

## Corporate Credit Rating

New  Update

**Sector:** Construction&Contracting

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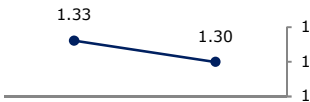
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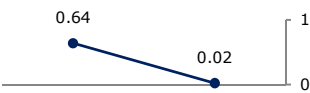
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International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

\* Assigned by JCR on August 18, 2022

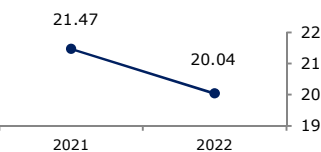
Current Ratio (x)



Adj. Debt/Capital (%)



NWC/Assets(%)



## Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi

JCR Eurasia Rating, has evaluated "Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi" 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 as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

**Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi** ("Serra mühendislik" or "the Company") was established in 1998 and engages in the field of contracting of infrastructure and superstructure projects including houses, school, dormitory and offices as well as landscaping regarding the projects. Since its foundation, Serra Mühendislik has completed 3 projects total amounting to TRY 61.7mn. As of July 2023, the Company's contracting amount and backlog level experienced significant improvement and reached to TRY 7.9bn and TRY 5.5bn respectively. Employers of Serra Mühendislik's projects undertaken has composed of state-owned institutions such as TOKİ and Emlak Konut GYO A.Ş..

The Company's main shareholder is Zübeyr Hasan Turgut.

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

### Strengths

- Net cash position in both year-end 2021 and 2022 financials
- Operating with net working capital surplus
- Project undertaking capacity from state agencies supporting collection capacity and asset quality
- Backlog business model providing predictable future income and significant increase in backlog level as of reporting date
- Price difference in the contracting business supporting the profitability to some extent

### Constraints

- Absence of audited financial statements for the previous periods limiting the trend analysis
- 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, Company's the Long-Term National Issuer Credit Rating has been assigned at 'A+ (tr)'. The Company's net cash position, positive net working capital structure and increasing in backlog level along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's liquid position, sales and profitability performance, continuity of EBITDA generation capacity and developments in the domestic and global economy together with the trends in the industry 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.