

Corporate Credit & Issue Rating
(Update)

Energy

CALIK ENERJİ		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	FC	Stable
		LC	Stable
Issue Rating	n.a	n.a	
National	Local Rating	A- (Trk)	A-1 (Trk)
	Outlook	Stable	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	

Çalık Enerji Sanayi ve Ticaret A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (USD mn)	1,346	1,502	1,534	1,234	958
Total Assets (TRY mn)	3,915	3,483	3,273	2,194	1,810
Equity (TRY mn)	1,457	806	935	859	587
Net Profit (TRY mn)	575	502	55	136	6
Sales (TRY mn)	3,368	3,538	2,005	2,452	2,105
Net Profit Margin (%)	17.08	14.18	2.77	5.57	0.28
ROAA (%)	16.60	15.87	2.25	8.67	1.81
ROAE (%)	54.27	61.58	6.86	24.03	5.02
Equity / Total Assets (%)	37.21	23.14	28.58	39.14	32.41
Net Wor.Capital / T. Assets (%)	8.89	-8.49	-4.30	-1.83	2.26
Debt Ratio (%)	62.79	76.86	71.42	60.86	67.59
Asset Growth Rate (%)	12.39	6.41	49.18	21.22	6.80

*Assigned by Japan Credit Rating Agency, JCR on July 19, 2016

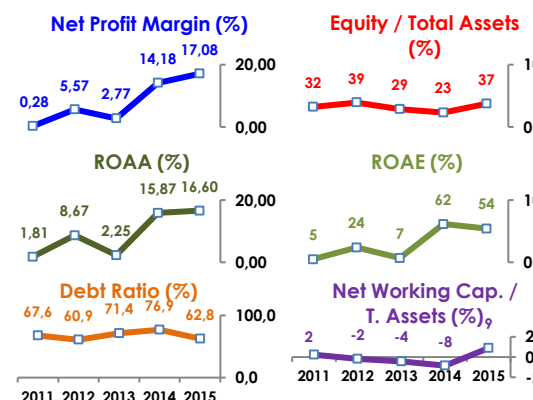
*End of Year

Analyst: Bora PAKYÜREK/+90 212 352 56 74
bora.pakyurek@jcrer.com.tr

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 the main business lines of EPC (Engineering, Procurement and Construction), IPP (Independent Power Producer), and Utility. Çalık Enerji has provided 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 Company completed 17 projects with a total contract value of approximately USD 3bn between 2002 and 2016, principally in Turkmenistan. Four projects are currently ongoing in Turkmenistan and Libya. 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. Utility business comprises Yeşilirmak Elektrik Dağıtım A.Ş. ("YEDAŞ"), Yeşilirmak Elektrik Perakende Satış A.Ş., Aras Elektrik Dağıtım A.Ş. ("ARAS"), Aras Elektrik Perakende Satış A.Ş., and Kosovo Energy Distribution and Supply Company ("KEDS") which serve a population of approximately 5.2mn in Turkey and 1.8mn in Kosovo.

Çalık Enerji is managed and owned by Çalık Holding, the parent company of the Group, holding 95.42% of all Çalık Enerji's shares. The Japanese Mitsubishi Corporation purchased a 4.48% stake in Çalık Enerji in June 2015 to build a strategic alliance. The Company employed a staff force of 1,396 as of 30 June 2016 (31 December 2015:1.496).



Strengths

- Increase in core operating profitability in the completed financial year due to reductions in cost of sales
- Reputable brand name with a proven track record in various countries with its position as a first-mover and market leader in the EPC Business
- Diversified operating fields and investment portfolio, mitigating market and geographic risk exposures
- Asset quality strengthened by low collection risks and large share of sovereign and quasi-sovereign institutions contracts in the trade receivables account
- Successive realized bond issues in the past financial year extending the maturity of the debt
- High growth potential in the EPC business in target markets and the capability to operate in challenging countries with efficient procurement organization and strong relations with well-known equipment suppliers
- Strategic and Equity Partnership with Mitsubishi Corporation

Constraints

- Severe competition among EPC contractors in key markets such as the Middle East, downward pressuring profit margins
- Persistent political and economic stresses and insurgencies witnessed in neighboring regions in which the Group operates such as the Middle East and North Africa, restraining investment and business prospects and aggregating the riskiness of operations realized in the region
- Excessive supply in the national electricity market due to ongoing and planned projects anticipated to exert pressure on future prices and profit margins across the sector
- Geopolitical and economic concerns along with the recent failed coup attempt harboring uncertainties and wielding pressure on business prospects
- Ongoing volatility in the markets and upward pressure on exchange rates

Publication Date: September 29, 2016

"Global Knowledge supported by Local Experience"

Copyright © 2007 by JCR Eurasia Rating. 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İSTANBUL Telephone: +90.212.352.56.73 Fax: +90 (212) 352.56.75
Reproduction is prohibited except by permission. All rights reserved. All information has been obtained from sources JCR Eurasia Rating believes to be reliable. However, JCR Eurasia Rating does not guarantee the truth, accuracy and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan. This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations. <http://www.jcrer.com.tr>