

Corporate Credit Rating

New Update

Sector: Engineering & Construction
Publishing Date: 28/03/2024

Team Leader

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	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	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 shareholding 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 has also won the two of the Yeka-SPP tenders (Viranşehir 4 and 9) with Ral Enerji Yatırım A.Ş. (Ral Enerji), in which it owns 51% of shares, and is investing in a SPP power plant with a total installed capacity of 100MW (130 MWh) in Viranşehir, Şanlıurfa.

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 36.52% as of 2023-Q3 (31.12.2022: 36.52%).

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

Strengths

- Growth trend both in revenues and backlog with a diversified project pipeline,
- Increase in EBITDA generation and bottom-line results in FY2022 and Q3'2023,
- Solid leverage metrics, mainly driven by low financial debt during the analyzed period,
- Equity growth mainly sustained by retained earnings,
- Extensive investment plans on electricity generation,
- High level of compliance with the corporate governance practices.

Constraints

- Weak cash generation capacity during the review period, while Q3'2023 results signaling a recovery,
- Expected notable increase in financial leverage due to ongoing solar power plant investment,
- Slowdown in housing sales and house price indices due to interest rate hikes and BRSA (BDDK) credit restrictions,
- Intensive market competition and upward trend in input costs,
- 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 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, leverage level, 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.

