

Corporate Credit & Issue Rating

New Update

Sector: Energy, Mining
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RATINGS

		Long	Short	
International	Foreign Currency	CCC	C	
	Local Currency	CCC	C	
	Outlook	FC	Neg.	Neg.
		LC	Neg.	Neg.
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	BC	-	-	
Sovereign*	Foreign Currency	BB+	-	
	Local Currency	BB+	-	
	Outlook	FC	Neg.	-
LC		Neg.	-	

*Assigned by JCR on April 10, 2020

Odaş Elektrik Üretim Sanayi Ticaret A.Ş.

Company Overview

Financial Data	2020/6**	2019*	2018*	2017*	2016*
Total Assets (000 USD)	509,636	544,055	584,703	472,003	270,384
Total Assets (000 TRY)	3,326,748	3,231,796	3,076,063	1,780,348	951,537
Equity (000 TRY)	829,124	792,251	843,864	281,953	157,858
Net Income (000 TRY)	-318,595	-215,149	-263,103	124,122	-10,722
Sales (000 TRY)	945,649	938,451	886,645	614,530	517,421
Net Profit Margin (%)	-33.69	-22.93	-29.67	20.20	-2.07
ROAA (%)	n.a	-7.33	-9.06	-4.63	-1.53
ROAE (%)	n.a	-28.25	-39.06	-28.76	-7.51
Equity / Total Assets (%)	24.92	24.51	27.43	15.84	16.59
Net Working Capital / T. Assets (%)	-0.02	-20.69	-19.34	-13.77	-2.96
Debt Ratio (%)	75.08	75.49	72.57	84.16	83.41
Asset Growth Rate (%)	n.a	5.06	72.78	87.10	46.93

* Audited financial statements, ** Partially audited interim financial statements as of 2Q2020, sales and net income are LTM

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. (referred to as Odaş, the Company, or the Group) is a consolidated group operating in electricity generation, distribution and mining of precious metals. The Company is founded in 2010, and embarked on various investments ranging from energy generation and mining projects.

The Group's electricity generation arm consists of a diversified portfolio of base load coal fired power (CFPP) with a capacity of 340 MWm, a natural gas combined cycle (NGCC) facility of 140MW and a hydroelectric power plant (HEPP) with 8.2MW. The flagship operation is Çan-2 CFPP, which is operating nominally and producing the vast majority of revenue stream and EBITDA. Energy distribution business comprises sales to the energy exchange, bilateral contracts and to end consumers. Mining division consists of coal, gold, silver and antimony reserves with the latter ore being actively mined. The Group recently signed a 5-year deal to procure gypsum and broadened the revenue stream.

As of 2Q2020, 65.94% of Odaş shares were traded on Borsa Istanbul, increasing from 58.73% following the cash capital increase of paid-capital to TRY 600mn. The Group has a workforce larger than 900. The Company's Long-Term National Rating has been downgraded to **BBB- (Trk)**, from **BBB** at this periodic review.

Strengths

- Strong structural support to domestic coal fueled power plants such as capacity-based subsidy mechanism
- Mining revenues from high-quality coal and antimony reserves
- Advantaged price mechanism of power plants through subsidies, market structure advantages and fuel efficiency
- Off-balance precious metal reserves and positive outlook for gold and antimony markets in the near term

Constraints

- Restrictive measures taken by governments globally which engender downside risks to both supply & demand
- FX dominated financial loans and subsequently sizable financing expenses, increasing the debt service and underpinning the importance of natural hedge via energy and mining revenue prices
- Leveraged balance sheet particularly after adjusting for the revaluation gains reported in equity
- Competitive pressures with excess supply, partly balanced with regional supply/demand dynamics

