

Corporate Credit Rating

**Construction
Mechanical, Electrical and Plumbing Contractor**

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating	n.a.	n.a.	
National	Local Rating	A-(Trk)	A-1 (Trk)	
	Outlook	Positive	Stable	
	Issue Rating	A-(Trk)	A-1 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

AE Arma-Elektropanç Elektr. San. Müh. Taah. ve Tic. A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	165,889	133,987	154,156	127,491	86,383
Total Assets (000 TRY)	482,338	310,703	328,413	226,628	163,168
Equity (000 TRY)	100,834	96,358	35,669	33,696	32,296
Net Profit (000 TRY)	8,948	3,767	2,318	1,119	3,486
Sales (000 TRY)	459,695	386,935	330,524	260,861	180,182
Net Profit Margin (%)	1.95	0.97	0.70	0.43	1.93
ROAA (%)	2.61	0.56	4.51	3.47	1.66
ROAE (%)	10.49	2.69	36.07	20.50	8.40
Equity / Total Assets (%)	20.91	31.01	10.86	14.87	19.79
Net Working Capital/Assets (%)	35.35	40.21	45.86	40.90	15.42
Debt Ratio (%)	79.09	68.99	89.14	85.13	80.21
Asset Growth Rate (%)	55.24	-5.39	44.91	38.89	n.a

*End of year

Overview

AE Arma-Elektropanç Elektromekanik Sanayi Mühendislik Taahhüt ve Ticaret A.Ş. and its Subsidiaries (henceforth AE Arma-Elektropanç or the Company) are the leading technical contractors in the region providing electrical, electronic, and mechanical engineering solutions for large scale superstructures. The Company has completed several projects including multi-purpose office and housing complexes, educational and commercial buildings, hospitals, shopping centres, tourism and entertainment facilities, industrial facilities, and airports.

Expanding its business to 8 countries in three continents, AE Arma-Elektropanç completed over 7 million m² of various prestigious projects. The Company currently maintains MEP services of wide-ranging building projects in Turkey, Russia, Azerbaijan, Dubai, Abu Dhabi, United Kingdom, and Algeria with a total area of 2.8 million m². The Company employs a total workforce of 2294 as of FYE2015.

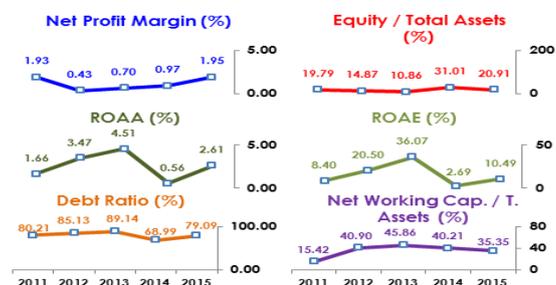
AE Arma-Elektropanç ended its partnership agreement with Royal Imtech N.V. (Imtech), a Dutch electrical and mechanical solutions provider, which started in 2012. All of the 49% shares of Imtech Espana MMI S.A. and Imtech Capital B.V. were transferred to real person shareholders of the Company on April 7, 2015.

*Assigned by JCR Eurasia Rating, JCR-ER on August 28, 2015

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Strengths

- Solid sales growth despite a fragile economic and political environment in the region
- Balanced and blended funding mix reflecting improved liquidity management
- Increased visibility for future revenues arising from the Company's proven track record, expanding business territory, and sound project backlog
- Moderate level of leverage and reasonable net debt to EBITDA ratio
- Established organizational base and ring fence control environment
- Improved asset quality bolstered by a more secured receivables portfolio
- Distinctive experience and know-how in the mechanical electrical and plumbing sector
- Progress in implementing corporate governance principles
- Established business network in separate geographic markets

Constraints

- Slightly improved yet meager bottom-line demonstrating stress on the internal resource generation capacity
- Exposure to several currencies stemming from its wide operational geography including many emerging markets
- Challenges in the region derived from plunging oil prices, escalation of tensions between Turkey and Russia along with the fragile economic and political environment in the region
- High dependency on qualified staff due to complex nature of projects and shortage in rapid growth periods

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"Global Knowledge supported by Local Experience"