

Corporate Credit Rating

New Update

Sector: Contracting

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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	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB Negative	-
	Local Currency	BB Negative	-

* Assigned by JCR on August 18, 2022

Can İnşaat Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated the consolidated structure of "Can İnşaat Sanayi ve Ticaret Anonim Şirketi" in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'A (tr)' and the Short-Term National Issuer Credit Rating as '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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Can İnşaat Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "Can İnşaat" or "the Company") was established in 2002 in Kayseri and the Company's main field of activity is construction contracting. Can İnşaat has completed 28 projects, including residential and commercial units as well as hospital and stadium projects all over the Türkiye. Also, the Company has 11 ongoing projects and 4 of them are taken in 2023 within the scope of earthquake housing projects. In 2021, Can İnşaat acquired Betapen Plastik Pvc. Alm. Doğrama İnş.Met.San.Tic.Ltd.Şti and Betapen became a subsidiary of Can İnşaat. Betapen's main field of activity is manufacturing aluminum joinery doors and windows. The Company generated TRY 1.08bn of revenue in FY2022 (FY2021: TRY 562mn). The Company employed a total workforce of 660 as of FYE2022. The Company's ultimate controlling shareholder is Bircan Family.

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

Strengths

- Net cash position in 2022 against financial borrowings
- Comfortable level of interest coverage ratios
- Satisfactory level of liquidity indicators
- Backlog business model providing foreseeable future income and significant increase in backlog level through recently undertaken projects
- Price difference in the contracts supporting profitability margins to a certain extent
- High-grade counterparties in contracting business supporting receivable quality to a certain extent

Constraints

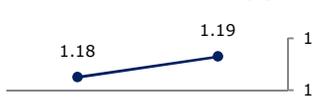
- Low level of operating profit margins compared to business size
- Fluctuations in construction costs may put pressure on profitability margins
- Potential operational and management risks due to the nature of construction business
- Improvement needs in corporate governance practices
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. The Company's net cash position, backlog business model and low collection risk 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 profitability performance, debt level and cash generation capacity together with the trends in the industry will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be monitored as well.

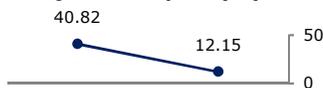
EBITDA Margin (%)



Current Ratio (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)

