

Corporate Credit Rating

Construction and Energy

CELİKLER TAAHHÜT İNŞAAT VE SANAYİ A.Ş.		Long Term	Short Term	
International	Foreign currency	BBB-	A-3	
	Local currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Positive	Stable	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014
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ÇELİKLER TAAHHÜT İNŞAAT VE SAN. A.Ş.					
Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	2,651,605	472,560	303,416	193,778	153,089
Total Assets (000 TRY)	5,648,979	840,023	573,122	297,953	227,689
Equity (000 TRY)	434,574	306,935	210,194	81,580	82,086
Net Sales (000TRY)	955,103	462,370	429,678	198,367	206,923
Net Profit (000 TRY)	55,831	38,538	82,355	21,025	14,696
Net Profit Margin (%)	5.85	8.33	19.17	10.60	7.10
ROAA (%)	1.71	6.16	23.11	9.58	16.28
ROAE (%)	14.97	16.84	69.01	30.76	45.16
Equity / Total Assets (%)	7.69	36.54	36.68	27.38	36.05
Net W. Capital / T. Ast. (%)	-31.48	3.06	30.96	8.82	-14.85
Leverage Ratio (%)	1,199.89	173.68	172.66	265.23	177.38
Asset Growth Rate (%)	572.48	46.57	92.35	30.86	n.a

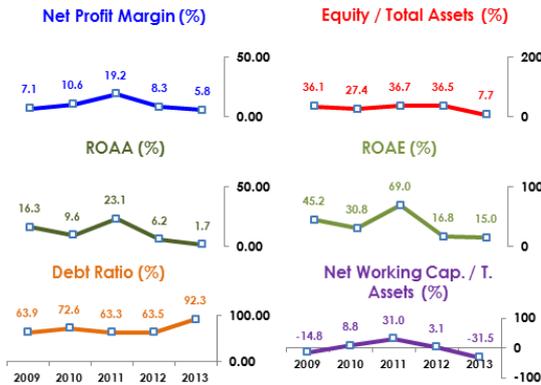
*End of year

Overview

Çelikler Taahhüt İnşaat ve Sanayi A.Ş., (hereinafter referred to as "Çelikler İnşaat" or "the Company"), with history dating back to 1958 with the establishment of a sole owner company under the name "Osman Çelik", gained its current status in 1993. The flagship Company of the Çelik Group, Çelikler İnşaat shares are fully owned by the ÇELİK Family.

The Company operates mainly in the construction sector with a focus on building highways, dams, bridges, railways, irrigation and sewage systems, tunnels, viaducts and interchanges along with some other forms of infrastructure and superstructure projects. In addition to tourism and machinery equipment leasing activities, the Company recently accentuated its presence in the mining and energy sectors through its subsidiaries in line with its growth strategy. In this scope, the Company acquired Seyitömer Thermal Power Plant and its surrounding asset in FY2013, including the operating rights for lignite reserves until 2054 amounting USD 2,248mn.

As of December 31, 2013, the Company employed a workforce of 2,874, including its subsidiaries.



Strengths

- Vigorous revenue growth driven by doubling sales volume supported by electricity sales
- Consistently enlarging asset size, boosted by acquisition of Seyitömer Thermal Power Plant and operating right of the lignite reserves
- Contribution to profitability level from the relatively low production costs of electricity sales, which are expected to constitute the majority of sales beginning in 2014,
- Cash sales of electricity facilitates liquidity management,
- Diversified business risk thanks to sound investments in strategic sectors
- Proven track record spanning over 50 years with tens of major infrastructure projects completed
- Growing energy needs of Turkey ensures strong demand for electricity production business, which promises further growth potential
- Expertise of the Board Members in their fields and vision holding management
- Ownership of one of the Largest Machinery Parks

Constraints

- Exceptionally high debt levels and leverage ratios stemming from the project finance credit facility
- Excessive short foreign currency position exposing the Company to significant currency risk and pressures on profitability ratios
- Need for improvement regarding the Compliance Level with Corporate Governance Principals
- Instability in neighboring countries and political uncertainties in Turkey posed to impact currency rates and money markets as well as decrease the risk appetite of investors
- Possibility of incurring additional costs by restrictive legislation and regulations concerned with the mining sector
- Although currently well-operated, anticipated renovations and updates of the Seyitömer Plant's outdated technologic infrastructure
- The need for an efficient and separate risk management unit

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