

Corporate Credit Rating

New Update

Sector: Construction

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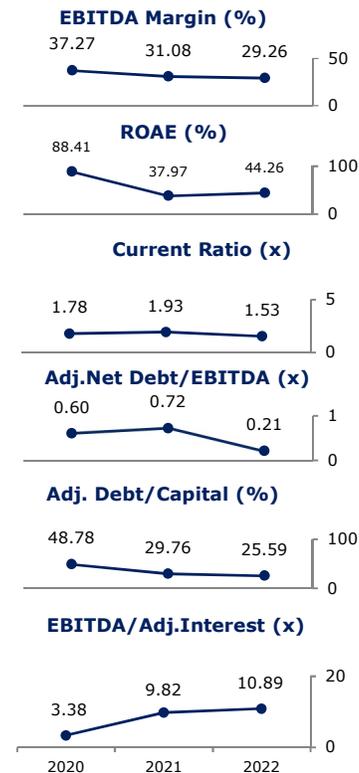
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International 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 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 have been affirmed as 'BB/Negative' in parallel to international ratings and outlooks of Republic of Türkiye.

"Girişim Elektrik Sanayi Taahhüt ve Tic. A.Ş.", (hereinafter referred to as "Girişim Elektrik" or "the Group") was established in 1999 in 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 Turkish and regional electricity and energy industry, 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 as well as offices in the Netherlands, Macedonia, Iraq, Morocco, Algeria and Ukraine. It offers products and services in 70 countries in 5 continents with solutions it offers from generation to transmission, distribution to control of the energy needed for the energy sector.

Girişim Elektrik's shares have been quoted on Borsa Istanbul since August, 2021 with the ticker symbol of GESAN. Europower Enerji ve Otomasyon Teknolojileri, a subsidiary of Girişim Elektrik with a 55.68% share and consolidated in its financial statements, was offered to the public in April 2023. The Group had staff force of 1,189 as of December 31, 2022. (FYE2021: 1,006)

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

Strengths

- Strong revenue growth supported by sizable project portfolio,
- Solid EBITDA generation capacity along with reasonable margins contributing to debt service,
- Improvement in cash flow metrics and increase in NWC easing liquidity management,
- Significant backlog value providing sustainable income visibility,
- Positive contribution of completed and ongoing capacity investments on revenue generation,
- Growing ESG awareness as well as need and potential for renewable energy keeping the demand alive for the sector,
- Having competitive advantages thanks to unique product creation capability through strong R&D activities,
- Accumulated know-how and long track record in the EPC industry,
- High level of compliance with corporate governance practices as a public company.

Constraints

- Increasing short FX position despite foreign currency dominated sales providing some degree of natural hedging,
- Rising construction costs and fluctuations on base metals price suppressing profitability in the sector,
- Existing uncertainty due to Russia-Ukraine War leading the postponement of the Group's planned operations in Ukraine.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed as 'AA- (tr)'. Strong cash position, increasing brand awareness after IPO, high market share, demand for the sector, satisfactory level of backlog value and high receivables quality 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 indebtedness structure, cash flow metrics 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.