

Corporate Credit Rating

☐ New ☒ Update

Sector: Energy

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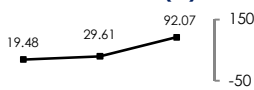
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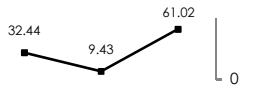
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	J3
	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

* Assigned by JCR on May 31, 2021

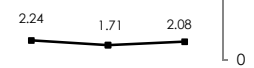
Sales Growth (%)



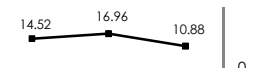
EBITDA Growth (%)



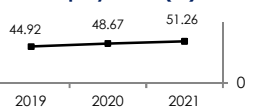
Adjusted Net Debt / EBITDA (x)



CFO Margin (%)



Equity Ratio (%)



Aksa Enerji Üretim A.Ş.

JCR Eurasia Rating, has evaluated "Aksa Enerji Üretim A.Ş. (Aksa Enerji /Company)" in the high investment-level category and revised the Long-Term National Issuer Credit Rating from 'AA- (tr)' to 'AA (tr)' and the Short-Term National Issuer Credit Rating at '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 Turkey.

Founded as a Kazancı Holding affiliate in 1997, **Aksa Enerji** is a global independent power producer operating in six countries on three continents, with its power plants in Turkey and abroad. Aksa Enerji has built and operated more than 30 power plants using various energy sources to date, including coal, fuel oil, biogas, natural gas, wind and hydroelectricity. The Company provides solutions with long-term guaranteed sales agreements to meet the energy needs of countries. Aksa Enerji entered the African market with power plants it has built and commissioned in Ghana, Madagascar and Mali since 2015. Aksa Enerji's production portfolio consists of 10 power plants (3 in Turkey, 7 in abroad) in 6 countries as at YE2021: 4 heavy fuel oil power plants in abroad (1 in TRNC & 3 in Africa), 5 combined cycle natural gas power plants (2 in Turkey & 3 in Uzbekistan) and 1 lignite-fired power plant in Turkey. Total installed capacity of the Company is 2,706 MW (excluding 2 power plants with total installed capacity of 74 MW and operated on behalf of countries) as at FYE2021 (1,946 MW as at FYE2020). The Company had a work force of 1,030 as of FYE2021 (FYE2020: 841).

In 2010, Aksa Enerji's shares were listed on Istanbul Stock Exchange under the ticker "AKSEN". The Company's stock is traded on the BIST 50, BIST Electricity and BIST Sustainability, BIST Corporate Governance and MSCI Turkey indices currently.

With foundations dating back to the 1950s, Kazancı Holding is a global powerhouse, engaging in production activities on four continents, operating in 22 countries with more than 8,500 employees, and exporting to 173 countries around the world. Kazancı Holding ranks among the leading companies in the energy industry, with operations in energy production, electricity distribution and sales, natural gas distribution, and generator production via affiliates who are prominent players in their own respective sectors.

Strengths

- Robust revenue and profitability growth in FY2021 along with consistent cash flow generation from operations
- High contribution of Africa power plant investments to profitability metrics
- Expected positive impact of Uzbekistan investments to the revenue and profit generation in the upcoming period
- Increased visibility for future revenues arising from the guaranteed capacity charges and foreign currency-based sales made by abroad power plants
- Strengthened equity level by retained earnings along with maintaining moderate financial leverage
- One of the prominent players in energy sector with existing installed capacity and proven successful track record in various countries
- Diversified risk through operations in different geographies and energy sources
- High level of compliance with the corporate governance principles
- Strong presence in the energy sector as a Group and expertise of Kazancı Holding

Constraints

- Power plant portfolio dependent solely on fossil fuel as an energy source
- Notable increase in overdue receivables at 1Q2022 mainly stemming from overseas operations, pressuring receivable quality
- Sizeable non-cash contribution of revaluation gains in equity
- Possibility of changes in legislation and regulatory environment creating uncertainty especially for abroad operations
- The geopolitical risks stemming from the Russia-Ukraine tension increasing commodity prices and creating uncertainty

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been upgraded as 'AA (tr)'. Steady increase in sales revenues, strong EBITDA generation capacity, sustainable financial leverage, having operations in different geographies, capability to access funding resources and strong shareholder structure along with fluctuations in commodity prices and ongoing uncertainties due to the geopolitical risks 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 sales and profitability performance, cash flow generation capacity, trend of financial indebtedness, debt-equity ratio, FX position, 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.