

Corporate Credit Rating

New Update

Sector: 19/12/2024

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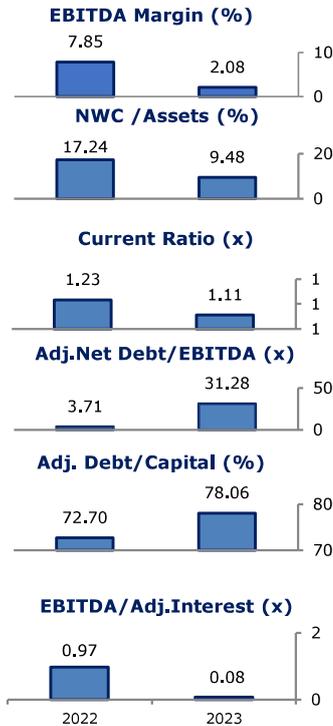
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



CEMRE MARİN ENDÜSTRİ ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Cemre Marin Endüstri Anonim Şirketi" in the investment grade category and revised the Long-Term National Issuer Credit Rating to 'BBB (tr)' from 'BBB+ (tr)' and affirmed the Short-Term National Issuer Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

Cemre Marin Endüstri Anonim Şirketi (hereinafter "the Group" or "Cemre Marin") was established in 2011 and provides shipbuilding services with its Cemre I and Cemre II shipyards located in Yalova, Türkiye. The Group has become one of Türkiye's most successful exporters by constructing niche vessels for various countries, specializing in the production of fishing, offshore, passenger, and aquaculture vessels on a project basis. With modern shipbuilding facilities and two shipyard areas, Cemre Group has a steel processing capacity of 25,000 tons and the capability to deliver 8 vessels per year. Cemre I, one of the first shipyard investments in the Altınova Shipyards Region, has the capacity to place 8 vessels on its slipways simultaneously. Cemre II, with the ability to build ships up to 30,000 DWT, provides extensive covered areas that facilitate high-quality production processes, protected from adverse external factors. Cemre Marin has a subsidiary named Cemre Tersanesi Gemi İnşaa Anonim Şirketi ('Cemre Tersanesi').

The shareholders of the Group are Orhan Gülcek (44%), Hüseyin Toftar (34%), and Necmettin Çubuk (22%). As of FYE2023, the Group employed a staff force of 321(FYE2022: 317).

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

Strengths

- Providing foreseeability in revenues through a solid backlog of projects,
- Mitigating currency risk to certain extent through hard currency income streams,
- Low operating ratio underlining efficiency outlook,
- Negligible level of doubtful trade receivables supporting asset quality,
- Nearness to the European market, one of the regions with the largest ship fleet and positive effects of the increase in environmentally friendly production on the sector,
- Wide-ranging project portfolio backed by extensive operational experience and know-how.

Constraints

- Low level of profitability indicators caused by rising costs in recent years is expected to continue in 2024 financials,
- Inadequate leverage metrics as a result of high outsourcing due to the nature of the business model,
- Continued negative CFO and FOCF leading external funding requirement for operational cycle,
- Decline in coverage metrics due to the increase in indebtedness,
- Operational vulnerability due to regulatory factors and different country-specific risks,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been revised to 'BBB (tr)' from 'BBB+ (tr)'. The Group's reasonable project backlog, natural hedging provided by its FX-based revenue structure, low operating expense ratio, high value-added product portfolio and environmentally friendly production approach 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 Group's profit and indebtedness indicators, cash flow metrics, market position, sustainability of domestic and international demand and economic conditions in Türkiye 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.