

## Corporate Credit Rating

☑New ☐Update

**Sector:** Construction & Tourism

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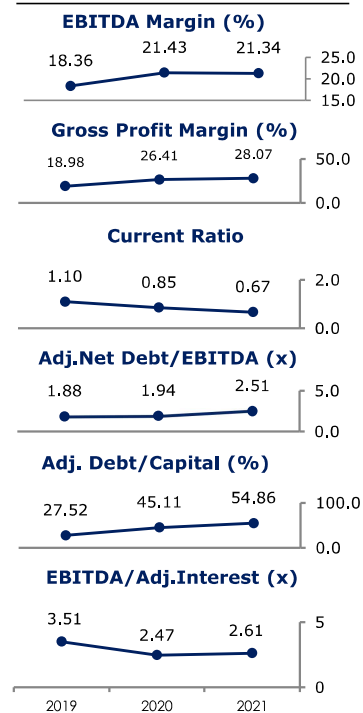
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

\* Assigned by JCR on Aug 18, 2022



## Sarıdağlar İnşaat ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated "Sarıdağlar İnşaat ve Ticaret Anonim Şirketi" 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**' in line with the global and national scale rating matching published by JCR Eurasia Rating.

Sarıdağlar İnşaat ve Ticaret Anonim Şirketi (referred to as 'Sarıdağlar İnşaat' or 'the Company' or 'the Group') was established on March 21, 1986, as a Limited Company and took its current title on November 30, 2007. The Company carries out construction activities, especially superstructure projects. The Company has built many projects such as stadiums, hospitals, mass housing, and airports under its own responsibility or in the form of business partnerships. In addition to the construction activities of the Company, there is another firm included in its financial statements with complete consolidation. This company, titled Müftüler Turizm, is the owner and operator of a five-star hotel in Antalya/Alanya with the brand "Adenya Resort Hotel." According to the independent audit report prepared on behalf of Sarıdağlar İnşaat, 99 employees were employed in 2021 (2020:215). According to the independent audit report prepared on behalf of Müftüler Turizm, 140 employees were employed in 2021 (2020:107).

The current shareholding structure and board of directors of Sarıdağlar İnşaat consist of one person, and Ahmet Sarıdağ, the chairman of the board of directors, owns all of the Company shares. All of the shares of Müftüler Turizm, which is a subsidiary of the Company, belong to Sarıdağlar İnşaat, and its management is again composed of Ahmet Sarıdağ.

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

### Strengths

- Satisfactory and sustainable EBITDA margin in the review period,
- Decline in the FX short position during the review period,
- Income diversity with tourism and construction sales revenues,
- Completion of undertaken large-scale public projects and ability to collect trade receivables at a high rate.

### Constraints

- Operational and period net loss due to mainly operating and financing expenses in FY2021,
- Decreased equity support in asset financing despite the relatively high share of revaluation gains in equity composition,
- Operational risks arising from the nature of the sector,
- Further improvement needs in corporate governance practices,
- 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)**'. Sustainable EBITDA margin, strong revenue generation potential from ongoing projects, and income diversity, along with ongoing uncertainties arising from geopolitical tensions as well as the global interest rate hiking cycle, 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 profitability performance, cash level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.