

## Corporate Credit Rating

New  Update

**Sector:** Building Materials Industry

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (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)	-
	Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## BOĞAZIÇI BETON SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "**Boğaziçi Beton Sanayi ve Ticaret A.Ş.**" in the investment level category and affirmed the Long-Term National Issuer Credit Rating at '**AA+(tr)**' and the Short-Term National Issuer Credit Rating at '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as '**BB/Stable**' in line with in line with sovereign ratings and outlooks of Republic of Türkiye.

**Boğaziçi Beton Sanayi ve Ticaret A.Ş.** (hereinafter referred to as '**BOBET**, or '**the Company**') was established in 2003 based in Istanbul. The primary business of the Company centers on manufacturing and distributing various types of pre-mixed concrete. BOBET operates one of the largest aggregate mining facilities on the European side of Istanbul. BOBET was ranked 294<sup>th</sup> among Türkiye's Top 500 Industrial Enterprises in 2022, a slight decrease from its 270<sup>th</sup> position in 2021. As of FY2023, the Company employed an average of 1,362 personnel, an increase from the previous fiscal year's 1,233. Additionally, BOBET maintains a substantial fleet of approximately 650 vehicles, enhancing its operational flexibility and dominance in its geographical reach.

The Zengin family, who founded the Company in 2003, retains majority ownership of the Group with a 70.00% stake. The remaining 30.00% of the Company's shares are publicly traded on the Borsa Istanbul (BIST) under the ticker symbol "**BOBET**" since June 2021.

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

### Strengths

- Consistent increase in sales revenue supported by sales volume,
- Improvement in EBITDA generation capacity and other profitability margins,
- Ongoing positive cash flow metrics easing liquidity management,
- Continuous cash position supporting leverage profile,
- Low collection risk supporting asset quality,
- Strong equity level supported by internal equity generation capacity despite the high dividend amount,
- Low OPEX and short cash cycle underlining efficiency outlook,
- High levels of transparency regarding adherence to corporate governance as an entity subject to Capital Market Law,
- Well-known brand name and successful track record.

### Constraints

- Susceptibility of construction sector to macroeconomic conditions,
- 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 Company's the Long-Term National Issuer Credit Rating has been affirmed at '**AA+ (tr)**'. Increasing sales and EBITDA generation capacity, positive cash flow and metrics, cash position, asset quality, strong equity, low OPEX and short cash cycle, transparency and successful track record as well as construction sector's dependence on economy 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 financial structure, tight economic conditions and Türkiye's economy and its effects on the Company's activities 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.

