

Corporate Credit Rating

New Update

Sector: Engineering, Procurement, Construction

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
Sovereign*	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Deha Tech Makina Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Deha Tech Makina Sanayi ve Ticaret A.Ş." in the investment-level category and assigned the Long-Term National Issuer Credit Rating as 'A+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (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' as parallel to international ratings and outlooks of Republic of Türkiye.

Deha Tech Makina Sanayi ve Ticaret A.Ş. (referred to as 'the Company' or 'Deha Tech'), with foundations dating back to 2009, operates in the fields of design & engineering, procurement & logistic, fabrication, construction and commissioning for various industries as an international Engineering, Procurement and Construction (EPC) company. The Company have completed the engineering, manufacturing, and mechanical erection of more than 100 projects in 20+ countries in the fields of cement & mining industry, energy sector, refinery, oil & gas industry, zinc recovery and construction industry total amounting to approximately USD 55 mn since 2009. The Company manufactures tanks, pressure vessels, rotary kilns and driers, cement plant equipment, steel structures, conveying and material handling systems, plate works, silo bunkers, water/wastewater treatment equipment, dedusting filters and systems within the scope of its services. Manufacturing activities are carried out in the Kartepe/Kocaeli and Gebze/Kocaeli factories and Haydarpaşa/İstanbul port workshop under the EN ISO 9001 standard. The Company's headquarters is in Beyoğlu/İstanbul. The shareholders and co-founders of the Company are Hakan Yıldırım (50%) and Berk Dal (50%). The Company generated TRY 738.72 mn of sales revenue in FY2021, up by 274.88% YoY, and posted TRY 71.94 mn of net profit, indicating a 9.74% margin in the same year.

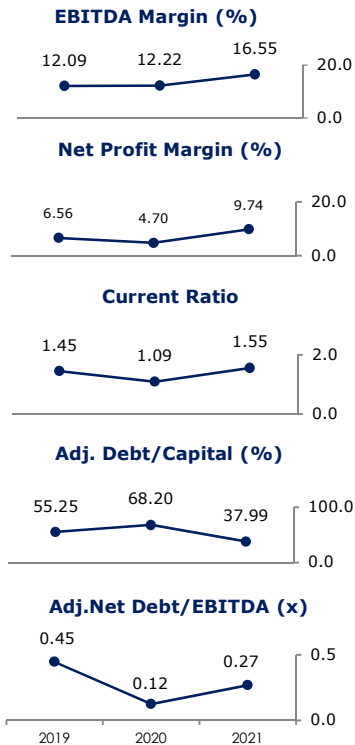
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Revenue growth through the notable accumulation of completed projects, besides the income generation potential of ongoing projects,
- Benefits of vertical integration synergy provided by the group companies and Haydarpaşa Port Workshop,
- Diversity of operations in design, engineering, fabrication, construction, and commissioning supporting the revenue stream,
- Geographical diversification that supports export volume creating a barrier against the exchange rate risk,
- Positive net working capital and adequate level of liquidity indicators,
- Satisfactory financial leverage indicators, supported by sustainable profitability, with an increase due in 2022,
- Solar power plant investment which is expected to reduce energy costs and improve the Company's ESG actions.

Constraints

- Low level of paid-in capital compared to the asset size and business volume despite improvement,
- Raw material prices and currency fluctuations may be the source of risk on profitability margins,
- Further improvement needs in Corporate Governance Practices,
- 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 'A+ (tr)'. The Company's revenue growth, cash generation capacity, operational profitability, capability to access funding resources, along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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 profitability performance, asset quality, equity structure, and debt level together with the industry specific developments 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.