

Corporate Credit Rating

Industry

[(Textile, Construction, Energy, Tourism, IT, Education)]

ATAÇ		Long-Term	Short-Term	
International	Foreign currency	BB	B	
	Local currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BB (Trk)	B (Trk)	
	Outlook	Positive	Positive	
Sponsor Support		3	-	
Stand-alone		BC	-	
Sovereign*	Foreign currency	BB	B	
	Local currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Positive	Stable

*Assigned by Japan Credit Rating Agency, JCR on June 28, 2012

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ATAÇ İNŞAAT VE SANAYİ A.Ş. & ITS SUBSIDIARIES					
Financial Data	2012	2011*	2010*	2009*	2008*
Total Assets (USDmn)	611	536	548	246	214
Total Assets (TRYmn)	1,086	1,012	847	370	324
Equity (TRYmn)	295	423	455	82	97
Sales (TRYmn)	240	291	226	166	194
Net Profit (TRYmn)	-123	-76	153	-13	-6
Net Profit Margin (%)	-51.25	-26.02	67.67	-7.55	-3.21
ROAA (%)	-13.60	-8.90	24.77	-4.65	n.a
ROAE (%)	-39.74	-18.83	56.15	-18.02	n.a
Equity/Assets (%)	27.14	41.84	53.71	22.11	30.02
Net Working Capital/T. Assets (%)	-11.08	-8.13	-0.93	-18.40	2.25
Debt Ratio (%)	72.86	58.16	46.29	77.89	69.98
Asset Growth Rate (%)	7.29	19.47	129.04	14.26	n.a

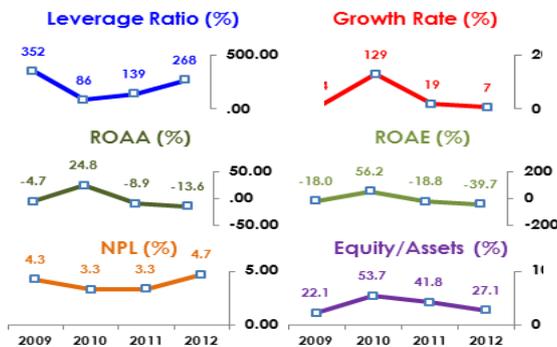
*End of year

Overview

Ataç İnşaat ve Sanayi A.Ş. (hereinafter the Company, the Group or Ataç) operates in the fields of Construction, Energy, Tourism, Textile & Apparel, Information Technologies, Education and Agriculture. The Company was established as Hikmet Ataman and Partner Construction in 1966 to operate in the construction and textile sectors and reached its current status in 1991. Ataç went public in 2011 and shares have been traded on the Borsa İstanbul (BIST) Second National Index since 8 June 2011 under the ATAC code with a current free float of 50.09%.

The Ataman and Çalık families, the controlling shareholders, hold 49.91% of shares and privileges on nominating Board of Directors candidates and dividend distribution.

In line with the growth prospects in the energy field, Ataç established JSC Magana Enerji in 2012 to build and operate the Magana and Legarde HEPP, thus adding Georgia to its overseas activities after Algeria and Libya. The Company, including its subsidiaries, affiliates and joint ventures companies, employs a staff of 2,728 as of FYE2012 (FY2011: 3,275).



Strengths

- Widespread activity fields mitigates risk concentration,
- Group activities in energy, information technologies and tourism promise further growth in line with the increase in demand and accessibility,
- Continuous growth in asset size during the reviewed period,
- Experience in the building of bank irrigations, waste water treatment plants, dams and hydroelectric power plants,
- Steadiness in the controlling shareholders and qualified management team
- More than half of the total financial liabilities are based on the long term liabilities that contribute to liquidity management.
- Completion of the large investment activities in futures will contribute the size, profitability, liquidity and indebtedness

Constraints

- Incurred losses over the reviewed period with the exception of FY2010, and resultant inability to generate sufficient internal sources,
- Foreign currency positions resulting in considerable effects on profit and profitability ratios,
- Negative net working capital figures and deteriorations in liquidity ratios,
- Large off-balance sheet commitments and contingencies exerting pressure on assets quality along with an upsurge in the risk level,
- Increasing high level of indebtedness as well as dependency on external funds for investment and growth,
- Enhancements required in the area of corporate governance principles compliance,
- The need for separate and efficient risk management unit and risk management implementations.

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