

Corporate Credit Rating

New Update

Sector: Construction & Contracting

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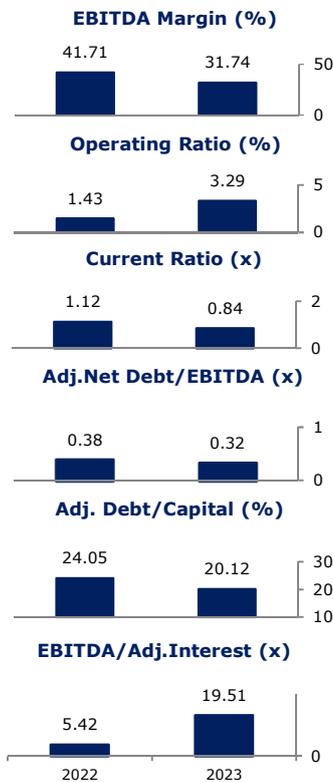
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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

* Assigned by JCR on May 10, 2024



MAKİMSAN ASFALT TAAHHÜT İNŞAAT SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, evaluated the consolidated structure of "Makimsan Asfalt Taahhüt İnşaat Sanayi ve Ticaret A.Ş." in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

"Makimsan Asfalt Taahhüt İnşaat Sanayi ve Ticaret A.Ş." (hereinafter referred to as "the Group" or "Makimsan") was established in 1969 and in Ankara. The main activities of the Group include asphalt and road construction, surface processing, asphalt paving, airport runway construction and infrastructure systems installation. Moreover, asphalt is sold to district municipalities. The Group receives construction projects mainly from municipalities and the public sector through tenders. Since its establishment, the Group has constructed over 22,500 kilometres of road and applied more than 200 million tons of asphalt.

The Group's head office is located in Ankara. All shares of Makimsan were purchased by Atilla Kürşat Dikçi as of July 18, 2019. The Group's sole shareholder is Atilla Kürşat Dikçi with 100% share, as of FYE2023. The number of personnel employed across the operations was 149, as of FYE2023 (FYE2022:72).

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

Strengths

- Enhanced EBITDA generation capacity while preserving profitability at a prudent level, despite decline in FY2023,
- Upholding resilient leverage and coverage metrics bolstered by strengthened EBITDA generation capacity albeit escalation in financial debt,
- Progress payments surpassing incurred expenditures in ongoing projects as reflected in the 3Q2024 provisional tax return,
- Considerable internal fundraising capacity reinforced by a stable equity foundation underpinned by the net profit for the period in FYE2023,
- Significant backlog value from ongoing projects ensuring consistent revenue streams and enhancing financial visibility.

Constraints

- Operating with working capital deficit and low current ratio squeezing liquidity management in FYE2023,
- High level of doubtful receivables ratio presenting a risk to the quality of receivables despite the mitigated collection risk associated with engagements with public institutions,
- Inherent operational and managerial risks attributable to the characteristics of the construction industry,
- Improvement needs in the level of compliance with corporate governance practices,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has affirmed at 'A+ (tr)'. Taking into account the Group's improved EBITDA generation capacity, strong financial leverage profile, expected revenue stream from ongoing projects and reasonable internal resource generation capacity as well as, net working capital deficit, high level of doubtful receivables despite working with public institutions, potential operational and management risks and global economic slowdown 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 Group's profitability indicators, leverage position, cash flow metrics and sustainability of domestic and international demands and economic conditions in Türkiye 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 also be monitored.