

Corporate Credit Rating

New Update

Sector: Energy

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

* Assigned by JCR on August 18, 2022

ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the "Odaş Elektrik Üretim Sanayi ve Ticaret A.Ş." (referred to as "the Company" or "Odaş") in the investment-level category and upgraded the Long-Term National Issuer Credit Rating from 'BBB (tr)' to '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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Odaş is a consolidated group operating in electricity generation, distribution and mining. The Company is founded in 2010 and embarked on various investments ranging from energy generation to mining projects. The Company was listed on Borsa Istanbul on May 21, 2013. Also, the Company's subsidiary Çan2 Termik A.Ş. was listed on Borsa Istanbul on April 30, 2021.

The Company's electricity generation line consists of a diversified portfolio of base load coal fired power (CFPP) with a capacity of 340 MW in Çanakkale and a natural gas combined cycle (NGCC) facility investment of 174 MW in Uzbekistan. The flagship operation is Çan2 CFPP, which is operating nominally and producing the vast majority of revenue stream and EBITDA. Çan2 CFPP investment started in 2014 and completed in 2018. Between August/2018 and March/2019 test generations were made and since April/2019 power plant has started stable generation. Throughout 2021, the power plant was operating at a capacity utilization rate (CUR) of 69%, while in 2020 of 65%. The NGCC plant investment in Uzbekistan is a relocation project of the plant previously located in Şanlıurfa. The investment was started in 2021 and as of 2022/March, 36 MW of it is active. The remaining part will be gradually activated.

Energy distribution business comprises sales to the energy exchange, bilateral contracts and to end consumers. Mining division consists of coal, gold, silver and antimony reserves, antimony and antimony trioxide productions are actively carried out.

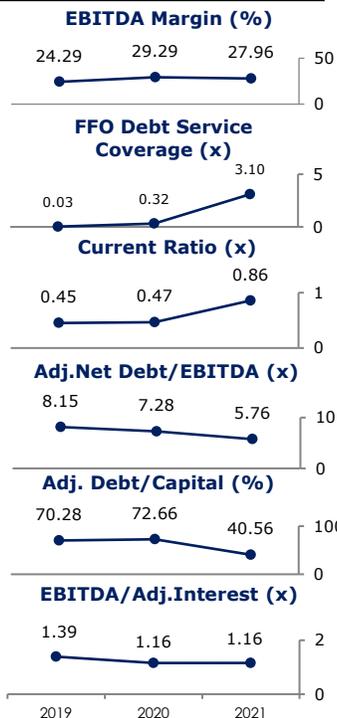
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- High EBITDA generation capacity with the improving EBITDA margin in 1Q2022
- Long term weighted structure of borrowings
- The effect of the increase in electricity prices and generation level on the business volume and profitability owing to Çan2 CFPP energy sales
- Natural hedging opportunity derived from USD denominated contracts
- Low collection risks
- Structural support to domestic coal fueled power plants such as capacity-based subsidy mechanism
- Off-balance precious metal reserve rights
- High compliance with corporate governance practices owing to listed status

Constraints

- Pressure of FX financed investments weighing on the net income and leverage
- Noteworthy contribution of non-cash revaluation to expansion of asset size and equity
- Power plant dependent solely on fossil fuel as an energy source and pressures of ESG factors on coal power plants
- The geopolitical risks stemming from the Russia-Ukraine tension resulting the uncertainties



Considering the aforementioned points, the Company's Long-Term National Rating has been upgraded as 'BBB+ (tr)'. High EBITDA generation capacity, rise in electricity generation level and low collection risk have been evaluated as important indicators for the ratings. The Company's strengthened profitability metrics, remarkable improvements in leverage ratios combined with the high revenue and EBITDA performance shown in the first quarter of 2022 as important indicators for the outlooks for Long-Term National Credit Rating is determined as 'Positive'. On the other hand, the Company's revenue and profitability performance, trend of trade receivables, risk impacts of the TRY's depreciation on activities and local and global macroeconomic indicators 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.