

Corporate Credit Rating

New Update

Sector: Electricity Generation
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Manager

Abdullah DEMİRER
+90 212 352 56 73
abdullah.demirer@jcrer.com.tr

Team Leader

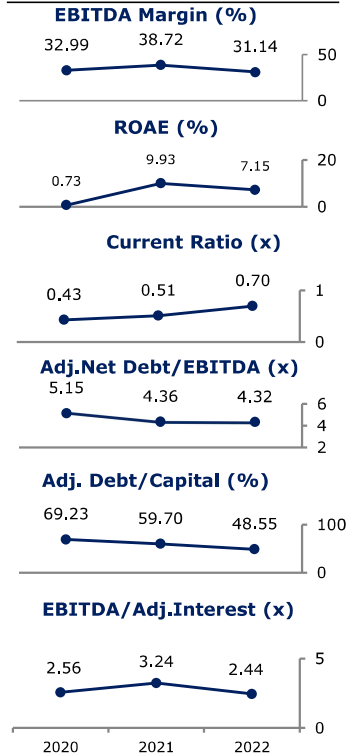
Özlem YAMANER
+90 212 352 56 73
ozlem.ozsoyyamaner@jcrer.com.tr

Senior Analyst

Hasan Kadri DUMAN
+90 212 352 56 73
hasankadri.duman@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 FC ICR	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
Sovereign*	National ISR	A (tr)	J1 (tr)
	International FC ISR	Stable	Stable
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on August 18, 2022



Consus Enerji İşletmeciliği ve Hizmetleri Anonim Şirketi

JCR Eurasia Rating, has evaluated consolidated structure of "Consus Enerji İşletmeciliği ve Hizmetleri A.Ş." in the investment-level category on the national scales and affirmed its Long-Term National Issuer Credit Rating at '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 Company' or 'Consus Enerji') was established in 2014 to operate in the field of electricity generation. The Company operates as a subsidiary of Global Yatırım Holding A.Ş and boasts a power generation capacity of 98.0 MW, with 41.8 MW of that capacity being derived from renewable energy sources, such as Mavibayrak Enerji (BPP – 12 MW), Mavibayrak Doğu (BPP – 12 MW, SPP – 1.8 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 56.2 MW is consisted of 2 trigeneration plants located in shopping malls, 6 cogeneration plants located in various production facilities, and 1 SPP located in Çerkezköy, Tekirdağ under the management of "Tres Enerji". The Company 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 Company 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 50.99% of the Consus Energy's shares and the remaining shares (49.01%) are publicly traded.

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

Strengths

- Revenue growth supported by increasing FX rates in 2022 and expected to continue in 2023 with a sustained business volume
- Asset quality strengthened by the low collection risks
- 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
- Being subsidiary of Global Yatırım Holding and synergy generated within group companies
- High level of compliance with comprehensive corporate governance practices as a publicly traded company

Constraints

- Contraction in EBITDA margin in 2022 mainly resulted from increased costs due to high inflation and expected to continue in 2023
- Despite the slight improvement in 2022, the increase in the net debt to EBITDA figure in 2023 due to ongoing investments
- Remarkable share of financial liabilities with floating interest rates among total debt
- Persistent net working capital deficit due to nature of business
- Extension in cash conversion cycle in the last three consecutive years
- High level of pledged and mortgaged tangible assets for borrowings that decrease the elasticity of assets
- External events and potential changes in sectoral authority practices may create uncertainty in business strategies
- 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 at 'A (tr)'. The Company's revenue growth, asset quality, mostly FX based income structure, high level of support by sectoral authorities, contraction in EBITDA margin, increase in the net debt to EBITDA figure, high share of financial liabilities with floating interest rates, deterioration of the cash conversion cycle, high level of pledged and mortgaged assets along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial 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 Company's revenue and profitability performance, debt structure, financial leverage indicators, 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.