

Corporate Credit Rating

New Update

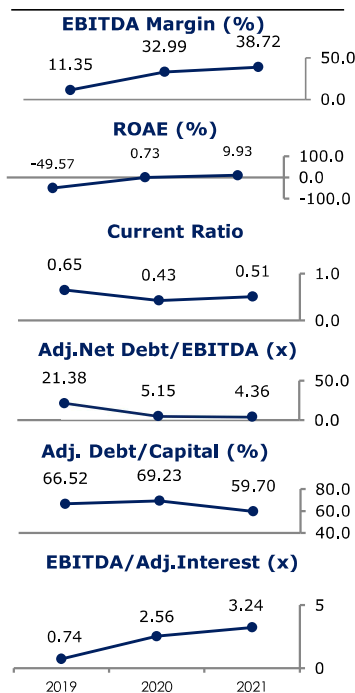
Sector: Energy Generation
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Negative	-
	National ISR	A (tr)	J1 (tr)
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.

JCR Eurasia Rating, has evaluated consolidated structure of "Consus Enerji İşletmeciliği ve Hizmetleri A.Ş." in the investment-level category on the national scale and assigned its Long-Term National Note as 'A (tr)' and 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.

Consus Enerji İşletmeciliği ve Hizmetleri A.Ş. (referred to as 'the Group' or 'Consus Enerji') was established in 2014 to operate in the field of electricity generation. The Group operates as a subsidiary of Global Yatırım Holding A.Ş and boasts a power generation capacity of 94.1 MW, with 40 MW of that capacity being derived from renewable energy sources, such as Mavibayrak Enerji (BPP – 12 MW), Mavibayrak Doğu (BPP – 12 MW), Doğal Enerji (BPP – 5.2 MW) and Ra Güneş (SPP – 10.8 MW). In 2015, "Edusa Atık" was established to fulfill the biomass fuel needs of the BPP within the group. The remaining 54.1 MW is consisted of 2 trigeneration plants located in shopping malls and 6 cogeneration plants located in various production facilities, under the management of "Tres Enerji". The Group also operates a retail electricity company named "Tenera", which procures electricity from both Group companies and the market and subsequently sells it to customers. Lastly, "Solis" was founded in 2022 to establish, invest, develop, commission and lease solar power plants and sell energy generated from the SPPs.

The Group accomplished its IPO process and its shares are started to be traded on Borsa Istanbul with the ticker "CONSE" since April 2022. As of September, 2022, Global Yatırım Holding owns the 70% of the Consus Energy's shares and the remaining shares are publicly traded.

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

Strengths

- Upward trend in EBITDA generation capacity
- Revenue growth stimulated by capacity increases in recent years, gained momentum during 9M 2022
- Improvement in financial leverage ratios as well as interest coverage ratios
- Steady improvement in cash flow metrics
- Mostly FX based fixed price scheduled within the scope of feed-in-tariff mechanism increase predictability and stimulate the cash generation capacity
- High support level of sectoral authority encouraging the use of renewable energy sources
- Diversified energy generation portfolio mitigates concentration risk in a certain extent

Constraints

- Remarkable share of financial liabilities with floating interest rates among total debt
- Persistent net working capital deficit due to nature of business
- Lengthening in cash conversion cycle in the last two consecutive years
- High level of pledged and mortgaged tangible assets for borrowings that decrease the elasticity of assets
- External and operational event adversities and potential changes in sectoral authority practices and incentives may create uncertainty in business strategies
- Global recession risk and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned at 'A (tr)'. The Company's upward trend in EBITDA generation capacity, continuous revenue growth, steady improvement in cash flow metrics, mostly FX based income structure, high level of support by sectoral authorities, high share of financial liabilities with floating interest rates, deterioration of the cash conversion cycle, high level of pledged and mortgaged assets as well as global interest rate hiking cycle and global recession risk 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 and profitability performance, debt structure, liquidity position, and asset quality 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.