

Corporate Credit Rating

New Update

Sector: Electrical Equipment

Industry

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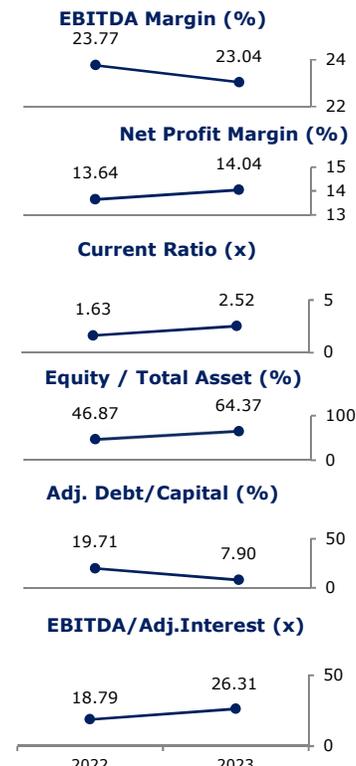
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific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

* Assigned by JCR on May 10, 2024



EUROPOWER ENERJİ VE OTOMASYON TEKNOLOJİLERİ SAN. TİC. A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of "Europower Enerji ve Otomasyon Teknolojileri Sanayi Ticaret A.Ş." in the investment grade category with very high credit quality and has assigned the Long-Term National Issuer Credit Rating as 'AA- (tr)' and 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 have been determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Europower Enerji ve Otomasyon Teknolojileri Sanayi Ticaret A.Ş." (hereinafter referred to as "Europower" or "the Group") was established in 2008 in Ankara. Europower offers various low voltage, medium voltage and high voltage electrical and electromechanical solutions, products and systems to meet the needs of its customers in the fields of generation, transmission and distribution of electricity. The Group manufactures many main products including storage within the scope of renewable energy. The Group also engages in engineering and project services, turn-key contracting and testing services. Europower has a central campus in Ankara with a total production area of over 100,000 m² closed and 180,000 m² open as well as offices in North Macedonia, Netherlands, Algeria and Ukraine. It offers products and services in 66 countries in 5 continents with solutions it offers from generation to transmission, distribution to control of the energy needed for the sector.

Europower's shares have been quoted on Borsa Istanbul since April, 2023 with the ticker symbol of EUPWR. The paid in capital of the Group is TRY 220.00mn and Girişim Elektrik Sanayi Taahhüt ve Ticaret A.Ş. (hereinafter referred to as "Girişim Elektrik" is the main shareholder with a share of 52.70% while 30.25% of the shares are publicly traded. The Group had staff force of 1,451 as of December 31, 2023. (FYE2022: 1,002)

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

Strengths

- Solid growth in inflation adjusted sales revenue and EBITDA generation capacity together with reasonable margins in FY2023,
- Sound leverage and coverage metrics as well as cash surplus against financial debts as of FYE2023,
- Substantial net working capital surplus and high current ratio,
- Favorable cash conversion cycle,
- Positive contribution of completed and ongoing capacity investments to revenue generation,
- Growing ESG awareness as well as need for renewable energy keeping the demand alive for the sector,
- Having competitive advantages thanks to unique product creation capability through strong R&D activities,
- Successful track record and high synergy between Group companies,
- Compliance with corporate governance practices as a public company.

Constraints

- Deterioration in CFO and FOCF in FY2023 leading external funding needs for operational cycle and ongoing investments,
- Regulatory changes regarding solar panel production creating uncertainty in business strategies,
- Fluctuations on base metals price suppressing profitability in the sector,
- 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 Group's Long-Term National Issuer Credit Rating has been assigned as 'AA- (tr)'. Strong cash position, increasing brand awareness after IPO, high market share, demand for the sector, qualified organizational structure and high receivables quality 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 indebtedness structure, cash flow metrics and profitability indicators 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 also be monitored.