

Corporate Credit Rating

New Update

Sector: Energy Generation
Publishing Date: 23.06.2023

Manager

Abdullah DEMİRER
 +90 212 352 56 73
abdullah.demirer@jcrer.com.tr

Assistant Analyst

Tuğba TOK
 +90 212 352 56 73
tugba.tok@jcrer.com.tr

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

* Assigned by JCR on August 18, 2022

Maspo Enerji Sanayi ve Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated the "Maspo Enerji Sanayi ve Ticaret Anonim Şirketi" in the investment level category and assigned the Long-Term National Issuer Credit Rating as 'A (tr)' and the Short-Term National Issuer Credit Rating as '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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

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 km² geothermal field with min. 140MW electricity production capacity in Alaşehir-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). The Company generated 272,000MWh energy from Ala-1 and Ala-2 plants and USD 31.3mn of revenue in FY2022.

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

Strengths

- Steady revenue generation throughout reviewed period owing to fixed unit price scheduled within the scope of feed-in-tariff mechanism
- Comfortable financial leverage ratios thanks to long-term project financing and steady EBITDA generation capacity
- High support level of sectoral authority encouraging the use of renewable energy sources and advantages of GPPs
- 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

- Negative equity level stemming from accumulated losses
- Exposure to volatility in electricity generation due to maintenance and other factors
- Improvement needs in corporate governance practices
- Global economic growth slows down evidenced by commodity prices and trade figures on the back of rapid monetary tightening, whereas domestic restrictive financial conditions limit access to finance

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'A (tr)'. The Company's steady EBITDA generation capacity, low credit risk and guaranteed unit sales price within the scope of feed-in-tariff mechanism along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial 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 profitability performance, debt level and cash generation capacity together with the trends in the industry 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 frame about the sector will be monitored as well.

