

## Corporate Credit Rating

☑ New ☐ Update

**Sector:** Construction & Contracting

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R A T I N G S		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	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

\* Assigned by JCR on Aug 18, 2022

## BİRLEŞİM MÜHENDİSLİK ISITMA SOĞUTMA HAVALANDIRMA SAN. VE TİC. A.Ş. VE BAĞLI ORTAKLIĞI

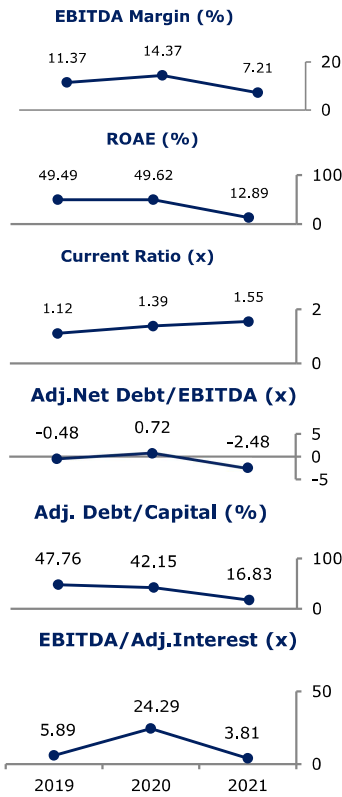
JCR Eurasia Rating has evaluated "Birleşim Mühendislik Isıtma Soğutma Havalandırma Sanayi ve Ticaret A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'A+ (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as 'BB/Negative' in parallel to international ratings and outlooks of Republic of Türkiye.

**Birleşim Mühendislik Isıtma Soğutma Havalandırma Sanayi ve Ticaret A.Ş. ve Bağlı Ortaklığı**" (hereinafter "Birleşim Mühendislik" or "the Company") was established in 2002 in İstanbul. Birleşim Mühendislik together with its 100% subsidiary of Erde Mühendislik operate in the construction and contracting sector by carrying out all kinds of buildings such as hospital, industrial plant, multi-functional building's mechanical and electrical installation applications including heating, cooling, ventilation, air conditioning as well as provide consultancy and engineering services in national and international projects.

The Company started its business activities in 2003 with the project of hospital buildings in İstanbul, Ataköy. Birleşim Mühendislik took part in 9 other projects related to hospital works. Birleşim Mühendislik completed more than 160 different projects amounting around USD 633.68mn in the last twelve years. The total size of the completed construction area is 15.38mn m<sup>2</sup>. The Company's contracting backlog was around TRY 1,93bn as of September, 2022. The Company generated a sales revenue of TRY 620.28mn in 2021 and recorded a net profit of TRY 31.70mn. The headquarter settled in Ümraniye/İstanbul. Birleşim Mühendislik employs a total workforce of 417 as of FYE2021 (FYE2020:406).

Birleşim Mühendislik' shares are listed in Borsa İstanbul (BIST) as of August 20, 2021 with the ticker 'BRLSM'. As of 3Q2022, 38.24% of Birleşim Mühendislik's shares are publicly traded whereas the rest of the shares belongs to Mesut Altan and İdris Cakir with shares of 30.88% and 30.88%, respectively.

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



### Strengths

- Strong Net Debt/EBITDA multiplier supported by net cash position mainly derived from IPO in 2021,
- Reputable client portfolio including both public and private sector companies reducing collection risk,
- Expected income from ongoing construction projects particularly in 2022,
- Improvement in equity level supported by cash injections,
- High transparency about corporate governance compliance as an entity subject to Capital Market Law.

### Constraints

- Notable contraction in profitability margins due to fluctuated raw material price in 2021 despite expected recovery in 2022,
- Increasing construction costs weaken the appetite for construction & contracting,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'A+ (tr)'. Additionally, the Company's expected income from ongoing construction projects, low collection risk of construction projects originating from mainly public and well-known private sector companies, asset and revenue growth in line with the price adjustments of the ongoing contracts, equity structure supported by cash injections from shareholders have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings have been determined as 'Stable'. The Company's debt and equity level, cash flow and liquidity level, completion of the projects, asset quality, financial risk indicators, profit margins and sectoral regulations 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.