

Corporate Credit & Issue Rating

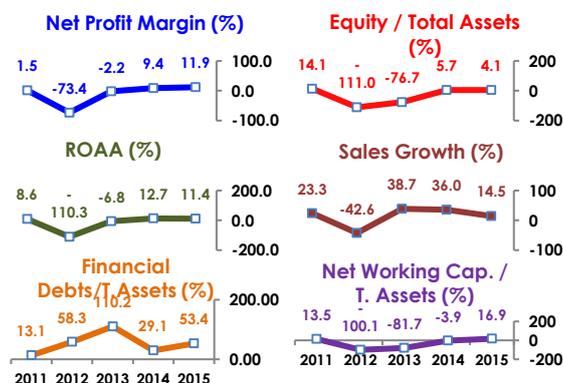
EPC - Power Plants

GAMA GÜÇ SİSTEMLERİ MÜHENDİSLİK VE TAHHÜT A.Ş.		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	BBB+ (Trk)	A-2 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB+ (Trk)	A-2 (Trk)	
Sponsor Support	2	-		
Stand Alone	B	-		
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Assigned by Japan Credit Rating Agency (JCR), October 7, 2016

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**Strengths**

- Parent Group's half-century of international engineering and construction expertise
- Reputable brand name with a proven track record in various countries
- Strong sales growth supported with new EPC contracts in various regions
- Sufficient profit margin considering the international competition, scope, and sophistication of the projects
- Access to foreign credit lines, facilitating procurement of imported key project components and giving a competitive edge in bidding processes
- Established relationships and close ties with global brands, Original Equipment Manufacturers (OEMs), and EPC companies
- Experienced and proficient management team
- Adoption of corporate governance practices and effective internal control mechanisms

**Constraints**

- Excessive leverage level, despite the cash capital injection by the primary shareholder and parent institution in FY2014
- Uncertainties, conflicts, and tensions prevailing in the regions in which the Company operates, increasing the overall riskiness of Company operations and deteriorating the investment sentiment
- Intensive competition among EPC contractors in key markets downward pressuring profit margins
- Emphasis on renewable energy production throughout the world, while natural gas power plants are no longer promoted through economic incentives in Turkey
- Turkey's ongoing political conflicts with some of the countries in Middle East, hindering the Company's utilization of some of the growth opportunities
- Change in the operating environment of the EPC sector, necessitating higher access to credit lines and increasing the funding needs

GAMA GÜÇ SİSTEMLERİ MÜH. VE TAAH. A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	581,660	491,612	228,519	186,246	223,702
Total Assets (000 TRY)	1,691,236	1,140,000	487,728	332,002	422,551
Equity (000 TRY)	69,502	65,197	-374,092	-368,417	59,506
Net Profit (000 TRY)	145,695	100,830	-17,164	-415,529	14,989
Sales (000 TRY)	1,221,902	1,067,279	784,936	566,118	986,984
Net Profit Margin (%)	11.92	9.45	-2.19	-73.40	1.52
ROAA (%)	11.42	12.65	-6.84	-110.26	8.61
ROAE (%)	239.94	n.m.**	n.m.**	n.m.**	49.71
Net Working Capital / T. Assets (%)	16.87	-3.88	-81.75	-100.12	13.49
Debt Ratio (%)	95.89	94.28	176.70	210.97	85.92
Asset Growth Rate (%)	48.35	133.74	46.90	-21.43	-6.92

\* End of year \*\* Not meaningful as average equity is negative

**Overview**

Gama Güç Sistemleri Mühendislik ve Taahhüt A.Ş. (hereinafter referred to as "GGS" or "the Company") is an international EPC contractor specialized in power plant contracts with over 200 international projects and a total of 28GW's of completed power plant experience. As of December-end 2015, the Company's ongoing projects had a total power production capacity exceeding 7.5 GW's\*. The Company operates through headquarters located in Ankara, 3 branches in Russia, 2 branches in Iraq, branches in Macedonia, Jordan, Latvia, Algeria, and Libya, and a subsidiary in Saudi Arabia as of year-end 2015.

The Company was established in 1990 as a subsidiary of Gama Holding, a major civil construction and engineering company operating since 1959 in several segments of construction ranging from heavy industry and power generation to infrastructure. The Company took its present name in 2003.

GGS is active in the Middle East, Europe, Africa, Russia and the CIS region, indicating a diverse regional reach as a construction, contracting, and EPC services provider. The Company specializes in combined cycle gas turbine power plants and has strength and experience in other types of thermal and steam powered power plants.

As of December-end 2015, the Company employed a workforce of 1,203, including its branches but excluding subcontractors.

(\*) As of August-end 2016, the Company's ongoing projects had a total power production capacity exceeding 8.1 GW's.

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"Global Knowledge supported by Local Experience"