

Corporate Credit Rating

Update

Non- Financial Sector

Holding

BILKENT HOLDING		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	A+ (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
Sponsor Support		4	
Stand Alone		AB	
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	FC: Stable LC: Stable	-

BILKENT HOLDING A.Ş.					
Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	975,818	1,217,508	1,137,320	1,193,773	2,148,941
Total Assets (000 TRY)	2,837,288	2,823,280	2,427,382	2,122,051	4,059,135
Equity (000 TRY)	1,796,447	1,781,449	1,422,566	1,329,173	1,065,936
Sales (000 TRY)	1,772,904	1,515,536	1,621,697	1,183,632	2,558,399
Net Profit (000 TRY)	37,485	321,774	82,984	415,746	47,482
Net Profit Margin (%)	2.11	21.23	5.12	35.12	1.86
ROAA (%)	1.71	13.00	4.01	14.02	2.70
ROAE (%)	2.70	21.31	6.64	36.18	9.36
Equity / Total Assets (%)	63.32	63.10	58.60	62.64	26.26
NWC / T. Assets (%)	26.79	21.31	26.19	23.53	9.66
Debt Ratio (%)	36.68	36.90	41.40	37.36	73.74
Asset Growth Rate (%)	0.50	16.31	14.39	-47.72	30.11

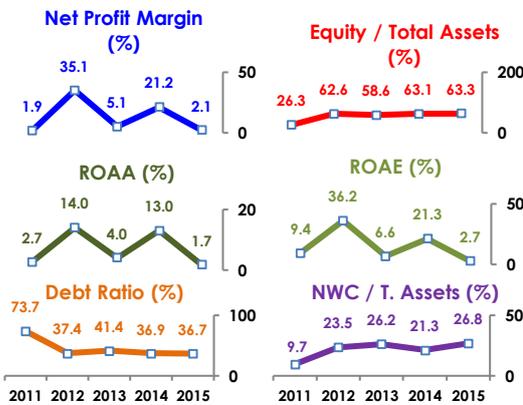
*End of year and adjusted figures

Overview

Bilkent Holding (hereinafter the Holding, the Group or the Company), one of Turkey's largest and leading private sector corporations, was established in Ankara in 1986 to gather group companies under the Holding roof. Bilkent Group's origins date further back to the establishment of the construction firm Dilek İnşaat in 1968 and of Tepe Ağaç and Meteksan in 1969. Currently, the Holding steers operations within a wide range of industries including construction and construction materials, furniture production and retail, printing and paper, real estate, tourism and hotel management, defense and security, fitness, and airport management services and maritime transportations. Bilkent Holding's extensive experience and long-term track record associated with high technology based quality services have led to its respected domestic and international reputation. As a result, the Holding's operations spread overseas to the Middle East, North Africa, Turkic Republics and Eastern Europe through the activities of its subsidiaries, affiliates and joint ventures.

The Holding's qualified shareholder (99.99%), Bilkent University, was founded in 1984 by prominent scholar İhsan Doğramacı with the aim of creating a center of excellence in higher education and research. The University has graduated more than 37,000 alumni and currently has approximately 13,000 students in nine faculties and two four-year professional schools. Furthermore, approximately 40% of Bilkent University's students benefits from a variety of grants. To realize its establishment purpose, the Holding regularly grants donations to the University in line with this purpose. In this sense, the Holding is distinguished from other holdings by its shareholder profile and instituting drive.

Continuity of high debt service coverage capacity, cash equity injection, solid liquidity position, remarkably low indebtedness level, internal resources generation power and sustainable operations are the main supporting factors of the affirmation of all ratings and their outlooks.



Strengths

- Continuing production power and highly sustainable nature of operations
- Consistent profit generation despite fluctuation in sales and net profit figures year by year
- Strong financial profile and high debt service coverage capacity
- Well-capitalized balance sheet structure strengthened via steady cash equity injection and internally generated resources through largely recurring income components from differentiated operational fields
- Solid liquidity position and notable low indebtedness level providing a strong buffer against incidental external shocks
- Risk mitigation due to geographic and business portfolio diversity
- Sound international standing resulting from its own reputation along with collaboration with leading local and international players
- Competitive edge and significant market presence in the airport and sea transportation industry with its affiliates
- Presence of a highly qualified administration team
- Valuable contributions to society through investments in education, science and technology along with a unique shareholder structure

Constraints

- Upward tendency in COGS to total sales with the exception of 2014, depressing profit and profit margins
- Existence of high level of non-performing receivables and low collection rates, despite limited new inflow to the fully provisioned NPLs book
- Tenacity of high geopolitical risks in the nearby region, the failed coup attempt of 2016 and subsequent developments and increasing terrorist activities harboring a potential that could evolve towards a regional war, which can lead to the deterioration of investment perception and operating environment in which the Group operates
- Upside risks via a weakening TRY and downside risks to growth negatively impacting profit margins and debt-servicing capabilities of the real sector that increases the risk level in the market
- Heavy debt burden and high financial expenses of affiliate IDO, coupled with the potential of new transportation lines such as the Izmit Gulf Bridge and Avrasya Tube passage to depress revenues and subsequently rolling back overall Holding profit
- Further improvement needs in compliance level with Corporate Governance Practices, despite notable progress

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