

Corporate Credit Rating

☑New ☐Update

Sector: Shipyard

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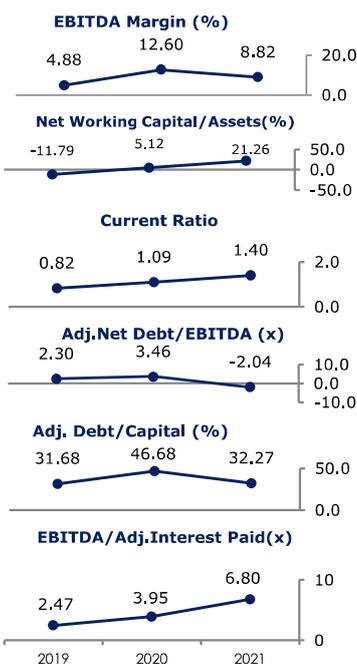
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+(tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific 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 Tersanesi Gemi İnşaa Sanayi A.Ş.

JCR Eurasia Rating, has evaluated "Cemre Tersanesi Gemi İnşaa Sanayi A.Ş." in the investment -level category and assigned 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 Turkey.

Cemre Tersanesi Gemi İnşaa Sanayi A.Ş. (hereinafter "the Company" or "Cemre Tersanesi") was established in Yalova in 2014. Main field of activity of the Company is to build all kinds of ships, pontoons, docks, etc. at domestic and abroad. Cemre Tersanesi in Altınova, which has become the centre of the Turkish Shipbuilding Industry in recent years, serves in a total area of approximately 160,000m². Cemre Tersanesi, which offers modern shipbuilding facilities, has two shipyard areas called Cemre I and Cemre II and also a workshop area. Cemre I has total area of 78,000 m², including 17,000 m² in closed area with lifting capacity up to 250 tons. Cemre II has total area of 70,000 m², including 25,000 m² in closed area with lifting capacity up to 500 tons.

The Company has Facility Safety Certificate Certification (FSCC) by NATO and Euro-Atlantic Defence Industry and Ministry of National Defence of the Republic of Turkey. As of FYE2021, the total number of employees of the Company was 185. (FYE2020: 162)

The Company, which has a paid-in capital of TRY 50.00 mn, is fully owned by Cemre Marin End. A.Ş.(hereinafter "Cemre Marin").

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

Strengths

- Widened revenue streams via new shipbuilding orders and high production volume in combination with group synergy,
- Adequate level of average EBITDA generation capacity and notable cash surplus against financial debts in FY2021,
- Satisfactory equity structure underpinned by internal equity generation,
- Sustainable liquidity profile with positive net working capital and cash flow metrics in FY2021,
- Maintaining asset quality with strong customer portfolio and low risk of non-collection of receivables,
- Sustainable and environmentally friendly production processes.

Constraints

- High dependence on Cemre Marin's ongoing projects in revenue generation,
- Deterioration in Net Debt to EBITDA multiplier due to increased indebtedness in FY2022,
- 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 assigned as 'BBB+(tr)'. The balanced structure of the financial statements, its high value-added product portfolio, its flexibility to meet demand with different product bases and its 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 Company'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.