

## Corporate Credit Rating

☑ New ☐ Update

**Sector:** Construction & Contracting

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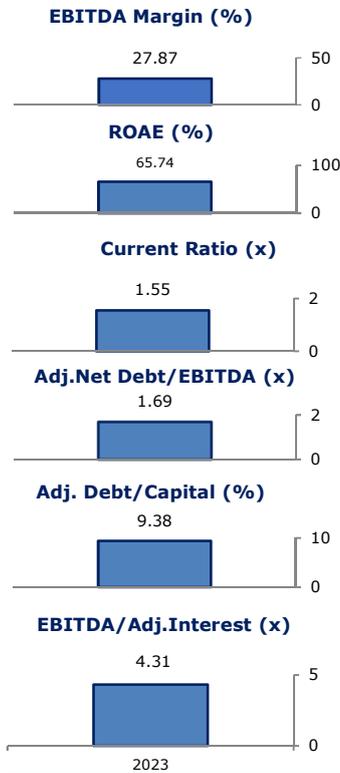
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB-(tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB-	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Local Currency	BB (Stable)	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024



## SİLAHTAROĞLU MÜHENDİSLİK İNŞAAT ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Silahtarolu Mühendislik İnşaat Anonim Şirketi" in investment grade category and assigned the Long-Term National Issuer Credit Rating as 'BBB-(tr)' and the Short-Term National Issuer Credit Rating as 'J3 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as 'BB-/Stable'.

**Silahtarolu Mühendislik İnşaat Anonim Şirketi** (hereinafter referred to as "Silahtarolu" or "the Company") was established in Ankara on 23.01.2019 under the name of "CYCC Mühendislik İthalat İhracat Sanayi ve Ticaret Anonim Şirketi". On 21.09.2020, the Company's title changed to "Ece Üst Yapı Yol İnşaat Sanayi ve Ticaret Anonim Şirketi". As of 30 November 2021, the Company started to use its current title.

The main activity of the Company is to carry out construction and contracting for public and private institutions. The joint operations of Silahtarolu – Antaş Altyapı A.Ş. ("Antaş"), Silahtarolu – Antaş - EkPet İnşaat Sanayi Taahhüt ve Ticaret Ltd. Şti. ("Ekpet"), Silahtarolu – Timtaş Grup İnşaat A.Ş. ("Timtaş"), Silahtarolu – Sera Yapı Endüstri ve Ticaret A.Ş. ("Sera"), Silahtarolu – Karas Altyapı İnşaat Ticaret A.Ş. ("Karas") and Silahtarolu – Farsel İnşaat ve Ticaret A.Ş. ("Farsel") not included in the consolidation are engaged in the same business as the Company.

As of June 30, 2024, the Company, in collaboration with its joint ventures executing 8 projects valued at TRY 26.00bn, has a backlog amounting to TRY 19.20bn. As of June 30, 2024, according to the Company's share in the 8 ongoing works, the contract amount is TRY 10.35bn and the backlog is TRY 6.62bn.

The Company's shareholders are Ali Yurtseven with 51% share, and Kenan Dursun with 49% share as of the report date.

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

### Strengths

- Solid backlog value underpinning visibility of future revenue generation via joint ventures,
- Low collection risk and high quality of accounts receivables,
- Advances received at the initiation of projects limiting external financing in a certain extent.

### Constraints

- Newly operating and lack of availability of independent audit reports for past periods, limiting trend analysis,
- Related party receivables and payables distorting balance sheet integrity in FYE2023,
- Investment appetite reduced by gloomy global economic developments and downwardly revised growth forecasts,
- Susceptibility to risks inherent in tender-based business and potential threat to timely progress payments,
- Improvement needs in risk management framework and corporate governance compliance policies,
- 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 drivers, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB-(tr)'. The Company's contractual and longstanding business relationship with public institutions and solid backlog value, low collection risk, as well as relatively lack of financial data that reflects the Company's financial profile have been evaluated as important indicators for the determination of the ratings with the outlooks for the Long and Short-Term National Issuer Credit Ratings as 'Stable'. Sustainability of the Company's sales performance, cash and EBITDA generation performance, together with the trends in the industry and national policy implementation to the sector, are the issues to be monitored by JCR Eurasia Rating. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.