

Corporate Credit Rating

New Update

Sector: Construction & Contracting
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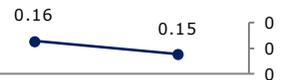
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

EBITDA Margin (%)



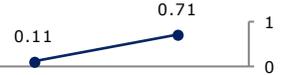
Operating Ratio (%)



Current Ratio (x)



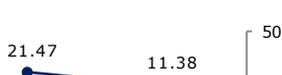
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



Gross Profit Margin (%)



Öz Aras Grup İnşaat Taahhüt Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated the "Öz Aras Grup İnşaat Taahhüt Sanayi ve Ticaret A.Ş." in the investment grade category and upgraded the Long-Term National Issuer Credit Rating from 'BB+ (tr)' to 'BBB (tr)', the Short-Term National Issuer Credit Rating from 'J3 (tr)' to 'J2 (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.

Öz Aras Grup İnşaat Taahhüt Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'the Company' or 'Öz Aras Grup İnşaat') was initially established in 1990 in Ankara under the name "Aras Giyim Sanayi ve Ticaret A.Ş." and changed its purpose of establishment and trade name to Öz Aras Grup İnşaat in June 2011. Since this change, the Company has completed many infrastructure and superstructure projects within the scope of tenders received from various public institutions. The construction of numerous projects such as drinking water transmission lines, sewerage systems, land consolidation, treatment facilities, and service buildings has been undertaken for the General Directorate of State Hydraulic Works (DSİ), İller Bankası, General Directorate of Highways (KGM), TOKİ, and several municipalities in Türkiye. The sole shareholder of the Company is Ferdi Çiftçi (100%), and the Company's headquarters is located in Çankaya/Ankara.

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

Strengths

- Current contracting backlog value where the price differences can be reflected provides revenue visibility to a certain extent,
- Maintained sustainable financial leverage profile underpinned by low level of net debt/EBITDA multiplier,
- Low level of operating ratio supported operational efficiency over the reviewed periods,
- Strengthened equity structure through regular paid-in capital increases by cash injection over the last three years.

Constraints

- Concentration risk related to backlog despite a customer portfolio consisting of public institutions,
- Susceptibility of construction sector to input costs and intensive competition among the contractors, put pressure on profit margins,
- Structural vulnerability along with exposure to potential operational and management risks inherent in the construction industry,
- Key person risk and improvement needs in corporate governance compliance policies,
- 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 Company's Long-Term National Credit Rating has been upgraded from 'BB+ (tr)' to 'BBB (tr)'. The Company's backlog amount, operational efficiency, leverage profile, asset quality, and dynamics of the construction business have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as 'Stable'. The Company's capability of undertaking new projects and ability to fulfill the projects, completion rates of ongoing projects, profitability performance, capability to access funding resources, debt structure, liquidity profile and market position are the main factors that 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.