

Corporate Credit Rating

New Update

Sector: Shipyard

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Team Leader

Demet Kizginel

+90 212 352 56 73

demet.kizginel@jcrer.com.tr

Senior Analyst

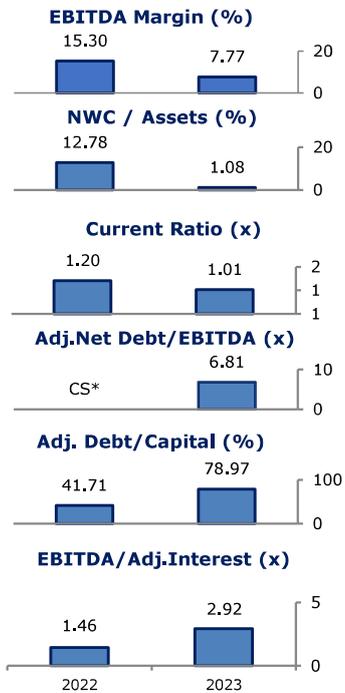
Elif San

+90 212 352 56 73

elif.san@jcrer.com.tr

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 TERSANESİ GEMİ İNŞAA SANAYİ A.Ş.

JCR Eurasia Rating has evaluated "Cemre Tersanesi Gemi İnşaa Sanayi Anonim Şirketi" in the investment grade category and affirmed the Long-Term National Issuer Credit Rating at 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating '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 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 have 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 FYE2023, the total number of employees in the Company was 271 (FYE2022: 273). The Company's paid-in capital is TRY 50mn and the entire capital belongs to Cemre Marin Endüstri A.Ş..

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,
- The positive effects of proximity to the European market, one of the regions with the largest ship fleet in the sector,
- Wide-ranging project portfolio backed by extensive operational experience and know-how.

Constraints

- Low level of profitability indicators in analysed years is expected to continue in 2024 financials,
- The upward trend in financial debt suppressing leverage and coverage metrics,
- Negative CFO and FOCF in FY2023 leading external funding requirement for operational cycle,
- Short-term weighted debt profile pressuring liquidity structure,
- 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 Company's the Long-Term National Issuer Credit Rating has been affirmed at 'BBB+ (tr)'. The Company's project backlog providing predictability, foreign currency-generating revenue structure, low operating expense ratio supporting efficiency, 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 Company'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.