

Corporate Credit & Issue Rating

New Update

Sector: Energy, Mining
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Analyst(s)

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RATINGS

		Long	Short
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC Stable	Stable
		LC Stable	Stable
	Issue Rating	-	-
National	Local Rating	BBB (Trk)	A-3 (Trk)
	Outlook	Stable	Stable
	Issue Rating	BBB (Trk)	A-3 (Trk)
Sponsor Support		3	-
Stand-Alone		B	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC Stable	-
		LC Stable	-

*Affirmed by JCR on November 10, 2017

Odaş Elektrik Üretim Sanayi Ticaret A.Ş.

Company Overview

Financial Data	2018/3**	2017*	2015*	2014*	2013*
Total Assets (000 USD)	466,671	472,003	269,420	222,735	180,549
Total Assets (000 TRY)	1,842,838	1,780,348	951,537	647,624	418,674
Equity (000 TRY)	225,607	281,953	157,858	168,642	96,110
Net Profit (000 TRY)	-56,322	124,122	-10,722	-1,375	27,124
Sales (000 TRY)	194,491	614,530	517,421	484,914	621,538
Net Profit Margin (%)	-28.96	20.20	-2.07	-0.28	4.36
ROAA ¹ (%)	-8.14	-4.63	-1.53	-0.24	9.13
ROAE ¹ (%)	-59.34	-28.76	-7.51	-0.97	41.43
Equity / Total Assets (%)	12.24	15.84	16.59	26.04	22.96
NWC/ T. Assets (%)	-24.24	-13.77	-2.96	-3.21	-8.47
Debt Ratio (%)	87.76	84.16	83.41	73.96	77.04
Asset Growth Rate (%)	93.67	87.10	46.93	54.68	27.38

* Audited financial statements, ** Unaudited financial statements, for reference, ¹ Pre-tax figures

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. (referred to as Odaş, the Company, and the Group) and the consolidated entity is a group operating in electricity generation, distribution and mining of precious metals. The Group is founded in 2010 and followed a fast-paced growth supported via acquisitions and project-based investments.

In terms of energy generation, Odaş is preparing a coal fired power (CFPP) with a capacity of 340 MW, expected to be operational in June 2018, in addition to the existing natural gas combined cycle (NGCC) facility of 140.25MW and hydroelectric power plant (HEPP) with 8.2MW. As an integrated energy provider, Odaş has wholesale & retail electricity sale operations. Mining business comprises coal, gold, silver and antimony reserves. Additionally, Odaş Group holds a wholesale natural gas distribution license. Currently, the vast majority of the revenues are engendered through the electricity sales.

While the majority shares are privately held, 37.8% of Odaş Group's shares are traded on Borsa Istanbul. As of YE2017, the group had a workforce of more than 450 employees.

Strengths

- Low investment and operating cost of core electricity generation facilities
- Capacity based subsidy mechanism for Çan CFPP and favorable energy price premium of operational power plants
- Long-term value support of precious metal reserves and positive outlook for gold and antimony markets in the near term
- High calorific value of quality lignite reserves embedded in the Çan CFPP facility, increasing efficiency of the power plant and providing marketable coal
- Commitment to corporate governance best practices concerning investor relations, transparency and communication

Constraints

- Leveraged balance sheet due to long-term financing facilities used for acquisition and investments
- Short-position in EUR stemming from long-term debt, necessitating prudent financial management
- Regulation risks potentially affecting the bottom-line considerably
- Strong competitive forces in the energy distribution segment and ongoing energy production capacity investments, increasing excess supply risk
- Persisting uncertainties in economic conditions and political outlook in the national market

