

## Corporate Credit Rating

New  Update

**Sector:** Energy

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

\* Assigned by JCR on May 10, 2024

## Odaş Elektrik Üretim Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating, has evaluated "Odaş Elektrik Üretim San. ve Tic. A.Ş." in the investment grade category with very high credit quality and upgraded the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'AA- (tr)' and the Short-Term National Issuer Credit Rating from 'J1 (tr)' to 'J1+ (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' as parallel to international ratings and outlooks of Republic of Türkiye.

**Odaş Elektrik Üretim San. ve Tic. A.Ş.** (hereinafter referred to as "Odaş Elektrik" or "the Group" or "the Company") was founded in 2010 and operating in electricity generation, mining, tourism and oil sectors. In the energy sector, the Group operates with an installed capacity of 340 MW Çan2 Coal Fired Power Plant ("CFPP") and with an installed capacity of 174 MW at the Natural Gas Combined Cycle ("NGCC") located in Uzbekistan. Çan2 CFPP began production in 2019 and the Uzbekistan NGCC in 2023. In the mining sector, antimony and coal are actively extracted, and there are also licenses for gold and silver mining. In addition to these activities, investments have also made in the oil and tourism sectors.

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.

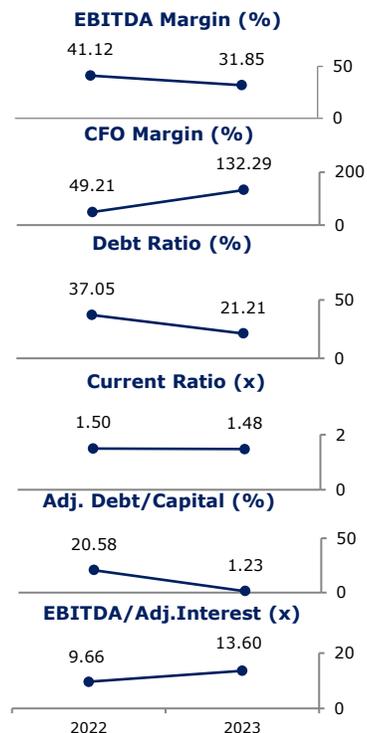
Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Cash surplus position against financial debt with cash inflows from share sales of Çan2 CFPP in FY2023,
- High equity level and paying off FX denominated bank borrowings facilitated leverage management,
- Strong increase in net profit margin mainly thanks to the income from investment activities despite contraction in operating and gross profit margins in FY2023,
- Continuation of reasonable EBITDA generation capacity in FY2023 despite narrowing EBITDA margin,
- Increase in total electricity generation level due to commissioning of the power plant in Uzbekistan despite the decrease in the production of ÇAN2 CFPP in FY2023,
- Low collection risk owing to the structure of the energy sector supporting asset quality,
- Advantage of the capacity mechanism for power plants fuelled by domestic coal in Türkiye,
- Valuable off-balance sheet mining assets,
- High level of compliance with the corporate governance practices as a publicly listed company.

### Constraints

- Decrease in sales revenue in FY2023,
- Regulatory environment that ensures the sustainability of the energy sector may suppress profitability,
- Pressure of ESG practices 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 Rating has been upgraded from 'A- (tr)' to 'AA- (tr)'. The Company's cash surplus position, low debt ratio, reasonable EBITDA generation capacity and low collection risk have been evaluated as important indicators for the stability of the ratings and the outlooks for long- and short-term national ratings are determined as 'Stable'. Sustainability of the Company's electricity generation level, cash flow, financial leverage and profitability metrics together with the trends in energy sector will be monitored by JCR Eurasia Rating, as well as the macroeconomic indicators at national and international markets and legal frame about the sector.