

**Corporate Credit Rating**

**Energy**

		Long Term	Short Term
International	Foreign currency	BB+	B
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	BBB(Trk)	A-3(Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		B	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

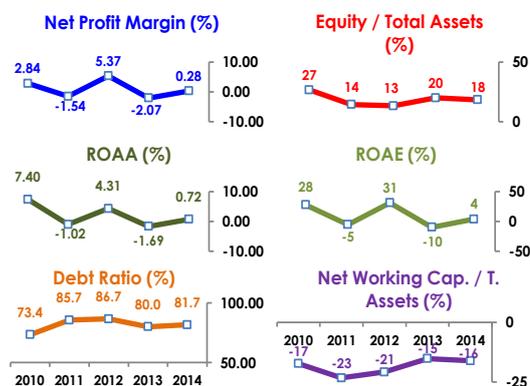
\*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

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**Strengths**

- Maintenance of strong operational volume growth as indicated by the expansion in sales revenues and assets over the last 5 years
- Strong regulatory operating environment offering stable income streams in line with the growth in domestic energy demand
- Ongoing liberalization process underway in the Turkish energy market anticipated to positively impact future business performance
- Significant share of tangible assets creating a wealth effect and low collection risks contributing to asset quality
- Integrated nature of Group operations creating synergies and partnership with internationally renowned players strengthening know-how base
- Future strategies to diversify business composition and revenue streams via increased emphasis on electricity generation and other projects

**Constraints**

- High cost of sales level exerting pressure on core operating profitability
- Rising levels of financial leverage in order to fund the growth in operational expansion
- Short-term weighted funding structure along with net negative working capital levels planned to be improved by projected bond issuance
- Foreign currency risk exposure through financial liabilities with past negative effects on profitability along with future volatility potential in tandem with ongoing political and economic uncertainties
- High level of dependency on imports inherent in the sector along with the monopoly of BOTAS with respect to natural gas supply, limiting the room for private sector players
- Further need for improvement in the level of compliance with Corporate Governance Practices despite achieved level of progress

		PALMET ENERJİ A.Ş.				
Financial Data		2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD)		476,301	468,728	451,665	305,784	229,062
Total Assets (000 TRY)		1,104,494	1,000,407	805,139	577,595	354,129
Equity (000 TRY)		201,895	199,943	107,259	82,813	94,360
Net Profit (000 TRY)		2,658	-16,669	27,950	-8,296	8,797
Sales (000 TRY)		936,075	803,469	520,078	537,987	310,181
Net Profit Margin (%)		0.28	-2.07	5.37	-1.54	2.84
ROAA (%)		0.72	-1.69	4.31	-1.02	7.40
ROAE (%)		3.80	-9.94	31.35	-5.35	27.76
Equity / Total Assets (%)		18.28	19.99	13.32	14.34	26.65
Net Working Capital / T. Assets (%)		-16.14	-15.18	-20.84	-23.33	-17.34
Debt Ratio (%)		81.72	80.01	86.68	85.66	73.35
Asset Growth Rate (%)		10.40	24.25	39.39	63.10	15.87

\*End of year

**Overview**

**Palmet Enerji A.Ş.** (referred to as Palmet Enerji or the Company) was established in Istanbul in 1984 and to originally operate in the infrastructure and telecommunication sectors. The Company stepped into the energy sector by the construction of natural gas pipelines in the 1990s. In line with the liberalization of the Turkish markets following the establishment of the Energy Markets Regulatory Authority (EMRA) in 2001, the Company won the concession for the natural gas distribution contracts of Gebze and Erzurum via its subsidiaries of Palgaz and Palen respectively in 2004 for a 30 year period.

The Company broadened its operational fields to include imports and wholesale trade of Liquefied Natural Gas (LNG), electricity generation and trade as well as engineering and project management services. In order to support its increased investments in the energy sector, the Company signed a partnership agreement with Manitoba Hydro International, a Canadian firm specializing in energy investments and operations.

**Mr. Bülent Doganay SAMURAY** is the largest qualified individual shareholder of the Company that has a paid-in-capital TRY 75mn as of FYE2014. The Company was ranked as the 163th largest based on sales revenues according to the Fortune Magazine and employed a total workforce of 215 as of March, 2015. (FYE2014: 198)

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