

Corporate Credit Rating

New Update

Sector: Regulated Utilities & Energy Supply

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Team Leader

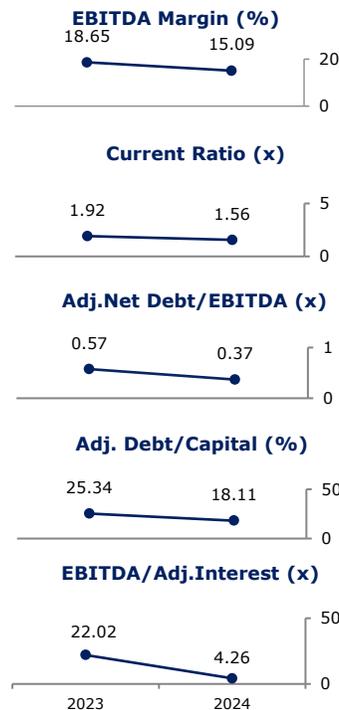
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| R A T I N G S | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | AA- (tr) | J1+ (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Stable | - |
| | International LC ICR | BB | - |
| 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



DOĞU ARAS ENERJİ YATIRIMLARI ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated "Doğu Aras Enerji Yatırımları Anonim Şirketi" in the 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 have been assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Doğu Aras Enerji Yatırımları Anonim Şirketi (hereinafter referred to as "Doğu Aras", "the Company" or "the Group") was established on 16 May 2013 by Çalık Enerji and Kiler Group as a special purpose company for the acquisition of the privatized shares of Aras Elektrik Dağıtım A.Ş. and Aras Elektrik Perakende Satış A.Ş. The tender process for the privatization resulted with a cost of USD 128.5m. The share transfer agreement was signed with the Administration on June 28, 2013. While Aras EDAŞ has the right to distribute electricity until September 01, 2036 within the provinces of Ağrı, Ardahan, Bayburt, Erzincan, Erzurum, Iğdır and Kars, Aras EPSAŞ, as an incumbent supplier, has the right to provide retail electricity to regulated consumers with same region and license expiry date. Aras EPSAŞ's license covers also electricity sales to eligible customers in any region of Türkiye via bilateral agreements.

The shares of Doğu Aras have been publicly traded on Borsa İstanbul since November 11, 2021. The ownership breakdown of Doğu Aras is 40% Çalık Enerji ve Tic. A.Ş., 40% Kiler Holding A.Ş. and 20% publicly held. Besides, 2.51% of publicly traded shares are owned by Çalık Enerji as of the reporting date. The headquarter of the Company is located in Erzurum. The Company employed a workforce of 909 as of March 31, 2025.

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

Strengths

- Revenue growth in FY2024 through electricity supply segment despite a retreatment in 3M2025,
- Favorable leverage profile supported by sufficient EBITDA generation,
- Positive net working capital together with favorable cash flow metrics in FY2024,
- Secured business profile backed by the Group's long-term electricity distribution and supply licenses,
- Complying with the performance target for theft/loss ratio set by EMRA,
- Practices and incentives of sectoral authority encouraging the infrastructural investments of distribution companies and support revenue and profit generation capacities of retail electricity sale companies,
- Compliance with corporate governance implementations,
- Operational strength and extensive experience of the ultimate parent companies.

Constraints

- High level of financing expenses and net monetary position losses suppressing the bottom line in FY2024,
- Potential impacts of regulations on Company operations due to high regulatory dependency,
- 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 the Long-Term National Issuer Credit Rating has been affirmed at 'AA- (tr)'. The Company's favorable financial leverage profile, positive net working capital and favorable cash flow metrics, experienced shareholder structure and regulated income stream and sustainable EBITDA generation as well as pressure of financing expenses and net monetary position losses on the bottom line profitability, high dependency on changes in regulations and deterioration in local and global macroeconomic 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 profitability performance, cash flow generations, liquidity and financial leverage level 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.