

Corporate Credit Rating

New Update

Sector: Construction & Contracting

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Senior Analyst

Ezgi Çiçek YILMAZ

+90 212 352 56 73

ezgi.yilmaz@jcrer.com.tr

Senior Analyst

Hayrettin ÇELİK

+90 212 352 56 73

hayrettin.celik@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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating 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

SAYIN İNŞAAT TİCARET VE SANAYİ LTD. ŞTİ.

JCR Eurasia Rating has evaluated "Sayın İnşaat Ticaret ve Sanayi Ltd. Şti." in the investment grade category, revised the Long-Term National Issuer Credit Rating to 'BBB+ (tr)' from 'BBB (tr)' and affirmed 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 determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Sayın İnşaat Ticaret ve Sanayi Ltd. Şti." (hereinafter referred to as "Sayın İnşaat" or "the Company") was established on August 18, 1994 in Sakarya, Türkiye. The Company operates in the field of construction and contracting. Since its establishment, Sayın İnşaat has completed many industrial, commercial and residential projects on turnkey basis (factory, warehouse, school, plaza, business centre, social facility, villa, infrastructure and road works etc.).

The Company has a total of 750 employees as of FYE2023 (FYE2022: 1,225).

As of FYE2023, the main ultimate controlling shareholder of the Company is "Murat Fahri Sayın" with 70% shares. Remaining 20% share belongs to "Gülnaz Sayın" and 10% to "Mehmet Can Sayın".

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

Strengths

- Satisfactory sales revenue in the analyzed periods and expected income stream from ongoing projects,
- Low level of net debt to EBITDA multiplier in the last two-year period supporting the Company's financial structure,
- Received advances at the beginning of the projects provide conformity in terms of project finance,
- Asset quality supported by low collection risk thanks to working with well-established institutions,
- Long-lasting presence in the sector dating back to 1994.

Constraints

- Increasing construction costs suppressing profitability margins in parallel with sector dynamics together with TAS 29 effect,
- Potential operational and management risks due to the nature of the industry,
- Improvement needs in the level of compliance with corporate governance and risk management practices,
- 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 Issuer Credit Rating has been revised to 'BBB+ (tr)' from 'BBB (tr)'. The Company's satisfactory sales revenue, low level of net debt to EBITDA multiplier and low collection risk as well as suppressed profitability margins and slowdown signal in the global economy 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 financial structure, sales and profitability performance, liquidity and leverage indicators will be closely monitored by JCR Eurasia Rating in the 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.

