

## Corporate Credit Rating

New Update

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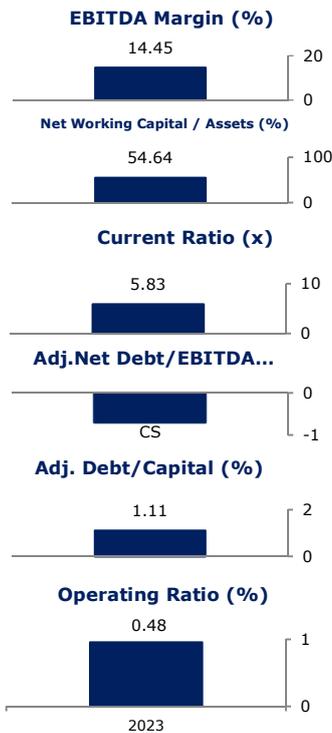
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB+(tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)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

\* Assigned by JCR on May 10, 2024



## SERHAT ÖZBEK İNŞAAT TAAHHÜT MİMAR. MÜH. LTD. ŞTİ.

JCR Eurasia Rating, has evaluated “Serhat Özbek İnşaat Taahhüt Mimarlık Mühendislik Ticaret Ltd. Şti.” in the investment level category and assigned the Long-Term National Issuer Credit Rating as ‘**BBB+(tr)**’ and the Short-Term National Issuer Credit Rating as ‘**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/Stable**’ as parallel to international ratings and outlooks of Republic of Türkiye.

**Serhat Özbek İnşaat Taahhüt Mimarlık Mühendislik Ticaret Ltd. Şti.** (hereinafter referred to as ‘Serhat Özbek İnşaat’ or ‘the Company’) was founded in Malatya in August 2006. Since its establishment, the Company has been operating in construction contracting and build-to-sell residential housing construction projects. Additionally, the Company is also engaged in the trade of construction materials for projects undertaken through its joint ventures. Over the years, the Company has predominantly undertaken TOKİ projects. In the last 10 years, the Company has successfully completed 11 projects, ranging from small to large scale, with a total contract value of TRY 1.2bn as of the date of this report. Currently, the Company has 5 ongoing projects, including housing and workplace construction, infrastructure, and landscaping works, all of which are undertaken for TOKİ. In addition, the Company has a total of 4 projects undertaken on a build-to-sell basis and flat-for-land arrangements. The projects undertaken from TOKİ have a total contract value of TRY 3.7bn, with a backlog amount of approximately TRY 2bn. The revenue expectations for build-and-sell and flat-for-land projects could not be determined.

As of FYE 2023, the Company's paid-in capital is TRY 50mn, and the shareholders are Serhat Özbek with a 90% share and Serpil Özbek with a 10% share. The Company has 158 employees as of FYE 2023.

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

### Strengths

- Visibility of future revenue stream owing to current backlog capacity
- Operating with an adequate EBITDA generation capacity in FY2023
- Cash surplus position as of FYE2023 driven by low level of financial debt which continued in 9M2024 period according to statutory results and as of reporting date
- Revenue diversification to a certain extent through housing and contracting business lines and ability to undertake new projects

### Constraints

- Limited trend analysis due to absence of financial statements for the previous periods
- Rapid increase in operating volume and the size of the ongoing works compared to project completion performance in previous years
- Potential operational risks due to the nature of construction business
- Intense competition environment in the sector and fluctuating construction costs can pressure profitability
- Improvement needs in compliance with corporate governance 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 assigned as ‘**BBB+(tr)**’. The Company’s backlog business model, financial leverage indicators, profitability indicators, financial debt and liquidity position along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 sales and profitability performance from undertaken projects, sound liquidity metrics and financial structure will be monitored by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.