

## Corporate Credit Rating

New  Update

**Sector:** Energy Group  
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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	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	AA (tr) Stable	J1+ (tr) Stable
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

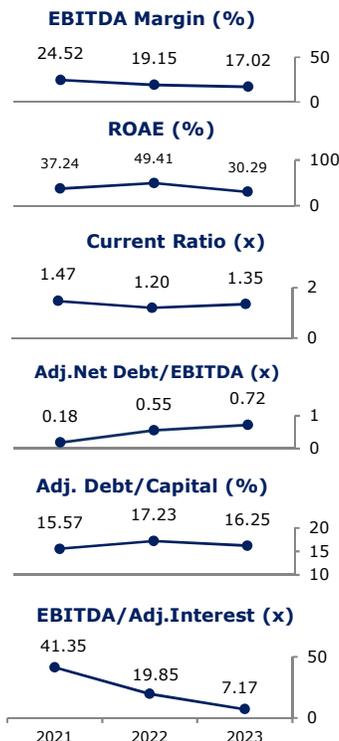
## Çalık Enerji Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating has evaluated the consolidated structure of "Çalık Enerji Sanayi ve Ticaret A.Ş." in investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' and 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 were assigned as 'BB/Stable', parallel to international ratings and outlooks of the Republic of Türkiye.

**Çalık Enerji Sanayi ve Ticaret A.Ş.** (hereinafter referred to as "Çalık Enerji" or "the Company" or "the Group") was established in 1998 in Türkiye. The company operates in the fields of Engineering Procurement and Construction (EPC) projects, Independent Power Producer (IPP), and Utility (electricity and gas distribution) through its affiliates across a vast geography, encompassing Middle East, Central Asia, Africa, Europe and the Balkans. As of FYE2023, the Company had 33 subsidiaries and 8 joint ventures. In the field of EPC, the Company has completed 36 projects in Turkmenistan, Uzbekistan, Iraq, Malawi, Georgia, Yemen and Libya. Çalık Enerji had 16 branches in these regions as of FYE2023. With a strong track record of achievements, the Company has expanded its EPC business line to new markets including Senegal, Romania, and Angola. Çalık Enerji is in the top 250 international contractors list published by ENR (Engineering News Record). The Company is ranked 108<sup>th</sup> in the ENR's list in 2024 (2023: 110<sup>th</sup>). Çalık Enerji has an installed capacity of 72.5 MW wind power, 30.0 MW hydroelectric power, and 35.2 MW solar power in the IPP business. In the Utility business, the Group currently owns electricity distribution and trade companies in Türkiye and Kosovo.

The consolidated assets of the Company were TRY 59.64bn as of FYE2023 and consolidated revenues were TRY 37.20bn in FY2023. As of 31 December 2023, the number of employees in the Group was 3,599 (As of 31 December 2022: 3,661 employees). Çalık Holding Anonim Şirketi ("Çalık Holding"), Kırmızı Elmas Enerji ve Altyapı Yatırımları Anonim Şirketi ("Kırmızı Elmas"), and Mr. Ahmet Çalık are the shareholders of the Company with the shares of 95.42%, 4.48%, and 0.10%, respectively. Çalık Enerji is managed by Çalık Holding which was established by Mr. Ahmet Çalık in 1997. Çalık Holding mainly operates in various sectors including energy, textile, construction, mining, banking and finance. The consolidated assets of Çalık Holding were TRY 369.49bn as of FYE2023 and consolidated revenues were TRY 53.50bn in FY2023. Energy is the one of Çalık Holding's principal operating lines, making up approximately 51% of Çalık Holding's consolidated revenue in FY2023 (FY2022: 53%). On the other hand, Çalık Enerji has established strategic and equity partnership with Mitsubishi Corporation in 2015 through Kırmızı Elmas which is 100% owned by Mitsubishi Corporation.

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



### Strengths

- Maintained solid leverage profile in 2023
- Robust equity level driven by internal sources despite dividend distributions
- Large backlog together with advances received amount in 2024 providing revenue visibility in the future
- Natural hedge opportunities and revenue diversification through operations in different fields and various countries along with being in the ENR's list
- High support from the sectoral authority in the fields of energy production from renewable sources, and energy distribution
- Strategic partnership with well-known corporation creating synergy among the group companies

### Constraints

- Continuation of downward trend in profit margins in 2023
- Negative FOCF mainly stemming from investments under the concession agreement
- Severe competition among construction contractors in EPC markets
- Geographical concentration risk in backlog
- High dependency on regulations in terms of the Company's operations in energy distribution sector
- 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 the Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Ongoing solid leverage profile at FYE2023, robust equity level, large backlog amount, natural hedge opportunities, revenue diversification in different fields as well as decreasing trend in profit margins, negative FOCF, geographical concentration risk in backlog and tight financial conditions have been evaluated as important indicators for the 'Stable' outlooks for the Long and Short-Term National Issuer Credit Ratings. The Company's revenue and EBITDA generation performance, backlog to revenue conversion, profitability ratios, indebtedness structure, liquidity and cash flow metrics, equity level, and sovereign risk exposure 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.