

**Corporate Credit Rating
(Update)**

Contracting, Energy & Heavy Equipment

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

STFA YATIRIM HOLDİNG A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	1,240,261	1,295,829	1,140,111	1,076,862	829,924
Total Assets (000 TRY)	3,606,182	3,004,898	2,433,339	1,914,230	1,567,644
Equity (000 TRY)	596,789	623,505	525,589	531,185	450,591
Net Profit (000 TRY)	-31,281	22,919	8,401	155,486	273,883
Sales (000 TRY)	3,466,410	3,110,540	2,531,695	1,147,921	1,003,874
EBITDA (000 TRY)	208,622	199,887	156,603	122,770	113,162
Net Debt/EBITDA (x)	1.65	1.20	0.02	n.m.	n.m.
ROAE (%)	-1.29	4.58	4.02	33.84	87.23
Equity / T. Assets (%)	16.55	20.75	21.60	27.75	28.74
NWC / T. Assets (%)	6.92	11.69	5.15	10.14	17.05
Financial Leverage (x)	5.42	4.73	4.11	3.55	4.23
Asset Growth Rate (%)	20.01	23.49	27.12	22.11	27.86

* End of year + n.m.: not meaningful, net debt is negative, all figures include JCR-ER adjustments based on audited financials and management provided details

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

Analyst: Özgür Fuad ENGİN

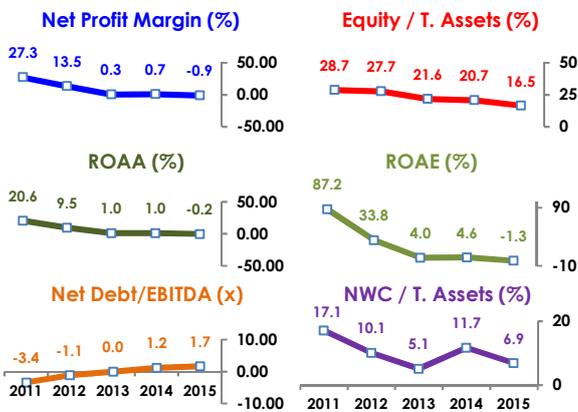
+90 212 352 56 73 ozgur.engin@jcrer.com.tr

Overview

STFA Yatırım Holding A.Ş. (hereinafter referred to as STFA or the Group) owns several companies operating in construction & contracting, energy and heavy machinery/equipment. The Group has a long track record as an international contracting services provider with a wide specialization range. In addition, construction segment, the Group has an important and growing presence as an energy provider under the roof of Enerya brand. Heavy equipment and machinery business comprises the third major unit of the Group, commanding a prominent market position in Turkey.

The Group has a geographic presence in several countries with a strong foothold in MENA region and CIS countries with its construction operations. Natural gas distribution network of the Group, present in 11 cities in Turkey is expanding its infrastructure and subscriber base with investments financed with project finance facilities. Machinery and equipment line-up is recently bolstered with the acquisition of a major elevator company, previously an associate.

As of 31 December 2015, the Group had 10,915 including its subcontractors (31 December 2013: 7,348).



Strengths

- Growing subscriber base of the energy segment and construction backlog supported with steady business origination
- Maintained liquidity buffer, facilitated with advances received from contract owners and deposits provided by subscribers
- Long-term project finance facilities, providing funds to natural gas distribution investments,
- International partnerships with prominent investors and leading contractors
- Long track record in contracting sector with a wide ranging catalogue of complex construction projects
- Highly competent and experienced management, with a noteworthy planning and execution track record

Constraints

- Competitive market structure in core contracting countries
- Rising leverage levels due to additional borrowing to fund ongoing investments
- Import dependency of Turkey and incumbent natural gas companies
- Pressures on the investor confidence and macroeconomic prospects in the wake of persisting conflicts in the Middle East, failed coup attempt and subsequent developments affecting several industries