

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	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

Gürmat Elektrik Üretim A.Ş.

JCR Eurasia Rating, has evaluated **Gürmat Elektrik Üretim A.Ş.** in investment-level category and upgraded the Long-Term National Issuer Credit Rating to '**A- (tr)**' from '**BBB (tr)**' and assigned the Short-Term National Issuer Credit Rating at '**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.

Gürmat Elektrik Üretim A.Ş. (hereinafter referred to as the '**Gürmat**' or '**the Company**'), was established in 1999 in Ankara to engage in the generating activities of electricity from geothermal energy. Continuing its GPP investment, the Company started Efeler GPP construction in 2013. Having operationalized of 8th phase of Efeler GEPP with 50MW capacity in December 2021, total electricity generation capacity of the Company reached to 259.9MW. The first 25MW part of Efe8 GEPP with an installed capacity of 50MW was commissioned and the plant started electricity generation in December 2020, and the remaining part of 25MW was commissioned in December 2021. The Company's benefits from renewable energy resources supporting mechanism (RERSM) with a capacity of 212.5MW (Efeler GEPP, Efe6, Efe7, Efe8) as of report date. The determined prices are 10.50 UScent/kWh for Efeler GEPP (114.9 MW), 11.9 UScent/kWh for Efe6 (22.60 MW) and Efe7 GEPP (25 MW) and 12.6 UScent/kWh for Efe8 GEPP (50 MW). In addition, as of 31.12.2019, Galip Hoca GEPP is not within the scope of RERSM and Gürmat sells the Galip Hoca GEPP's generated electricity to the groups' subsidiary.

The shareholders of the Company are Mogan Enerji Yatırım Holding A.Ş. (90.00%), Gürış Holding A.Ş. (4.72%), Gürış İnşaat ve Mühendislik A.Ş. (4.72%), Gürenerji Elektrik Üretim Ltd. Şti. (0.56%). Ultimate controlling party of the Company Mogan Enerji Yatırım Holding A.Ş., which continues its activities in energy sector, has investments total 1,025.52 MW installed capacity Geothermal Power Plants, Hydroelectric Power Plants and Wind Power Plants as of report date.

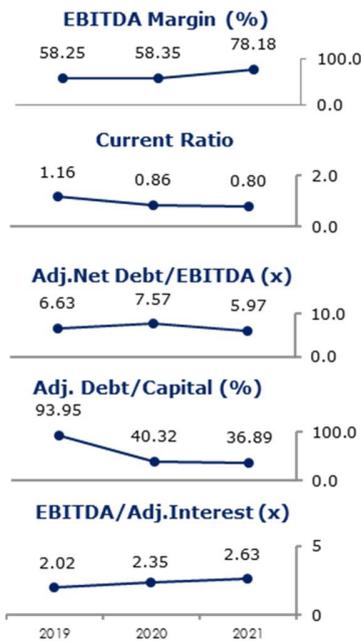
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Notable improvement in EBITDA margin in 2021 and robust EBITDA generation capacity
- Improvement in financial leverage ratios in 2021
- Strong cash generation capacity
- Fixed price scheduled within the scope of feed-in-tariff mechanism increase cash flow predictability
- High support level of sectoral authority encouraging the use of renewable energy sources together with the investment incentive market dynamics and advantages of GEPs
- Backed by Gürış Group

Constraints

- Persistent net loss during the review period broadly stemming from unrealized FX losses
- Deterioration in net working capital deficit and current ratio for last two consecutive years
- Revaluation gains accounted large share of equity
- The global recession risk and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been upgraded to '**A- (tr)**'. The Company's high level of operating profitability, guaranteed unit sales price within the scope of feed-in-tariff mechanism, cash injections of partners into equity with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle have been evaluated as important indicators for the stability of the ratings and the outlooks for Long- and Short-Term National ratings are determined as '**Stable**'. Company's financial structure, sales and profitability performance, continuity of EBITDA generation capacity, adequacy of liquidity are closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be monitored as well.