

Review Rating Report

Energy

CALIK ENERJİ		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-2 (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

ÇALIK ENERJİ SANAYİ VE TİCARET A.Ş.						
Financial Data	1H2014	2013**	2012**	2011**	2010*	2009*
Total Assets (USD mn)	1,427	1,537	1,234	958	1,102	907
Total Assets (TRY mn)	3,030	3,273	2,194	1,810	1,695	1,350
Equity (TRY mn)	954	935	859	587	678	746
Net Sales (TRY mn)	1,436	2,005	2,452	2,105	987	245
Net Profit (TRY mn)	272	65	136	6	92	77
Net Profit Margin (%)	18.91	3.27	5.57	0.28	9.33	31.52
ROAA (%)	9.58	2.62	8.67	1.81	6.16	5.29
ROAE (%)	31.97	7.98	24.03	5.02	13.17	9.33
Equity/Assets (%)	31.49	28.58	39.14	32.41	40.01	55.30
Net Work.Cap./T.Assets(%)	-3.55	-4.30	-1.83	2.26	17.07	27.82
Debt Ratio (%)	68.51	71.42	60.86	67.59	59.99	44.70
Asset Growth Rate (%)	-	49.18	21.22	6.80	25.57	-17.56

* End of year, ** Readjusted

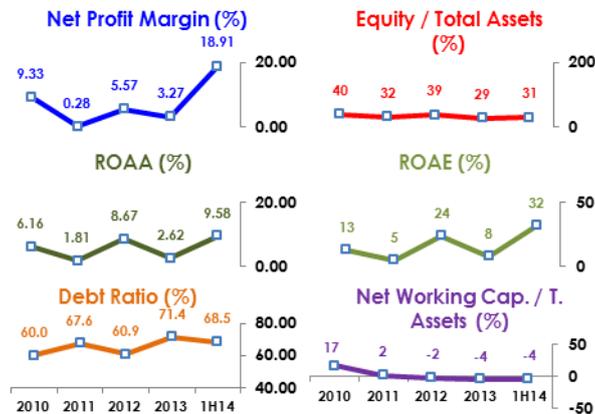
Overview

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ("Çalık Enerji" or "the Company" or "the Group") was established in 1998 in Turkey and continues operations under four main business lines; EPC (Engineering, Procurement and Construction), IPP (Independent Power Producer), Utility and Oil & Gas. Çalık Enerji provides turnkey delivery contractor services in the EPC business, mainly for power plant and infrastructure projects, since the early 2000s and has built a solid know-how. The EPC business currently comprises power plant projects in **Turkmenistan, Uzbekistan, Georgia, Libya and Iraq**. As an independent power producer and private investor in the Turkish energy sector, the Group holds licenses both in renewable energy sources and thermal power plants and aims to achieve an installed capacity of 2,200MW before the end of 2021. Utility business comprises **Yeşilirmak Elektrik Dağıtım A.Ş. ("YEDAŞ")**, **Aras Elektrik Dağıtım A.Ş. ("ARAS")** and **Kosovo Energy Distribution and Supply Company ("KEDS")** which serve a population of approximately 5.2mn in Turkey and 2.1mn in Kosovo. The Group also carries out exploration, development and drilling activities and currently holds 15 exploration licenses mainly located in southeastern part of Turkey.

The Group, wholly owned and managed by **Çalık Holding Anonim Şirketi** ("Çalık Holding"), employed a staff force of 1.492 as of 30 June 2014 (31 December 2013: 1.232; 31 December 2012: 1.256).

*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

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Strengths

- Positive turn-around in profitability indicators
- Enhanced market influence through strong relations with local authorities with its position as a first-mover and market leader in the EPC Business
- Extensive know-how and experience in energy and infrastructure in EPC
- Easing liquidity management through projected bond issuances
- Capability to operate in challenging countries with efficient procurement organization and strong relations with well-known equipment suppliers
- High growth potential in the EPC business in target markets
- Opportunities to invest in thermal, hydro, wind and solar projects in various regions of Turkey and Georgia
- Positive outlook of sectors in which the Group operates
- Consistently growing asset size
- Shareholder structure inspiring confidence in investors and providing convenience of accession to funds
- Highly qualified administration team

Constraints

- Stretched net working capital level in recent years
- Increasing debt ratio exerting pressure on profitability ratios
- Inadequacy of alternative local funding channels and structures to satisfy particular needs in the sector
- Political uncertainties and tensions in Middle East and North Africa incurring potential limits on growth
- Absence of sector-specific laws, regulations and supervisory public authorities in some specific markets such as Middle East and Africa.
- Possibility of incurring additional costs by restrictive legislation and regulations concerned with the energy sector
- Improvements needed in the area of corporate governance

Publication Date: Jan 14, 2015

"Global Knowledge supported by Local Experience"