

Corporate Credit Rating

New Update

Sector: Energy

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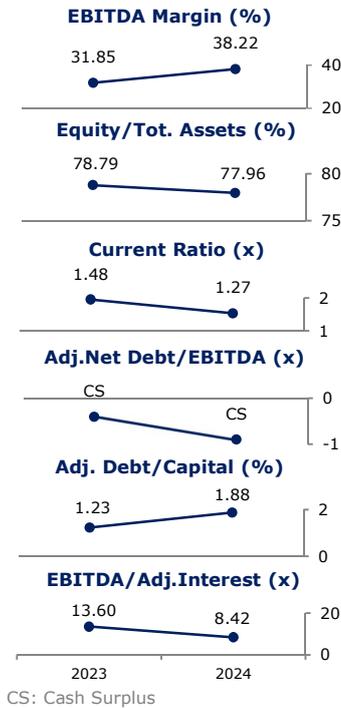
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024



ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated 'Odaş Elektrik Üretim Sanayi Ticaret A.Ş.' in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'AA- (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign, Local Currency Issuer Credit Ratings, and outlooks have been affirmed as 'BB/Stable' according to JCR-ER's national-global mapping methodology, as parallel to international ratings and outlooks of the Republic of Türkiye.

Odaş Elektrik Üretim Sanayi Ticaret A.Ş. (hereinafter referred to as 'the Company', 'the Group' or 'Odaş Elektrik') was established on September 28, 2010. The Group operates mainly in energy sector as electricity generator and dealer through its subsidiaries as well as mining and tourism sectors. The Company's flagship subsidiary Çan2 Termik A.Ş. ('Çan2 Termik') has Çan2 Coal Fired Power Plant ('CFPP') by utilizing domestic coal with installed capacity of 340MW in Çanakkale, and the facility has been operating since 2018. With the side products of CFPP, the Group has synthetic gypsum and fly-ash sales to abroad and domestic cement producers. Çan2 Termik is publicly traded on BIST since 2021 with the ticker name 'CANTE' and 60% of shares publicly traded as of 1Q2025. Besides, the Group has Combined Cycle Gas Turbine ('CCGT') in Uzbekistan, which was relocated from Şanlıurfa, and started to generate electricity in 2022 and finalized the capacity increases in 2024. The CCGT has installed capacity of 174MW, and the Group has USD denominated guaranteed electricity purchase contract with Uzbekistan government for 25 years.

The Company's paid in capital as of the rating report date is TRY 1.4bn, registered headquarter is located in Ataşehir/İstanbul as of the rating report date. The Company's shares have been publicly traded on BIST since 2013 with the ticker name 'ODAS'. Odaş Elektrik's 75.43% of shares are publicly traded as of 1Q2025.

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

Strengths

- Cash surplus position against financial liabilities and decent level of interest coverage metrics as of FYE2024 and 1Q2025
- Robust equity level compared to asset size over the analyzed periods
- Low level of doubtful trade receivables enhancing asset quality thanks to the regulative nature of the domestic energy sector, despite uncertainty regarding the lawsuit pursued in trade receivables
- Advantage of the capacity mechanism of Turkish Electricity Transmission Corporation ('TETC') for power plants fuelled by domestic coal in Türkiye
- High-value off-balance sheet mining assets in addition to ongoing mining activities
- Compliance with the corporate governance practices as a publicly listed company

Constraints

- Decline in revenue and cash flow metrics due to TAS 29, despite similar electricity generation compared to the previous year in FY2024
- Notable worsening in operating profitability and bottom line in FY2024, despite sustainable gross profit and EBITDA margins
- Regulatory environment of the energy sector may suppress profitability
- Potential risk on coal power plants for upcoming periods due to ESG factors
- 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 Long-Term National Issuer Credit Rating has been affirmed as 'AA- (tr)'. The Company's cash surplus position and satisfactory interest coverage metrics, robust equity contribution to asset funding, low collection risk in energy sector, utilized capacity mechanism provided by TETC, favorable outlook on mining activities as well as off-balance sheet mining assets 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 trend and electricity generation of subsidiaries, profitability performance, and liquidity metrics 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.