# Corporate Credit Rating

☐New ☒Update

**Sector:** Energy Generation
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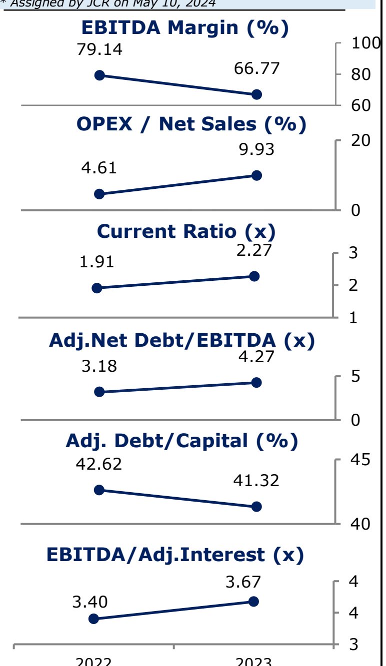
## RATINGS

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

** Assigned by JCR on May 10, 2024*




*EBITDA: Gross Profit – Operating Expenses + Amortization & Depreciation*

# Aydem Yenilenebilir Enerji A.Ş.

JCR Eurasia Rating has evaluated **"Aydem Yenilenebilir Enerji A.Ş."** in the investment-grade category and affirmed the Long-Term National Issuer Credit Rating at **'BBB+ (tr)'** and the Short-Term National Issuer Credit Rating at **'J2 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

**Aydem Yenilenebilir Enerji A.Ş.** (hereinafter referred to as **'Aydem Yenilenebilir Enerji'** or **'the Company'**) was established in 1995 with the commercial title of "Bereket Enerji Üretim Otoprodüktör Grubu San. ve Tic. A.Ş." and the Company's title was changed to "Aydem Yenilenebilir Enerji A.Ş." on December 27, 2019. The Company reorganized its operations to focus solely on the production of energy from renewable resources. Aydem Yenilenebilir Enerji generates electricity from renewable resources and had an installed capacity of 1,180MW which was composed of 20 HPPs (hydroelectric power plants), 3 WPPs (wind power plants), a GPP (geothermal power plant) and a hybrid SPP (solar power plant) as of the report date. The shares of the Company have been publicly traded on BIST since 29.04.2021. The principal shareholder was Aydem Enerji Yatırımları A.Ş. with 81.56% share, and free float rate was 18.44% as of FYE2023. The headquarters is located in Denizli. As of FYE2023, the total number of personnel employed in Aydem Yenilenebilir Enerji was 567 (FYE2022: 556).

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

### Strengths

- Improved production performance in 1Q2024 after the slight decrease in FY2023 due to hydrological fluctuations,
- Sufficient liquidity profile along with favorable level of CFO and FFO,
- Existence green bond issuance with long-term maturity structure,
- Low collection risk on the back of sales made via EXIST and YEKDEM to the related parties,
- Support level of sectoral authority encouraging the use of renewable energy sources,
- Importance given to sustainability within the scope of ESG criteria,
- Strong compliance with the corporate governance principles.

### Constraints

- Decline in revenue and EBITDA in 2023 leading to weaken the leverage ratios as a result of restricted prices, nevertheless EMRA terminated maximum settlement price application as of October 2023,
- Expected pressure on financial profile after the commencement of principal payments for bond issue in FY2025,
- Adverse effect of net financing expenses on bottom line despite cash flow hedge implementation,
- Sensitivity of electricity generation to climatic conditions despite diversified portfolio and ongoing CAPEX plan to mitigate climate risks to a certain extent,
- Relatively high level of OPEX/sales ratio,
- Pledges and mortgages provided to green bond issuance reducing the elasticity of assets,
- 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 the Long-Term National Issuer Credit Rating has been affirmed at **'BBB+ (tr)'**. The Company's adequate liquidity structure, enhancement in production during 1Q2024, high support of the sectoral authority as well as contraction in EBITDA generation and profit margins, high financing expenses, vulnerability to climatic conditions and global macroeconomic concerns 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 profitability indicators, cost management abilities, leverage profile and equity structure along with liquidity management 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.

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