

Corporate Credit Rating

New Update

Sector: Construction
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022

Yılkanur İnşaat San. ve Tic. A.Ş.

JCR Eurasia Rating, has evaluated **Yılkanur İnşaat San. ve Tic. A.Ş.** in the investment-level category on the national scales and assigned 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/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

Yılkanur İnşaat San. ve Tic. A.Ş. (hereinafter referred to as 'Yılkanur İnşaat' or 'the Company') was established in 2005 and engages mainly in the field of housing construction industry as well as landscaping regarding the projects. Yılkanur İnşaat carries out its projects mostly through its own operations as well as its affiliates and joint-ventures. Since its foundation, Yılkanur İnşaat has completed 18 projects amounting to TRY 786.38mn. As of July 2023, the Company's contracting backlog showed a significant improvement and reached to TRY 4.67bn composing of TOKİ, Housing Development Administration of Türkiye. Yılkanur İnşaat generated TRY 485.94mn of sales revenue and posted TRY 134.02mn of net profit in 2022. The Company is managed and controlled by the sole owner, Yasin Yılmaz and the HQ is settled in Çankaya, Ankara.

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

Strengths

- Notable improvement in sales revenue over the analysed years
- Backlog business model providing foreseeable future income and significant increase in backlog level as of reporting date
- Project undertaking capacity from state agencies supporting collection capacity and asset quality
- A liquid balance sheet with net cash position in the reviewed periods
- Operating with satisfactory net working capital surplus and current ratio in the reviewed periods
- Paid-in capital increase in 2021 and adequate level of equity strengthened by net profits
- Low external dependency thanks to its notable level of equity

Constraints

- Volatile EBITDA and operating profitability margins during reviewed period
- Fluctuation in raw material prices may put pressure on profitability margins
- 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 Long-Term National Issuer Credit Rating has been assigned at '**A+ (tr)**'. The Company's backlog business model providing foreseeable income, notable increase in backlog level consisting of state agencies, low financial borrowing level, volatile profitability ratios, susceptibility to raw material prices 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 growth strategy, profitability indicators, financial leverage and asset quality 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.

