

Corporate Credit & Issue Rating
Construction, Contracting, Energy

		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-3 (Trk)	
	Outlook	Stable	Stable	
	Issue Rating	BBB (Trk)	A-3 (Trk)	
Sponsor Support		2	-	
Stand Alone		B	-	
Sovereign*	Foreign currency	BBB-	-	
	Local currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

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ÇELİKLER TAAHHÜT İNŞAAT VE SANAYİ A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	2,921,902	2,410,509	2,646,759	472,560	303,416
Total Assets (000 TRY)	8,495,722	5,589,729	5,648,979	840,023	573,122
Equity (000 TRY)	454,381	482,080	434,574	306,935	210,194
Net Profit (000 TRY)	-154,747	-158,572	55,831	38,538	82,355
Sales (000 TRY)	1,101,108	1,195,715	955,103	462,370	429,678
Net Profit Margin (%)	-14.05	-13.26	5.85	8.33	19.17
ROAA (%)	-1.93	-2.91	1.71	6.16	23.11
ROAE (%)	-28.98	-35.62	14.97	16.84	69.01
Equity / Total Assets (%)	5.35	8.62	7.69	36.54	36.68
Net Working Capital / T. Assets (%)	-18.30	-31.30	-31.48	3.06	30.96
Debt Ratio (%)	94.65	91.38	92.31	63.46	63.32
Asset Growth Rate (%)	51.99	-1.05	572.48	46.57	92.35

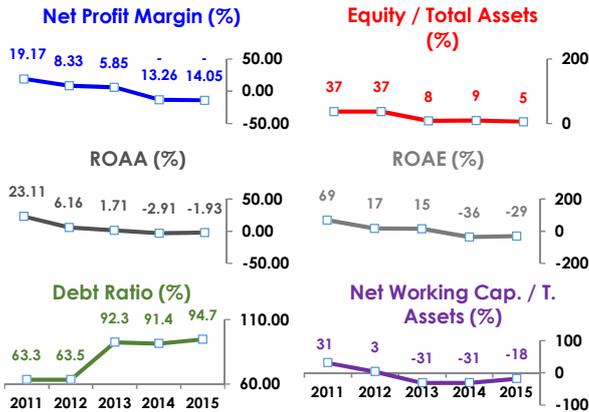
*End of year

Company Overview

Çelikler Taahhüt İnşaat ve Sanayi A.Ş., (hereinafter referred to as "Çelikler İnşaat" or "the Company"), with history dating back to 1958 with the establishment of a sole owner company under the name "Osman Çelik", gained its current status in 1993. The Company's main operation areas are construction and energy. In the construction sector, the Company has a focus on building highways, dams, bridges, railways, irrigation and sewage systems, tunnels, viaducts and interchanges along with other forms of infrastructure and superstructure projects. In energy sector, the Company manages production and sales of electricity generated in thermal power plants. Besides, the Company has smaller investments in tourism and machinery equipment leasing activities.

The Company enlarged its operation base in energy sector by winning the privatization tenders for Seyitömer, Orhaneli and Tunçbilek Thermal Power Plants. In this regard, the Company has subsidiaries named Çelikler Seyitömer Elektrik Üretim A.Ş. and Çelikler Orhaneli Tunçbilek Elektrik Üretim A.Ş. The privatization processes are completed in 2015 and the Company actively produces electricity. With the help of acquisitions of power plants, the Company became one of the major players in the sector with 1,175 MW coal based thermal plant installed capacity. Seyitömer Power Plant alone has 600 MW installed capacity and supplies 2% of total energy production of Turkey.

As of December 31, 2015, the Company employed a workforce of 2,471, including its subsidiaries.


Strengths

- Cash sales of electricity that creates an advantage in liquidity management
- Low level of impaired receivables and provisioning at 100% contributes asset quality
- Decline in net financial costs compared to previous year
- Fast growth rate in recent years with investments and acquisitions via privatization
- Strong demand for electricity production business ensured by Turkey's growing energy needs, promising further growth
- Successfully completed infrastructural projects for the last 50 years that ensures the capability of the Company
- Geographical and business diversification of principal activities, mitigating overall risk concentration

Constraints

- Continuing negative net working capital despite increase in paid-in capital.
- Net loss for the last two years
- Exceptionally high debt level, arisen from large acquisition costs.
- Excessive short foreign currency position exposing the Company to significant currency risk and remarkably pressurizing profit and profitability ratios
- Slowdown in increasing trend of sales revenues
- Lack of an efficient and separate risk management unit
- Need for improvement regarding the Compliance Level with Corporate Governance Principles
- Macroeconomic uncertainties arising from the tensions & conflicts in the local political environment and neighboring regions

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