

Corporate Credit Rating

☐ New ☒ Update

Sector: Energy

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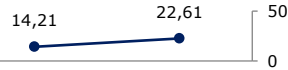
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)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

* Assigned by JCR on May 10, 2024

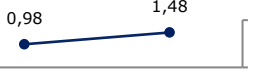
EBITDA Margin (%)



Current Ratio (x)



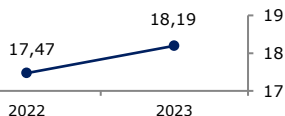
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



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/Stable' 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 7 countries on 3 continents, with its power plants in Türkiye 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 50 MW power plant in the Republic of Congo has started the operation. As of FY2023, Aksa Enerji's production portfolio consists of 11 power plants (3 in Türkiye, 1 Northern Cyprus, 7 in abroad) in 7 countries at FY2023: 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 2,756 MW (excluding 1 power plants with total installed capacity of 24 MW and operated on behalf of countries) as of FY2023 (FY2022: 2,756 MW). The Company had a work force of 1,268 as of FY2023 (FY2022: 1,234). In 2010, Aksa Enerji's shares were listed on Istanbul Stock Exchange under the ticker "AKSEN". Currently, the Company's stock is traded on the BIST100, BIST Star, BIST Electricity, BIST Sustainability, BIST Corporate Governance, BIST Participation MSCI Small Cap Index, FTSE Emerging Europe Mid Cap Index. With foundations dating back to the 1950s, Kazancı Holding is a global powerhouse, engaging in production activities on four continents, operating in 24 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

- Visible improvement in core profitability margins and cash flow indicators through diminishing trading activities at costly channel in FY2023,
- Robust equity level as a result of strong bottom-line profitability and retaining earnings despite sizeable dividend payouts,
- Moderate level of leverage metrics despite increase in FY2023,
- FX-based business model, guaranteed capacity charges from abroad power plants and renewable energy investments providing future revenue visibility,
- Strong market executions with widespread regional existence,
- 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

- Notable reduction in net sales as a result mainly completion of 'derangement sales' in energy sales side in FY2023,
- Power plant portfolio dependent solely on fossil fuel as an energy source despite current investment plans in renewable energy,
- Possibility of changes in legislation and regulatory environment creating uncertainty especially for abroad receivables,
- 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 Issuer Credit Rating has been affirmed at 'AA (tr)'. Core profitability margins, financial leverage metrics, having operations in different geographies, capability to access funding resources and strong shareholder structure 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.