain extent,
- Solid experience in the sector dating back to 1986.

Constraints

- The Company's limited ability to pay its financial debts with its current operating incomes,
- Having overdue financial debt and ongoing process of maintaining the current status and restructuring negotiations with financial institutions,
- Ongoing arbitration process regarding the collection of a high amount trade receivable due from a construction contract,
- Increasing raw material and labour prices particularly in 2021, pressuring profitability,
- Deterioration on cash flow metrics in recent years and the high share of short-term liabilities pressuring liquidity

EBITDA Margin (%)



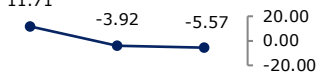
ROAE (%)



Current Ratio (x)



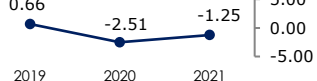
Adjusted Net Debt / EBITDA (x)



Adjusted Debt / Capital (%)



EBITDA / Adjusted Interest Paid (x)



Considering the aforementioned points such as the reasonable backlog value, the long presence in the sector, as well as financially tough situation, the Company's the Long-Term National Issuer Credit Rating has been assigned as, 'CCC (tr)'. The Company's recent performance, market position, sectoral developments and risk factors 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 capital adequacy, financial structure, sales performance, asset quality, growth performance, profitability ratios and the trends of the existing risks in the markets and the business environment 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.