

Corporate Credit Rating

New Update

Sector: Energy Generation
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Team Leader

Muhammet Başar
+90 212 352 56 73
muhammet.basar@jcrer.com.tr

Senior Analyst

Muhammet Selim Bilici
+90 212 352 56 73
selim.bilici@jcrer.com.tr

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

* Assigned by JCR on Aug 18, 2022

BİRLEŞİM YEŞİL ENERJİ ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "Birleşim Yeşil Enerji Anonim Şirketi" in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'A- (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' in parallel to the international ratings and outlooks of the Republic of Türkiye.

Birleşim Yeşil Enerji Anonim Şirketi (hereinafter referred to as "BY Enerji" or "the Group") was established on September 13, 1978, with the title "Ersipahi Makina Sanayi A.Ş.". In 2010, the existing shareholders became part of the Group, and the parent company's title was changed to Birleşim Yapı ve Endüstri Tesisleri San. Tic. A.Ş. Previously, BY Enerji was involved in purchasing, selling, and leasing real estate. However, on January 26, 2022, its scope of operation was revised to focus on renewable energy investments, and its title led to the current form.

BY Enerji's main field of activity is investing in power plants and generating electricity. The Group's three subsidiary-owned licensed solar energy power plants (SEPPs), Edikli SEPP (15.2 MWp), Alages Adilcevaz SEPP (24.2 MWp) and Bütet SEPP (15,8 MWp) located in Niğde, Bitlis, Kahramanmaraş, respectively. The SEPPs sell the electricity generated with purchase guarantees, with the scope of Renewable Energy Resources Support Mechanism ("RERSM", in Turkish acronym "YEKDEM"). In addition, Menekşe Yenilenebilir Enerji ve Elektrik Üretim A.Ş. ("Menekşe Enerji"), whose shares were acquired in May/2023, holds a wind power generation license with a capacity of 20 MW wind energy production plant (WEPP). Menekşe WEPP investment process is ongoing and the plant is planned to be put into operation in 2024.

In September, 2023, the Group acquired the shares of Birleşim Başakşehir Akaryakıt ve Petrol Ürünleri Pazarlama A.Ş. ("Birleşim Petrol"), a related party of the Group, which is engaged in the operation of fuel station in Başakşehir, İstanbul. Furthermore, all shares of Zen Enerji A.Ş. ("Zen Enerji"), which produces electricity with its 6 solar power plants (Yarıklı SEPP/Burdur, Simav SEPP/Kütahya, Karakeçili SEPP/Kırıkkale, Göğem SEPP/Uşak, Kıravdan SEPP/Eskişehir, Rose SEPP/Isparta), were acquired on October 12, 2023. Zen Enerji's power plants with a total installed capacity of 48.1 MWp.

The shareholders of the Group are Mesut Altan and İdris Çakır with 50% shares each. The Group continues its operations with an average of 31 personnel as of 3Q2023. (FYE2022: 26)

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

Strengths

- EBITDA generation capacity and revenue growth despite its newly launched status in energy production,
- Asset quality strengthened by the low collection risks,
- The maturity structure of financial debt is in line with the RERSM utilization period,
- High support level of sectoral authority encouraging the usage of renewable energy sources,
- Fixed-priced scheduled within the scope of RERSM for some plants providing predictability in cash flow and natural hedging opportunity,
- High degree of financial support of shareholders and the synergy created by Birleşim Group.

Constraints

- Relatively high financial leverage profile, despite long-term weighted funding structure,
- High level of coverage ratios,
- Upward trend of net working capital deficit,
- High non-cash contribution of revaluation gains and FX translation differences on equity,
- Dependency of renewable energy sources on weather conditions,
- Potential changes in the regulatory environment creating uncertainty in business strategies,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'A- (tr)'. The Group's EBITDA generation capacity, asset quality, profitability ratios, guaranteed unit sales price within the scope of feed-in-tariff mechanism and shareholder's support as well as, high non-cash distribution of revaluation gains, equity level, debt ratios, the potential negative effects of the volatile weather conditions 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 Group's debt and equity level, profitability indicators, cash flow, and liquidity metrics will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will also be monitored.

