

## Corporate Credit Rating

New Update

**Sector:** Shipyard

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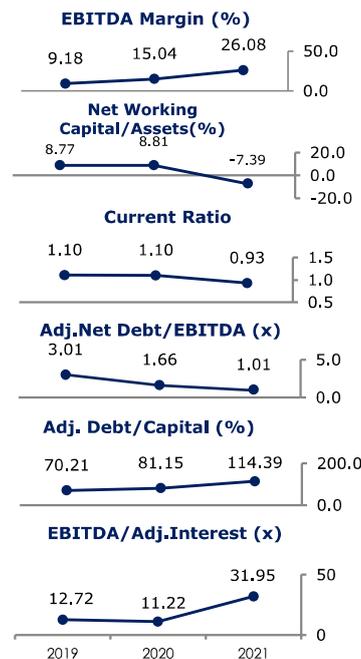
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| RATINGS                                 |                               | Long Term   | Short Term |
|---|-------------------------------|-------------|------------|
| ICRs<br>(Issuer Credit Rating Profile)  | National ICR                  | BBB+ (tr)   | J2 (tr)    |
|   | National ICR Outlooks         | Stable      | Stable     |
|   | International FC ICR          | BB          | -          |
|   | International FC ICR Outlooks | Negative    | -          |
|   | International LC ICR          | BB          | -          |
| ISRs<br>(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 Marin Endüstri Anonim Şirketi

JCR Eurasia Rating, has evaluated "**Cemre Marin Endüstri A.Ş.**" in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as '**BBB+ (tr)**' and assigned 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 Turkey.

Cemre Group, which started its business life as a blasting-painting company, started shipbuilding activities with special purpose projects developed on order over time. Cemre Marin Endüstri Anonim Şirketi (hereinafter "**the Company**" or "**Cemre Marin**"), was founded in 2011 and offers shipbuilding with Cemre I and Cemre II shipyards in Yalova.

The Company, which has become one of Turkey's most successful exporters by building niche vessels for various countries, produces fishing, offshore, passenger and aquaculture vessels on a project basis. Cemre Group, which has modern shipbuilding tools and two shipyard areas, has the capacity to process 25,000 tonnes of steel and deliver 8 ships per year. Cemre I, which is one of the first shipyard investments in Altınova Shipyards Region, has the capacity to place 8 ships on its slipways at the same time. Cemre II, which has the capacity to build ships up to 30,000 DWT, has very large closed areas that allow high quality production processes away from adverse external factors. Cemre Marin has one subsidiary as Cemre Tersanesi Gemi İnşaa Anonim Şirketi. Cemre Marin and its consolidated subsidiary are hereinafter referred to as "the Group".

The Company's main controlling shareholders are Orhan Gülcek (44%), Hüseyin Toftar (34%) and Necmedin Çubuk (22%). The Company employed a staff force of 221 as of FYE2021 (FYE2020: 197).

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

### Strengths

- Widened revenue streams via new shipbuilding orders and high production volume,
- Sustainable average gross profit margin through effective cost management,
- Satisfactory level of average EBITDA generation capacity and improvement in net debt to EBITDA multiplier in FY2021,
- Maintaining asset quality with strong customer portfolio and low risk of non-collection of receivables,
- Sustainable and environmentally friendly production processes.

### Constraints

- Net loss for the period due to high financing expenses mainly arising from foreign exchange losses,
- High increase in debt ratio with deterioration in Net Debt to EBITDA multiplier in FY2022,
- Negative net working capital caused mainly by short-term liabilities,
- Operational risk exposed due to regulations and different countries risk elements,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as '**BBB+ (tr)**'. The balanced structure of the financial statements, high value-added product portfolio, flexibility to meet demand with different product bases and ongoing projects 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 financial leverage levels, effects of FX movements and interest payments on profitability, the attainability of the Company's budget projections and the generation of internal resources and cash flows to meet debt payments 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 be monitored as well.