

Corporate Credit Rating

New Update

Sector: Energy

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Team Leader

Cemil ERKÜRK

+90 212 352 56 73

cemil.erkurk@jcrer.com.tr

Assistant Analyst

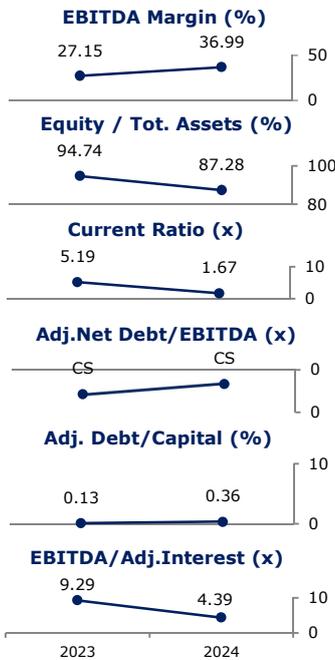
Yusuf OKCU

+90 212 352 56 73

yusuf.okcu@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	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



CS: Cash Surplus

ÇAN2 TERMİK ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated 'Çan2 Termik A.Ş.' in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'AA- (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign, Local Currency Issuer Credit Ratings, and outlooks have been affirmed as 'BB/Stable' according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

Çan2 Termik A.Ş. (hereinafter referred to as 'the Company', or 'Çan2 Termik') was established on October 8, 2013 according to trade registry. The Company operates mainly in energy sector as an electricity generator. Çan2 Termik is a flagship subsidiary of Odaş Elektrik Üretim San. Tic. A.Ş. ('Odaş Elektrik', 'Odaş Group' or 'the Group'), by operating Çan2 Coal Fired Power Plant ('CFPP') which fuelled by domestic coal with installed capacity of 340MW in Çanakkale. The power plant has been operating fully since April, 2019 with the completion of relocation investment from Austria to Türkiye.

In order to diversify energy sector income sources, Çan2 Termik has acquired 65% of shares of the 'Denarius Pumping Services LLC' for USD 5.2mn in April, 2024, and sustains its operations in Venezuela.

The Company's paid in capital is TRY 7bn and registered headquarter is located in Ataşehir/İstanbul as of the rating report date. The Company's shares have been publicly traded on BIST with the ticker name 'CANTE' since April, 2021. The Company's ultimate shareholder is Odaş Group (40%) and rest of the shares are publicly traded (60%) as of 1Q2025. On the other hand, Odaş Elektrik has been publicly traded on BIST since 2013 with the ticker name 'ODAS'. Odaş Elektrik's 75.43% of shares are publicly traded as of 1Q2025.

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

Strengths

- Cash surplus position against financial liabilities and decent level of interest coverage metrics as of FYE2024
- Robust equity level compared to asset size over the analyzed periods
- Low level of doubtful trade receivables enhancing asset quality thanks to the regulative nature of the domestic energy sector despite uncertainty regarding the lawsuit pursued in trade receivables
- Advantage of the capacity mechanism of Turkish Electricity Transmission Corporation ('TETC') for power plants fuelled by domestic coal in Türkiye
- Compliance with the corporate governance practices as a publicly listed company

Constraints

- Decline in revenue and cash flow metrics due to TAS 29, despite similar electricity generation compared to the previous year in FY2024
- Notable worsening in operating profitability and bottom line in FY2024, despite sustainable gross profit and EBITDA margins
- Regulatory environment of the energy sector may suppress profitability
- Potential risk on coal power plants for upcoming periods due to ESG factors
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AA- (tr)'. The Company's manageable debt stock and satisfactory interest coverage metrics, robust equity contribution to asset funding, low collection risk in domestic energy sector and utilized capacity mechanism provided by TETC 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 revenue trend and electricity generation figures, profitability performance, indebtedness level and liquidity metrics 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.