

Corporate Credit Rating

New Update

Sector: Construction & Contracting

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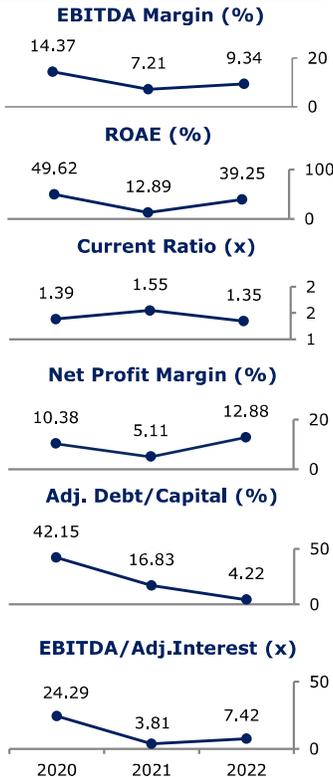
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



BİRLEŞİM MÜHENDİSLİK ISITMA SOĞUTMA HAVALANDIRMA SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Birleşim Mühendislik Isıtma Soğutma Havalandırma Sanayi ve Ticaret A.Ş." in the investment-level category and affirmed Long-Term National Issuer Credit Rating as 'A+ (tr)' and assigned 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. (hereinafter referred to as "Birleşim Mühendislik" or "the Group") was established in İstanbul in 2002. The Group, along with its wholly-owned subsidiary, Erde Mühendislik Sanayi ve Ticaret A.Ş. ("Erde Mühendislik"), operates in the construction and contracting sector, specifically undertaking mechanical and electrical installation applications, which include heating, cooling, ventilation, and air conditioning. The Group has expertise in various types of building projects, such as hospitals, hotels, shopping malls, housing, business and living centers, industrial plants, and multi-functional buildings.

The Group started its business activities in 2003 with the construction project of hospital buildings in Ataköy, İstanbul. Birleşim Mühendislik has completed 175 diverse projects in the past 16 years. These projects encompass 39 hospitals and other health sector projects, 25 shopping malls, 24 hotels and other tourism sector projects, 22 office and business center projects, as well as various other projects. As of September 2023, the Group's backlog amounts to TRY 4,419.05mn.

The head office of the Group is located in Ümraniye/İstanbul. Birleşim Mühendislik's shares are listed in Borsa İstanbul (BIST) as of August 20, 2021 with the ticker 'BRLSM'. As of reporting date, 48.04% of Birleşim Mühendislik's shares are publicly traded whereas the rest of the shares belongs to Mesut Altan and İdris Çakır with equal shares of 25.98%. The average number of employees is 466 in FYE2022 (FYE2021: 417).

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

Strengths

- Sustained solid leverage profile underpinned with cash surplus position,
- Modest profitability indicators and expected to maintain in 2023 financials, albeit volatile due to the nature of the business,
- Visibility of future revenue streams thanks to strong current backlog capacity,
- Ability to secure funding through customer advances to a certain extent,
- Customer portfolio consisting of well-known entities supporting receivables quality,
- Accumulated know-how and long track record in the sector,
- High level of compliance with corporate governance practices as a public company,

Constraints

- Increasing in construction costs may put pressure on profitability margins,
- Potential operational and management risks due to the nature of construction business,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed as 'A+ (tr)'. Taking into account the Group's revenue growth aligned with price adjustments in ongoing contracts, projected income from diversified ongoing construction projects, low collection risk associated with projects primarily sourced from reputable public and private sector companies, as well as market expectations and risk factors for the upcoming period 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 Group's profitability performance, indebtedness indicators, cash flow and liquidity metrics, leverage profile and economic conditions in Türkiye are the priority issues to be 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 also be monitored.