

## Corporate Credit & Issue Rating

New  Update

**Sector:** Electricity Distribution

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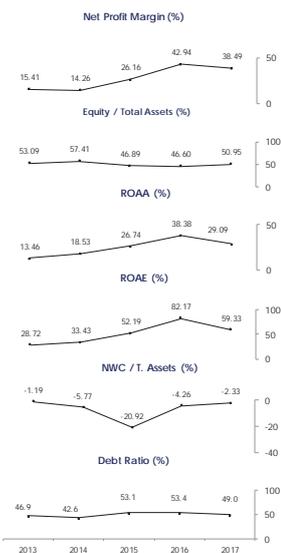
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## RATINGS

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

\*Affirmed by JCR on November 27, 2018

## RATIOS (%)



## Yeşilirmak Elektrik Dağıtım A.Ş.

### Company Overview

Financial Data	1H2018**	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	297,292	400,764	338,003	267,835	235,854	217,600
Total Assets (000 TRY)	1,780,839	1,511,640	1,189,501	778,758	546,922	464,423
Equity (000 TRY)	889,079	770,195	554,267	365,155	313,986	246,558
Net Profit (000 TRY)	243,936	318,699	298,003	146,947	67,428	63,769
Sales (000 TRY)	368,808	828,098	694,055	561,775	472,702	413,739
Net Profit Margin (%)	66.14	38.49	42.94	26.16	14.26	15.41
ROAA (%)	n.a.	29.09	38.38	26.74	18.53	13.46
ROAE (%)	n.a.	59.33	82.17	52.19	33.43	28.72
Equity / Total Assets (%)	49.92	50.95	46.60	46.89	57.41	53.09
Net Working Capital / T. Assets (%)	0.03	-2.33	-4.26	-20.92	-5.77	-1.19
Debt Ratio (%)	50.08	49.05	53.40	53.11	42.59	46.91
Asset Growth Rate (%)	17.81	27.08	52.74	42.39	17.76	-42.54

\*End of year, \*\*Half -Year

The origins of **Yeşilirmak Elektrik Dağıtım A.Ş.** (referred to as “**YEDAŞ**” or “**the Company**”) date back to 2004 following the separation of Türkiye Elektrik Dağıtım A.Ş. (TEDAŞ) into 21 different distribution regions across Turkey within the scope of the privatization program adoption by the Privatization Administration. Following the completion of the privatization tender, Çalık Enerji became the qualified shareholder of the Company in December, 2010 and has been providing electricity distribution and retail sales services to nearly 2mn subscribers in the mid-Blacksea region including the provinces of Samsun, Çorum, Ordu, Amasya and Sinop.

Following the changes in EMRA regulations in 2013, the retail sales and distribution functions of YEDAŞ were separated from February, 2013 onwards and Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAS) was established with the aim of carrying out electricity retail sales services. YEDAŞ holds an EMRA issued distribution license that is valid until September, 2036 and is currently in the third regulatory phase of the electricity distribution sector which covers the years of FY2016-2020.

Çalık Elektrik Dağıtım A.Ş. (CEDAŞ) and ultimately Çalık Enerji Sanayi ve Ticaret A.Ş. (Çalık Enerji) is the qualified shareholder of YEDAŞ that has a paid-in capital of TRY 368mn as of the reporting date. Çalık Enerji was established in 1998 and operates principally in the Engineering, Procurement, Construction segment of the energy sector. Regionally headquartered in Samsun, YEDAŞ employed a workforce of 644 across its operations. (FYE2017:650)

### Strengths

- Maintenance of the upward trend in revenue and EBITDA growth in FY2017 and 1H2018,
- Predictable and consistent cash flow generation and ease of access to funding sources,
- Efficient liabilities management abating the financial expenses and external funding needs,
- Realized recent revisions to the EMRA tariff methodology expected to strengthen income streams of distribution companies,
- Licensed monopoly status in the operating region,
- Technological investments and compliance with quality standards.

### Constraints

- Short-term weighted funding composition leading to negative net working capitals,
- Ongoing economic headwinds increasing funding costs and growth downside risks pressuring margins,
- Improvement needs in the level of compliance with Corporate Governance Practices in the medium and long-term.