JCR Eurasia Rating

"JCR-ER, Group of Japan Credit Rating Agency, Ltd."

Corporate Credit Rating

☐New ☒Update

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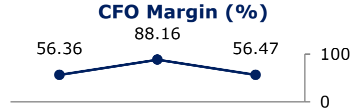
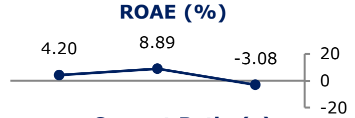
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on August 18, 2022*

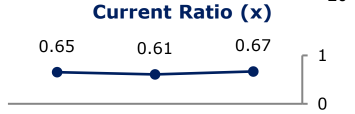
CFO Margin (%)



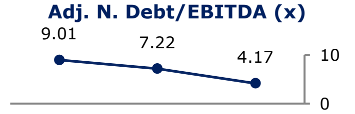
ROAE (%)



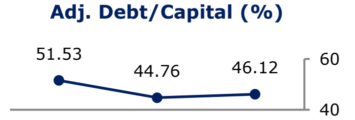
Current Ratio (x)



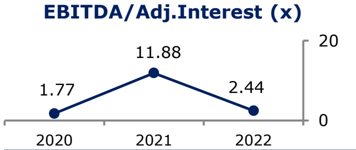
Adj. N. Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



MOGAN ENERJİ YATIRIM HOLDİNG A.Ş.

JCR Eurasia Rating, has evaluated **Mogan Enerji Yatırım Holding A.Ş.** in investment-level category and upgraded the Long-Term National Issuer Credit Rating from **'BBB+ (tr)'** to **'A (tr)'** and Short-Term National Issuer Credit Rating from **'J2 (tr)'** to **'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.

Mogan Enerji Yatırım Holding A.Ş. (Mogan Enerji or "the Group") was initially established in 1980 with the legal name of "Mogan Makina Sanayi A.Ş." and amended to "Mogan Yatırım Holding Anonim Şirketi" in 1997 and finally changed to its current legal name "Mogan Enerji Yatırım Holding Anonim Şirketi" in 2011 with the intention of collecting all the energy companies in Güriş Group under one roof. Mogan Enerji, which has directed its investments to renewable power plants, maintains 8 Geothermal Power Plants ("GEPP"), 4 Hydroelectric Power Plants ("HEPP") and 9 Wind Power Plants ("WEPP") within its structure and generates its operating revenue via electricity sales from mentioned renewable energy resources. Moreover, Mogan Enerji has 12 subsidiaries in energy sector in Türkiye as of FYE2022 and their production licenses are all registered on Special Purpose Vehicles (SPV). Installed capacity of the Group has reached to 1,024.92MW (FYE2021: 940.92 MW) as of FYE2022.

In addition, the Group's registered address is located in Ankara, Türkiye and directly employs 572 personnel (FYE2021: 566) as of FYE2022. Mogan Enerji's capital amount to TRY 2.23bn (FYE2021: TRY 2.23bn) and its shareholders are Tevfik Yamantürk, Müşfik Hamdi Yamantürk and Güriş İnş. ve Müh. A.Ş with their 44%, 44% and 12% shares, orderly.

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

Strengths	Constraints
• Continuous increase in sales volume and strong EBITDA generation capability, • Improvement in leverage indicators and downward tendency in net debt to EBITDA multiplier, • USD denominated feed-in-tariff mechanism and fixed purchase price guarantee within the scope of YEKDEM enabling predictability in cash flow which also strengthened asset quality in terms of low collection risks, • Renewable energy source adoption bolstered by high sectoral authority support, • Being among the largest renewable energy companies in Türkiye and reaching targeted installed capacity via completion of ongoing investments, • Synergy among Güriş Holding companies and recognizable shareholder framework.	• Significant rise in financing expenses mainly due to unrealized FX losses resulting in net loss in FY2022, • Notably high non-cash contribution of revaluation gains in equity, • Rising merchant exposure for some power plants due to expiration of YEKDEM, • Operating performance susceptible to external factors such as weather conditions, wind speed, consistency and drought, • Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been upgraded from **'BBB+ (tr)'** to **'A (tr)'**. Increase in sales volume and EBITDA generation capability, developments in leverage indicators, benefiting from USD denominated feed-in-tariff mechnanism and fixed purchase guarantee, high sectoral authority support regarding renewable energy resources, being among the largest renewable energy companies in Türkiye, synergy among Güriş Holding companies and highly known shareholder structure 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 notable rise in financing expenses mainly due to unrealized FX losses, high contribution of non-cash revaluation to the expansion of equity size, rising merchant exposure for some power plants due to expiration of YEKDEM, dependency of WEPP and HEPP's on weather conditions and slowdown in global economic growth along with monetary tightening and domestic restrictive financial conditions 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.