

## Corporate Credit & Issue Rating

New  Update

Sector: Energy

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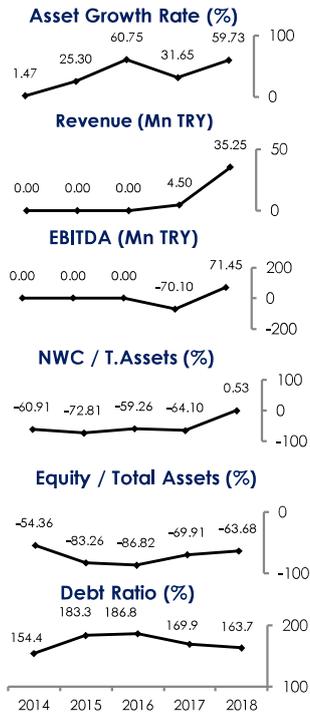
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### RATINGS

	Long	Short	
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC	Neg.
		LC	Neg.
National	Issue Rating	n.a	n.a
	Local Rating	BBB- (Trk)	A-3 (Trk)
	Outlook	Positive	Stable
	Issue Rating	BBB- (Trk)	A-3 (Trk)
Sovereign*	Sponsor Support	2	-
	Stand-Alone	BC	-
	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	FC	Neg.	-
	LC	Neg.	-

\* Affirmed by JCR on November 27, 2018



## Maspo Enerji Sanayi ve Ticaret A.Ş.

### Company Overview

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	124,568	108,775	88,244	66,681	66,729
Total Assets (000 TRY)	655,338	410,288	311,661	193,881	154,739
Equity (000 TRY)	-417,290	-286,814	-270,581	-161,422	-84,111
Net Profit (000 TRY)	-77,810	-17,762	-131,230	-97,961	-41,188
Revenue (000 TRY)	35,254	4,502	0	0	0
EBITDA (000 TRY)	25,188.50	-3,156.37	-5,610.05	-15,805.23	-2,350.55
EBITDA Margin (%)	71.45	-70.10	NS	NS	NS
ROAA (%)	-12.81	-20.70	-51.92	-56.20	-26.82
ROAE (%)	NS	NS	NS	NS	NS
Equity / Total Assets (%)	-63.68	-69.91	-86.82	-83.26	-54.36
Net Working Capital / T. Assets (%)	0.53	-64.10	-59.26	-72.81	-60.91
Debt Ratio (%)	163.68	169.91	186.82	183.26	154.36
Asset Growth Rate (%)	59.73	31.65	60.75	25.30	1.47

\* Audited Year-end Financial Statements

**Maspo Enerji Sanayi ve Ticaret A.Ş.** (hereinafter referred to as “Maspo Enerji” or “the Company”) was founded in 2010 to develop, build and operate geothermal power plant (GPP) projects in Turkey. The Company won the tender of the General Directorate of Mineral Research and Exploration (MTA) for the usage rights of the 126.5 km<sup>2</sup> geothermal field with min. 140MW electricity production capacity in Alaşehir-Manisa and obtained the license valid until April, 2041 for power generation in 2011. The Company started power generation with an installed capacity of 10MW within the renewable energy resources supporting mechanism (YEKDEM) as of June 1, 2017 at a price of USD 0.105/kWh, following a five-year geothermal well drilling, power plant installation and testing period. An additional 34MW power plant will be operational within YEKDEM at a price of USD 0.118/kWh in September 2019.

**Maspo Enerji**, with its staff composed of 44 personnel as of FYE2018 (FYE2017: 39), is included in the **Gürmen Group** which is among the Turkey’s well-known business groups with investments and operations mainly in the fields of men’s ready-made clothing & retail with ‘Ramsey’ and ‘Kip’ brands, agriculture & livestock, energy and mining. The main shareholder of the Company with a 47% stake is Mr. Remzi GÜR who is the founder of the Gürmen Group and 51.60% stake holder of the **Gürmen Giyim San. Ve Tic. A.Ş.**, the flagship company of the Group.

### Strengths

- High support level of sectoral authority encouraging the use of renewable energy sources together with the investment incentive market dynamics and advantages of GPPs
- Stable cash inflow and high EBITDA generation capacity facilitating future project financing
- Relieved liquidity management and smooth debt service capability to be achieved after commissioning of 2<sup>nd</sup> power plant in Sept. 2019
- Wide acreage of the geothermal field that is in the region with comparatively high potential for electricity generation
- Positive net working capital generating maturity structure of receivables and payables
- Natural hedging opportunity derived from USD denominated feed-in-tariff mechanism

### Constraints

- Improvement needs in corporate governance practices
- Decreasing risk appetite of investors and financing providers and increasing borrowing costs
- Deficit balance in equity stemmed from comparatively long R&D and 1<sup>st</sup> phase investment period together with recently achieved steady revenue generation capacity and long-term payables due related parties that can be perceived as subordinated loan
- Continuing need to provide project finance for the realization of future investments and to cooperate with organizations having high know-how despite the experience gained in the construction of first power plant