Corporate Credit Rating

☐New ☒Update

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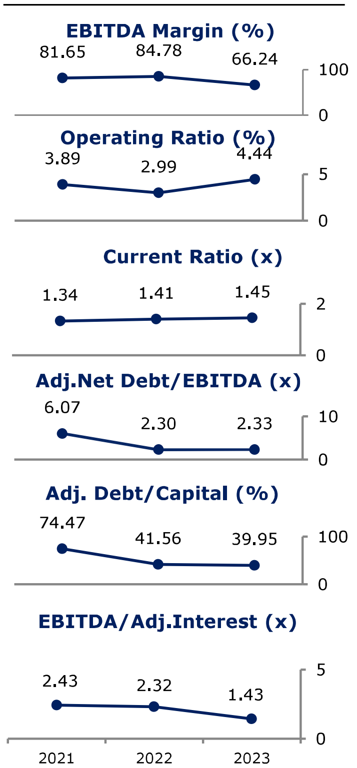
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on May 10, 2024*



POLAT ENERJİ YATIRIMLARI A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **"Polat Enerji Yatırımları A.Ş."** in the investment grade category with high credit quality, 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 determined as **'BB/Stable'** in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Polat Enerji Yatırımları A.Ş." (hereinafter referred to as **"Polat Enerji"** or **"the Group"** or **"the Company"**) was established on January 4, 2011 in İstanbul, Türkiye. The Company invests in companies operating in the energy sector and organizes their activities. Polat Enerji is an umbrella company to operate in the renewable energy sector, primarily wind and solar energy, and to participate in projects and companies in this field.

The Group has 5 wind power plants across Türkiye. As of the reporting date, the Group operates in wind power plants with a total of 320 wind turbines and an installed capacity of 693.5 MWm/654.4 MWe.

The Group has a total of 164 employees as of FYE2023 (FYE2022: 158).

As of the reporting date, the shareholders of the Group are "Polat Holding A.Ş." and "İş Enerji Yatırımları A.Ş." with 50% shares each.

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

Strengths	Constraints
• Sustainable sales performance over the years and expected to continue in the upcoming periods with the completion of ongoing investments, • Satisfactory EBITDA generation capacity in the analyzed periods despite contraction in EBITDA generation and margin in FY2023, • Ongoing short-term net cash position in the analyzed periods, • Positive cash flow metrics in the last two-year period, • High collection capability of receivables supporting asset quality, • USD-indexed sales providing natural hedge in a certain extent, • High support level of sectoral authority encouraging the use of renewable energy sources, • Well-known brand name with a proven track record in various countries and operational strength of Polat Holding.	• Decreasing trend in EBITDA to interest expense ratio in the analyzed periods, • High level of operating ratio in FY2023, • Noteworthy contribution of non-cash revaluation gains to equity and low level of paid-in capital in the last two-year period, • Sensitivity of power generation from wind energy to weather conditions and legislative regulations, • Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at **'A+ (tr)'**. The Group's increasing sales revenue, satisfactory EBITDA generation capacity, short-term net cash position, positive cash flow metrics and USD-indexed revenue stream as well as decreasing coverage indicators, high operating ratio and slowdown signal in the global economy 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 financial structure, sales and profitability performance, liquidity and leverage indicators will be closely monitored by JCR Eurasia Rating in the 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.