

Corporate Credit Rating

New Update

Sector: Solar Panel Production

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

* Assigned by JCR on May 10, 2024

HT Solar Enerji Anonim Şirketi

JCR Eurasia Rating has evaluated "HT Solar Enerji A.Ş." in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'A+ (tr)' and 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/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

HT Solar Enerji A.Ş. (hereinafter referred to as "HT Solar" or "the Company") was established in 2016, in İstanbul as an indirect subsidiary of 100% Chinese state-owned company HT-SAAE (Shanghai Aerospace Automobile Electromechanical Co., Ltd.). The main activity of the Company is the production and sale of solar panels, modules, and cells. The Company's production facility is located in Aydın (Tuzla) free zone on a total area of 32,000 m². HT Holding Luxemburg S.A. having 85% shares of the Company transferred majority of shares of HT Solar to Chen Güneş Enerjisi Sanayi ve Ticaret Ltd. Şti. in June, 2024. Therefore, the current shareholding structure of HT Solar is 70% Chen Güneş Enerjisi Sanayi ve Ticaret Ltd. Şti., 15% TSUN Enerji Yönetim Danışmanlığı A.Ş. and 15% HT Holding Luxemburg S.A.

HT Solar ranked 170th in the 2023 list of "Türkiye's Top 500 Industrial Enterprises" survey of ISO (İstanbul Chamber of Industry) according to production based net sales from production (2022: 200th). The headquarter of the Company is located in İstanbul, and the Company employed an average workforce of 452 in FY2023 (FY2022: 399).

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

Strengths

- Maintained revenue growth in FY2023 on the back of increase in sales volume and export-oriented income stream,
- Solid leverage and coverage profile underpinned by ongoing cash surplus position,
- Positive net working capital promoting liquidity structure,
- Having tax incentives thanks to operating in a Free Zone,
- Rising demand for renewable energy sources, especially solar power plants, within the scope of green energy.

Constraints

- Relatively low EBITDA margin despite an improvement in FY2023,
- Notable decrease in turnover in 9M2024 due to declining solar panel and module prices,
- High level of operating ratio, despite its declining trend,
- Low level of equity and paid-in capital regarding asset size as of FYE2023,
- High concentration on both customer and supplier sides,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. The Company's export-based revenue stream, maintained cash surplus position, coverage multiplier, benefits of operating in Free Zone, favorable liquidity structure as well as low EBITDA margin, decrease in solar panel prices, low equity structure and global macroeconomic concerns 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 profitability indicators, cost management abilities, leverage profile and equity structure along with liquidity management 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.

