

Corporate Credit Rating

New Update

Sector: Electrical Equipment

Industry

Publishing Date: 18.07.2025

Team Leader

Hulusi Girgin

+90 212 352 56 73

hulusi.girgin@jcrer.com.tr

Analyst

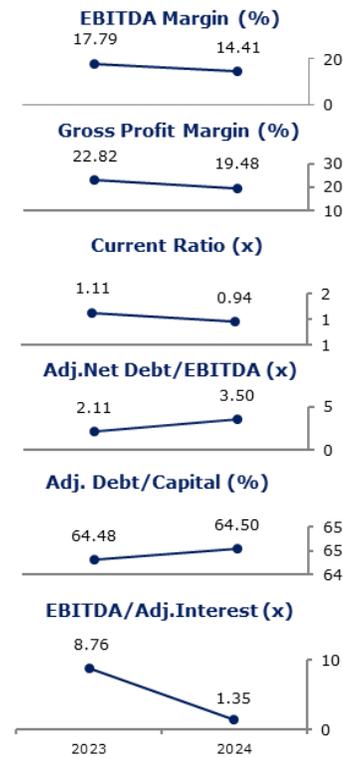
Nurullah Şaşa

+90 212 352 56 73

nurullah.sasa@jcrer.com.tr

R A T I N G S		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A- (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
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



SMART GÜNEŞ ENERJİSİ TEKNOLOJİLERİ AR-GE ÜRETİM SAN. VE TİC. A.Ş.

JCR Eurasia Rating, has evaluated "Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş." in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'A (tr)' to 'A- (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J2 (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.

Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim San. ve Tic. A.Ş. (hereinafter referred to as "the Company", "the Group" or "Smart") was established in 2014 in İstanbul. The main field of activity of the Group includes installation of renewable energy power plants, production of PV solar modules and solar cells, sale and marketing of various Solar Power Plant system equipment, and providing engineering and labour services. Smart has two production plants in Türkiye, one in Gebze/Kocaeli and one in Aliğa/İzmir. The Company's total annual solar panel production capacity is 2,400 MW, and its annual solar cell production capacity is 800 MW. This capacity is planned to increase to 2,000 MW by the end of 2025. Additionally, the Company will put in operation 1,500 MW domestic wafer production investment in 2025. The shares of the Smart have been traded on the İstanbul Stock Exchange (BIST) with the ticker of "SMRTG" since March 2022. The Group's headquarters is located in Beykoz, İstanbul. As of March 31, 2025, the Group has 1,192 employees (December 31, 2023: 1,164).

73.03% of Smart's shares belong to Smart Holding A.Ş. and 26.97% of shares are publicly traded.

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

Strengths

- Maintained revenue level with the contribution of volume-based sales during the analyzed periods,
- Enhanced production capability by leveraging investments in addition to expanding opportunities in the domestic market,
- Contract balances reported on the public disclosure platform support revenue visibility in a certain extent,
- Compliance with corporate governance practices and quality standards as a publicly listed company.

Constraints

- Increased CAPEX and persistently negative FOCF have led to an increased reliance on external financing in a costly financing environment, though moderate cash conversion cycle partially underpinning CFO generation,
- Margin contraction in profitability in FYE2024 and 1Q2025 due to increased costs and competition,
- Low equity contribution in addition to deterioration of leverage and coverage metrics in FYE2024 and 1Q2025,
- Escalating pressure on liquidity, coupled with negative net working capital in FYE2024 and 1Q2025,
- Ongoing tight competition conditions in the global market due to China's supply boom and limited export opportunities,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'A (tr)' to 'A- (tr)'. Additionally, maintained revenue level along with volume based sales, improved domestic competitiveness and growth opportunities thanks to supportive investments, satisfactory level of backlog amounts, and the level of compliance with corporate governance principles as a publicly traded company as well as increased financial debt amount, weakened profitability and negative FFO and FOCF figures, weakened leverage and coverage metrics 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 affirmed as 'Stable'.

The Group's sales and production volume, debt and equity level, cash flow and liquidity metrics, asset quality, financial risk indicators, profit margins, customer portfolio and sectoral regulations 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.