

Corporate Credit Rating

New Update

Sector: Construction Contracting

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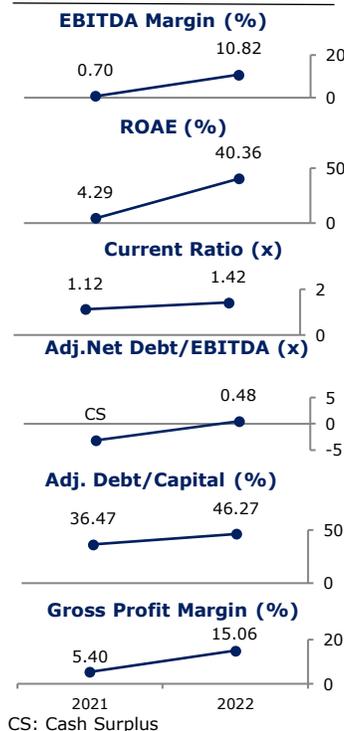
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RATINGS

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

* Assigned by JCR on August 18, 2022



MİTAŞ ENERJİ VE MADENİ İNŞAAT İŞLERİ TÜRK A.Ş.

JCR Eurasia Rating, has evaluated the "Mitaş Enerji ve Madeni İnşaat İşleri Türk A.Ş." in the investment-level category and affirmed the Long-Term National Issuer Credit Rating as 'AA (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Mitaş Enerji ve Madeni İnşaat İşleri Türk A.Ş. (hereinafter referred to as "the Company" or "the Group" or "Mitaş Enerji") was established in 1955 to construction contracting of high-voltage line poles and distribution lines and, delivering them to the construction sites of a wide portfolio of customers located throughout the world. Furthermore, Mitaş Enerji has completed and delivered many local and international turn-key projects for the construction and commissioning of such lines (EPC, EPC+F). Mitaş Enerji has completed a total of 137 projects and has 9 ongoing projects as of the report date. 4 of the ongoing projects are in Türkiye and 5 of them are abroad (Kyrgyzstan, Georgia, Albania, and Kuwait). Mitaş Enerji carries out its activities abroad through its branches in Iraq, Kyrgyzstan, Georgia, Albania, and Kuwait. In FYE2022, approximately 11% of the Group's revenues are derived from Tecnolines Italia S.R.L., a subsidiary of Mitaş Enerji.

The current shareholder structure of the Company is Mitaş Yatırım A.Ş. with the share of 100%. As of FYE2022, Mitaş Enerji has 366 employees. (FYE2021: 190)

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

Strengths

- Satisfactory level of net debt-to-EBITDA multiplier despite a slight increase in FY2022 due to the rise in financial liabilities, and liquidity buffer covering short-term financial liabilities as of FYE2022,
- Positive net working capital supporting the liquidity metrics,
- Visibility of future revenue streams thanks to current backlog capacity,
- Geographical divergence contributes to risk mitigation of revenue generation, and hard-currency income generation capacity increases resilience against exchange rate fluctuations,
- The contribution of energy-oriented public policies to the sector,
- Synergy within the Mitaş Group companies contributing to operational necessities,
- Deep-rooted operating history and solid experience in the sector.

Constraints

- As of FYE2022 negative measurement of CFO and FOCF metrics created external funding need for the operational cycle,
- Volatile operating cash flow and profit margins, reflecting market and business dynamics,
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed as 'AA (tr)'. On the other hand, the Company's long track record in the sector, backlog capacity and ongoing projects, geographical diversified revenue structure, ability to access financing channels 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 revenue and profitability performance, liquidity position, level of indebtedness, and developments regarding the macro conditions 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.