

Corporate Credit Rating

New Update

Sector: Construction

Publishing Date: Sep 30, 2022

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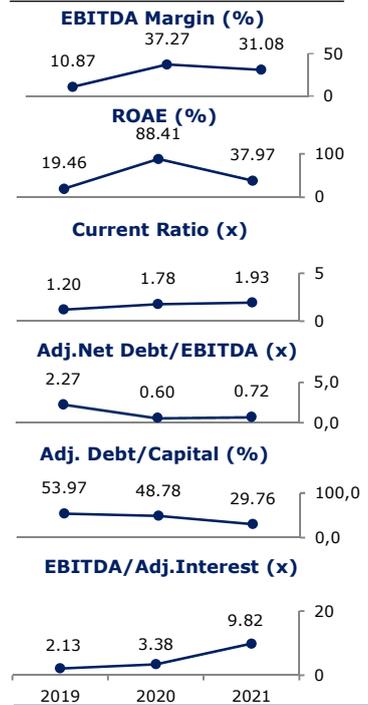
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on August 18, 2022



GİRİŞİM ELEKTRİK SANAYİ TAAHHÜT VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Girişim Elektrik Sanayi Taahhüt ve Tic. A.Ş." in the investment level category 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 and outlooks were assigned as 'BB/Negative'.

"Girişim Elektrik Sanayi Taahhüt ve Tic. A.Ş.", (hereinafter referred to as "Girişim Elektrik" or "the Group") was established in 1999 in Kahramankazan, Ankara. The Group's main activity fields can be categorized as engineering and project services, turn-key contracting, sales and marketing, manufacturing, special distributorship and testing services.

The Group is one of the leading EPC contracting, engineering, sales and marketing companies in Eastern Europe, Mediterranean and MENA electricity and energy industries, based in Türkiye and operating globally. Girişim Elektrik has a central campus in Ankara with a total production area of over 70,000 m² closed and 120,000 m² open and offices in the Netherlands, Macedonia, Iraq, Morocco, Algeria and Ukraine. It offers its products and services in 70 countries in 5 continents, with solutions from generation to transmission, from distribution to control, of the energy needed for the energy sector.

Girişim Elektrik has been quoted on BIST since August, 2021 through ticker symbol of GESAN. Girişim Elektrik has a subsidiary as Europower Enerji ve Otomasyon Teknolojileri San. ve Tic. A.Ş. and its consolidated subsidiary are hereinafter referred to as 'the Group'. The Group had staff force of 1,006 as of December 31, 2021. (FYE2020: 834)

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

Strengths

- Notable sales growth over the reviewed period,
- Solid EBITDA generation capacity provides well-structured Net Debt to EBITDA ratio,
- Despite swings over the years, reasonable profit margins on average,
- Significantly high current ratio and net working capital facilitating liquidity management,
- Foreign currency dominated sales revenue providing natural hedge in a certain extent,
- Predictable revenue to backlog ratio to maintain future income inflow,
- The positive contribution of completed investments on the capacity supporting revenue generation,
- Strong R&D center and new product-brand creation power,
- Long experience in the sector that enables economies of scale and scope,
- As a publicly traded company, high level of compliance with Corporate Governance Practices,

Constraints

- Deterioration in FOCF leading external funding needs for operational cycle and ongoing investments,
- Steadily increasing cash conversion cycle,
- The geopolitical risks stemming from the Russia-Ukraine tension increasing input prices leading pressure on the Group's operations.

Considering the aforementioned points, together with such additional support factors EBITDA generation capacity, sizeable growth in revenue volume, predictable revenue growth, positive contribution of completed sizeable investments to the capacity, the Long-Term National Issuer Credit Rating has been affirmed as 'AA- (tr)'. The Group's revenue and profitability performance, massive uncertainties in the global and domestic economic condition 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 liquidity and leverage position, EBITDA generation capacity, debt figure and profitability indicators 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.