

Corporate Credit Rating

New Update

Sector: Electrical Contracting

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Team Leader

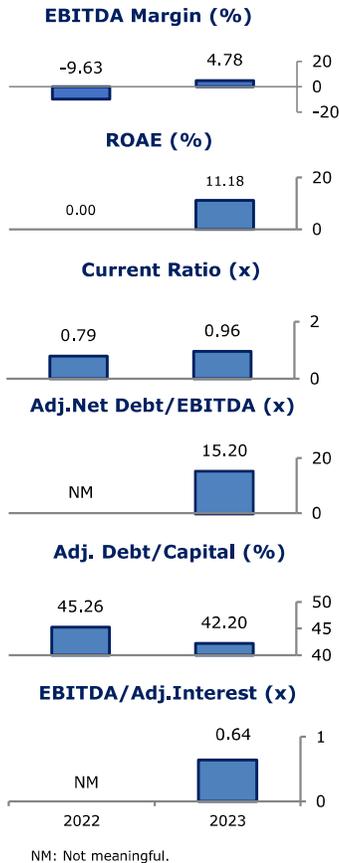
Halil İbrahim YAMAN

+90 212 352 56 73

halil.yaman@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	B- (tr)	J4 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	CCC	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	CCC	-
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.



ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated "Anel Elektrik Proje Taahhüt ve Ticaret A.Ş." in the speculative level category and revised the Long-Term National Issuer Credit Rating from 'CCC (tr)' to 'B- (tr)' and the Short-Term National Issuer Credit Rating from 'J5 (tr)' to 'J4 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'CCC/Stable'.

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (hereinafter "the Company" or "Anel Elektrik") was established in 1986 and is headquartered in Istanbul. The main field of activity of the Company is to supply service of electrical and mechanical contracting, operation and maintenance, real estate projects and telecommunications. The Company have completed numerous projects in Türkiye, UK, Russia, Netherlands, UAE, Qatar, Azerbaijan etc. The Company has currently 10 ongoing projects, 4 of which is located in Qatar, 1 in UK, 1 in UAE, and 4 in Türkiye. As of September, 2023, the Company had circa USD 95mn of backlog with a USD 1,2bn contract value. Also, Anel Elektrik announced signing the contract of Shotton Paper Processing Factory Project's electrical and mechanical installation works valued at GBP 154mn in May, 2024. The labor force of the Company was 480 as of FYE2023 (FYE2022: 658).

Anel Elektrik has been a publicly listed company in Borsa İstanbul under the ticker "ANELE" since 2010 with an actual outstanding shares ratio of 22.39% as of FYE2023 (31.12.2022:36.03%).

The Company's ultimate controlling shareholder is Rıdvan ÇELİKEL.

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

Strengths

- Long-term loan repayment structure within the scope of the financial restructuring agreement with banks, easing financial pressure to a degree,
- Significant backlog enhancement by a signed large-scale project contract in UK in FY2024,
- Sectoral and geographical diversification of completed projects,
- Mitigation of currency risk by FX based revenue stream to a certain extent,
- Solid experience in the sector dating back to 1986.

Constraints

- Contraction in revenues and low level of profitability indicators in FY2023 despite recovering from gross and operational losses,
- High net debt/EBITDA multiplier and weak EBITDA interest coverage as of FYE2023,
- Working capital requirements led to negative cash generation from operating activities in FY2023,
- Volatile copper prices standing as a source of risk for profitability,
- Ongoing arbitration process regarding the collection of a high amount receivable due from a construction contract,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

The Company's audited financial statements include inflation adjustments in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies". Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised as 'B- (tr)'. The Company's long-term restructuring of loans, signing a large scale project, sectoral experience, expectations for upcoming period and risk factors in the markets 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, 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.