

Corporate Credit Rating

New Update

Sector: Holding

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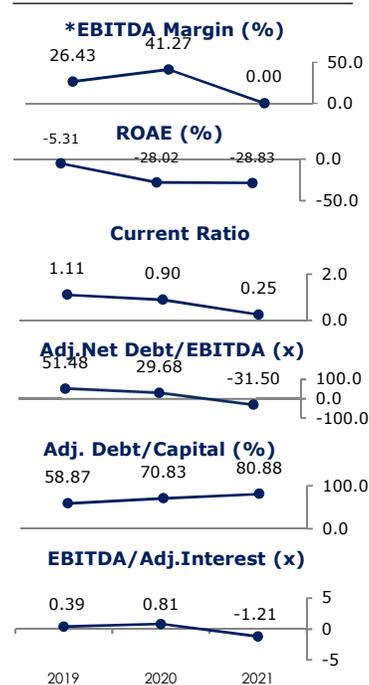
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA-(tr)	J1+(tr)
	National ICR Outlooks	Positive	Positive
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021



*Due to the classification of Turcas Kuyucak Geothermal as "Asset Held for Sale" in FYE2021.

TURCAS PETROL A.Ş.

JCR Eurasia Rating, has evaluated "Turcas Petrol A.Ş." in the investment-level category and assigned the Long-Term National Issuer Credit Rating at '**AA-(tr)**' and the Short-Term National Issuer Credit Rating at '**J1+(tr)**' with '**Positive**' 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 Turkey.

Turcas Petrol A.Ş. (Turcas Petrol or "the Company") is an investment company that participates in companies operating in fuel retail, lubricants and energy sector since 1931.

Turcas Petrol, operates in two businesses via its main associates, Shell Turcas Petrol A.Ş. and RWE & Turcas Güney Elektrik Üretim A.Ş. In 2006, Royal Dutch Shell and Turcas Petrol A.Ş. have merged their fuel retail operations in Turkey under the name of Shell & Turcas Petrol A.Ş. Newly established company Shell & Turcas Petrol A.Ş., started its operations in July, 2006 and operates in purchase, sale, import and export, storage and distribution of all kinds of fuel and lubricants. 30% of Shell & Turcas Petrol A.Ş. belongs to Turcas Petrol A.Ş. and 70% to the Shell Company Turkey Ltd. (Shell Türkiye). Shell & Turcas is one of the leading companies in the Turkish Petroleum industry operating with 1.125 fuel stations, lubricant production facilities, retail and commercial sales as of March 2022.

In 2009, Turcas and Germany based energy company RWE established a joint venture company under the name RWE & Turcas Güney Elektrik Üretim A.Ş. RWE & Turcas Güney Elektrik Üretim A.Ş. is the owner and operator of the natural gas combined cycle power plant with an installed capacity of 800 MW in Denizli. The power plant became operational after the temporary acceptance process was completed as of June 24, 2013. 30% of RWE & Turcas Güney Elektrik Üretim A.Ş. belongs to Turcas Petrol A.Ş. and ca.70% belongs to RWE Generation SE.

The Company's main shareholders are Aksoy Girişimcilik Enerji ve Turizm A.Ş. with 54.45% share, free float with 28.28% share and individual & corporate local investors with 17.27% share as of FYE2021. As of March 2022, the Company has 45 employees totally. (FYE2021: 45)

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

Strengths

- Shell & Turcas partnership which has high international brand awareness and sector experience in the fuel retail sector,
- Development and growth potential of fuel industry in short-term,
- Notable decrease in the total financial debt with recent asset sale, strengthening leverage indicators,
- Potential for high and increasing dividend income,
- Long track record in the sectors and accumulated know how,
- High level of compliance regarding Corporate Governance Implementations,

Constraints

- Exposure to foreign currency risk, mainly stemming from long-term weighted liabilities,
- Disadvantaged position of natural gas plants in terms of production costs and sales price compared to sources participating in YEKDEM,
- The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and uncertainty.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as '**AA-(tr)**'. Additionally, strong partnership structure, market shares in the sector, sustainability of dividend income are important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as '**Positive**'. The Company's partnership with international companies, sustainability of dividend income, indebtedness level, continuity of relations with joint venture companies 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.