

## Corporate Credit Rating

New  Update

Sector: Energy

Publishing Date: 16/06/2022

### Chief Analyst

Fatih Lap

+90 212 352 56 73

[Fatih.lap@jcrer.com.tr](mailto:Fatih.lap@jcrer.com.tr)

### Team Leader

Abdullah Demirer

+90 212 352 56 73

[abdullah.demirer@jcrer.com.tr](mailto:abdullah.demirer@jcrer.com.tr)

### Analyst

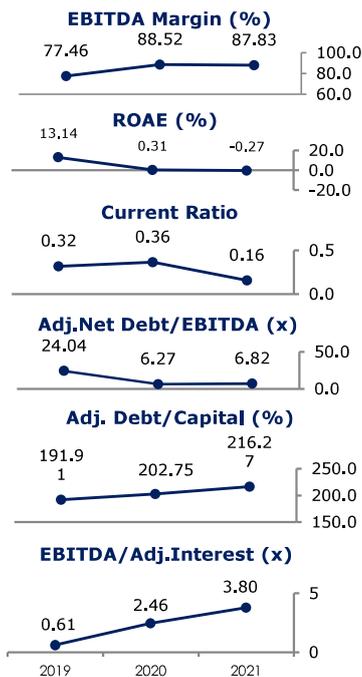
Yunus Katranci

+90 212 352 56 73

[yunus.katranci@jcrer.com.tr](mailto:yunus.katranci@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021



## MASPO ENERJİ SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated **Maspo Enerji Sanayi ve Ticaret A.Ş.** in investment-level category and affirmed the Long-Term National Issuer Credit Rating at '**BBB (tr)**' and the Short-Term National Issuer Credit Rating at '**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**'.

**Maspo Enerji Sanayi ve Ticaret A.Ş.** (hereinafter referred to as 'Maspo Enerji' or 'the Company') was founded in 2010 to develop, build and operate geothermal power plant (GPP) projects in Turkey. The Company won the tender of the General Directorate of Mineral Research and Exploration (MTA) for the usage rights of the 126.5 km<sup>2</sup> geothermal field with min. 140MW electricity production capacity in Alaçehir-Manisa and obtained the license valid until April, 2041 for power generation in 2011. The Company started power generation with an installed capacity of 10MW within the renewable energy resources supporting mechanism (YEKDEM) as of June 1, 2017 at a price of USD 0.105/kWh, following a five-year geothermal well drilling, power plant installation and testing period. In September 2019, the Company commissioned 30MW power plant within YEKDEM at a price of USD 0.118/kWh for five years and 0.105/kWh starting from 2025 (including USD 0.013/kWh local content support).

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

### Strengths

- High support level of sectoral authority encouraging the use of renewable energy sources together with the investment incentive market dynamics and advantages of GPPs
- Fixed priced scheduled within the scope of YEKDEM providing predictability in cash flow and natural hedging opportunity
- Comfortable liquidity management thanks to long-term project financing and EBITDA generation capacity
- Asset quality strengthened by the low collection risks
- Wide acreage of the geothermal field in the region with comparatively high potential for electricity generation
- Knowhow in geothermal field obtained by R&D activities since 2011

### Constraints

- Although it is expected to improve in 2022, the decrease in sales revenue in 2021 compared to the previous year
- Exposure to volatility in electricity generation due to maintenance and other factors
- Negative equity level due to interest expenses and unrealized fx losses in the income-free investment period
- Improvement needs in corporate governance practices
- The geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**BBB (tr)**'. The Company's satisfactory EBITDA generation capacity, sustainable operational performance, low credit risk and getting high support level of sectoral authority encouraging the use of renewable energy sources as well as global interest rate hiking cycle 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 growth strategy, profitability indicators, financial leverage and asset quality 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.