

## Corporate Credit Rating

New  Update

**Sector:** Energy Generation  
**Publishing Date:** 26/06/2024  
**Team Leader**

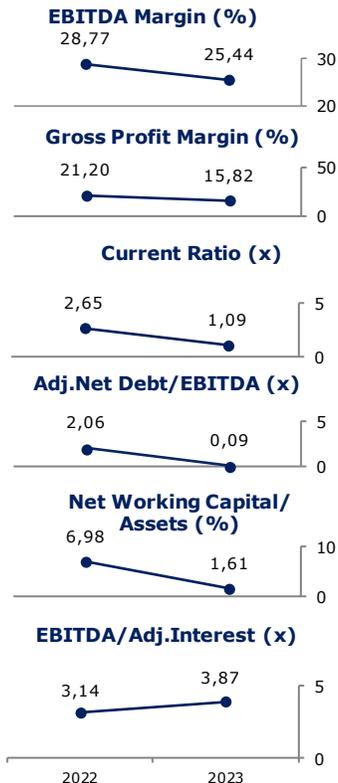
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB-(tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB-	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10 2024



## ÇATES ELEKTRİK ÜRETİM A.Ş.

JCR Eurasia Rating has evaluated "Çates Elektrik Üretim A.Ş." in the investment grade category and affirmed the Long-Term National Issuer Credit Rating as 'BBB- (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (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' in line with the global and national scale rating matching published by JCR Eurasia Rating.

**Çates Elektrik Üretim A.Ş.** (hereinafter referred to as **Çates Elektrik** or **'the Company'**) was incorporated in 2014. As per the decision of the Privatization High Council dated July 21, 2014 and numbered 2014/64, the Company acquired the assets of Çatalağzı Thermal Power Plant, which is located in Zonguldak. Çatalağzı Thermal Power Plant has two units and total installed capacity of 314,68 MWe. The Company has an electric generation license granted by the Energy Market Regulatory Authority (EMRA) for a term of 49 years starting from Dec 22, 2014.

First and second units of Çatalağzı Thermal Power Plant became operative in 1990 and 1991, respectively. The plant has an average production capacity of 2.286 GWh. The IPO (initial public offering) process of Çates Elektrik was completed during FY2023 and the Company has been traded on Borsa İstanbul since December 7, 2023 with the ticker; "CATES". 79.99% shareholder of the Company is Parla Enerji Yatırımları A.Ş. and ultimate controlling party is 'Aydem Holding A.Ş.'. The number of personnel employed was 381 as of FYE2023 (as of FYE2022: 373).

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

### Strengths

- Improved net debt to EBITDA multiplier along with net debt reduction in FY2023,
- Reasonable liquid asset and positive measurement of cash flow metrics at FYE2023,
- Low collection risks due to nature of energy sector,
- High level of compliance with the corporate governance practices as a publicly listed company,
- Ultimate controlling shareholders' long operating history,

### Constraints

- Retreating profitability margins in FY2023 and 1Q2024,
- Notably high debt level of Aydem Group,
- Regulatory risk on company's operations due to high dependence on regulations,
- Pressure of ESG factors on coal power plants,
- 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 as 'BBB- (tr)'. Improvement in leverage metric, asset quality, reasonable liquid asset level as well as retreating profitability margins, geopolitical risks-driven uncertainties and economic conditions 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 and profit generation performance, liquidity metrics and indebtedness structure 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.