

Corporate Credit Rating

**Telecommunication
Fixed & Mobile Telephone and Internet Services**

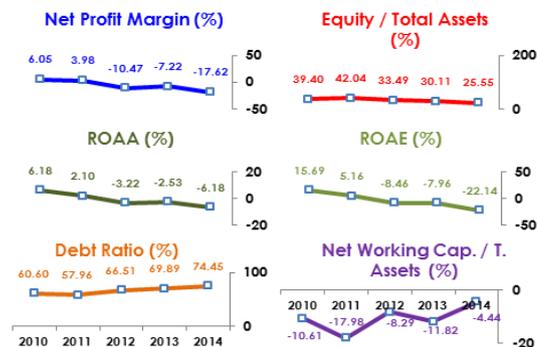
		Long Term	Short Term	
International	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BBB-(Alb)	A-3 Alb	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BB+	B	
	Local Currency	BB+	B	
	Outlook	FC	Positive	Stable
		LC	Positive	Stable

*Assigned by JCR Eurasia Rating, JCR-ER on June 11, 2015

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Strengths

- Unique telecom operator providing 4 services in one bundle including fixed phone, Internet, IPTV and mobile service, diversifying its revenues
- Vast investments to improve the fiber optic backbone and fixed and mobile Network Coverage
- Decisive cost cutting measures to improve efficiency
- Long term funding facilities from vendors and financial institutions
- Increase in the visibility of future revenues in the sector due to the country's young population, official candidacy for EU membership and boost in data consumption
- Strong sponsor support of shareholders including prominent Çalık Holding, Türk Telekom and Government of Albania

Constraints

- Accelerating decrease in revenues due to intense competition combined with falling demand for fixed services
- Substantial short foreign currency position, despite insignificant effect on the bottom-line in 2014 thanks to a stable LEK
- Negative net working capital over the reviewed period
- Weak transparency and practices of corporate governance principles
- Insufficient legal structure to properly maintain collection of receivables from third parties
- Challenges of the Albanian economy affecting disposable income and telecommunication services demand such as low annual GDP growth, economic downturn in the biggest trading partners such as Italy and Greece and a decreasing but large grey economy

ALBTelecom Sh.a.					
Financial Data	2014	2013*	2012*	2011*	2010*
Total Assets (000 USD)	249,482	300,294	285,011	331,168	350,019
Total Assets (000 EUR)	205,869	217,874	215,941	255,699	261,519
Total Assets (mn LEK)	28,817,157	30,644	30,100	35,289	36,312
Equity (mn LEK)	7,361,447	9,228	10,081	14,836	14,307
Net Profit (mn LEK)	-1,866,974	-852	-1,386	529	875
Sales (mn LEK)	10,598,672	11,807	13,242	13,292	14,476
Net Profit Margin (%)	-17.62	-7.22	-10.47	3.98	6.05
ROAA (%)	-6.18	-2.53	-3.22	2.10	6.18
ROAE (%)	-22.14	-7.96	-8.46	5.16	15.69
Equity / Total Assets (%)	25.55	30.11	33.49	42.04	39.40
Net Working Capital / T. Assets (%)	-4.44	-11.82	-8.29	-17.98	-10.61
Debt Ratio (%)	74.45	69.89	66.51	57.96	60.60
Asset Growth Rate (%)	-5.96	1.81	-14.70	-2.82	n.a

*End of year

Overview

Albtelecom Sh.a. (hereinafter referred to as Albtelecom or the Company) was founded in 1912 as a government office to establish the infrastructure of nation-wide communication services in Albania. It was privatized in 2007 through the sale of 76% of shares to **Çetel Telekom İletişim Sanayi ve Ticaret A.Ş.**, with a shareholding structure of Çalık Holding (80%) and Türk Telekom (20%). The Company merged with **Eagle Mobile**, the third largest mobile operator of Albania, in February 2013. The Company launched LTE (4G) services in September 2015.

The Company is a unique operator providing fixed and mobile phone, Internet and IPTV services, together through its retail branch network and approximately 890 employees nationwide. Company headquarters are located in Albania's Capital, Tirana.

Çalık Holding A.Ş., the ultimate parent company of Albtelecom, is one of the largest industrial enterprises in Turkey operating in the sectors of energy, telecom, textile, construction, finance and mining. **Türk Telekom Group** is Turkey's high tech, integrated telecommunication and technology services provider. The Albanian Government holds 16.77% of Company shares.

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