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

Corporate Credit Rating

☐New ☒Update

Sector: Energy Generation

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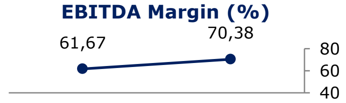
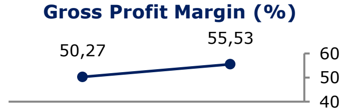
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	**National ICR**	**A- (tr)**	**J1 (tr)**
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating 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*

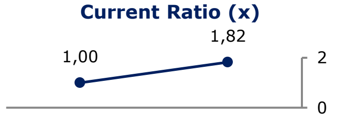
EBITDA Margin (%)



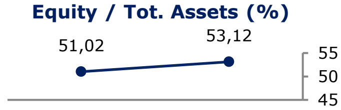
Gross Profit Margin (%)



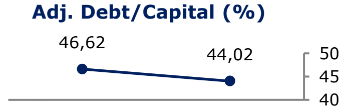
Current Ratio (x)



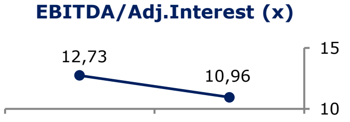
Equity / Tot. Assets (%)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Tatlıpınar Enerji Üretim A.Ş.

JCR Eurasia Rating has evaluated **Tatlıpınar Enerji Üretim A.Ş.** in the investment-level category with high credit quality and affirmed the Long-Term National Issuer Credit Rating as **'A- (tr)'** and 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 assigned as **'BB/Stable'** as parallel to international ratings and outlooks of Republic of Türkiye.

Tatlıpınar Enerji Üretim A.Ş. (hereinafter referred to as 'Tatlıpınar Enerji' or 'the Company' of 'the Group') was established in 2011. The Company generates and sells electricity from Tatlıpınar WPP (Wind Power Plant), located in the center of Balıkesir. Currently, there is one wind power plant within the Company. The validity of the power generation license, which started on June 21, 2012, is 48 years, 7 months and 24 days. The installed capacity was 115.5MWm in 2022. Recently, 7 turbines with an installed capacity of 33.6 MW were commissioned, increasing the total number of turbines to 32 and the overall installed capacity to 149.1MWm now. Tatlıpınar Energy is eligible for the Renewable Energy Resources Support Mechanism (YEKDEM) for 10-year period from January 1, 2021, to the end of 2030. The determined prices are 9.4 UScents/kWh until 2026 and 7.3 UScents/kWh for the period 2026-2030. Simultaneously, with the recent transfer of a significant portion of management shares in Ağaoğlu Yenilenebilir Enerji Yatırım Holding A.Ş., a subsidiary of the Ağaoğlu Group of Companies, the operational capacity had a total 215MW under the management of Tatlıpınar Enerji in 2023.

Tatlıpınar Enerji is under the control of members of the İbrahimağaoğlu family and Akdeniz İnşaat ve Eğitim Hizmetleri A.Ş. (hereinafter referred to as "Akdeniz İnşaat"). Its shares have started to be traded on Borsa Istanbul with the ticker "TATEN" on August 17, 2023. As of December 31, 2023, the Company has a free float of 24.99%. The headquarters of Tatlıpınar Enerji is located in Istanbul. As of FYE2023, the Company employs an average of 30 personnel to support its operations (FYE2022: 22).

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

Strengths	Constraints
• Growth in EBITDA generation capability in FY2023, • Improvement in gross and operating profit margins despite the decline in net profit margin, • Predictable cash flow under the fixed price guarantee arising from the long-term contract, thanks to RERSM, • Improvement in equity size through internal resource generation capacity, • High compliance with corporate governance practices owing to listed status, • Sectoral authority encourages the use of renewable energy sources, • Establishment of Ağaoğlu Group, one of the most experienced brands in its field in Türkiye.	• Decrease in energy production volume in 2023 compared to the previous year due to weather and climate conditions, • Deterioration in financial leverage metrics due to the increase in bank debts arising mainly from the rise in exchange rates in FY2023, • Potential exchange rate risk resulting from mismatch in revenues and bank loans currencies, • High exposure to weather and climatic conditions, • 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 Company's Long-Term National Rating has been affirmed as **'A- (tr)**. The Company's projected steady cash inflow, high receivable collection capability thanks to RERSM which strengthening the asset quality, satisfactory EBITDA generation capacity, long-term revenue visibility via guaranteed unit sales price within the scope of feed-in-tariff mechanism and strong shareholder structure, macroeconomic indicators at national and international markets along with ongoing uncertainties arisen from geopolitical tensions as well as global interest rate hiking cycle, 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'**. On the other hand, the Company's energy production capacity, profitability performance, liquidity position, debt structure, risk impacts of the TRY's depreciation on activities 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.