

Corporate Credit Rating

New Update

Sector: Solar Panel Production
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Team Leader

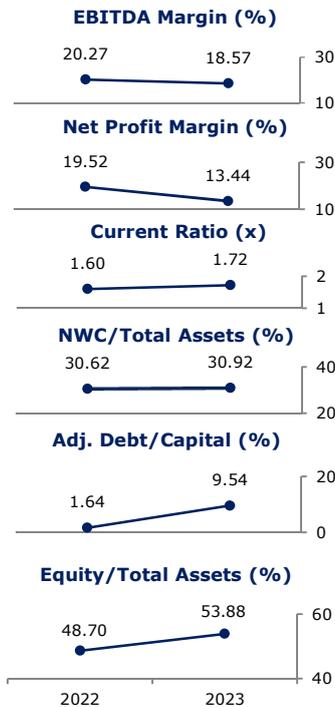
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



ALFA SOLAR ENERJİ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated 'Alfa Solar Enerji Sanayi ve Ticaret A.Ş.' in the investment grade category with very high credit quality 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 have been affirmed as 'BB' and outlooks assigned as 'Stable' according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

Alfa Solar Enerji Sanayi ve Ticaret A.Ş. (hereinafter referred to as 'the Company', 'the Group' or 'Alfa Solar') was established in Ankara with the current company title in 2011. The Group's main operating field is manufacturing of photovoltaic (PV) panels, with half-cut and bifacial technologies, that are used in electricity generation through solar energy. The Group's two manufacturing facilities are located in Kırıkkale Industrial Zone with closed area of 40,000m² in total and equipped with high-tech robotic production lines. With the completion of capacity increase investments, annual production capacity of Alfa Solar has reached to 1,780 MWp as of reporting date.

Alfa Solar's initial public offering (IPO) was made in November 2022, and the shares of the Group have been traded on Istanbul Stock Exchange with the ticker name 'ALFAS' since then. The main shareholder of the Group is 'Alfa Kazan Enerji ve Çevre Yatırımları A.Ş.' with a share of 77%, and the remaining shares are publicly traded as of FYE2023. The Group's headquarter is located in Gaziosmanpaşa/Ankara. As of FYE2023, the Group sustains its operations with 801 employees on average (FYE2022: 356 employees on average).

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

Strengths

- Robust revenue and EBITDA growth in FY2023 supported by volume-based sales and reasonable capacity utilization rate
- Solid leverage metrics enhanced with both cash surplus and net interest receiver position over the reviewed periods despite slight deterioration in 1Q2024
- Sustainable liquidity ratios thanks to cash conversion cycle over the reviewed periods
- Noteworthy equity level compared to asset size supported by internal resource generation capacity as of FYE2023
- Natural hedge mechanism provided by FX denominated sales in some extent
- Low level of doubtful receivables thanks to receiving advances ability
- The tendency towards clean energy sources supports the industry
- Compliance with corporate governance practices as a publicly listed company

Constraints

- Contraction in revenue and negative EBITDA figure although increase in sales volume in 1Q2024
- Global price fluctuations may create instability on profitability margins
- Regular dividend payments may put pressure on cash flow figures
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AA (tr)'. The Company's both revenue and EBITDA generation capacity in full periods, reasonable capacity utilization rates, robust cash and interest surplus position, liquid balance sheet structure, solid equity supported by internal resource generation capacity, natural hedge from FX denominated sales in some extent and low doubtful receivables 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 revenue trend and profitability performance, sales quantities, indebtedness level and leverage profile, liquidity structure, FX position and sectoral trends 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.