

## Corporate Credit Rating

New  Update

**Sector:** Energy Generation

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit 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 Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
Sovereign*	Local Currency	BB (Negative)	-

\* Assigned by JCR on August 18, 2022

## Akfen Yenilenebilir Enerji A.Ş.

JCR Eurasia Rating, has evaluated "Akfen Yenilenebilir Enerji A.Ş." in the investment level category and affirmed the Long-Term National Issuer Credit Rating as 'AA (tr)' and the Short-Term National Issuer Credit Rating as '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.

Akfen Yenilenebilir Enerji A.Ş. (hereinafter referred to as "Akfen Yenilenebilir Enerji" or "the Company") was established in 2016 as a holding company of the Akfen Holding energy investments. Akfen Holding which is one of the largest industrial conglomerates in Türkiye and invests in a variety of sectors such as construction, port management, marine transport, and waste management services, energy, mining and real estate. 33.5% of Akfen Yenilenebilir Enerji's shares went public in March, 2023 and Akfen Holding has 66.5% of the Company's shares currently. Akfen Yenilenebilir Enerji has reached 699.06 MW of installed capacity in operation currently and owns a diversified portfolio of hydro (228.7 MW), solar (121.4 MW) and wind (348.9 MW) assets located in Türkiye.

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

### Strengths

- Projected steady cash inflow and solid EBITDA generation capacity
- Improvement in funds from operations and leverage indicators in 2022
- Effective currency risk management through using derivative instruments along with natural hedging opportunity via RERSM
- High sectoral support for renewable energy sources along with investment incentive market dynamics
- High receivable collection capability thanks to RERSM strengthening asset quality
- Establishment of Akfen Group one of the leading Investment groups in Türkiye
- High level of compliance with the corporate governance practices as a publicly listed company

### Constraints

- Notably high non-cash contribution of revaluation gains in equity
- Rising merchant exposure for some power plants due to expiration of energy resources support mechanism
- Restriction of the maximum settlement price application on profitability
- Dependency on weather conditions
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points together with such additional support factors as projected steady cash inflow and high receivable collection capability thanks to RERSM strengthening asset quality, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AA (tr)'. Strong sectoral support for renewable energy sources along with investment incentive market dynamics and intra group segment support have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National ratings are determined as 'Stable'. The Company's revenue and profitability performance, liquidity position, financial indebtedness, developments in the global economy and also impact of global recession concerns 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 frame about the sector will be monitored as well.

