

## Corporate Credit Rating

New  Update

**Sector:** Energy Generation

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (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 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 Aug 18, 2022

## GALATA WIND ENERJİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Galata Wind Enerji Anonim Şirketi" in the investment level category and affirmed the Long-Term National Issuer Credit Rating at 'AA (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 are determined as 'BB/Negative' in line with the sovereign ratings and outlooks of Republic of Türkiye.

**Galata Wind Enerji A.Ş.** (hereinafter "the Group" or "Galata Wind"), was incorporated in 2006 under the name of GY Enerji Danışmanlık Proje Mühendislik Üretim Tic. ve San. Ltd. Şti. Galata Wind's title was changed to "Galata Wind Enerji Ltd. Şti." in 2007 and it was acquired by Doğan Group on June 7, 2012. Galata Wind's main field of activity is to generate electricity from its three wind power plants (WPPs), Şah WPP (105 MW), Mersin WPP (62.7 MW) and Taşpınar WPP (79 MW) and Hybrid SPP (9.4 MW) located in Bandırma, Mersin and Bursa, respectively, and two solar power plants (SPPs), Çorum SPP (9.36 MW) and Erzurum SPP (24.7 MW) located in Çorum and Erzurum, respectively. The Group sells this electricity to the Turkish Interconnected Grid through distribution companies. The total installed capacity of power plants is 290.2 MW, of which 246.7 MW consists of WPPs and 43.5 MW consists of SPPs. Except for Mersin WPP and Şah WPP, all of the power plants currently sell the electricity they generate under the RERSM with a purchase guarantee. While Mersin and Şah power plants sell their electricity through bilateral agreements, Taşpınar WPP & Hybrid SPP sells its electricity at 94 USD/MWh (73 USD + 21 USD domestic contribution) for the first 5 years and Çorum and Erzurum SPP sell their electricity at 133 USD/MWh. As of December 2023, 678,475 MWh of electricity was generated from WPPs and 51,139 MWh from SPPs, totaling 729,614 MWh. As of July 25, 2023, the Group has completed the establishment of a new subsidiary, Galata Wind Energy Global BV, located in the Netherlands, with a capital of EUR 1,000,000, in which the Group will own 100% of the capital for the consolidation and effective coordination of potential investments abroad. The Group employed 56 personnel as of FYE2023 (FYE2022: 51).

Doğan Şirketler Grubu Holding A.Ş. (hereinafter referred to as "Doğan Holding", or "Doğan Group") is the primary shareholder of the Galata Wind, owning 70% of the total shares as of our report date. Galata Wind's 30% shares are traded on the Borsa İstanbul (BIST) under the ticker symbol "GWIND" as of April 22, 2021. Galata Wind's main shareholder, Doğan Group, operates in a wide range of business segments including electricity generation industry and trade, automotive trade and marketing, financing and investment, internet and entertainment and real estate investments. The major shareholders of Doğan Holding are the Doğan Family (64.13%) as of report date. Doğan Holding's 35.87% shares are traded on the Borsa İstanbul under the ticker symbol "DOHOL". Doğan Group's consolidated total assets and sales revenues reached TRY 59.42bn and TRY 23.55bn, respectively as of 3Q2023.

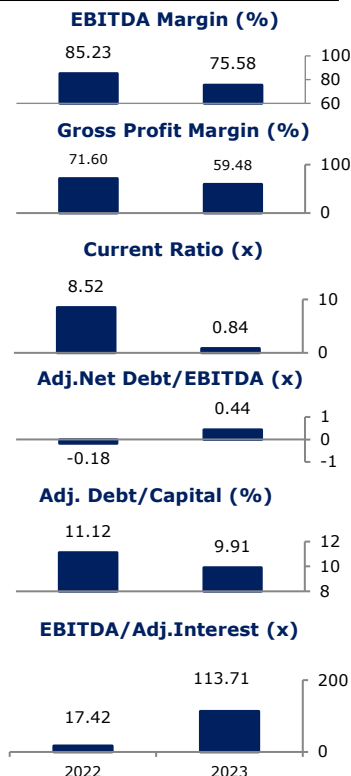
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Consistency in the profitability margins over the periods despite partial shrinkage,
- Robust leverage metrics promoting financials in the reviewed period,
- Strong level of equity base despite dividend payment,
- Ongoing investments are expected to support EBITDA generation,
- Capability to meet a great portion of its financing needs with international sources,
- Favorable location with wind and solar energy potential supporting efficiency,
- High support level of sectoral authority encouraging the use of renewable energy sources together with advantages of WPPs and SPPs especially low carbon foot printing,
- High level of compliance with corporate governance practices,
- Reputable brand name with a proven track record in various business segments, financial and operational strength of Doğan Group and the synergy created.

### Constraints

- Exposure to FX position mainly stemming from long-term weighted project loans despite hedging with derivative instruments to a certain extent,
- Dependency of renewable energy sources on weather conditions,
- Potential changes in regulatory environment creating uncertainty in business strategies.



Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. The Group's profitability indicators, leverage metrics, equity level, ongoing investments the competitive advantage obtained through its strong group synergy and operating in a regulated market 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 Group's FX position and geopolitical risks 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 also be monitored.