

## Corporate Credit & Issue Rating

New  Update

Sector: Electric Energy Generation

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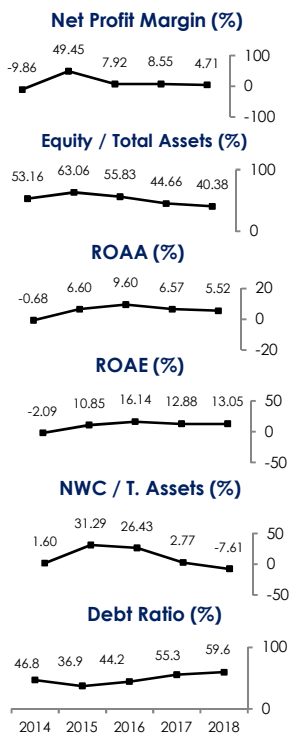
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### RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	A (Trk)	A-1 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	A (Trk)	A-1 (Trk)	
Sponsor Support	Stand-Alone	2	-	
		AB	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
		LC	Negative	-

\*Affirmed by JCR on November 27, 2018



(\*) NWC: Net Working Capital

Debt Ratio: T.Liabilities / T.Assets

## Galata Wind Enerji A.Ş. Company Overview

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	165,080	189,808	265,005	318,522	117,157
Total Assets (000 TRY)	868,467	715,937	932,606	926,136	271,675
Equity (000 TRY)	350,664	319,751	520,686	583,980	144,417
Net Sales (000 TRY)	655,864	763,674	883,209	79,838	55,453
Net Profit (000 TRY)	30,914	65,280	69,932	39,483	-5,470
Net Profit Margin (%)	4.71	8.55	7.92	49.45	-9.86
ROAA (%)	5.52	6.57	9.60	6.60	-0.68
ROAE (%)	13.05	12.88	16.14	10.85	-2.09
Equity / T. Assets (%)	40.38	44.66	55.83	63.06	53.16
NWC / T. Assets (%)	-7.61	2.77	26.43	31.29	1.60
Debt Ratio (%)	59.62	55.34	44.17	36.94	46.84
Asset Growth Rate (%)	21.30	-23.23	0.70	n.m.	0.16

(\* Audited year-end financial statements, n.m.: not meaningful Note: Although income statements for 2016, 2017 and 2018 as well as balance sheets for year-ends 2015, 2016, 2017 and 2018 reflect the effects of the merger with "D-TEŞ Elektrik Enerjisi Tüptan Satış A.Ş.", financial statements as of year-end 2014 reflect (before the merger) solo financial statements of Galata Wind Enerji A.Ş.

**Galata Wind Enerji A.Ş.** (hereinafter "the Company" or "Galata Wind"), fully owned by the *Doğan Enerji Yatırımları San. Tic. A.Ş.*, which operate under the *Doğan Şirketler Grubu Holding A.Ş.* (Doğan Group), was incorporated in 2006 under the name of *GY Enerji Danışmanlık Proje Mühendislik Üretim Tic. ve San. Ltd. Şti.*. The Company's headquarters and title were changed to "Istanbul" and to "Galata Wind Enerji Ltd. Şti." in 2007, respectively, and it was acquired by the Doğan Group on June 7, 2012. The title of the Company took its current version in 2012. On December 28, 2017, Galata Wind was merged with *D-Tes Elektrik Enerjisi Tüptan Satış A.Ş.*, another Doğan Group company engaging with wholesale electricity sales. Following the merger, "electricity supply" license of D-Tes Elektrik has been revoked and Galata Wind started carrying out D-Tes's wholesale operations with its "electricity generation" license. In order to increase the Company's presence in the field of renewable energy generation from solar power plants (SPP), Galata Wind fully acquired the share capital of *FB Güneş Enerjisi Yatırımları A.Ş.* on March 15, 2018 and *FB Güneş* was merged with the Company in 2018. Consequently, aside from wholesale electricity sales, Galata Wind's main field of activity is to generate electricity from its two wind power plants (WPP), Şah WPP (105 MW) and Mersin WPP (62.7 MW) located in Bandırma and Mersin, respectively, and two solar power plants (SPP), Çorum SPP (9.36 MW) and Erzurum SPP (24.7 MW) located in Çorum and Erzurum, respectively. The Company plans to start the construction of its third WPP investment, Taşpınar WPP (60 MW), in 2019 and to complete this investment within 2020. Galata Wind employed 36 employees as of 2018 year-end (FYE:2017: 54).

(\*) Long-Term National Rating of *Doğan Şirketler Grubu Holding A.Ş.* was affirmed as "AA- (Trk)" on June 11, 2018 by JCR Eurasia Rating.

The Company's main shareholder, **Doğan Group**, operates in wide range of sectors including energy, industry, real estate and automotive marketing, financial services, media and tourism. Doğan Group's consolidated total revenues and assets reached TRY 12.15 billion and TRY 10.95 billion as of 2018 year-end. As of May 23, 2019, market capitalization of the Doğan Group amounted to USD 433mn and the Group employed 3,243 employees as of March-end 2019.

### Strengths

- Operating consistently with positive profit margins with a significant increase in 2018
- Robust parental shareholding structure due to being a Doğan Group company
- Robust equity financing of the Company assets further supported through paid-in capital increase in May 2019
- High cash generating renewable power plants portfolio utilizing advantageous YEKDEM tariffs, supporting the cash generation potential
- Utilization of swap agreements enable the Company reduce its net short FX position, providing protection in an increasing FX rates environment
- Recently completed and ongoing investment projects underpin the Company's future growth potential

### Constraints

- Consistent increase in the Company's financial debt burden due to mergers & acquisitions and investments realized during the review period
- Significant cash outflows in 2016 and 2017 stemming from capital reductions deteriorated the Company's liquidity and net working capital
- Merger with D-Tes Elektrik significantly reduced the Company's average profit margins
- Room for improvement regarding risk management framework and corporate governance compliance policies
- Aggravating economic conditions in Turkey and ongoing regional tensions in the Middle East region exert downward pressure on debt servicing capacities of companies and risk appetite of investors