

**Corporate Credit Rating**

**Energy**

		Long Term	Short Term	Zorlu Enerji Elektrik Üretim A.Ş.						
				Financial Data						
				2014*	2013*	2012*	2011*	2010*		
International	Foreign Currency	BBB-	A-3	Total Assets (USD mn)	2,139	2,953	2,539	2,190	1,689	
	Local Currency	BBB-	A-3	Total Assets (TRY mn)	4,959	6,302	4,526	4,137	2,611	
	Outlook	FC	Stable	Stable	Equity (TRY mn)	530	771	192	-293	157
		LC	Stable	Stable	Sales (TRY mn)	807	625	576	438	434
National	Local Rating	BBB- (Trk)	A-3 (Trk)	EBITDA (TRY mn)	203	108	875	21	112	
	Outlook	Positive	Stable	Net Profit (TRY mn)	-224	-306	582	-473	-76	
Sponsor Support		2	-	Net Profit Margin (%)	-27.81	-48.91	101.11	-107.94	-17.43	
Stand Alone		B	-	ROAA (%)	-4.34	-7.18	13.65	-14.31	-2.77	
Sovereign*	Foreign Currency	BBB-	-	Equity / Total Assets (%)	10.68	12.23	4.23	-7.08	6.01	
	Local Currency	BBB-	-	Net W. Cap./ T. Assets (%)	-26.08	-17.91	-20.10	-11.00	-15.41	
	Outlook	FC	Stable	-	Debt Ratio (%)	89.32	87.77	95.77	107.08	93.99
		LC	Stable	-	Asset Growth Rate (%)	-21.30	39.23	9.39	58.44	8.16

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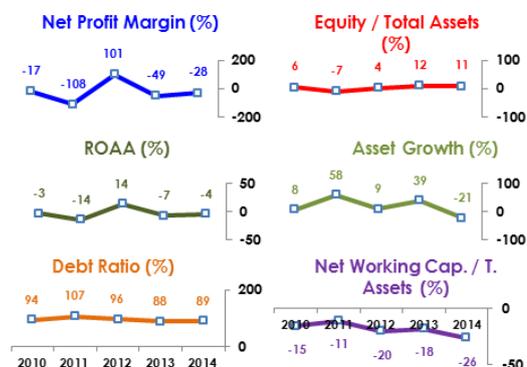
\*End of Year

**Overview**

Zorlu Enerji Elektrik Üretim Anonim Şirketi ("Zorlu Enerji" or "the Company") was established by Zorlu Holding A.Ş. and Korteks Mensucat Sanayi ve Ticaret A.Ş. in 1993 with the intention of focusing internal energy needs. The growth of the Company mirrors the maturation of Turkey's energy framework. The Company has become one of the major independent power producers and private investors in the Turkish energy sector with its balanced portfolio of power plants and its experience and strong position in the market. The current operational fields of activity of Zorlu Enerji include natural gas combined cycle and cogeneration plants, hydroelectric power plants, wind power plants, and geothermal power plants.

Zorlu Enerji's installed capacity in Turkey has reached 745 megawatts (MW) by the end of 2014, and including its international investments, its total installed capacity amounted to 1,011 MW (stake adjusted). The Company holds licenses both in renewable energy sources and thermal power plants and aims to increase its total capacity. The international business currently comprises a wind farm in Pakistan and three power plant investments in Israel. The Dorad Combined-Cycle Natural Gas Power Plant, which has an installed capacity of 840 MW and was established by Zorlu Enerji under a 25% partnership, became operational in 2014.

The Company employed a staff force of 896 as 31 December 2014 (31 December 2013: 896).



**Strengths**

- Strong operational volume growth as indicated by the expansion in sales revenues over the last 5 years
- Extensive know-how base and experience in IPP business, particularly in geothermal power plants
- Balanced generation portfolio through renewable energy power plants in the national presence and diversifying geographical risk through investments in other countries
- High growth potential in the renewable energy in Turkey and also in Pakistan promising higher profit margins
- Opportunities to invest in geothermal, hydro, wind and solar projects in various regions of Turkey and neighboring geography
- Shareholder structure inspiring confidence in investors and creditors easing accession to funds and project finance agreements
- Best practices of corporate governance principals

**Constraints**

- High cost of sales level exerting pressure on core operating profitability despite a slight improvement in FYE2014
- High levels of financial leverage in order to fund the growth in operational expansion with negative effects on profitability by financial expenses
- Stretched net negative working capital levels planned to be improved by restructuring loans and projected bond issuance
- Foreign currency risk exposure through financial liabilities with past negative effects on profitability along with future volatility potential
- Possibility of incurring additional costs by restrictive legislation and regulations concerned with the energy sector
- Fairly volatile foreign currency rates, the rise in political risk associated with the election outcome and anticipated interest rate hike by FED in the short term

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