

Corporate Credit Rating

New Update

Sector: Construction & Contracting
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Team Leader

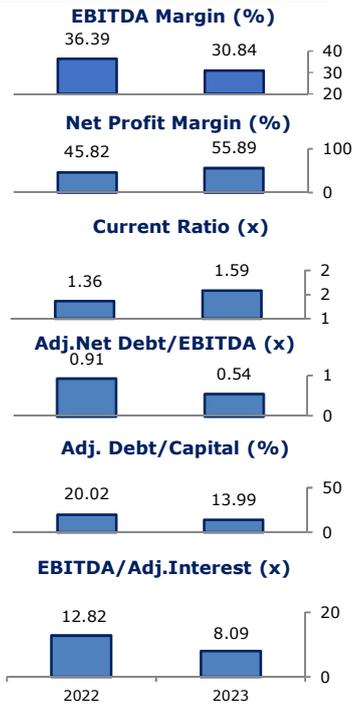
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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

* Assigned by JCR on May 10, 2024



ONUR TAAHHÜT TAŞIMACILIK İNŞAAT TİC. VE SAN. A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Onur Taahhüt Taşımacılık İnşaat Ticaret ve Sanayi 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 have been determined as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Onur Taahhüt Taşımacılık İnşaat Ticaret ve Sanayi Anonim Şirketi (hereinafter referred to as "Onur Taahhüt" or "the Group") was established in 1991. The Group engages mainly in the field of contracting of infrastructure and superstructure projects including road, dam, airport, building, tram and tunnel projects. The Group completed more than 1,000 projects located in 13 different countries. Onur Taahhüt has 24 ongoing contracting projects located in Türkiye, Ukraine and Moldova. The Group's client base mostly consists of municipalities, government entities and government backed enterprises.

Headquarter of Onur Taahhüt is located in Ankara. As of FYE2023, the staff force of the Group was 2,115 (FYE2022: 1,888). As of reporting date Onur Taahhüt's shareholders are Onur Çetinçeviz (95.0%) and Sema Çetinçeviz (5.0%).

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

Strengths

- Increase in backlog level during 2024 and recently signed contracts providing visibility on future income,
- Improvement in adjusted net debt to EBITDA multiplier as of FYE2023, despite the expected slight deterioration in 2024 financials due to increase in bank loan utilization as EBITDA generation capacity decrease,
- Robust equity level supported by inflation adjustment, retained earnings and net profit recorded in FY2023,
- Hard currency revenue stream providing a natural hedging opportunity,
- Increase in net working capital level and adequate level of liquidity ratios,
- Maintaining a valuable and large machinery and equipment park,
- Operating in different countries and ability to undertake state agency projects,
- Long-lasting experience in the industry.

Constraints

- Decline in EBITDA generation capacity and EBITDA margin in FY2023,
- Long cash conversion cycle in FY2023,
- Relatively high level of operating ratio,
- Fluctuations in construction costs may put pressure on profitability margins,
- Potential operational and management risks due to the nature of construction business along with political risk in abroad operations especially in Ukraine,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'A- (tr)'. Taking into account, the Group's backlog level, improvement in adjusted net debt to EBITDA multiplier as of FYE2023, robust equity level, hard currency revenue stream, adequate level of liquidity metrics, experience in the industry, as well as decline in EBITDA margin, long cash conversion cycle, relatively high level of operating ratio 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 metrics, sales growth, liquidity position, debt structure and asset quality 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.