

Corporate Credit Rating

New Update

Sector: Architecture & Engineering

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (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)	-

* Assigned by JCR on May 10, 2024

KONTROLMATİK TEKNOLOJİ ENERJİ VE MÜHENDİSLİK A.Ş.

JCR Eurasia Rating, has evaluated "Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş." in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A- (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (tr)' to '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' in parallel to international ratings and outlook of the Republic of the Türkiye.

Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. ("Kontrolmatik Teknoloji" or "the Company") was established in 2008 in Istanbul. Kontrolmatik has 15 (2023: 14) subsidiary companies which are fully consolidated and 5 associates (2023:7) which are consolidated with equity method as of 3Q2024 and Kontrolmatik Teknoloji and its consolidated subsidiaries & affiliates are hereinafter together referred to as "the Group". The Group's main field of activity is operational technologies and industrial software-control system, communication, information security, IoT, power systems and project management. The Group provides end-to-end digital solutions in the fields of software, hardware, systems development and integration, energy generation, transmission, distribution, energy storage technologies for all kinds of engineering solutions and developing environmentally friendly technologies.

In October 2020, the Company started to be traded on the Istanbul Stock Exchange (BIST) with the 'KONTR' ticker. The Company's shareholders are Sami Aslanhan with 22.08% share, Ömer Ünsalan with 21.99% share, KMT Teknoloji Finansal Yatırımlar A.Ş with 6% share and 49.86% of its shares are publicly traded as of February 22, 2025.

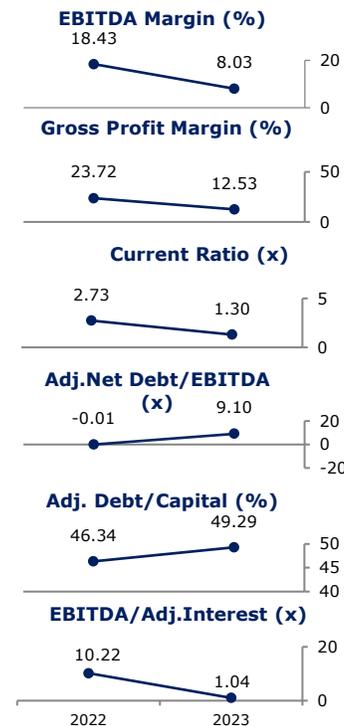
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Predictability of revenue is supported by EPC-F contracts in design and engineering projects in a certain extent,
- Anticipated positive impact of the ongoing investments on revenue and profitability in upcoming years,
- Recovery in profitability metrics in 3Q2024 mainly due to the expansion of international activities, albeit a notable contraction in 2023,
- Received advances and shareholder funds underpinning the liquidity management to some extent,
- Acceptable equity contribution to a certain extent in 3Q2024 despite a considerable part consisting of non-controlling shares,
- Contribution of R&D activities on operational processes and company reputation,
- Natural hedging against the FX liabilities, thanks to FX based contracts in a certain extent,
- Compliance with corporate governance practices and quality standards as a publicly traded company.

Constraints

- A substantial upward trend in financial liabilities as well as short-term weighted funding profile lead to a significant pressure on leverage metrics in 2023 and 3Q2024,
- Besides increased financial indebtedness, high borrowing costs especially in TRY loans, also led to a deterioration in coverage ratios in reviewed periods,
- Negative figures in FOCF may continue in FYE2024 due to ongoing investment expenditures,
- Despite the low level of doubtful receivables, concentration risk in trade receivables in 2024,
- Risks related to geography, politics, and operations that may arise in international ventures, which form a major component of the Group's business activities,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



CS: Cash Surplus

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A- (tr)'. Sustained growth in sales volume and backlog amount, cash generation capacity from operations, asset quality, capability to access funding resources, earning potential of the ongoing sizeable investments as well as negative FOCF, increased financial indebtedness with a short-term weighted structure, pressure of the financing expenses 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 affirmed as 'Stable'. The Company's contract and backlog amounts, indebtedness level, cash flow indicators, contribution of the completed and ongoing investments, profit margins, asset quality, and equity structure 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.