

Corporate Credit Rating

New Update

Sector: Shipyard

Publishing Date: Aug 28, 2024

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

* Assigned by JCR on May 10, 2024

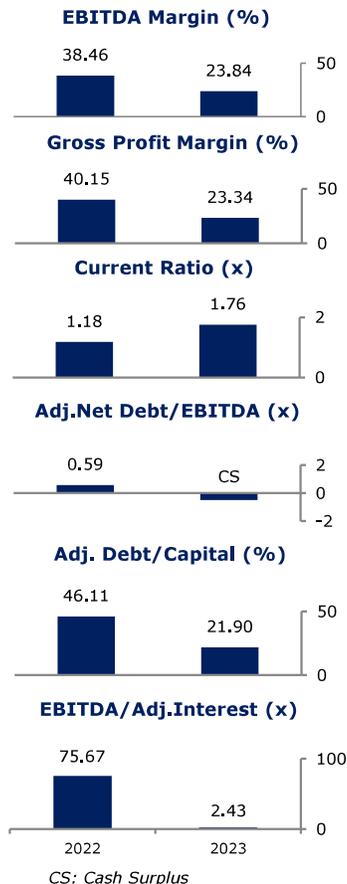
HAT-SAN GEMİ İNŞAA BAKIM ONARIM DENİZ NAKLİYAT SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the "Hat-San Gemi İnşaa Bakım Onarım Deniz Nakliye Sanayi ve Ticaret Anonim Şirketi" in the investment category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'BBB+ (tr)' to 'A- (tr)' and the 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 are determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

Hat-San Gemi İnşaa Bakım Onarım Deniz Nakliye Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "the Company" or "Hatsan") was founded in Altınova, Yalova in 2007 and began shipbuilding in 2008. The first delivery was a 1,500 DWT Bunker Tanker for Turkish owners. Hatsan decided to start ship repair services and the first repairs began on the pier with HS10 Type 10,000 MT lifting capacity "home-made" floating dock in 2010. Hatsan acquired another shipyard and expanded its capacity to 96,000 m² from 46,000 m². Hatsan offers ship build-repair-maintenance works with Hatsan Shipyard in Yalova, equipped with the most modern shipbuilding facilities, has 5 slipways, 2 floating docks, 4 piers and 1 quay. The Company is active in the construction of new vessels, periodical repair and maintenance of vessels, as well as conversion projects. The order book consists of offshore supply vessels, fishing vessels, ferries, stainless steel tankers, and complex tailor-made state-of-the-art new building projects.

The main shareholder of Hatsan is Pekar Grup İnşaat A.Ş. (Pekar Grup) with a share of 79.80% and 20% of it is publicly held as of FYE2023. Pekar Grup was established in Istanbul in 2007 under the title of Kar Gemi İnşaa ve Deniz Nakliyat Sanayi ve Ticaret A.Ş. Hatsan's shares have been publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "HATSN" since September 2023. The Company employed a staff force of an average of 272 as of FYE2023 (FYE2022: 246).

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



Strengths

- Significant EBITDA generation capacity despite a fall in FY2023 due to the absence of floating dock sales in the current period,
- Strong financial profile characterized by cash surplus as of FYE2023 leading to sound leverage position,
- Strengthened equity structure underpinned by internal equity generation,
- Operational resilience that will be provided by CAPEX with the cost-free funds obtained through the IPO,
- Competitiveness driven by affordable and skilled labor across the sector,
- Low collection risk and high quality of accounts receivables supported by collaterals,
- Complex tailor-made production supporting revenue.

Constraints

- Relatively high operating ratio restricting efficiency,
- Operational vulnerability due to regulatory factors and different country-specific risks,
- Due to the nature of the business model, dependence on external resources,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing on the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'BBB+ (tr)' to 'A- (tr)'. The Company's EBITDA generation capacity, cash surplus position, strong equity structure, export-based sales strategy, low collection risk eliminating the pressure on asset quality, as well as, relatively high operating ratio, different country risk elements and vulnerability of the sector to macroeconomic conditions; have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings have been determined as 'Stable'. The Company's revenue generation performance, leverage profile, liquidity metrics and profitability margins will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.