

Corporate Credit Rating

New Update

Sector: Energy

Publishing Date: 26/09/2022

Chief Analyst

Bora Pakyürek

+90 212 352 56 73

bora.pakyurek@jcrer.com.tr

Team Leader

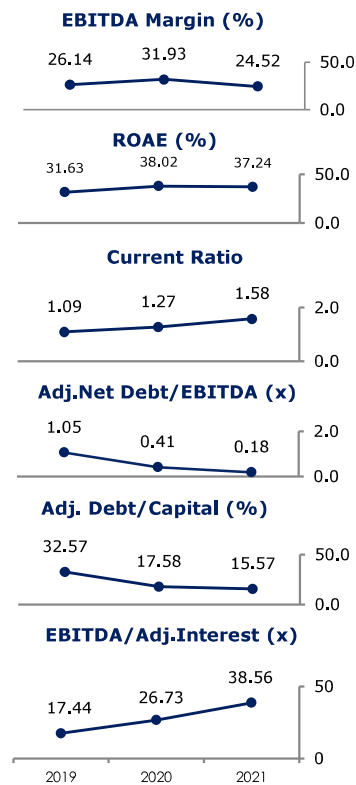
Deniz Ustabaş

+90 212 352 56 73

deniz.ustabas@jcrer.com.tr

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	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	AA (tr)	J1+ (tr)
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



Çalık Enerji Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated "Çalık Enerji Sanayi ve Ticaret A.Ş." in the high investment-level category and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'AA (tr)' and assigned the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as 'BB/Negative' according to JCR-ER's national-global mapping methodology.

Çalık Enerji Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Çalık Enerji" or "the Company" or "the Group"), since its establishment in 1987, is a Çalık Holding subsidiary which essentially continues operations under the main business lines of Engineering, Procurement and Construction (EPC), Independent Power Producer (IPP), and Utility (electric and gas distribution) across a wide area encompassing the Middle East, Central Asia, Africa, Europe and the Balkans. Çalık Enerji has fifteen branches in these regions. The strategic and equity partnership with Mitsubishi Corporation has strengthened the shareholder structure since 2015. In the current situation, the Company successfully competes with global EPC companies. Çalık Enerji, with its investor side in Turkey, holds licenses of an energy generation portfolio consisting of hydro power plants, wind power plants, and solar power plants. In the Utility business, the Group currently owns two electricity distribution and trade companies in Turkey and one in Kosovo. As of FYE2021, the Group had 30 subsidiaries and 6 joint ventures (FYE2020: 28 subsidiaries and 6 joint ventures). The Group employed a workforce of 2,255 as of December 31, 2021 (FYE2020: 2,135).

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

Strengths

- Low level of Net Debt/EBITDA multiplier in FY2021 together with the cash surplus in short-term
- Strong equity level promising further room for growth
- Electricity generation and distribution activities apart from EPC projects creating revenue diversification and steady income generation
- Operations in various countries creating revenue diversification and foreign currency contracts providing natural hedge
- High support of sectoral authority in energy generation from renewable sources and energy distribution areas
- Strategic and equity partnership with Mitsubishi Corporation

Constraints

- Intensive competition among construction contractors in key markets
- Existence of challenging market conditions prevailing in the regions where the Company operates
- The geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded from 'AA- (tr)' to 'AA (tr)'. The Company's low level of financial leverage, sustainable EBITDA generation capacity, revenue diversification, high support level of sectoral authority and the Company's experience in the sector, 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 Company's indebtedness volume, sales growth, profitability and liquidity 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 be monitored as well.