

## Corporate Credit Rating

New Update

**Sector:** Engineering & Construction

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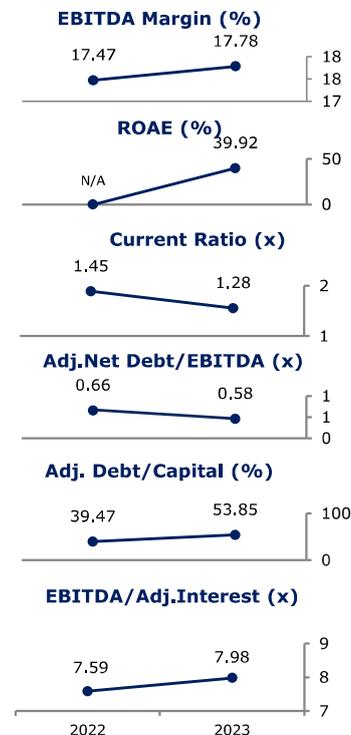
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating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

\* Assigned by JCR on May 10, 2024



N/A: Not Applicable

## YEO TEKNOLOJİ ENERJİ VE ENDÜSTRİ A.Ş.

JCR Eurasia Rating, has evaluated "Yeo Teknoloji Enerji ve Endüstri A.Ş." in the investment grade 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 at 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

**Yeo Teknoloji Enerji ve Endüstri A.Ş.** ("Yeo Teknoloji" or "the Company" or "the Group") was established in 2004 in İstanbul. The main field of activity of the Company is providing services in engineering, electrification, automation, digitalization, IoT and power systems solutions for the energy and process industries in Türkiye and abroad. The Company offers solutions in installation and operation processes for renewable energy plants, energy transmission and distribution network, water and wastewater facilities, mining and cement facilities, oil and natural gas facilities, and the process industry. In addition, through its subsidiaries, the Company is expanding its renewable energy integration by adding solar power generation plant and battery electricity storage facility to its operations. In 2021 Yeo Teknoloji's shares were listed on İstanbul Stock Exchange under the ticker "YEOTK". The Company's free float is 36.20% as of March 31, 2024. The main shareholders of the Company consist of 7 different individuals with high industry experience, primarily Yıldız family members.

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

### Strengths

- Solid top-line development in FY2023 and 1Q2024 along with sustained gross, EBITDA and net profitability,
- Current backlog in EPC projects indicating revenue foreseeability, while integration investments pointing to revenue diversification,
- EBITDA and FFO generation contributing to steady and robust leverage and coverage metrics during the reviewed periods,
- Satisfactory liquidity structure via substantial level of advances received, and cash equivalents over the analysed periods,
- Increasing renewable energy demand, combined with completed project volume, offering a competitive advantage,
- High emphasis on corporate governance and risk management practices.

### Constraints

- Continuity of the negative FOCF level, expected to continue considering the growth appetite,
- Declined equity contribution compared to rising assets as of FYE2023,
- Operational risks arising from growing international operations, considering the locations in which the Company has presence,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's backlog level, EBITDA and revenue growth, leverage and coverage metrics, liquidity structure, profitability metrics, operational strength and risk factors in the markets, and business environment as well as the declining equity contribution, increased operational risks due to the rise in international businesses and the global recessionary environment and geopolitical risks-driven uncertainties 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 affirmed as 'Stable'. The Company's backlog level, progress and contribution of the investments, capital adequacy, financial structure and profit margins, indebtedness level, liquidity and cash flow metrics 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 framework about the sector will be monitored as well.