

Corporate Credit Rating

New Update

Sector: Engineering & Construction

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (tr)	J1+ (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 LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

ENKA İNŞAAT VE SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "ENKA İnşaat ve Sanayi A.Ş." in the investment level category with the highest credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AAA (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 affirmed at 'BB+/Stable' above the sovereign ratings and outlooks of Republic of Türkiye.

"Enka İnşaat ve Sanayi A.Ş." (hereinafter referred to as "Enka", "the Company" or "the Group") was established in 1957. On June 28, 2002, Enka completed a formal merger with its publicly traded shareholder entity, Enka Holding Yatırım A.Ş., both of which were under the control of Tara Holding A.Ş. and the Tara and Gülçelik families. The Group operates primarily in the sectors of engineering and construction, real estate, trade, and energy. Among these, engineering and construction serve as the Group's core focus, with Enka providing an extensive suite of services, including design, engineering, procurement, fabrication, construction, commissioning, operation, maintenance, and project management, across both domestic and international markets. With 67 years of experience in the construction sector, the Group has successfully completed projects valued at USD 62.7bn across 55 countries as of 3Q2024. The Group includes 50 subsidiaries in 7 major geographical areas: CIS, Asia, Middle East, Europe, America, Africa and Türkiye. Enka's market cap is valued approximately at USD 8.3bn as of the reporting date. As of 3Q2024, the Group employs an average of 5,252 white-collar and 19,687 blue-collar personnel.

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

Strengths

- Strong EBITDA generation despite decrease YoY stemming from the nature of the businesses,
- Diversification across sectors and regions minimizes the concentration of income generation,
- Significant and increasing backlog value and high occupancy levels in investment portfolio promising future cash flows,
- Substantial cash flow metrics and NWC underlining liquidity outlook,
- Robust cash position underlining leverage profile,
- Sound equity amount bolstered by retained earning creating a buffer against adverse economic conditions,
- Group synergy and over half a century successful track record in the industry.

Constraints

- Prolonging cash cycle and increasing OPEX pressuring efficiency outlook,
- Vulnerability of the construction industry to broader macroeconomic factors coupled with potential operational and managerial challenges inherent to the business nature,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (tr)'. The Company's strong EBITDA generation, revenue diversification, significant backlog value, substantial cash flow metrics and NWC, cash position, sound equity and successful track record as well as prolonging cash cycle, operational challenges and geopolitical risks 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, tight economic conditions and Türkiye's economy and its effects on the Company's activities 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.

