

Corporate Credit Rating

New Update

Sector: Engineering&Construction

Publishing Date: 31/01/2023

Team Leader

Yeşim KARAOĞLU
 +90 212 352 56 73

yesim.karaoglu@jcrer.com.tr

Senior Analyst

Uğur DİBEK
 +90 212 352 56 73

ugur.dibek@jcrer.com.tr

Senior Analyst

Halil İbrahim YAMAN
 +90 212 352 56 73

halil.yaman@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022.

RAL YATIRIM HOLDİNG A.Ş.

JCR Eurasia Rating has evaluated "Ral Yatırım Holding A.Ş." in the investment level category and assigned the Long-Term National Issuer Credit Rating at 'BBB+ (tr)' and the Short-Term National Issuer Credit Rating at '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/Negative', as parallel to international ratings and outlooks of Republic of Türkiye.

Ral Yatırım Holding A.Ş. (hereinafter "the Company" or "Ral Holding") was established in 1976 and went under fundamental changes both in the Company's shareholder structure and field of activities before 2017. The Company continues its activities in the field of construction & contracting within the scope of consolidation with the acquisition of Trio Teknik Yapı A.Ş. on 8 June 2018, Hera Teknik Yapı A.Ş. on 22 June 2018 and Ral Yapı Mühendislik A.Ş. on 27 August 2020 in order to add functionality to the Company's activities with the change in the shareholding structure and to benefit from the experience of the main shareholders of the Company in the construction & contracting sector. The Company also aims to invest in energy sector by installing solar power plant in Şanlıurfa with 130 MW installed capacity.

The Company's ultimate controlling shareholders are Rıza KANDEMİR and Ahmet ZORLU with majority of shares. Ral Holding has been a publicly listed company in Borsa İstanbul since 1996 with an actual outstanding shares ratio of 37.57% as of 2022-Q3 (31.12.2021: 37.57%).

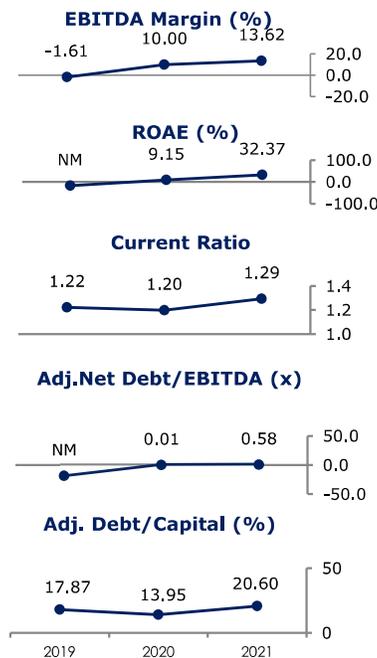
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Increase in revenues and core profitability indicators in the reviewed period,
- Upward trend in business volume and visibility of future revenue stream thanks to current backlog capacity,
- Adequate equity level and low leverage through unusual net profit in 2022-Q3,
- Low level of financial debt compared to asset size as of 2022,
- Expected increase and diversification in revenues upon completion of solar power plant investment in 2023.

Constraints

- Expected notable increase in financial leverage due to planned solar power plant investment in 2023, which's financing and maturity structure has not been clarified yet,
- Increasing material and labor costs pressuring profitability in the construction industry,
- Structural vulnerability of the sector to global market conditions and intensive market competition,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'BBB+ (tr)'. The Company's asset quality, market position, potential of new project, sectoral developments and risk factors in the markets 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 capital adequacy, financial structure, sales performance, asset quality, growth performance, profitability ratios and the trends of the existing risks in the markets and the business environment 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.