JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit Rating

☐New ☒Update

Sector: Road Haulage

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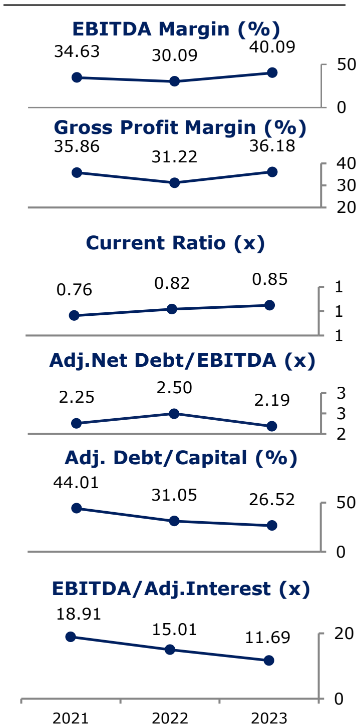
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*



Hareket Proje Taşımacılığı ve Yük Mühendisliği A.Ş.

JCR Eurasia Rating has evaluated **Hareket Proje Taşımacılığı ve Yük Mühendisliği A.Ş.** in the investment grade category with high credit quality, and upgraded the Long-Term National Issuer Credit Rating from **'A- (tr)'** to **'A (tr)'** and Short-Term National Issuer Credit Rating from **'J2 (tr)'** to **'J1 (tr)'**, with **'Stable'** outlooks, respectively. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings have been affirmed as **'BB'** and outlooks assigned as **'Stable'** according to JCR-ER's national-global mapping methodology.

Hareket Proje Taşımacılığı ve Yük Mühendisliği A.Ş. (referred to as 'Hareket' or 'the Company' or 'the Group') was founded in 1957 in İstanbul. The Company offers a range of services including freight transportation, project transportation, equipment rental, heavy lifting, assembly, and warehousing. In addition, the services provided are renewable energy and power industry projects, with a focus on greenfield, shutdown, maintenance, and offshore projects. In 2021, the Company was granted acceptance into the TURQUALITY Brand Support Program, a pioneering initiative backed by the government to foster brand development and transformation. Hareket offers engineering services across multiple sectors on three continents: Eurasia, the Middle East, and Africa. Based on the ICT50 2024 list, which highlights the top heavy transportation companies globally, the Company holds position as the leading company in Türkiye, ranking fourth in Europe and sixteenth worldwide. The total transportation capacity of the Company is around 38 thousand tons.

The Company's paid-in capital is TRY 115.2mn as of the report date and the Company is controlled by Altunkum and Gürsu families' members. As of the reporting date, Altunkum and Gürsu families jointly control 79.25%, as a majority shareholder, while 20.75% of the Company's shares are publicly traded. Its shares have started to be traded on Borsa Istanbul with the ticker symbol "HRKET" on May 23, 2024. As of FYE2023, the Company employs an average of 490 personnel to support its operations (FYE2022: 353).

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

Strengths	Constraints
• Improvement in profitability metrics and high level of EBITDA generation capability in FY2023, • Slight decline in leverage ratios in terms of adjusted net debt to EBITDA despite the increase in loans as of FYE2023, • Strengthened capital and balance sheet structured with additional funds raised through an IPO in 1H2024, • Consistently performed operational cash (CFO) and free cash flow (FOCF) generation capability despite downward trend, • High compliance with corporate governance practices owing to listed status, • Operations and income from geographical diversification providing resilience, • Long-lasting presence in the sector backed by 1957 and supported by the Turquality brand program since FY2021.	• Decline in sales revenue related to project-based operation structure in FY2023, • Increasing trend in short FX position stemmed from pre-dominantly foreign currency denominated financial borrowing despite considerable export revenues as of FYE2023, • 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 Long-Term National Issuer Credit Rating has been upgraded from **'A- (tr)'** to **'A (tr)'.** The Company's consistent profitability metrics, geographical diversification of income, long experience in the sector and low collection risk, 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, cash level and debt structure together with the trends in the industry 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 frame about the sector will be monitored as well.