

Corporate Credit Rating

New Update

Sector: Construction

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Team Leader

Deniz Ustabaş

+90 212 352 56 73

deniz.ustabas@jcrer.com.tr

Senior Analyst

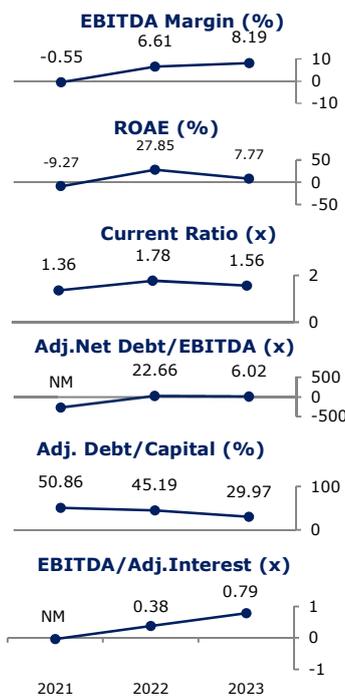
Selim Gökberk Boldemir

+90 212 352 56 73

gokberk.boldemir@jcrer.com.tr

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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	A- (tr) (Stable)	J1 (tr) (Stable)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



Gap İnşaat Yatırım ve Dış Ticaret A.Ş.

JCR Eurasia Rating has evaluated "Gap İnşaat Yatırım ve Dış Ticaret A.Ş." (Gap İnşaat/the Company) in the investment-level category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'BBB+ (tr)' to 'A- (tr)' and revised Short-Term National Issuer Credit Rating from 'J2 (tr)' to '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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Gap İnşaat Yatırım ve Dış Ticaret A.Ş. (hereinafter referred to as "Gap İnşaat" or "the Company") was established in 1996 in İstanbul Türkiye to provide contracting services in Türkiye and overseas. The Company is the flagship construction company of the Çalık Group. Gap İnşaat is involved in a wide range of construction projects such as infrastructure and superstructure, industrial and energy facilities, health complex, real estate development and urban renewal projects. Having successfully completed 137 projects with a total contract value of USD 6.38bn on an international scale to date, Gap İnşaat is currently continuing projects in Türkiye, Turkmenistan, Qatar and Germany. Accordingly, the Company continuously took place in the Top 250 International Contractors List of the Engineering News Record Magazine list since 2006, and ranked 176th in ENR 2024 (ENR 2023: 190th). The Company had 10 subsidiaries and employed a workforce of 1,983 as of FYE2023 (FYE2022: 1,301).

Çalık Holding A.Ş. was founded in 1997 with a statutory seat in İstanbul to ensure the management and coordination of the Ahmet Çalık's companies operating in the fields of energy, construction, textile, marketing, mining, telecom, banking & finance and digital under a single managerial structure. As of the report date, the utmost qualified shareholder, Mr. Ahmet Çalık, holds the control of the Holding shares. The Holding is one of the most prominent conglomerates in Türkiye and nearby neighboring countries, particularly Turkmenistan and Albania, via its operations in more than 30 countries (including Türkiye) in the Middle East, Central Asia, Europe, and North Africa. As of FYE2023, the Group had 115 subsidiaries, 14 affiliates and 12 joint ventures (FYE2022: 112 subsidiaries, 20 affiliates and 10 joint ventures). The Group employed a workforce of 15,069 as of December 31, 2023 (FYE2022: 12,812).

Strengths

- Revenue and EBITDA growth in FY2023
- Improvement in Net Debt / EBITDA multiplier with decreasing net financial debt in FY2023
- Existing backlog and project pipeline offering visibility for future revenues
- Long-term advances taken easing liquidity management in a certain extent
- Valuable investment properties and real estate portfolio
- Diversified funding sources with bond issuances
- Solid know-how and track record in EPC businesses as well as being in the Top 250 International Contractors List of ENR since 2006
- Successful track record of Çalık Holding A.Ş.

Constraints

- Maintaining significant level of financial debt despite the decreasing level and increasing share of short-term financial debt as of FYE2023
- Volatility in profit margins through the analyzed years
- High level of longstanding related party receivables distorting balance sheet integrity
- Geographical concentration risk in contracting side
- Political and operational risk exposed due to risk elements arising from abroad operations
- Structural vulnerability of the sector to global market conditions and market competition
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'BBB+ (tr)' to 'A- (tr)'. The Company's successful track-record, existing backlog and potential projects, valuable asset portfolio and capability to access funding resources as well as geopolitical risks-driven uncertainties and global macroeconomic concerns 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 sales and profitability performance, backlog, cash flow generation capacity, trend of financial indebtedness, asset and equity growth, FX position, regulation's effect on the performance, asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods.