

Corporate Credit Rating

☐ New ☒ Update

Sector: Energy

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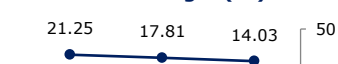
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National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

* Assigned by JCR on Aug 18, 2022

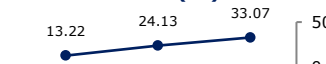
Adj.Net Debt/EBITDA (x)



EBITDA Margin (%)



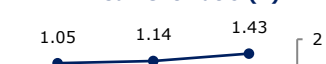
ROAE (%)



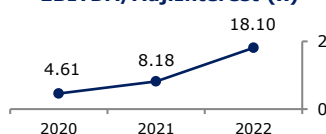
Adj. Debt/Capital (%)



Current Ratio (x)



EBITDA/Adj.Interest (x)



Aksa Enerji Üretim A.Ş.

JCR Eurasia Rating has evaluated "Aksa Enerji Üretim A.Ş." in the investment level category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at '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/Negative' as parallel to international ratings and outlooks of Republic of Türkiye.

Aksa Enerji Üretim A.Ş. (hereinafter referred to as 'Aksa Enerji, or 'the Company' or 'the Group') was 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. As of December 2, 2022, the completed 25 MW part of the power plant in the Republic of Congo has started the operation. Currently, Aksa Enerji's production portfolio consists of 11 power plants (3 in Türkiye, 1 Northern Cyprus, 7 in abroad) in 6 countries at FYE2022: 3 heavy fuel oil power plants in abroad (1 in TRNC & 2 in Africa), 5 combined cycle natural gas power plants (1 in Türkiye & 3 in Uzbekistan, 1 Congo), 1 lignite-fired power plant in Türkiye and 1 dual-fuel power plant in Ghana. Total installed capacity of the Company is 2,731 MW (excluding 1 power plants with total installed capacity of 24 MW and operated on behalf of countries) as of FYE2022 (FYE2021: 2,706 MW). The Company had a work force of 1,236 as of FYE2022 (FYE2021: 1,030). 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 30, 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 10,000 employees, and exporting to 178 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.

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

Strengths

- Positive impact of price hike in the sector and commencing of Uzbekistan power plants on robust revenue growth supporting sustainable cash flow mechanism in 2022,
- Sound net profit capacity and cumulative retained earnings contributing to high level of equity,
- Improvement in leverage metrics supporting financial position,
- FX-based business model, guaranteed capacity charges from abroad power plants and renewable energy investments providing future revenue visibility,
- Fragmented geographical existence mitigating risk concentration,
- One of the prominent players in energy sector with sizeable installed capacity in Türkiye and abroad,
- Strong presence in the energy sector as a group and expertise of Kazancı Holding,
- High level of compliance with corporate governance practices.

Constraints

- Power plant portfolio dependent solely on fossil fuel as an energy source despite current investment plans in renewable energy,
- Noteworthy contribution of non-cash revaluation to asset and equity size,
- Possibility of changes in legislation and regulatory environment creating uncertainty especially for abroad operations,
- Restriction of the maximum settlement price application on profitability,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'AA (tr)'. Incremental sales growth, strong EBITDA generation capacity, improvement in 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.