

Corporate Credit Rating

New Update

Sector: Construction & Contracting
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Team Leader

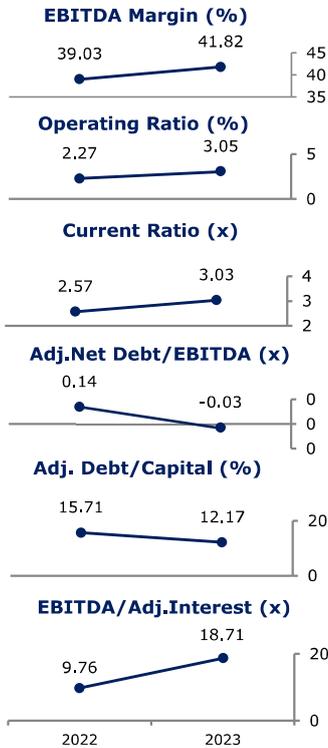
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	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



Orge Enerji Elektrik Taahhüt A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of **Orge Enerji Elektrik Taahhüt A.Ş.** in investment-grade category with high credit quality and assigned the Long-Term National Issuer Credit Rating as '**A+ (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/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

Orge Enerji Elektrik Taahhüt A.Ş. (hereinafter referred to as 'Orge Elektrik Taahhüt' or 'the Company') was founded in 1998 by the Gündüz Family, who have been doing business in the electrical contracting sector since 1965. The main activity of the Company and its subsidiary is electrical contracting works and residential and office construction works. Since its establishment, Orge Elektrik Taahhüt has completed 7 million square meters of indoor electrical contracting work. As of 31.12.2023, the backlog level of the Company's ongoing works is at TRY 1.40bn + VAT. Orge Elektrik Taahhüt employed a staff force of 413 (FYE2022: 511).

Orge Elektrik Taahhüt's shares have been listed on the Borsa Istanbul (BIST) with the ticker symbol of 'ORGE' since May, 2012 with a current free-float rate of 52.22%. The main shareholder and management control party of the Company is the Gündüz family. As of the reporting date, the Company's paid-in capital is TRY 80mn, and the partners of the Company are Orhan Gündüz (31%) and Nevhan Gündüz (17%).

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

Strengths

- Strong EBITDA generation capacity with high margins for the last two consecutive years
- Backlog level ensuring revenue predictability
- Strengthening financial resilience through cash surplus position and customer advances despite high level of non-cash loan utilization
- Low level of debt to capital ratio thanks to strong equity level on the back of retained earnings and internal resource generation capacity
- FX revenue stream mitigates currency risk in a certain extent
- Negligible level of doubtful receivables and high receivable quality supporting liquidity structure
- Sound background and expertise in the sector, along with a successful track record in completed projects
- High level of compliance with the corporate governance practices as a publicly listed company

Constraints

- Pressure on bottom-line profit due to losses from net monetary position
- Rising construction costs and fluctuations on base metals price and intensive competition among the contractors suppressing profitability in the sector
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**A+ (tr)**'. The Company's sound profitability indicators, strong equity structure, net cash position, satisfactory liquidity ratios and backlog level along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 growth strategy, profitability indicators, financial leverage 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 be monitored as well.