

Corporate Credit Rating

New Update

Sector: Construction & Contracting
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Team Leader

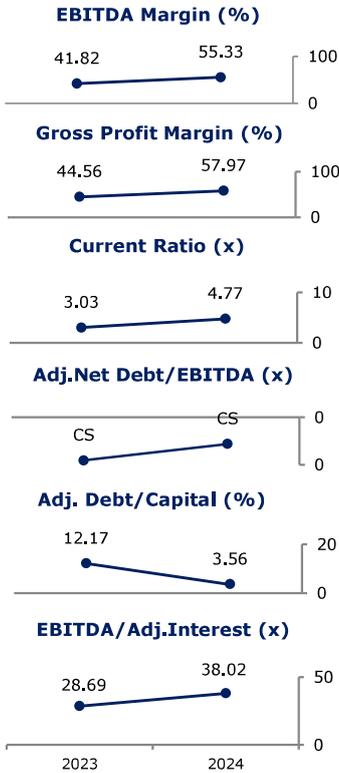
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	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 very high credit quality and revised the Long-Term National Issuer Credit Rating to 'AA- (tr)' from 'A+ (tr)' and affirmed 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 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' or 'the Group') 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 FYE2024, the backlog level of the Company's is at TRY 2.86bn + VAT. Orge Elektrik Taahhüt employed a staff force of 379 (FYE2023: 413).

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 51.87%. 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

- Solid EBITDA generation capacity coupled with satisfactory profitability indicators over the years which are maintained in FY2024
- Robust financial standing underpinned by cash surplus position and customer advances both as of FYE2023 and FYE2024 despite high level of non-cash loan utilization
- Backlog value underpinning the visibility of future revenue generation
- Prudent and well-maintained equity base, strengthened by retained earnings as of FYE2024
- FX based progress payments provide resilience for the Company in a certain extent
- Asset quality supported by low collection risk
- Accumulated know-how and long track record in the EPC industry
- Compliance with the corporate governance practices as a publicly listed company

Constraints

- Rising construction costs and fluctuations on base metals price and intensive competition among the contractors suppressing profitability in the sector
- 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 Long-Term National Issuer Credit Rating has been revised to 'AA- (tr)'. The Company's sound profitability indicators, strong equity structure, net cash position, satisfactory liquidity ratios and backlog level, global soft-landing actions along with ongoing uncertainties with potential to adversely affect global trade 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.