

Corporate Credit Rating

New Update

Sector: Shipyard

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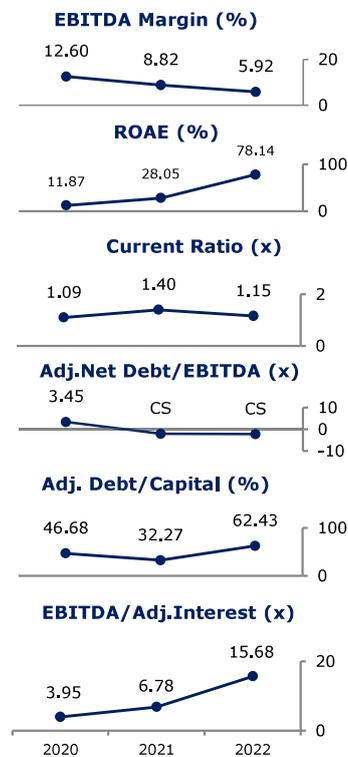
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
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



CEMRE TERSANESİ GEMİ İNŞAA SANAYİ A.Ş.

JCR Eurasia Rating has evaluated "Cemre Tersanesi Gemi İnşaa Sanayi A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as '**BBB+ (tr)**' and the Short-Term National Issuer Credit Rating as '**J2 (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Negative**' in parallel to international ratings and outlooks of Republic of Türkiye.

Cemre Tersanesi Gemi İnşaa Sanayi A.Ş. (hereafter referred to as "**the Company**" or "**Cemre Tersanesi**") was established in 2014 in Yalova. The main activity of the Company is the construction of various types of ships, barges, docks, etc., both domestically and internationally. Located in Altınova, which has become the centre of the Turkish shipbuilding industry in recent years, Cemre Tersanesi operates in a total area of approximately 160,000 m². The shipyard offers modern shipbuilding facilities and consists of two shipyard areas named Cemre I and Cemre II, as well as a workshop area. Cemre I has a total area of 78,000 m², including 17,000 m² of covered space with a lifting capacity of up to 250 tons. Cemre II, on the other hand, has a total area of 70,000 m², including 25,000 m² of covered space, and a lifting capacity of up to 500 tons.

The Company holds Facility Security Certification (FSCC) issued by NATO and the European-Atlantic Defense Industry and the Ministry of National Defense of the Republic of Türkiye. As of FYE2022, the total number of employees in the Company was 273 (FYE2021: 185). The Company's paid-in capital is TRY 50mn and the entire capital belongs to Cemre Marin Endüstri A.Ş. (hereafter referred to as "**Cemre Marin**").

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

Strengths

- Ensuring predictability in revenues thanks to new shipbuilding orders and a solid project backlog value,
- Foreign currency dominated sales revenue providing a natural hedge to a certain extent,
- Low collection risk and high quality of accounts receivables,
- The positive effects of proximity to the European market, one of the regions with the largest ship fleet in the sector,
- Competitive advantage of sustainable and environmentally friendly production processes.

Constraints

- Despite a strong cash buffer supporting a cash surplus position in FY2022, increasing financial borrowing in 2023 distorting leverage metrics,
- Short-term weighted financial structure pressuring liquidity metrics,
- Continued high dependency on Cemre Marin's ongoing projects to generate revenue in 2022,
- Potential operational and management risks arising from the nature of the shipbuilding business,
- Operational risk exposed due to regulations and different countries' risk elements,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as '**BBB+ (tr)**'. The Company's project backlog providing predictability, reasonable profitability margins, high value-added product portfolio, flexibility to meet demand with different product bases 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 Company's indebtedness indicators, cash flow metrics, profit and equity indicators, market position, sustainability of domestic and international demands and economic conditions in Türkiye 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 also be monitored.