

**PRESS RELEASE**
Istanbul – December 23, 2016**JCR Eurasia Rating**

has reviewed the **TGS Dış Ticaret A.Ş. and its Consolidated Structure**
and the **Cash Flows on its Current Bono Issue**,
and affirmed the credit ratings and outlooks as '**BBB+ (Trk) / Stable**' and '**BBB- / Stable**'
on the Long Term National and International Scales, respectively,
and downgraded the National Issue Rating to '**BB+ (Trk)**'.

JCR Eurasia Rating has reviewed the "**TGS Dış Ticaret A.Ş. and its Consolidated Sutructure**" and "**Cash Flows on its Current Bono Issue**" and affirmed the investment grade credit ratings of '**BBB+ (Trk)**' on the Long Term National Scale, '**A-2 (Trk)**' on the Short Term National Scale and '**Stable**' Outlooks of all notes, and downgraded the Long Term Issue Rating to '**BB+ (Trk)**' from '**BBB+ (Trk)**'. On the other hand, the Long Term International Foreign and Local Currency Ratings have been affirmed at the country ceiling level of '**BBB-**'. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	:	BBB- / (Stable Outlook)
Long Term International Local Currency	:	BBB- / (Stable Outlook)
Long Term National Local Rating	:	BBB+ (Trk) / (Stable Outlook)
Long Term Issue Rating	:	BB+ (Trk)
Short Term International Foreign Currency	:	A-3 / (Stable Outlook)
Short Term International Local Currency	:	A-3 / (Stable Outlook)
Short Term National Local Rating	:	A-2 (Trk) / (Stable Outlook)
Short Term Issue Rating	:	B (Trk)
Sponsor Support	:	3
Stand Alone	:	BC

TGS Dış Ticaret A.Ş., that has commenced operations under the status of 'Sectoral Foreign Trade Company' (SFTC) in the foundation year 1999, became one of the first companies obtaining the 'Foreign Trading Capital Company' (FTCC) status in 2004 within the scope of its increasing export volume, number of customers and the related newly introduced communiqué came into force in the same year. The Company that is one of 53 companies determined as FTCC by the Turkish Foreign Trade Undersecretaries in 2016 performs the activities of intermediation to its customers' exports as an 'agent exporter' and collection of value added tax (VAT) returns on behalf of its customers. Additionally, the Company provides pre-financing services to its customers against their exports and resulting VAT receivables.

The Company has achieved the top rankings in the largest exporters list of the Turkish Exporters Assembly (TIM) since 2009 through the momentum achieved in transaction volume growth and ranked 10th with an export volume of USD 1,004mn in 2015. In addition, the Company ranked 1st on the TIM's largest exporters list in 'ready-made clothing' sector over the last four years through its export volume concentrated mostly in the stated sector stemming from the past experiences of cofounder in the textile sector.

The Company exhibited a comparatively low revenue generation capacity in resemblance to the overall sector due to the nature of activities based on commission and interest revenues together with a low level of pre-financing services. On the other hand, the Company has improved its capacities of generating services and profit from its activities despite the suppression of export volume throughout the country and reached the 2015 year-end profit figure as of the third quarter of 2016. In this context, the Company's Long Term National Rating has been affirmed at '**BBB + (Trk)**' on **JCR Eurasia Rating**'s notation scale. On the other hand, the Long Term National Issue Rating regarding the current debt instrument issue was downgraded to '**BB+ (Trk)**' within the scope of the separate assessment required for its collateral structure incorporating VAT return receivables related to provided pre-financing and differentiated from company balance sheet composition and under the considerations of new maturity date (February 13, 2017) postponed through investor agreement and CMB approval, notice of intent shown by the performed partial payments and effect of state authorities' will on VAT return collections.

The knowledge and conclusion was reached that **TANRIVERDI Family members**, the controlling shareholders in the publicly listed Company, have the capability and willingness to supply long term liquidity or equity and have the adequate experience of providing effective operational support to **TGS Dış Ticaret A.Ş.**. Considering the level of systematic support composed of sectoral legal regulations along with the structures containing unions and public institutions, the Sponsor Support grade of the Company has been assigned as **(3)** on **JCR Eurasia Rating**'s notation.

Taking into account the Company's long operating track record, robust equity level, continuously improving operating volume and customer portfolio, relatively high levels of transparency and compliance with corporate governance principles due to its status as a publicly traded company and experienced and qualified human resources, JCR Eurasia Rating has reached the conclusion that the Company has the sufficient experience and infrastructure to manage its obligations regardless of any assistance that may be provided by the shareholders, on condition that it maintains its customer portfolio and efficiency in the market. On the other hand, within the context of debt instrument issuance that could not be redeemed at maturity date due to the liquidity crunch derived from delays in VAT return collections and changing risk appetites of finance provider institutions under varying market conditions, the Stand Alone grade of the Company has been determined as **(BC)** in the **JCR Eurasia Rating** notation system.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst **Mr. Gokhan IYIGUN**.

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