

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

\* Assigned by JCR on Aug 18, 2022

## Soma Enerji Elektrik Üretim A.Ş

JCR Eurasia Rating, has evaluated "Soma Enerji Elektrik Üretim A.Ş." in the investment-level category and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'A+ (tr)' and affirmed the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Soma Enerji Elektrik Üretim A.Ş. (hereinafter referred to as "Soma Enerji" or "the Company"), which was established in 2002, operates in the field of electricity energy generation from wind power plant located in Soma, Manisa, Türkiye. The Company is owned by Polat Enerji Yatırımları A.Ş. ("Polat Enerji", "the Group"), which is a highly reputable group in renewable energy sector in Türkiye. The Group has also investments in wind power plant in Kırşehir, Balıkesir, and İzmir, with total of 673.7 MWe licensed capacity and solar energy plant with 26 MWe capacity.

As of FYE2022, the Group's main ultimate controlling shareholders are "Polat Enerji Yatırımları A.Ş." with 50% shares and "Maxis Girişim Sermayesi Portföy Yönetimi A.Ş." with 50% shares that is a subsidiary of "Türkiye İş Bankası A.Ş.". In August 2023, 50% of the shares held by "Maxis Girişim Sermayesi Portföy Yönetimi A.Ş." were transferred to "İş Enerji Yatırımları A.Ş.".

The Company obtained the electricity generation license from EMRA (Energy Market Regulatory Authority) in 2007 for 49 years and operates in renewable energy sector via generating electricity with the 288.1 MW capacity from 181 units of wind turbines. The power plant was eligible to RERSM (Renewable Energy Resource Support Mechanism) since 2013 and had the option to sell the electricity under RERSM until 2022. As of 1 January 2023, the Company started to sell electricity with bilateral agreements until 31.12.2023, primarily with Akxa Enerji Üretim A.Ş. ("Akxa Enerji"). In FY2022, the Company has acquired an additional 44% stake in Al-yel Elektrik Üretim A.Ş. ("Al-yel") for USD 43.56mn. After the acquisition, the Company became holder of 49% of Al-yel shares. There are 64 employees of the Company as of FYE2022 (FYE2021: 57).

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

### Strengths

- Sound EBITDA generation capacity
- Continuous improvement in leverage ratios along with some of the existing debt paid through refinancing in 2022
- Enhancement in cash flow metrics easing liquidity management
- Low collection risk supporting asset quality,
- Backed by Polat Enerji, a highly experienced group in renewable energy sector

### Constraints

- Generation volume is directly affected by external factors such as weather conditions and wind speed and consistency
- Further improvement needs in corporate governance practices
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised as 'A+ (tr)'. The Company's sound EBITDA generation capacity, sustained improvement in leverage ratios, satisfying cash flow metrics, low collection risk, and support of Polat Enerji as well as the electricity sector trends, have been evaluated as important indicators for the stability of the ratings. The outlooks of Long-Term National Issuer Credit Rating and Short-Term National Issuer Credit Rating are determined/affirmed as 'Stable'. The Company's profitability performance, projected agreements and borrowing structure, equity level, and liquidity level will be closely monitored by JCR Eurasia Rating in upcoming periods 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.

