

## Corporate Credit Rating

New Update

**Sector:** Engineering & Construction  
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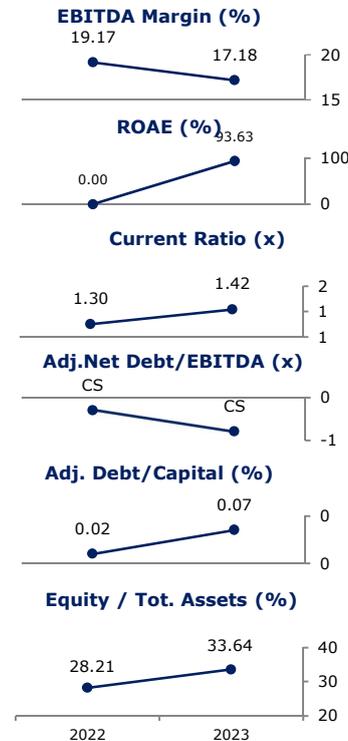
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| RATINGS                              |                               | Long Term   | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile)  | National ICR                  | A+ (tr)     | J1+ (tr)   |
|                                      | National ICR Outlooks         | Stable      | Stable     |
|                                      | International FC ICR          | BB          | -          |
|                                      | International FC ICR Outlooks | Stable      | -          |
|                                      | International LC ICR          | BB          | -          |
|                                      | International LC ICR Outlooks | Stable      | -          |
| ISRs (Issue Specific Rating Profile) | National ISR                  | -           | -          |
|                                      | International FC ISR          | -           | -          |
|                                      | International LC ISR          | -           | -          |
| Sovereign*                           | Foreign Currency              | BB (Stable) | -          |
|                                      | Local Currency                | BB (Stable) | -          |
|                                      | Currency                      | BB (Stable) | -          |

\* Assigned by JCR on May 10, 2024



\*CS: Cash Surplus

## Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi

JCR Eurasia Rating, has evaluated "Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Ltd. Şti." in the investment level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A+ (tr)' and the Short-Term National Issuer Credit Rating at '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.

**Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Ltd. Şti.** (referred to as "Serra Mühendislik" or "the Company") was established in 1998 and started active operations in 2012. The Company has been participating in public tenders since 2019. Its core business activity is construction and contracting and build-to-sell residential housing construction projects. The Company primarily undertakes infrastructure and superstructure projects, including residential buildings, schools, dormitories, and office buildings. The Company currently has three ongoing contracting projects with a total contract value of TRY 4.04bn and a backlog of TRY 2.36bn. Additionally, it has a single ongoing build-to-sell construction project with an expected revenue of TRY 68mn. Over the past three years, the Company has completed projects valued at TRY 2.8bn independently and TRY 5.5bn through joint ventures. The Company serves the state-owned institutions such as TOKİ and Emlak Konut GYO. As of the end of 2023, the Company employed 272 people (FY2022: 100).

As of the reporting date, the Company's share capital is TRY 4mn, and its ultimate controlling shareholder is Zübeyr Hasan TURGUT.

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

### Strengths

- Visibility of future revenue stream owing to current backlog level of ongoing projects
- Strong leverage profile supported by net cash position as of FYE2023 which continued as of FYE2024 according to the Corporate Tax Return
- Reasonable EBITDA margin over the reviewed period including FY2024 according to Corporate Tax Return
- High receivables collection ability mainly through undertaking tenders of public authorities
- Escalation clauses in contracting business supporting the profitability to some extent

### Constraints

- Low level of paid-in capital compared to equity and total assets during the analyzed periods
- High share of receivables from shareholder as of FYE2024 and 1Q2025 according to the statutory results
- Exposure to tender based operations and volatility in raw material prices may lead to fluctuations on profit margins
- Potential operational and management risks due to the nature of the industry
- Improvement needs in compliance with corporate governance management practices
- 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 affirmed as 'A+ (tr)'. The Company's net cash position, net working capital surplus, project undertaking capacity from the public authorities, backlog business model, indebtedness level, global soft landing actions along with ongoing uncertainties with potential to adversely affect global trade 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, asset quality, liquidity position, cash generation ability, access to the external financial sources, indebtedness level, local and global macroeconomic indicators as well as market conditions and legal framework about the sector will be closely monitored by JCR Eurasia Rating.