

Corporate Credit Rating

New Update

Sector: Construction & Contracting

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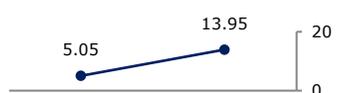
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-
	Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

EBITDA Margin (%)



Gross Profit Margin (%)



Current Ratio (x)



Operating Ratio (%)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



GÖRDEM İNŞAAT SANAYİ VE TİCARET LİMİTED ŞİRKETİ

JCR Eurasia Rating, has evaluated the "Görkem İnşaat San. ve Tic. Ltd. Şti." in the investment grade 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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Görkem İnşaat San. ve Tic. Ltd. Şti. (hereinafter referred to as "the Company" or "Görkem İnşaat"), was established in Ankara in 1987. Since its establishment, the Company has been involved in national and international construction and contracting projects. The Company specializes in the design, construction, installation, operation, and maintenance of a wide spectrum of projects including; hydraulic structures, transportation, buildings, energy, oil, and gas projects.

In addition to the projects carried out domestically, Görkem İnşaat has undertaken numerous projects in the Middle East and Central Asia. For the past 16 years, the Company has been engaged in infrastructure and superstructure construction contracting work in Iraq. The Company has completed over 22 projects in Iraq, including various office buildings, embassy buildings, hotels, aircraft hangars, and three major drinking water projects.

The Company's headquarters is located in Ankara, has branches in Libya, Iraq, and Ghana. The Company has a total of 154 employees as of FYE2023 (FYE2022: 92). The controlling shareholders of the Company are Osman Mimarsinanoğlu (60%) and Latife Mimarsinanoğlu (40%).

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

Strengths

- Improvement in revenue performance in FY2023 through works in progress and completed works,
- Cash surplus position as of FYE2023 and 1H2024 thanks to the business model financed by advance and progress payments,
- Reasonable equity level supported by retained earnings over the periods analyzed, despite partial deterioration as of FYE2023,
- Notable FX-based revenue generation capacity providing natural hedge opportunities,
- Long-standing presence in the sector dating back to 1987.

Constraints

- Limited profit margins despite the improvement in FY2023,
- High level of financial expenses, mainly arising from foreign exchange losses, put pressure on net profit and EBITDA to interest coverage multiplier,
- Exposing to geographical risk due to major part of backlog comprised politically and economically risky countries,
- Structural vulnerability and exposure to cyclicity inherent in the construction industry,
- Improvement needs in corporate governance compliance policies,
- Leading economic indicators signal global economic slowdown.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. Additionally, the Company's revenue performance, cash surplus position, equity structure, natural hedge through FX-based project revenues as well as macroeconomic indicators at national and international markets along with ongoing uncertainties arising from geopolitical tensions, and 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 Credit Ratings are determined as 'Stable'. The Company's profitability performance, asset quality, equity structure, indebtedness level, sector dynamics, and demand trends 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.