

Corporate Credit Rating

New Update

Sector: Energy

Publishing Date: 14/11/2022

Chief Analyst

Fatih Lap

+90 212 352 56 73

fatih.lap@jcrer.com.tr

Team Leader

Çetincan Topçu

+90 212 352 56 73

cecincan.topcu@jcrer.com.tr

Analyst

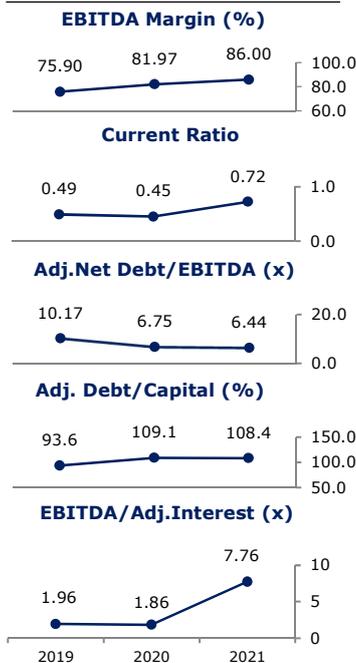
Emel Polat

+90 212 352 56 73

emel.polat@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
ISRs (Issue Specific Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



Greeneco Enerji Elektrik Üretim A.Ş.

JCR Eurasia Rating, has evaluated "Greeneco Enerji Elektrik Üretim A.Ş." in investment-level category on the national scale and assigned the Long-term National Credit Rating at 'BBB+ (tr)' and the Short-Term National Credit Rating at 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings of the Company were assigned as 'BB' with 'Negative' outlooks as parallel to international ratings and outlooks of the Republic of Türkiye.

Greeneco Enerji Elektrik Üretim A.Ş. (hereinafter referred to as 'the Company' or 'Greeneco Enerji') was established in March 2012 to operate in the field of renewable energy with the joint venture of Saray Holding A.Ş. and Acarsan Holding A.Ş. Since its establishment, the Company has been generating electricity by operating geothermal power plant built in Sarayköy, Denizli with a total installed power of 105.25 MWe, consisting of 6 turbines. Greeneco Enerji has 4 production licenses valid until 2042 obtained in 2015 for GPP 1&2, in 2017 for GPP 3&4, in 2018 for GPP 5 and in 2020 for GPP 6. In addition, in 2022, a SPP with an installed capacity of 16 MWe was commissioned to meet some of the electricity needs of existing GPPs.

The Company's shareholder structure consists of Saray Bisküvi ve Gıda San. A.Ş. (49%) and Acarsan Makina Un Gıda San. ve Tic. A.Ş. (40%). As of 2021 year-end, the staff force of the Company was 94 (FYE2020: 102).

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

Strengths

- Continuously increase in sales revenue in conjunction with the completed investments
- Strong EBITDA generation capability with satisfactory margins
- Predictability in cash flow and natural hedging opportunity within the scope of YEKDEM feed-in-tariff mechanism
- Asset quality strengthened by low collection risk
- Sectoral authority encouraging the use of renewable energy sources
- Being in partnership with Saray Holding and Acarsan Holding experienced in various sectors

Constraints

- High level of debt ratio due to long-term weighted project loans
- Mainly unrealized foreign exchange losses arising from FX denominated project loans suppressing bottom-line profit
- Negative equity by reason of accumulated losses
- Improvement needs in compliance level with corporate governance practices
- The geopolitical risks stemming from the Russia-Ukraine war and global recession concerns creating uncertainty

Considering the aforementioned points, the Company's the Long-Term National Credit Rating has been assigned at 'BBB+ (tr)'. The Company's sustainable EBITDA generation capability, increasing business volume, high support level of sectoral authority for renewable energy production, liquidity profile, long-term spread of borrowing and financial leverage indicators as well as benefits from YEKDEM advantages and sustainable market position have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Credit Ratings are determined as 'Stable'. The Company's sales growth, profitability performance, adequacy of liquidity, indebtedness level and market position are the main factors that 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.