

Corporate Credit Rating

New Update

Sector: Construction

Publishing Date: 30.05.2025

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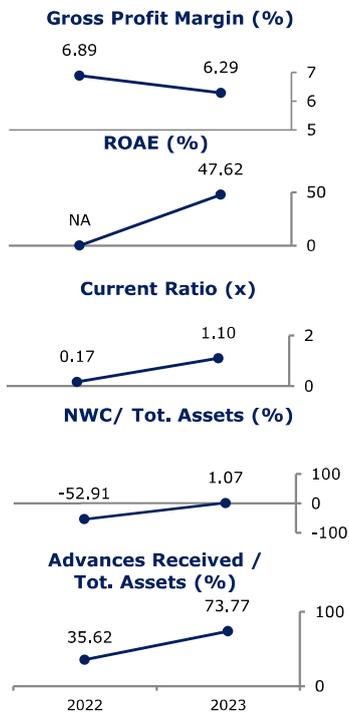
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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



(*) NWC: Net Working Capital

(**) NA: Not Applicable

RAM AND SONS İNŞAAT VE DIŞ TİCARET A.Ş.

JCR Eurasia Rating has evaluated 'Ram and Sons İnşaat ve Dış Ticaret A.Ş.' in the 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.

Ram and Sons İnşaat ve Dış Ticaret A.Ş. (referred to as 'Rams Türkiye' or 'the Company' or 'the Group') was established on May 22, 2018 in İstanbul. The main field of activity of the Company is the development of residential and mixed-use projects. As of the credit rating report date, the Company has four ongoing major projects: Rams Beyond, Rams Garden, Rams City, and Rams Denizkent.

The head office of the Company is located in Sarıyer, İstanbul. The Company's current shareholder structure consists of Derviş Bülbül, with a 48% share, and Rams Global İnşaat Sağlık Dış Tic. A.Ş. ('Rams Global'), with a 52% share.

Rams Global operates in 7 different sectors, including tourism, furniture, co-working, mining, construction & real estate, healthcare services, and food & beverage, and has more than 25,000 employees in 11 cities across 6 countries.

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

Strengths

- Revenue growth from the sales of delivered residential properties in FY2023, and FY2024 according to the corporate tax return
- Strong balance sheet leverage owing to business model mainly funded by advances received and zero-sum financial borrowing during the periods analyzed, continued as of FYE2024 according to corporate tax return
- Completion level of ongoing projects coupled with the increases in fair value, supporting asset growth during the periods analyzed
- Long-standing experience of Rams Group in diverse sectors on a global scale, particularly in real estate and project development, and know-how from completed projects

Constraints

- Inability to generate EBITDA mainly due to high level of marketing expenses during the periods analyzed, and bottom line loss putting pressure on the equity base as of FYE2024 according to the corporate tax return
- Deterioration in cash flow from operations (CFO) and free cash flow (FOCF) indicators in FY2023 primarily due to increases in projects costs
- Susceptibility of construction sector to input costs and intensive competition among the contractors, which may put pressure on profit margins
- Improvement needs in corporate governance compliance policies
- 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 assigned as '**A (tr)**'. Increase in the completion rate and sales volume of ongoing projects, strong leverage metrics during the analysed periods, business model financed by advances received and equity, sector experience are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Stable**'. Sales performance of ongoing projects, profitability metrics, cash generation capacity, debt ratio, and market demand and sectoral developments 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.