

Corporate Credit Rating

New Update

Sector: Shipbuilding

Publishing Date: May 30, 2025

Team Leader

Muhammet Başar

+90 212 352 56 73

muhammet.basar@jcrer.com.tr

Assistant Analyst

Elif Sürücü

+90 212 352 56 73

elif.surucu@jcrer.com.tr

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

* Assigned by JCR on May 10, 2024

NORSE TERSANECİLİK SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated "Norse Tersanecilik Sanayi ve Ticaret Anonim Şirketi" in the investment grade 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 are determined as 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Norse Tersanecilik Sanayi ve Ticaret Anonim Şirketi (hereinafter "the Company" or "Norse Tersanecilik") began its operations in 2021 in the Kocaeli FreeZone. The Company operates in the fields of new ship building, ship repair, conversion and it produces various types of ships such as General Work Boats, Double Ended Car & Passenger Ferries, Offshore Vessels, Tug Boats and Live Fish Carriers. Norse Teranecilik functions as the flagship of the Norse Group, conducting its production activities at its 35,800 m² shipyard located in Kocaeli. The Company operates in an integrated manner with other group companies, Norse Çelik and Norse Dizayn. Norse Dizayn handles the design of projects and plans field production to maximize efficiency. On the Other hand, Norse Çelik engages in shipbuilding, boat building, equipment manufacturing, steel or aluminum ship block production, and piping activities, operating out of its 10,000m² facility in Gebze/Muallimköy.

As of FYE2024, the shareholders of the Company are Mustafa Süngü with 51.00% and Jon Thorvald Havardsen with 49.00%. The Company employed a staff force of 115 as of FYE2023 (FYE2022: 80).

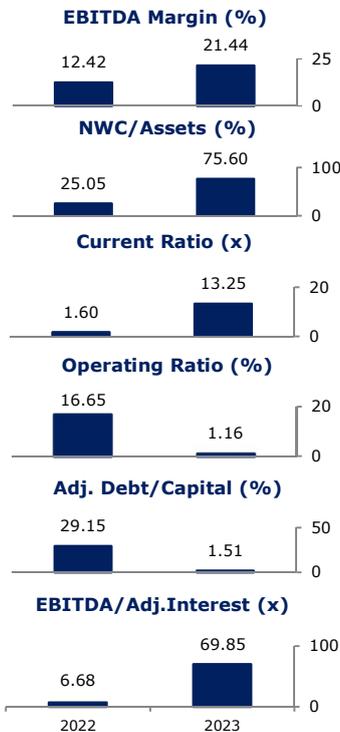
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Reasonable profitability indicators couple with solid EBITDA generation capacity in FY2023 despite the decline as per to the 2024 Corporate Tax Return,
- Strong leverage & coverage profile bolstered by cash surplus position in FYE2023 albeit distortion in 2024 Corporate Tax Return due to the rise in financial debt,
- Predominance of FC-denominated sales revenue offers a degree of natural hedging partially offsetting exchange rate volatility,
- Operating with substantial level of net working capital and sound current ratio in FYE2023,
- Predictable revenue streams underpinned by moderate order backlog derived from project portfolio encompassing both newbuild and conversion vessels,
- Mitigation of credit risk exposure through the receipt of customer advances thanks to the business model,
- Competitive edge in executing overseas projects stemming from the strategic alliance with the Norwegian partner and amplified by the synergistic integration of operations with the Norse Group companies.

Constraints

- Negative CFO and FOCF mainly due to working capital expenditures in FY2023,
- Exposure to operational fragility driven by regulatory uncertainties and heterogeneous country-specific risk factors,
- Room for improvement in the level of compliance with corporate governance principles,
- 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 Company's the Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. Taking into account, the Company's international brand identity via upward sales figures, FX-based revenue structure, cash surplus position, moderate order book position, asset quality, competitive advantage through Norwegian partner and group companies, as well as negative CF metrics, regulatory factors and different country specific risks 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 indicators, debt and equity level, sustainability of domestic and international demands, market position and economic conditions in Türkiye 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.