

## Corporate Credit Rating

New Update

**Sector:** Energy

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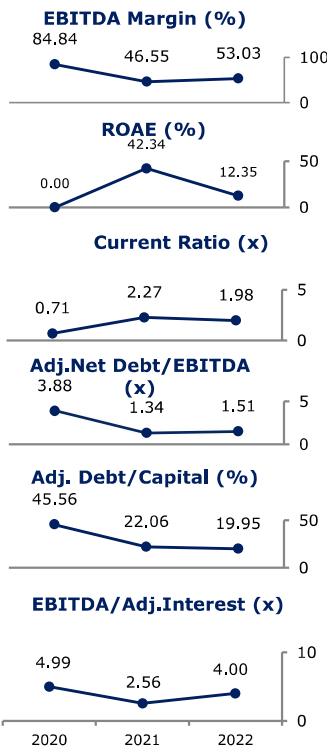
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| RATINGS                       |                               | Long Term     | Short Term |
|-------------------------------|-------------------------------|---------------|------------|
| ICRs (Issuer Credit Profile)  | National ICR                  | 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



## Margün Enerji Üretim Sanayi Ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated **Margün Enerji Üretim Sanayi Ve Ticaret 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 as '**BB/Negative**' as parallel to international ratings and outlooks of Republic of Türkiye.

**Margün Enerji Üretim Sanayi Ve Ticaret A.Ş.** (hereinafter referred to as '**Margün Enerji**' or '**the Company**') was founded in Kahramanmaraş in 2014 then moved the company headquarters to Ankara in 2018. The Company's main field of operation consists of installation, operation, maintenance and contracting works of renewable energy generation facilities. Margün Enerji operates in 89 solar energy power plants with a total installed power of 118.03 MWp within Türkiye. The Company also carries out EPC projects in Italy with a total contract amount of EUR 66.5Mn. The Company acquired 30,39 % shares of the Enda Enerji Holding A.Ş. which has production portfolio of 4 HEPP, 5 WEPP, and 1 GPP with a total installed power of 180,1 MWe in January 2023, with an acquisition amount of TRY 1.00Bn. Margün Enerji has been quoted on the Borsa Istanbul Stock Exchange (BIST) since September, 2021. The control of the company belongs to Esenboğa Elektrik Üretim A.Ş. with 75.90% share while the remaining 24.10% share is publicly traded on the BIST with the ticker symbol "MAGEN".

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

### Strengths

- Solid balance sheet indicators with short-term liquid position
- Considerable sales revenue growth and EBITDA generation capacity in recent years resulted from upward prices as well as new subsidiary acquisitions and expected to continue with the new EPC contracts
- Satisfactory level of financial leverage indicators
- Cash flow visibility to a certain degree thanks to RERSM
- USD-denominated feed-in tariff mechanism providing natural hedge in a certain extent
- High support level of sectoral authority encouraging the use of renewable energy sources
- High level of compliance with comprehensive corporate governance practices as a publicly traded company

### Constraints

- Foreign currency risk exposure due to sizeable short FX position in balance sheet
- Volatile EBITDA margin
- Increase in financing expenses due to high level of FX-denominated borrowings and interest expenses
- High level of pledge and mortgages on tangible assets provided for financial obligations
- Susceptibility of renewable power generation to climatic conditions
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned at '**A+ (tr)**'. The Company's solid balance sheet, considerable sales revenue growth and EBITDA generation capacity, satisfactory level of financial leverage indicators, FX denominated income, the sectoral authority support in renewable energy, high level of compliance with corporate governance practices and ongoing uncertainties arisen from geopolitical tensions as well as monetary tightening across the globe deteriorating growth projections 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 foreign currency risk exposure, financing expenses and fluctuated EBITDA margins 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.