

Corporate Credit Rating

☒ New ☐ Update

Sector: Energy

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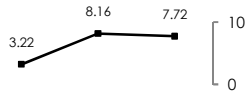
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RATINGS

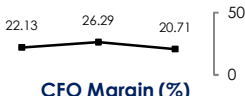
		Long Term	Short Term
National	Local Rating	AA- (Trk)	A-1+ (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB+	B
	Local Currency	BB+	B
	Outlook	FC Negative LC Negative	Negative Negative
	Sponsor Support	1	-
Sovereign*	Stand-Alone	A	-
	Foreign	BB+	-
	Local Currency	BB+	-
	Outlook	FC Negative LC Negative	- -

*Assigned by JCR on April 10, 2020

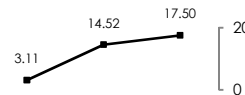
Net Profit Margin (%)



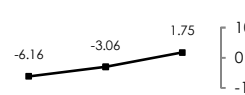
EBITDA Margin (%)



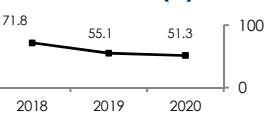
CFO Margin (%)



NWC / T. Assets (%)



Debt Ratio (%)



Aksa Enerji Üretim A.Ş.

JCR Eurasia Rating has evaluated consolidated financials of **Aksa Enerji Üretim A.Ş. (Aksa Enerji / Company)** in an investment-grade category and assigned the ratings as **“AA- (Trk)”** on the Long-Term National Scale and as **“A-1+ (Trk)”** on the Short-Term National Scale with **“Stable”** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **“BB+ / Negative”**.

Founded as a Kazancı Holding affiliate in 1997, **Aksa Enerji** is a global independent power producer operating in five countries on two 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. Aksa Enerji's production portfolio consists of 7 power plants (3 in Turkey, 4 in abroad) as at YE2020: 4 heavy fuel oil power plants in abroad (1 in TRNC & 3 in Africa), 2 combined cycle natural gas power plants and 1 lignite-fired power plant in Turkey. Total installed capacity of the Company is 1,946 MW as at FYE2020. In 2010, 21.4% of Aksa Enerji's shares were listed on Istanbul Stock Exchange under the ticker “AKSEN”. The Company's stock is traded on the BIST 100 and BIST Sustainability indices and will be listed on MSCI Turkey indices as of May 28, 2021. As of December 31, 2020, the consolidated asset size was approximately TRY 9,503mn, the turnover amounted to TRY 7,231mn. The Company had a work force of 841 as of YE2020 (YE2019: 907).

With foundations dating back to the 1950s, Kazancı Holding is a global powerhouse, engaging in production activities on four continents, operating in 21 countries with more than 8,000 employees, and exporting to 173 countries around the world as of YE2019. 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

- Reputable brand name in energy sector with proven track record in various countries
- Risk diversification through operations in different geographies and energy sources
- Strong EBITDA generation capability with satisfactory margins and resilient cash flow generation
- Successful investments contributing profitability and financial flexibility of the Company and further growth potential with expanding operations
- Increased visibility for future revenues arising from the guaranteed capacity charges and foreign currency-based sales made by power plants
- Strengthened equity level by retained earnings along with decreasing trend of financial leverage, positively contributing liquidity position
- Solid corporate governance structure
- Strong presence in the energy sector as a Group and expertise of Kazancı Holding

Constraints

- Having power plants portfolio that depends only on fossil fuel as an energy source currently
- Notable portion of the equity consisted of revaluation surplus
- Fluctuations in natural gas prices affecting profitability of power plant in Turkey
- High share of the receivables stemming from Africa side of the Company despite having collateral for sizeable portion
- Possibility of changes in legislation and regulatory environment creating uncertainty especially for Africa operations
- Covid-19 outbreak creating vagueness on global and local economic activity

Considering the aforementioned points, the Company's the Long-Term National Rating has been assigned as **“AA- (Trk)”**. The Company's continuous increase in sales revenues, strong EBITDA generation capacity, decreasing financial leverage, having operations in different geographies, capability to access funding resources and strong shareholder structure along with fluctuations in natural gas prices and ongoing uncertainties due to the Covid-19 pandemic have been evaluated as important indicators for **“Stable”** outlooks of long and short-term national ratings. On the other hand, the Company's revenue and profitability performance, liquidity position, asset quality and local and global macroeconomic indicators during Covid-19 pandemic will be closely monitored by JCR Eurasia Rating.

JCR Eurasia Rating has maintained its opinion that the Kazancı Holding, the ultimate and qualified shareholder of the Company, has the willingness and capability to ensure long term liquidity, equity as well as provide efficient operational support to Aksa Enerji within its financial capability if required, when taking into consideration the Company's position achieved in its sector. In this regard, the Company's Sponsor Support grade has been determined as **(1)**.

The Stand-Alone Grade has been constituted particularly with respect to Aksa Enerji's increasing sales revenue and profitability, satisfactory profit margins, internal resource generation capacity, growth potential with additional investment plans, debt- equity level, capability to access financing sources, liquidity position, organizational structure and the development of existing risks in the markets and business environment existence of experienced management team and know-how level. Within this context, the Stand Alone note of Aksa Enerji has been determined as **(A)** in the JCR Eurasia Rating notation system.